

## **Ansaldo STS Communicating on Progress From January 2012 to December 2012**

### **Statement of continued support by the President and by the Chief Executive Officer (CEO)**

#### **Chief Executive Officer's Letter**

As this is the fourth annual Ansaldo STS sustainability report, we believe that the culture of sustainable growth has been increasingly developed within the company and throughout our various branches, and less because we operate in a sector that is already highly focused on these aspects, and more because we have approached sustainability as a strategic choice informed by our awareness of the importance that it has in relationships with all the company's stakeholders.

We focus on sustainability because we operate in a sector that favours the use of means with a low impact on the environment and because we are convinced that practices that integrate sustainability in the business generate the best results over time, at least in terms of their reliability and duration. Ansaldo STS upholds sustainable practices because sustainability is intrinsic to our mission, which is to develop railway and urban rail transportation systems by offering increasingly sophisticated products and solutions that are safe, environmentally-friendly and that ensure the related systems are safe and efficient. It is our aim to help improve the daily lives of everyone who directly or indirectly uses these systems.

This is why we continuously search for more and better ways to take advantage of new opportunities and contribute to maintaining the balance between the various needs of our stakeholders. 2012 was another complex year for the world, and the continuing financial crisis, especially in Europe, exacerbated the growing competition between organisations, including those in our sector, although global growth forecasts were confirmed at an annual rate of roughly 3% over the next three years. Indeed, it is in years like this that we can best measure our ability to develop, maintain our hold on market share and achieve long-term targets. The sector in which we operate and, to a greater extent, our experience and technologies, enable us to pursue the continuous improvements we seek in our day to day and strategic decisions.

Ansaldo STS performed well in 2012: we achieved our financial goals, built and delivered our work and projects and innovated our products.

We are proud of our success, which is, at times, less visible on the financial market, but essential to all our stakeholders. 2012 saw the delivery and roll-out of the automatic urban transportation line for the Riyadh women's university in only about 36 months, the delivery of the Genoa urban railway transportation system and the CBTC

signalling system in Chengdu, China. In early 2013, the automatic urban railway service for Milan's line 5 and in Brescia began operating.

In addition to these results, we have continued to pursue the technological development of our ideas and research, which have met with our customers' appreciation and which bolster us as we face new market challenges in terms of efficiency and safety, to invest in our new leadership positions in the future, such as Satellitare, a satellite system contract with Australia), and Tramwave (an agreement with Chinese suppliers and participation in new tenders).

We are pleased to report on all that Ansaldo STS management is doing to inform and sensitise internal company personnel on sustainability issues, increasingly developing the company culture and laying the foundation for a more systematic approach to sustainable growth.

***This is why Ansaldo STS has created a Sustainability Committee on which the managers of each key department serve,***

***with the aim of defining sustainability strategies and following up on the related results. Shared awareness in this respect encourages the development of ideas and actions, but, even more, enables us to make the most of outside stimulus, such as that gathered from our active participation in the UN Global Compact and the Global Compact Network Italia, in addition to helping us uphold our commitments in terms of reporting and interpreting our performance, revising, where necessary, our objectives through the sustainability report and carbon disclosure project.***

It is the market that demands this of us: customers increasingly ask us even within the scope of tenders to demonstrate how we carry out our activities responsibly, in order to ensure the growing, or at least consistent, quality of our solutions and products. This is why we must devote ever more attention to the performance of our suppliers and motivate our employees, while achieving sound operating results that are integrated with ethical, social and environmental results as well.

This year's sustainability report carries forward this vision and urges us to reflect upon the actual progress we have made, giving us an invaluable opportunity to show stakeholders how to correctly envision our sustainability strategy, demonstrating the reliability of our decisions and strategies, in addition to underscoring our passion for what we do. The 2012 sustainability report therefore focuses on highlighting the initiatives and good practices that people in our company are devoted to implementing, with an ongoing focus on the integrated management of all the above aspects.

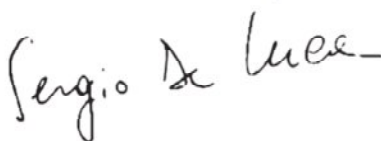
What we refer to as good practices consist, in truth, of "the innovation of our sustainable approach", which is to say the development of new technologies, solutions and industrial and corporate governance processes, as well as the management of resources and relationships with outside stakeholder.

