



# Index

## Presentation of the IV Environmental Report

- 2 Environmental policy of the Finmeccanica Group
- 3 Guidelines and methodological notes
- 4 FGRE and the Environmental Report of the Finmeccanica Group

## Profile of the Group

- 6 Business Sectors
- 7 Key figures
- 7 People
- 7 Markets
- 8 Objectives

## Environmental protection

- 12 Sites and companies comprising the Environmental Report
  - DRS Technologies and the approach to environmental management
- 15 Production processes typical of the Finmeccanica Group
- 15 Environmental commitment
- 17 Environmental improvement and technological improvement
  - The Environmental Dashboard of SELEX Communications
  - Alenia Aeronavali and the protection of the environmental patrimony of the Venice Lagoon
  - The Green Apple Awards 2008 of the SELEX Galileo site of Luton
  - Recycling process of Alenia Aeronautica: Innovation Award 2008
  - Elsag Datamat and Life Cycle Assessment
- 22 Energy efficiency and renewable energy at Finmeccanica
- 23 Environmental investments

## Environmental communication, training and information

### Environmental aspects

- 28 Soil use: green areas of the Finmeccanica Group
- 29 Protection of soil and subsoil
- 30 Water
- 33 Wastes
- 35 Energy
- 36 Greenhouse gases
  - Direct CO<sub>2</sub> emissions
  - Indirect CO<sub>2</sub> emissions
  - Emission Trading
- 39 Other emissions in the atmosphere
- 40 Hazardous substances
  - Companies at Major Accident Hazard
  - Integrated Pollution Prevention and Control (IPPC)
  - Ozone depleting substances
- 42 Electromagnetic fields

### Improvement objectives

### Department/person to contact

### Words of the environment

### Verification Statement and Certification of the Environmental Report

## 2

### ENVIRONMENTAL POLICY OF THE FINMECCANICA GROUP

Finmeccanica considers it important to integrate management of the environmental aspects in the business objectives for the long-term maintenance of the levels of sustainability, profitability and competitiveness of the Group.

Bearing this in mind, the Top Management of Finmeccanica promotes the adoption of management systems enabling it to control the Firm's production processes for purposes of protection of the environment and optimal utilisation of natural resources.

Finmeccanica, in respect of environmental laws, regulations and treaties, recognises the high social validity of environmental aspects and accordingly promotes, through its controlled Companies also, collaboration with the established Authorities and communication with the public.

The controlled Companies of the Finmeccanica Group integrate their own activities in respect of the environmental factors as from the planning stage of processes and products.

Furthermore, principles aimed at environmental protection are applied throughout the life cycle of each industrial plant.

Such Companies set in hand measures aimed:

- › at the ongoing improvement of their environmental performances;
- › at the pinpointing of areas for environmental improvement and, where possible, the application of the best available techniques;
- › at the control and reduction of use of the most dangerous substances;
- › at energy saving;
- › at minimisation of waste production.

Environmental protection is the subject of specific training initiatives for all those employees who, according to their role, put into practice the principles enunciated in the Group's Environmental Policy, promoting actions aimed at controlling the environmental effects of their own activity. The controlled companies of the Finmeccanica Group use their own organization to check on the application of the present Environmental Policy, to lay down environmental objectives and goals and work out systems for the periodical assessment of same.

**Pier Francesco Guarguaglini**

Chairman and Managing Director



### GUIDELINES AND METHODOLOGICAL NOTES

The Environmental Report is a voluntary accounting instrument for environmental data and for the environmental performance of a Company, intended for both external interlocutors and interlocutors within the firm. The publication of an Environmental Report is an expression of the attention that the Company pays to the consequences of its activities as regards the environment; this involves having a system of audit and management of the important environmental variables and an environmental policy oriented toward the continuous improvement of environmental performance. The Finmeccanica Group has set itself the objective of the continuous improvement of its performance in the environmental field and for that purpose decided, since 2006, to implement a Group Environmental Policy: the “Environmental Policy of the Finmeccanica Group.”

In line with this objective, in 2006 the Finmeccanica Group started the gathering, rationalisation and processing of the environmental data of its Companies pertaining to the year 2005. The results of this analysis were presented in 2006 in the first “*Finmeccanica Environmental Report 2005*”; this practice was carried on in the following years with the publication and presentation of the 2006 and 2007 editions of the Group’s Environmental Report.

This year, too, with the same objectives and in continuity with what was realised in the previous years, the “*Finmeccanica Environmental Report 2008*” has been prepared; in it, wherever possible, the environmental data pertaining to the year 2008 of 135 (one hundred thirty-five) sites have been represented and compared with those for the years 2006 and 2007.

In order to allow a comparison of the Finmeccanica Group’s environmental performance over the years, indicators have been elaborated for some environmental aspects to link the environmental aspect considered (e.g. water consumption, waste production, etc.) and the number of hours worked.

This elaboration makes it possible to analyse the environmental performance of the Finmeccanica Group over the years, freeing the analysis from the number of sites within the scope of the Environmental Report, and correlating any variations with a value, such as the number of hours worked, in connection with the production of the Group’s Companies in the years of reference. The Environmental Reports of the Finmeccanica Group are inspired by the “Guidelines for the Preparation of the Company Environmental Report” edited by FEEM (Enrico Mattei ENI Foundation).

The “Finmeccanica Environmental Report” contains:

- a) the environmental data of the sites of the Companies in which Finmeccanica held, between 1<sup>st</sup> January and 31<sup>st</sup> of the year of reference, a company share of 51% or more of the share capital;
- a) the environmental data of the sites of the Companies under the control of the Companies as per point a) whose environmental aspects may be significant<sup>1</sup>;
- a) the environmental data of the sites of the Companies in which Finmeccanica is the majority shareholder.

