



SUSTAINABILITY REPORT 2012



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ALESSANDRO PANSA

Chief Executive Officer
and Chief Operating Officer

LETTER TO STAKEHOLDERS

The publication of the Sustainability Report, in 2012 marking its third edition, represents the continuity of a journey that, since a long time ago, has aimed to put accountability and transparency at the centre of managing relations with shareholders and stakeholders who, all over the world, are interested in the activities of the Finmeccanica Group.

Active also in the fields of Energy and Transportation, Finmeccanica is one of the world's Aerospace, Defence and Security ("A,D&S") companies that voluntarily report their performance in economic, environmental and social sustainability, following the guidelines of the Global Reporting Initiative, considered the reference standard at international level.

Every year, Finmeccanica renews – in all its components and entities – the commitment to improve the form and content of the report, trying to represent in a more openly and practically way the many sustainable activities performed by the Group which, in terms of high-tech business sector diversification and worldwide presence, is considered unique in the landscape of the major Italian companies operating at an international level. In this respect, although it has been a particularly challenging year due to the general and A,D&S sector crises, and for the internal events that have put a strain on the image of the Group, 2012 was not an exception.

Those who have the responsibility to manage the Company were already aware, and are even more so now, that the prospects for the sectors where the Group operates though with different dynamics – from A,D&S to Energy and Transportation business segments – have been increasingly influenced by the growing globalisation of markets and the increased level of competition. But they are also, and above all, the mirror of the new challenges made by global society, with its growing need for social and environmental safety related to hyper-urbanisation, especially in developing countries. This is why Finmeccanica continues to focus firmly on a sustainable and responsible development of its business, with the double objective of creating long-term value for its shareholders and stakeholders and of becoming an international leader in the development and marketing of products and solutions of convergence between technology and sustainability, including the environment.

To achieve these goals, since ages Finmeccanica has committed to invest – and will continue to do so – significant financial means and human resources, which makes it the top Italian Company in terms of investments in research and development, continuing the building of a talent-oriented organisation, where people have the opportunity to express their creative strengths, their knowledge and the skills they possess.

The commitment of Finmeccanica is the following: increasingly integrate sustainability into its business strategy and in the methods of participation in the life and development of the communities and regions where it is present and where it will grow; continuing to operate in a framework that promotes the culture of sustainability, even towards those who constantly interact with the Group; not tolerating inappropriate behaviour in terms of ethics and responsibility.

Addressing these new scenarios and taking on these obligations to internal and external shareholders and stakeholders has imposed ongoing development of tools for Group governance, with the objective of managing more effectively the risks inherent in the strategic decisions and operational activities of each Company.

Governance is in fact a non-financial element that is essential to preserving the economic value and the intangible capital of the Group, of which ethics and social, environmental and reputational responsibility hold a place of great importance. It sets out more stringent rules and gives more power and responsibilities to Corporate's

steering and coordination role, promoting more and more integration between the Group companies and facilitating the transition from “confederation” of companies to “union” of companies.

A significant portion of the report is therefore devoted to illustrating the different measures put in place during 2012 and in the first half of 2013, which represent an important development of the principles enshrined in the Charter of Values, approved by the Board of Directors in 2012 and later implemented by all the companies of the Group: an *ad hoc* Committee has been created, composed of outside persons of proven experience, for the definition of the procedural standards for the conduct of business activities and of the actions necessary to comply with best practices; the “Protocol for the competitiveness of the Finmeccanica Group and for a new model of labour relations” was signed with the three main Italian Trade Unions. The Protocol, based on a system of information and consultation for the involvement of the Unions themselves in the consultation and comprehension of the Group’s strategic choices, marks a significant innovation in the pattern of industrial relations in our country; some business functions have been centralised, including the Internal Audit, with the goal of exercising more direct and keen control on the correctness of the processes adopted by the Group companies; a new Risk Management structure and the Group Management Committee have been set up, with the aim of coordinating and standardising the strategic decisions of the Group.

It is clear that much remains to be done, but it is equally clear that the road has been marked, with clarity, conviction and sense of responsibility.

I am sure that all the people of Finmeccanica will therefore know how to follow it, with the same determination, the same ability, the same spirit that helped to build over time a Group of excellence, recognised and valued throughout the world.

The Chief Executive Officer and Chief Operating Officer
Alessandro Pansa



SUSTAINABILITY AT FINMECCANICA

One of Finmeccanica Group’s key strategic objectives is to create sustainable value for its shareholders and all other stakeholders, in compliance with the principles and values set out in its Charter of Values approved by the Board of Directors in 2012 and endorsed by all Group companies, and in line with the guidelines of the Code of Ethics.

Finmeccanica pursues ever-greater business sustainability, taking a proactive stance in response to issues arising from the constantly changing global society, growing security needs, hyper-urbanisation and environmental changes, whereby it is committed to developing technological products and solutions which merge defence and civil sector technological content for an optimal combination of technological excellence and environmental sustainability.

This approach is also embodied in the awareness that, in a “talent-oriented organisation”, it is people that are the Group’s driving and creative force and that this is vital to ensuring sustainable, responsible and long-term growth.

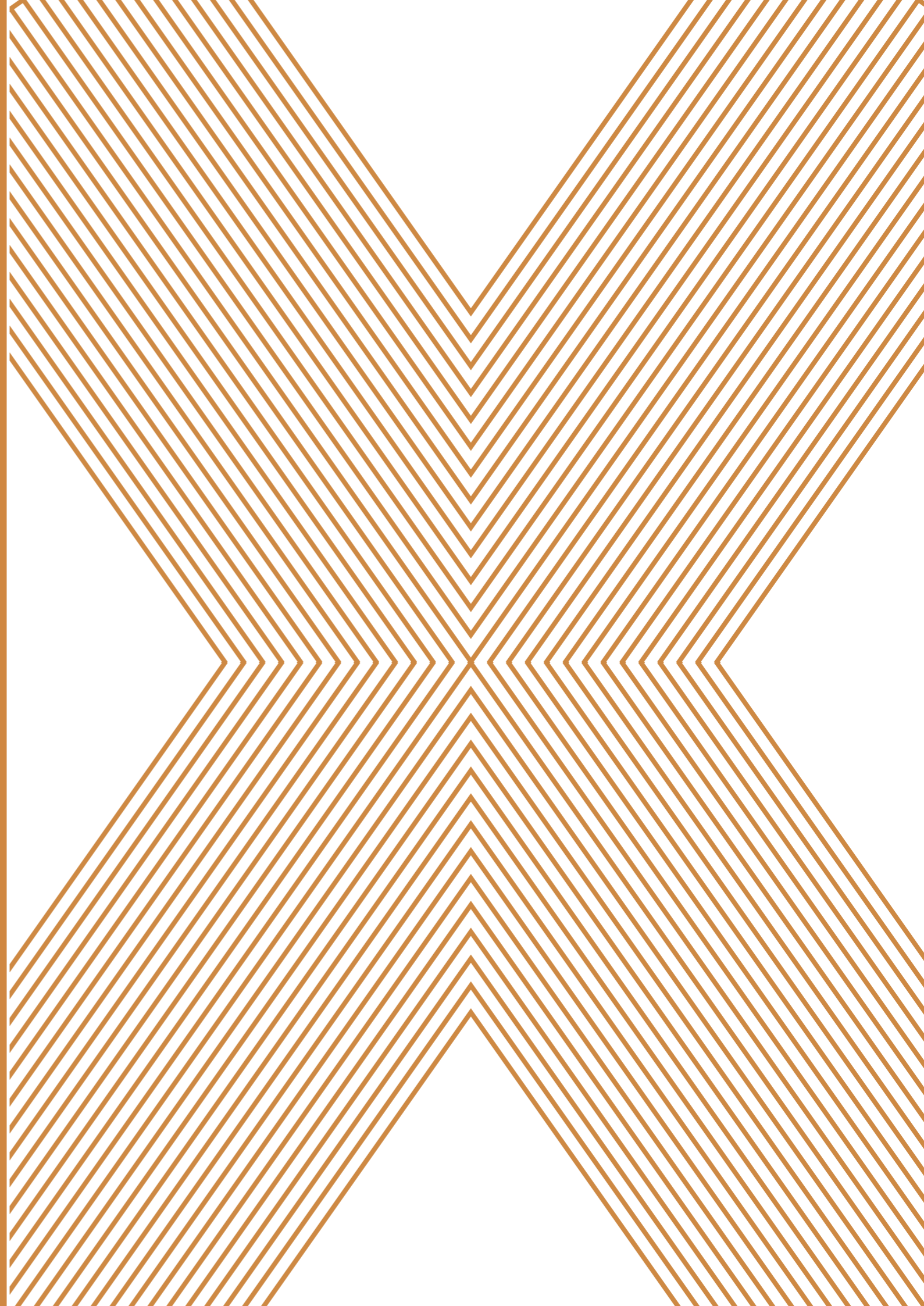
In the context of a not unchallenging 2012, the Group undertook to improve how it manages the numerous risks inherent to its strategic choices and operating activities in sensitive segments and markets, with a view not only to maintaining economic value but also enhancing the Group’s intangible capital, of which the environmental and social aspects represent an important part.

Finmeccanica intends to reinforce its commitment in coming years by:

- › the sustainable growth of its business;
- › bolstering the know-how, expertise and creativity of the people and operators along the value chain;
- › strengthening the close link with local communities, while continuing to operate globally;
- › its ability to anticipate social and environmental challenges in the knowledge that they can represent new business opportunities and market shares.

FINMECCANICA GROUP

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GROUP PROFILE

- › Finmeccanica is Italy's leading industrial Group in the high-technology field and ranks as one of the top ten international players in the Aerospace, Defence and Security business segments.¹
- › The Group is a top performer in its three strategic business segments of Helicopters, Defence and Security Electronics and Aeronautics. It has a consolidated presence in the Defence Systems and Space business segments and is also present in those of Energy and Transportation.
- › Finmeccanica Group designs, develops and constructs systems and products for the defence sector, as well as for public and private customers in the civil sector. It does not produce nor sell either small arms (rifles, pistols and similar) or controversial weapons (mines, anti-personnel mines, cluster bombs or biological, chemical or nuclear weapons).
- › Through its joint ventures and strategic partnerships, the Group is involved in many industrial and development programmes, including the most important and innovative in the global aerospace sector.
- › Finmeccanica Group invests in excess of 11% of its revenue and almost one-third of its employees are involved in research and development activities, making it the Italian leader in investments of this kind and the third in Europe and internationally in its sector.²
- › In addition to Italy, where most of its approximately 67,000 employees are based, the Group has permanent establishments in a further three domestic markets (United Kingdom, United States of America and Poland) and is present worldwide thanks to its facilities and production sites numbering more than 400.
- › The Parent was listed on the Italian stock exchange in 1992 and it is an investee of the Ministry of Economy and Finance, given its strategic importance. The latter holds a 30.2% investment in the share capital of the Parent, Finmeccanica SpA, and exercises special powers reserved to the State under European Union legislation.

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	CHANGE IN %
Revenue	17,218	17,318	(1%)
Adjusted EBITA (*)	1,080	(216)	-
Investments in research and development (**)	1,929	2,020	(5%)
New orders	16,703	17,434	(4%)
Order backlog (***)	44,908	46,005	(2%)
Workforce at 31 December (no.)	67,408	70,474	(4%)

(*) Reference should be made to the consolidated financial statements for the definition of "adjusted".

(**) Figures also include a part of customer-funded investments.

(***) The order backlog is shown net of work in progress.

Mission, principles and values

Finmeccanica seeks to consolidate and enhance its position as the leading Italian high-technology Group by developing a synergic and integrated portfolio of activities to effectively meet the needs of domestic customers, take part in European and international development programmes and compete selectively on the global market.

Its aim is to create sustainable value for its shareholders and stakeholders via a strategy based on:

- › consolidating its technological development leadership and innovation in the Group's core business segments;
- › the "dual-use" exploitation of technologies (technologies applicable to both the civil and military fields) to meet the needs of emerging markets in relation to the big questions of sustainable development;

1. Source: "Aviation week 2012 Top Performing Companies report".

2. Source: "The 2012 EU Industrial R&D Investment Scoreboard", published by the European Commission.

- › managing risks inherent to the strategic choices and operating activities while conserving the Group's assets and reputation;
- › sharing expertise and skills with the communities and areas in which the Group operates in order to compete via the development of shared systems;
- › fostering a virtuous relationship with the community through effective Corporate Social Responsibility policies.

Finmeccanica pursues its mission in compliance with the principles and values set out in its Charter of Values approved by the Board of Directors in March 2012 and endorsed by all Group companies, and in line with the guidelines of the Code of Ethics.

The Charter of Values is a common point of reference for all Group companies and represents the underlying ethical and conduct guidelines for directors, employees, partners and suppliers, as well as all those acting in the interests of the Group companies generally. The United Nations' "Global Compact 10 Principles" and the most stringent international sector benchmarks³ were consulted in drawing up the Charter of Values. The Charter principles are:

- › ethics and respect;
- › expertise and merit;
- › innovation and excellence;
- › internationality and multiculturalism;
- › rights and sustainability.

Finmeccanica promotes and encourages compliance with the Charter of Values with a view to enhancing its relationship of trust with all its stakeholders.

The Charter of Values and the Code of Ethics are available on Finmeccanica's website.

Group structure and business segments

Finmeccanica Group has seven business segments comprising direct subsidiaries and joint ventures. These companies operate in compliance with guidelines issued by the Parent, Finmeccanica SpA, but have complete operating independence. In all, Finmeccanica Group counts some 500 companies, joint ventures, partnerships and business associations.

HELICOPTERS

AgustaWestland
NHIndustries

DEFENCE SYSTEMS

OTO Melara
WASS
MBDA

DEFENCE AND SECURITY ELECTRONICS

Selex ES (*)
DRS Technologies

ENERGY

Ansaldo Energia

AERONAUTICS

Alenia Aermacchi
SuperJet International
ATR
Eurofighter GmbH

TRANSPORTATION

AnsaldoBreda
Ansaldo STS
BredaMenarinibus

SPACE

Telespazio
Thales Alenia Space

Owned Company Joint venture

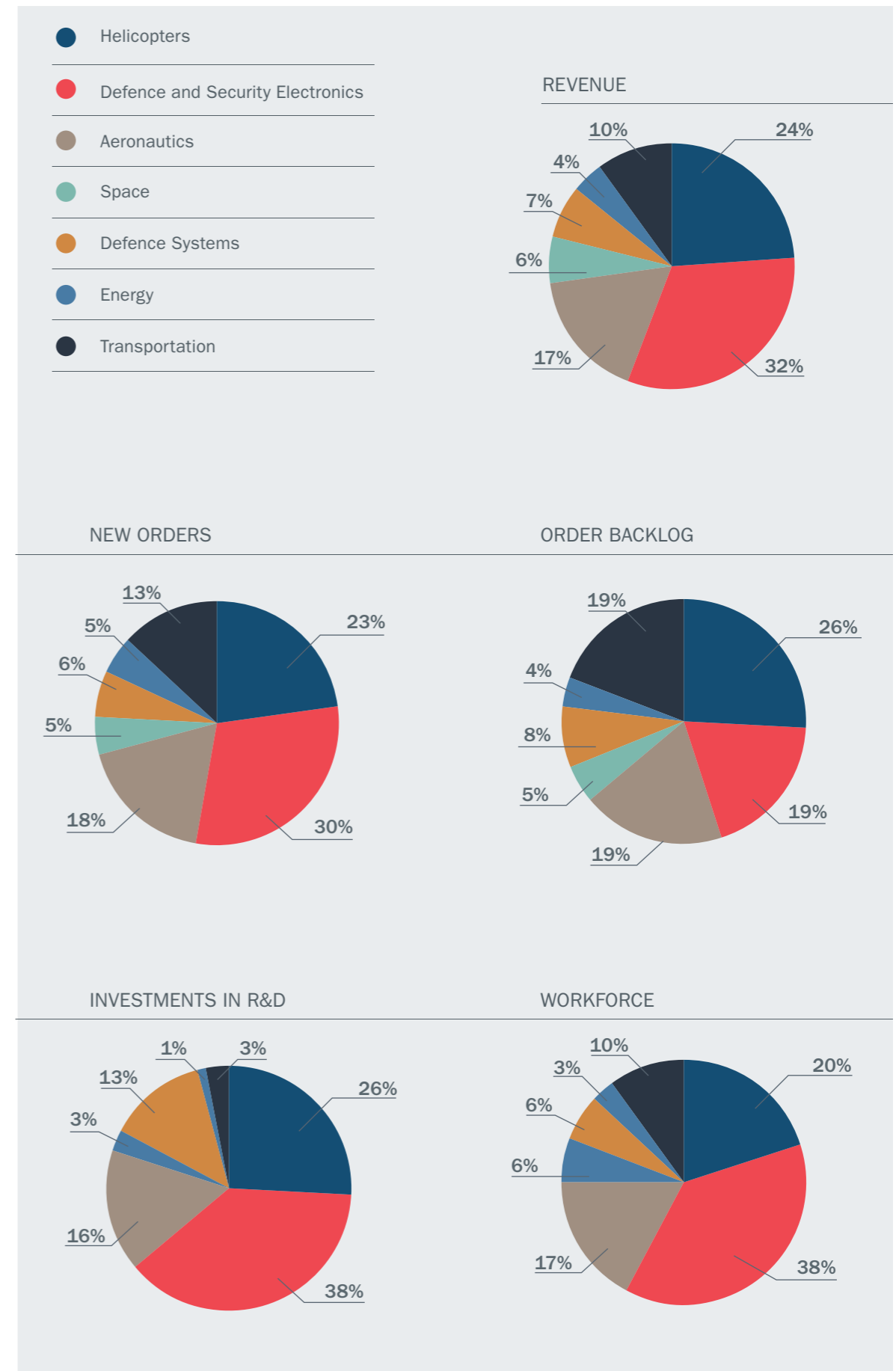
(*) This company groups together the activities previously managed by SELEX Sistemi Integrati, SELEX Galileo and SELEX Elsag with effect from 1 January 2013

3. Specifically, the "Common Industry Standards for European Aerospace and Defence" (issued by ASD - AeroSpace and Defence Industries Association of Europe) and the "Global Principles of Business Ethics for the Aerospace and Defence Industries" (issued by ASD in conjunction with AIA, the American industries federation for aerospace, defence and security, as part of the joint initiative IFBEC - "International Forum for Business Ethical Conduct").

Key international partnerships, joint ventures and business associations

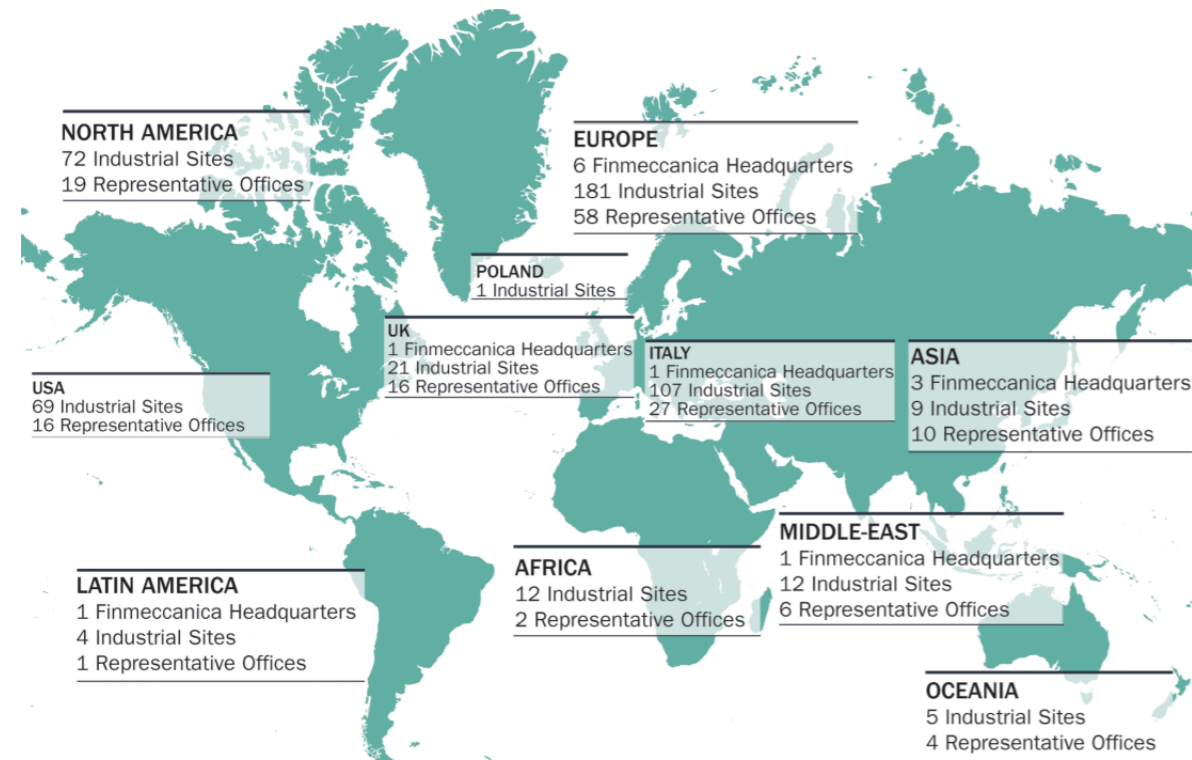
HELICOPTERS	ATAK Program	Partnership with TAI and Aselsan for the production in Turkey and the export of the T129 helicopter
	Helivert	Equal-share joint venture with Russian Helicopters, a Oboronprom Company, for the configuration and final assembly of the AW139 helicopter in Russia and the development of a new 2.5-tonne single-engine helicopter model
	Indian Rotocraft	Joint venture between AgustaWestland (26%) and Tata Sons (74%) for the production of the AW119ke
	LIATEC - Libyan Italian Advanced Technology Company	Joint venture between Libyan Company for Aviation Industry (50%), AgustaWestland (25%) and Finmeccanica (25%)
	NHIndustries	A Eurocopter subsidiary (62.5%) and investee of AgustaWestland (32%) and Fokker Aerostructures (5.5%)
AERONAUTICS	F-35 Lightning II	Agreement between Lockheed Martin and Alenia Aermacchi, in charge of the assembly line in Italy and the integrated logistics support centre
	nEUROn program	Launched by the French Ministry of Defence and supported by Italy, Sweden, Spain, Greece and Switzerland for the development and construction of a European Unmanned Aerial Vehicle (UAV). Alenia Aermacchi has a 22% stake in the programme
	SCAC - Sukhoi Civil Aircraft	Joint venture between Sukhoi (75%) and Alenia Aermacchi (25%)
	Eurofighter International	Consortium comprising BAE Systems (33%), EADS Deutschland (33%), Alenia Aermacchi (21%) and EADS Casa (13%)
	ATR	Equal-share joint venture between Alenia Aermacchi and EADS
	SuperJet International	Joint venture between Alenia Aermacchi (51%) and Sukhoi Holding (49%)
DEFENCE AND SECURITY ELECTRONICS	ADSI - Abu Dhabi Systems Integration	Joint venture between Abu Dhabi Ship Building (57%) and Selex ES (43%)
	Advanced Air Traffic System	Joint venture between Tirai Variasi (50%), Selex ES (30%), Tahap Harmoni (20%) for ATC systems in Malaysia
SPACE	Spaceopal GmbH	Joint venture between Telespazio (50%) and DLR (50%) for the activities related to the Galileo programme
	COSMO-SkyMed	Agreement between the Italian and Polish Ministries of Defence for the development of a second-generation earth observation system

Key financial figures by business segment



Geographical locations and profile of the domestic markets

- › A total of 406 offices and production sites, including 271 abroad (67% of the total) and 135 in Italy;
- › 295 “operating” sites (plants and other facilities considered mainly productive), including 107 in Italy, representing 36% of the total;
- › commercial presence in over 100 countries on all continents.



ITALY

Finmeccanica's businesses in Italy, some of which are historic companies, represent Italy's industrial and technological heritage and a driving force behind its economic and civil development. Many companies have been in operation for decades and have in some cases launched an entire industrial sector.

The Group employs almost 40,000 people throughout nearly all Regions of Italy. The registered offices of the Parent, Finmeccanica SpA, are located in Rome, while Piedmont, Lombardy, Liguria, Tuscany, Latium, Campania and Puglia are the Regions with the greatest concentration of Group employees. Italian facilities number 135, including 107 production sites.

Finmeccanica has a perceptible presence in these areas, not only as a result of the projection of its identity and business culture within these communities, but also more tangibly through the sharing of its expertise in technology and materials, including via the activities rolled out in the aerospace field.

UNITED KINGDOM

Finmeccanica is the largest Italian investor in the United Kingdom, the second largest defence Group operating in the country and the third largest exporter of defence products. The Group has companies in the Helicopters, Defence and Security Electronics and Transportation business segments, employing almost 9,000 personnel across 38 facilities located in various areas of the country.

Finmeccanica's success in the United Kingdom is based on research projects developed through collaborations between companies, the government and leading universities, and the work of the regional-level business clusters formed over the last decade around the Group's main companies, including the North West Aerospace Alliance and the West of England Aerospace Forum.

UNITED STATES

Finmeccanica is present in the United States in all its business segments, with 85 facilities located across 27 states and some 9,000 personnel. The AgustaWestland (AW139, AW119Ke and AW609) production and assembly lines are of particular importance in the United States. The Finmeccanica companies, particularly DRS Technologies, are key federal suppliers and partners in many US programmes.

POLAND

Finmeccanica's presence in Poland has grown steadily, in line with the consolidation of the country's role in both NATO and the European Union. Poland became one of the Group's four domestic markets in 2010 with the acquisition of the PLZ-Świdnik industrial group. The 60-year old Polish Company has over 3,000 employees and consolidated experience in the design and construction of helicopters for the international market.

The Parent Finmeccanica SpA

Finmeccanica Group is led by the Parent, Finmeccanica SpA, which is responsible for:

- › business guidance, coordination and control, and certain corporate functions (Strategies, Business Development and Innovation; Human Resources; Administration, Finance and Control; External Relations and Communication; Legal and Corporate Affairs; Audit and Compliance);
- › the supply of Group services;
- › the coordination of commercial activities.

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

- › Finmeccanica Group Services (FGS), with offices in Italy, the United States, China and India, which provides non-business critical services (Group ICT, energy, Group purchasing, global service and logistics);
- › Finmeccanica Group Real Estate (FGRE), which supplies facility, property and asset management services and coordinates the implementation of environmental, health and safety policies;
- › Finmeccanica UK Ltd, with offices in London, and Finmeccanica North America, with offices in Washington, which coordinate Group activities in their reference markets.

With effect from 21 February 2013, the Parent has a new organisational structure proposed by the Chief Executive Officer and Chief Operating Officer, Alessandro Pansa, and seconded by the Board of Directors, aimed mainly at streamlining the decision-making processes. Three new committees were set up which include the organisational unit managers and top management of the companies:

- › an Executive Committee,⁴ responsible for managing and coordinating Group governance;
- › a Group Management Committee,⁵ which disseminates key issues and programmes/initiatives for the business and provides day-to-day consultation and support in evaluation and decision-making;
- › a Corporate Bodies Committee,⁶ which proposes candidates for appointment to the role of director, statutory auditor or member of the Surveillance Body pursuant to Legislative Decree 231/01 of Finmeccanica SpA's subsidiaries and investees.

Finmeccanica SpA exercises its role as Parent through the “Group directives” issued to the subsidiaries, which must be adopted within the internal procedures known as “Company procedures”. This term also refers to the internal provisions adopted by Finmeccanica SpA, or independently by the subsidiaries, to govern their activities.

Finmeccanica SpA's current organisational chart is available on the Company's website.

4. Chaired by the Chief Executive Officer and the Chief Operating Officer and comprising the managers of the “Internal Audit”, “External Relations and Communication”, “Human Resources” and “Strategies, Business Development and Innovation” organisational units, as well as the CFO and the Group general counsel.

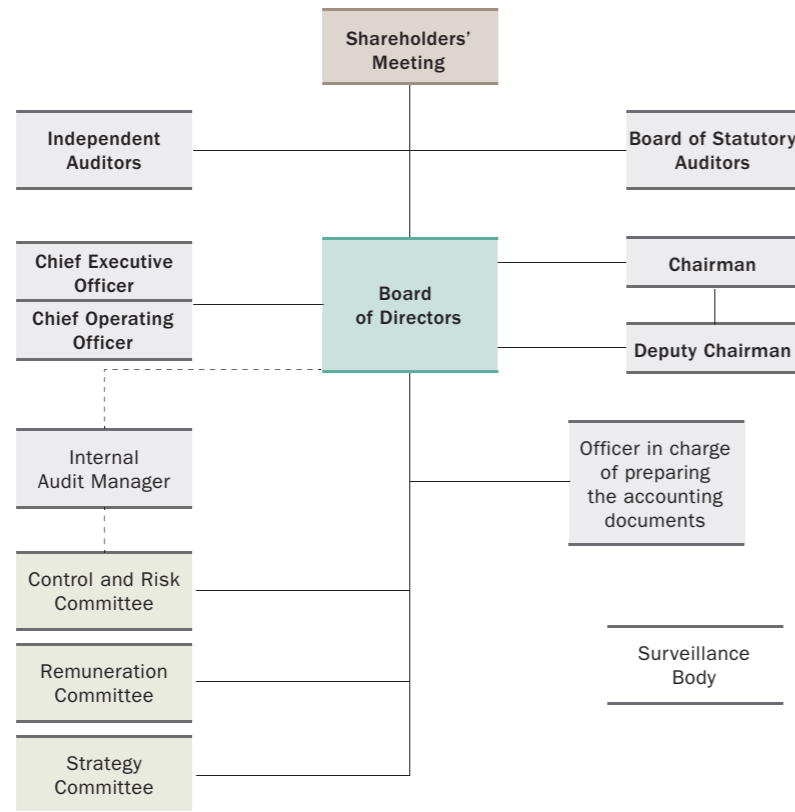
5. Comprising the Chief Executive Officers of the key subsidiaries, as well as Finmeccanica SpA's CFO and “Human Resources” and “Strategies, Business Development and Innovation” managers.

6. Coordinated by the Group general counsel and comprising the “External Relations and Communication”, “Human Resources” and “Strategies, Business Development and Innovation” managers, as well as the CFO (limited to the appointment of the Board of Statutory Auditors).

CORPORATE GOVERNANCE

The corporate governance system adopted by Finmeccanica (the “Parent”) complies with the provisions of the law and regulatory legislation of CONSOB and Borsa Italiana SpA. It is also consistent with the contents of the Code of Conduct for Listed Companies (most recent version of December 2011), which Finmeccanica voluntarily adopted, and international best practices.

THE STRUCTURE OF FINMECCANICA SPA'S CORPORATE GOVERNANCE SYSTEM



At the date this report was approved by the Board of Directors (14 May 2013), the position of Chairman of the Board of Directors is vacant.

Finmeccanica is a subsidiary of the Ministry of Economy and Finance, which holds 30.2% of the Parent's share capital.

Various legislative changes were introduced during 2012 requiring the reformulation of the terms and scope of the State's special powers over companies operating in the defence and national security sectors. Under the most recent legislative structure (Law 56 of 11 May 2012, converting Law Decree 21 of 15 March 2012 and Prime Ministerial Decree 253 of 30 November 2012), in the event of an actual threat severely compromising the essential interests of defence and security, the State may exercise the following three special powers:

- a) it may impose specific conditions related to the security of supplies, information security, technological transfers and export control, in the event of acquisitions of investments in companies that carry out activities of strategic relevance for the defence and security sector;
- b) it may veto the adoption of resolutions by the shareholders or the Board of Directors of a company that carries out activities of strategic relevance for the defence and security sector, related to extraordinary or key transactions involving mergers, demergers, the transfer of businesses, business units, or subsidiaries, the transfer of the registered offices abroad, the change to the company's purposes, its dissolution, changes to any by-laws limiting voting rights (pursuant to article 2351.3 of the Italian Civil Code) and the sale of rights *in rem* or rights in use related to property, plant and equipment or intangible assets or the agreement of limitations to their use;

- c) it may oppose the purchase of investments in a company that carries out activities of strategic relevance for the defence and security sector by an operator other than the Italian State, an Italian public body or entity controlled thereby, where the purchaser will hold an investment in the share capital with voting rights of an extent such to compromise national defence and security interests. This includes non-controlling interests with which the purchaser has agreed a shareholders' agreement.

Meanwhile, the new special powers no longer give the State the option of appointing a director without voting rights. Accordingly, the relevant position within Finmeccanica, appointed with Ministerial Decree of 27 April 2011, will terminate on the expiry of the term of office, for whatsoever reason. With the coming into force of the above-mentioned Prime Ministerial Decree 253 of 30 November 2012, the by-laws clauses that are incompatible with the new special powers will cease to apply. Accordingly, Finmeccanica is formally updating its by-laws to comply with the new special powers of the State.

Company bodies and Committees

SHAREHOLDERS' MEETINGS

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

BOARD OF DIRECTORS

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

In their meeting of 4 May 2011, the shareholders set at 11 the number of members of the current Board of Directors that shall remain in office until the approval of the 2013 financial statements. These 11 members, appointed by the shareholders in their meeting, are joined by a director without voting rights appointed by the Ministry of Economy and Finance, in agreement with the Ministry of Economic Development, under the above-mentioned “special powers”. As stated above, this director shall remain in office until the expiry of the relevant term of office for whatsoever reason.

The members of the Board of Directors have changed as follows since the publication of the last Sustainability Report:

- › following the resignation of the Chairman, Pier Francesco Guarguaglini, on 1 December 2011, the Board of Directors resolved on such date to coopt Alessandro Pansa as director pursuant to article 2386 of the Italian Civil Code, confirming the powers and functions already conferred on him on 4 May 2011 in his role as Chief Operating Officer; the related appointment was confirmed by the shareholders in their meeting of 16 May 2012;
- › following the resignation of the director Marco Iansiti, on 11 May 2012, the Board of Directors resolved, in its meeting of 16 May 2012, to coopt Ivanhoe Lo Bello as director pursuant to article 2386 of the Italian Civil Code; the related appointment was confirmed by the shareholders in their meeting of 15 April 2013;
- › the Board of Directors received the resignation of the director Franco Bonferroni, on 21 September 2012;
- › on 13 February 2013, Finmeccanica's Board of Directors resolved also to confer on the director-Chief Operating Officer, Alessandro Pansa, the functions and powers previously conferred on Mr Orsi following the judicial measures involving the latter. To ensure a unified approach in the management of the Company and the Group, Mr Pansa exercises such powers under the title of Chief Executive Officer and Chief Operating Officer. The Board of Directors also allocated the role of Deputy Chairman to the longest-serving Director, Guido Venturoni, in the same meeting.

Consequently, the Board currently comprises ten directors, eight of which are non-executive,⁷ an executive director (the current director and Chief Operating Officer) and a director without voting rights. The shareholders replaced the directors Mr Bonferrone and Mr Orsi in their meeting called to approve the 2012 financial statements.

The Board checks the independence of its members annually based on information provided by the directors themselves. The current Board has assessed and confirmed the existence of the independence requirement⁸ for the seven directors that state they comply therewith, and thus with the sole exception of Francesco Parlato, considering his employment relationship with the Ministry of Economy and Finance. The information and contributions provided by the non-executive directors, particularly the independent directors, are coordinated by the Lead Independent Director, Guido Venturoni. The directors' CVs are available on the Company's website.

ADVISORY COMMITTEES

The Board of Directors is assisted in carrying out its duties by three committees comprising directors:

- › the Control and Risk Committee (the former Internal Audit Committee), which also carries out the functions of a Related Party Transactions Committee, comprised of four non-executive and independent directors;
- › the Remuneration Committee, currently comprised (following the resignation of the director Mr Bonferroni) of three non-executive directors, the majority of whom are independent, including the Chairman;
- › the Strategy Committee.

The first two committees, required under the Code of Conduct and operating in line with the guidelines thereof, comply with the provisions of their respective Regulations, while the Strategy Committee carries out a preliminary screening of the strategic options for the enhancement of the Group and the business plans drawn up by the Chief Executive Officer, to be submitted to the Board of Directors.

BOARD OF STATUTORY AUDITORS

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

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

The Board of Statutory Auditors was reappointed for the 2012-2014 three-year period by the shareholders in their meeting of 16 May 2012.

INDEPENDENT AUDITORS

The Independent Auditors are appointed to carry out the legally-required audit. The engagement was awarded by the shareholders, upon the proposal put forward by the Board of Statutory Auditors, to KPMG for the 2012-2020 period.

OFFICER IN CHARGE OF PREPARING THE ACCOUNTING DOCUMENTS

The duties of the Officer in charge of preparing the accounting documents are as follows:

- a) stating in a specific written declaration that the Company's financial information disclosed to the market is consistent with the accounting documentation, ledgers and entries;
- b) preparing adequate administrative and accounting procedures for the preparation of separate and consolidated financial statements and any other financial reports;
- c) issuing, together with the relevant Company bodies, a specific statement pursuant to article 154-bis.5 of the "Consolidated Financial Act", on the separate financial statements, the consolidated financial statements and the condensed interim consolidated financial statements.

7. Non-executive directors are those directors that do not have individual operating proxies.

8. For the definition of "independent director" reference is made to both legal provisions (article 147-ter of Legislative Decree 58/98) and the main contents of the Code of Conduct for Listed Companies issued by Borsa Italiana SpA (article 3).

On 14 June 2012, the Parent's Board of Directors appointed Gianpiero Cutillo as the Officer in charge of preparing the accounting documents until the end of the current Board of Directors' term of office.

ACTIVITY OF THE COMPANY BODIES	2012	2011	2010
BOARD OF DIRECTORS			
Meetings held	13	15	13
Attendance rate (*)	95%	97%	96%
Meetings held by the group of independent directors	3	3	3
CONTROL AND RISK COMMITTEE (THE FORMER INTERNAL CONTROL COMMITTEE)			
Meetings held	11	15	8
Attendance rate (*)	93%	94%	94%
STRATEGY COMMITTEE			
Meetings held	3	2	3
Attendance rate (*)	100%	93%	100%
REMUNERATION COMMITTEE			
Meetings held	4	7	5
Attendance rate (*)	75%	100%	100%
BOARD OF STATUTORY AUDITORS			
Meetings held	35	39	27
Attendance rate (*)	94%	88%	94%

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

Internal control system and the Organisational Model pursuant to Legislative Decree 231/01

Finmeccanica's internal control system involves:

- › the Board of Directors;
- › the Director responsible for the internal control and risk management system;
- › the Control and Risk Committee;
- › the Internal Audit manager;
- › the Officer in charge of preparing the accounting documents pursuant to Law 262/05;
- › the Surveillance Body set up in implementation of Legislative Decree 231 of 8 June 2001;
- › the Board of Statutory Auditors.

With the extensive help of the Control and Risk Committee, the Board of Directors defines the guidelines for the internal control and risk management system and determines how it should be evaluated, so that the main risks to which the Parent and its subsidiaries are exposed are properly identified and adequately measured, managed and monitored. It also determines the degree of compatibility of such risks with business management in line with the strategic objectives identified.

UPDATING AND REVIEW OF THE ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/01

Finmeccanica has an Organisational, Management and Control Model (the "Organisational Model") pursuant to Legislative Decree 231/01 and a Surveillance Body to monitor its application. The Organisational Model may be consulted on Finmeccanica's website.

In its meeting of 31 July 2012, Finmeccanica's Board of Directors approved the amendments to the Organisational Model designed to update the document to comply with the new "environmental crimes" introduced by Legislative Decree 121/11. Finmeccanica also completed a general review process and further updated its Organisational Model to comply with the following legislative amendments:

- › Law 190/12 entitled "Provisions for the prevention and elimination of corruption and illegality in the public administration";
- › Legislative Decree 109/12 related to the "Employment of citizens of other countries without regular permit of stay documents".

As part of this review process, the Parent also separated the Code of Ethics from the Organisational Model in order to make the former document an independent tool safeguarding the ethics applicable within Finmeccanica, including in relation to its values already set out in the Charter of Values. These updates were approved by the Board of Directors on 15 April 2013.

The Italian Group companies also adopted their own Organisational Models and Codes of Ethics and independently set up their own Surveillance Bodies. Group Directive no. 1 "Composition and appointment of the Surveillance Bodies pursuant to Legislative Decree 231/01", issued in March 2013, provides that the Surveillance Bodies shall be comprised of a minimum of three and a maximum of five members, with specific autonomy, independence, expertise and experience requirements.

The Surveillance Bodies received eight notifications during 2012 of alleged infringements of the Code of Ethics and nine regarding possible infringements of the provisions of the Organisational Model pursuant to Legislative Decree 231/01. The analysis of these notifications resulted in the proposal of a penalty in one case.

NOTIFICATIONS RECEIVED BY THE SURVEILLANCE BODIES	2012	2011
For alleged infringements of the Code of Ethics	8	8
For possible infringements of the provisions of the Organisational Model pursuant to Legislative Decree 231/01	9	3

The foreign companies have their own Code of Ethics governing the way in which their respective businesses are to be conducted. Finmeccanica is considering adding a dedicated protocol to the existing controls related to compliance with Legislative Decree 231/01, also to take into account the specific local legislation applicable in the various countries in which the Group operates.

CHECKING AND INTERNAL AUDIT ACTIVITIES

Finmeccanica SpA's Internal Audit organisational unit and those of the operating companies continued and intensified their checks of the internal control and risk management system, performing 229 audits in all areas of business management.

The audits related to both internal control issues on corporate processes and compliance activities with relevant regulations and legislation. They focused on the implementation of Finmeccanica SpA's directives and the procedures in place at the Group companies. In some cases, the audits highlighted opportunities to improve the processes examined at both Finmeccanica SpA and the Group companies and an Action Plan designed to close the gaps was drawn up and agreed with management. The planned activities are subject to ongoing monitoring in terms of contents and implementation timeframes.