These include new initiatives like our future leaders project, an international personnel recruitment and development process for voluntary candidates, the development of customer satisfaction systems for services offered to end users of major lines we have built, informing our suppliers in supply chain management, in order to meet specific sustainability requirements, and, finally, our ongoing focus on gathering feedback from the financial market to better direct management communications and transparency.

The growth of a business is the result of the integrated management of all the elements that interact with it, and those we have mentioned are only a few examples of the importance we give to sustainability in Ansaldo STS' business model. It is significantly affected by intangible assets, i.e., all the intellectual property and values, and human, relational and organisational assets, which are elements that, in an organisation and its strategies, give rise to a long lasting business destined to generate value over time.

There is no development without wealth, but the creation of wealth is not only based on economic results. It arises through the sound ambition of managers who correctly interpret the present and have a reasonable view of the future, managers who balance financial objectives with the quality of life of the people who deal with us every day and our families.

*Sergio De Luca*  
CEO of Ansaldo STS S.p.A.



*Alessandro Pansa*  
Chairman of Ansaldo STS S.p.A.



For all instances of this documents please refers to Ansaldo STS Sustainability Report 2012  
<http://www.ansaldo-sts.com/en/archive/2012-sustainability-report>

## Human Rights Principles

“Ansaldo STS upholds and promotes human rights in every context in which it operates, by creating equal opportunities for its people and fair treatment for all - regardless of race, nationality, political creed, religion, gender, age, minority status, disability, sexual orientation, personal or social condition – and always respecting the dignity of each individual and each employee.” (Code of Ethics).

In 2012, the Group companies completed the implementation of the code of ethics, which they had begun in 2011, with the code’s formal approval by the respective boards of directors or equivalent management bodies and its disclosure to all personnel, in the manner followed by the parent, Ansaldo STS. In addition, a body was set up within each Group company to promote the implementation of the code of ethics, and a specific information channel was created, which can be used to report any conduct that is inconsistent with the principles of the code of ethics by sending an email.

Such reports are managed in accordance with an Ansaldo STS procedure issued in 2012 (see also “Training on the code of ethics” page 73).

- **Code of ethics and training** (p 40 and p 73 Sustainability Report 2012)
- **Declaration of respect for human rights** (p 27 Sustainability Report 2012)
- **Personnel management policy** (p 65 Sustainability Report 2012)
- **Fair remuneration** (p 76 Sustainability Report 2012)
- **Company climate and improvement measures** (p 89 Sustainability Report 2012)
- **Internationalisation and multi-cultural management** (p 74 Sustainability Report 2012)
- **Worker health and safety policy** (p 79 - 80 Sustainability Report 2012)
- **Product liability** (p 105 Sustainability Report 2012)
- **Supply chain sustainability** (p 114 Sustainability Report 2012)

## Implementation

### **Commitments undertaken in 2011      Activities carried out in 2012**

Completion of the activities to implement the code of ethics in the remaining Group companies, defining the application procedures.

In 2012, the Group companies completed the implementation of the code of ethics, which they had begun in 2011, with the code’s formal approval by the respective boards of directors or equivalent management bodies and its disclosure to all personnel, in the manner followed by the parent, Ansaldo STS. In addition, a body was set up within each Group company to promote the implementation of the code of ethics, and a specific information channel was created, which can be used to report any conduct that is inconsistent with the principles of the code of ethics by sending an email. Such reports are managed in accordance with a Group procedure issued in 2012.

Maintenance of the quality system and extension of the UNI EN ISO certification to the registered office in China. Implementation of the improvement plan, as defined in the scope of the KORU, RT150 and Lean

ISO 9001 certification was maintained in the registered offices where it was previously earned and it was extended to the registered offices in China and Taiwan.

The activities planned for 2012 were implemented as planned

Manufacturing modules in the efficiency plan.

Implementation, as part of the new product and application development process, of an improvement plan based on maturity level 5 of the capability maturity model integration model.

The improvement plan is being implemented. The interim objective of extending maturity level 2 of the capability maturity model integration certification to the registered offices in France and the US was achieved in December 2012.