Excluded from this Environmental Report are office locations with 25 employees or less and sites with 20 employees or less whose predominant activities are of a production type but where the environmental aspects are not significant.

Sites of the Companies acquired by the Group or established during the year 2008 are also excluded.

Unless otherwise specified, the data and information contained in this Report refer to the year 2008 (1<sup>st</sup> January 2008 – 31<sup>st</sup> December 2008); however, as regards the most significant environmental aspects, data pertaining to the previous two years (2006 and 2007) are included to let the reader appreciate any variations.

<sup>1</sup> For purposes of this document, an environmental aspect is significant when referred to activities that involve mechanical processing, treatment of metal and non-metal materials, heat treatment, surface treatment, gluing or resinification.

## 4

The environmental aspects analysed in this Environmental Report, whether presented in the form of an absolute value or as an environmental indicator with respect to hours worked, are represented at the Group level.

In consideration of the extreme heterogeneity of the sectors in which the Group operates, in some cases the environmental aspects have been aggregated at Business Unit level in order to provide the reader with further elements for the interpretation of the datum in question.

The representativeness<sup>2</sup> of the data provided in this Environmental Report for each environmental aspect is always over 98%.

The realisation of the fourth edition of the “*Finmeccanica Environmental Report*” confirms that the Finmeccanica Group took a course towards a structured approach to environmental accounting, the building and keeping of a commitment to constructive dialogue and participation with the multiplicity of stakeholders with whom the Finmeccanica Group relates, in addition to the building of a useful internal instrument for the optimisation of the Company management systems.

### **FGRE AND THE ENVIRONMENTAL REPORT OF THE FINMECCANICA GROUP**

The “Finmeccanica Environmental Report 2008” was planned, co-ordinated and realised by the Environment, Health & Safety Service (EHS) of Finmeccanica Group Real Estate (FGRE). As part of its activities, the EHS Service supports, at the Group level, the definition of environmental policies, with particular reference to the Environmental Report and its implementation at the Companies.

This year, too, FGRE performed a homogeneous and organic environmental check-up of the Finmeccanica sites belonging to the different Business Units and located in various countries, updating with the 2008 environmental data the database where the environmental data of the Group have been gathered since 2005.

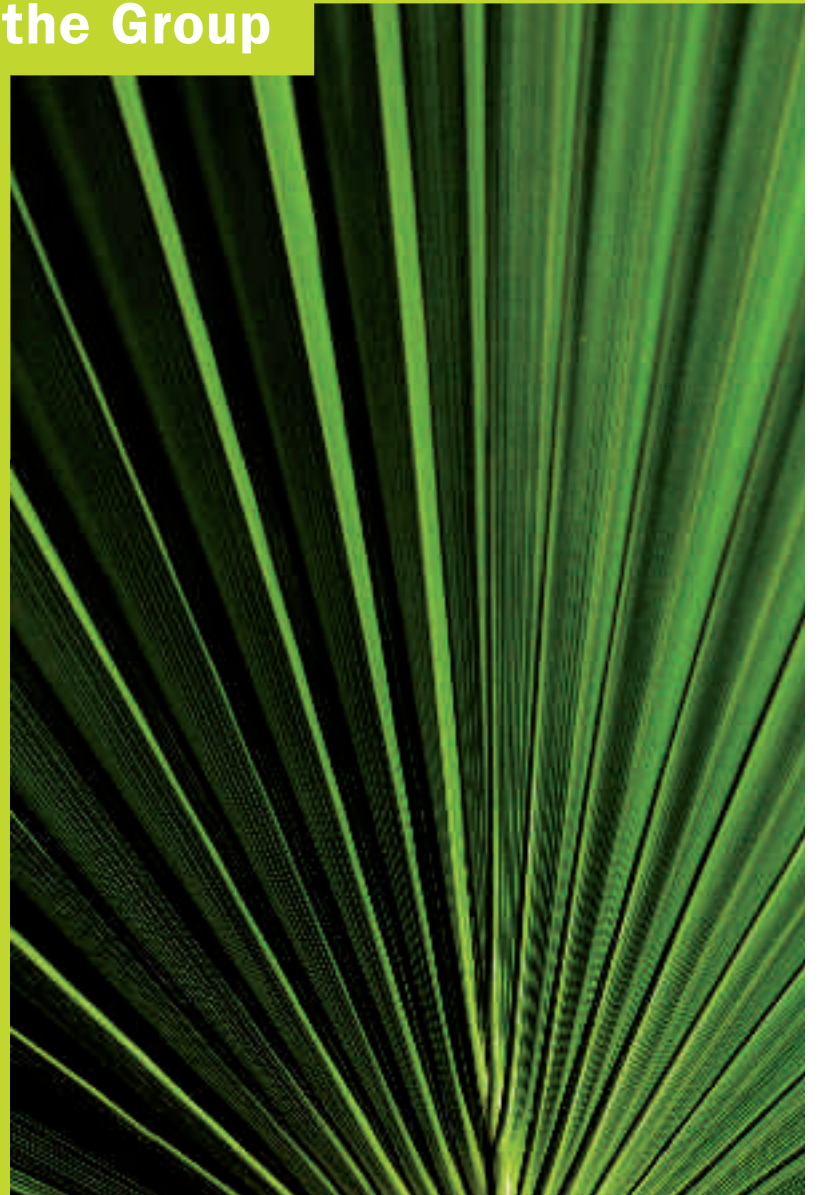
To respond to the need of representing the Group’s environmental performance over the years in a meaningful way, environmental indicators have been elaborated where pertinent.