NUMBER OF AUDITS CARRIED OUT BY MANAGEMENT AREA	2012	2011
Financial	34	20
Operational	98	46
Compliance	89	48
EDP	8	6
Total	229	120

INFORMATION ON THE JUDICIAL INVESTIGATIONS

The internal assessments of the effectiveness of the internal control and risk management system have become even more exhaustive as a result of extensive media coverage and the steps taken by the Judicial authorities on certain Group companies and the Parent, as well as their directors and employees.

In response to these events, the Control and Risk Committee and the Surveillance Body, together with the Board of Statutory Auditors and with the help of Finmeccanica's relevant corporate organisational units, performed a series of in-depth investigations, including dedicated meetings with top management of Finmeccanica SpA and the relevant Group companies and with representatives of the Independent Auditors. The Board of Statutory Auditors also carried out its own checks, which included meetings with the Boards of Statutory Auditors of the relevant Group companies.

In relation to this matter, we report the following:

- › in respect of the pending criminal proceedings – apart from the first-level judgement handed down in relation to Ansaldo Energia SpA and SELEX Sistemi Integrati's plea bargain – no convictions have been handed down in relation to Group companies, their directors or employees and trial has not been sought for the companies involved pursuant to Legislative Decree 231/01;
- › in respect of the effects that the steps taken by the Judicial authorities could have on certain Group Company contracts, the latter (except for the contract between AgustaWestland International Ltd and the Indian Ministry of Defence for the supply of 12 AW101 helicopters, in relation to which the Indian Government has notified the Company that it has halted payment) are proceeding normally and, to date, the counterparties have not formulated challenges or brought actions before the Judicial authorities to challenge their validity or efficacy.

For further information on corporate governance and for a comprehensive picture of the judicial investigations underway involving Finmeccanica Group and some of its directors and employees, as well as the related measures undertaken by the internal control and risk management bodies, reference should be made to the "Corporate Governance Report and Shareholder Structure", and Finmeccanica's 2012 consolidated financial statements, available on Finmeccanica's website.

Directors' and key managers' remuneration

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

The remuneration of executive directors and key managers comprises a fixed component and a variable bonus linked to specific responsibilities assigned and the achievement of agreed performance targets.

As a rule, the fixed component adequately remunerates the services of the director or manager in the event the targets for the payment of the performance bonus are not reached.

The performance bonus is designed to incentivise the pursuit of sustainable results and the creation of medium to long-term value for shareholders. It is paid on reaching agreed performance targets of a purely economic-operating nature. Specifically, the performance bonus comprises:

- › a generally annual component deriving from the participation in Finmeccanica's short-term MBO (Management by Objectives) incentive system involving all managers of the Group;
- › a medium- to long-term component comprising two three-year cash-based plans (the Performance Cash Plan and the Long-Term Incentive Plan).

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

Finally, following the changes in the Company officers, remuneration has ceased to be paid in relation to the duties previously conferred on and positions held by Mr Orsi. In relation to the new functions of Chief Executive Officer conferred on Mr Pansa, the latter has waived any increase to his fee in 2013, agreeing to a 50% reduction in the fixed component of the fees for his role as Chief Executive Officer and a 30% reduction in the overall maximum fees that may be obtained.

For greater information on fees paid for 2012, reference should be made to the “Remuneration Report”, available on Finmeccanica’s website.

STAKEHOLDERS

The scope of Finmeccanica’s activities in terms of diversification and reach makes it unique among the large Italian companies. It is a listed, high-technology Group active on an industrial scale in sectors strategic to the Italian economy and which, through collaborations, acquisitions and its ability to innovate and retain its market share, has acquired an internationally-relevant position and represents Italy’s interests across several fields.

The Group distinguishes itself from the majority of its competitors and business partners by its permanent establishments in the domestic markets of the United Kingdom, the United States and Poland, in addition to Italy, where Group companies carry out various and often numerous roles (employer, product and services supplier, partner of other groups in business development, repositories of technological expertise and know-how, promoters of and contributors to important initiatives across various, diverse fields, including the social field) based on the fields and operating and engagement levels in the various geographical areas.

This has given rise and continues to require engagement with key political, military, economic, civil and social institutions, resulting in a complex, detailed system of multipurpose relations with the stakeholders that represent an essential part of Finmeccanica’s intangible capital. Engagement activities naturally do not only regard business aspects (the value and production chain) but also increasingly consider the importance of the financial, social and environmental impacts of the Group and its companies on life and sustainable development in the various countries and many areas in which they operate.

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

This Sustainability Report includes case histories covering various, significant areas of stakeholder engagement and related feedback, reflecting the experiences of 2012.



FINMECCANICA'S STAKEHOLDERS AND RELATED ISSUES

Stakeholder engagement: case histories

RELATIONSHIPS WITH THE PUBLIC - FINMECCANICA LAUNCHES ITS "PLANET INSPIRED" BLOG

At the time of the presentation of its 2011 Sustainability Report on 28 June 2012, the Group launched its online "Planet Inspired" blog. Finmeccanica developed this new web platform to communicate and discuss those programmes, projects, industrial and personal experiences that give voice to a change where sustainability is the driving force towards creating a future increasingly on "a human scale".

Finmeccanica intends to use this new blog to recount and increasingly foster its business culture based on sustainable development, vital to the ordered development not only of the Group but of the entire global economy. "Planet Inspired" aims to let all stakeholders – the vast external community comprising investors, customers, institutions, the media and the general public, as well as Group employees – know about the projects, technologies and values that can improve our everyday lives.

Being a virtual community, "Planet Inspired" is also available through the various social media: Facebook, Twitter, Google +, Flickr, YouTube and others. Anyone within or external to the Group can participate, posting news, commenting on others' reports or adding messages.

Since its online launch, "Planet Inspired" has garnered 19,500 members (including those from the social networks) and has had over 67,000 hits.

www.planetinspired.info

RELATIONSHIPS WITH THE PUBLIC - WORKING WITH INSTITUTIONS TO COMBAT CLIMATE CHANGE

A particularly important environmental initiative regarding dealings with institutions is the Voluntary Agreement to combat climate change signed in 2012 between the Ministry for the Environment, Land and Sea and Telespazio. The agreement marks the start of working together to identify, promote and enhance initiatives to analyse, reduce and neutralise the ecological footprint in the sector in which Telespazio operates, with the aim of encouraging experimentation and developing methodologies and experiences that can be repeated.

http://www.minambiente.it/home_it/showitem.html?lang=&item=/documenti/notizie/notizia_0460.html

RELATIONSHIPS WITH CUSTOMERS AND MARKETS - FINMECCANICA IN THE GLOBAL SUPPLY CHAIN OF THE AUSTRALIAN GOVERNMENT

As part of its international programme-related activities, Finmeccanica has signed an agreement with the Australian Department of Defence to join its "Global Supply Chain". The aim of this programme is to increase the involvement of small- and medium-sized local businesses in the supply chain of large international groups in the Aerospace, Security and Defence sectors.

The SMEs that participate in the programme will be selected for their stringent production quality standards and sustainability criteria. Training and development will also be provided to prepare these companies for the challenges of operating on international markets in compliance with the standards required by governmental customers.

<http://www.defence.gov.au/dmo/id/gsc/index.cfm>

RELATIONSHIPS WITH SHAREHOLDERS AND INVESTORS - ENGAGEMENT WITH SOCIALLY-RESPONSIBLE INVESTORS

Discussion and engagement with ethical funds, socially-responsible investors (SRIs), rating agencies and brokers on environmental, social and Group corporate governance issues (Environmental, Social & Governance, or ESG, analyses) are increasingly more frequent.

The aim is to supplement the financial evaluation criteria with a "circular and overall" risk management perspective.

Given the niche industrial, technological, market and governmental nature of the Aerospace, Defence and Security sector, this engagement is an important opportunity to present in detail the tools and best practices used and followed by the Group in the three areas.

Discussions are animated and frequent. In 2012 alone, over 20 official replies to requests for

information received from investors from Northern Europe, Great Britain, France and the United States were sent in the name of Finmeccanica's top management. Finmeccanica also held its first roadshow specifically dedicated to governance issues, and took part in a series of international meetings with SRIs.

RELATIONSHIPS WITH INDIVIDUALS - UPDATING THE INDUSTRIAL RELATIONS MODEL

Following a long and arduous procedure for all involved, Finmeccanica and the major trade union organisations (FIOM-CGIL, FIN-CISL and UILM-UIL) reached a single agreement to relaunch industrial relations under a new, participatory engagement model. The agreement is founded on the idea that a management style which is more open to discussion encourages employee participation and facilitates the work of the trade unions, making the Company more responsive and solid.

There are three information and consultation levels under the model: an Observatory for Finmeccanica's strategies, a national sector Observatory and a third international level. Specifically, with reference to the Observatory for Finmeccanica's strategies, the trade union representatives shall be invited to meet with the Group Management Committee, which is responsible for decisions on corporate strategies, in the event of exceptional events affecting employees.

http://www.fiom.cgil.it/finmeccanica/f_comdoc/c_13_04_16-finmeccanica.pdf

<http://www.fim.cisl.it/public/comunicatirepository/FINMECCANICA-%20Bentivogli%20FIM%20CISL,%20nuovo%20protocollo%20nelle%20relazioni.pdf>

http://www.uilm.it/upload/ckeditor/files/20130416_comunicato%20Finmeccanica.pdf

RELATIONSHIPS WITH INDIVIDUALS - "MY FINMECCANICA" ONLINE PORTAL

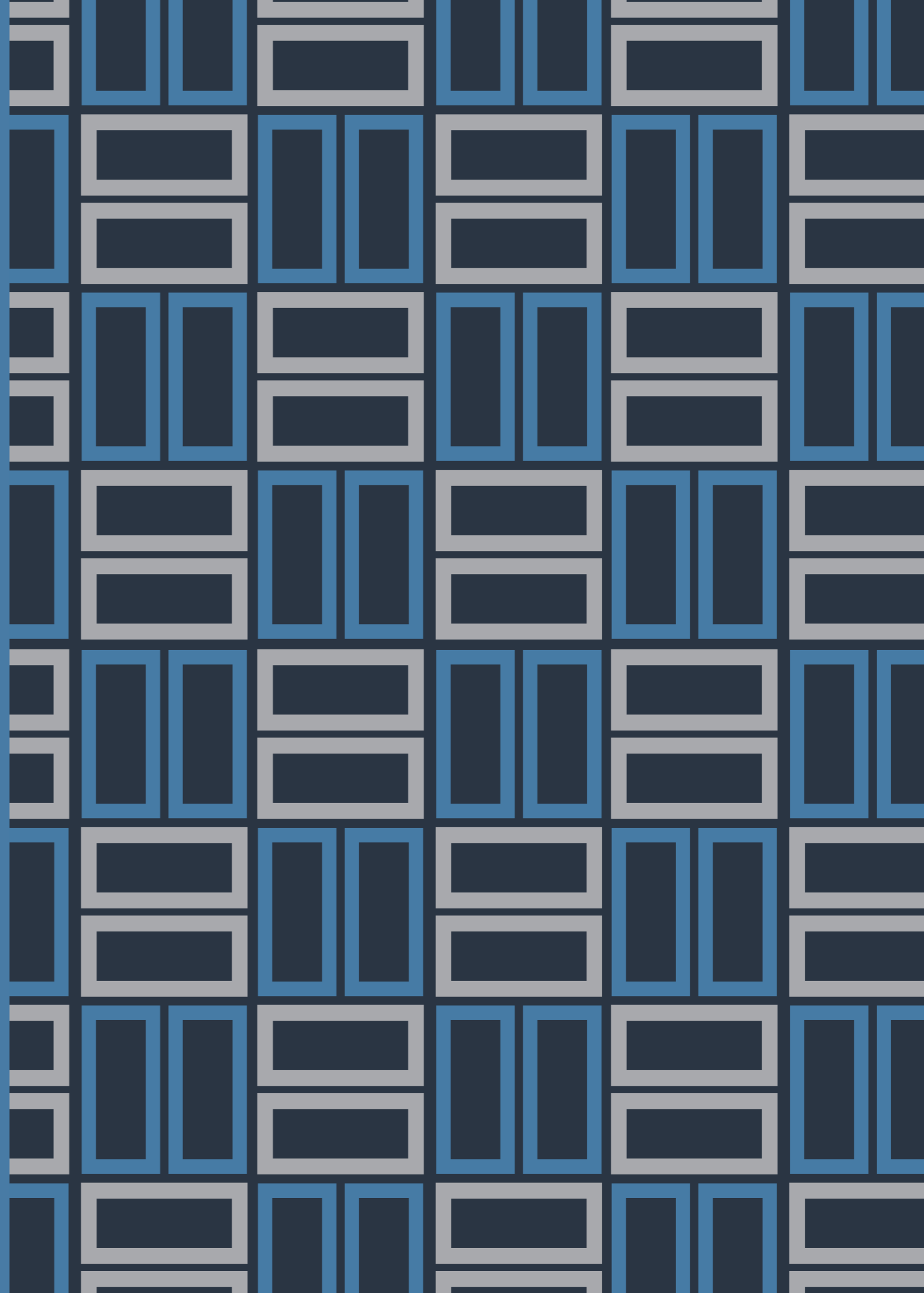
My Finmeccanica is Finmeccanica Group's new interactive internal communication and engagement platform. Designed in 2012 and online since April 2013, it was created to encourage the sharing of ideas and information among employees regardless of which Company they work for or their geographical location.

My Finmeccanica users can personalise their profile and work-related links and contact colleagues with a view to fostering dialogue and ongoing contact to share know-how and experience.

The portal is structured as a group of websites managed by a "distributed" organisational model. Group companies and Parent management set up local editorial staff and, with the help of a dedicated editor, become information hubs, creating an actual network that encourages information gathering and sharing at all levels of content and contributions, creating added value for the internal stakeholder community.

COMPETITIVITY AND SUSTAINABILITY

Investment in research and development	28
Innovation for sustainable development	34
Development of people's talents	37
Systemisation with local areas	42



INVESTMENT IN RESEARCH AND DEVELOPMENT

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

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

Basic research can be applied to the various sectors. It currently relates mainly to the fields of advanced materials and nanotechnologies, which will undoubtedly be among the main drivers of demand in coming years, not only in the Group's sectors, but across all industrial sectors. This is partly a result of their sustainability and the savings of energy and the resources used in industrial processes and products. In the area of research and development applied to products, there is a growing focus on smart solutions: systems, technologies and products based on green/clean technologies, which Finmeccanica is applying ever-more widely to sectors related to the Group's core business.

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

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

The following should be noted:

- › with its R&D investments topping more than €1.9 billion, Finmeccanica is the overall leading R&D investor in Italy and third worldwide among sector companies (see note 2, page 10);
- › Finmeccanica presented three strategic flagship projects via CTNA (National Aerospace Technological Cluster);
- › the seventh MindSh@re technology community entitled "Autonomous Systems" has been set up;
- › a new MindSh@re initiative has received funding (the MULTIPRO project);
- › a new roadmap has been drawn up to enhance, manage and protect intellectual property;
- › Directive no. 20 on the "Enhancement, management and protection of intellectual property" has been issued;
- › the ninth edition of the Finmeccanica Innovation Award was held, including new special mentions.

R&D INVESTMENTS AND WORKFORCE	2012	2011	2010
Investments in R&D (€mil.)	1,929	2,020	2,030
Rate of investment in R&D (investments/revenue)	11.2%	11.7%	10.9%
Workforce involved in research and development (no.)	4,500	5,250	5,250
Workforce involved in engineering and design (no.)	16,000	16,700	16,500

Progress on basic technological development

R&D FIELD	2012 ACTIVITIES FOCUS
Materials and technologies for microelectronics integration	<ul style="list-style-type: none"> › solutions based on Gallium Nitride (GaN) to develop Monolithic Microwave Integrated Circuits (MMIC); › technologies for high-density integration via 3D solutions and the study of advanced solutions for SiP thermal management; › inertial sensors; › high isolation switches; › studies on including diamond microstructures in the materials used for bonding.
Metamaterials and metastructures for applications in the miniaturisation of microwave devices and in advanced antennas	<ul style="list-style-type: none"> › study of the potentialities of metamaterial solutions to cloak structures adjacent to the radar antennas.
Materials for electro-optical applications	<ul style="list-style-type: none"> › studies for material optimisation (CMT - Cadmium Mercury Telluride) and the configuration of the sensor to raise the operating temperature of the IR radiation sensors.
Fibre optic photonics and sensors	<ul style="list-style-type: none"> › fibre optic delay line for radar systems; › fibre optic sensors to identify chemical, biological and explosive threats; › fibre optic sensors and networks for the passive monitoring of maritime areas and for sonar equipment; › fibre optic sensors for railway lines.
Nanotechnologies	<ul style="list-style-type: none"> › carbon nanotubes for nanoelectronic devices; › cold-cathode emitters for tubes operating from GHz to THz; › high-thermal conductivity materials for microelectronics packaging; › nanoelements in composite materials for aerostructures; › high-resistance nanostructured ceramic materials.

The growth of MindSh@re

This technology think-tank was developed in 2003 and has become the focal point of the collaborative network formed to share know-how, drive research, development and integration activities and effectively implement projects across the Group to foster its growth and encourage its diversity.

MindSh@re had seven active communities at the end of 2012, involving around 350 representatives of the technical, research and engineering departments of all Group companies. The "Autonomous Systems" community, set up on the proposal of the CTO Board to internally encourage the enhancement of autonomous systems and ensure the success of Finmeccanica's products, was added to the existing six communities in mid-2012.

In the projects area, in addition to refinancing all three projects launched last year (MITRA, FFAST and IPL@ab), the new project MULTIPRO was launched to develop a software environment featuring a multiscale approach for the analysis of the behaviour of structures in composite materials and metal materials and electronic devices used in the energy generation, aeronautics transport, space and defence electronics systems sectors.

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

(*) Cumulative figures.

Contribution for the development of national platforms

Together with the National Research Council, Finmeccanica promotes the “SEcurity Research in ITaly” (SERIT) technology platform with the aim of developing a technological roadmap for the security field.

Another national platform in which Finmeccanica and its companies, including Telespazio, are involved is SPIN-IT “Space Innovation in Italy”, created to encourage innovation and consolidate Italian involvement in European and international applied research programmes in the space sector.

Numerous Group companies also continue to take a direct part in the ACARE Italia platform, which drives R&D activities in the aeronautics field by coordinating all Italian operators in the sector.

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

The strategic projects of the National Aerospace Technological Cluster

The National Aerospace Technological Cluster comprises an organised network of 81 research centres and 28 universities, 29 large companies, and over 800 SMEs. Via this cluster, Finmeccanica bid in the Ministry of Universities, Education and Research’s tender entitled “Call for the development and upgrade of National Technological Clusters” launched in May 2012. It presented four projects consistent with national and European innovation policies, business technology requirements and the scientific and technological importance of the contents of the projects themselves for the development and competitiveness of Italian industry.

Of the four projects presented, which were all granted Ministry funding, three are headed up by Finmeccanica companies: TiltrotorFX (improvement to the convertiplane control system to reduce the pilot’s workload and protect the flight envelope), under the leadership of AgustaWestland and with the participation of Selex ES; TIVANO (new-generation general aviation aircraft innovative technologies), under the leadership of Alenia Aermacchi; and SAPERE (Space Advanced Project Excellence in Research and Enterprise), led by Thales Alenia Space.

Participation in international programmes

In the international field, Finmeccanica takes part in EDA (European Defence Agency) and the European Union’s Seventh Framework (2007-2013) Programmes in the following areas:

- › Security;
- › ICT;
- › Space;
- › Infrastructure;
- › Aeronautics and Air Transport.

The Group is also heavily active in aeronautics research and it receives European funding, particularly the two Joint Technology Initiatives Clean Sky and SESAR:

- › the aim of Clean Sky is to develop the best technologies to drastically reduce the environmental impact of aeronautical aircraft. Of the six ITDs (Integrated Technology Demonstrators) the Green Regional Aircraft (Alenia Aermacchi) and the Green Rotorcraft (AgustaWestland in conjunction with Eurocopter) are co-led by Finmeccanica;
- › SESAR will enable the development of the new European Air Traffic Management for 2020, which actively involves Selex ES, Alenia Aermacchi (first-level responsibility) and Telespazio.

A new roadmap to enhance, manage and protect intellectual property

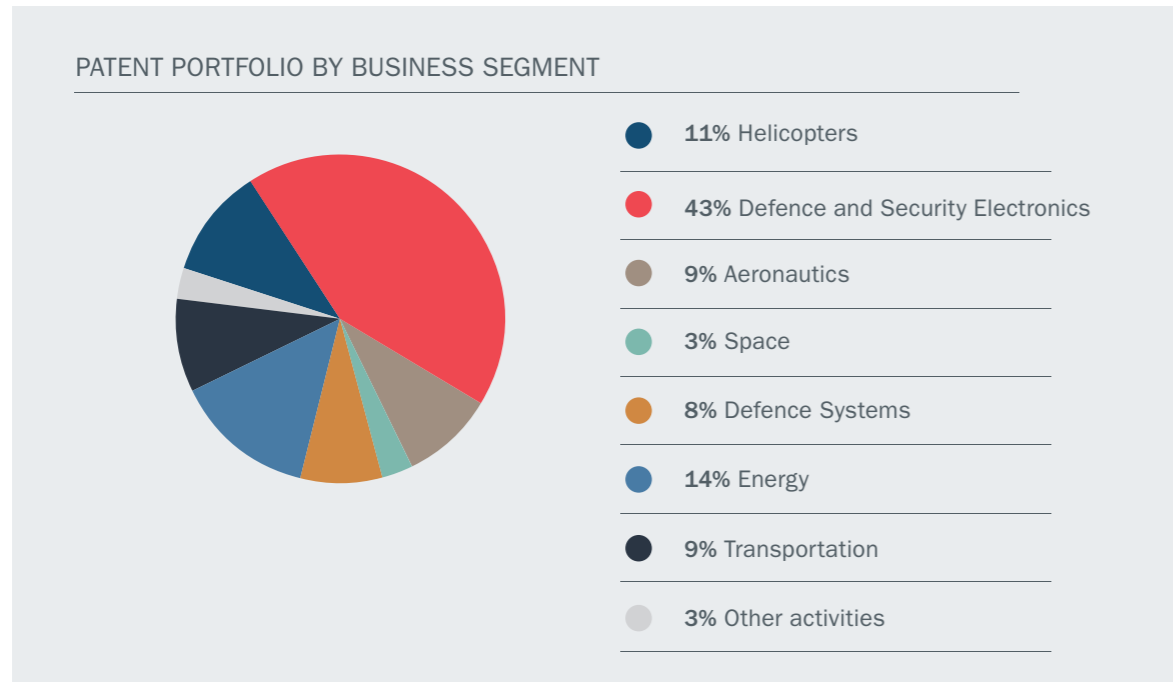
This represents an important step that not only establishes a new IP (“intellectual property”) framework, but also represents a strategic decision for Finmeccanica to upgrade the management of its IP, which has over the years resulted in valuable operating tools such as the Innovation Award, the Patent of the year, the centralised database for the Group patent portfolio and conferences and structured workshops dedicated to the selection and dissemination of the key technological innovations.

The new roadmap, officially approved by Directive no. 20 of 15 February 2012 “Enhancement, management and protection of intellectual property”, is aimed at strengthening and consolidating all IP management activities and related processes. Specifically:

- › stimulating, identifying and protecting IP generated by R&D investments or acquired externally (IP asset generation);
- › consolidating a portfolio of intellectual property rights (patents, trademarks and know-how in particular) of a quantity and quality such to ensure the best negotiating terms with third parties, via relevant licencing and/or cross-licencing agreements (IP asset management);
- › creating opportunities to best exploit the IP available within the Group companies via technology transfer and/or the concession to third parties external to the Group of user licences and related royalties (IP asset exploitation).

The initial results of the new approach include a decrease in the Group’s portfolio of families of patents (i.e., individual inventions), which shows the difference between the number of patents lodged and the number of patents abandoned, mainly due to the streamlining of the Energy business segment.

PATENT PORTFOLIO	2012	2011	2010
Trend of the portfolio of patents lodged compared to last year	(0.1%)	4%	4%
Patent portfolio by geographical segment:			
- Italy	18%	18%	8%
- abroad	82%	82%	92%



The ninth edition of the Finmeccanica Innovation Award

The Innovation Award is an important and long-standing initiative targeted at all employees. Its aim is to stimulate innovative business ideas and to improve performance and it provides an important opportunity for integration among the various Group companies and among employees of the same Company. It represents one of the key sources for patents at Group level.

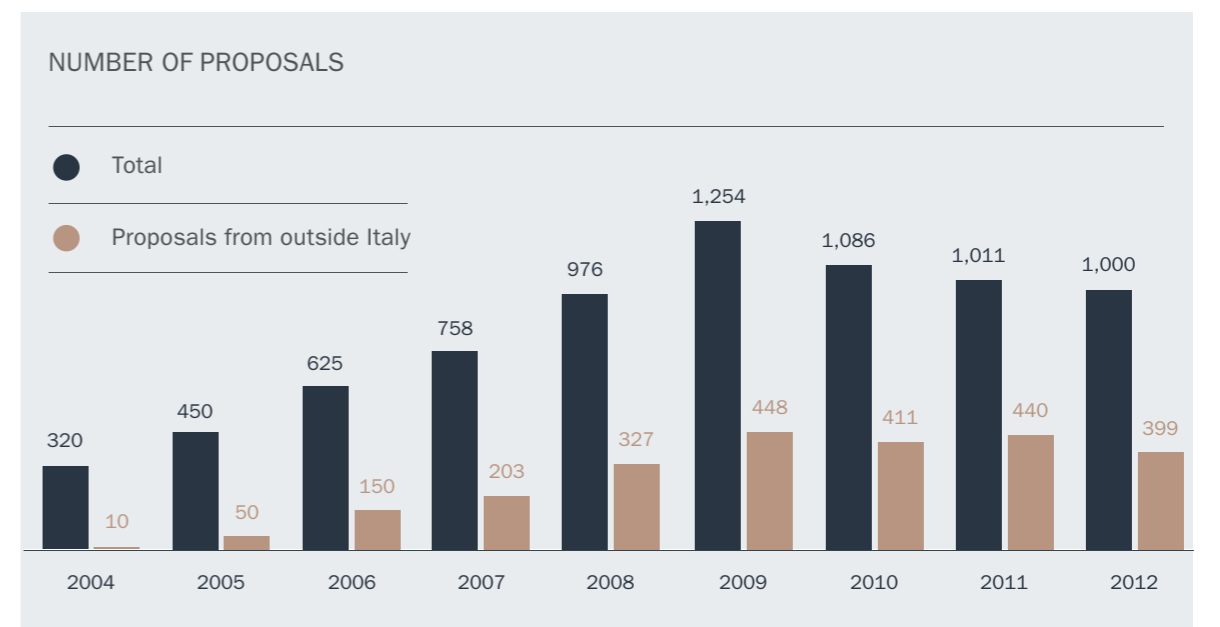
Some 1,000 innovative proposals were entered for the 2012 edition, of which 399 were received from foreign employees (ten countries are involved in the initiative: Italy, the United Kingdom, the United States, France, Germany, Spain, Australia, India, Brazil and Canada). Over the nine editions of the award since its inaugural edition in 2004, a total of 7,480 projects have been presented and over 22,000 Group personnel globally have taken part.

The winners at company level then compete at Group level. The award for the best project in terms of awareness of socio-environmental issues (Sustainability Award) introduced in the 2011 edition was repeated in this year's edition, and new special awards were introduced for the most original and forward-looking innovative project (Idea Award) and for the best project presented by young employees/work groups (Junior Award).

The Group winners are awarded during the Finmeccanica Day held in Milan on 10 May 2013.

CATEGORY	WINNER	PROJECT/DESCRIPTION
Innovation Award	AgustaWestland, Selex ES, AnsaldoBreda and Ansaldo Energia	"Project Zero - All-Electric VTOL" This project groups a series of advanced technologies into a convertiplane configuration: direct, transmission-free electric propulsion, rotor blades without swashplates and electromechanical motor units replacing hydraulic systems.
	Ansaldo Energia	"Helmholtz resonator for gas-turbine combustion chamber" Methodology useful for the positioning of resonance cavities, known as Helmholtz resonators, within gas-turbine combustion chambers. The system was created to meet the need for high-performance, flexible operation while complying with the most stringent atmospheric emissions legislation and which also allows the retrofit of existing machines.

CATEGORY	WINNER	PROJECT/DESCRIPTION
	DRS Technologies	"HDVIP 5-micron Pixel Infrared Sensor" Infrared basic sensor focal plane 5 to 6 times smaller than the "best in class" available on the international market. It offers greater resolution than a thermographic camera of equal weight and size; angular resolution has also been improved almost to its theoretical limit.
Patent of the year	AnsaldoBreda	"Collapsible element for shock absorption on trains" This solution meets train carriage shock absorption and stabilisation needs in compliance with current legislative standards. It is currently in operation on the Genoa, Thessaloniki, Taipei and Honolulu metros and its technological content is in line with that of the strongest competitors.
Idea Award	Selex ES	"Plasmonic Sniffer" Gas sensor based on surface plasmon waves developed in conjunction with La Sapienza University of Rome. Surface plasmon resonance enables the development of biosensors that measure absorption due to substances on the surfaces of specific materials.
Junior Award	Alenia Aermacchi	"ADDVS - Automated Defect Detection Vision System" This system enables automatic defect detection in the production of carbon resin laminates, replacing costly visual inspections by an operator and streamlining the production process.
Sustainability Award	Finmeccanica and Selex ES	"Smart Skyscrapers" Automatic learning models developed to optimise building electrical energy consumption. The project has already been marketed on the American market with a contract for certain New York skyscrapers.



INNOVATION FOR SUSTAINABLE DEVELOPMENT

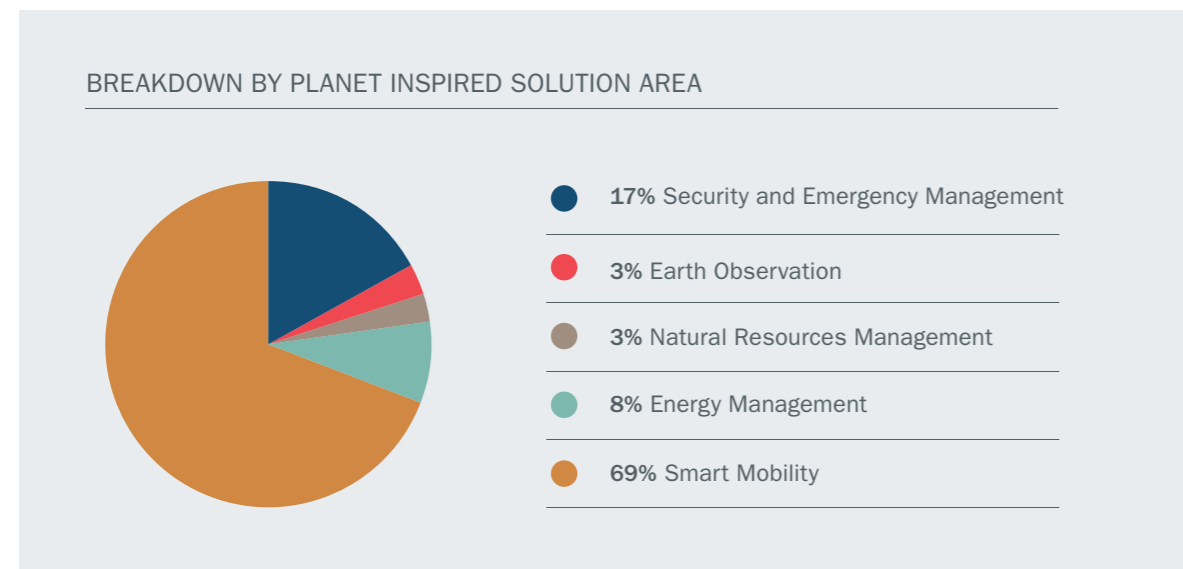
A fundamental driver in Finmeccanica’s sustainability strategy is the ability to anticipate market needs where demographic growth, hyper-urbanisation and climate change are becoming increasingly apparent and urgent globally.

This situation has given rise to many challenges which have for some years been at the top of the political, economic and social agendas of the most developed countries and key international organisations, and which are seeking tangible solutions.

Finmeccanica’s signature approach in this area is based on “sustainable innovative” development across all Group companies to meet the needs arising in the various situations. With Planet Inspired Solutions, Finmeccanica aims to present solutions and products to the market which merge military and civil sector technological content for an optimal combination of technological excellence and environmental sustainability. This offer is aimed at the following niche markets:

- › Earth Monitoring and Climate Change;
- › Natural Resources Management;
- › Energy Management;
- › Sustainable Mobility & Logistics;
- › Healthcare and Education;
- › Environmental Security and Response.

Revenue related to Planet Inspired Solutions products and services are estimated at around €5.2 billion for 2012, representing some 30% of total Group revenue. €3.1 billion of this amount relates to “CleanTech” technology and the remainder (around €2.1 billion) to the “Enabling platforms”.⁹ A selection of case histories is given in the section providing details on each business segment.

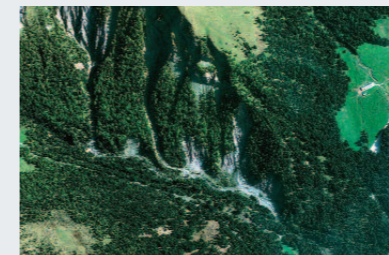


⁹ The Planet Inspired Solutions revenue is estimated based on surveys carried out directly at the operating companies. The “CleanTech” offer comprises technologies, products and services which are inherently efficient, and whose use offers reduced environmental impact and diseconomies (e.g., composite materials, renewable energies, services, mass transit, electrical vehicles, driverless metros, etc.). The “Enabling platforms” offer comprises sensors, systems and platforms that can act as enablers in response to sustainability issues (e.g., command and control centres, railway signalling, ATC/VTMS (Air Traffic Control and Vessel Traffic Management System), earth observation, UGV and UAV (Unmanned Ground Vehicles and Unmanned Aerial Vehicles for special missions), etc.).

The following should be noted:

- › Finmeccanica took part in the Rio+20 conference via Telespazio;
- › the “Planet Inspired” patent and pay off was registered;
- › the first programme governance structures were rolled out;
- › a new market was identified, aimed at “Smart Cities and Communities”.

Telespazio at Rio+20



Telespazio took part in the United Nations Conference on Sustainable Development held 20 years after the 1992 United Nations Conference on Environment and Development held in Rio de Janeiro, which marked the first of the large international conventions on climate, biodiversity and desertification.

Telespazio’s contribution was a very high-resolution image approximating 1,000 square metres, fitted to the floor of the “Italian Pavilion”, of the Novo Aripuanã rainforest in the Amazon. The image was constructed from a series of satellite photos taken by the Italian COSMO-SkyMed constellation between 28 January and 14 February 2012 and drew attention to the importance of primary forests as the ideal place to conserve biodiversity and protect the environment. Telespazio’s “Love Planet Earth” video also took viewers on an out-of-this world trip, offering a satellite view of some of Earth’s most breath-taking places but which are also among the most at jeopardy: from the poles to the oceans, from deserts to forests, through to modern megacities. Each image was linked to one of the climate change issues that space technology can help monitor.

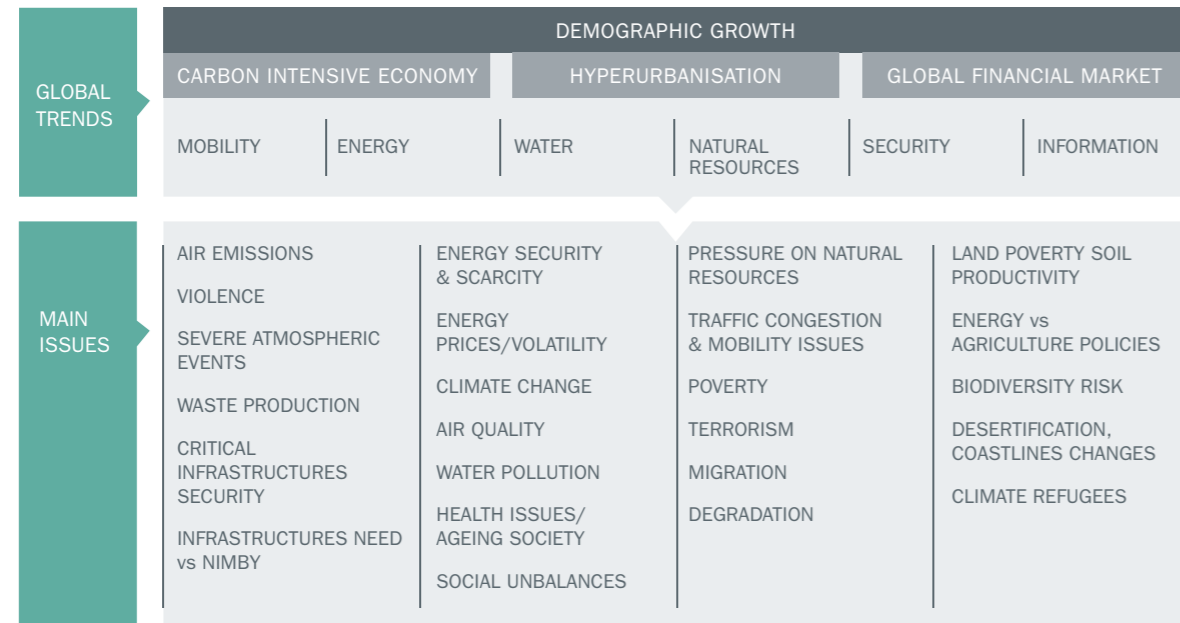
Planet Inspired Solutions development and governance

Two important initiatives of 2012 boosted the identity and recognisability of Planet Inspired Solutions both within the Group and by the market and external stakeholders.


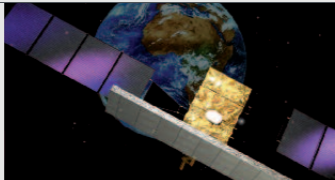
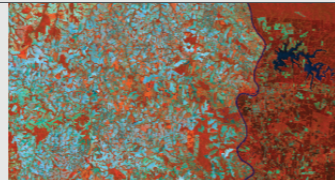



The first was the international registration of the trademark, which was particularly important in terms of engagement between the Group companies and their partners. The second was the steps taken to strengthen the organisational structure dedicated to product and service development. The Parent set up a “New Initiatives” organisational unit within the Strategy Development unit whose scope is to promote the combination of existing technological solutions to target markets adjacent to those of the Group’s core business. A “Security and smart solutions” division was set up within the leading technological development company, Selex ES, and this decision-making and operating body will operate on the growing smart solutions market in the areas of city security, data platform integration, mobility and energy information management.

Planet Inspired Solutions framework

ANALYSIS OF SUSTAINABLE DEVELOPMENT TRENDS AND ISSUES



PLANET INSPIRED SOLUTIONS

<p>ENERGY MANAGEMENT</p>  <ul style="list-style-type: none"> • Smart grids • Distributed generation • Renewable energies • Energy efficiency • Green energy trading & sourcing • Nuclear energy & decommissioning 	<p>EARTH MONITORING & CLIMATE CHANGE</p>  <ul style="list-style-type: none"> • Earth observation • Cartography, land & city mapping • Atmosphere & weather monitoring/forecasting 	<p>NATURAL RESOURCES MANAGEMENT</p>  <ul style="list-style-type: none"> • Air & water quality • Land productive capacity & food monitoring • Waste management & decontamination • Oil & gas monitoring
<p>SUSTAINABLE MOBILITY & LOGISTICS</p>  <ul style="list-style-type: none"> • Public transport • Mobility management systems (ground, sea, air) • Intermodal logistics • Alternative vehicles & engines • Future green aircrafts & helicopters 	<p>HEALTHCARE & EDUCATION</p>  <ul style="list-style-type: none"> • Remote education • First aid communication services • Telemedicine 	<p>ENVIRONMENTAL SECURITY AND RESPONSE</p>  <ul style="list-style-type: none"> • Public safety & crisis management • Critical infrastructures surveillance • Cyber security • Simulation and training

DEVELOPMENT OF PEOPLE'S TALENTS

Finmeccanica's people have always been the Group's creative strength. Finmeccanica personnel operate in a multifaceted and diversified talent-oriented organisation where international diversity is a strength and where the Parent seeks to bolster the business identity and sense of belonging to achieve a distinctive shared business culture mindful of regional dimensions.

A strategic driver for Finmeccanica's business sustainability is maintaining the attention and focus on this unique heritage of know-how and expertise and to enable its people to bring out their full potential. The expertise and abilities of each Finmeccanica employee are appreciated and enhanced through an integrated international training and development system, aimed both at identifying, attracting and enhancing the most talented individuals and enriching the abilities and expertise of the entire Company population from new graduates to top management.

The development of this system is underpinned by the Business Culture Project, Finmeccanica's most important survey of its employees. The next survey will take place in 2013 and there is great interest in the findings, considering the deep-seated changes Finmeccanica is going through.

The following should be noted:

- Finmeccanica received the Top Employer certification for 2012 for Italy and the United Kingdom;
- the Talent Management System was rolled out in the Group companies;
- Finmeccanica received the Association for Project Management (APM) certification in the United Kingdom in relation to its People Management Programme;
- the Supply Chain Programme was inaugurated.

Employer branding - Finmeccanica a Top Employer in Italy and the United Kingdom

In 2012, Finmeccanica was certified a Top Employer in Italy for the second year running and for the first time in the UK. This certification is awarded by the CRF Institute, an international organisation that analyses and awards companies that positively enhance their human capital and best practices in the HR field.

In the analysis, which is based on a questionnaire and interviews covering HR policies, Finmeccanica distinguished itself in the areas of Group culture, its integrated and international training and development system, and internal growth opportunities, in an environment which encourages everyone to bring out their full potential, and the outstanding to shine. The findings are expressed on a scale from 1 to 5.