### **Measurement of outcomes**

#### **➤ Sustainability programme & Reporting methodology (p. 168 Sustainability Report)**

Ansaldo STS' sustainability at 31 December 2012 has been prepared in accordance with the updated "Sustainability reporting Guidelines" defined in 2011 (version 3.1) by the GRI (Global Reporting Initiative). Furthermore, they have been prepared following the applicable GRI Protocol Boundary. The compliance level of the 2012 sustainability report with the aforementioned guidelines has been scored B+. The report documents, for the fourth consecutive year, the economic, social and environmental impact of operations.

**Materiality** - To ensure balanced and correct reporting of its performance, Ansaldo STS' Internal Sustainability Committee has explored the various areas subject to reporting, guaranteeing the quality of the report. The committee has analysed the materiality of these areas to highlight how the different areas affect the company's economic, environmental and social performance and how they can influence stakeholders' evaluations and decisions.

**Inclusion of stakeholders** - The application of this principle has led the company to define the main factors that characterise its relationship with each stakeholder category, in order to assess Ansaldo STS' ability to respond to them. With the aim of better identifying stakeholder expectations in terms of information, needs and the evaluation of the company's work, various stakeholder feedback activities have been carried out and are described in the relevant sections of this document.

**Sustainability** - In the section on "Sustainable development" we have sought to clearly define how Ansaldo STS interprets the sustainability of its business sector. In the chapter on the environment, readers can see how the company has taken a prudent approach.

**Completeness** - This report was designed to enable stakeholders to gain a complete view of Ansaldo STS' activities. The scope of reporting refers to the group, as indicated in the consolidated financial statements as at and for the year ended 31 December 2012. The issues relating to the environment, health and safety refer to the subsidiaries' sites that are deemed material, i.e., if they have at least 10 employees. Changes in the scope in 2012 are detailed in the paragraph on the *Scope of the report* in the section of the report entitled *Environmental, health and safety sustainability*.

**In Asia-Pacific**, Ansaldo STS has a joint venture in which 40% of the personnel are Ansaldo STS employees: the data for this joint venture have been estimated (and thereby calculated considering 40% of total personnel in the region).

**Balance** - In describing the results of Ansaldo STS' activities, we have sought to reflect both the positive and negative aspects (e.g., reporting on objectives that were not achieved or that were only partially achieved in 2012, with respect to the commitments made) to give a balanced view of overall performance. **Comparability** - To enable stakeholders to analyse changes in the company's performance, the sustainability report includes comparative data for 2011 and 2012. Where meaningful, the comparative data covers the 2010- 2012 three-year period. Income statement figures, expressed in Euro, have been translated at the exchange rates indicated in the 2012 consolidated financial statements. The scope of the data is always indicated (in the text or in a note), along with changes compared to previous years. The structure of the report has not undergone any substantial changes, although it has been lengthened to cover specific issues. Progress relating to Ansaldo STS' commitments is described in the sections on the different stakeholders in this report. **Accuracy** - Results and qualitative and quantitative data refer directly to the 2012 consolidated financial statements, while the accuracy of environmental, health

and safety data derives from the certified management systems (ISO 14001 and OHSAS 18001) and the use of the Enablon data collection platform which the Finmeccanica group implemented in 2010. Social sustainability data have been mainly extracted from Ansaldo STS' operating systems. Estimates are explicitly indicated. The conversion rates used for the calculation of GHG emissions are those defined by the Finmeccanica group. Timeliness - The sustainability report is prepared annually and always published for the shareholders' meeting. To best meet the informational needs of stakeholders, where material, events that occurred after the year end are also reported. Clarity - The report was structured to make the information easily identifiable by stakeholders. The 2012 sustainability report includes four sections:

- Ansaldo STS' identity - Company profile, sustainable development, governance and organisation
- Economic sustainability - creation of value, governing innovation
- Social sustainability - Human resources, investor relations, customer and market relations, supply chain management, external affairs;
- Environmental, health and safety sustainability - HSE policies, management systems and certification, HSE performance

This document ends with the *G3 Content Index* and the review report of the independent auditors. The level of detail of information has been chosen in order to make the report comprehensible, accessible and usable by the various stakeholders.

The document refers to the company's website for details on certain matters, with an indication of exactly where the relevant documentation can be found.