In addition to the Group Environmental Report and the definition of environmental policies, along with the skills that it places at the disposal of Finmeccanica and the other Companies of the Group in the Environment and Safety sector, FGRE promotes and supervises the process of valorising the Group’s real estate assets and manages the real estate of the Group Corporate, of Finmeccanica Group Services (FGS) and of the same FGRE.

The texts of this Environmental Report have been realised by the EHS Service of FGRE, except for the texts contained in Chapter “Profile of the Group” elaborated by Finmeccanica, Paragraph “Energy Efficiency and Renewable Energy at Finmeccanica” realised by the Logistics, Energy and Global Services Office of FGS, and Paragraph “Environmental Improvement and Technological Improvement” directly realised by the Companies of the Group that are the protagonists of the Best Cases described therein.

<sup>2</sup> Number of sites that provided data compared to the total number of Group sites forming the object of this Environmental Report.

## Profile of the Group



# 6

## Profile of the Group

Clear strategies, consistent actions, high level skills and know-how, and awareness of its social responsibilities – these are the basic factors that have enabled Finmeccanica to become, over the last few years, one of the world’s top-ten players in high-tech sectors for aerospace, defence and security.

The actions taken in recent years have been aimed at positioning the Group as an integrated worldwide organisation, based on innovation and internationalisation.

The mission is to create value and to achieve the aim of being a multi-cultural organisation with several domestic markets, operating in the fields of security, defence, mobility and quality of life for everyone.

### BUSINESS SECTORS

Finmeccanica operates in seven main areas: helicopters, electronics for defence and security, aeronautics, space, defence systems, energy and transport.

This organisation by business sectors has created groups of companies able to take advantage of synergies between themselves and with the rest of the Group. Thanks to this organisation, Finmeccanica is now able to compete internationally while continuing to develop the specialisations of individual companies.



Finmeccanica establishes the strategic guidelines, ensures that companies take advantage of synergies in their operations, and sets the common values for the Group.

Care and attention for a sustainable environment is a value that applies throughout the Group, and all Finmeccanica companies adopt the same goals, methods and parameters.

These parameters are established and checked by **Finmeccanica Group Real Estate** (FGRE),

responsible for developing and handling processes and services in the environment and Health and Safety areas which are useful for the Group as a whole.

### KEY FIGURES

The consolidated Finmeccanica results for 31 December 2008 confirm the trend in economic growth which began in 2003:

- **revenues** are up by 12% compared to 2007 (8% of which is due to growth in size) reaching 15 billion euros.
- the **order portfolio** has reached 42.9 billion euros, up by 9% on the previous year. Orders from international markets (excluding Italy and the UK as domestic markets) constitute 60% of the total.
- **profitability** continues to grow: the EBITA (Earning Before Interests, Taxes and Amortization, adjusted) is up by 25% against 2007; the ROS (Return On Sales) has reached 8.7% (from 7.8% in 2007) and net profits have risen by 19%.
- Finmeccanica has confirmed its **ability to create value**, with an increase in VAE (Economic Added Value) from 227 to 380 million euros.

In 2008, investments in **Research and Development** reached 1,809 million euros, equivalent to 12% of revenues (or 20% considering only the sectors of aerospace, defence and security). These figures make Finmeccanica the leading high-tech investor in Italy, and are often higher than its international rivals, confirming the Group's view of innovation as essential for growth and competition.

### PEOPLE

In 2008, the Finmeccanica team grew not only numerically but also in skills and know-how. With the arrival of US firm DRS Technologies, the Group's workforce has risen to nearly 73,400. Of these, about 43,000 work in Italy and 30,000 in the rest of the world (more than 12,000 in the USA and 10,000 in the UK).

The Group's intellectual assets are especially significant: about 28% of the personnel are graduates, mostly with engineering degrees. More than 13,000 people are involved in design and engineering, and 5,100 in R&D activities.

### MARKETS

Finmeccanica bases its business approach on two complementary and equally important factors: on the one hand, product excellence and innovation and, on the other hand, the quality of customer relations.

In recent years, the most significant change in market dynamics has been the gradual move away from merely supplying material goods to meeting a wider range of needs such as Through Life Cycle Management. For this reason, Finmeccanica now works more closely with its customers throughout the life cycle of its products. And it is this concept that best summarises an approach that leads to a sort of partnership between industry and customers, from the design phase through to handling continuous upgrading.

The technological excellence of its platforms and a wide range of integrated systems – involving the skills and know-how of the whole Group – have enabled Finmeccanica to move into new markets, with the aim of setting up enduring relations.

During 2008, the Group moved forward decisively in this direction. The acquisition of DRS Technologies has enabled Finmeccanica to set up a solid operational base in the **United States** and to boost its expertise in the field of electronics for defence and security with an even wider range of integrated systems in this crucial sector.

At the same time, there were many interesting developments in other strategic areas, such as **Russia**, with wide-ranging collaboration in the sectors of helicopters, aeronautics and rail transport; the **United Arab Emirates**, where Finmeccanica and the Mubadala Development Company have

signed an agreement for industrial collaboration in key areas (aeronautics, composite materials); **Turkey**, where important deals have been set up for integrated systems, helicopters and space activities; **India**, where collaboration regards helicopters, electronics for defence and security, aeronautics and underwater systems; and **China**, where activities are expanding in the fields of civil helicopters, transportation, air traffic control and harbour security.

### OBJECTIVES

Based on four guiding principles – **innovation, internationalisation, integration** and **creating value** – Finmeccanica's strategy has confirmed its effectiveness over time.