ITALY RATING

Primary benefits	★★★★★
Secondary benefits and working conditions	★★★★★
Culture management	★★★★★
Training and development	★★★★★
Career development	★★★★★

UK RATING

Primary benefits	★★★★
Secondary benefits and working conditions	★★★★★
Culture management	★★★★★
Training and development	★★★★★
Career development	★★★★★

The Talent Management System

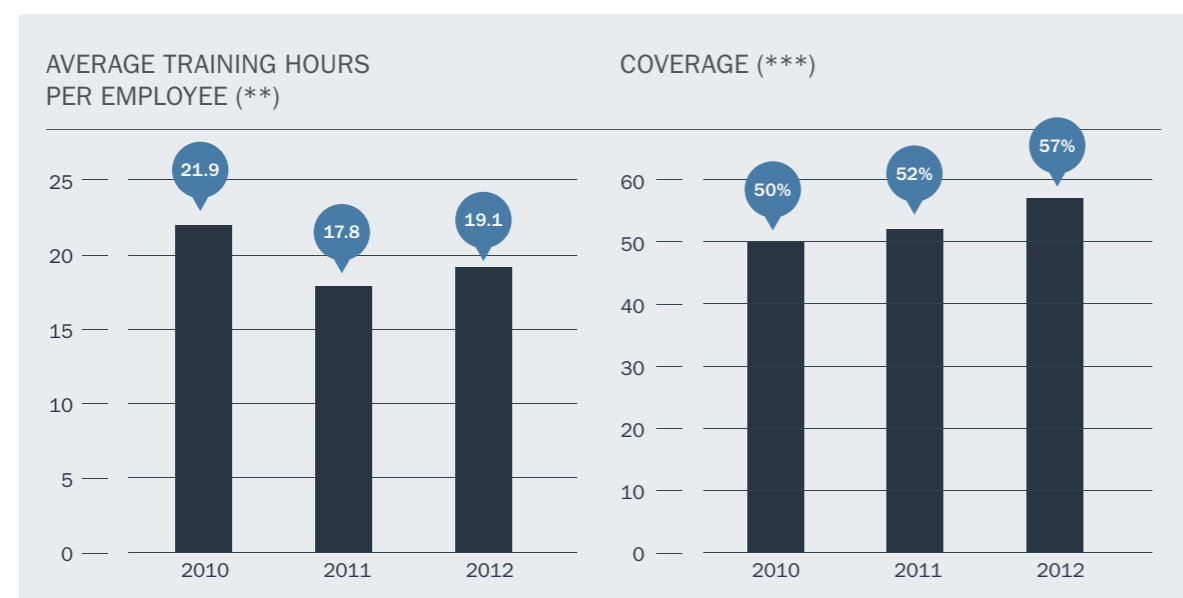
Knowing the importance of identifying and enhancing talented individuals and outstanding resources, Finmeccanica Group has designed and developed an advanced integrated and international training and development system and developed a structured approach to handling the consequent inevitable changes to management. Initial steps were taken in 2012 for the implementation of the necessary processes, tools and professional and managerial career paths throughout all Group companies. Specifically:

2012 ACTIVITIES	AIMS/IMPACT
Issuing the companies with the Development Manual	Describes the system processes (guidelines), tools and methodologies so that each company can implement it and adapt it to its own specific needs.
Launch of the 2012-2013 Call for Talent	To seek, identify, develop and manage top talents at global level to ensure adequate resources are in the "Group Elite" pipeline on an ongoing basis.
Full use of the Finmeccanica Assessor Academy	The Academy comprises professionals from the HR departments of various Group companies specialised in the assessment and evaluation of potential and able to offer an internal opinion on self-development and personal growth programmes. Over 100 assessments were provided in 2012, ensuring maximum consistency in the methodologies, tools and analysis and evaluation processes used to assess employee potential at Group level.

Training and development

TRAINING - ITALY	2012	2011	2010
Training hours (*)	754,480	717,073	931,513
- Managers	15,940	22,300	-
- Junior managers	101,132	83,111	-
- White collars	472,165	445,480	-
- Blue collars	165,244	166,982	-

(*) Figure excludes training charged directly to orders and includes EHS training.



(**) Training hours/workforce at 31 December.

(***) % of employees that received at least eight hours of training during the year.

TRAINING PROGRAMMES FOR TOP TALENTS

Consistently outstanding performance, growth potential, an international mind-set, excellent grasp of the key skills in the relevant professional area (both specialist and managerial) and willingness to move internationally: these are the traits shown by Finmeccanica's top talents. The 2012 edition of the Group-level training and development programmes targets the young people (Early Career Programme) and executives and middle managers (Executive and Middle Manager Programme) that fit this profile.

EARLY CAREER PROGRAMME		2012	2011	2010
FHINK - 6th edition A master's programme that brings together technology, business, academia and the corporate world via learning modules designed by leading professors from prestigious Italian and international universities. <i>A total of 121 employees hired after the master's programme</i>	Number of students graduated	16	19	26
FLIP - 4th edition An induction programme for new graduates hired by Finmeccanica Group companies to orient, inform and make participants aware of the complex multicultural and multibusiness nature of Finmeccanica Group and its values. <i>1,500 participants have taken part in the editions held to date</i>	Number of participants	151	230	300
"Best" master's programme A blended master in general management aimed at the most promising young graduates from all Group companies that have been with the Group for less than three years. <i>800 participants since it commenced</i>	Number of participants	Undergoing redesign	69	55
"Change" programme Develops those young top talents of international standing showing strong growth potential for the most complex roles within the Group.	Number of participants	Undergoing redesign	200	200

EXECUTIVE AND MIDDLE MANAGER PROGRAMME		2012	2011	2010
Competency Lab A lifelong learning system to develop leadership skills of the Finmeccanica model and to promote a distinctive and international managerial style.	Number of participants	486	46	650
From Technology to Values - 18th edition International seminar to develop expertise in managing the complexities of the business and change management.	Number of participants	20	23	42
Finmeccanica Executive Leadership Programme - 4th edition High-level training and managerial development programme designed in conjunction with London's Imperial College Business School and New York's Columbia University for a selected number of managers globally (the "Successors"). The course promotes a leadership style featuring those entrepreneurial, visionary and execution skills needed to lead the Group into the future in an increasingly competitive global market.	Number of participants	26	55	33

TRAINING PROGRAMMES TO DISSEMINATE GROUP CULTURE

For several years, Finmeccanica has been undergoing a significant strategic change process to develop and disseminate a new, more evolved Group business culture, by developing management processes and methodologies common to the Group companies.

A key step in this integration process was establishing the "Finmeccanica Project Management" model, applicable throughout the Group but sensitive to the specific aspects of each company and business segment. The Project Management Programme (PMP) process was created as part of this, to develop and disseminate standardised order management processes. Internal and external Programme, Project and Risk Management best practices underlie the model, which is aimed at developing a standard language for these issues within Finmeccanica. The process commences with a standardised definition of the Project Management-related roles within the Group, streamlines the association between roles and individuals and seeks to align the necessary expertise with the "Finmeccanica Way".

Since 2008, the PMP has involved 26 operating companies and more than 2,200 participants from 15 countries, certifying 230 project managers.

The Project Management Programme: international excellence

Finmeccanica has received Corporate Accreditation from the Association for Project Management (APM) in the United Kingdom in 2012. This global accreditation body develops and distributes qualification systems on basic employee knowledge. The PMP was recognised as an initiative of international excellence on professional development issues covered by the project. The programme was also cited in an article published in the "International Journal of Project Management", noting the impact of the training provided to develop Project Management expertise within the Group according to scientific criteria. Accordingly, it is considered an international best practice benchmark and is one of the training initiatives that most effectively impact performance.

PROGRAMME		2012	2011	2010
Supply Chain Programme (SCP) - 1st edition Programme designed in conjunction with over 60 experts with the aim of sharing a standard ("Finmeccanica Way") approach and language, bolster key supply chain management expertise, establish a professional community for the Group and prepare selected candidates for APICS certification.	Number of participants	600	-	-
		15 different training modules for a total of 68 editions and over 24,000 classroom hours		
Faculty - 2nd edition Initiative devised in conjunction with the INSEAD Business School in Fontainebleau (France) aimed at identifying, selecting, accrediting and managing an internal group of experts ("Subject Matter Experts": SMEs) to exploit and disseminate the Group's distinctive expertise.	Number of participants	22	30	-

An interCompany team was established in 2012 to help solve issues arising in relation to Programme Management processes, which often affect more than one company, through the identification and detailed study of the possible improvement options and upgrading corporate processes and experience. Fifteen areas for improvement have been identified and the relevant improvement options will be implemented once they have been detailed and tailored to the needs of the individual companies. Details of the training requirements of the Group companies were compiled in the last quarter of 2012 in order to assess the feasibility of a fifth edition of PMP in 2013. Based on the partially upgraded training architecture, over 600 requests have been received to take part in the various modules and a project funding request has consequently been lodged with the Fondimpresa inter-professional fund.

The design of a new internet portal for participants of the various induction and training initiatives also commenced during the year.

SYSTEMISATION WITH LOCAL AREAS

For Finmeccanica, being part of the locations in which it operates across the world, and particularly where it has production facilities, is a key part of properly fulfilling its social responsibilities. That every facility is symbiotic with the local area and communities and respects the surrounding environment and cultural and social diversities is an obligation and is vital to a sustainable relationship with society. Indeed, factories continue to be the tangible heart of Group companies' activity, reflecting the Group's "know-how" culture through ongoing process and product innovation, technological evolution and the growing expertise of our people. Certain production facilities have launched an entire industrial sector. Their history is inextricably linked with that of the surrounding area and they often represent a fundamental step in the development of industrial progress. They have grown and evolved with the various business, economic and social cycles but they have always aimed to be driving forces for development and integration. Finmeccanica continues to seek to transmit and share not only its identity and business culture with its local stakeholders but also more tangibly, its expertise in technology and materials, and actively pursues models whereby the companies' competitiveness is merged with that of the surrounding areas.

The following should be noted:

- › Finmeccanica contributes to the creation of aerospace technology clusters;
- › the Ticket to Work project has been commenced;
- › the Higher Technical Institutes were named by the government as an Italian "good practice".

NASA awards teamwork

For the exceptional commitment and determination shown in completing an order on time, despite the difficulties following the 2009 earthquake, NASA chose the city of L'Aquila as the location for its periodic Science Working Group meeting held in November 2012 on the Juno probe, which is currently on its way to Jupiter. NASA awarded plaques to the L'Aquila-based technicians of Thales Alenia Space, the Italian Space Agency and the managers of the scientific teams for the tools installed on board the probe: Jiram (Jovian InfraRed Auroral Mapper) and KaT (Ka-Band Translator). KaT was developed by Thales Alenia Space in its L'Aquila facilities which were partially destroyed by the earthquake and are being rebuilt. The Science Working Group's choice is an important recognition of Italy's technological excellence and its great industrial and design potential, coupled with its outstanding universities and high level of research.

The new National Aerospace Technological Cluster



After years in the making, the aerospace technology cluster was formed in 2012, bringing together the five most important industrial areas in Italy for research, innovation and specific expertise: Campania, Latium, Lombardy, Piedmont and Puglia, which alone represent around 80% of the national turnover for the sector.

Underpinned by the agreements reached since 2008 and the activities carried out by each in view of the creation of the cluster, the five areas took up the challenge and, in conjunction with AIAD (the Italian Industries Association for Aerospace Systems and Defence), ASI (the Italian Space Agency), CNR (the National Research Centre) and the leading Italian sector groups, Finmeccanica and Avio, established a

cluster, with the aim of bringing together Italian expertise to meet the challenges of the global market, in a sector whose turnover in Italy is just short of €25 billion and which employs some 40 thousand people.

The aerospace technology cluster will strengthen the strategies and policies of the Italian government and industry within Europe. Its strategic plan has already been presented to the relevant Ministries and targets the involvement of other Italian areas of expertise in Regions such as Emilia-Romagna, Tuscany and Umbria. The cluster has already commenced planning for four separate industrial research and development initiatives involving expertise located across various areas of Italy.

Building on the "know-how" culture

2012 again saw Finmeccanica involved in sharing and transferring certain of its internal good practices to the Italian national economic system, as well as its considerable technical and technological expertise, including via the consolidation of the network with the national institutions (Ministries, schools and Regions) and industry associations (Confindustria).



TICKET TO WORK

The Ticket to Work project was launched in 2012. The idea is to recognise and reward the worth of each previous working experience as a valuable source of personal and professional enrichment in the recruitment and selection stage. Following its initial internal roll-out in the recruiting, selection and on-boarding processes of two of its operating companies (Alenia Aermacchi and AgustaWestland), Finmeccanica signed an important memorandum of understanding with the Ministry of Labour and Social Policy and the Ministry of Universities, Education and Research, in the belief that this initiative could also be useful and applicable outside the Group.



HIGHER TECHNICAL INSTITUTES

The Higher Technical Institutes were also recognised in 2012 as an Italian good practice: the Ministry of Universities, Education and Research named the initiative as an effective way to encourage contact between young people and business.

Launched in 2009 under a memorandum of understanding between the Ministry and Finmeccanica, the Higher Technical Institutes offer various two-year, post-secondary school technical training courses managed by private foundations set up for this purpose within Italy. The institutes offer students the possibility to learn actual, highly-qualified occupations in an environment fostering vibrant exchange between schools, universities, laboratories and business.

The Higher Technical Institutes in 2012 in numbers:

- › 7 Regions involved as course locations (Piedmont, Lombardy, Friuli Venezia Giulia, Liguria, Tuscany, Campania and Puglia);
- › 211 young people have studied in the classrooms and laboratories of the eight Finmeccanica companies involved (WASS, OTO Melara, Alenia Aermacchi, SuperJet International, AgustaWestland, Ansaldo STS, AnsaldoBreda and SELEX Galileo, now Selex ES);
- › 148 Group personnel have participated as course teachers and tutors.

Finmeccanica and the Higher Technical Institutes at the Job&Orienta show held in Verona



The Job&Orienta careers show held in Verona from 22 to 24 November was dedicated to orientation, school, training and labour.

Finmeccanica had its own stand this year, presenting the initiatives rolled out by the Group to ease the entry of young people into the world of work, particularly the Higher Technical Institutes project.

Visitors could also admire an M346, the most advanced training aircraft available on the market, showcasing the expertise, careers, training programmes and people behind Italy's most innovative products.

The Higher Technical Institutes initiative was presented directly by the people currently studying in Finmeccanica's classrooms and laboratories. This event is an important way of promoting communication and dialogue between young people, our future stakeholders, and our Company.

Partnerships with academia

Collaboration with universities and academic institutions, which are vital to research and development into new technologies and in preparing the human resources of the future, is common to all areas where the aerospace and defence industry is located.

Relationships cultivated with associations and departments recognised as internationally excellent offer the Group high scientific quality in its various fields.

Finmeccanica currently has 415 relationships with 110 universities, of which 50 are in Italy and 60 in the rest of the world; of these, 319 are Italian universities (77%) and 96 are universities located in other countries (23%).

The future aim is to continue to increasingly open up business opportunities, expand know-how and remain on the cutting edge of innovation.

FINMECCANICA AND ITS OUTSTANDING COLLABORATIONS

Some of the outstanding institutions that Finmeccanica works with, by geographical area

ITALY

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

UNITED KINGDOM

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

UNITED STATES

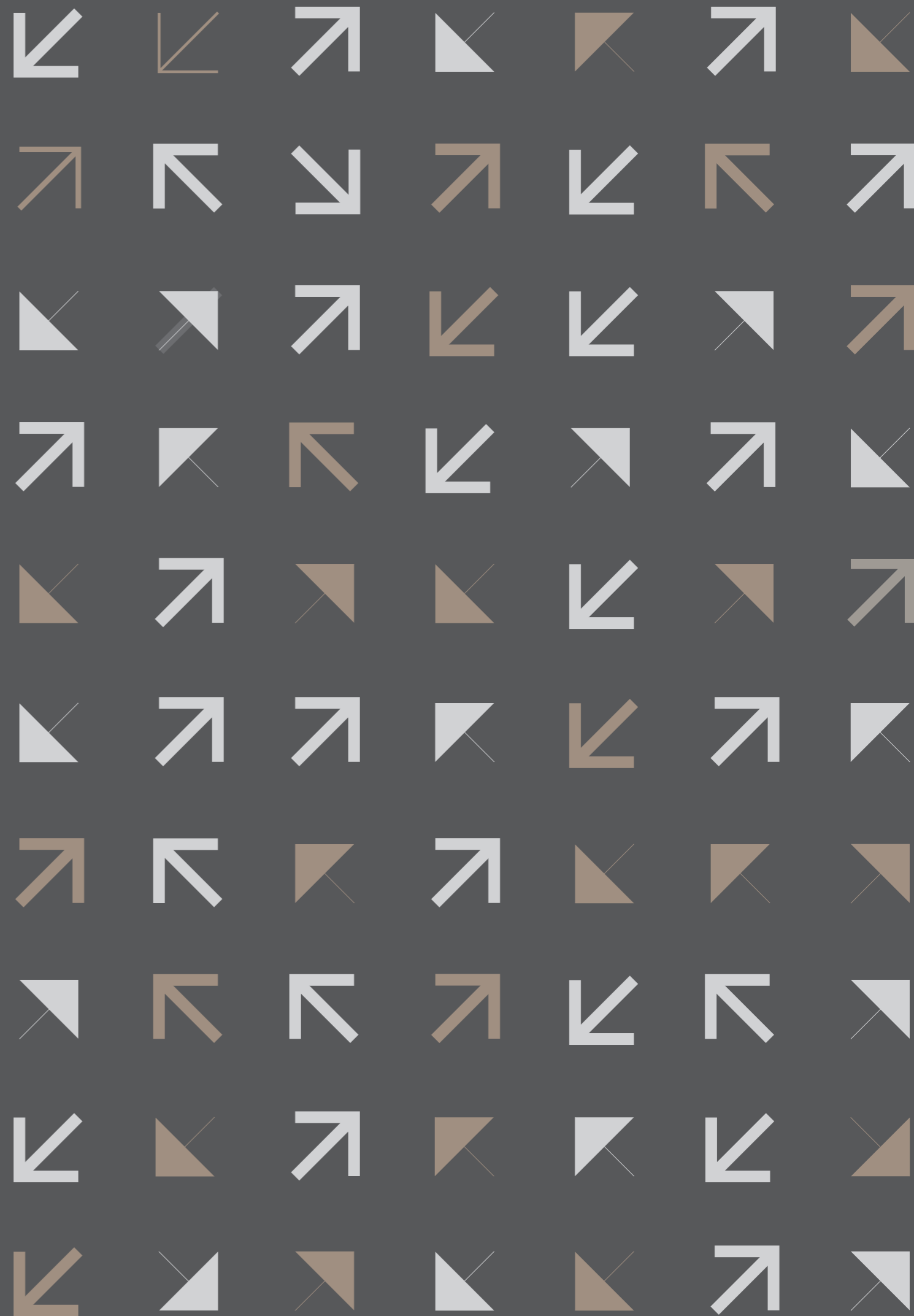
Columbia Business School
 Georgetown University
 Massachusetts Institute of Technology (MIT)
 University of Pennsylvania
 Princeton University
 Cornell University
 Stanford University
 University of California, Berkeley

FRANCE

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

OUR COMMITMENT TO RESPONSIBILITY

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INTEGRATED RISK MANAGEMENT AND COMPLIANCE

Finmeccanica Group manages several types of risks connected to its business operation. If not properly managed, these risks could have a potential significant impact on its financial position and results of operations and its reputation.

TYPE AND NUMBER OF RISKS IDENTIFIED	ORIGIN AND DESCRIPTION OF POTENTIAL IMPACTS
Strategic risks (38)	These impact the success of corporate strategies, the extent to which business processes achieve the targets set by top management, and corporate image.
Financial risks (25)	These arise from core business activities and impact the areas of accounting and reporting, tax, liquidity and credit management.
Operating risks (46)	These relate to core business activities and impact the effectiveness and efficiency of various corporate areas/processes.
Compliance risks (16)	These arise in relation to core business activities and regard non-compliance of Company activities with relevant contractual clauses, laws, regulations and legislation which could result in fines/criminal penalties for the Company and impact its image and operations.

It is therefore vital that the Group companies implement systems and processes such to recognise, prevent and minimise the impacts of all risks inherent to Company operations, specifically ensuring full compliance with legislation and standards applicable to the various business segments. Compliance policies represent some of the most important tools in the Group's overall risk management system.

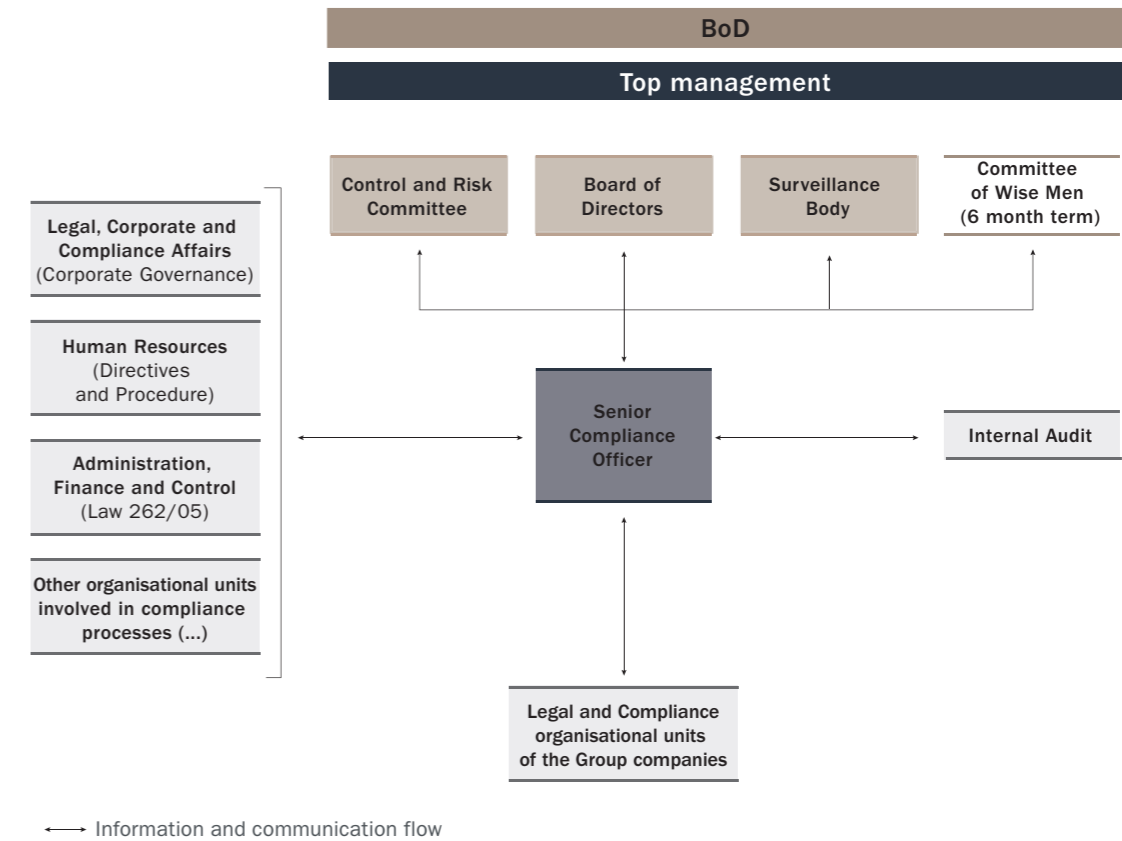
Finmeccanica's risk governance activity involves developing, applying and constantly updating regulations, procedures and organisational safeguards. Responsibilities are distributed among the Parent and the operating companies based on the type of risks dealt with at the various levels. In this context, the Parent has a central role, as it:

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

A consistent and standardised approach in the areas that could have significant legal impacts for the Group as a whole, being those issues that could give rise to liability of any kind (civil, criminal, administrative) or damage the Group's reputation, is adopted for the prevention of the risk of non-compliance with relevant legislation. Close attention is paid to the national legal orders of the main areas in which the Group operates – Italy, the United Kingdom and the United States of America – as well as applicable European and international legislation.

As part of its guidance and control functions, Finmeccanica set up the Compliance unit in 2012 within the Legal, Corporate and Compliance Affairs organisational unit. The unit is headed up by the Senior Compliance Officer and supports both the compliance structures of the Group companies and top management and the internal control bodies, working closely with the other organisational units involved.

GRAPH OF FINMECCANICA'S COMPLIANCE STRUCTURE



The following should be noted:

- › new directives and procedures have been issued to prevent the risk of unlawful acts being committed in especially sensitive areas such as the use of consultants, sponsorship agreements, donations to associations, gifts and hospitality and due diligence in extraordinary transactions and in relations with partners;
- › the implementation procedures followed by the Group companies continued to be monitored, such as in relation to contracts and activities to support sales activities;
- › an archive was compiled of legal opinions on the local arrangements applicable to dealings with intermediaries in the countries in which the Group companies operate;
- › Finmeccanica's Security Project was commenced;
- › the first Global Trade Council conference was held and important activities of the Trade Compliance Programme were implemented, with the consolidation of the organisational structures and the approval of the sector directives for the sub-holdings;
- › the Compliance Management Manual pursuant to Law 262/05 (Protection of savings), including a section on fraud risk management, was issued.

Reference should be made to the consolidated financial statements and the "Corporate Governance Report and Shareholder Structure" for greater information on how all types of risks are identified and managed.

Finmeccanica's approach to security, business continuity and crisis management

High technology is one of the strategic sectors that attracts the greatest attention and interest globally and this inevitably brings with it risks from many fields, including cyberspace, which is becoming an increasingly important issue. "Security" is thus a central conceptual and operating issue in risk management policies. Within large, cutting-edge industrial groups it represents a tool not only to avoid potential damage to the business, but also to respond to market needs where there is a growing need for assurance and reliability in relations with technical partners of Finmeccanica's calibre.

To increase its ability to respond in this vein, Finmeccanica launched the "Finmeccanica Group Security" project in 2012. Dealing with governance issues, as well as physical security, cyber security, business continuity and preventative controls operating issues, the project aim is to implement an all-round safeguard based on the Group's know-how, expertise and internal solutions. The system is based on the idea of "security virtualisation", that is, the creation of a "Coordination, Command and Control" body responsible for all aspects of security management on a 24/7 basis, related to both the Parent and the Group companies.

Accordingly, corporate security, fulfilling the role of technological laboratory for the products, methodologies and technologies of the various companies, will act as a "test bench" for the Group companies involved in exporting solutions offering ever-greater levels of excellence to the markets and external customers.

A new organisational structure headed up by the Group Chief Security Officer (GCSO) and assisted by the Security Committee (comprising the managers of the central structures and the Security Officers of the operating companies of the Group) and the Business Continuity - Crisis Management Committee (BC-CM), which comprises, in addition to the GCSO, the manager of the Business Continuity Area and members of the Human Resources, Legal and Corporate and External Relations organisational units, was appointed to supervise business continuity management and any crises on a "day-by-day" or "during emergency" basis.

Preventing and combating corruption

With permanent establishments in over 43 countries and sales activities in over one hundred jurisdictions, Finmeccanica has equipped itself to compete efficiently and responsibly on the market, adopting organisational and procedural measures to prevent the risks of unlawful acts and, specifically, the risk of corruption.

In terms of organisation, several controls in line with the recommendations of the OECD guidelines and the principles and initiatives promulgated by leading ASD (AeroSpace and Defence Industries Association of Europe) sector associations and IFBEC (International Forum for Business Ethical Conduct) have been developed in recent years. These controls are designed to extend prevention beyond the field of application provided for under Legislative Decree 231/01, both in terms of relevant conduct in terms of ethics and the criminal and administrative penalties set out in such decree, and in foreign legal orders where Italian legislation is not directly applicable.

OECD GUIDELINES	ETHICS AND ASD AND IFBEC INITIATIVES
"Guidelines for Multinational Enterprises"	"Common Industry Standards" (ASD)
"Risk Awareness Toll for Multinational Enterprises in Weak Governance Zones"	"Global Principles for Business Ethical Conduct" (IFBEC)
"Good Practice Guidance on International Controls, Ethics, and Compliance"	
"Typologies on the Role of Intermediaries in International Business Transactions"	

From a procedural point of view, the Parent issued new Group directives and guidelines in the first half of 2012 governing the following areas with the greatest exposure to these types of risks:

- › the "Sales Consultants" guideline implementing Directive no. 17 - "Agreement and management of contracts to support sales activities with public administrations, institutional customers and companies subject to public control";
- › Directive no. 22 - "Awarding and management of professional services engagements";
- › Directive no. 23 - "Gifts, hospitality and entertainment expenses";
- › Directive no. 24 - "Sponsorships and advertising initiatives and contributions to associations and bodies";
- › Directive no. 25 - "M&A transactions" (including joint ventures).

As regards Directive no. 17 specifically, during 2012, the Parent checked its actual implementation by the operating companies using its "Statement on implementation progress" document. The statement asked the companies to provide information on the application of the procedures and the existence of any "exceptions" and related proposed solutions. On the whole, the processes were found to be consistent with the general instructions issued by Finmeccanica, with the exception of minor discrepancies on some contracts with sales consultants which were agreed before the Directive became effective.

Directive no. 17 is currently being reviewed and updated both to bolster and formalise the above compliance controls and to bring it into line with new Italian legislation governing corruption between private parties (Law 190/12).

The review and updating activities will also see new guidelines introduced on the following areas:

- › "sales contracts" - establishing the main principles and contractual clauses to consider when signing agreements with sales consultants;
- › "low-tax countries" - identifying those countries to be included on the black/grey list and establishing the rules applicable in relation thereto at Group level.

Again in relation to dealings with sales consultants, Finmeccanica is completing the process of compiling an archive of legal opinions regarding a large number of jurisdictions (around 120 countries), being those legal orders in which the Group companies operate. The opinions provide information on the law applicable to intermediaries' activities, requirements or limitations in the contractual relations with sales consultants (particularly as regards terms of payment and fees or commissions) and on the legislation related to the type of products or services provided by the companies, including any provisions for military, dual use or civil/commercial technologies.

Control of exports and activities in sensitive countries

The production and sale of products, technologies and systems for the defence and security sector are strictly regulated by numerous Italian laws and international treaties and conventions.

In Italy, the export, import and transit of artillery materials is strictly regulated by Law 185/90, as amended by Legislative Decree 105/12, considered one of the most stringent in this field internationally. There are also specific regulations, directives and decisions issued by the European Union imposing stringent conditions and limitations on the direct or indirect import and/or export of dual-use goods and technology which could potentially be used for internal repression or uses other than those permitted.

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

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

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

REFERENCES TO COUNTRIES SUBJECT TO SANCTIONS OR RESTRICTIONS

http://www.esteri.it/MAE/IT/Politica_Europea/Misure_Deroghe/

www.mincomes.it/embarghi/embarghi.htm

<http://www.exportstrategico.org/embarghisanzioni.htm>

http://www.pmdtc.state.gov/embargoed_countries/index.html

http://eeas.europa.eu/cfsp/sanctions/index_en.htm

Under the Trade Compliance Programme, the Finmeccanica Group companies that carry out import/export activities have organisational controls and have adopted specific management and control procedures, as follows:

- › there is a complex organised system comprising the Trade Compliance managers of the Parent, the sub-holding companies and each subsidiary;
- › the Parent issues and updates instructions and guidelines for the implementation of specific standards contained in the Directive, especially as relates, *inter alia*, to the Risk Analysis Survey and the due diligence and screening activities of the parties involved in transactions;
- › mechanisms are in place for the advance notification of sensitive transactions that require the approval of the Trade Compliance Officers and Finmeccanica’s Senior Compliance Officer;
- › the existing regular reporting system has been integrated in relation to activities with the sensitive countries identified in the Directive and it is periodically updated based on changes in the restrictions;
- › sector Directives that the sub-holdings issue in compliance with Directive no. 21 are checked and updated; activities are planned to check their actual implementation;
- › important communication and training activities have been performed related to the use of dual technologies and the reform of Italian legislation governing the export of weapons (Law 185/90).

The Global Trade Council was instituted in September 2012 and comprises the entire professional family of the Group’s Trade Compliance Officers; the first of what is expected to become an at least annual meeting was held in Rome and was attended by Finmeccanica’s top management and the managers of the other relevant functions (Legal, Internal Audit, Sales and Institutional Affairs).

Protection of savings and transparency of financial reporting

Throughout the world, the transparency of reporting on listed companies’ results and outlook is vital to proper, responsible relationships between the Company and its stakeholders, particularly investors. The reference legislation governing listed companies in Italy is Law 262 of 28 December 2005 “Provisions to protect investments and govern financial markets”, which introduced modifications to the legislation in order to improve the corporate governance of companies listed on regulated markets in Italy and to ensure the reliability, completeness, correctness and timeliness of financial information presented to the market.

Finmeccanica has thus developed a specific internal control system to govern the financial reporting process (“Internal Control over Financial Reporting” - ICFR) in line with the frameworks generally accepted internationally.¹⁰

10. These are the frameworks issued by the “Committee of Sponsoring Organizations of the Treadway Commission” - CoSO Report and the “Control Objectives for Information and related Technology” - COBIT for IT aspects.

The ICFR has its own personnel and administrative-accounting (narrative) procedures applicable to the business processes having direct or indirect accounting effects on financial statements and other financial reporting.

In terms of organisation, the system involves the Chairman and Chief Executive Officer and the Officer in charge of preparing the accounting documents of the Parent. It also involves the “Manager in charge of accounting and financial reporting to the Parent”, a role established in the largest Group companies for compliance with Law 262/05, to support Finmeccanica’s Officer in charge of preparing the accounting documents in fulfilling the related duties. The Manager in charge of accounting and financial reporting to the Parent is appointed by the Board of Directors of each individual company in consultation with Finmeccanica’s Officer in charge of preparing the accounting documents and the Company’s Board of Statutory Auditors and the term of office expires with that of the respective Board of Directors.

In view of continuous improvement, the ICFR has also been extended to the management of fraud risks, as required by relevant international standards.¹¹

Accordingly, a list of internal fraud types (the Group’s “Fraud Library”) has been compiled, classified by process and by risk macro-category¹² (falsifying financial statements, embezzlement of company assets and corruption), for which the pilot plan was commenced in the second half of 2012 for the antifraud area.

This new component of the system was included in “The Compliance Management Manual pursuant to Law 262/05” issued in 2012 with the aim of bolstering the Group’s internal control model for financial reporting and ensuring its updating on an ongoing basis.

Respect for human rights and labour

The operating activities directly managed by Finmeccanica mainly take place in the Group’s main countries (Italy, the United Kingdom or the United States of America) and other countries where advanced labour legislation is in force. However, operating activities are often started up and managed in other countries, sometimes under specific offset agreements.

Finmeccanica complies with the legislation regulating labour relations in each country and operates in accordance with advanced human relations and industrial relations policies, ensuring freedom of trade union membership for its employees and keeping a close watch for child labour. It also promotes the implementation of health and safety in the workplace systems in all its operating facilities, as reflected by the ever-greater number of sites certified to OHSAS 18001 standard. In those countries where the protection of these rights is less stringent, Finmeccanica nonetheless applies the standards applicable in its main countries of operation. The risk of possible action regarding the failure to comply with employees’ economic, trade union and health and safety in the workplace rights can therefore be deemed minimal.

Finmeccanica promotes respect for human rights and business ethics, including within its own supply chain and a specific survey was carried out in 2012 to identify the management practices adopted in the Group’s main companies. The related findings are summarised in the “Responsible supplier management” section.

11. Auditing Standard no. 5 “An Audit of Internal Control Over Financial Reporting That is Integrated With An Audit of Financial Statements”, issued by the Public Company Account Oversight Board (PCAOB).

12. In line with the “Uniform Occupational Fraud Classification System” developed by the Association of Certified Fraud Examiners (ACFE).

THE ORGANISATION OF LABOUR AND INDUSTRIAL RELATIONS

In response to the continuing economic crisis and internal Group needs, Finmeccanica launched an organisational review and streamlining process in the 2010-2011 period, aimed at recovering the best conditions to continue to compete in its markets. These processes involved all employee categories (commencing from those classed as first level), in various Group companies in Italy and abroad.

Like in the Aeronautics business segment in the previous year, this process within the Defence and Security Electronics business segment was aimed at grouping SELEX Galileo, SELEX Eltag and SELEX Sistemi Integrati into a single Company, Selex Electronic Systems (Selex ES), which commenced operations on 1 January 2013.

The acceleration of these processes, together with contractual renewals and the coming into force of reforms of the labour market and the national social security system, again generated a very challenging reference framework in 2012. The most obvious consequence was the significant increase in the number of employees leaving the Company, particularly in Italy, but also in the United States as a proportion of the total number of employees. The Group responded positively, reducing the inevitable related social impacts, also thanks to Finmeccanica's tradition of responsible management of industrial relations aimed at a jointly-agreed resolution to problems.

Reference should be made to the consolidated financial statements for greater information on the changes to the organisational structure of the Group's main companies during the year.

The following should be noted:

- › the reorganisation of the Defence and Security Electronics business segment was completed during the year with the incorporation of the newco Selex Electronic Systems;
- › the renewal of the national collective labour agreement for the engineering sector was completed on 5 December 2012 with FIM (the Italian Engineering Federation) and UILM (the Italian engineering employees' association);
- › the validity of the redundancy agreements signed before the coming into force of Law 92 of 2012 (the "Fornero Reform") was confirmed.

The new national collective labour agreement for engineering sector employees

Finmeccanica took an active role in all stages of the four months of negotiation which led to the signing of an agreement for the renewal of the national collective labour agreement for engineering sector employees with FIM and UILM.

The key points of the agreement are as follows:

- › recognition of the need to increase productivity by increasing the options for managing flexible working hours and immediately extending the agreements reached internally throughout the Italian Group companies;
- › overcoming the complex and convoluted legislation on how sick leave is managed, providing greater coverage for serious illnesses and introducing procedures to effectively combat absenteeism;
- › pay rises which represent a bond of trust and responsibility towards the more than one million workers of the sector despite the challenges of the economic climate.

In Italy

All the operating companies active in Italy were affected by new agreements or the continuation of plans already agreed with the trade union organisations in the 2010-2011 period, for a total of three agreements on the issue of labour disputes related to the restructuring plan and four additional second-level agreements (company). There were three restructuring and seven company agreements in 2011.

INDUSTRIAL RELATIONS MANAGEMENT FIGURES (*)	2012	2011	2010
Total agreements reached	7	10	11
- of which, agreements on the issue of labour disputes, for reorganisation and restructuring	3	3	4
- of which, additional second-level company agreements	4	7	7
Strike hours per capita	3.5	7	2

(*) Figures related to the Italian companies.

IMPACT OF COMPANY RESTRUCTURINGS	2012	2011
Government-sponsored lay-off scheme hours (*)	2,071,657	811,797
Requests for redundancy under agreements signed during the year (*)	1,158	1,313
Total lay-offs ¹³	3,418	2,041
- lay-offs in Italy	1,906	792
- lay-offs abroad	1,512	1,249

(*) Figures related to the Italian companies.

Specifically, the procedures to close Alenia Aermacchi's Casoria and Venice facilities were launched and those for the closure of Alenia Aermacchi's Rome and WASS's Genoa facilities and Thales Alenia Space Italia's Vimodrone and Florence facilities were completed. The OTO Melara facilities in Brescia also underwent significant restructuring activities.

Like in previous years, all management tools available under relevant legislation (ordinary and extraordinary government-sponsored lay-off schemes and redundancy programmes) were used to respond to business crises. These tools were also integrated by measures established under various plans to cushion the economic and social impact of the restructurings underway and to reduce the impact on employment levels, including:

- › "voluntary" (based on the criterion of "non-opposition") redundancy for employees that reach pensionable age during the redundancy programme period;
- › voluntary redundancy incentives;
- › intragroup reallocation of personnel, especially for personnel of companies in liquidation;
- › transfer of personnel and the consequent payment of social security and pension contributions to other facilities within the same company;
- › taking on personnel under temporary employment (staff leasing) contracts to partially cover the outgoing employees;
- › training and professional up-skilling courses to enhance the expertise of the resources involved.

Reference should be made to pages 128-133 of the 2012 consolidated financial statements for details of the application of these measures within each business area.

Finally, the Parliament and the Government's¹⁴ initiative generally facilitated a positive resolution of the uncertainty as to the application of the "voluntary" redundancy agreements which the Group had already rolled out at 31 December 2011, after the pensionable age was raised as part of the pension reform.

13. Lay-off: temporary suspension or definitive termination of an employee's employment contract or (more commonly) of a Group of employees.

14. Article 24.14/15, Law 214/11 "Salvaguardia 65.000 esodati"; article 22.1, Law 135/12 "Salvaguardia 55.000 esodati" (pension reform victims).

Abroad

UNITED KINGDOM

The restructuring plan rolled out by SELEX Galileo in 2011 in response to the difficulties generated by the relevant market context continued and led to 126 employees being made redundant.

UNITED STATES

The restructuring and reorganisation plans also continued at DRS group, with the closure of the Parsippany facilities in New Jersey, the transfer of the corporate functions to Virginia and the restructuring of the business activities and the transfer of certain production departments.

Employment contracts with 1,386 employees were terminated using the same criteria used in the past and consistent with trade union agreements for employees that are trade union members, or standard terms applied in the United States for non-members.

The redundancy package provided for in the policy offers an amount equal to one week's wages for each year the employee has been with the Company, as well as the payment of any benefits, for instance, health insurance premiums for one or two months, and outplacement services.

COMMITMENT TO THE ENVIRONMENT, HEALTH AND SAFETY

Finmeccanica has long sought to integrate the principles of environmental sustainability into its businesses and this approach is formalised in Group policy and governed by the new Directive no. 3 "Environmental protection" issued in March 2013. It pervades several fields: from the most consolidated areas represented by the fight against climate change and the pursuit of environmental efficiencies in operations, to the environmentally-friendly products and services offered to the market, right through to procurement activities, where good practices have begun to emerge more recently.