Furthermore, sustainability communications have been particularly followed and updated on the website, where in 2013, an innovative document will be published that integrates the content of the annual report with that of the sustainability report.

Reliability - The 2012 sustainability report was approved by the board of directors and reviewed by independent experts (KPMG) in accordance with the International Standard on Assurance Engagement (ISAE 3000) of the International Auditing and Assurance Standard Board (IAASB). KPMG was involved in the various stages of the reporting process in order to facilitate its review, in a constructive climate of mutual collaboration.

## **Labour Principles**

Ansaldo STS offers equal opportunities, ensuring fair treatment on the basis of individual expertise and abilities and hiring people under legal employment contracts, mainly on an open-ended basis, in accordance with laws, national labour agreements, company agreements and current regulations. Over the course of employment, training is a crucial lever to make the most of human resources and update their skills to the market context, thereby expanding upon the abilities and knowledge of each employee, in line with the company's values and following a policy based on the recognition of one's merits and equal opportunities. Ansaldo STS' internationalisation process has also consolidated exchanges between people, fostering a greater appreciation of multiculturalism. Ansaldo STS guarantees its workers are free to join trade unions, and makes efforts so that its relationships with the unions are cooperative and friendly. Workers may report their opinions to Human Resources directly or via delegates.

### **Child labour**

Ansaldo STS hires workers under legal employment contracts, in accordance with laws, national labour agreements, company agreements and current regulations. In particular, Ansaldo STS does not allow and does not tolerate employment situations that violate current regulations on child labour, women's labour and immigration. This also applies to its external contractors, suppliers and business partners.

### **Forced labour**

There is no risk of forced labour at Ansaldo STS. In addition, the company requires its contractors and sub-contractors to guarantee the same in order to contribute to the abolition of such illegal practices.



## **Assessment, Policy and Goals**

- **Code of Ethics and training activities** (p.40,73 Sustainability Report)
- **Declaration on labour policies** (p. 40 Sustainability Report)
- **Remuneration and incentive schemes** (p. 76 Sustainability Report)
- **Fair remuneration** (p. 77 Sustainability Report)
- **Employee benefits** (p. 80 Sustainability Report)
- **People Care** (p.79 Sustainability Report)
- **Personnel management, recruitment and selection policy** (p.70 Sustainability Report)
- **Training and development** (p. 71 Sustainability Report)
- **Trade Unions** (p.85 Sustainability Report)
- **Corporate climate and improvement initiatives** (p.89 Sustainability Report)
- **Litigation management** (p.90 Sustainability Report)

## **Implementation**

### **Commitments undertaken in 2011      Activities carried out in 2012**

Implementation of the competency model on the company's IT tool (SABA) to assess performance (PDP – Performance Development Project). Inclusion of the classification of resources in terms of jobs and work level in the company's management tool (SAP).

In 2012, the design of the IT tool (SABA) was completed. It manages the Global Job System, which is the backbone of the role and responsibility system at Ansaldo STS. Using this IT tool, Ansaldo STS can associate all its employees at global level with a Work Level (WL). Each WL contains a detail of the responsibilities, the mission, competencies and skills for each job.

Updating of the remuneration policy in compliance with new CONSOB regulations.

The Ansaldo STS remuneration policy was revised, for alignment with CONSOB regulations. This policy, which specifically relates to Executive Directors and Key Managers, is aimed at:

- 1) promoting and creating value for shareholders in the medium to long-term,
- 2) creating a strong tie between remuneration and performance, at both individual and Group level and
- 3) attracting, retaining and motivating managers of top professional quality.

Implementing and consolidating the integrated assessment system between PDP (Performance Development Project) and GJS (Global Job System)

Each Ansaldo STS employee was able to self-evaluate their competencies and skills – associated with their work level – as a preliminary step to the assignment of development objectives in the PDP for 2012.

Implementing structured and targeted initiatives to develop

The future leaders project was launched to identify 20 top talents to whom strategic projects will be assigned over a two-

company talent. In this respect, as part of the talent management model already defined within the integrated HR development model, a development path for future leaders (i.e., a select group of high potential individuals) will be planned. It was kicked off in 2012 and is based on offering opportunities for direct involvement in strategic company projects.