In 2008, the Group had to face a difficult situation, like all companies in its sector, which affected industry around the world and which rapidly spread from the financial sector to the real economy. Finmeccanica faced the uncertain economic conditions with determination, taking advantage of certain aspects of its strategy, such as its geographic diversification – making it less dependent on individual markets – and its financial expertise which once again shown itself to be vitally important. Furthermore, its type of business, consisting mostly of institutional customers and long-term supply cycles, places it in a relatively protected situation. The demand for “security”, in the widest sense of the word, continues to grow not only in industrialised countries but also in developing areas, especially the Middle East and the Asia-Pacific region. New types of protection, more varied and complex, include not only the threat of terrorism, but also the need to handle migratory flows, natural disasters, trade exchanges, information flows, and even the possibility of pandemics. These scenarios tend to require modular solutions which are interconnected and interoperable. Since the Group has a wide range of complementary technologies and the ability to link them into integrated systems, Finmeccanica is ideally positioned to meet these new requirements for protecting territories and people.

The Group's objectives for the future are guided by the same strategies and their application that have led to recent progress.

In particular, Finmeccanica intends to:

- strengthen its **three “strategic pillars”** (electronics for defence and security, helicopters, and aeronautics) taking advantage of integration with DRS Technologies, offering new product and market opportunities;
- valorise its **niches of excellence** in other areas in order to set up alliances where appropriate;
- take full advantage of the Group's ability to provide **integrated systems**;
- continue along the path of **innovation**, in order to respond to market changes by optimising the product portfolio;
- set up **local partnerships** enabling the Group to continue the process of geographical diversification, while focusing on promising markets;
- increase still further the **quality and competitive edge of its products** in order to increase profitability.

To achieve these objectives, Finmeccanica is well aware of the importance of **sustainable development**, in the sense of respecting commitments towards its stakeholders, carrying out its social responsibilities, and safeguarding the environment.

In the words of the Chairman and CEO, “success is not judged as an absolute value, but for the way in which it was achieved and for its ability to endure over time. And it can be called solid and long-lasting only if it arises with respect for the aspirations and hopes of the society in which we live, the environment that surrounds us, and most importantly the men and women who help to build it.”

## Environmental protection



## 12

## Sites and Companies comprising the Environmental Report

This Environmental Report represents and, where possible, compares the environmental performance for the years 2006, 2007 and 2008 of the sites of the Group's Companies selected on the basis of the criteria listed in Paragraph "Guidelines and methodological notes". In particular, this Report concerns the Geographic Areas and Business Areas specified in the following table.

<b>Geographic Area</b>	<b>No. of Sites / Offices</b>
Italy	85
UK	25
Rest of the world	25

<b>Business area</b>	<b>No. of Sites / Offices</b>
Aeronautics	16
Defence Systems	5
Helicopters	13
Space	6
Defence and Security Electronics	59
Energy and Transportation	34
Other	2
<b>Total no. of Sites / Offices</b>	<b>135</b>

Shown below are the Companies of the Group and the pertinent locations whose data and information have been gathered and elaborated for the realisation of the *Finmeccanica Environmental Report 2008*:

<i>Agusta S.p.A. - Helicopter sector:</i>	Anagni (Frosinone - Italy), Benevento (Italy), Brindisi (Italy), Cascina Costa di Samarate (Varese - Italy), Frosinone (Italy), Sesto Calende (Varese - Italy), Somma Lombardo (Varese - Italy), Vergiate (Varese - Italy), Lonate Pozzolo (Varese - Italy);
<i>Agusta Aerospace Corporation - Helicopter sector:</i>	Philadelphia (USA);
<i>Agusta Aerospace Services S.A. - Helicopter sector:</i>	Bierset (Belgium), Zaventem (Belgium);
<i>AgustaWestland Ltd - Helicopter sector:</i>	Yeovil (United Kingdom);
<i>Alenia Aermacchi S.p.A. - Aeronautics sector:</i>	Campo Volo (Varese - Italy), Valle Olona (Varese - Italy), Venegono Superiore (Varese - Italy);
<i>Alenia Aeronautica S.p.A. - Aeronautics sector:</i>	Caselle (Torino - Italy), Casoria (Napoli - Italy), Foggia (Italy), Nola (Napoli - Italy), Pomigliano (Napoli - Italy), Torino (Italy), Napoli (Italy), Roma (Italy);
<i>Alenia Aeronavali S.p.A. - Aeronautics sector:</i>	Brindisi (Italy), Napoli (Italy), Venezia (Italy);
<i>Alenia Composite S.p.A. - Aeronautics sector:</i>	Grottaglie (Taranto - Italy);
<i>Alenia SIA S.p.A. - Aeronautics sector:</i>	Torino (Italy);
<i>Ansaldo Breda S.p.A.</i>	
<i>- Energy and Transportation sector:</i>	Napoli (Italy), Pistoia (Italy), Reggio Calabria (Italy), Carini (Palermo - Italy);
<i>Ansaldo Energia S.p.A.</i>	
<i>- Energy and Transportation sector:</i>	Genova (Italy), Milano (Italy), Rheden (Holland);
<i>Ansaldo Fuel Cells - Energy and Transportation sector:</i>	Genova (Italy), Terni (Italy);
<i>Ansaldo Nucleare S.p.A.</i>	
<i>- Energy and Transportation sector:</i>	Genova (Italy);
<i>Ansaldo Ricerche S.p.A.</i>	
<i>- Energy and Transportation sector:</i>	Centro Sperimentale del Boschetto (Genova - Italy);
<i>Ansaldo STS S.p.A.</i>	
<i>- Energy and Transportation sector:</i>	Genova (Italy), Napoli (Italy), Piossasco (Torino - Italy), Tito Scalo (Potenza - Italy), Eagle Farm, Brisbane