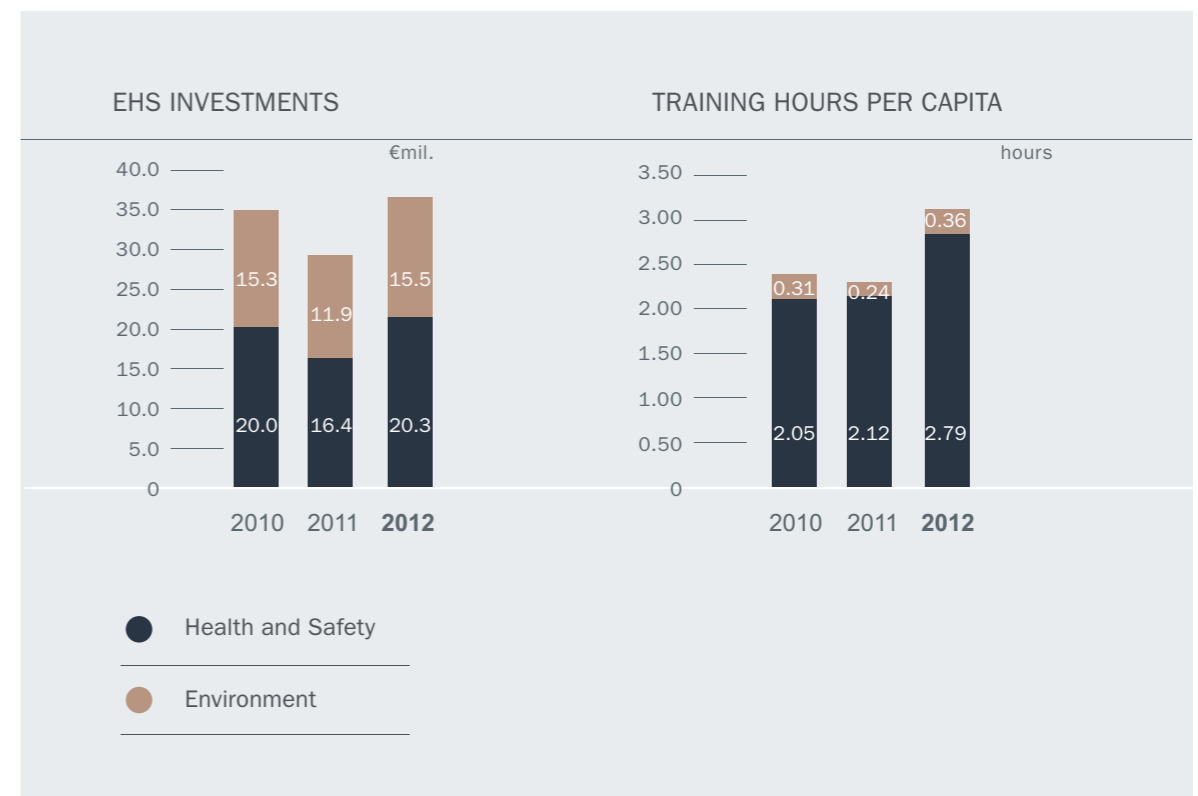
The following should be noted:

- › specific EHS investments rose by 26% over 2011, to €36 million;
- › EHS training provided increased by 28% over 2011, to over 194,000 hours;
- › new Group guidelines were issued for operating management within the businesses;
- › implementation and testing of the "Risk Gate" mathematical model developed to assess environmental risk at the Group's industrial facilities was completed;
- › the Italian Group companies' Management and Control Organisational Models pursuant to Legislative Decree 231 of 8 June 2001 were reviewed;
- › the EHS WEB Community was launched, which gathers and enables Group know-how in this area to be shared.

Environmental efficiency in operations

To improve its EHS performance, Finmeccanica Group invests heavily in its plant and structures and operating activities, which includes ongoing training and awareness programmes for its personnel.

Central coordination and control activities are managed by the EHS (Environment, Health and Safety) organisational unit within Finmeccanica Group Real Estate (FGRE). Each operating company is then responsible for implementing the environmental policy and guidelines issued by the Parent within its own industrial facilities, based on the specific production processes carried out, and managing the resulting environmental impacts.



STRUCTURAL AND OPERATING INITIATIVES

During the 2012-2015 period, the Group companies have planned and/or implemented over 150 structural and operating initiatives to reduce the environmental impact of their activities. Most of these are designed to improve energy efficiency and manage waste. FGRE has also issued the Group companies with new guidelines on:

- › CO₂ and climate change;
- › fluorinated greenhouse gases;
- › management of atmospheric emissions (from both industrial and office facilities);
- › water management (representing an update to the 2010 guideline, including sections on water resource recovery).

Intense audit activities flanked this initiative, with over 140 environmental audits carried out at 84 Group facilities. Auditing of the waste management subsuppliers also commenced to check the regular keeping of the mandatory records/DURC (single insurance contribution payment certificate), to analyse the CVs of the technicians responsible for water treatment and fume abatement, and to check the laboratories responsible for analysing wastewater and that the operations are performed properly at the facilities.

In 2012, 19 environmental incidents were recorded, none of which impacted business continuity; the appropriate corrective actions were promptly taken in each case (securing and replacement of leaking equipment/machinery, washing of surfaces and the recovery of spillages with special absorbent kits, etc.):

- › 13 related to spillages, the largest of which approximated 100 litres, while the remaining 12 were smaller (leakages from equipment/machinery, accidental spillages);
- › three related to coolant gas leakages, the largest of which approximated 60 kg, while the remaining two approximated 15 kg;
- › three were of other less significant types.

ENVIRONMENTAL MANAGEMENT	2012	2011	2010
Number of facilities with certified environmental management systems	73	72	58
Environmental audits	>140	>110	>100
Environmental incidents (total)	19	11	18
- spillages	13	7	12
Violations of environmental regulations noted by control bodies	6	16	8

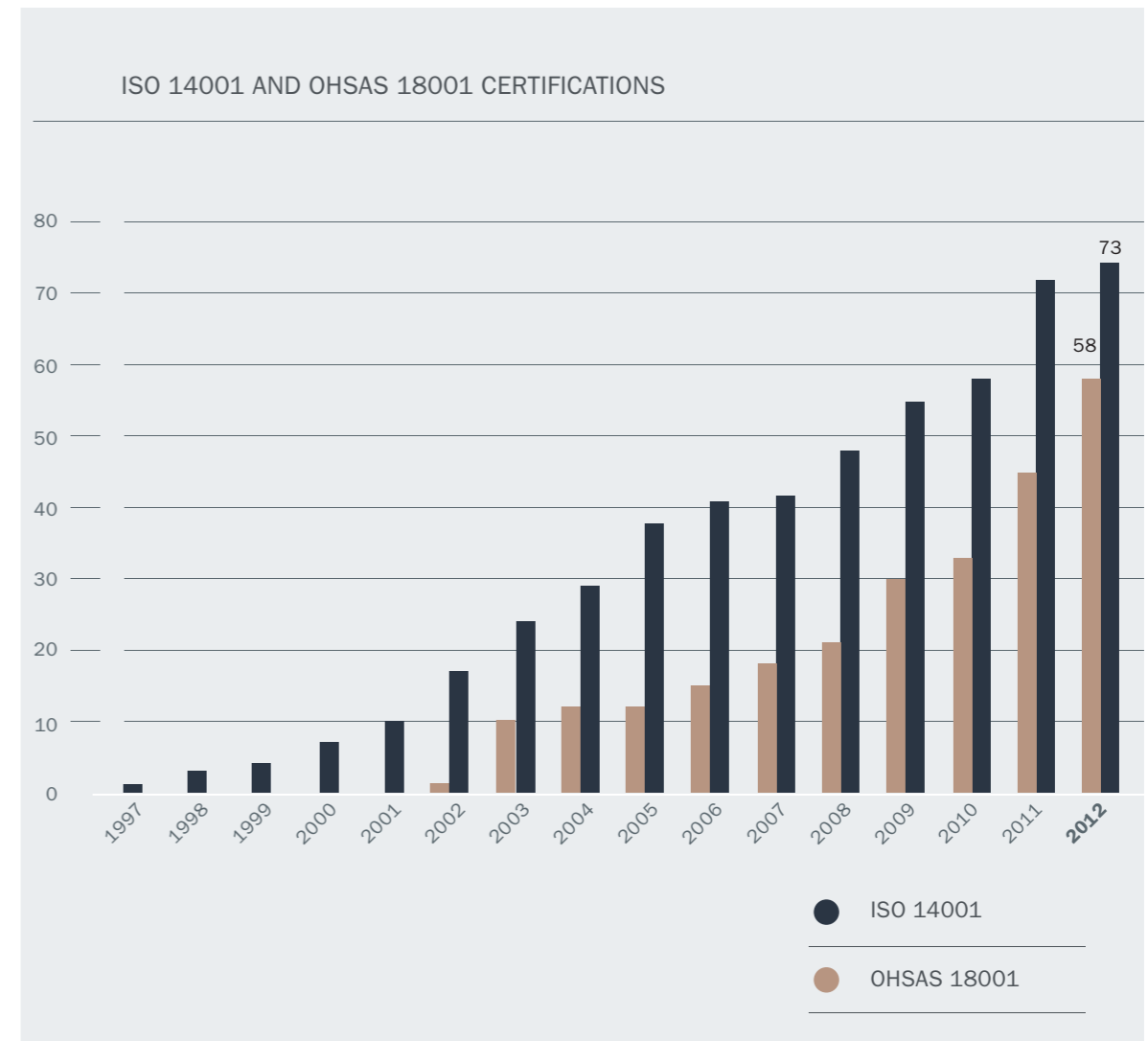
THE DEVELOPMENT OF EHS MANAGEMENT SYSTEMS

The systems certified to relevant international standards are fundamental to the EHS management procedures and Finmeccanica continues to promote their adoption throughout all Group companies. At the end of 2012:

- › 73 facilities, representing 44% of the total facilities included in the reporting perimeter, elected to certify their environmental management systems to the ISO 14001:2004 standard: over 58% of Group employees covered by environmental reporting work at these companies;
- › 58 facilities, representing 35% of the total, chose to certify their health and safety in the workplace management systems to the OHSAS 18001:2007 standard: over 36% of Group employees covered by environmental reporting work at these companies.

49 of these facilities hold both certifications. Moreover:

- › two facilities are registered with EMAS (Eco-Management and Audit Scheme);
- › the number of facilities that have adopted ISO 50001:2011-standard energy management systems is growing;
- › SELEX Galileo Ltd (now Selex ES) has integrated ISO 14001, OHSAS 18001 and ISO 50001 certifications.



THE FIRST APPLICATION OF "RISK GATE"

The environmental projects that can be applied by all companies include the "Risk Gate" mathematical model developed to assess environmental risk at the Group's industrial facilities via self-evaluation. Implementation and piloting of this model was completed during the year.

The first survey was carried out on the Group's main Italian facilities for a total of 37 plants belonging to 11 Group companies, and looked at various environmental risks (related to air, water, soil and the ecosystem). The survey findings were useful to the companies in establishing their intervention priorities. The aim is to keep updating these priorities based on regular surveys. The feasibility of applying "Risk Gate" to key foreign facilities in 2013 is under consideration.

THE LAUNCH OF THE EHS WEB COMMUNITY

Following its development during 2011, the EHS WEB Community portal was launched in 2012. It features over 150 technical documents covering EHS issues, including guidelines and sector studies, and it is accessible by over 190 EHS resources of the Group located across four continents.

This critical tool helps disseminate good practices and specialist training in these fields and complements the numerous EHS workshops and round tables to discuss and share plans/projects that have involved all Group companies throughout the world.

Product environmental responsibility

Life Cycle Assessment (LCA) is especially relevant in this area. The LCA method is an international standard (ISO 14040:2006 Environmental Management - Life Cycle Assessment - Principles and Framework and ISO 14044:2006 Environmental Management - Life Cycle Assessment - Requirements and Guideline) used to assess the environmental impact and the resources used in the various stages of the product's life cycle: extraction of raw materials, production of goods, their use by final consumers or service provider, recycling, energy recovery and final disposal.

These standards are disseminated throughout Finmeccanica via its Through Life Cycle Management approach and the ecodesign of two public transport products (Metrobus Brescia and Rome Metro Line C) which were awarded the prestigious Environmental Product Declaration (EPD) in 2010 and 2011 respectively.

Again in the Transportation business segment, in 2012 experimentation continued for the SITRAM project headed up by Ansaldo STS and involving 23 parties comprising companies, universities and research centres located throughout various Italian Regions. The scope of the project is to produce innovative tram systems for sale within Italy and internationally from 2014. The system's ecodesign is one of its strengths. This is one of the outstanding projects funded by the Ministry of Economic Development under the 2015 sustainable mobility industry plan.

Green procurement

Sustainable criteria were followed in 2012 for the procurement of several non-business-critical product types, i.e., favouring environmentally-friendly products and service providers sensitive to issues of social and environmental responsibility.

PRODUCT TYPE	2012 ACTIVITIES
Energy from renewable resources	The target for 2013 is to certify that 23% of electrical energy consumed comes from renewable sources.
Logistics and transport	Selecting forwarders that use Euro4 and Euro5 vehicles, monitor their emissions (100% of transport under master agreements monitored on a quarterly basis) and the implementation of innovative supply chain management processes facilitating logistics plans which optimise vehicle loading and traffic routing.
Global Service	Two Global Service contracts were awarded for the maintenance of the operating companies' general plant and buildings. Close attention was paid to maintaining the employment levels of the external resources impacted by the change and to ensuring they were from the local area.
Events and trade fairs	Finmeccanica SpA chose the first European architecture firm to be ISO 20121 certified for sustainable event design by the British certification body (BSI) to design its events and stands. Specifically, the stands feature innovative solutions in terms of the materials used, efficient energy supply solutions are utilised, carpooling is used to move participants around and information materials are produced using recycled materials.
Office products	Group agreements include 382 office products having a reduced environmental impact (e.g., environmentally-friendly toner, paper and stationery).
Company cars	After a careful analysis of the CO ₂ emissions of the Group's Company car fleet, the agreements include a clause requiring the supplier to reduce the CO ₂ emissions if they exceed the service levels agreed in the contracts.
Company canteen	Initial agreements have been reached with the service suppliers to amend the contracts so that surplus food is donated to charitable organisations.

RESPONSIBLE SUPPLIER MANAGEMENT

The goods and services acquired by Finmeccanica Group companies in 2012 exceeded €12 billion, most of which were used in industrial processes (business-critical purchases). Overall, purchases represent more than 70% of revenue. The supply chain currently comprises around 30,000 suppliers, located mainly in the domestic markets, in Italy and the United Kingdom, followed by North America.

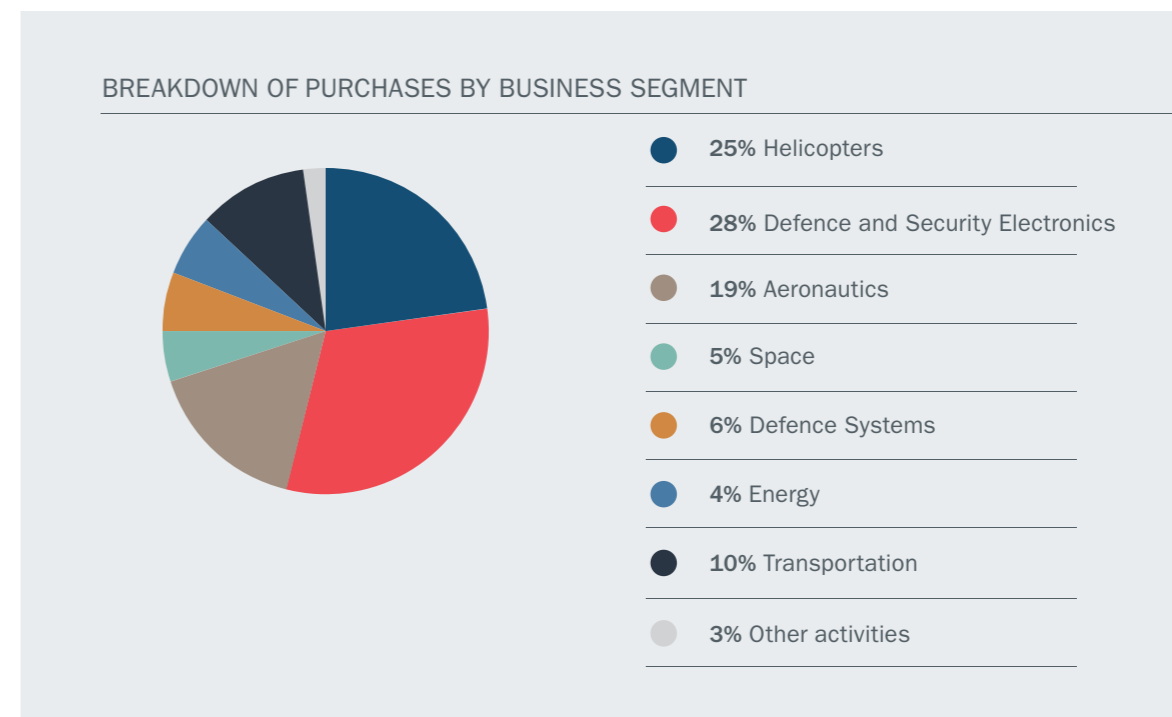
With such large procurement levels, purchase management and engagement with suppliers are a strategic factor in the business' economic sustainability and a significant corporate responsibility issue. Accordingly, Finmeccanica pursues best practice benchmarks for its processes and tools, in terms of both risk management and the creation of environmental and social value.

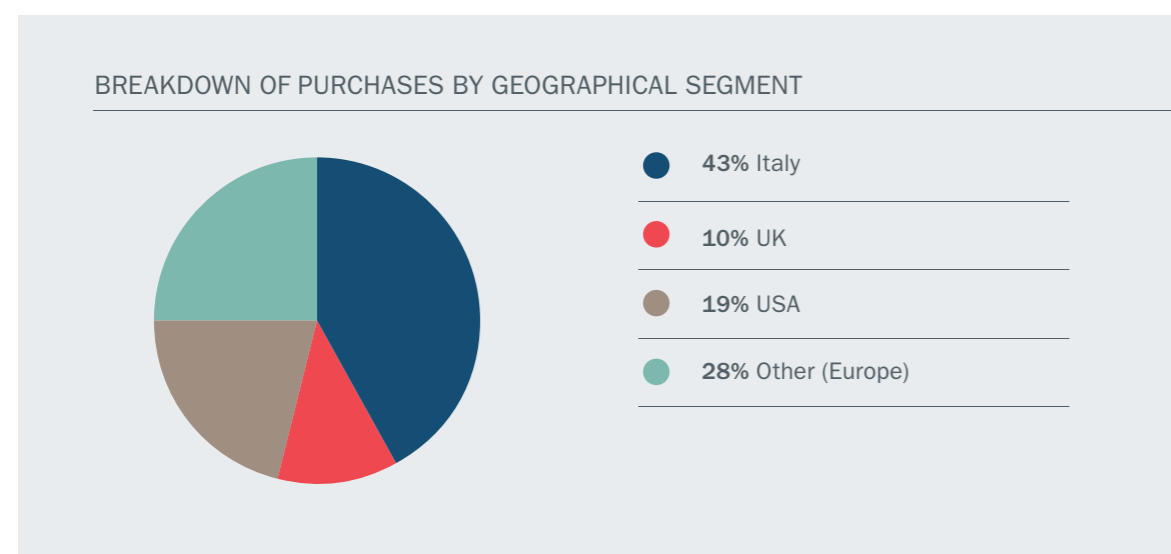
The aspects considered in purchases sustainability start with the application of ethical principles (transparency, fairness, loyalty, equal opportunities, etc.) in management processes, as well as the environmental impacts along the supply chain and suppliers' workplace health and safety procedures.

Given the special nature of the purchases management model, Finmeccanica's sustainability reporting includes the figures and information consolidated and controlled by FGS, which mainly relate to non-business-critical purchases. The first mapping of the sustainability procedures in the Group's supply chain also took place in 2012, as part of a joint sustainability project between Finmeccanica and FGS, involving the 18 largest Group companies. The information gathered means that information of a qualitative nature can also be provided in this report on the more significant area of business-critical purchases.

The following should be noted:

- › the use of the Group's FAST (Finmeccanica Advanced Sourcing Tool) portal encouraging effective and efficient purchases management was expanded, with around 4,400 online events processed, involving 2,000 suppliers and 300 buyers from the Group companies;
- › piloting commenced of the Customer Relationship Management (CRM) system to support the buyers of the operating companies in all activities related to online tender management;
- › green procurement initiatives were expanded for non-business-critical purchases;
- › an agreement was reached with the Australian government to join its "Global Supply Chain" programme.





Transparency and fairness in supplier management

Finmeccanica promotes above all the adoption of supplier management and procurement processes based on transparency, fairness, integrity, responsibility and environmental sustainability, and it also requires all suppliers to comply with the guidelines of the Codes of Ethics of the various Group companies.

E-procurement systems and portals are taking on an increasingly important role in this area and the above-mentioned FAST portal developed by FGS is particularly significant. The portal's home page includes the rules for participation in tenders, in addition to the operating procedures for the portal's use. A Market Operating Centre (MOC) is available to the suppliers that use FAST to:

- › assist suppliers in using the e-procurement systems and take part in online tenders;
- › offer selected suppliers a unique interface for dedicated training, and to check all information related to the transaction has been properly received;
- › monitor deadlines and assist suppliers during the bid stage.

The FAST portal was initially developed for non-business critical purchases and is steadily being extended to the management of business critical purchases. With effect from 1 October 2012, piloting commenced of the Customer Relationship Management (CRM) system to support the buyers of the operating companies in all activities related to online tender management.

Among the portals developed independently by the Group companies, Alenia Aermacchi's Supplier AirPortal deserves mention. In other cases, such as that of OTO Melara, suppliers can follow the management procedures (qualification and monitoring) in a dedicated section of their website.

The percentage of purchases from new suppliers in 2012 varied from 1% to 10% for business-critical goods and services and topped some 60% for non-business critical items, reflecting the Group's ability to expand and frequently renew its supplier base in a vein of transparency and equal opportunity.

SUPPLIERS AND EVENTS MANAGED THROUGH THE FGS SYSTEM	2012	2011	2010
Total suppliers registered on the FAST e-procurement system	7,235	6,775	6,300
- of which, new registrations	460	444	550
Events managed through the FAST e-procurement system (*)	4,400	4,500	3,500

(*) RFP (requests for proposal), RFI (requests for information) and online tenders.

FIGURES RELATED TO INDIRECT SUPPLIERS MANAGEMENT PROCESSES	2012	2011	2010
Total indirect qualified suppliers (included in the Qualified Suppliers Register)	602	496	382
- of which, underway (< 3 years - qualification not expired at 31 Dec.)	345	367	358
- of which, selected/with active agreements at 31 Dec.	378	372	350
- of which, qualified during the year	123	114	80
Percentage of suppliers that have undergone audits by third-party bodies (EHS certification)	92%	90%	85%
Percentage of indirect suppliers monitored via vendor rating processes (qualitative KPIs)	51%	47%	45%
Percentage of expenditure on indirect product types from suppliers with quantitative KPIs	14%	12%	11%

Sustainability in purchasing processes

In its supply chain management, Finmeccanica also develops relationships with suppliers considering the environmental and social impact of products and processes.

In addition to FGS, which has a leading role in these issues, various operating companies (Ansaldo STS, AnsaldoBreda, Ansaldo Energia, Thales Alenia Space and DRS Technologies) have adopted a green procurement or specific sustainability policy for supply chain management. Some companies (SELEX Sistemi Integrati, now Selex ES, DRS Technologies, MBDA, and Ansaldo Energia) have also developed dedicated internal organisational structures which cut across several functions and represent real working groups for the implementation of ESG (Environmental, Social & Governance) issues in procurement.

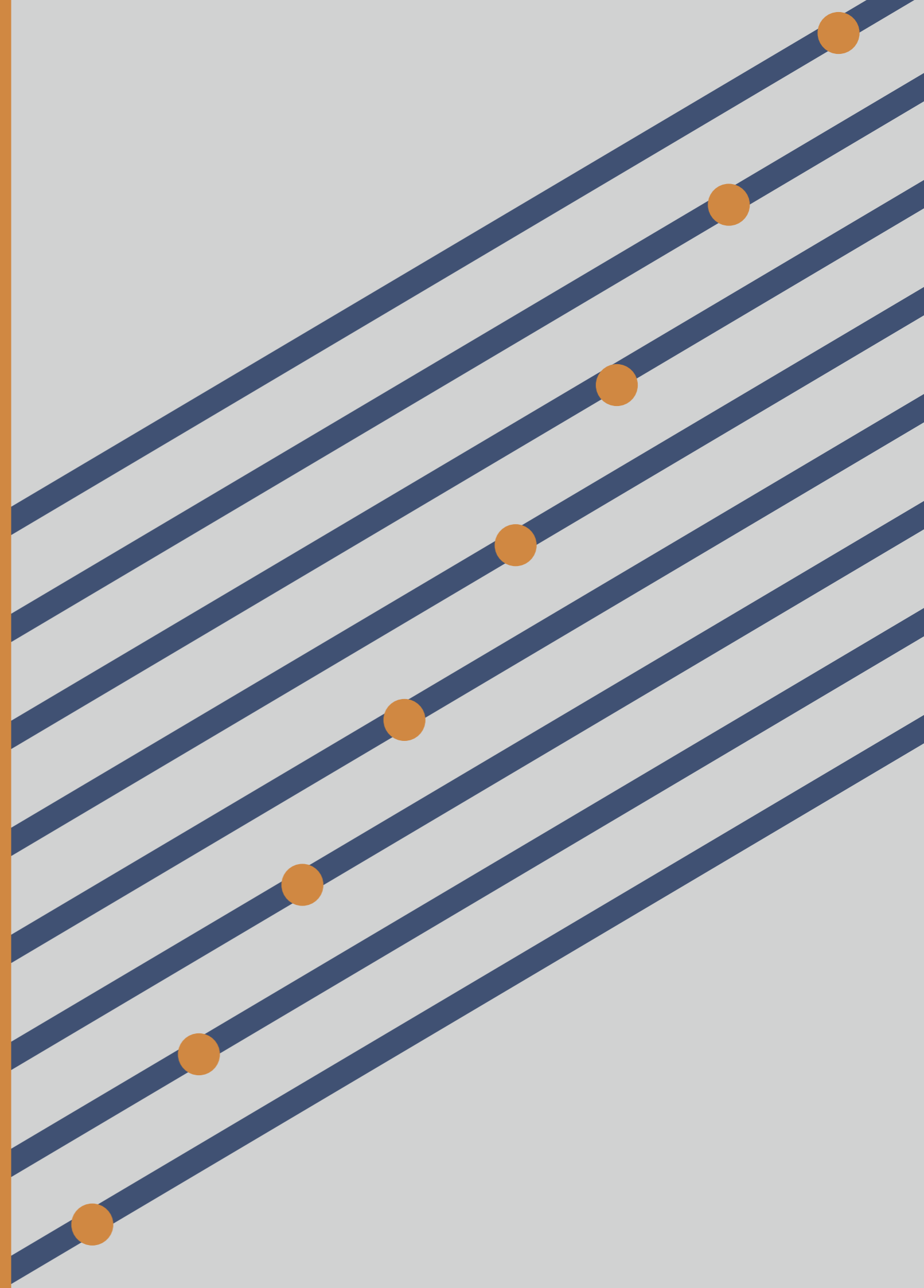
Almost all the companies request information on suppliers' EHS commitment during the selection procedures.

Specifically with regard to environmental issues, each Group company gathers information on whether its suppliers has certifications (e.g., ISO 14001), attesting to the implementation of *ad hoc* sustainability policies.

Finmeccanica Group's structure, comprising numerous companies operating across various sectors, is reflected in the range of criteria adopted in the monitoring and rating processes for supplier performance: based on the importance of the supplies, the amount invoiced by the supplier or on set dates. Sustainability criteria are still not widely used in these activities and were found to relate only to the most important suppliers in the cases surveyed. For instance, SELEX Galileo monitors health and safety performance, while FGS monitors certain environmental parameters. Ansaldo STS also requires EHS audits for suppliers operating in building sites, followed by a discussion of the results and corrective actions to be implemented. Monitoring and rating activities thereby become an opportunity for engagement with suppliers.

FINANCIAL PERFORMANCE

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BUSINESS RESULTS AND ADDED VALUE

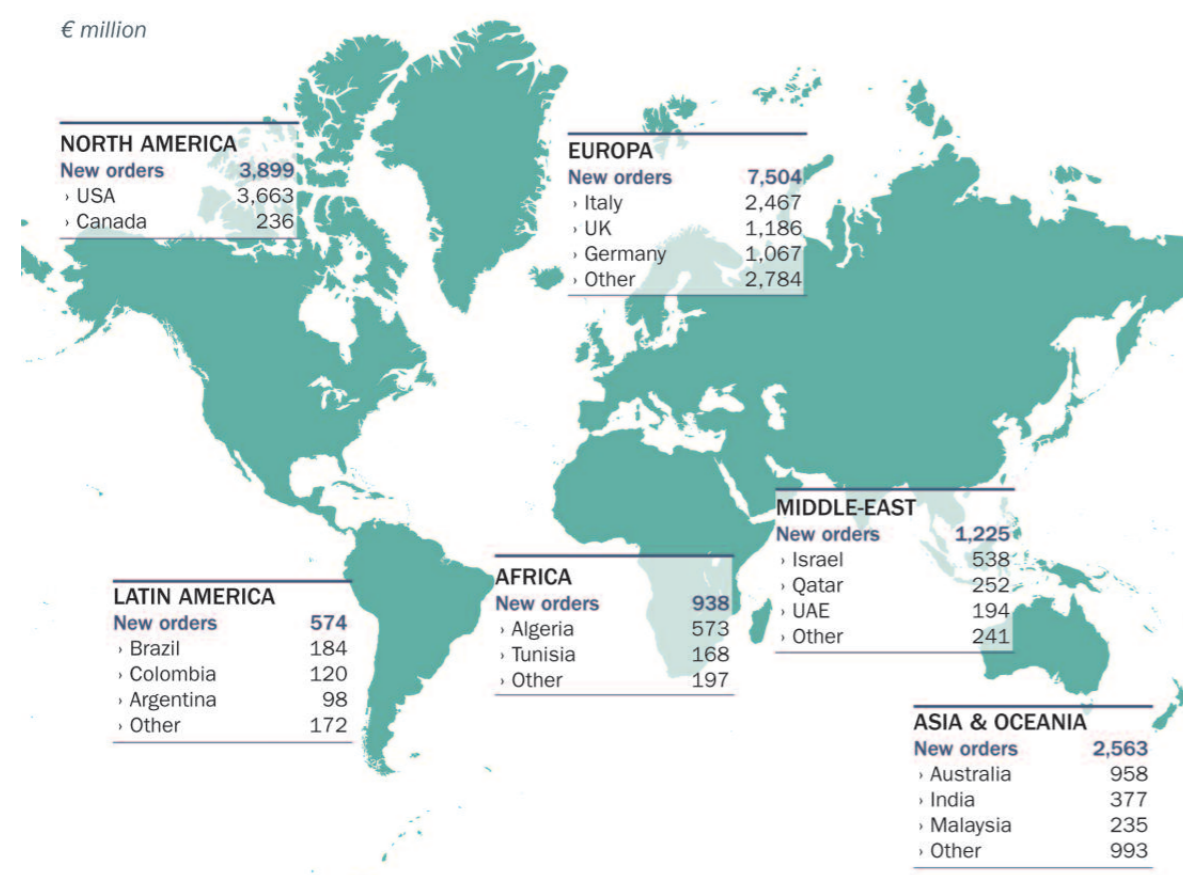
The international economic context continued to see low growth rates in the industrialised countries in 2012, with a protracted crisis in the Eurozone, and a lowered growth rate in several newly-industrialised countries. This led to a generalised slowdown in domestic demand and trade, with reduced industrial production growth rates forecast for the next few years. In the Eurozone in particular, the recurrent sovereign debt crises in certain countries and the generally stagnant economy are resulting in the adoption of austerity measures designed to balance the budgets, and economic activities are only really forecast to recover from 2014.

The Group's reference markets therefore continue to be impacted by the negative global economy, particularly due to the strong budgetary pressures and the general slowdown in international demand. However, the medium- to long-term outlook in its main business segments remains positive.

In this context, Finmeccanica Group recorded new orders of €16,703 million in 2012, down by 4% on those of 2011, with an order backlog of €44,908 million at year end. Reference should be made to the consolidated financial statements for details of the main orders won in each business segment.

The following should be noted:

- › adjusted EBITA is positive;
- › the financial position is sound;
- › Finmeccanica's shares were the top European performer in the Aerospace and Defence sector;
- › the shares were included in the Dow Jones sustainability index for the third year running.



Performance

The Group recognised revenue of €17,218 million in 2012, which was substantially in line with that of 2011. On a like-for-like basis,¹⁵ 2011 revenue would have approximated €17,043 million. Performance varied across the business segments, with growth in the Helicopters, Aeronautics and Space business segments and a decrease in the Defence and Security Electronics, Transportation and Energy business segments. 57% of revenue comes from the defence sector and 43% from the civil sector (60.5% and 39.5%, respectively, in 2011).

Adjusted EBITA returned to a positive figure after the “non-recurring” expense (€1,094 million) incurred in 2011. On a like-for-like basis, the actual increase over 2011 equalled €202 million (excluding the effects of such expense and using the same consolidation scope). Adjusted EBITA rose in all business segment, except for Defence and Security Electronics, Transportation and Energy.

The Group again recognised a loss for the year (€786 million), mainly due to new impairment losses recognised on goodwill in the Defence and Security Electronics business segment and the expense related to the Company restructuring underway.

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
Revenue	17,218	17,318	18,695
Adjusted EBITA	1,080	(216)	1,589
EBIT	(457)	(2,386)	1,232
Profit/(loss) for the year	(786)	(2,306)	557
FOCF	89	(358)	443
Net financial debt	3,373	3,443	3,133
New orders	16,703	17,434	22,453
Order backlog	44,908	46,005	48,668

Added value

Gross total added value equalled €5,510 million (up 14.0% over 2011). Gross total added value from core business, calculated as the difference between production revenue and costs to purchase goods and services, was €6,567 million, up slightly on the €6,202 million recognised in the previous year. The two amounts are very similar due to the immaterial effect of related non-recurring items.

BREAKDOWN OF GROSS TOTAL ADDED VALUE (€MIL.)	2012	2011	2010
Employee remuneration	4,666	4,848	4,772
Personnel expense	4,540	4,632	4,659
Personnel expense for restructuring	126	217	113
Public administration remuneration	(84)	(177)	287
Income taxes	(84)	(177)	287
Borrowing costs	615	567	561
Interest expense (*)	603	553	554
Interest expense - related parties	12	14	7
Return on risk capital	(786)	(2,306)	557
Profit/(loss) attributable to the owners of the Parent	(828)	(2,345)	493
Profit attributable to non-controlling interests	42	39	64
Returns to the Company	1,092	1,890	1,021
Amortisation and depreciation and allowances	1,092	1,890	1,021
Donations and sponsorships	8	10	13
Gross total added value	5,510	4,832	7,211

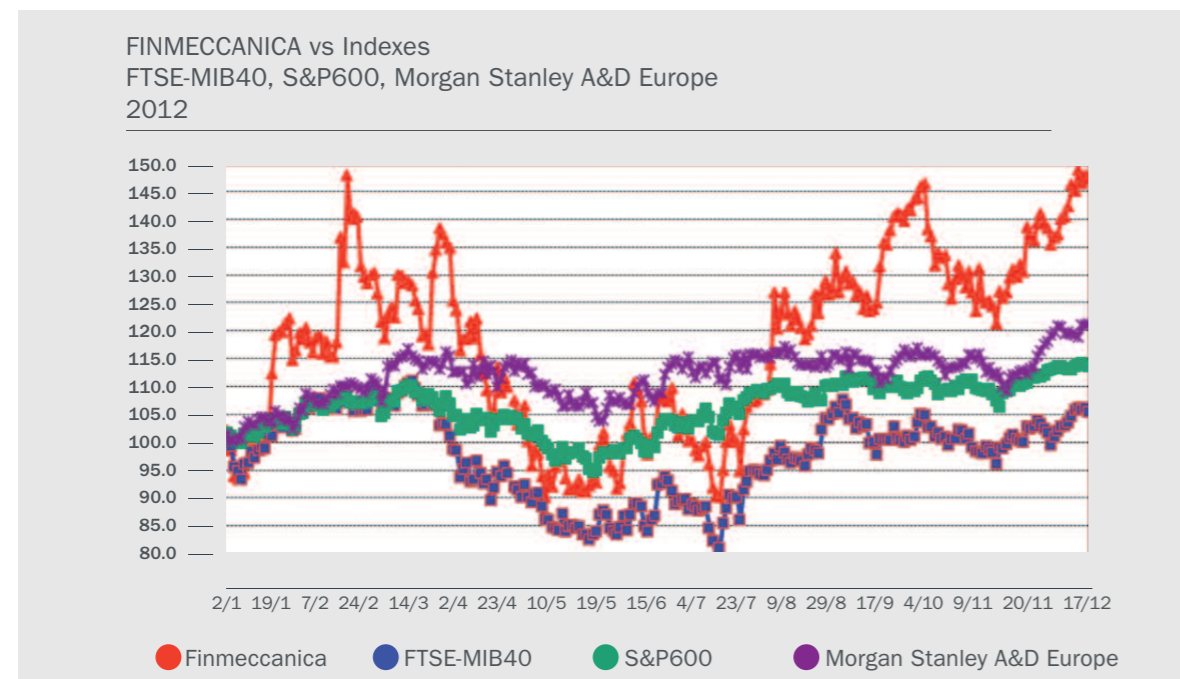
(*) Compared to the IFRS-compliant consolidated financial statements, financial income is net of exchange rate gains and losses.

FINMECCANICA SHARES

Share performance

The official 2012 closing price of the Finmeccanica share¹⁶ was € 4.35, up 47% over the price at the end of the previous year.

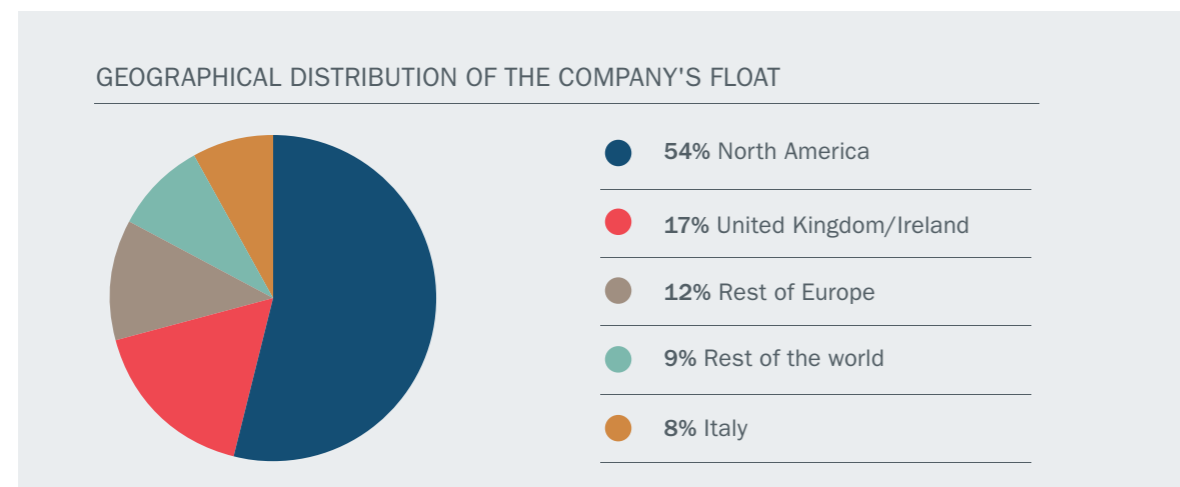
The following graph shows the share performance throughout 2012, compared to the trend of the main shares on the Milan stock exchange (the FTSE-MIB index), the S&P600 index which represents the 600 leading European shares and the Morgan Stanley A&D Europe Index (*) in the same period. The comparison shows that the Finmeccanica share was the top European performer in the Aerospace, Defence and Security sector.



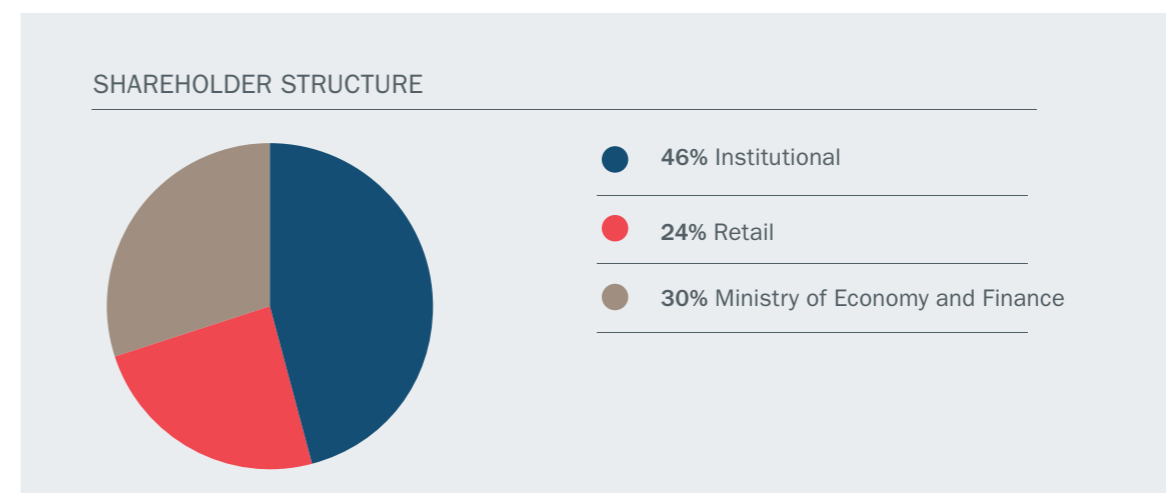
(*) Base of 100 at 2 January 2012.