Developing an inter institutional collaborative project to make the company's social responsibility genuine and operational. This will entail, with the collaboration of an institutional network in the Naples area, the creation of a city-lab to promote culture, development and innovation in the region.

Continuation of the "Values in action" campaign to support the importance of conduct in validating company values.

Improving performance, efficiency and team spirit, promoting specific action to strengthen key managers' leadership. In this respect, the "Key roles empowerment" initiative will be implemented to develop a greater level of expertise and awareness of and in Project Manager, Project Engineer, Product Development Engineer, Supply Chain Planner and Controller positions.

Completion of the activities to implement the code of ethics in the remaining Group companies, defining the application procedures

year period. The project is based on a structured in-house selection process that involved approximately 500 resources who applied of their own initiative. There were multiple selection criteria (assessment of potential, structured interviews, letter stating one's motivations, GMAT and TOEFL), for an approach based on transparent and objective final scores, leading to the selection of 20 future leaders.

Round tables were started with institutional representatives selected as potential partners in this project. In particular, the foundation of the S. Carlo Theatre in Naples and the Councilman for the environment of Naples participated in some preliminary meetings to consider the feasibility of projects in certain sectors.

A potential idea for a joint environmental and cultural development project in a suburban area of Naples (in the east of the city) was considered, with the municipal authorities allocating investments to improve the quality of life in the area. The proposed project has not yet been developed to an operating stage.

The "values in action" communications campaign saw the participation of all legal entities. The proposals received in the shape of slogans, videos and photographs were used to draw attention to values and related conduct. There were articles on the intranet, posters and information on company screens to underscore this initiative.

Strengthening and spreading the team spirit of project teams by planning specific action for continuous improvement. Specifically, the "Key Role Empowerment" initiative was planned and implemented, involving a large number of key resources in certain strategic Ansaldo STS projects. This initiative saw the organisation of two workshops to foster awareness and understanding of key project roles: Project Manager, Project Engineer, Product Development Engineer, Supply Chain Planner and Project Controllers, involving not only these key project positions, but function managers and top management as well. The aim of the workshops was to share the organisational model, processes, requirements and expected conduct for people in key project roles, by taking an interactive approach, in which participants were able to ask questions of top management and hear their vision.

In 2012, the Group companies completed the implementation of the code of ethics, which they had begun in 2011, with the code's formal approval by the respective boards of directors or equivalent management bodies and its disclosure to all personnel, in the manner followed by the parent, Ansaldo STS. In addition, a body was set up within each Group company to promote the implementation of the code of ethics, and a specific information channel was created, which can be used to report

any conduct that is inconsistent with the principles of the code of ethics by sending an email. Such reports are managed in accordance with a Group procedure issued in 2012.

Maintenance of the quality system and extension of the UNI EN ISO certification to the registered office in China.

- ISO 9001 certification was maintained in the registered offices where it was previously earned and it was extended to the registered offices in China and Taiwan.

Implementation of the improvement plan, as defined in the scope of the KORU, RT150 and Lean Manufacturing modules in the efficiency plan.

The activities planned for 2012 were implemented as planned.

### **Measurement of outcomes**

See Human Rights Principles section

## **Environmental Principles**

In its commitment to sustainable development, Ansaldo STS focuses on:

- guaranteeing quality of life;
- ensuring continuous access to natural resources;
- avoiding permanent damage to the environment.

This has entailed the integration of environmental considerations in the preparation and implementation of company policies and the creation of production processes. It is on this basis that Ansaldo has adopted an environmental policy and is implementing the related environmental management system, defining the organisation, responsibilities, operating methods and investments needed. In this way, it is committed to achieving the following objectives:

- ensuring compliance with the legal requirements applicable to its processes by formalising procedures that foster awareness of the relevant legislative framework;
- identifying significant environmental aspects to reduce and control the related impact on the environment;
- involving and informing suppliers/sub-contractors to comply with environmental provisions that relate to them;
- defining indicators for performance monitoring.

All company bodies are required to closely comply with the principles of the environmental management system, and they are actively involved in preparing and updating it. Ansaldo STS aims to complete the certification process for its sites under UNI EN ISO 14001 standards.