	(Australia), Karratah (Australia), Kolkata (India), Bangalore (India), Noida (India), Kuala Lumpur Factory (Malaysia), Kuala Lumpur Office (Malaysia), New Castle (Australia), Perth (Australia), Pittsburgh (USA), Batesburg (USA), Riom (France), Les Ulis (France), London (UK), Solna (Sweden), Sydney Office (Australia), Kerry (Ireland);
<i>BredaMenarinibus S.p.A.</i>	
- <i>Energy and Transportation sector:</i>	Bologna (Italy);
<i>Elsacom S.p.A. - Defence and Security</i>	
<i>Electronics sector:</i>	Avezzano (Aquila - Italy), Roma (Italy);
<i>Elsag Datamat S.p.A. - Defence and Security</i>	
<i>Electronics sector:</i>	Genova (Italy), Roma, Via Laurentina (Italy), Roma, Via Naide (Italy), Roma, Via Segre (Italy), Assago (Milano - Italy), Firenze (Italy), Napoli (Italy), Milano (Italy);
<i>Fatagroup S.p.A. - Energy and Transportation sector:</i>	Torino (Italy);
<i>Finmeccanica S.p.A. - Other:</i>	Roma (Italy);
<i>Finmeccanica Group Services S.p.A. - Other:</i>	Roma (Italy);
<i>Larimart S.p.A. - Defence and Security</i>	
<i>Electronics sector:</i>	Roma (Italy);
<i>Oto Melara S.p.A. - Defence Systems sector:</i>	Brescia (Italy), La Spezia (Italy),;
<i>Oto Melara Iberica S.A.U. - Defence Systems sector:</i>	Valencia (Spain);
<i>SELEX Comms S.p.A. - Defence and Security</i>	
<i>Electronics sector:</i>	Catania (Italy), Chieti (Italy), Cisterna (Latina - Italy), Firenze (Italy), Genova Fiumara (Italy), Genova Negrone (Italy), L'Aquila (Italy), Milano (Italy), Montevarchi (Arezzo - Italy), Pomezia (Roma - Italy), Sesto Fiorentino (Firenze - Italy), Pisa (Italy), Ploiesti (Romania);
<i>SELEX Komunikasyon A.Ü.Ş. - Defence and Security</i>	
<i>Electronics sector:</i>	Ankara (Turkey);
<i>SELEX Comms Ltd. - Defence and Security</i>	
<i>Electronics sector:</i>	Basildon (UK), York (UK), Liverpool (UK), Portsmouth B.O. (UK), Christchurch (UK), Filton (UK);
<i>SELEX Galileo - Defence and Security</i>	
<i>Electronics sector:</i>	Carsoli (Aquila - Italy), Caselle Torinese (Torino - Italy), Firenze (Italy), Milano, Via G.B.Grassi (Italy), Milano, Via Montefeltro (Italy), Nerviano (Milano - Italy), Palermo (Italy), Pomezia (Roma - Italy), Roma (Italy), Ronchi dei Legionari (Gorizia - Italy), Aberporth (UK), Basildon (UK), Capability Green, Luton (UK), Crewe Toll, Edinburgh (UK), Portsmouth Foundry (UK), Southampton (UK);
<i>SELEX Service Management S.p.A.</i>	
- <i>Defence and Security Electronics sector:</i>	Roma (Italy);
<i>SEICOS S.p.A. - Defence and Security</i>	
<i>Electronics sector:</i>	Roma (Italy);
<i>SELEX Sistemi Integrati S.p.A.</i>	
- <i>Defence and Security Electronics sector:</i>	Genova (Italy), Giugliano (Napoli - Italy), Fusaro (Napoli - Italy), La Spezia (Italy), Roma (Italy), Taranto (Italy);
<i>SELEX Sistemi Integrati Inc.</i>	
- <i>Defence and Security Electronics sector:</i>	Overland Park, Kansas (USA);
<i>SELEX Sistemi Integrati Ltd</i>	
- <i>Defence and Security Electronics sector:</i>	Broad Oak, Portsmouth (UK);
<i>SELEX Sistemi Integrati GmbH</i>	
- <i>Defence and Security Electronics sector:</i>	Neuss-Rosellen (Germany);
<i>Space Software Italia S.p.A.</i>	
- <i>Defence and Security Electronics sector:</i>	Taranto (Italy);
<i>Telespazio S.p.A. - Space sector:</i>	Fucino (Aquila - Italy), Gera Lario (Como - Italy), Matera (Italy), Roma, Via Tiburtina (Italy), Roma, Via Cannizzaro (Italy), Scanzano (Palermo - Italy);
<i>Wass S.p.A. - Defence Systems sector:</i>	Napoli (Italy), Livorno (Italy).

On October 22, 2008, Finmeccanica completed the acquisition of DRS Technologies (DRS), leader company in the supply of integrated products, services and support in the Defence and Security Electronics sector. The acquisition of DRS, which employs over 10,500 persons, significantly strengthens the presence of Finmeccanica in the U.S.A.; however, since this transaction took place during 2008, in accordance with the criteria for selection of the sites included in this Environmental Report (Paragraph “Guidelines and methodological notes”), the environmental data for DRS and its sites will be elaborated and represented starting next year (2009 data).

#### **DRS TECHNOLOGIES AND THE APPROACH TO ENVIRONMENTAL MANAGEMENT**

On October 22, 2008, DRS Technologies, Inc. (“DRS”) joined the Finmeccanica Group solidifying the Group’s position as a top-tier international competitor with an established transatlantic Defense Electronics capability. This merger reinforced its commitment to the U.S. market, industrial base and, most importantly, the American armed forces.