Investor relations

Finmeccanica's share capital at 31 December 2012 totalled €2,543,861,738.00, comprising 578,150,395 ordinary shares of a nominal amount of €4.40 each. Of these, 34,450 are treasury shares and all bear the same rights and obligations. Approximately 69.8% is held by institutional investors and individuals, while some 30.2% is owned by the Ministry of Economy and Finance.



16. ISIN Code: IT0003856405; Reuters: SIFL.MI; Bloomberg: FNC IM.



Relations with investors are handled by the Investor Relations organisational unit, which provides ongoing information flows on the Group's financial position, results of operations and cash flows, as well as sales performance, tailored to sell-side and buy-side market needs. The following events were held in 2012:

- › a roadshow with stops in London, New York and Boston;
- › a roadshow specifically dedicated to governance issues in London;
- › a site visit to AgustaWestland's Cascina Costa facilities;
- › 33 conference calls and 103 one-to-one and Group presentation meetings.

Finmeccanica also took part in various meetings with investors of the main European financial markets, including the "ESG Conference" organised by Cheuvreux in Paris dedicated specifically to SRI investors, which in turn represent a large proportion of the Group's institutional investors.

Sustainability indexes

Finmeccanica has been part of the Dow Jones Sustainability Indexes (DJSI) for three years.

The DJSIs are managed by the Zurich-based Sustainable Asset Management (SAM) sustainability rating Company, in conjunction with the Dow Jones Indexes of New York. As from 1999, they represent the main point of reference for the annual assessment of companies' performance and their maintenance of commitments to economic, social and environmental sustainability. The DJSI World comprises 340 companies, while the DJSI Europe has 166.

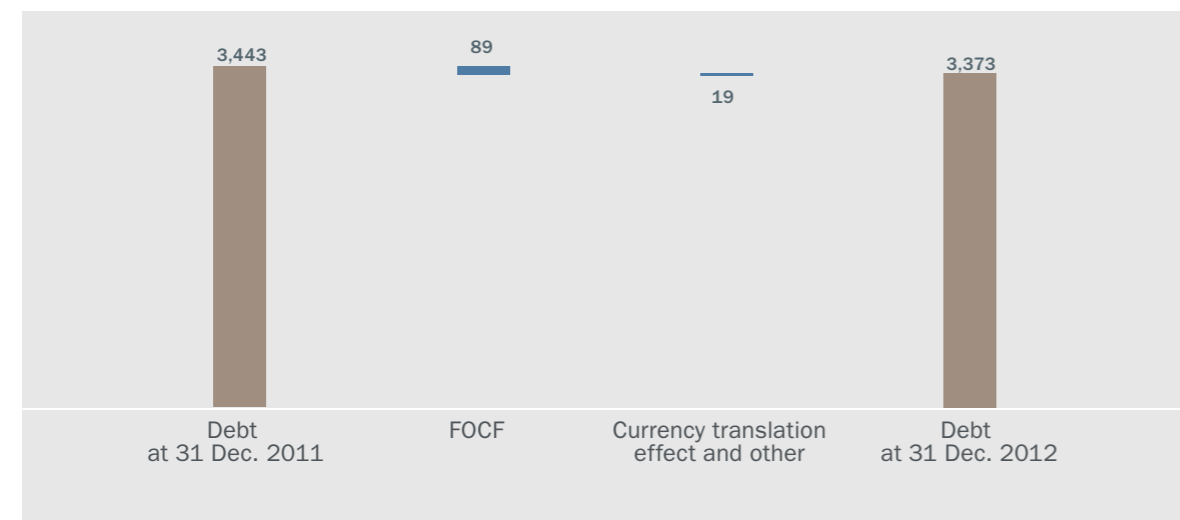
Finmeccanica was admitted to both the Dow Jones Sustainability Index Europe and the Dow Jones Sustainability Index World. Specifically, Finmeccanica was one of only four Aerospace, Defence and Security sector companies admitted to the DJSI World index and the only one that also operates in the Defence sector.

DJSI QUESTIONNAIRE SCORES (OUT OF 100)	2012	2011	2010
Total score	76	77	75
Score for each aspect:			
- economic	78	84	84
- social	72	72	69
- environmental	76	77	75



FINANCIAL POSITION AND CREDIT RATING

The Group's net financial debt (greater loans and borrowings than loans and receivables and cash and cash equivalents) at 31 December 2012 was €3,373 million, substantially in line with that at the end of the previous year (€3,443 million). The following graph shows the greatest contributors to this change.



Loans outstanding at year end totalled €4,421 thousand, down slightly on the amount at the previous year end. They fall due between 2012 and 2040.

Loans and borrowings are denominated in the three main currencies used by the Group (the euro, the pound sterling and the US dollar), which respectively represent 74%, 9% and 17% of total indebtedness. Most loans and borrowings (73%) bear fixed interest rates and the average borrowing cost for 2012 was 5.4%.

The average residual term of loans and borrowings exceeds 10 years (assuming the 2013 bond is repurchased using the cash generated by the 2012 issue). Finmeccanica's ability to issue bonds on the market with thirty-year expiry dates (2039-2040) reflects Italian and foreign investors' faith in the Group's long-term sustainability. The term of loans and borrowings is also consistent with the average duration of the Group's programmes, thereby ensuring effective Asset & Liability Management and offering long-term financial stability and balance.

Credit rating

All bond issues are irrevocably and unconditionally secured by Finmeccanica and they have a medium- to long-term credit rating from the international rating agencies Moody's Investor Service (Moody's), Standard and Poor's and Fitch.

CREDIT RATING	2013	2012	2011	2010
Moody's	Baa3 with negative outlook	Baa3	Baa2	A3
Standard and Poor's	BB+ with stable outlook	BBB-	BBB-	BBB
Fitch	BBB- with negative outlook	BBB-	BBB-	BBB+

Specifically, Moody's rating was initially amended on 24 October 2012, after the downgrading of the Italian Republic's sovereign debt. After year end, Moody's then downgraded the previously "stable" outlook to "negative", based on the Group's financial and operating profile. For the same reasons, in February 2013, Fitch placed Finmeccanica's rating on "credit watch" for a period of six months.

In January 2013, Standard and Poor's also downgraded Finmeccanica's medium- to long-term credit rating from BBB- with negative outlook to BB+ with stable outlook, mainly in consideration of the delays in rolling out the personnel restructuring plan.

The changes in Finmeccanica's credit ratings have not had a significant impact on outstanding loans.

SOCIAL PERFORMANCE

Employment and quality of work
Health and safety in the workplace
CSR in the community

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For Finmeccanica, the improvement of the Sustainability Report marked the beginning of a process of ongoing improvement in the reporting of corporate social responsibility issues, which mainly relate to human resources management.

Again this year, the Group has sought to improve the quality and reach of the figures and information reported, beginning with the expansion of the foreign reporting scope, and thanks to the refining of reporting systems and increasing cooperation between the organisational units of the Parent and those of the operating companies.

Reporting of the Group's financial support of its social stakeholders, i.e., the community and local areas, was also an important step forward. For the first time, the amount of sponsorships and donations are reported using the London Benchmarking Group's model, which is considered the reference guideline in this field and an international best practice.

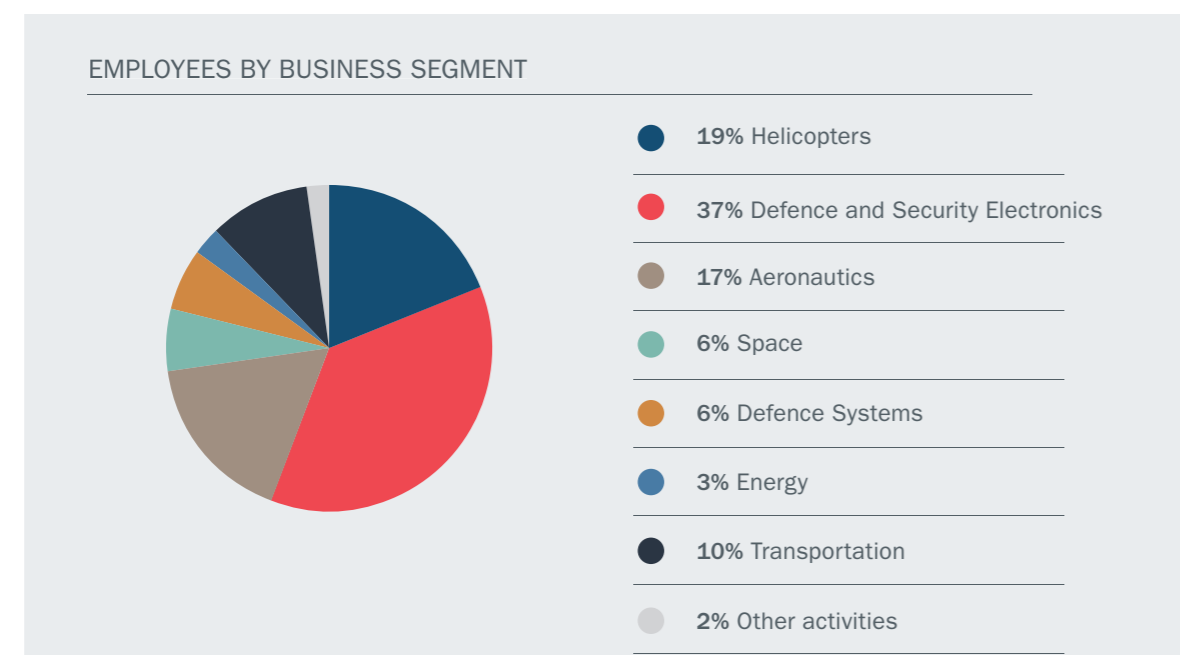
The following should be noted:

- › injury indexes for Finmeccanica personnel have improved;
- › injuries sustained by external personnel are now reported;
- › absenteeism has decreased in the Italian companies;
- › Finmeccanica's Corporate Social Responsibility organisational unit was set up;
- › a new Group directive on donations and sponsorships was issued.

EMPLOYMENT AND QUALITY OF WORK

Breakdown of the workforce

The Group's workforce totalled 67,408 employees at 31 December 2012, down by 4.3% on the figure at the beginning of the year. The decrease in the workforce over 2011 is due to the continuation of the reorganisation and restructuring plans commenced in the previous year and mainly related to the Defence and Security Electronics business segment and employees in the United States.



GEOGRAPHICAL ANALYSIS

The breakdown of the workforce by geographical segment was substantially unchanged from 31 December 2011, with around 58% located in Italy and the remainder abroad, mainly in the domestic markets: the United States of America (13.2%), the United Kingdom (13%), France (5.3%) and Poland (4.7%). Employment increased in some countries with developing markets, such as Australia, Argentina and Brazil.

EDUCATION AND AGE LEVELS

The average age for Group employees is 43.¹⁷ The average length of employment with the Group for Italian employees (numbering 39,418 at 31 December 2012) is 16 years. Of these, around 33% are university graduates, mainly engineers, while 48% hold a high school diploma, mostly with a technical orientation.

LABOUR RELATIONS AND TRADE UNION MEMBERSHIP

Around 73% of Group personnel are employed under a national collective labour agreement. This is an average figure which considers the different employment regulations effective in the countries in which the Group operates. It varies from 100% for Italian employees to around 5% for employees in the United States.

Trade union membership rates depend on the presence of trade union organisations and privacy legislation. In Italy, the freedom to join trade union membership is guaranteed and around 41% of employees are members. This figure is at 37% in the United Kingdom, 52% in Poland and 5% in the United States.

WORKFORCE	2012	2011	2010
At 1 January	70,474	75,197	73,056
At 31 December	67,408	70,474	75,197
New employees - Italy (*)	1,504	944	1,017
Outgoing employees - Italy (*)	2,322	1,814	1,763
Turnover - Italy (**)	10%	6.8%	6.6%

(*) Excludes promotions and changes to the consolidation scope.

(**) Ratio of the net new/outgoing employees divided by the average workforce.

EMPLOYEES AT 31 DECEMBER BY GEOGRAPHICAL SEGMENT	2012	2011	2010
Italy	39,418	40,224	42,556
United States	8,938	10,449	11,875
United Kingdom	8,712	9,322	9,687
France	3,628	3,734	3,711
Poland	3,224	3,240	3,405
Germany	974	964	1,044
Australia	593	533	595
Canada	312	384	402
India	218	230	262
Brazil	109	97	79
Argentina	25	23	22
Other	1,257	1,274	1,559
Total	67,408	70,474	75,197

WORKFORCE BY CATEGORY	2012	2011	2010
Managers	2,016	2,167	2,303
Junior managers	7,771	8,169	8,036
White collars	40,371	41,901	44,222
Blue collars	17,208	18,196	20,598
Pilots	42	41	38
Total	67,408	70,474	75,197

17. 93% coverage of Group employees.

WORKFORCE BY AGE	2012 (***)	2011 (**)	2010 (*)
Less than 25 years of age	3.2%	5.8%	4.4%
Between 26 and 35 years of age	23.3%	22.4%	25.1%
Between 36 and 45 years of age	25.4%	25.3%	25.7%
Between 46 and 55 years of age	28.7%	30.5%	30.9%
Between 56 and 60 years of age	10.4%	12.4%	11.6%
Over 60 years of age	9.0%	3.6%	2.3%
Total	100.0%	100.0%	100.0%

(*) 2010 figures relate only to the Italian companies.
 (**) 2011 figures covers 88.9% of the Group employees.
 (***) 2012 figures covers 93% of the Group employees.

WORKFORCE BY YEARS OF SERVICE WITH THE GROUP	2012 (*)	2011	2010
Less than five years	30.4%	-	-
From six to ten years	18.1%	-	-
From 11 to 20 years	18.9%	-	-
From 21 to 30 years	19.6%	-	-
From 31 to 35 years	8.3%	-	-
Over 35 years	4.7%	-	-
Total	100.0%		

(*) Figures relate only to the Italian companies.

Diversity

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

Some Group companies, particularly AgustaWestland and SELEX Galileo (now Selex ES), have set up internal equal opportunity committees and each unit with more than 100 employees produces a report on female workers which is shared both internally and with trade union representatives.

DIVERSITY AND EQUALITY BETWEEN THE SEXES	2012 (***)	2011 (**)	2010 (*)
Rate of female employees	18%	18%	16%
% of women in managerial roles (max. two levels from the CEO)	0.1%	0.3%	-
Ratio of women's to men's pay at the same employment level (****)	92%	98%	-
Managers	86%	93%	-
Junior managers	95%		
White collars	91%	95%	-
Blue collars	94%	104%	-

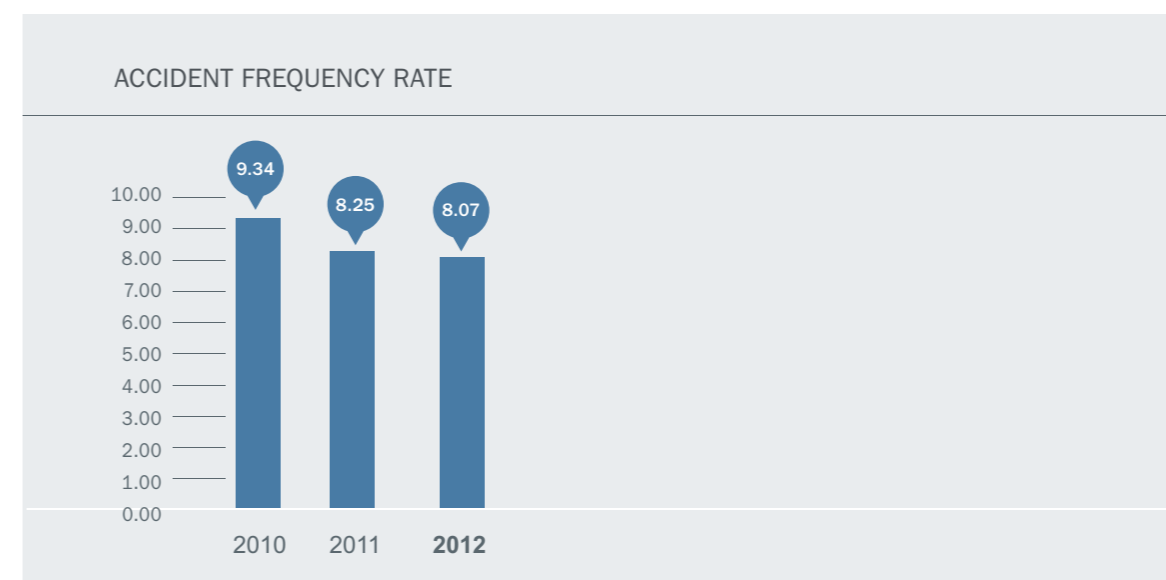
(*) 2010 figures relate only to the Italian companies.
 (**) 2011 figures cover 88.9% of the Group employees.
 (***) 2012 figures cover 93% of the Group employees.
 (****) Figure relates only to the Italian companies. It includes the minimums set in the collective and individual labour contracts, seniority rises and other sundry items.

HEALTH AND SAFETY IN THE WORKPLACE

Finmeccanica employees

In the 167 facilities included in the EHS reporting scope in 2012, as detailed in the Methodological notes, 885 accidents in the workplace involving Finmeccanica employees were recorded, down by 37 on the 2011 figure and with an accident frequency rate down by a further 2% to 8.07. This is also significant considering the approximate 2% decrease in hours worked on 2011 (from roughly 111,800,000 in 2011 to approximately 109,700,000 in 2012).

This result reflects the commitment of all Group companies to disseminating an accident-prevention culture and good practices, with specific investments topping €56 million in the last three years and 441,000 dedicated training hours provided across all levels of the organisation in the period 2010 to 2012.



For those Group facilities that are not among the 167 included in the EHS consolidated reporting scope (due to the immateriality of the environmental aspects related to their operations and the limited number of Finmeccanica employees), reporting of accidents at Group facilities continued in 2012. 103 facilities were monitored (83 in 2011), which correspond to a total of 1,750 employees (1,350 employees in 2011).

Performance was also positive in this area, with a reduction in accidents recorded (14 in 2012 compared with 19 in 2011) and a significant improvement in the frequency rate (4.55 in 2012 compared with 7.89 in 2011).

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

The rate of absence for illness, measured as the number of hours of absence per employee (for employees of the Italian companies only) was 48 (50 in 2011). It is determined following INAIL guidelines and includes all categories of illness.

External personnel

For the first time, Finmeccanica's Sustainability Report includes accident figures relating to personnel from external companies (e.g., global services, logistics and ICT companies, etc.) that operate at the companies' facilities. The 2012 analysis of the Group's 64 facilities included in the EHS reporting perimeter and over 170 suppliers operating at such facilities on a continuous basis showed that the accidents at such facilities numbered 73 (excluding accidents occurring on the way to and from work), equal to 1.14 accidents per facility during the year.

To refine and expand the reporting of the Group's accident figures, particularly for the latter category of workers, FGRE has scheduled a series of dedicated information activities for the entire Group in 2013.

Welfare within the Group

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

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

- › to positively impact employees' "wellbeing", pursuing a better work/life balance;
- › to bolster work productivity;
- › to increase the use of effective alternative forms of remuneration (e.g., private health insurance) which also enable the Group to benefit from tax relief.

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

The most significant welfare programmes and initiatives in the Italian companies are reported below.

AREA	TOOLS AND COVERAGE
Pension	<p>Supplementary pension schemes</p> <p>Supplementary pension scheme for Group managers set up in 1986, offering better performance than the government pension plan for this employee category.</p>
Health insurance	<p>Private health insurance</p> <p>Involves all Group managers and junior managers and also extends to the white and blue collars in certain Group companies.</p> <p>In certain cases, it covers not only the employees but also their family. It continues after retirement for the rest of the employee's life (management personnel).</p> <p>Preventative health initiatives</p> <p>Administered on both a Group and individual basis; some initiatives are reserved for managers while others are for all employees:</p> <ul style="list-style-type: none"> › specific screening campaigns for all employees for the most dangerous diseases (cardiovascular risk, cancer), or related to specific working conditions (ophthalmology and posturography); › personalised check-ups for specific pathologies noted when the employee's medical history was taken (for managers and/or junior managers). <p>The Group seeks to consolidate and supplement its private scheme with the services offered by the public system and in certain cases (e.g., for highly specialist pathologies) screening initiatives can be commenced through agreements with public health structures, thereby containing costs.</p>
Work-life balance	<p>Maternity/paternity support</p> <p>The internal crèche, "Nanna bella" (at SELEX Sistemi Integrati), offers significant organisational benefits to employees. SELEX Sistemi Integrati's location also means that employees of other nearby Group companies can use this service.</p> <p>In other cases, agreements have been reached with third parties whereby employees can benefit from fee discounts (60% of Group companies have adopted this approach).</p> <p>Travel to and from work</p> <p>Some companies have made available Company shuttle buses, while others offer contributions towards the cost of purchasing bus and rail tickets.</p>
Education	<p>Includes the welfare initiatives for the education of employees' children. They comprise both training initiatives (language training) and financial assistance (textbook costs, scholarships for employees' children and contribution towards university fees), presently provided by only some Group companies.</p>

CSR IN THE COMMUNITY

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

Many Group companies boast a long-standing, consolidated tradition of osmosis and integration with local areas, seen in the transfer of their “know-how” to local economic and social operators with a view to systemisation in order to compete more effectively on global markets. As a “corporate citizen”, Finmeccanica and all Group companies continue to foster and support various projects and initiatives having a positive social impact on the community as a whole and especially those areas where operations are located.

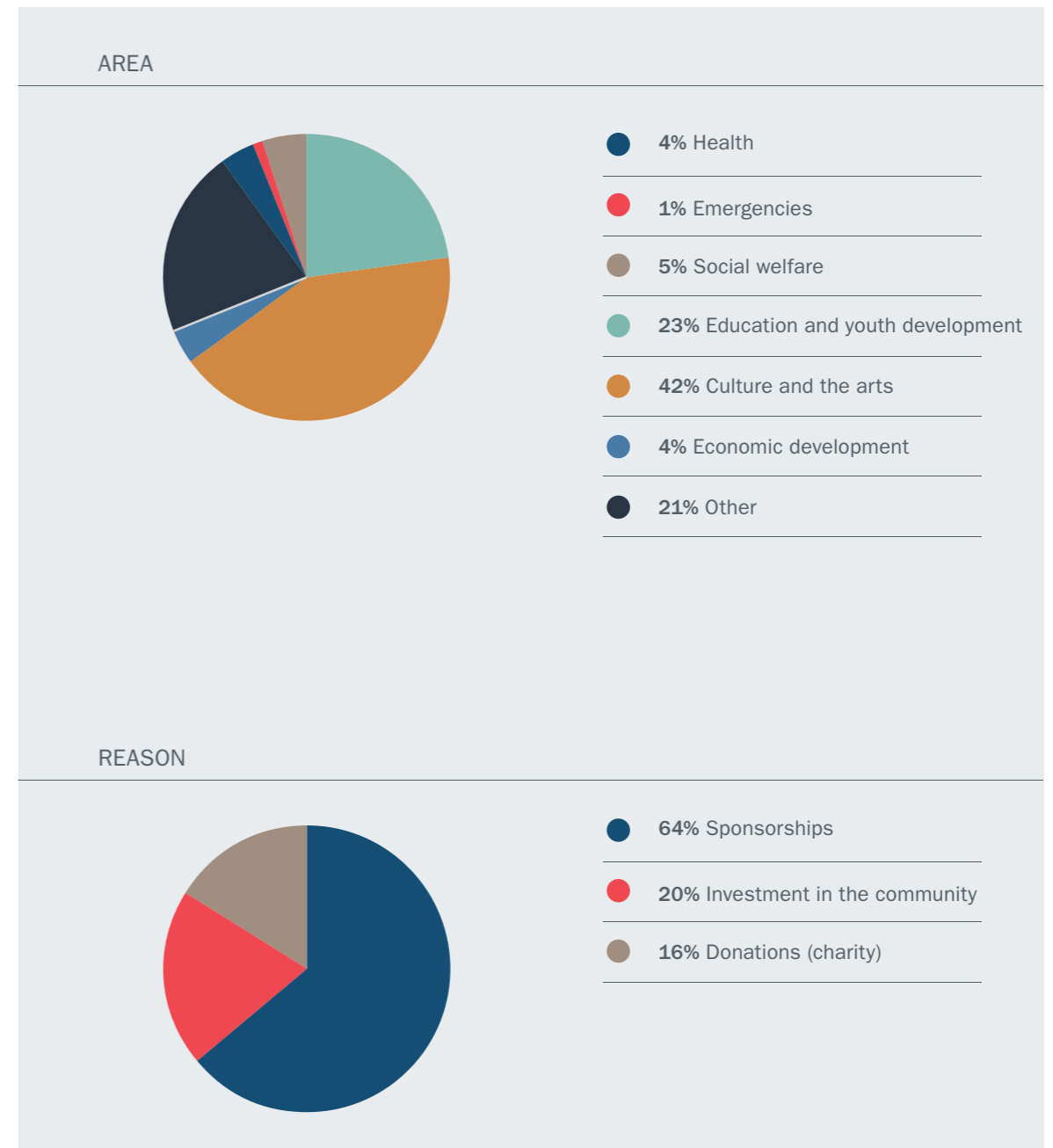
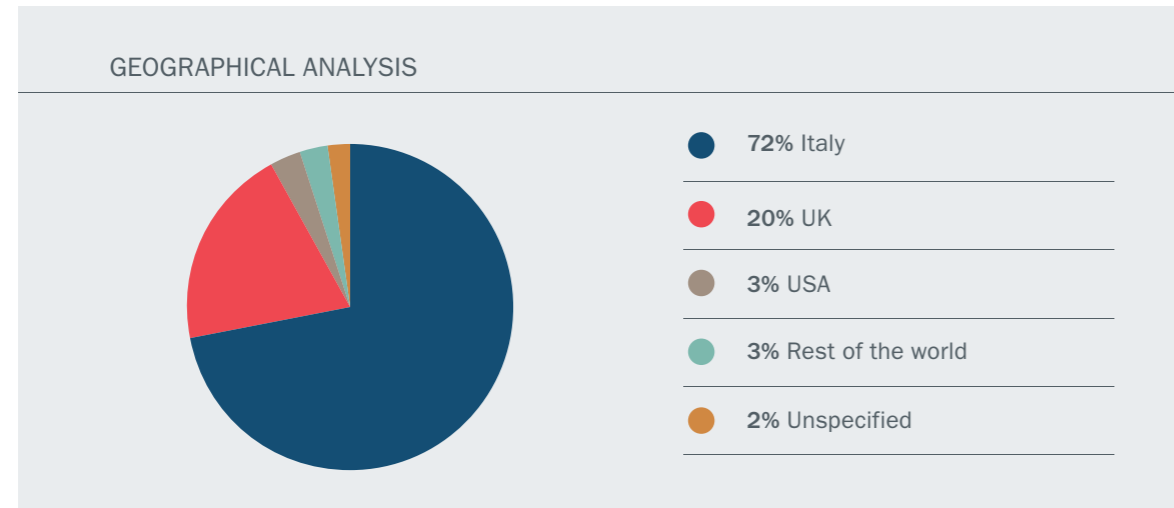
In this context, the value of the Group’s deep-seated “multicultural” nature comes to the fore, not only in terms of its far-reaching and diversified international presence but also as enshrined in its Charter of Values which, along with the other values, strongly influences CSR. The Group’s undertaking is to create and develop a shared culture – technological, but also social and environmental – representing a common asset for all its personnel, without losing sight of each area’s local qualities.

This undertaking sees the Group liaising daily with the large number of local and global stakeholders in the Group’s various projects and interests. The aim is to develop shared programmes or to contribute to projects of various communities offering benefits for its stakeholders.

Sponsorships and investments in the communities

Despite the continuing economic and market challenges, some €8 million¹⁸ was disbursed for sponsorships and donations to foster and conserve art and culture, environmental awareness, social development and to promote and enhance the Group companies’ history, experience and traditions. For the first time, this aspect is covered in the Report using the London Benchmarking Group model.

A plethora of CSR initiatives were launched during the year, both centrally and by the operating companies. Finmeccanica continued to roll out its long-term cultural projects both in the Italian Regions where Finmeccanica is most widely present (Latium, Lombardy, Piedmont, Campania and Liguria) and abroad, particularly in the United States and the United Kingdom.



The Parent set up its Corporate Social Responsibility organisational unit at the start of 2013. This unit is part of the External Communications function and was set up to promote and manage, on behalf of the Parent, initiatives and projects consistent with the Group’s social profile, in conjunction with other Finmeccanica corporate functions and the operating companies, and to enhance their reach and success in terms of stakeholder engagement.

The CSR unit is already developing sustainability and social responsibility reporting and communication activities, including the Planet Inspired blog dedicated to sustainable development and, in conjunction with the Investor Relations unit, the Sustainability Report. It also manages various corporate initiatives such as the canteen project (see the box) and an environmental awareness project on recycling waste produced in the offices.

18. This figure does not include DRS Technologies, which operates through the DRS Foundation.

The responsible canteen project

Finmeccanica has launched a Group-wide programme to donate surplus food from its companies' canteens to charitable organisations. Finmeccanica's CSR organisational unit coordinates the project, which is run in conjunction with the Banco Alimentare and Siticibo not-for-profit volunteer organisations, which collect and distribute food products for free to those in need, under Law 155/03 (the "Good Samaritan" law). The canteens currently involved in the project are the Telespazio canteen in Rome and AgustaWestland's canteens at Cascina Costa and Lonate Pozzolo. Some 13,500 meals were donated through the programme in 2012 and the programme is expected to be rapidly and progressively extended to several other Group Company canteens throughout Italy in 2013.

CSR IN THE UNITED KINGDOM

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

The Group companies in Great Britain independently manage various initiatives to encourage the creativity and direct involvement of their employees. Selex ES has set up a commission at each of its facilities to select projects put forward by the employees for fundraising activities.

CHARITY ACTIVITIES IN THE UNITED STATES

Social responsibility activities in the United States mainly relate to the DRS Technologies Charitable Foundation, which raises funds for projects supporting the US armed forces, the health and education of children, emergencies caused by natural disasters and, more generally, initiatives aimed at improving the quality of life of the numerous US communities where DRS has its facilities. Since its formation, the foundation has disbursed amounts exceeding USD5 million to organisations selected on the basis of the specific rules and procedures set out on its website.

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

Ansaldo Foundation

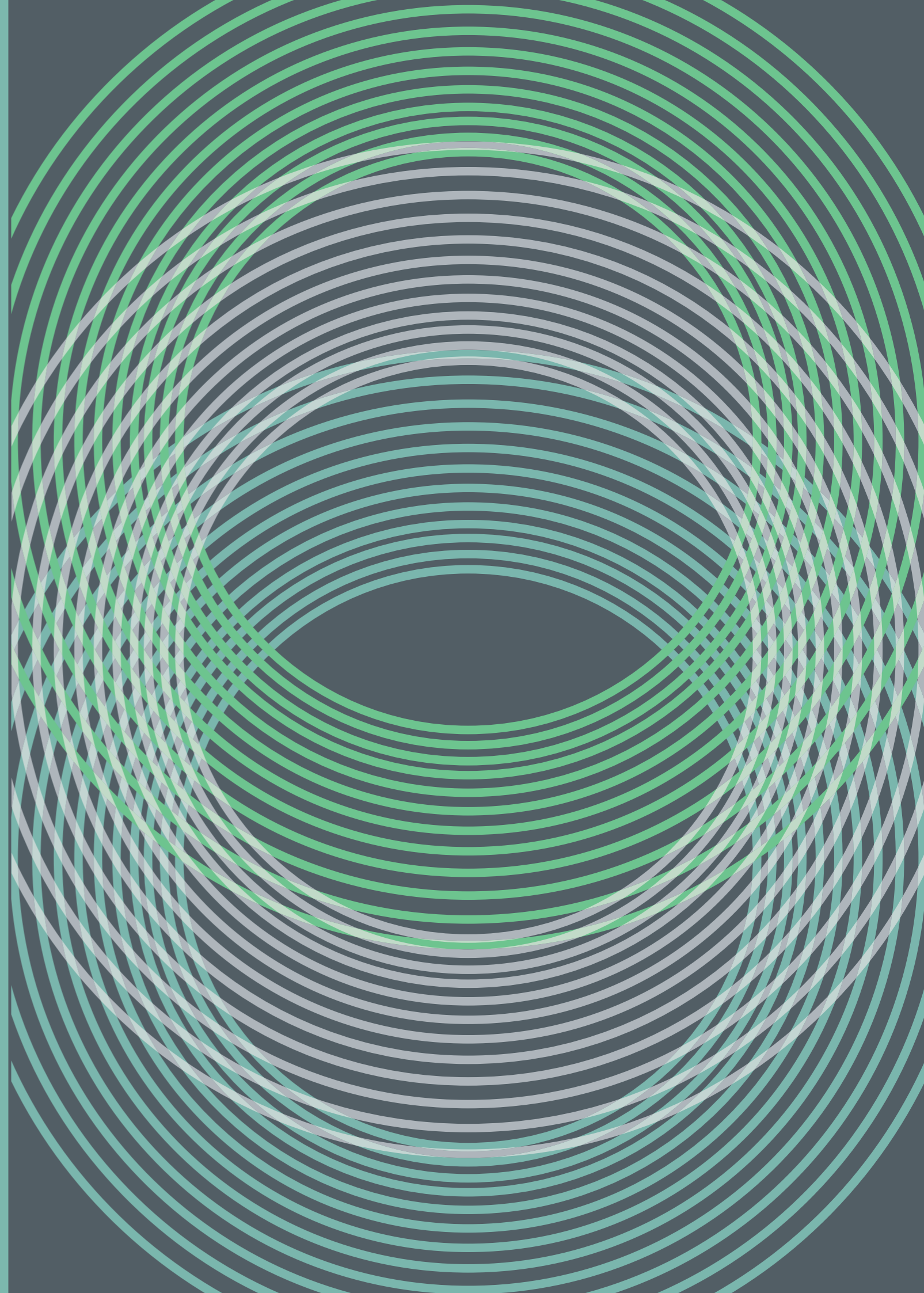
Established by Finmeccanica SpA, the Genoa municipality, the Genoa Province and the Liguria Region, the size and importance of the Ansaldo Foundation mean it is an important reference point in the various fields of culture, training, research and business.

The wide range of institutional operators, the ability to foster interaction between different cultural fields, particularly the close relationship with the Archives Management, the introduction and roll-out of new initiatives and the start-up of new technological and scientific partnerships represent some of the Foundation's activities in 2012. This confirms its leading role in the conservation of the historical and documentary heritage of companies which is recognised as being increasingly important to enhancing business culture and human resources.

ANSALDO FOUNDATION - ACTIVITIES COMPLETED OR CONTINUED IN 2012	
Scientific research	<ul style="list-style-type: none"> › Presentation of "The government from manager to reference point for governance for large companies" research, which will shortly be followed by "Regions - Macro Regions undergoing economic change the North-West and southern Italy". › Progress on another two research projects which will be completed in 2013; one relates to the issue of Smart Cities and the other to the evolution of big business in Italy compared to the trend towards specialisation seen on international markets.
Training	<ul style="list-style-type: none"> › Involvement in the first-level master's programme "Assembling and roll-out of electrical energy generation plants", organised by PERFORM (Genoa University) in conjunction with Ansaldo Energia. › Supply of areas for Finmeccanica training activities such as the "Activation Day", "Supply Chain" and "Competency-Lab".
Cultural and archivist activities	<ul style="list-style-type: none"> › Start-up of the "Memory as a resource" project designed by the Ansaldo Foundation in conjunction with Finmeccanica to carry out a census of the Company archives, survey the material conserved and to archive and enhance the Group's historical-archival heritage. Two post-doctoral researchers have been assigned to work on the project full time for two years under "RICERCA" scholarships awarded by the Ansaldo Foundation, CNR and Softeco SpA to the Liguria Region. › Presentation of the film collection, within the "Cinema and Industry" project, with the restoration of more than one thousand original films. The collection was presented to the public in October, where the "Cinema, industry and society" video covering the social and economic events in Genoa since 1896 was also presented, along with the "1908-2010 film collection", published by the Ansaldo Foundation in its "Strumenti" series. › Publication of the revised "2012 Guide" and of the fifth volume of the "Strumenti" series on the inventory of the OTO Melara Archives. › An agreement was reached for the inventory of Fondo Ilva in three years' time.

ENVIRONMENTAL PERFORMANCE

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

After the first reporting cycle where the system was used by around one hundred users, a detailed analysis was carried out to identify opportunities for improvement of both the IT platform and EHS reporting as a whole.

The results of this initiative were implemented for the 2012 data collection, which involved over 160 facilities worldwide, and included the creation of numerous environmental parameters to make reporting more accurate, far-reaching and detailed (e.g., the refining of carbon data and of the Group's Carbon Management System (CMS), already integrated into the platform), the refining of the methodologies used to calculate atmospheric emissions and the inclusion of additional controls for real-time testing of the consistency and robustness of the data entered into the system.

The following should be noted:

- › the Group has taken part in the Carbon Disclosure Project since 2008, improving its scores on disclosing greenhouse gas emissions;
- › the increase in proportion of electrical energy coming from renewable sources;
- › the significant reduction in fuel oil consumption in favour of natural gas;
- › the expansion of reporting on the impacts on biodiversity;
- › reporting of hazardous materials for the environment has commenced.

CARBON MANAGEMENT

Carbon footprint

This is the fourth year Finmeccanica Group reports its greenhouse gas emissions via the Carbon Management System (CMS),¹⁹ pursuant to the Greenhouse Gas Protocol (GHG Protocol). 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).²⁰

Total carbon dioxide equivalent (CO₂e) emissions produced by the Group in 2012 equalled just over 1 million tonnes, 53% of which are Scope I and Scope II emissions. They are down around by 1% on those of 2011 and by an overall 3% on those of 2010. This result is due to the significant reduction in Scope II emissions thanks to the reduced consumption of electrical energy from conventional sources in favour of renewable sources: the use of green energy in 2012 saved the production of over 54,000 tonnes of CO₂e.²¹

The increase in Scope I emissions is mainly due to the increase in the portion of CO₂e deriving from the use of certain chemical substances necessary for certain production processes, while the rise in Scope III emissions (the type not directly controlled by the Company) is mainly due to logistics and goods transportation.

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

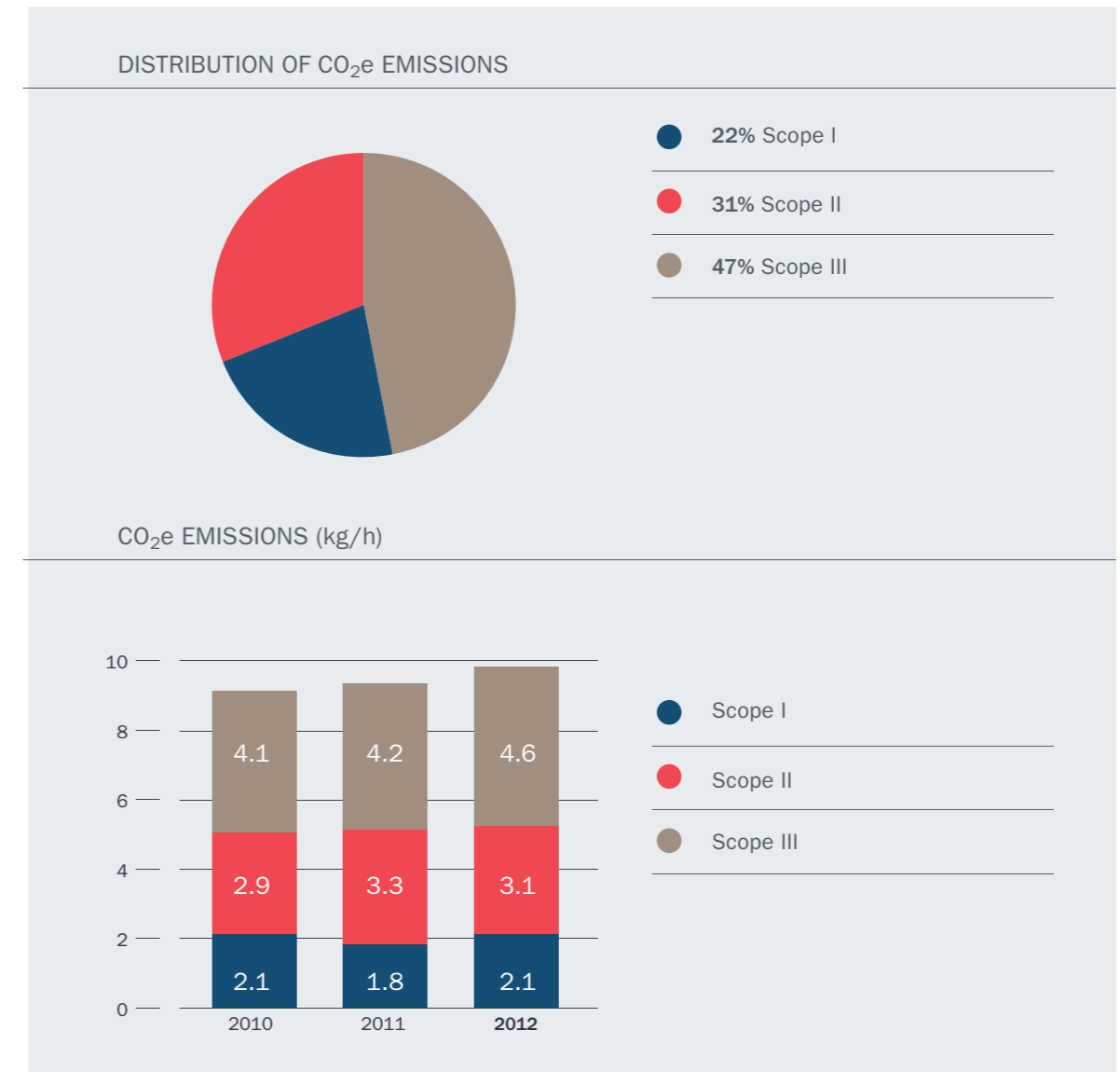
The specific ratio of CO₂e generated per hour of work increased by 4% over that of last year, related mainly to Scope III emissions.