**Integrated management system** The company has implemented an integrated management system ("IMS") for the environment, safety and quality, which integrates all Ansaldo STS processes in one single complete structure, enabling the organisation to operate as a single unit with shared objectives. At central level, global policies and procedures have been established to ensure controlled management of processes and activities relating to quality, the workplace and environmental protection. On this basis, and where there are specific legislative requirements,



each legal entity has established local guidelines to ensure compliance with the requirements applicable to its processes. Development and extension of environmentally-friendly technologies Ansaldo STS is constantly committed to providing its customers and end users (passengers and freight) with the best and safest products, using the best design methodologies and procedures and the best existing building methods and processes, in line with its commitment to reduce energy consumption and its direct and indirect impact on the environment.

In addition, it promotes technological and managerial training through partnerships with universities, particularly with respect to information communication technology and the sustainability, health and safety of transportation systems.

It actively participates in research projects co-financed by Italian and EU institutions on how to improve safety, energy efficiency, environmental impact, sustainable mobility and the interoperability of transportation systems.

## **Assessment, Policy and Goals**

- **Environmental policy and management system** (p. 137 Sustainability Report)
- **Integrated Management System** (p. 138 Sustainability Report)
- **Environmental training** (p. 140 Sustainability Report)
- **Commitment of fight climate change** (p. 142 Sustainability Report)
- **Carbon Management System** (p. 143 Sustainability Report)
- **Participation in the Carbon Disclosure Project** (p. 146 Sustainability Report)
- **Environmental Performance (energy consumption, emissions into the atmosphere, water resources, waste)** (p. 148 Sustainability Report)
- **Costs and investments for the environment, health and safety** (p. 160 Sustainability Report)
- **Commitments to improve performances** (p. 161 Sustainability Report)
- **The Health and safety policy** (p. 162 Sustainability Report)
- **Commitments to improve performances** (p. 161 Sustainability Report)

## **Implementation**

### **Commitments undertaken in 2010      Activities carried out in 2011**

#### **The GENOA, NAPLES and PIOSSASCO sites**

- 20%/40% increase in the hours of environmental training through training sessions with the help of outside bodies.
- An environmental training project is being studied in the light of the Global Job Systems implemented in 2011.

Activities are underway: total environmental training hours rose from 20 in 2011 to 123 in 2012.

- The training programme was implemented and activities are underway.

#### **TITO SCALO site**

- 2% reduction in electrical energy consumption through the installation of a solar energy system.

Electrical energy consumption was reduced by 9.3% from 1,646,037 Kw in 2011 to 1,493,537Kw in 2012.

#### PIOSSASCO site

- Replacement of two refrigeration units.

- Replaced refrigeration units

#### BRISBANE, PERTH, SYDNEY, BANGALORE, KOLKATA, KL OFFICE, NOIDA, KARRATHA, PITTSBURGH, LES ULIS, RIOM and SOLNA sites

Reduction in electrical energy consumption:

- by replacing traditional light bulbs with energy-efficient bulbs;
- by preparing informational material and organising training courses for employees aimed at a careful management of the activities that affect energy consumption.

Energy-efficient light bulbs replaced traditional bulbs, informational material was distributed and training courses were held for employees aimed at a careful management of the activities that affect energy consumption. The increase in the consumption of electrical energy in Perth and Brisbane was mainly due to growth in activities.

- A pilot project is currently being studied on energy efficiency, which provides for the replacement of the lighting system with LED-based and DALI systems.

#### GENOA, TITO SCALO, NAPLES and PIOSSASCO sites

- Reduction in employee travel between Ansaldo STS sites, by preparing videoconferencing rooms and implementing PCs equipped with webcams.

- Travel between sites is down, but travel to distant work sites in the Middle East, Far East and Australia is up.

### **Training**

#### **Measurement of outcomes**

See Human Rights Principles section

## Anti Corruption Principles

Since it began operations in 2006, Ansaldo STS has adopted the organisational, management and control model (also referred to as the “Model”) pursuant to Legislative Decree no. 231/2001, which deals, inter alia, with acts of corruption. The Group companies operating before 2006 have also adopted the organisational, management and control model (those that merged into the parent in 2009) since the enactment of Legislative Decree no. 231/2001.