DRS, headquartered in Parsippany, N.J., U.S.A., has served the defense industry for over 40 years and is a leading supplier of integrated products, services and support to military forces, intelligence agencies and prime contractors worldwide. Focused on defense technology, the Company develops, manufactures and supports a broad range of products, systems and services supporting mission-critical military requirements, as well as systems that address homeland security challenges.

DRS’ 10,500 employees work in approximately 130 locations, in the US, Canada, UK, and on military bases around the globe. Approximately thirty percent (30%) of these locations manufacture, assemble or test products. Activities and process having significant environmental impacts include energy consumption, use of volatile organic substances and generation of hazardous waste. International environmental standards are in place in four locations. Approximately half of the remaining manufacturing, assembly or test facilities are in the process of determining whether to register under ISO 14001.

DRS and Finmeccanica have compatible environmental objectives. DRS’ Environmental Policy commits the Company to conducting its operations and activities in a manner that protects the environment and conserves natural resources. In meeting this commitment it is DRS’ policy that no employee shall engage in any conduct that violates any environmental, health or safety law or is otherwise inconsistent with the highest levels of corporate responsibility to the environmental needs of our communities. DRS is also committed to the continual improvement of its environmental management systems, its environmental, health and safety programs and to the prevention of pollution.

DRS shares Finmeccanica’s commitment to consider the environment in light of its business decisions. To reinforce this commitment, the President of each DRS Operating Segment is required to brief DRS Corporate leadership every quarter on the status of environmental health and safety programs at every significant DRS operating location. In this way, environmental performance is accorded the same scrutiny as programmatic and financial performance.

DRS operating locations have achieved outstanding results in their environmental performance. Environmental performance is encouraged by and monitored through a management system of environmental, health and safety reviews, performed on-site approximately once every fifteen months. All findings are tracked to closure. This system has produced an outstanding record of compliance with applicable environmental regulations, as well as a significant reduction in the traditional use of volatile organic substances and concurrent hazardous waste generation, DRS has also eliminated all of its underground storage tanks. DRS operating locations produce components of wind power systems, high efficiency power generators and cogeneration systems, contributing to the reduction of the world’s dependence upon fossil fuels.

During 2008, more than half of the significant DRS operating locations initiated projects aimed at reducing energy consumption and increasing environmental awareness. Data regarding resource usage and waste generation is expected to be available for inclusion in the 2009 Finmeccanica Group Environmental Report.

In 2009, DRS formed a committee of General Managers to evaluate, select and encourage green initiatives to be undertaken throughout the Company. These projects are expected to reduce energy consumption through upgrade of lighting, heating and cooling systems; to minimize paper use and waste; and to increase employee awareness through training and involvement programs. The efforts of this committee are expected to further reduce DRS' environmental footprint, and to encourage consideration of environmental aspects in every stage of the product life cycle.

## Production processes typical of the Finmeccanica Group

The typical activities of the Finmeccanica Group involve production processes summarised in the following macro categories:

**production processes typical of the mechanical industry:** these processes consist of the manufacture and assembly of mechanical parts using ferrous and non-ferrous materials, the production of castings using aluminium and magnesium alloys, the manufacture and assembly of structures with rolled aluminium sections, heat treatment, the manufacture of assemblages of composite material through polymerisation processes, heat treatment for tempering, casehardening and nitriding, galvanic treatment, and the painting and paint stripping of surfaces. The sectors mainly involved in the above-mentioned production processes are: Aeronautics, Helicopters, Defence Systems and Transportation.

**production processes typical of the electronics and microelectronics industry:** these processes consist of the manufacture and assembly of electronic components and printed circuits, the performance of laboratory tests and testing of equipment. The sectors mainly involved in these production processes are Defence and Security Electronics.

**design, development, programming and maintenance** of software and of systems, services and solutions for automation, security, transportation, defence and space. The sectors mainly involved in these production processes are: Defence and Security Electronics, Energy, Transportation and Space.

**management of satellites and services for observation of the Earth,** satellite navigation, integrated networks for multimedia telecommunications, integrated and enhanced connectivity. The sector mainly involved in these production processes is Space.

## Environmental commitment

As the definition of the Environmental Policy represents the formalisation of the Finmeccanica Group's commitment to the eco-compatible development of its activities, so the annual publication of the Environmental Report is the formalisation of the commitment to transparency and to the growing responsibility in relation to environmental themes.

Both elements, fundamental in the process initiated in the Finmeccanica Group toward a uniform approach to environmental sustainability, find evidence in the growing number of production units

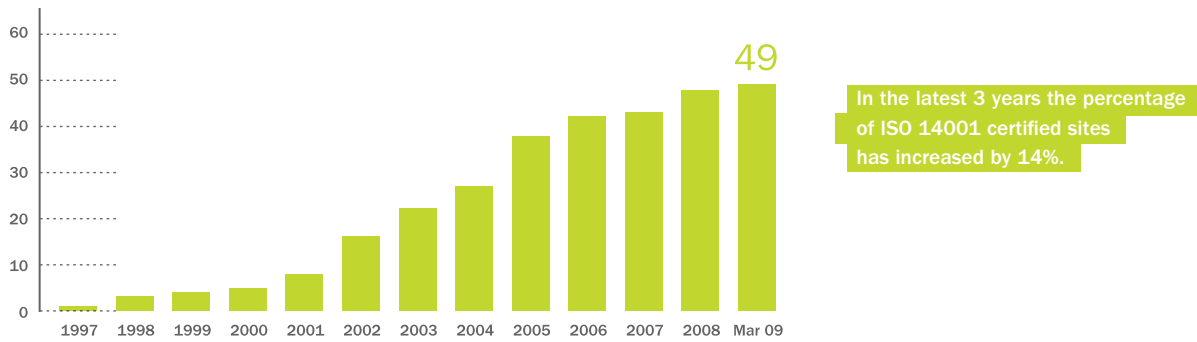
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provided with environmental policies or integrated EHS policies and environmental management systems.