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

20. With reference to business travel, an annual estimate is made of the related air travel emissions, covering 82% of the Group's expenditure; short-term car hire emissions are monitored for about 40% of the expenditure. These estimates are shared with the companies to encourage a reduction in the carbon footprint related to business travel, to improve performance.

21. Quantity calculated using the Group's CMS.

CO ₂ E EMISSIONS (TONNES)	2012	2011	2010
Scope I	232,302	204,466	247,293
Scope II	339,838	371,067	344,269
Total Scope I and II	572,140	575,533	591,562
Scope III	503,403	471,601	489,540
Total Scope I, II and III	1,075,543	1,047,134	1,081,102



Finmeccanica's participation in the Carbon Disclosure Project

For the fifth year running, Finmeccanica has participated in the Carbon Disclosure Project (CDP), a not-for-profit organisation representing 655 institutional investors, with assets under management of USD78 trillion. The CDP requests companies to transparently disclose their climate change strategies, targets and policies, used to allocate a performance score and assess their results.

Thanks to the Group's initiatives of the year, Finmeccanica (included in the Industrials sector) improved its results over those of 2011, with a disclosure score of 81/100, 1 point higher than that of 2011, and a performance band ranking of C, unchanged from the previous year.²²

Emissions trading

There have been no changes since 2011 in the number of sites falling under the Emissions Trading Directive (Emissions Trading Scheme - ETS, Directive 2003/87/EC), the tool implementing the Kyoto Protocol for the reduction of greenhouse gas emissions.

Pursuant to relevant legislation, the emissions of the 13 facilities included in the scheme, all of which are located in Italy, were certified by a body accredited by the Ministry for the Environment, Land and Sea.

The CO₂ emissions reduction of AgustaWestland was particularly notable: the Company's methanisation process underway since 2011 enabled it to reduce its consumption of fuel oil by 65% (reference should be made to the "Energy management" section), corresponding to a carbon dioxide saving of over 13,000 tonnes²³ (almost 6% of the Scope I emissions produced by the Group in 2012).

COMPANY	NO. OF FACILITIES INCLUDED	EMISSIONS ALLOCATED ²⁴ (TONNES/YEAR)	ACTUAL EMISSIONS FOR 2012 (TONNES/YEAR)
AgustaWestland	3	26,564	24,229
Alenia Aermacchi	7	71,157	56,802
AnsaldoBreda	1	4,778	4,231
Ansaldo Energia	1	2,407	1,088
OTO Melara	1	6,022	5,923
Finmeccanica Group	13	110,928	92,273

ENERGY MANAGEMENT

Both the Group's total energy consumption and the performance indicator are substantially unchanged from 2011.

Electrical energy is the main source of energy procured, followed by natural gas. The following are also used and reported: gas oil for energy and/or heat generation, fuel oil, LPG, district heating and fuels used to test products (aircraft, vehicles, etc.): gas oil, methane and LPG for automotion and jet fuel. The mix of energy sources used by the Group became even more sustainable in 2012 by:

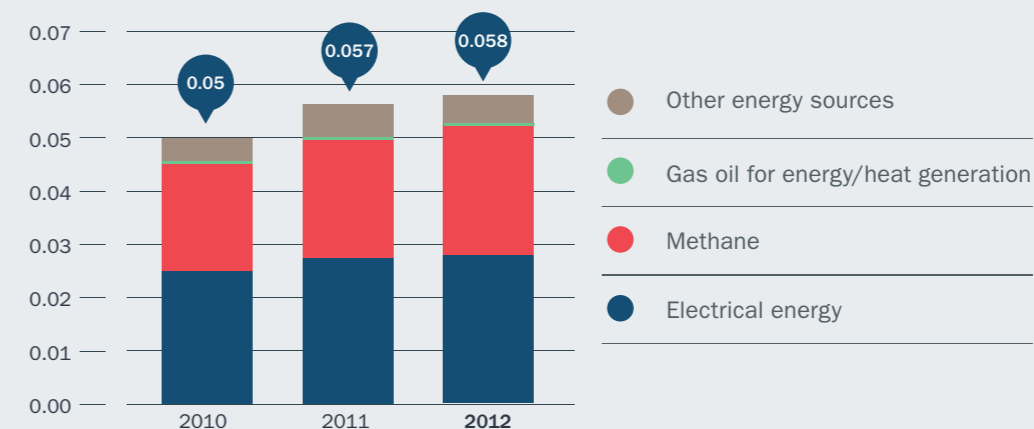
- › reducing fuel oil consumption by some 64% over 2011, in favour of natural gas, thanks to the methanisation process underway at AgustaWestland's Italian facilities; the process has already been completed for some facilities and will be completed in 2013 with a 50% cut in the total fuel oil used by the Group;
- › reducing consumption of electrical energy from conventional sources by some 10% compared to 2011, in favour of renewable sources (15% of the total electricity purchased by the Group), thanks to specific supply contracts agreed;
- › the significant increase in indirect energy from district heating, adopted by four facilities in Italy.

Moreover:

- › electrical energy self-produced in 11 facilities approximated 9,400 MWh;
- › the quantities of gas oil and petrol consumed by the companies' vehicles in activities internal and/or external to the facilities totalled 833 and 215 tonnes respectively.

ENERGY CONSUMPTION (TJ)		2012	2011	2010
Direct	Methane	2,678	2,516	2,393
	Gas oil for energy and for heat generation	17	37	66
	Fuel oil	92	252	482
	Other (LPG, fuels for product testing)	189	311	
Indirect	Electrical energy from conventional sources	2,669	2,949	3,021
	Electrical energy from renewable sources	480	166	
	District heating	261	144	n.a.
Total		6,387	6,375	5,962

ENERGY CONSUMPTION BY SOURCE (GJ/h)

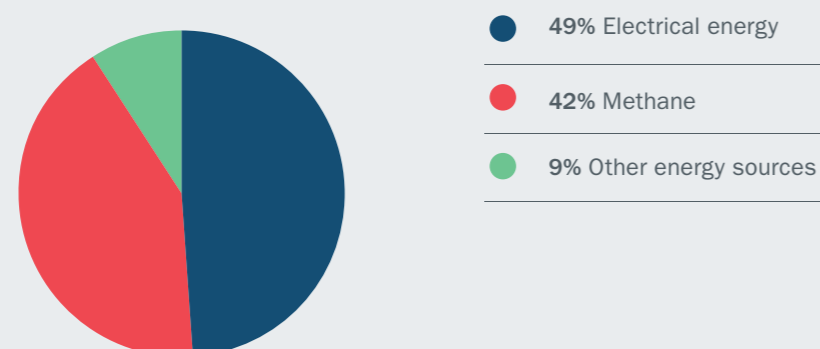


22. The CDP evaluates the results achieved in terms of disclosure (maximum score: 100, awarded on the basis of the Company's commitment and the transparency and completeness of the information disclosed); performance (brackets from A - best case, to E - worst case, awarded based on the achievement of reduction targets and the mitigation of impacts).

23. Quantity calculated using the Group's CMS.

24. CO₂ emissions allocated by the Ministry for the Environment, Land and Sea under the National allocation plan (2008-2012).

DISTRIBUTION OF ENERGY CONSUMPTION BY SOURCE



BIODIVERSITY

Following the first survey in 2011, a new survey carried out in 2012 identified 24 facilities (19 in Italy and five abroad) located within, partially within or near (within 2,000 metres) protected natural areas²⁵ and/or areas with high levels of biodiversity.²⁶ The survey provided information on the environmental impacts generated on these areas by the types of activities carried out.

LOCATION OF GROUP FACILITIES IN RESPECT OF PROTECTED NATURAL AREAS AND/OR AREAS WITH HIGH LEVELS OF BIODIVERSITY	SURFACE AREA (THOUSANDS OF M ²)	NUMBER OF FACILITIES	MAIN ACTIVITIES		
			OFFICES	MANUFACTURING	OFFICES/MANUFACTURING
Within	2,044	5	2	-	3
Partially within	491	2	-	-	2
Near	1,319	17	9	2	6
Total	3,854	24	11	2	11

LIST OF PROTECTED NATURAL AREAS AND AREAS WITH HIGH LEVELS OF BIODIVERSITY LESS THAN 2,000 METRES FROM GROUP FACILITIES		NUMBER OF FACILITIES
Italy	Parco Lombardo della Valle del Ticino	5
	Riserva Naturale Pian di Spagna e Lago di Mezzola	1
	Area del Lago Fusaro	2
	Parco Nazionale d'Abruzzo, Lazio e Molise	1
	Riserva Naturale della Valle dell'Aniene	4
	Parco Regionale dei Campi Flegrei	1
	Lago dello Scanzano and Riserva Naturale Orientata Bosco della Ficuzza	1
	Riserva Naturale Regionale Oasi WWF Pantano di Pignola	1
	Oasi WWF Palude La Vela	2
	Parco Rile Tenore Olona	1
United Kingdom	Rowhill Nature Reserve	1
	Farlington Marshes Wildlife Reserve	1
Poland	Natura 2000 PLH 060021 "Świdnik"	1
The Netherlands	National Park "De Veluwezoom"	1
France	Parc naturel régional de la Haute Vallée de Chevreuse	1
TOTAL		24

With regard to protected or restored habitats deriving from the implementation of specific strategies for the prevention or management of negative impacts of the activities of Group sites, as in 2011, no specific actions or plans necessary to protect or restore areas impacted or potentially affected by operations were implemented in 2012.²⁷

The analysis continued with a screening of the Company programmes (strategies, plans and actions) underway to manage impacts on biodiversity. Given the diversity of the geographical areas in which the Group companies operate, the strategies and actions established to protect biodiversity depend on and are related to the characteristics of the region and the related habitats, as well as the specific production activities carried out.

Accordingly, where biodiversity protection is regulated locally, the companies operate in line with the provisions of applicable legislation. For instance, in the Świdnik (Poland) area, where AgustaWestland has operations, the Regional Authority for environmental issues has launched a project to develop an environmental protection plan for *Spermophilus suslicus*, pursuant to the obligations arising from the Habitats Directive.²⁸ In other cases, the companies carry out voluntary initiatives, such as an environmental impact study on the surrounding area, the issue of procedures establishing the steps to be taken to prevent environmental damage and developing forestry management and improvement projects.

25. Protected areas are geographical areas that are defined, designated, regulated or managed for specific conservation purposes.

26. Areas with high levels of biodiversity are areas not subject to legal protection but recognised by various government and non-governmental organisations for their important biodiversity characteristics. These include priority habitats (often defined in the National Biodiversity Strategies and Action Plans under the Convention on Biological Diversity). In addition, various global organisations for the protection of the environment have identified specific areas with high levels of biodiversity.

27. Restored areas are areas used or affected by Group activities where specific actions have restored the original environmental condition or recreated a healthy, functional ecosystem.

28. Directive 92/43/EEC, on the conservation of natural and semi-natural habitats and of wild flora and fauna.

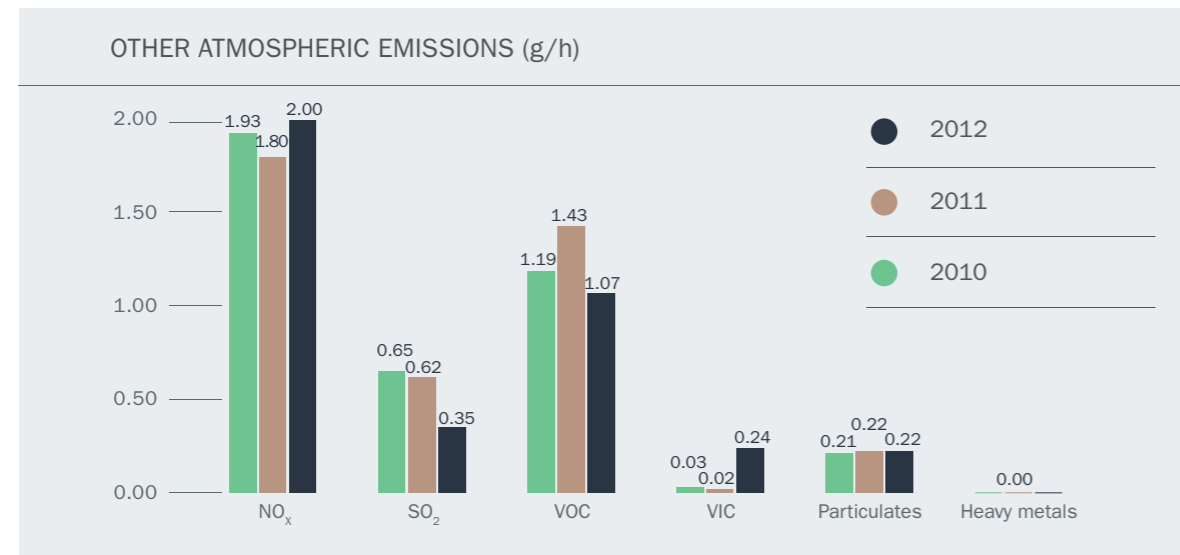
ENVIRONMENTAL IMPACTS AND KPIS

Atmospheric emissions

The atmospheric emissions produced by the Group's facilities are due to both production processes²⁹ and natural gas and gas oil combustion for the generation of energy and heat.³⁰ In addition to CO₂ as described above, NO_x, SO₂, Volatile Organic Compounds (VOC), Volatile Inorganic Compounds (VIC), heavy metals (Pb, Hg, Cd, Cr, As, Co, Ni), particulates, are also surveyed.

There were 2,483 authorised emissions points in use in 2012, 27 less than in 2011. The change in the NO_x and SO₂ emissions levels from 2011 were directly related to the increase in the consumption of methane for the former and the decrease in the consumption of gas oil in the latter. Changes in other emissions levels related directly to the specific production processes and consequent work programmes carried out at the facilities.

ATMOSPHERIC EMISSIONS (TONNES)	2012	2011	2010
NO _x	219	201	231
SO ₂	38	69	78
VOC	118	159	142
VIC	26	2	4
Heavy metals	0.1	0.2	0.1
Particulates	24	25	25



Water management

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

Establishing specific performance parameters has enabled several areas to be identified in recent years where water usage can be reduced. Specifically, plant water recycling and reutilisation systems continued to be introduced in 2012, including rainwater systems, with open cycles converted to closed cycles where possible: at the 21 facilities that have these systems, over 514,500 m³ of water (almost 7% more than in 2011) can be recycled and reused, i.e., over 6% of the total water withdrawn by the Group.

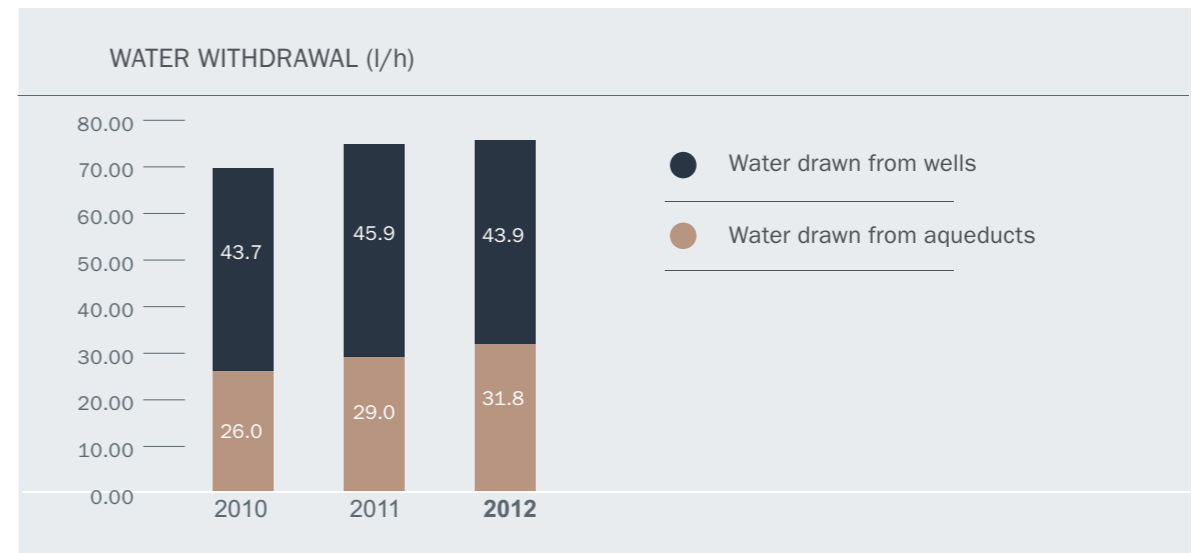
29. Emissions calculated based on laboratory analyses carried out during the year at the facilities that have atmospheric emissions monitoring systems.
 30. Where there are no laboratory analyses (e.g., at office facilities), NO_x and SO₂ emissions are calculated automatically by the reporting system using emission coefficients taken from the literature, starting with the annual consumption of methane and gas oil to produce energy/heat.

WATER WITHDRAWAL

The total water withdrawn by Finmeccanica Group in 2012 did not change significantly from that of 2011 (+1%). 42% comes from aqueducts, while 58% comes from wells. Specifically, the volume of water withdrawn from wells decreased, returning to 2006 levels (down 4% on 2011 and down 7% on 2010), and this led to a redistribution of water withdrawals with a consequent increase in the amounts withdrawn from aqueducts.

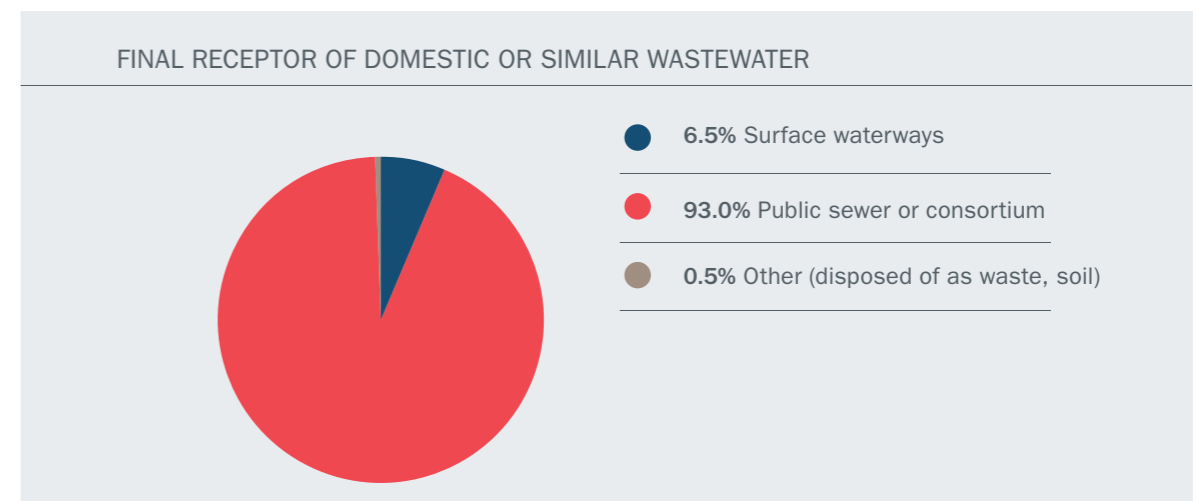
The water withdrawn, less normal leakage from the internal piping network, evaporation, etc., substantially coincides with the amount consumed by the Group.

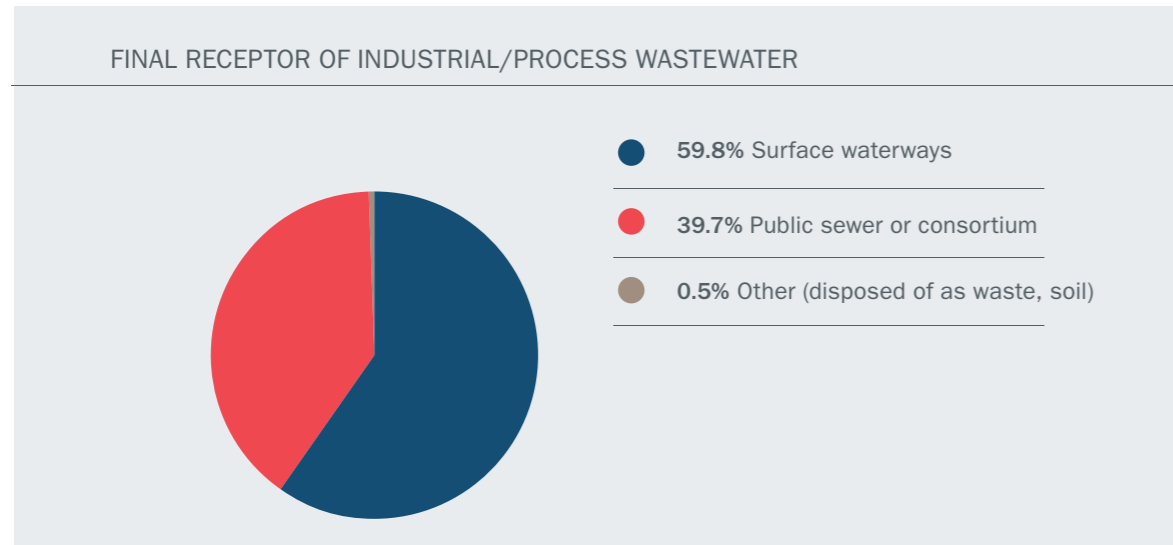
WATER WITHDRAWAL (THOUSANDS OF M ³)	2012	2011	2010
Aqueducts	3,493	3,177	3,089
Wells	4,813	5,037	5,181
Total	8,306	8,214	8,270



WASTEWATER

Over 6.7 million cubic metres of wastewater were produced in 2012: 55% is comprised of domestic or similar wastewater, while 45% comes from production processes. 69% of the wastewater produced goes into public sewers and 30% drains into surface waterways as it does not require additional purification treatment. The remaining portion (less than 1%) is disposed of in another way (disposed of as waste; soil, after purification, pursuant to the authorisations issued by the supervisory and control bodies). Details are provided below by type of wastewater.





The Group facilities have 28 domestic wastewater treatment plants and 29 industrial wastewater treatment plants, mainly biological and chemical-physical. The concentrations of BOD (Biochemical Oxygen Demand), COD (Chemical Oxygen Demand) and TSS (Total Suspended Solids) offer the main quality parameters for wastewater and variations are directly related to the specific production processes carried out at the facilities.

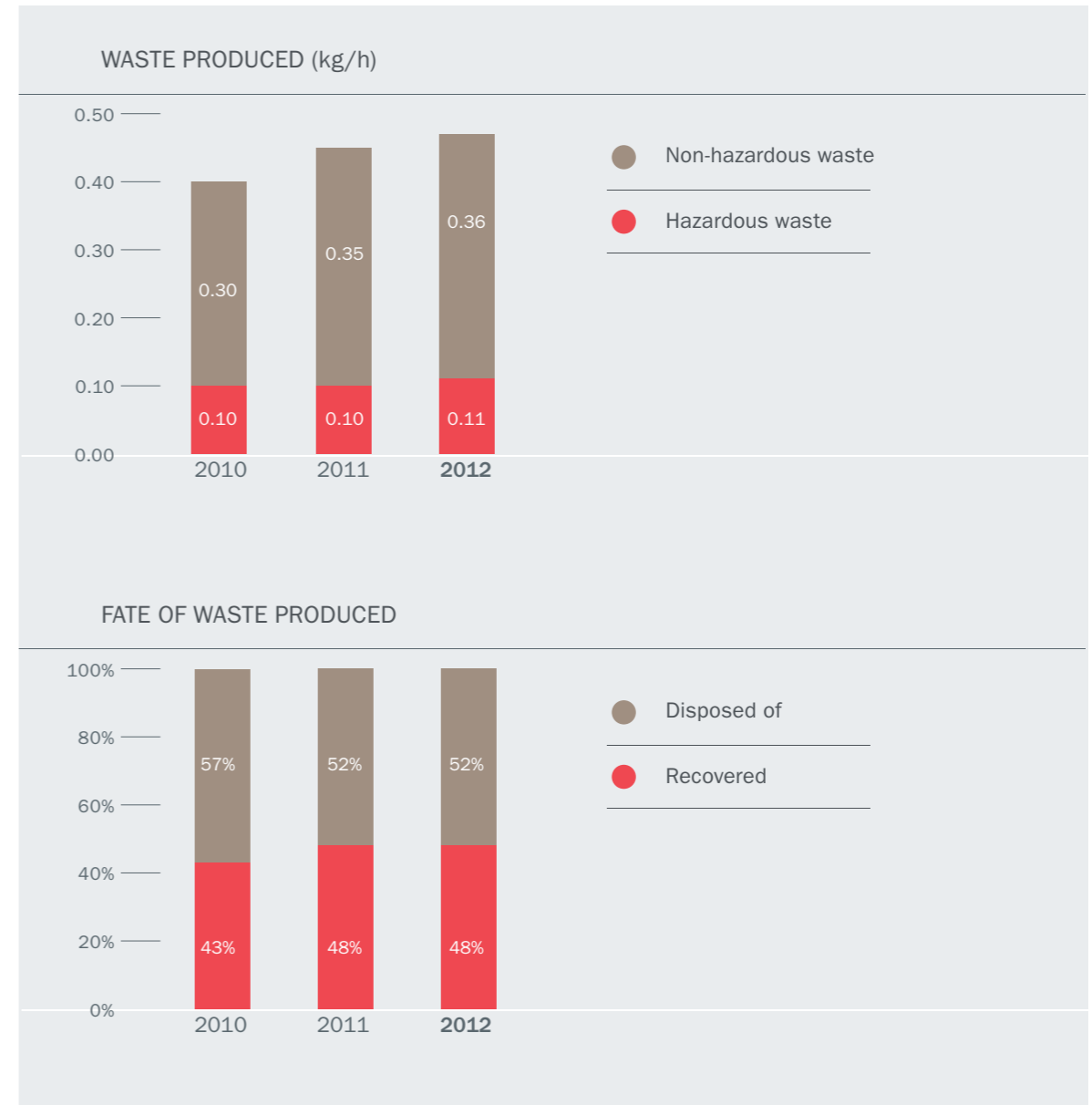
PARAMETERS FOR WASTEWATER QUALITY	2012	2011	2010
Wastewater discharged by the facilities' treatment plants (thousands of m ³)	2,617	2,404	2,229
BOD (tonnes)	33	26	33
COD (tonnes)	118	99	121
TSS (tonnes)	85	59	49

Waste production and management

Waste production at Group facilities was substantially unchanged from 2011 (+1%, due mainly to the removal of materials due to extraordinary maintenance activities): based on relevant European Directives and international legislation, 23% is classified as hazardous (+6% on 2011), while 77% is non-hazardous (unchanged from 2011).

WASTE PRODUCED (TONNES)	2012	2011	2010
Non-hazardous waste	39,617	39,621	36,370
Hazardous waste	11,844	11,199	12,443
Total	51,461	50,820	48,813

Waste is monitored at all stages of its management (storage, transport, treatment and disposal/recovery). The analysis of technical documentation on how the waste produced in 2012 was disposed of (e.g., fourth copies of the waste identification and transport forms, waste handling records, dedicated IT systems and databases), showed that 48% was recycled, while 52% was disposed of. Auditing of the waste management subsuppliers also commenced in 2012 to check the regular keeping of mandatory records/DURC (single insurance contribution payment certificate), to analyse the CVs of the technicians responsible for water treatment and fume abatement, and to check the laboratories responsible for analysing wastewater and that the operations are performed properly at the facilities.

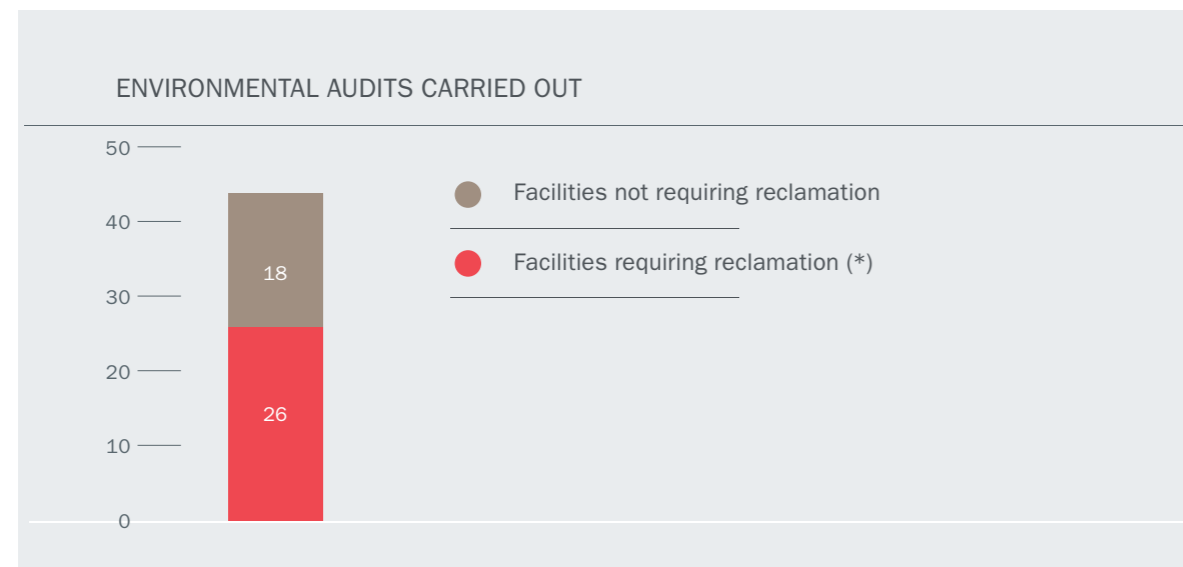


Soil and underground

The total surface area occupied by the Finmeccanica Group facilities surveyed equals some 1,500 hectares, of which over 500 are green areas (38% of the total).

In addition to monitoring and environmental audits, the Group companies have carried out surveys to assess the state of the soil and underground (including aquifers) in those areas potentially exposed to the risk of pollution generated by the industrial activities carried out. The necessary securing and/or reclamation procedures have been carried out, adopting innovative techniques to eliminate contamination in certain cases. One such case was the subject of a specific university seminar held in Milan at the end of 2012: an AgustaWestland site in Italy was reclaimed using ISCO (In Situ Chemical Oxidation) technology, representing a rapid and targeted solution which is particularly appropriate for sites contaminated with halogenated organic solvents in groundwater.

44 Group facilities were surveyed between 1999 and 2012.



(*) In compliance with the procedures, programmes and timeframes set by the competent bodies.

The environmental improvement actions planned by the companies in 2012 include those to reduce the risk of contamination of the soil and underground: some related to the removal of underground basins and tanks (a total of 243 were found in 43 facilities) for the storage of liquid raw materials, fuel and/or liquid waste.

Hazardous materials

The Group companies that consume hazardous materials (paints, glues, solvents, resins, impregnating agents, acids, bases, etc.) are committed to optimising their consumption or seek substitute products that are less hazardous or non-hazardous. Some also participate in boards of experts or working parties targeting increasingly sustainable innovative strategies and approaches: for instance, within the REACH programme, AgustaWestland has taken part in the activities carried out in Europe by the ASD (AeroSpace and Defence Industries Association of Europe), which includes analyses and studies related to the reduction of the use of paints containing chromates to protect the metal parts of helicopters.

This undertaking led to a significant reduction in 2012 in the consumption of substances classified as R40/H351³¹ (-13%), R45/H350³² (-13%) and R49/H350i³³ (-46%).

The surveying of the consumption of substances hazardous to health was expanded in 2012 with the commencement of monitoring of the Group's consumption of substances that are hazardous for the environment, particularly those classified as R50/H400³⁴, R51/H401³⁵, R52/H402³⁶ and R53/H410-H411-H412-H413.³⁷

31. Category R40: limited evidence of a carcinogenic effect, as defined by Directive 67/548/EC, or H351: suspected of causing cancer, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

32. Category R45: may cause cancer, as defined by Directive 67/548/EC, or H350: may cause cancer, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

33. Category R49: may cause cancer by inhalation, as defined by Directive 67/548/EC, or H350i: may cause cancer by inhalation, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

34. Category R50: very toxic to aquatic organisms, as defined by Directive 67/548/EC, or H400: very toxic to aquatic life, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

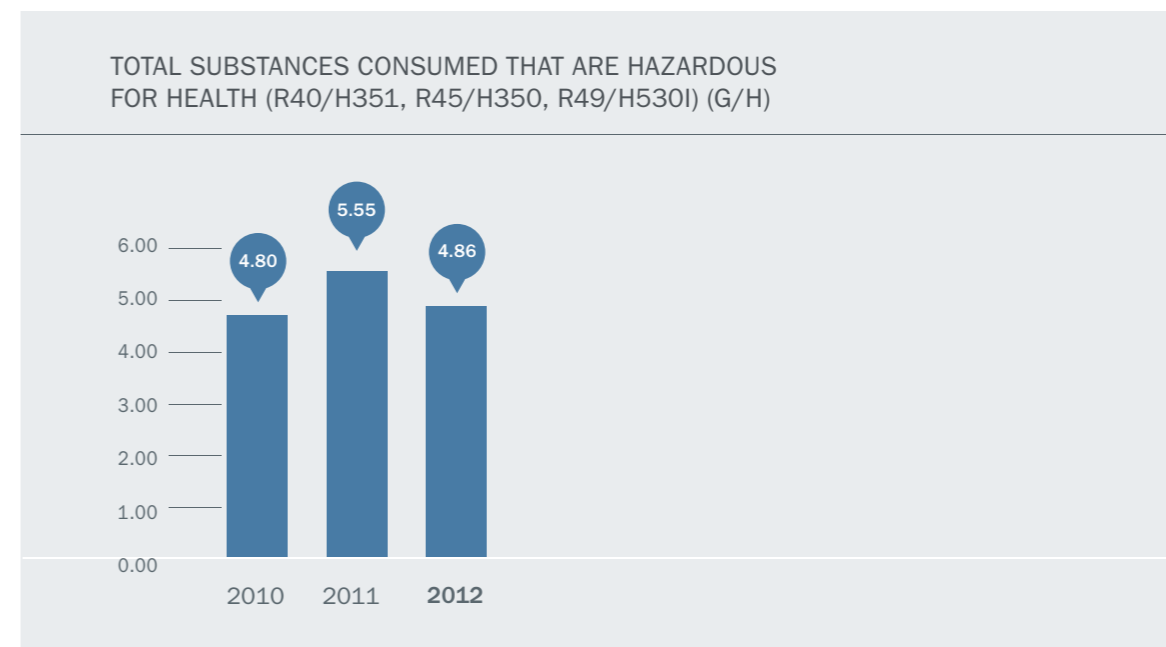
35. Category R51: toxic to aquatic organisms, as defined by Directive 67/548/EC, or H401: toxic to aquatic life, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

36. Category R52: harmful to aquatic organisms, as defined by Directive 67/548/EC, or H402: harmful to aquatic life, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

37. Category R53: may cause long-term adverse effects in the aquatic environment, as defined by Directive 67/548/EC, or H410-H411-H412-H413: very toxic-toxic-harmful to aquatic life with long lasting effects, as defined by GHS and Regulation (EC) no. 1272/2008 (CLP).

SUBSTANCES CONSUMED THAT ARE HAZARDOUS FOR HEALTH (TONNES)	2012	2011	2010
R40/H351 - Substances with limited evidence of a carcinogenic effect	406	469	449
R45/H350 - Substances that may cause cancer	121	140	115
R45/H350i - Substances that may cause cancer by inhalation	6	11	9

SUBSTANCES CONSUMED THAT ARE HAZARDOUS FOR THE ENVIRONMENT (TONNES) ³⁸	2012	2011	2010
R50/H400 - Substance very toxic to aquatic organisms	209	-	-
R51/H401 - Substance toxic to aquatic organisms	1,445	-	-
R52/H402 - Substance harmful to aquatic organisms	952	-	-
R53/H410-H411-H412-H413 - Substance that may cause long-term adverse effects in the aquatic environment	975	-	-



The following table shows the Finmeccanica Group facilities classified At Risk of a Significant Incident³⁹ and those subject to the Integrated Pollution Prevention & Control (IPPC) Directive.⁴⁰

COMPANY	AT RISK OF A SIGNIFICANT INCIDENT (11 FACILITIES IN TOTAL)	IPPC (14 FACILITIES IN TOTAL)
AgustaWestland	Anagni (Frosinone), Cascina Costa (Varese), Frosinone, Vergiate (Varese), Świdnik (Poland) and Yeovil (United Kingdom) 6 facilities	Anagni (Frosinone), Brindisi, Frosinone, Vergiate (Varese), Świdnik (Poland), and Yeovil (United Kingdom) 6 facilities
Alenia Aermacchi	Caselle Nord (Turin), Casoria (Naples), Nola (Naples), Venegono Superiore (Varese) 4 facilities	Caselle Nord (Turin), Casoria (Naples), Nola (Naples), Pomigliano (Naples), Venegono Superiore (Varese) and Venice 6 facilities
OTO Melara	La Spezia 1 facility	La Spezia 1 facility
SELEX Galileo (now Selex ES)	-	Southampton (United Kingdom) 1 facility

38. For harmful substances with more than one classification (multiple risk stages), the related amount refers to the most harmful substance.

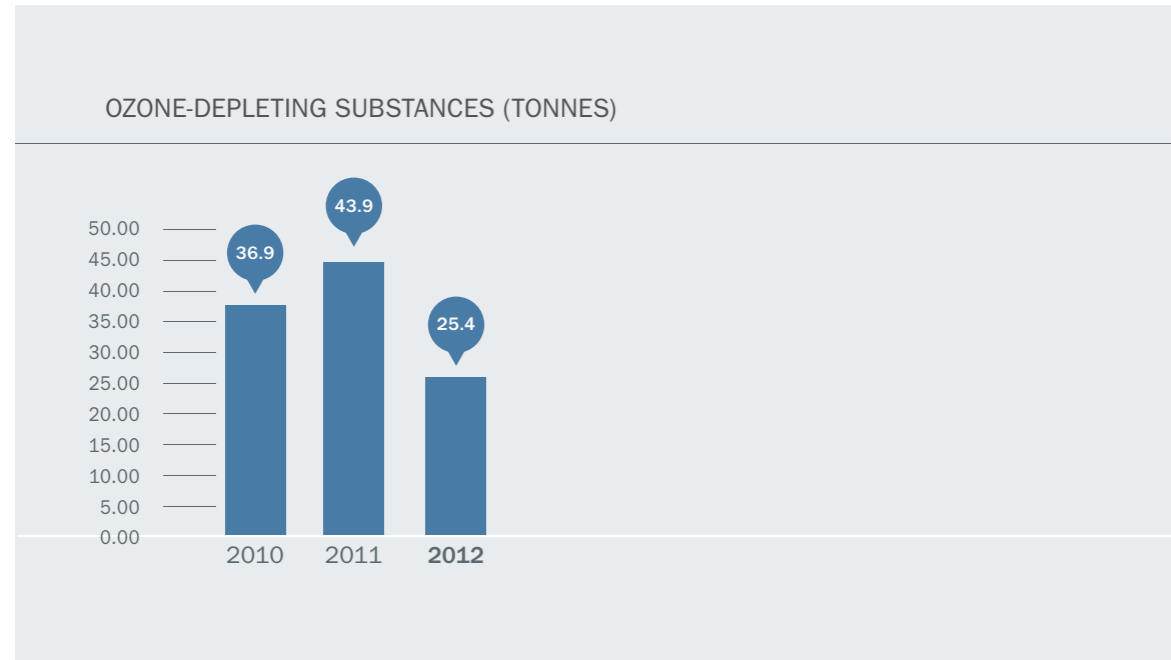
39. Facilities subject to application of the Directive 2003/105/EC. The United States have a similar regulation, the "Chemical Accident Prevention Program", but none of Finmeccanica's facilities has quantities of an amount requiring inclusion.

40. Facilities subject to application of the Directive 2008/1/EC.

Ozone-depleting substances

At the end of 2012, there are a total of some 25 tonnes of ozone-depleting substances at 70 Group facilities, eight less than in 2011.

These substances are mainly stored in the refrigeration and air conditioning systems and there are plans in place for their removal and replacement with other substances less dangerous for the ozone layer. Two SELEX Sistemi Integrati (now Selex ES) facilities have removed and replaced refrigerating units in Italy, which alone involved the disposal of over 2.2 tonnes of these substances.



DETAILS BY BUSINESS SEGMENT

Helicopters	102
Aeronautics	105
Defence and Security Electronics	108
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Defence Systems	116
Transportation	119
Energy	122

HELICOPTERS

Finmeccanica is an international leader in the rotating-wing aircraft segment through AgustaWestland.

AgustaWestland is active throughout all stages of the helicopter's life-cycle: from the preliminary analysis and identification of operating requirements to the design, development and production of transmissions, rotors, structures in metal and composite materials and avionics systems, and the integration of all these components into the complete "helicopter system".

The Company's products are targeted both at the civil sector (comprising strictly commercial applications, such as VIP/corporate transport, as well as non-military government applications, such as security, environmental monitoring, emergency medical services and transfers to off-shore rigs) and the defence sector.

Its products range from the 2.8-tonne light single-engine AW119 Koala to the 16-tonne, three-engine AW101, the benchmark in the medium/heavy tonnage helicopter class.

Developing its training capabilities has also allowed AgustaWestland to expand its training business to become a major provider of training in the helicopter market.

With production facilities in Italy, the United Kingdom, the United States and Poland, AgustaWestland also operates internationally via joint ventures and programmes carried out in conjunction with other leading aeronautical sector players, like for the NH90 designed for NATO and the Apache AH Mk.1 and the CH 47F produced under licence to Boeing.