Assessment activities are underway to update the model following the modifications to Legislative decree no. 231/2001 in Law no. 190 of 6 November 2012 (also referred to as the anti-corruption law). In particular, this law governs the bribing of natural persons by other natural persons, which is also applicable with respect to corporate liability under Legislative decree no. 231/2001.

Ansaldo STS S.p.A.’s employees are required to comply with the organisational, management and control model and the procedures specifying the operating methods for the various company processes. These procedures include one that applies to all Group companies and governs contracts to support sales activities (such as those with consultants and sales promoters), defining the rules for establishing and managing these relationships.

This procedure was introduced at the start of 2011 with the adoption of a series of Finmeccanica initiatives to strengthen the internal control system, with specific regard to acts of corruption and corporate crimes.

Finmeccanica’s programme continued into 2012, and with respect to the above procedure for contracts supporting sales activities, certain application methods were detailed. In addition, the roles, responsibilities and traceability of the following areas were better defined:

- revision of Ansaldo STS procedures that were already in place or introducing new procedures;
- sponsorships, publicity campaigns and contributions to associations and bodies;
- conferral of advisory engagements and professional services;
- gifts, hospitality, processing facilitating payments and entertainment expenses;
- mergers and acquisitions.

If corruption occurs (although this has never happened within the Group), disciplinary action would be taken in accordance with the model, which includes dismissal without notice.

The main risk areas, including direct risks and the risk of activity supporting the acts of corruption, subject to the requirements of the organisational, management and control model, are the sales area, contract management, sites, administration, finance and control, HR and soft loans.

All employees receive notices when the model is updated. Some employees operating in areas at risk of such crimes and company managers and junior managers receive specific training, usually in the form of e-learning, when the organisational, management and control model pursuant to Legislative decree no. 231/2001 is updated.

They also sign periodic statements certifying their compliance with the Model and, where applicable, the statement includes mention of the most significant relationships with the public administration.

### Assessment, Policy and Goals

- **Code of Ethics and training activities** (p. 40 Sustainability Report)
- **Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001** (p. 39 Sustainability Report)
- **Sustainability and management systems** (p.44 Sustainability Report)

Since the start of its operations in 2006, Ansaldo STS has adopted the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, which deals, *inter alia*, with bribery offences.

The Organisation, Management and Control Model has been adopted by the preexisting Italian Group companies (merged into the Parent Company in 2009) since the enactment of Legislative Decree no. 231/2001. The employees of Ansaldo STS S.p.A. are required to comply with the Organization, Management and Control Model and the corporate procedures that specify the operational procedures of the various corporate processes. Among these procedures is a procedure, which is applicable to all Group companies, which regulates the procedures for selecting and managing agents and providers of services to support business activities in order to ensure transparency and traceability in relation to these subjects.

In case of corruption events (which have never occurred so far in the Group), the reaction would be the disciplinary sanction as required by the Model, which also provides for dismissal without notice. The main risk areas, which include both those exposed to direct risks and those which support the commission of bribery offences, and which are subject to the formalities required by the Organisation, Management and Control Model are: sales, management of orders, sites, administration, finance and control, HR and soft loans. All the employees are given an information notice whenever the Model is subsequently updated. Certain employees who have been identified as operating within the areas subject to the risk of crime, or executives and middle managers of the company, received a specific e-learning training on the occasion of updates of the Organisation, Management and Control Model and of the regulations under Legislative Decree no. 231/2001. The same persons also sign periodical statements to attest to the compliance with the Organisation, Management and Control Model and, where applicable, the statement also specifies the most significant relationships maintained with representatives of public administrations.

## **Implementation**

### **Commitments undertaken in 2011      Activities carried out in 2012**

Completion of the activities to implement the code of ethics in the remaining Group companies, defining the application procedures.

In 2012, the Group companies completed the implementation of the code of ethics, which they had begun in 2011, with the code's formal approval by the respective boards of directors or equivalent management bodies and its disclosure to all personnel, in the manner followed by the parent, Ansaldo STS. In addition, a body was set up within each Group company to promote the implementation of the code of ethics, and a specific information channel was created, which can be used to report any conduct that is inconsistent with the principles of the code of ethics by sending an email. Such reports are managed in accordance with a Group procedure issued in 2012.

## **Measurement of outcomes**

See Human Rights Principles section