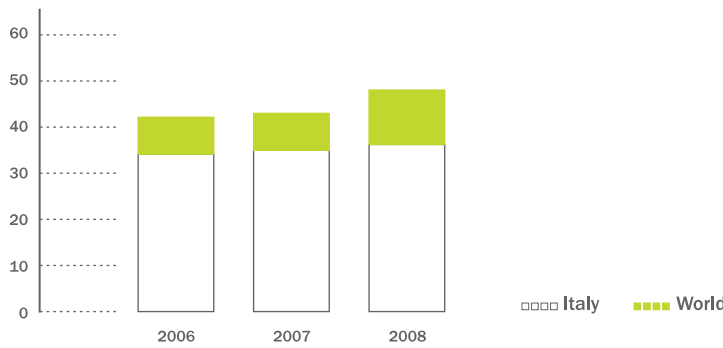
In many cases the environmental management systems are ISO14001 certified, while some locations have obtained EMAS registration (Ansaldo STS site of Tito Scalo (Potenza - Italy), Alenia Aeronautica site of Foggia - Italy).

Over the years, since 1997, the Finmeccanica Group registered a progressive increase in the number of sites that obtained ISO 14001 environmental certification.

**ISO 14001 certification of the sites of the Finmeccanica Group**



**ISO 14001 certified sites in Italy and Worldwide**

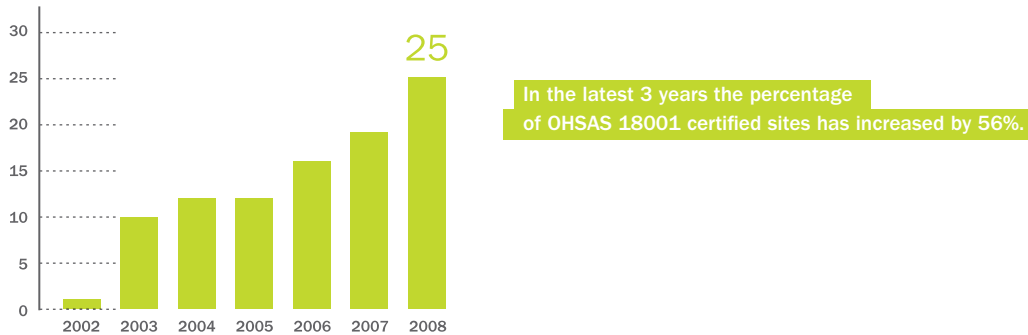


This trend demonstrates the growing sensitivity toward the management of environmental aspects deriving from the activities of the Companies of the entire Finmeccanica Group.

In some cases the certification process was managed on-site, while in others it was managed at the Company level.

In recent years OHSAS 18001 certifications, concerning the implementation and certification of a management system for aspects of the health and safety of the workforce in the workplace, have also registered a marked increase, confirming the growing attention to and need for a more organic management by the Group's Companies of aspects regarding the health and safety of workers in the workplace.

In particular, the current number of sites with an OHSAS 18001 "Occupational Health and Safety Assessment Series" certified management system is 25.

**OHSAS 18001 certification of the sites of the Finmeccanica Group****Environmental improvement and technological improvement**

The growth of a technological culture able to pursue the company strategic objectives and to progressively broaden the horizon is the fulcrum of the research and development practices implemented by Finmeccanica.

Finmeccanica believes that environmental improvement and technological improvement are also brought about by the sharing of knowledge, the dissemination of good practices in the environmental field, and the planning and realisation of projects that, after an experimental “pilot” phase, can be extended on a large scale within the Group.

The activities described in the following paragraphs have been accomplished based on these assumptions, in line with the Group Environmental Policy and the objectives stated in the Environmental Report.

**THE ENVIRONMENTAL DASHBOARD OF SELEX COMMUNICATIONS**

Within the process of continuous improvement in terms of efficiency and reliability, one of the fundamental aspects necessary for achieving the objectives is the good quality of the available data pertaining to a wide variety of company concerns (economic results, production, energy and water consumption, waste, etc.).

In particular, consumption related data are one of the basic ingredients in building a solid environmental management system; the quality of a given datum can represent a potential critical point, especially for sites characterised by remarkably complex plant, where the management of utilities is often given to third parties.

On the other hand, more and more requests of reliable and certified data are raising from different people for different purposes, ranging from the preparation of the Group Environmental Report to the monitoring of Key Performance Indicators (KPIs).

This is the context in which SELEX Communications felt the need to develop a project for the realisation of an integrated system for its Italian sites called “environmental dashboard.”

The system is able to gather in a single instrument all information on the cost and consumption of the utilities at the various sites, allowing the use of well-established management models applied to the environment.

Therefore, a model has been realised that provides for the extension of the use of the remote survey of just electric power to all the other resources used by the location, from natural gas to water consumption and remote heating.

The Fiumara (Genova - Italy) site was used as a pilot and to date is able to remote survey the consumption of electric power, remote heating and water.

The environmental dashboard is able to provide a forecast of the cost that will be invoiced for every single utility monitored, in the five days following the reference consumption period.

In addition, as part of the water audit initiatives intended to prevent the waste of water resources, consumption levels can be set and, if overcome, the system sends a warning by SMS, making it possible to learn of anomalies due to failure or rupture.

The infrastructure is expected to be completed by mid-2009 at all major SELEX Communications sites, which among other things has required the realisation of a software programme for the purpose.

The direct continuous audit of the consumption of resources used by the site not only encourages the monitoring and therefore the management of them and the related costs but involves also additional benefits, not the least of which is the punctual control of compliance with normative provisions.