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KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
New orders	4,013	3,963	5,982
Order backlog	11,876	12,121	12,162
Revenue	4,243	3,915	3,644
Adjusted EBITA	473	417	413
Investments in research and development	506	472	409
Workforce (no.)	13,050	13,303	13,573

REVENUE BY CUSTOMER TYPE	2012	2011	2010
Military	63.5%	66.5%	62.0%
Civil	36.5%	33.5%	38.0%

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011	2010
Number of facilities surveyed		14	15	14
Energy consumption	GJ	1,602,856	1,660,069	1,542,249
Total waste produced	tonnes	11,649	11,699	10,983
Water withdrawal	thousands of m ³	1,568	1,496	1,472
Accident frequency rate		6.34	6.70	7.40

2012 highlights

- › PZL-Świdnik SA unveiled its SW-4-based single-engine "Solo" Optionally Piloted Helicopter (RUAS/OPH) prototype at MSPO 2012 in Kielce, Poland.
- › A three-year Sea King Integrated Operational Support (SKIOS) contract was signed with the UK Ministry of Defence to supply logistical support to the Sea King helicopter fleet.
- › A contract was agreed with the Swedish Maritime Administration for seven SAR-configured (Search and Rescue) AW139 helicopters.

- › First public unveiling of AgustaWestland's family of new-generation helicopters at the Farnborough International Airshow, which includes not only the best-selling AW139 but also the 4-tonne twin-engine AW169, and the 8-tonne twin-engine AW189.
- › The successful 35-minute maiden flight of the third prototype of the 4.5-tonne class light intermediate twin-engine AW169 took place at Cascina Costa (Italy).

Performance and outlook for the business segment

In 2012, the Helicopters business segment recognised a slight (+1.3%) increase in new orders over 2011. Helicopters (new and upgrades) account for 69.3%, while product support (spare parts and overhauls), engineering and production account for 30.7%. The increase is largely due to the launch of the new AW169 and AW189 models, for a total of 98 units in 2012.

The order backlog is down on 31 December 2011. Helicopters (new and upgrades) account for 67%, while product support (spare parts and overhauls), engineering and production account for 33%. This amount ensures around two and a half years of production.

Revenue increased by 8.4%, largely due to the significant growth in certain helicopter production lines (AW101 and AW139).

The Helicopters business segment is expected to grow slightly over the next few years, largely due to the expected demand in the civil sector.

The factors underlying the market growth are technological (new satellite-backed navigation technologies, the development of unmanned aircraft and the success of tilt-rotor technology), operational (greater range of use, increased speed and use in hostile environments) and legislative (reduced environmental impact, greater safety in overflight of densely populated areas and usage in any weather and visibility conditions). The steady growth in the number of helicopters in operation translates into increased maintenance, upgrading and logistics activities, further inflated by the growing demand for turn-key and operating support solutions for the product's entire life cycle.

In geographical terms, while Europe and the United States are mature markets, the BRIC countries, Asia and Africa are the most promising areas showing growing demand for helicopters for various applications.

Planet Inspired Solutions

"PROJECT ZERO": THE REVOLUTIONARY TECHNOLOGY DEMONSTRATOR

"Project Zero" was developed by AgustaWestland in conjunction with several international partners and research centres located in Italy, the United Kingdom, the United States and Japan, including other Finmeccanica companies such as Selex ES, AnsaldoBreda and Ansaldo Energia. It is an unmanned rotary-wing technological demonstrator offering safe, low-environmental-impact performance. The aircraft has a very low noise and thermal signature in flight and does not require oxygen, thereby permitting it to fly in heavily polluted or contaminated conditions, such as volcanic eruptions.

The tilt-rotor technology demonstrator is completely electric powered; its two integrated rotors which can be tilted through more than 90 degrees mean it combines the flexibility of a helicopter (vertical take-off and landing and hovering) and the performance of fixed-wing aircraft (high cruise speed, high altitude and long range). The demonstrator's rotors are driven by electric motors powered by rechargeable batteries. All of the aircraft systems and landing gear are electrically powered, removing the need for any hydraulic system. Future diesel-electric hybrid solutions are being investigated. The demonstrator's rotors when on the ground can be tilted into the wind to allow the rotors to windmill and recharge the batteries. "Project Zero" was unveiled to the public at Heli-Expo (Las Vegas, USA, 5-7 March 2012).

The project was presented within the 2012 Finmeccanica Innovation Award.

People, the community and the environment

REPLACING LSC WITH METHANE

The methanisation project underway for several years in AgustaWestland's key Italian facilities saw the conversion of the Vergiate site in 2012. The use of fuel oil was eliminated during the year at this facility thanks to the plant's heating system's conversion to natural gas, offering a significant 27% reduction in the site's CO₂ emissions over 2011.

The next facilities slated to be converted are those of Brindisi (in 2013) and Frosinone.

PERFORMANCE DEVELOPMENT CYCLE

The "Performance Development Cycle" (PDC) system adopted by AgustaWestland for its human resources and organisation continued to be rolled out in 2012. The PDC is designed to foster dialogue between managers and their staff and encourage a performance review at least once a year, covering training and development needs, encouraging professional growth and the achievement of targets, and steering personnel towards an approach consistent with the Company's strategies and values.

Since its launch in 2011, the PDC system has been used to evaluate around 1,500 employees from the Italian and British facilities.

AERONAUTICS

Finmeccanica's Aeronautics business segment is headed up by Alenia Aermacchi, created from the merger of Alenia Aeronautica, Alenia Aermacchi and Alenia SIA on 1 January 2012.

Alenia Aermacchi develops, integrates and produces advanced civil and military aircraft throughout their entire operating life cycle. Its products include defence aircraft, trainers, passenger and cargo planes, remote piloting systems, aircraft for special missions and aerostructures. Its activities are broken down into six Integrated Production Centres located throughout Italy's eight industrial facilities employing over 11,500 personnel. The Company also operates in the United States via Alenia Aermacchi North America. The product portfolio includes proprietary products like the best-selling M346, designed to meet the training needs of pilots of 4th and 5th generation combat aircraft, and the C27J, the only true modern tactical airlifter available today worldwide. Alenia Aermacchi has key roles in world-class military programs like the Eurofighter Typhoon, the F-35 Joint Strike Fighter and the nEUROn European UCAV (Unmanned Combat Aerial Vehicle) demonstrator.

It also plays leading roles in commercial aircraft, designing and building advanced aerostructures for state-of-the-art airliners including the Airbus A380, Boeing 787 Dreamliner and the latest Bombardier CSeries.

In an equal-share joint venture with EADS, it owns GIE-ATR Consortium, which dominates the regional market (aircraft of up to 90 seats), with over 1,200 aircraft sold to more than 180 operators in 90 countries around the world. With the Russian Company Sukhoi it is developing and marketing the SuperJet 100, the most advanced and environmentally-friendly regional jet available on the market, and it controls the joint venture SuperJet International (51% Alenia, 49% Sukhoi Civil Aircraft Company), which is responsible for marketing, sales, delivery and post-sales assistance for the aircraft.

www.aleniaaermacchi.it

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
New orders	3,169	2,919	2,539
Order backlog	8,819	8,656	8,638
Revenue	2,974	2,670	2,809
Adjusted EBITA	104	(903)	205
Investments in research and development	310	326	369
Workforce (no.)	11,708	11,993	12,604

REVENUE BY CUSTOMER TYPE	2012	2011	2010
Military	47%	55%	57%
Civil	53%	45%	43%

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011	2010
Number of facilities surveyed		16	16	17
Energy consumption	GJ	2,100,142	1,981,882	2,019,484
Total waste produced	tonnes	20,921	19,625	20,979
Water withdrawal	thousands of m ³	4,622	4,533	4,592
Accident frequency rate		16.90	15.55	16.90

2012 highlights

- › The UCAV (Unmanned Combat Aerial Vehicle) technology demonstrator resulting from collaboration between several European countries, known as nEUROn, was rolled out and took its maiden flight.
- › The 1,000th ATR fuselage fully assembled at Pomigliano d'Arco was delivered.
- › The third Green Regional Aircraft (Annual Review Meeting) was held at the Pomigliano d'Arco facilities;

this growing platform is part of the European Clean Sky project.

- › The C27J's new firefighting system was successfully tested; this innovative system operates even at high altitudes and offers greater safety features, and can also be used during night operations.
- › The SMAT-F2 project officially took off, with the aim of developing innovative and competitive solutions to consolidate an advanced territory monitoring system using UAVs (Unmanned Air Vehicles).
- › A contract was signed with the Israeli Ministry of Defence (IMoD) to supply 30 trainer-configured M346 aircraft and related logistical support.
- › The RPAS (Remote Piloted Aircraft System) Committee was set up under the aegis of the European Commission, bringing together key European aeronautics stakeholders to establish a European strategy to integrate the RPAS into non-segregated airspace. ASD (AeroSpace and Defence Industries Association of Europe) appointed Alenia Aermacchi leader in the initial stage for the development of the operating programme.

Performance and outlook for the business segment

The Aeronautics business segment recognised a 11.4% rise in revenue over 2011, thanks to the greater volumes in the civil sector, including the Boeing 787, ATR, Airbus A380 and A321 programmes, while the military sector was substantially unchanged from 2011, with a small increase for the trainers and the special versions of the ATR.

New orders were also up (+8.6%), thanks to the increase in demand in the military sector, which more than offset the drop in the civil sector.

The civil aircraft line is expected to increase thanks to the rise in passenger and regional transport, with a return to pre-crisis levels. The increased demand, the major airlines' return to profit and the consequent need to upgrade and expand the fleets lead to a predicted average growth rate of some 4% in deliveries of new aircraft over the next ten years. Conversely, the military aircraft line has been hit by defence and security budget cuts and the slowdown in certain acquisition programmes both in the United States and other countries. It is forecast to remain substantially stable (or to contract slightly) until 2014, and then expand considerably in the subsequent years due to the need to upgrade and modernise the operating fleets.

The largest technological developments underway are in the area of unmanned aircraft for reconnaissance and combat applications, the use of new materials, the aircrafts' complete integration into "net-centric" systems and the tweaking of new usages consistent with the requirements of asymmetric war and rapid response. Despite all the restrictive legislative limitations related to the use of unmanned aircraft in civil airspace ("non-segregated airspace"), demand is also growing for unmanned aircraft for civil protection and environmental surveillance uses.

Planet Inspired Solutions

SMAT: ADVANCED TERRITORY MONITORING SYSTEMS

Traffic monitoring and control, urban planning, agriculture and pollution, but also floods, fires and landslides are some examples of where cutting-edge technology is useful in preventing and managing emergencies.

SMAT (advanced territory monitoring systems) are designed to enable land monitoring from various altitudes using unmanned aircraft equipped with electro-optic, electromagnetic and chemical remote sensors coordinated and managed from collating stations. They operate in close contact with regional, institutional and commercial bodies and supply data used in interventions and prevention activities. Unmanned aircraft offer obvious advantages for reconnaissance: they can be deployed in missions requiring long flight time, that are repetitive or in at-risk areas, for instance with high levels of radioactivity, highly polluted, reduced visibility or severe weather conditions.

The project was developed by the Piedmont Aerospace District Committee with funding from the Piedmont Region and the European Regional Development Fund (ERDF). It is coordinated by Alenia Aermacchi and involves several local operators such as Turin University and Polytechnic, the Mario Boella Institute of Higher Learning and various small and medium sized companies from the Piedmont area.

The first part of the project (SMAT-F1) concluded with system testing, with a combined mission of three unmanned aircraft. The second stage, SMAT-F2, commenced in January 2013 with the aim of developing innovative and competitive technological solutions to consolidate the monitoring system.

People, the community and the environment

TRANSPARENCY AND ENVIRONMENTAL SUSTAINABILITY IN SUPPLIER MANAGEMENT

Alenia Aermacchi rolled out various initiatives in 2012 to improve supply chain processes and its relationships with suppliers, also in terms of sustainability.

The new e-collaboration portal for the paperless management of purchasing documentation, "Supplier AIRPortal", was launched at year end. Once the system is up-and-running and all the functionalities offered by the platform have been implemented and strategic suppliers included in the system, the procurement process management will be fully digitalised. A computerised file will be created for orders and all supply-related documents, with the two-fold benefits of speeding up and streamlining dealings with suppliers and contributing to reducing the consumption of paper and the production of CO₂. The target for 2013 is to complete the on-boarding process for suppliers representing 85% of purchase transactions.

A Best Supplier category has been added to the Group's Innovation Award, which goes to the supplier that has made the most significant contribution to Group processes or products during the year.

ALENIA AERMACCHI FOR THE POZZUOLI ACCADEMIA AERONAUTICA MILITARE

An important cooperation agreement was reached in 2012 between Alenia Aermacchi and the Pozzuoli *Accademia Aeronautica Militare* to renew and bolster the professional contact and relationships between the cadets/young officers and the company's technical personnel, as well as fostering ongoing, constructive dialogue between the company and its main Italian customer.

The key activities taking place under the agreement include four one-day training workshops held at the *Accademia*, the tutoring of Alenia Aermacchi technicians for an experimental thesis and the visit by the *Accademia's* cadets to the Nola and Foggia facilities.

SAFETY, HEALTH & ENVIRONMENT

Activities continued during the year to "characterise" and "secure" the soil and aquifers of the Turin-Corso Marche and Pomigliano d'Arco facilities as part of the company's environmental protection policies and in full compliance with the "Corporate Social Responsibility" (CSR) directive issued by Alenia Aermacchi in 2008.

A.I.A. (Integrated Environmental Authorisation) certifications were also obtained for the Pomigliano d'Arco, Nola and Casoria facilities, while requests for renewal for the Venegono and Turin-Caselle Nord sites and first-time requests for the Grottaglie facilities are being prepared.

For 2012, the ISO 14000 certifications were confirmed for the Nola, Turin-Caselle Nord and Foggia facilities, while the procedure for the Turin-Caselle Sud facility will be commenced in 2013. The Foggia facility maintained its EMAS registration. In addition, all facilities obtained the annual certification required under emissions trading schemes, and also launched similar procedures for flight activities.

Finally, as part of the project to expand the Grottaglie facilities for the Boeing 787 programme, several initiatives were launched to improve industrial efficiency which also have a positive environmental gain. The activities carried out in 2012 include the development of a plant to internally produce nitrogen for autoclaves offering a reduction in the treatment cycle of autoclaves and in the environmental impact represented by the transport of the gas.

DEFENCE AND SECURITY ELECTRONICS

Finmeccanica's Defence and Security Electronics business segment comprises the US-based DRS Technologies and Selex ES group, which came about from the merger of SELEX Elsag, SELEX Galileo and SELEX Sistemi Integrati, operational since 1 January 2013.

Selex ES is an international technological leader in electronic and information technologies for defence systems, aerospace, data management, infrastructures, land security and protection, and develops sustainable "smart" solutions.

Within aerospace and defence electronics, the company provides C4ISTAR systems, integrated products and solutions for air, land and naval applications, delivering mission-critical systems for situational awareness, self-protection and surveillance. Selex ES has excellent technologies and products, as well as consolidated capabilities in the design, manufacture and integration of complex systems for the control and management of air and maritime traffic, the monitoring and protection of green and blue borders, the development of secure communication networks, and the deployment of "smart" solutions for managing systems and infrastructures.

Selex ES is an international business, with a workforce of approximately 17,700 people and main operations in Italy and the United Kingdom. It also has a strong industrial footprint in the United States, Germany, Turkey, Romania, Brazil, Saudi Arabia and India.

DRS Technologies, which moved its registered office from Parsippany, N.J., to Arlington in Virginia during the year, has operated in the defence sector for 40 years and is a leading supplier of integrated products, services and support to military forces, intelligence agencies and prime contractors worldwide. Specialised in defence technologies, the company develops, produces and provides support for a wide range of systems devised to meet the needs of mission-critical operational needs and assistance to the military, including systems to meet the challenges of national security.

www.selex-es.com
www.drs.com

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
New orders	5,136	4,917	6,783
Order backlog	8,831	9,591	11,747
Revenue	5,754	6,035	7,137
Adjusted EBITA	384	303	735
Investments in research and development	732	823	810
Workforce (no.)	25,183	27,314	29,840

REVENUE BY CUSTOMER TYPE	2012	2011	2010
Military	83%	81%	81%
Civil	17%	19%	19%

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011	2010
Number of facilities surveyed		93	96	101
Energy consumption	GJ	1,510,448	1,605,786	1,528,959
Total waste produced	tonnes	6,727	7,128	4,873
Water withdrawal	thousands of m ³	1,114	1,216	1,217
Accident frequency rate		1.87	2.10	2.6

2012 highlights

- › The transition team commenced its analyses for the merger and subsequent creation of Selex ES in January 2013.
- › SELEX Sistemi Integrati set up a Sustainability Integrated Project Team to manage social, environmental and ethical issues, which focussed on identifying and managing improvement projects during the year.
- › SELEX Sistemi Integrati was recognised by AVIS for its support and promotion of blood donation in Italy.
- › The Italian Senate awarded SELEX Galileo the 2012 "Premio dei Premi" (Award of Awards) for the project for the civil deployment of the Falco UAV (Unmanned Aerial Vehicle) and the PicoSAR electronic surveillance radar in the environmental field.

Performance and outlook for the business segment

The ongoing global financial crisis and consequent budget cuts, with cuts to defence and security spending in the main countries, influenced this business segment's performance throughout 2012. Specifically, despite the increase of some 4.5% in new orders over 2011, revenue contracted by around 4.7%. This is due to the difficulties in starting up new orders and the natural decrease of important programmes now in their final stages.

The order backlog decreased by some 8%; around 80% of the orders backlog relates to operations of European companies active in the sector.

Demand is expected to focus on low-cost solutions and contractual models providing support services and solutions for the systems installed. Competitiveness and the ability to identify the right R&D activities are therefore fundamental.

Market volumes and trends are unchanged from those of last year, with an increase in the security/homeland security systems line which showed the highest growth rates (around 5% p.a.) due to the increasing demand for security (border surveillance, securing of critical infrastructure, transportation systems security, etc.), the growing demand for cyber security solutions to protect ICT systems and the increase in investments for environmental monitoring and natural disaster and civil emergency management.

Specifically, the cyber security business has a significant growth rate of some 10% p.a., with the United States and the main European countries investing strongly. Conversely, the growth trend in the defence equipment and electronic systems is more moderate at around 2% p.a.

Planet Inspired Solutions

SAFE CITY & MAIN OPERATION CENTRE FOR EXPO 2015

Selex ES was appointed a Safe City and Main Operation Centre Official Global Partner for Expo 2015, thanks to its proposed cutting-edge solution for security monitoring and surveillance of the entire event, whereby information from different systems will be gathered, processed and presented in such a way as to be used by the overall event operators. The operating centre will feature an open, service-oriented platform whereby operators can use specific application software to visualise the event progress, monitor the visitor flows and manage any emergencies.

Expo 2015, the Universal Exposition scheduled to be held in Milan from 1 May to 31 October 2015, will showcase the tradition, the creativity and the innovation underpinning items "Made in Italy", not only in the food arena (a major focus of the expo), but also in terms of the state-of-the-art technology demonstrated for the "smart" cities of the future.

In fact, an actual digital smart city will be developed within the Expo 2015 perimeter to show how these cutting-edge, advanced technologies featuring a wide range of educational content can make people's lives easier and more efficient, while offering security in both physical and IT/digital terms.

The platform developed by Selex ES is based on the model developed for smart cities and responds to several important sustainability and security needs. An example is the experience in the energy field (control of electricity generation and distribution, the Electricity Market, energy management and smart grids) and mobility (local public transportation systems, railways and port, interport and road logistics). As well as the integration of physical transportation networks, these models also merge the expertise on

secure communication networks (professional and institutional), integrated security, i.e., “physical” (video surveillance and biostatistics), “logical” (information protection and intelligence) and process (business continuity and traceability), as well as solutions for dealing with users (digitalisation, e-government and social inclusion).

People, the community and the environment

SELEX ELSAG RECEIVES SA8000 CERTIFICATION

SELEX Elsag was SA8000 certified in 2012 for its entire company scope. The aim of the standard is to improve employment conditions in compliance with the Corporate Social Responsibility (CSR) objectives, the company climate and its image. Certification also promotes a positive perception in terms of reliability and credibility by the market, employees and key suppliers.

To promote a corporate social responsibility culture within the company, SELEX Elsag has integrated the SA8000 standard into its combined environmental and safety management system, resulting in a governance tool consistent with the highest international standards.

As part of the corporate responsibility management system, employee representatives for SA8000 issues have been appointed for each company site, whose role is to act as a reference point for all SA8000-related reports, and an SA8000 Committee set up which meets periodically to analyse the reports received.

“SECOND LIFE” AT SELEX ELSAG: NEW HORIZONS FOR INDIVIDUALS AND THE COMPANY

“Second Life” is an innovative job rotation system offering the possibility of a “second” professional life within the Group. It was developed at the time of the 2011 merger between SELEX Communications and Elsag Datamat, which introduced a specific new business model, but was also inspired by the findings of the 2010 Business Culture Project, which showed the general need to offer greater growth opportunities to personnel and to improve organisational efficiency.

The candidate selection procedure commenced with the identification of around 500 resources. The preliminary analysis of professional profiles was followed by an orientation stage, during which around 250 resources’ motivation to change was assessed, with the aim of matching company needs with the hopes of each. Individual development paths were then implemented so that the resources involved can successfully fill their new roles. To date, around 80 personnel have been reallocated under this programme.

“SUSTAINABILITY” INTEGRATED PROJECT TEAM

SELEX Sistemi Integrati set up a “Sustainability” Integrated Project Team in 2012 to coordinate social, environmental and ethical initiatives.

The team operates throughout the year, coordinating sustainability reporting to the Parent and identifying and managing improvement projects in six key areas (Ecodesign, Green Procurement, Green Communication, Age Diversity, Eco Recycling, Charity and Welfare). The working parties set up to follow the various projects have involved 72 people from 13 different corporate functions.

The team’s various activities of the year include editing the quarterly scientific technical “Polaris Innovation Journal” dedicated entirely to sustainability, and organising a seminar on sustainability at which university professors spoke as guests of the Parent, Finmeccanica, and top management.

SOCIAL INNOVATION IN INDIA

SELEX Galileo funded the second edition of the “IGNITE in India” project in 2012. IGNITE is a unique unconventional programme, inaugurated in 2011, with the purpose of training young graduates, while helping the disadvantaged populations of southern India, by transferring business expertise for their entrepreneurial development. In addition to the human and professional growth, the management experience and expertise that our young graduates develop in this way will also create value for the local communities.

The first edition of IGNITE also saw a volunteer Group of Italian and English new graduates involved in the business planning of five local start-ups in India. Participants in the second edition were then involved in monitoring, control and business support aspects, under the guidance of CESVI, the initiative partner, with the aim that the production units become fully operational, and to carry out fundraising and charity activities to support them.

Of the five initiatives identified at the end of the previous edition, two were carried forward in 2013: a production unit for vetiver essential oil and a factory producing objects in jute. The charity initiatives developed by the young participants included the “A@for children” internal photographic competition and a transnational raffle which raised large sums. For the first time, in 2012, SELEX Galileo employees were also able to purchase objects in jute made by the “Jute Unit” through an online catalogue. The initiative also received a special mention at the Chairman’s Awards during the Fiuggi managers’ conference, in recognition of the importance and value of the results achieved.

HEALTHCARE AT SELEX SISTEMI INTEGRATI

For the second year running, SELEX Sistemi Integrati was a finalist in the Sodalitas Social Award 2012, conferred each year on companies, associations and organisations involved in social responsibility and sustainability projects. SELEX Sistemi Integrati’s health project was the only programme selected for the “Initiatives enhancing the person and employment” section in 2012.

Commencing in March 2010, this is one of the initiatives aimed at employee wellbeing, through medical-specialist screening carried out directly at company first-aid rooms. The programme offers tangible benefits to employees, such as the nominal fee for the consultation and the possibility to prioritise health care without impacting free time, as the consultations take place during working hours. Over 4,500 specialist consultations have taken place in the two years from March 2010 to date, with endocrinological, cardiological, dermatological, diabetological, gynaecological and osteoarticular screening, which in several cases evidenced dangerous pathologies.

SPACE

Finmeccanica's Space business segment comprises the two joint ventures set up as part of the Space Alliance with Thales group: Telespazio (67% Finmeccanica and 33% Thales) and Thales Alenia Space (67% Thales and 33% Finmeccanica).

Telespazio became part of Finmeccanica Group in 2002 and is a leading worldwide satellite services operator. With some 2,500 employees, it has an international network of space centres and teleports and operates internationally via its numerous subsidiaries and in Italy also with e-GEOS (a 20% investee of the Italian Space Agency).

The company covers the entire space market value chain: from the design and development of space systems to the management of launch services and the control of satellites in orbit, from earth observation services, integrated communications, satellite navigation and positioning to scientific programmes. It boasts vast high-level experience thanks to the technological expertise acquired during its more than 50 years of operations, from the management of space infrastructures – including the Fucino Space Centre, the largest teleport in the world for civil uses – and the participation in important programmes: Galileo, EGNOS, Copernicus, COSMO-SkyMed, SICRAL and Göktürk.

Thales Alenia Space has consolidated experience in designing, developing, integrating and testing innovative space systems featuring cutting-edge technology to meet the needs of various sectors. The company is a world leader in navigation and constellation systems, with over 150 satellites commissioned, including Iridium NEXT, Globalstar and O3b, it is the prime contractor for the production of EGNOS, and a key partner for Galileo. It has a key role in European weather satellite programmes (first and second Meteosat) and in those related to space altimetry and the monitoring of climate changes. It is also the prime contractor for the COSMO-SkyMed constellation, the first Italian dual-use (military and civil) satellite radar system for earth observation and it has always held a leading role in European missions for the exploration of the solar system. The company also supplies orbital and space transport infrastructure. Thales Alenia Space has 7,500 employees across various industrial facilities in Europe and the United States.

www.telespazio.com
<http://www.thalesaleniaspace.com>

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
New orders	866	919	1,912
Order backlog	2,261	2,465	2,568
Revenue	1,053	1,001	925
Adjusted EBITA	84	18	39
Investments in research and development	53	77	68
Workforce (no.)	4,131	4,139	3,651

REVENUE BY CUSTOMER TYPE	2012	2011	2010
Military	16%	14%	18%
Civil	84%	86%	82%

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011	2010
Number of facilities surveyed		5	5	4
Energy consumption	GJ	141,665	139,683	130,838
Total waste produced	tonnes	165	126	153
Water withdrawal	thousands of m ³	86	82	67
Accident frequency rate		3.46	2.02	2.7

2012 highlights

- With its subsidiaries Telespazio Brasil and e-GEOS, Telespazio took part in the United Nations Rio+20 Conference on Sustainable Development, with a video entitled "Love Planet Earth", analysing various environmental issues linked to climate change via satellite images.
- Telespazio, in its capacity as prime contractor, will build a military high-resolution optical satellite system for earth observation called OPTSAT-3000 for the Italian Ministry of Defence. Telespazio will be responsible for supplying the whole system, including the satellite, the ground segment, launch and early operation services, in-orbit tests and commissioning. The satellite will be built by Israel Aerospace Industries.
- e-GEOS (a Telespazio/ASI company) organised the second International Conference in Rome. This event represented an important opportunity to discuss the international context of the geo-information sector, focussing on COSMO-SkyMed and GeoEye data and the applications available for maritime surveillance, terrain monitoring and emergency management.
- The 100% Telespazio subsidiary, Telespazio VEGA Deutschland GmbH, was created when VEGA Space GmbH and Telespazio Deutschland GmbH merged into one company.
- Thales Alenia Space signed a contract with Astrium GmbH to build BepiColombo, European Mercury probe.
- The third second-generation Meteosat satellite (MSG-3), designed and built by Thales Alenia Space as prime contractor on behalf of the European Space Agency and Eumetsat (European Meteorological Satellite organization) was successfully launched.

Performance and outlook for the business segment

New orders in the Space business segment in 2012 decreased by 6% over 2011, due mainly to the postponement in the order for the acquisition of the Cosmo 2G contract in the last part of the year. The order backlog decreased by 9% on that of last year and comprises manufacturing activities for 58% and satellite services for the remaining 42%.

2012 revenue increased slightly. The activities, comprised of manufacturing production for 65% and services for 35%, mainly related to the commercial telecommunications, military telecommunications, earth observation, scientific programmes and satellite navigation lines.

The Space business segment has proved to be among those that have been less impacted by the international economy, mainly thanks to government-funded systems, representing some 75% of the total market.

Despite some slowdown in certain development programmes, the manufacturing line has had average annual growth rates of around 2-2.5%, while the market for commercial applications is showing strong signs of recovery.

Demand in the government military sector is sustained by the request for new earth observation and secure communications satellites, the development of new dual-technology satellite systems and new requirements for the development of security-related observation systems. The government civil systems market, which will also benefit from increased European Union funding, is largely related to programmes to replace and upgrade the satellites in orbit for telecommunications and the development of new scientific and navigation applications. The satellite services market has increased growth rates of around 5-6% p.a., and is driven both by new technological developments (broadband and related network and value added services) and demand in the areas of security, mobility and environmental monitoring.

Planet Inspired Solutions

NOISE POLLUTION MONITORING

In response to new European legislation covering noise pollution monitoring, e-GEOS space customers have carried out a nation-wide survey of the most critical areas subject to this issue, identifying those where noise can damage the human (housing and offices) and natural (national parks and nature reserves) environment.

Important customers involved in infrastructure management have commissioned e-GEOS to take very high resolution photogrammetric videos of the “high pollution” areas. The videos were used to produce 1:2,000-scale maps to assist in identifying the main sources of passive noise (e.g., junctions, bridges, etc.) and the main receptors (e.g., hospitals, schools, villages, etc.). Based on the results and field measurements (of traffic and noise) carried out in conjunction with specialist partners forming part of e-GEOS’s ecosystem, a noise propagation model was adopted, identifying all those areas where noise exceeds legal thresholds. Where applicable, the noise-reduction actions planned and implemented (barriers, low-noise road surfacing) have also been shown for these areas.

The noise mapping resulting from the various projects will give an objective picture of how and where to intervene to correct situations where noise levels exceed the thresholds. This project will be followed up by new forms of intervention and planning that will be implemented by the administrations, thus increasing efficiency in expenditure and intervention speed.

People, the community and the environment

ENVIRONMENTAL EDUCATION FOR THE YOUNG

As part of its environmental commitment, Telespazio has launched a competition, “Creating through recycling”, aimed at the primary- and middle-school-aged children of its employees and of e-GEOS of Rome. The idea of the initiative is to develop and heighten environmental awareness by challenging young people to creatively and imaginatively create artworks using recycled materials.

INTERNATIONAL MOBILITY

Telespazio launched its “Expat Management” policy on 15 September 2012. The aim of this initiative is to encourage and facilitate mobility among the various Telespazio group companies in order to enhance talent and expertise and bolster the Group’s transnational identity.

The company’s specific professional growth programme offers employees (with the exception of management) located in different countries the possibility to take part in an international mobility programme. Participants are selected on the basis of business needs and employees’ drive to enhance their expertise. Selection criteria consider the reasons underlying the desire to take a transnational path, consistently strong performance and possession of the skills necessary to work abroad.

Meanwhile, Thales Alenia Space offers its employees the opportunity to work abroad for up to five years (a “Long-Term Assignment”, or “LTA”) in the various Thales group facilities. In addition to the personal and professional challenge this presents, working in a team comprised of people of different nationalities and in a multicultural environment increases employees’ capacity to adapt and to rapidly find solutions in order to deal with new situations. During the transfer period, the company maintains the same contractual, social security and pension treatment and, if necessary, adjusts the employee’s pay in order to maintain the same standard of living as in their country of origin. A tax neutralisation policy is also applied during the secondment period.

INCLUSION - NAVIGATOR FOR DISABLED PEOPLE

This initiative commenced in 2010 and is co-funded by the EUROPEAN GNSS Agency for which Thales Alenia Space is prime contractor. The objective is to build a prototype solution capable of providing motor-impaired persons with the possibility of improving their mobility in safe conditions.

The solution is based on a “Personal Navigation Device” (PND), which is light and easy to use and enables users to move from one part of a city to another considering their different access needs and providing maps flagging specific points of interest for this type of user (such as hotels, restaurants, car parks, entertainment, etc.).

A Group of volunteer testers used the terminal daily for around two weeks in London at the time of the 2012 Disability Awareness Day. Testers were able to move around autonomously in a complex context

such as a large city, with prior knowledge of the architectural barriers, distances and any other architectural obstacles. The device features a specific firmware developed by Thales Alenia Space to improve positioning accuracy, which is fundamental to being able to move around safely in a challenging and complex environment. This pilot led to improved navigation performance in terms of accuracy, availability, integrity and service continuity, including in areas difficult for satellite navigation. The INCLUSION solution is already slated to benefit from the use of Galileo, the new satellite navigation system under development by Thales Alenia Space, among other leading industrial operators, on behalf of the European Union and the European Space Agency (ESA).

LUNCH WITH THE CHIEF EXECUTIVE OFFICER

Thales Alenia Space rolled out an initiative in 2012 to promote dialogue between its Chief Executive Officer and various business segment employees. Informal, convivial meetings were organised to foster direct contact designed to encourage transparency and ongoing dialogue.

Participants were surveyed after the event and the experience was found to be positive and useful and the discussions with the CEO in-depth and constructive. The CEO also reported the experience to be useful, offering another point of view on company issues which offered increased understanding of the various local companies.

DEFENCE SYSTEMS

Finmeccanica's Defence Systems business segment comprises MBDA, a joint venture with BAE Systems, and EADS, in which the Parent has a 25% investment, the OTO Melara group and WASS SpA.

At its La Spezia and Brescia facilities, OTO Melara produces large-, medium- and small-calibre naval artillery, deploying the most advanced technologies to offer its customers complete solutions. The Company also carries out research and development in various areas: artillery to armoured vehicles, guided munitions to anti-aircraft systems and robots. Through an equal-share consortium with Iveco DV (Fiat group), it also designs, develops and produces tanks and wheeled fighting vehicles. OTO Melara products are found in more than 60 countries across five continents.

With facilities in Livorno, Genoa and Naples, WASS is a global leader in underwater systems. Its products include light-weight and heavy-weight torpedoes, torpedo countermeasures for submarines and surface ships, underwater surveillance and sonar systems.

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

www.otomelara.it
www.wass.it
www.mbda-systems.com

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
New orders	1,005	1,044	1,111
Order backlog	3,381	3,656	3,797
Revenue	1,256	1,223	1,210
Adjusted EBITA	164	117	107
Investments in research and development	257	247	260
Workforce (no.)	3,963	4,066	4,112

REVENUE BY CUSTOMER TYPE	2012	2011	2010
Military	100%	100%	100%
Civil	-	-	-

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011 (*)	2010
Number of facilities surveyed		8	8	5
Energy consumption	GJ	286,634	306,239	199,954
Total waste produced	tonnes	2,357	1,427	958
Water withdrawal	thousands of m ³	173	175	123
Accident frequency rate		9.63	9.37	15.50

(*) The three Italian MBDA facilities entered the reporting scope for the first time.

2012 highlights

- › A cooperation agreement was signed with the German Company DIEHL to jointly continue the guided munitions development programmes which will enable OTO Melara to consolidate its international position as a company on the cutting edge of innovation.
- › The process for the heritage listing of OTO Melara's Brescia facilities commenced and the Cultural Heritage Superintendent for the Lombardy Region issued its "notice of significant historical interest".
- › OTO Melara's Brescia facilities were EN 9100:2009-certified.
- › MBDA Italia renewed its certifications for its environmental management system (ISO 14001:2004), workplace health and safety (OHSAS 18001:2007) and quality management system (ISO 2001:2008).

- › The system concentrating flows enabling the galvanic treatment lines' water discharge to be totally eliminated at MBDA's Fusaro facilities has been fully operational since October 2012.

Performance and outlook for the business segment

New orders reduced slightly in the Defence Systems business segment in 2012, due to the postponement of important Italian and foreign missile systems and underwater systems contracts. This was offset by the increase in land systems thanks to a large order to supply additional VBM armoured vehicles for the Italian Army. 63% of the order backlog, which decreased from 2011, related to missile systems.

2012 revenue was up, around 3% over 2011, mainly due to underwater systems.

Demand in the Defence Systems business segment is forecast to remain substantially stable over the next ten years, given the decreasing trend in the spending budgets of the major countries and with the consequent postponement of key programmes.

Within the underwater systems line, coastal and port infrastructures surveillance systems are developing increasingly towards the integration of mobile systems (underwater and surface).

Navies project the medium- to long-term development of new multi-function (military, security and environmental protection) systems using available integrated protection technologies for land-based, air and naval threats, including protection from unconventional threats within underwater surveillance.

The missile systems market is expected to show moderate growth over the next ten years.

Planet Inspired Solution

DUAL USE AT WASS: V-FIDES

WASS' R&D department conducts important dual-use projects, some of which are already developed and others are in the development stage. The latter include V-Fides, the innovative underwater vehicle developed with the backing of the Tuscany Region, and which has the primary mission of protecting the environment and human health.

The vehicle was actually developed to measure and map the concentration of mercury at different depths, on specific georeferenced routes, using a sensor specifically designed by the Sant'Anna School of Advanced Studies of Pisa.

The dual-use philosophy has guided the project from its very beginning, culminating in the development of a high-performance vehicle with relatively contained development costs. Designed to be used in civil operations, the vehicle can also host additional payloads and be used in specific military missions such as seabed survey, mine sweeping and intelligence, surveillance and reconnaissance missions.

People, the community and the environment

NEW TECHNOLOGIES FOR THE CONSERVATION OF ARCHAEOLOGICAL HERITAGE

In the field of archaeological heritage conservation, WASS rolled out a programme to develop an underwater three-dimensional telecamera prototype in 2012. The objective is to develop optical and acoustic images enabling the on-site maintenance of underwater archaeological heritage.

This project involves WASS' R&D unit, the University of Calabria, Ageotech, Syremont, Sant'Anna School of Advanced Studies and the National Research Council's Higher Institute for Conservation and Restoration for the 2011-2014 three-year period.

The "on-site" maintenance of underwater archaeological heritage has become increasingly important in recent years, as the item's removal to a museum is deemed inadvisable compared to the approach whereby the maintenance is performed directly on site. This decision, however, requires underwater equipment able to operate with maximum precision in difficult conditions (cloudy water, underwater currents, etc.). The COMAS project is therefore an important contribution to protecting cultural heritage and its potential will be demonstrated in the demo site at Baia (Gulf of Pozzuoli) where the prototype will be tested in on-site maintenance and 3D mapping. Moreover, in addition to developing the 3D acoustic/optical telecamera, WASS is collaborating with the Sant'Anna School of Advanced Studies in developing the control/command algorithm for the arm of the remote-operated vehicle (ROV), on which the COMAS system will be installed.

COFFEE WITH THE CHIEF EXECUTIVE OFFICER

OTO Melara was the focus of a 2012 initiative aimed at the company's young employees involving four meetings for coffee between young graduates and the CEO. The idea is to increase participants' awareness of products, markets and key customers and share the Group's distinctive values with them, as well as fostering a sense of belonging and encouraging dialogue with top management.

During the meetings, the CEO focussed on the company's strengths and illustrated the potential future strategies scenarios. The graduates' questions focussed on market strategies, growth and career development opportunities, the company's future strategies and the policies of large groups, particularly Finmeccanica.

IMPROVEMENT OF CUSTOMER SATISFACTION GOOD PRACTICES

With a view to the ongoing process/product improvement and to increase customer satisfaction, OTO Melara commenced an internal customer satisfaction survey in 2012 covering all company programmes and products.

This activity normally involves data collection and the preparation of a set of direct and indirect indicators. This survey introduced an additional indirect parameter, being the perception of customer satisfaction, gleaned from interviews held by company management related to customers, covering various issues including the quality of the range, product quality, service quality, marketing quality and general aspects. The future improvements to be made, if any, will be based on the findings of these analyses.

CREATION OF AN ARCHIVES CENTRE

OTO Melara signed a Framework Programme Agreement during 2012 between the La Spezia municipal authorities, Fincantieri Foundation, the Navy and Melara's Museum Association to create a national centre for the conservation, integration, enhancement and promotion of the historical archives of the respective entities and companies dating right back to 1860.

This project has developed a new awareness among large companies and local institutions of the value represented by the recovery and protection of companies' archival heritage inherited by OTO Melara and Fincantieri, supporting initiatives aimed at emphasising Company history and know-how.

CONTRIBUTION OF MENTORING HOURS FOR LOCAL DEVELOPMENT INITIATIVES

During 2012, OTO Melara intensified its relationships with the local community, particularly with universities, schools and training entities, and initiatives supporting entrepreneurship. As part of this process, employees from all company levels have offered their expertise and experience free of charge to students.

Through this initiative, the company tangibly increases local know-how, sharing the specialist experience of the various company areas, thereby encouraging greater synergy between the corporate world and local training bodies.

TRANSPORTATION

Finmeccanica operates in the Transportation business segment through Ansaldo STS (of which it holds 40%), AnsaldoBreda and BredaMenarinibus.

Ansaldo STS, listed on the stock exchange, is a leader in the design, development, management and maintenance of signalling and transportation solutions and "turnkey" railway transportation and metros, of which signalling systems constitute an essential part.

AnsaldoBreda ("AB") is specialised in the construction of cutting-edge rolling stock: Sirio trams, driverless metros, regional trains and high-speed trains (including the brand new Frecciarossa 1000, capable of reaching 400 km/h and the fastest train in Europe) are AB's technological response to the contemporary meaning of "travel", be it short-, medium- or long-distance.

BredaMenarinibus is a leading Italian operator in the bus industry for tradition and history, boasting top-drawer expertise in bus design.

<http://www.ansaldo-sts.com>
<http://www.ansaldobreda.it>
<http://www.bredamenarinibus.it/>

KEY FINANCIAL FIGURES (€MIL.)	2012	2011	2010
New orders	2,290	2,723	3,228
Order backlog	8,679	8,317	7,303
Revenue	1,719	1,877	1,962
Adjusted EBITA	(67)	(110)	97
Investments in research and development	49	46	69
Workforce (no.)	6,568	6,876	7,093

REVENUE BY MARKET	2012	2011	2010
Military	-	-	-
Civil	100%	100%	100%

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011	2010 (*)
Number of facilities surveyed		23	23	28
Energy consumption	GJ	334,025	345,758	527,289
Total waste produced	tonnes	4,134	4,948	10,864
Water withdrawal	thousands of m ³	462	481	779
Accident frequency rate		10.89	15.04	20.10

(*) 2010 figures also include the Energy business segment.

2012 highlights

- › AnsaldoBreda's Naples plant was awarded the 2012 Safe Business Award.
- › AnsaldoBreda's V250 train received European Technical Specifications for Interoperability (TSI) Certification for high-speed networks.
- › AnsaldoBreda's first supercapacitor installed on the Sirio trams in Bergamo was unveiled; this system enables the recovery of energy, greater service efficiency and greater sustainability.
- › An agreement was reached between AnsaldoBreda and the Beijing-based railway industrial Group Cnr Dalian for the transfer of AnsaldoBreda's technology related to the Sirio platform for 600 new "TramWave" trams to be used for public transport in China.
- › Ansaldo STS has certified and implemented an integrated quality, environmental and safety management system (IMS) internationally.

- › A protocol was agreed between Ansaldo STS and Federico II University of Naples, the Naples municipal authorities and the Naples metro for the sponsorship of training activities on the prevention of accidents in the workplace.
- › Ansaldo STS's "365 Safety days" project was run again in 2012 to follow up on the campaign to increase awareness of safety issues and culture at all network partners.

Performance and outlook for the business segment

New orders in the Transportation business segment in 2012 contracted by some 16% over 2011. The decrease in the signalling and transportation solutions line is due to the exceptional order received in 2011 for the construction, operation and maintenance of the new automatic metro line in Honolulu in the United States. The order backlog in these lines has increased and represents around four and a half years of future revenue.

The decrease in revenue is due to the lower revenue recognised in the vehicles and bus lines, partially offset by the greater activity in the signalling and transportation solutions line.

The railway market is predicted to remain stable in coming years, while the service market is expected to grow sharply. Demand is particularly strong in the regional and urban transportation systems line, thanks to the growing need for transportation in high-density areas both in Europe and in newly-industrialised countries, particularly Brazil and China.

Western Europe, the Middle East and Australia remain the areas of greatest interest, although Asia has overtaken the European countries in terms of market size.

The signalling and transportation systems line is growing despite the impact of the crisis and demand tends to average a growth rate of around 3.5%. The main drivers are the important programmes to build new transportation infrastructures featuring interoperability between the various methods and different standards, and operators' requirements in terms of safety, increased efficiency and traffic capacity.

In the bus line, conversely, a slight reduction (-4%) has been seen in the European market compared to the previous two-year period.

Planet Inspired Solutions

A BETTER, GREENER TRAIN

The new Frecciarossa 1000 train designed and built for the Ferrovie dello Stato Italiane group by AnsaldoBreda and Bombardier, based on Bertone designs, meets technical, environmental, internal and external aesthetic standards ensuring maximum performance and comfort, in terms of safety, reliability, convenience and silence.

The aerodynamic design resulting from intense wind tunnel study limits noise and energy consumption. The light alloys used for the cars and furnishings enable the material to be reclaimed in full at the end of the train's life. These features win the Frecciarossa 1000 some top rankings: in addition to being the fastest off-the-shelf train ever produced in Europe (it will reach 400 km/h with a commercial speed of 360 km/h, reducing the Milan-Rome travel time to 2 hours and 15 minutes), it will also be the quietest, have the lowest level of vibrations and the lowest environmental impact (85% of the materials are recyclable and 95% are renewable).

Following its official unveiling at the "Meeting for friendship among the peoples" held in Rimini in August 2012, the first train left the Pistoia plant in March 2013 to commence the testing stage and will enter operation in 2015.

People, the community and the environment

CORPORATE WELFARE AT BREDAMENARINIBUS

BredaMenarinibus's employee-focus is reflected in the corporate welfare policies rolled out to increase wellbeing and help employees achieve a better work-life balance. The main ones are:

- › life and professional and other accident policies, reimbursement of health-care costs for employees' nuclear family and supplementary pension schemes for managers and junior managers;
- › leave to take children and disabled parents to doctors' visits;
- › salary supplement during parental leave;
- › the age limit for leave for children's certified illness has been raised to ten years;
- › two days paid leave for fathers on the birth of a child.

PRODUCT ENVIRONMENTAL RESPONSIBILITY

To reduce the environmental impact of its products, BredaMenarinibus also uses revamped and overhauled spare parts and environmentally-friendly products. This reduces waste and offers a 40/60% financial saving. Specific training courses were deployed in 2012 for drivers and operators, giving pointers to improve vehicle usage and thus reduce materials and substance wastage.

To encourage demand for environmentally-friendly products, AnsaldoBreda has adopted the "Type III environmental declarations" initiative (ISO 14025), whereby each new product is certified for EPD (Environmental Product Declaration) purposes, providing full and accurate information on the environmental impact of its products and services. The LCA (Life Cycle Assessment) methodology is also followed, representing an additional scientific validation. The products certified to date are the Rome Metro Line C and the Brescia metro, while certification is expected for the Frecciarossa 1000 in 2013.

ANSALDOBREDA'S SURVEY OF ITS IMAGE

The bond with local communities is a driving factor in Finmeccanica Group's approach. To assess the perception of the company, a sample of one thousand people resident in the areas where AnsaldoBreda's plants are located participated in a survey of the company's image. The findings were very positive, both in terms of participation in the survey and the opinion expressed (particularly in Tuscany).

IN-HOUSE COMMUNICATION: THE NEW "AB NEWS"

AnsaldoBreda's new company magazine, "AB News", was launched in 2012. Employees from the four participating plants were involved in its preparation, providing suggestions, advice, news items and personal experiences gained over their working lives. The initiative is also open to other personnel that want to participate.

The first edition came out in November 2012 and subsequent monthly editions were made available on the company's intranet.

COPENHAGEN METRO CUSTOMER SATISFACTION SURVEY

The Copenhagen metro is one of the most advanced metropolitan transportation solutions in environmental and safety terms (it was named the best driverless metro in the world for the third year running in 2012) and it has always been closely monitored via customer satisfaction surveys to measure user satisfaction.

The 2012 survey findings were all above average on a scale from 0.000 to 1.000. "Feeling safe" was the most important parameter (0.88) and around 97% of respondents said they feel "Very safe/Safe" on the metro.

ENERGY

Since 2011, Finmeccanica's Energy business segment comprises Ansaldo Energia Holding, in which the Parent has a 55% investment, and which was formed when Finmeccanica SpA sold a 45% investment in Ansaldo Energia Group to the US investment fund, First Reserve Corporation.

Ansaldo Energia is Italy's largest supplier, installer and service provider for power generation plants and components and a leading international player. It offers a vast range of energy generation products and services backed up by its independent production capacity and has an installed capacity topping 176,000 MW in over 90 countries and more than 3,000 employees, including the foreign companies. The production centre is split into three product lines: gas turbines, steam turbines and generators, all featuring advanced technology designed to satisfy the most demanding customer requirements in terms of efficiency, reliability and environmental impact. The Company delivers turnkey power plants, helping customers define the features of new power plants. It handles after-sales issues with a broad range of services, ranging from repairs and spare parts, to on-site work including overhauls and upgrades, right through to full service Long-Term Agreements.

www.ansaldoenergia.com/

KEY FINANCIAL FIGURES (€MIL.)	2012	2011 (*)	2010
New orders	834	1,258	1,403
Order backlog	1,978	1,939	3,305
Revenue	715	981	1,413
Adjusted EBITA	65	91	145
Investments in research and development	17	23	38
Workforce (no.)	1,830	1,872	3,418

(*) Figures consolidated on a proportionate basis with effect from 1 July 2011.

REVENUE BY CUSTOMER TYPE	2012	2011	2010
Military	-	-	-
Civil	100%	100%	100%

EHS PARAMETERS	MEASUREMENT UNIT	2012	2011	2010 (*)
Number of facilities surveyed		4	4	28
Energy consumption	GJ	391,237	313,530	527,289
Total waste produced	tonnes	5,496	5,863	10,864
Water withdrawal	thousands of m ³	253	206	779
Accident frequency rate		30.70	30.56	20.10

(*) 2010 figures also include the Transportation business segment.

2012 highlights

- › New contracts were won in the Mediterranean area (Tunisia, Egypt and Algeria) and by the new units in Russia; service activities recovered strongly in Latin America.
- › The Aprilia power plant was delivered to the customer Sorgenia. It comprises a combined cycle with two gas turbines and one steam turbine (2+1 configuration) which will provide a nominal 800 MW.
- › The "Open Gate" project developed in conjunction with the Sant'Anna School of Advanced Studies of Pisa, founded on the demand-driven open innovation concept, entered the execution stage. The idea is to gather and incorporate customer suggestions and feedback for the co-development of new products.

Performance and outlook for the business segment

The Energy business segment has always had cyclical demand related to the upgrading and revamping of highly-industrialised countries' energy generation plant and long-term investment plans for new plants and infrastructures in newly-industrialised countries. Demand has contracted in recent years due to the effects of the global economic crisis.

New orders dropped by a significant 34% over 2011, whereas the order backlog was slightly higher, 41% of which relates to plant and components and 56% to service, with the remaining 3% related to nuclear. Revenue contracted by €266 million over 2011.

Fossil fuel-powered plants are expected to continue to represent this business segment's main source of demand for the next ten years, with turbogas technology steadily growing in importance compared to steam. A moderate but steady growth is also predicted for renewable-energy plants, while the nuclear line contracted further.

Planet Inspired Solutions

HELMHOLTZ RESONATORS IN GAS-TURBINE COMBUSTION CHAMBERS

Underlying Ansaldo Energia's development of a methodology to position Helmholtz resonators in gas-turbine combustion chambers was the pursuit of improved gas-turbine power, efficiency and flexibility performance in combined cycle usage. The invention came about to resolve issues with modern industrial gas turbines which must satisfy the sometimes contrasting operating requirements of high performance and operational flexibility in order to compete on the energy market.

The size of the resonating chambers is such to be sensitive to the thermoacoustic frequencies generated in the combustion chamber and which produces a destabilising effect for the flame. The ease of construction is another innovative factor giving all customers access to a product that can be applied to gas turbines already deployed.

The project was awarded in Finmeccanica's 2012 Innovation Award.

People, the community and the environment

THE NEW PHOTOVOLTAIC PLANT ON ANSALDO ENERGIA'S ROOF

Installation of a 1 MW photovoltaic plant on Ansaldo Energia's Genoa facilities was completed in 2012. This plant's total power is 882.225 kWp, supplied by 3,912 photovoltaic modules in polycrystalline silicon, with a nominal capacity of 225 Wp, located on special structures allowing them to be moved around the facilities as required. The decrease in electrical energy consumption generates a large economic saving and a substantial decrease in the environmental impact.

The system is compliant with town-planning requirements and merges plant efficiency with the company's need for functionality and usability, and high-quality materials have been used which enhance the company's entire building complex. It saves the purchase of some 1 million kWh and the energy generated over the next 10 to 15 years will save the emission of over ten thousand tonnes of carbon dioxide.

ANSALDO ENERGIA FOR CULTURE

Ansaldo Energia sponsored the publication of the art book entitled *Andrea Ansaldo, 1584-1638*, aimed at increasing awareness of the great Genoan painter among the wider public (the book was launched publicly). This sponsorship reflects Ansaldo Energia's commitment to promoting and enhancing Genoa's cultural and artistic heritage.

GENOA SMART CITY

Ansaldo Energia again renewed its "Genoa Smart City" initiative with the Genoa municipal authorities in 2012. This project has evolved into more tangible forms of collaboration and its aim is to increase safety and quality of life for Genoa residents through sustainable development by promoting tangible actions across various fields (transportation, energy, communications, public services, infrastructure and safety).

SUSTAINABLE TRANSPORT FOR ANSALDO ENERGIA EMPLOYEES

Ansaldo Energia continued the shuttle bus service for employees to and from the nearest railway station in 2012, featuring a new electrical vehicle.

The 9-seater (plus driver) minibus, featuring an electric engine and inverter developed by Ansaldo Electric Drives, makes a total of ten runs a day of an estimated 6.5 km. This translates to around 65 km daily and an average 1,300 km a month, without the use of combustible fuels.

The vehicle is owned by Ansaldo Electric Drives and was granted to an external company on a free-use basis.

ANNEXES

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METHODOLOGICAL NOTES

The reporting process and the guidelines used

The Sustainability Report for the year ended 31 December 2012 of the Finmeccanica Group has been prepared in compliance with the updated “Sustainability Reporting Guidelines” issued in 2011 (version 3.1) by GRI - Global Reporting Initiative. Where applicable, the GRI Boundary Protocol and the GRI Indicator Protocol have been followed.

The 2012 Sustainability Report has been prepared by Finmeccanica SpA’s Sustainability Work Group, coordinated by the External Communications unit, in conjunction with the Investor Relations unit. The data and information reported in the Sustainability Report were gathered from the data owners of Finmeccanica SpA’s organisational units and through the local reference points at the operating companies, with the help of a community of over 300 people from all Group companies.

Under the GRI Content Index, the level of application of the guidelines corresponds to a “B+”, accompanied by an assurance letter from KPMG. Specifically, the GRI KPIs reported in full are:

- › economic performance indicators (EC): EC1, EC3, EC4, EC8;
- › environmental performance indicators (EN): EN3, EN4, EN5, EN8, EN10, EN11, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN28;
- › labour practices and decent work performance indicators (LA): LA4, LA11;
- › human rights performance indicators (HR): HR5, HR6, HR7;
- › society performance indicators (SO): SO2, SO4, SO5, SO8;
- › product responsibility performance indicators (PR): PR6, PR9.

Basis of reporting

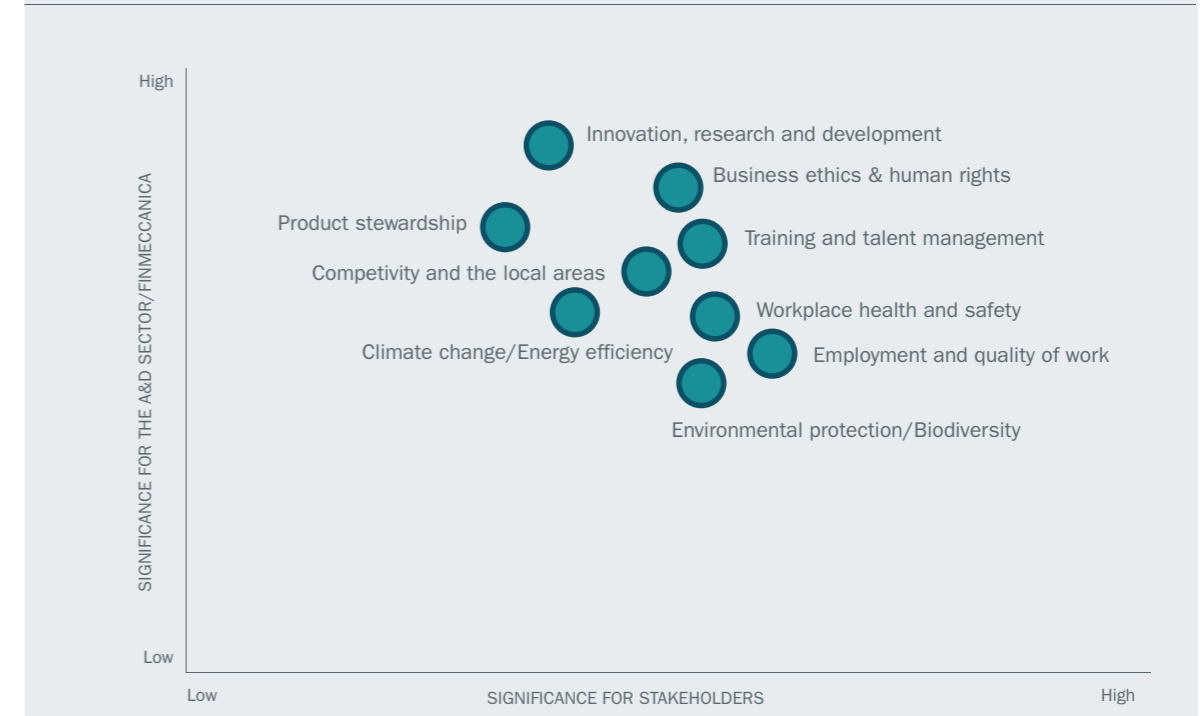
The key elements underpinning the application of the GRI reporting principles establishing the contents and quality of the Sustainability Report are reported below. For greater information on coverage and consistency of the contents with all the reporting requirements of the guidelines, reference should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

STAKEHOLDER MATERIALITY AND INCLUSION

The issues dealt with in the Sustainability Report and the reach and quality of their reporting reflect the results of the materiality analysis carried out at the time the first report was published in 2010 and subsequently updated annually, aimed at pinpointing the most important and significant issues for the Company and all its stakeholders.

The issues covered by the ISO 26000 guidelines were used as a basis to assess the materiality of the issues dealt with in the report. These were considered in the context of insights from sector studies and sustainability assessment methodologies applied by rating agencies, integrated with the analysis of facts and events involving Finmeccanica Group during the year.

MATERIALITY ANALYSIS SUMMARY



THE SUSTAINABILITY CONTEXT

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

The “Competitiveness and sustainability” section highlights the key aspects Finmeccanica deems fundamental for sustainability, i.e., the sustainable creation of value in its business segments: research and development and innovation, human resource talent management and systemisation with local areas.

The “Our commitment to responsibility” section and other parts of the document deal with those corporate responsibility and ESG (Environmental, Social & Governance) risk mitigation areas most relevant to Finmeccanica. Of these, compliance with legislation governing commercial activity, the management of corporate restructuring, the prevention of accidents in the workplace and the control and mitigation of environmental impacts are particularly important.

COMPLETENESS

The Sustainability Report has been drawn up with the scope of providing a snapshot of the Group’s material sustainability and CSR activities that is as complete as possible. The qualitative contents and completeness should be assessed considering the reach and diversity of the Group’s operations and the management independence of the operating companies.

The scope of the 2012 Sustainability Report is based on the following criteria:

- › the financial and social figures relate to the scope of the 2012 consolidated financial statements;
- › the environmental figures relate to a scope based on the materiality of the operating facilities (plants/offices) of the Parent, the subsidiaries and certain joint ventures (Telespazio, MBDA and Ansaldo Energia); specifically, the environmental figures relate to 167 facilities (171 in 2011) which overall comprise some 61,800 people (some 64,000 in 2011), representing over 91% of Group personnel (89% in 2011) and 109.7 million hours worked. Figures were consolidated on a line-by-line basis. The facilities included in the scope cover all business segments and geographical segments in which Finmeccanica operates and were identified on the basis of the following factors:
 - number of employees;
 - materiality of the environmental aspects.

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

HELICOPTERS	AgustaWestland	Bierset, Zaventem (*), Yeovil, Farnborough, Cascina Costa di Samarate, Vergiate, Frosinone, Brindisi, Lonate Pozzolo, Anagni, Sesto Calende, Venice, Benevento, Philadelphia, Świdnik (Pzł-Świdnik)
AERONAUTICS	Alenia Aermacchi	Venegono Superiore, Valle Olona, Campo Volo, Pomigliano, Caselle Nord and Caselle Sud (only one facility in 2011), Turin, Foggia, Nola, Grottaglie, Naples - Capodichino, Casoria, Venice, Rome - Via Bona, Cameri (**), Rome - Via Campania (***), Turin Lionetto, Turin Collegno (*)
DEFENCE AND SECURITY ELECTRONICS	SELEX Elsag	Genoa, Rome - Via Laurentina, Rome - Via Naide (***), Rozzano, Naples, Florence, Abbadia San Salvatore (**), Piancastagnaio (**), Rome (Larimart), Pomezia, Genoa Fiumara, Cisterna di Latina, Florence, Montevarchi, Genoa Ancifap, L'Aquila, Chieti, Milan, Misterbianco (***), Catania (**), Pisa, Basildon, Christchurch, Liverpool (*), Portsmouth B.O., Filton, York, Ploiesti, Ankara
	SELEX Galileo	Campi Bisenzio - Florence, Nerviano, Pomezia, San Maurizio Canavese, Ronchi dei Legionari, Palermo, Rome, Carsoli, Edinburgh, Luton, Basildon, Southampton, Portsmouth
	SELEX Sistemi Integrati	Rome - Via Laurentina, Fusaro Bacoli, Giugliano, Rome - Via Tiburtina, Genoa, Nerviano, La Spezia, Taranto, Neuss, Welwyn (***), Bristol, Building 360, Building 430, Overland Park - Kansas
	SELEX Service Management	Rome (Seicos) (***), Rome - Via Faustianiana, Rome - Via Bona (***)
	Sistemi Software Integrati	Taranto, Rome (**)
	DRS Technologies	Melbourne Hibiscus, Fort Walton Beach - Beal St., 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, Parsippany, Dayton, Largo, Buffalo, Fitchburg, Oakland, Cincinnati, West Melbourne J. Rhodes, Bethesda (***), Farnham, Horsham C3&A, Chesapeake, Arlington, Bedford, Lemont Furnace, Polson (*), Rockville (**)
SPACE	Telespazio	Rome, Fucino, Lario, Naples, Scanzano
DEFENCE SYSTEMS	OTO Melara	La Spezia, Brescia, Loriguilla
	WASS	Livorno, Pozzuoli
	MBDA	Rome, Bacoli, La Spezia
TRANSPORTATION	AnsaldoBreda	Pistoia, Naples, Reggio Calabria, Carini
	Ansaldo STS	Tito Scalo, Genoa, Piossasco, Naples, Pittsburgh, Batesburg, Perth, Brisbane, Sydney, New Castle, Karratha (**), Kuala Lumpur Office, Les Ulis, Riom, Bangalore, Noida, Kolkatta, Solna, London (***)
	BredaMenarinibus	Bologna
	Ansaldo Energia	Genoa (also for Ansaldo Nucleare), Milan, Rheden (Ansaldo Thomassen)
OTHER ACTIVITIES	FATA	Pianezza
	Finmeccanica	Rome
	FGS	Rome
	FGRE	Rome

(*) Facility included in the EHS reporting scope in 2011 but not in 2012.
 (***) Facility included in the EHS reporting scope in 2012 but not in 2011.
 (***) Facility closed in 2012.

EHS FIGURES SCOPE - NO. OF PLANTS/OFFICES							
By business segment	2012	2011	2010	By geographical segment	2012	2011	2010
Aeronautics	16	16	17	Italy	91	91	89
Defence Systems	8	8	5	UK	15	18	17
Helicopters	14	15	14	USA	39	40	46
Space	5	5	4	Rest of the world	22	22	20
Defence and Security Electronics	93	96	101				
Energy and Transportation	27	27	28				
Other	4	4	3				
TOTAL	167	171	172	TOTAL	167	171	172

Moreover, the scope of the 2012 report does not include outsourced activities that could have a material impact on comparability of figures and information.

The figures come from the consolidated financial statements, various company information systems, the general ledger, the human resource management system, local systems, purchasing procedures and the web-based system for the management of environmental data. The approach followed to make material estimates is briefly described when applicable.

Finally, in the section giving details by business segment, the following companies have been considered the most significant under the principle of relevance:

- › Helicopters: AgustaWestland;
- › Aeronautics: Alenia Aermacchi;
- › Defence and Security Electronics: SELEX Electronic Systems and DRS Technologies;
- › Defence Systems: OTO Melara, WASS and MBDA;
- › Space: Telespazio and Thales Alenia Space;
- › Energy: Ansaldo Energia;
- › Transportation: AnsaldoBreda, Ansaldo STS and BredaMenarinibus.

BALANCE

We have sought to give equal weight to positive and negative elements in the Sustainability Report, commenting on results where appropriate, including the facts and events involving the Group in 2012.

COMPARABILITY

The format of the Sustainability Report is substantially unchanged from that of 2011; any changes made reflect editorial decisions to make the document more user-friendly.

Where available, figures are provided for the previous two years for quantitative figures and performance indicators. Financial figures expressed in euros are translated at the rates stated in the 2012 consolidated financial statements.

In certain cases, environmental performance data are shown in terms of the hours worked in order to facilitate comparability with previous years. The reporting scope is always shown (in the text and footnotes) and any changes from previous years are indicated.

ACCURACY

The qualitative and quantitative data reported in the Sustainability Report come from various reporting systems. Financial data are taken from the consolidated financial statements, which also comprise the "Corporate Governance Report and Shareholder Structure". The accuracy of environmental, health and safety information is based on the existence and ongoing roll-out of certified management systems (ISO 14001 and OHSAS 18001) and the use of an electronic data collection platform implemented across the Group in 2010.

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

TIMELINESS

The Sustainability Report is prepared annually and in line with the timeframes for the preparation of the consolidated financial statements. It contains data and information relating to the year ended 31 December 2012 and, where material or relevant, it also reports events taking place after year end, such as in the event of amendments to the corporate governance structure and initiatives to ensure compliance.

Top management outlines the salient points of the Sustainability Report to the Shareholders' Meeting. The document is published in electronic version on the Company's website after the Independent Auditors have completed their review.

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

CLARITY

The layout of the Sustainability Report is such to make both the issues dealt with and the reported information user-friendly. The text includes references to other parts of the document that are important for a complete view and of contents related to the issue being dealt with. Reference is also made to the consolidated financial statements or the websites of Finmeccanica and the Group companies or to other external links where relevant.

An interactive version of the Sustainability Report will be available on the website

<http://www.sustainabilityreport2012.finmeccanica.it/>

RELIABILITY

The Sustainability Report was examined by top management and approved by Finmeccanica SpA's Board of Directors on 14 May 2013. It then underwent an external, independent review by KPMG, which is also engaged to perform the legally-required audit of the Group's consolidated financial statements.

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

- › AgustaWestland - Cascina Costa di Samarate (Varese);
- › AgustaWestland - Yeovil (United Kingdom);
- › Alenia Aermacchi - Grottaglie (Taranto);
- › Ansaldo Energia - Genoa;
- › Ansaldo STS - Naples;
- › DRS Technologies - Dallas (Texas, United States);
- › OTO Melara - La Spezia;
- › SELEX Galileo/Selex ES - Nerviano (Milan);
- › SELEX Sistemi Integrati/Selex ES - Rome;
- › Telespazio - Fucino (L'Aquila).

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

REFERENCES TO GRI INDICATORS

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

- › The **Presence** column indicates the level of compliance with the standard (disclosure) using the following key:
 - Full coverage (the data/information fully comply with the requirements of the standard).
 - Partial coverage (the data/information only partially satisfy the requirements of the standard).
 - Not covered (the data/information are not collected or are not adequately representative).
 - n.a. Not applicable (the data/information required by the standard are not significant or are not material).
- › The **References** column indicates the pages of the report containing the contents related to the requirements of the standard (page numbers in italics relate to details by business segment).
- › The **Notes/Comments** column gives information supplementary to the report or providing further clarification on the information provided in the report.

STRATEGY AND ANALYSIS				
		Presence	References	Notes/Comments
1.1	Statement of top management - Letter from the Chairman	●	4-6	
1.2	Description of key impacts, risks and opportunities (in terms of sustainability)	○	10, 11, 23, 36, 50	

PROFILE				
		Presence	References	Notes/Comments
2.1	Name of the organisation	●	Front cover	
2.2	Main activities	●	10	
2.3	Organisational structure	●	11, 12, 14, 15	
2.4	Location of registered office	●	14	
2.5	Territorial reach	●	14, 15	
2.6	Ownership structure	●	10, 68	
2.7	Markets served	●	10, 66	
2.8-2.9	Size of the organisation and significant changes in size, structure and ownership structure	●	10, 13	No significant changes took place in the size, structure or ownership structure in 2012. See also LA1.
2.10	Recognition and awards received in the reporting period	●	37, 69	

REPORTING SCOPE			
	Presence	References	Notes/Comments
3.1-3.3	●	Side notes	The Sustainability Report refers to 2012. The last published report was the 2011 Sustainability Report. Reporting frequency is annual
3.4	●	Back page, 144	
3.5-3.7	●	Methodological notes	Other relevant information is provided in the report
3.8	●	12	
3.9	●	Methodological notes	Other relevant information is provided in the report
3.10	●	Side notes	There are no significant effects due to changes to information already included in previous reports
3.11	●	Side notes	There were no significant changes in the measurement objective, scope or methods used
3.12	●	GRI table	
3.13	●	Methodological notes	

GOVERNANCE, COMMITMENTS AND STAKEHOLDER INVOLVEMENT

	Presence	References	Notes/Comments
4.1	●	16-19	
4.2	●	Side notes	The Chairman held an executive role in 2012. At the date of approval of this report (14 May 2013), the position of Chairman is vacant
4.3	●	18	
4.4	●	17	Investors are called on to exercise their role in Shareholders' Meetings. Reference should be made, in the consolidated financial statements, to pages 212-214 of the Corporate Governance Report and Shareholder Structure for information on the functioning of the Shareholders' Meetings (<i>Shareholders' Meetings</i>). Finmeccanica SpA has an Investor Relations unit to foster dialogue with shareholders

4.5	●	21, 22	Reference should be made to pages 304-305 of the consolidated financial statements (<i>Remuneration to key management personnel</i>)
4.6	●	16-22	
4.7	●	17, 18	Reference should be made, in the consolidated financial statements, to pages 153-160 of the Corporate Governance Report and Shareholder Structure (<i>Appointment and composition of the Board of Directors</i>)
4.8	●	10, 11	
4.9	●	Methodological notes	
4.10	●	Side notes	Reference should be made, in the consolidated financial statements, to pages 160-165 (<i>Role of the Board of Directors</i>) and pages 172-174 (<i>Remuneration Committee</i>) of the Corporate Governance Report and Shareholder Structure
4.11	●	48	Reference should also be made to pages 94-99 of the report on operations on the consolidated financial statements (<i>Finmeccanica and risk management</i>)
4.12	●	10, 11, 50, 51	
4.13	●	50	
4.14	●	23	
4.15	●	23	
4.16	●	23	
4.17	●	24, 25	

PERFORMANCE INDICATORS

ECONOMIC INDICATORS (EC)	Presence	References	Notes/Comments
Disclosure on management approach (EC)	●	10, 11, 28, 48, 66	
EC1 core: direct economic value generated and distributed	●	67	
EC2 core: financial implications due to climate change			

EC3 core: coverage of the organisation's benefit plan obligations	●	68, 69, side notes	Reference should also be made to page 249 of the report on operations on the consolidated financial statements (<i>Liabilities from defined-benefit pension plans</i>) and pages 281-283 (<i>Employee benefit obligations</i>)
EC4 core: significant financial assistance received from government	●	Side notes	Reference should also be made to pages 246-248 and following pages of the report on operations on the consolidated financial statements on contributions pursuant to Law 808/85 for national security programmes
EC5 add: ratio of entry level wage compared to local minimum wage at significant operation locations	-		
EC6 core: policy, practices and proportion of spending on locally-based suppliers	○	61, 62	
EC7 core: procedures for local hiring and proportion of senior management hired from the local community for significant operation locations	-		
EC8 core: procedures for local hiring and proportion of senior management hired from the local community for significant operation locations	●	80-83	
EC9 add: understanding and describing significant indirect economic impacts, including the extent of impacts	-		

ENVIRONMENTAL INDICATORS (EN)	Presence	References	Notes/Comments
Disclosure on management approach (EN)	●	10, 11, 48, 57-60, 86	
EN1 core: raw materials used by weight or volume	-		
EN2 core: percentage of materials used that are recycled input materials	-		
EN3 core: direct energy consumption by primary source	●	89, 90	Energy consumption by business segment is presented in details by business segment
EN4 core: indirect energy consumption by primary source	●	89, 90	
EN5 add: energy saved due to conservation and efficiency improvements	●	89	
EN6 add: initiatives to provide energy-efficient or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives	○	123	
EN7 add: initiatives to reduce indirect energy consumption and reductions achieved	○	89	
EN8 core: total water withdrawal by source	●	92-94	Water consumption by business segment is presented in details by business segment
EN9 add: water sources significantly affected by the withdrawal of water	○	92-94	

EN10 add: percentage and total volume of water recycled and reused	●	92	
EN11 core: location and size of owned, leased or managed land in (or adjacent to) protected areas or areas of high biodiversity value outside protected areas	●	91	
EN12 core: description of the greatest impact of activities, products and services on the biodiversity of protected areas or areas of high biodiversity value outside protected areas	-		
EN 13 add: habitats protected or restored	○	91	
EN 14 add: strategies, current actions and future plans for managing impacts on biodiversity	○	91	
EN15 add: number of protected species with habitats in areas affected by operations, by level of extinction risk	-		
EN16 core: total direct and indirect GHG emissions by weight	●	87	
EN17 core: other relevant indirect GHG emissions by weight	●	87	
EN18 add: initiatives to reduce GHG emissions and reductions achieved	●	58, 88, 104, 107	
EN19 core: emissions of ozone-depleting substances by weight	●	98	
EN20 core: NO _x , SO _x and other significant air emissions by type and weight	●	92	
EN21 core: total water discharge by quality and destination	●	93, 94	
EN22 core: total weight of waste by type and disposal method	●	94, 95	The total weight of waste produced by business segment is presented in details by business segment
EN23 core: total number and volume of significant spills	●	58	
EN24 add: weight of transported, imported, exported or treated waste deemed hazardous and percentage transported abroad	-		
EN25 add: identity, size, protected status and biodiversity value of aquatic fauna and flora and related habitats significantly affected by the reporting organisation's discharge of water	-		
EN26 core: initiatives to mitigate the environmental impact of products and services, and extent of impact mitigation	○	59	
EN27 core: percentage of products sold and their packaging material recycled or reclaimed by category	-		
EN28 core: monetary value of significant fines and number of non-monetary sanctions due to non-compliance with environmental regulations and laws	●	58	There were no significant monetary fines in 2012
EN29 add: significant environmental impact of the transportation of goods/materials used for the organisation's operations and transporting members of the workforce	○	86	
EN30 add: environmental protection expenditure and investments by type	○	57	

LABOUR INDICATORS (LA)	Presence	References	Notes/Comments
Disclosure on management approach (LA)	●	10, 11, 37-41, 48, 54, 74	
LA1 core: total workforce by employment type, employment contract and region	○	75, 76	
LA2 core: total number and rate of employee turnover by age Group, gender and region	○	75, 76	
LA3 add: benefits provided to full-time employees	○	78, 79, 121	
LA4 core: percentage of employees covered by collective bargaining agreements	●	75, 76	
LA5 core: minimum notice period(s) regarding organisational changes, including whether it is specified in collective agreements	○	Side notes	This issue is covered in the national collective labour agreements (see LA4)
LA6 add: percentage of total workforce represented in the health and safety committee	-		
LA7 core: rates of workplace accidents, occupational diseases, days of work lost, absenteeism, and total number of work-related fatalities by region	○	77	The rate of workplace accidents by business segment is presented in details by business segment
LA8 core: education, training, counselling, prevention and risk-control programmes in place to assist members of the workforce, their families or community members, regarding serious diseases	○	111	
LA9 add: health and safety topics covered in formal agreements with trade unions	-	-	
LA10 core: average hours of training per year per employee by employee category	○	38	The breakdown by employee category only refers to the Italian companies
LA11 add: programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	39-41	
LA12 add: percentage of employees regularly receiving performance and career development reviews	○	Side notes	Reference should also be made to pages 127-128 of the report on operations on the consolidated financial statements (<i>Management Review, Succession Plans, Compensation and Incentive Systems</i>)
LA13 core: composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	○	76	
LA14 core: ratio of basic salary of women to men by employee category	○	76	
LA15 core: return to work after parental leave	-		

HUMAN RIGHTS INDICATORS (HR)	Presence	References	Notes/Comments
Disclosure on management approach (HR)	●	10, 11, 48, 53	
HR1 core: percentage and total number of investments that include clauses incorporating human rights concerns	-		
HR2 core: percentage of suppliers and subcontractors that have undergone human rights screening, and action taken	○	62, 63	
HR3 add: total hours of employee training on policies and procedures concerning aspects of human rights and the percentage of employees trained	-		
HR4 core: total number of incidents of discrimination and actions taken	○	19, 20	
HR5 core: identification of operations in which the freedom to associate and national labour agreements could be exposed to significant risks and measures taken to protect these rights	●	53-56	
HR6 core: identification of operations at high risk of use of child labour and measures taken to abolish it	●	53	
HR7 core: operations at high risk of forced labour and measures taken to eliminate it	●	53	
HR8 add: percentage of safety personnel who have received training on procedures and policies on human rights	-		
HR9 add: number of violations of rights of indigenous people and measures taken	-		
HR10 core: operations that have been subject to human rights impact assessments	○	48-52	
HR11 core: composition of grievances related to human rights filed	-		

SOCIETY INDICATORS (SO)	Presence	References	Notes/Comments
Disclosure on management approach (SO)		10, 11, 42, 48, 74	
SO1 core: nature, objective and effectiveness of programmes and/or practices to assess and manage impacts on a given local community, including start-up, operation and disposal stages	○	54, 55	
SO2 core: percentage of business units analysed for risks related to corruption	●	20, 48-50	
SO3 core: percentage of employees trained in the organisation's anti-corruption policies and procedures	○	50, 51	
SO4 core: actions taken in response to incidents of corruption	●	17, 20, 21, 50, 51	
SO5 core: public policy positions and participation in public policy development and lobbying	●	23, 24, 35, 43, 54	
SO6 add: total value of financial and in-kind contributions to political parties, politicians and institutions by country	○	Side notes	Finmeccanica does not make any direct or indirect contributions of any kind to political or trade union parties, movements, committees or organisations or their representatives and candidates, except as permitted by specific legislation

S07 add: total number of legal actions for anti-competitive behaviour, anti-trust and monopolist practices, and their outcomes	-		
S08 core: monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	Side notes	There were no significant fines in 2012 for non-compliance with laws and regulations
S09 core: operations with a potential negative impact on local communities	-		
S010 core: prevention measures adopted to mitigate the negative impact of operations on local communities	-		

PRODUCT RESPONSIBILITY INDICATORS (PR)	Presence	References	Notes/Comments
Disclosure on management approach (PR)	●	10, 11, 50, 57, 60	
PR1 core: health and safety impacts of products	-		
PR2 add: total number of incidents of non-compliance with regulations and voluntary codes	-		
PR3 core: consumer information and labelling	n.a.		Finmeccanica does not sell consumer goods but cutting-edge products and services that are delivered to the customer and end users accompanied by specific information and training programmes
PR4 add: total number of incidents of non-compliance with regulations or voluntary codes concerning product and service information and labelling	n.a.		See PR3
PR5 add: practices related to customer satisfaction	○	118, 121	
PR6 core: adherence to laws, standards and voluntary codes concerning marketing communications	●	50, 51	Finmeccanica complies with the legislation in force; it has not adopted any voluntary codes. See also S02
PR7 add: total number of incidents of non-compliance with regulations or voluntary codes concerning marketing communication	-		
PR8 add: number of complaints regarding breaches of customer privacy and losses of customer data	n.a.		See the note to the PR3 indicator
PR9 core: monetary value of fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	Side notes	There were no significant fines in 2012 for non-compliance with laws and regulations concerning the provision and use of products and services



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

Limited assurance report on the sustainability report

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

- We have reviewed the sustainability report for the year ended 31 December 2012 of the Finmeccanica Group (the "Group"). The parent's directors are responsible for the preparation of the sustainability report in accordance with the updated Sustainability Reporting Guidelines issued in 2011 (version 3.1) by GRI - Global Reporting Initiative, as set out in the "Methodological notes" paragraph of the sustainability report. They are also responsible for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.
- We carried out our work in accordance with the criteria established for review engagements by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. That Standard requires that we comply with applicable ethical requirements (the "Code of Ethics for Professional Accountants" issued by the International Federation of Accountants ("IFAC")), including independence requirements, and that we plan and perform the engagement to obtain limited assurance (and, therefore, less assurance than in a reasonable assurance engagement) about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
 - comparing the information and data presented in the "Business results and added value" paragraph of the sustainability report to the corresponding information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2012, on which we issued our report dated 30 April 2013 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:

- interviews and discussions with management personnel of Finmeccanica S.p.A. and the personnel of AgustaWestland S.p.A., AgustaWestland Limited, Alenia Aermacchi S.p.A., Ansaldo Energia S.p.A., Ansaldo STS S.p.A., DRS Technologies Inc., Oto Melara S.p.A., Selex Galileo S.p.A., Selex Sistemi Integrati S.p.A. and Telespazio S.p.A. to gather information on the information technology, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
- sample-based analysis of documentation supporting the preparation of the sustainability report to obtain evidence of processes, their adequacy, and that the internal control system correctly manages data and information in relation to the objectives described in the sustainability report;
- analysing the compliance of the qualitative information included in the sustainability report with the guidelines referred to in paragraph 1 of this report and their overall consistency, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Finmeccanica S.p.A. on the compliance of the sustainability report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000 and, therefore, it does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified during an audit.

The sustainability report includes the corresponding information and data of the prior year sustainability report for comparative purposes, with respect to which reference should be made to the report of other auditors dated 14 May 2012.

- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the sustainability report for the year ended 31 December 2012 of the Finmeccanica Group is not prepared, in all material respects, in accordance with the updated Sustainability Reporting Guidelines issued in 2011 (version 3.1) by GRI - Global Reporting Initiative, as set out in the "Methodological notes" paragraph of the sustainability report.

- 4 In relation to the judicial investigations into the Finmeccanica Group and some of its directors and employees, as well as the related measures undertaken by the internal control and risk management bodies, reference should be made to that set out by the directors in the "Information on the judicial investigations" paragraph of the sustainability report.

Rome, 29 May 2013

KPMG S.p.A.

(signed on the original)

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Director of Audit

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