On top of that the benefits from a better management of risks deriving from the anomalous functioning of plants/systems should be added, it will be possible where necessary the prompt detection of technical problems and the consequent return to working order of the plants/systems. From this standpoint, data knowledge and the definition of KPIs constitutes a fundamental element for Management, which will be able to arrange for instruments and quantitative elements suitable for establishing priorities, plans for intervention, and actions for improvement in both the environmental field (greater energy efficiency, saving of water resources, etc.) and for health and safety through better risk management.

#### **ALENIA AERONAVALI AND THE PROTECTION OF THE ENVIRONMENTAL PATRIMONY OF THE VENICE LAGOON**

The Tesserà (Venezia) site of Alenia Aeronavali S.p.A., where the maintenance and modification of commercial and military aircraft is performed, is situated in a delicate urban/territorial context, extremely varied and complex, in the drainage basin of the Venice Lagoon. Areas used for country estates, public housing and restricted rural areas complete the picture of a particularly sensitive landscape from the environmental standpoint, constantly subject to control and protection of population and the authorities.

In the site a chemical/physical water purification plant and a biological plant is located. The first receives rainwater (runoff from roofs, coverings and yards) and industrial wastewater coming from the production cycle (washing and paint stripping of aircraft, penetrating liquids, etc.), while the second receives drain water comparable to domestic wastewater and treated water coming the chemical/physical plant.

The treated waters exiting the site are conveyed by the "Pagliaghetta" canal directly into the lagoon, classified as a "Sensitive Area" pursuant to the pertinent provisions in force; the monitoring for controlling the observance of the limits on pollutants emitted into the body of water receiving them is performed on a monthly basis.

In order to better safeguard the environment and local population, in 2007 Alenia Aeronavali undertook a set of actions, concluded in 2008, aimed at improving the management of the wastewater produced by the site.

The project involved *in primis* experts in environmental matters (consultants, specialised laboratories and exponents of the academic world) and particularly the EHS Team of Finmeccanica Group Real Estate, focusing attention on critical parameters, e.g. heavy metals.

The action plan, which required investments amounting to several hundred thousand euros, provided for a fundamental initial phase involving an informative action regarding environmental impacts of the activities carried on at the site; this phase involved not just the employees of the Company but also the third-party companies operating at the site, being the first users of potentially polluting chemical products.

From the technical standpoint, the intervention provided for the replacement of the main septic tanks with tanks coated with polyurethane plastic material suitable for guaranteeing better cleaning and removal of residues and the realisation, in some areas, of additional traps and pumping

systems to block the diffusion of contaminants in the wastewater collection system in the event of accidental spills.

In order to guarantee the optimum functioning of the system even in the case of peak wastewater production, an equalisation tank was installed along with a new set of sand filters below the biological treatment to protect the carbon filters (upgraded), so as to guarantee even greater efficiency in cutting pollutants.

The measures adopted are the result of an intense synergy between managers, sector technicians and staff working at the site, which makes it possible to perform production processes of primary importance for Alenia Aeronavali while fully respecting the lagoon of Venice and its patrimony of environment and fauna of undisputed worth.

### THE GREEN APPLE AWARDS 2008 OF THE SELEX GALILEO SITE OF LUTON

The Green Apple Awards are in their fifteenth year and accredited to be an official feeder scheme into the European Business Awards for the Environment.

The Green Apple Awards aim to recognise, reward and promote the best practice and sustainable development. It is one of the biggest, most prestigious and most comprehensive environmental award schemes in the world.

The Judges commented on the SELEX Galileo submission:

*'Of the three R's "Reduce" is probably the hardest to achieve and most effective. This Company as an excellent skill base and put them to work on making the changes required to effectively reduce their waste. The achievements' are impressive, but their sharing of knowledge and experience is more so'.*

The achievement of winning Green Apple Awards for the Luton team was an outstanding part of the year.

SELEX Galileo Luton's vision is to be a recognised leader in Environmental Management. The aims are to promote environmental awareness, best practice and legal compliance through effective Management commitment. The key starting point being the Waste Minimisation programme.

### Waste Minimisation

Experience shows that using a team approach to minimise waste of all descriptions and build upon the Environmental Management System is an excellent way to promote commitment and ensure that the objectives are realistic, achievable, and economic/cost effective.

Waste minimisation falls into distinct categories: reduction at source and recycling.

The team carried out a review of existing waste inputs, through to waste leaving the site, identifying those areas that required further evaluation and to allocate resources, and prioritise the options for improvement; from this the plan was established and introduced into the business.

### Case Study I: Returning Packaging

How goods were packaged and delivered was, together with the SELEX Galileo suppliers, subject of a deep analysis by the Luton team. After this study some action were implemented, for example:

- cardboard and plastic wrapping, after review, were replaced by reusable blankets leading to waste reduction;
- laboratory coats, originally delivered in plastic bags, after consideration and discussion with the supplier, are now delivered in reusable fabric bags.

Currently the team is working with IT in finding a solution of reducing cardboard and polystyrene packaging from the computer supplier (polystyrene, into the site, is one of biggest components in the General waste stream to landfill).

### Case Study II: From disposal to reuse/recycling

Reviewing the Waste Stream highlighted areas for improvement establishing opportunities for introducing new recycling disposal routes:

- Pallets, previously disposed of in skips, after the identification of a local supplier, are now reused supporting the Company charity with financial benefit;

- Toner cartridges are returned to the provider and are reused;
- Aluminium Cans, which went into the mixed recyclable stream, were segregated and recycled by a local Disabled Charity which plants trees in the African continent from money received;
- Redundant furniture, previously disposed, are now reused;
- Electrical test equipment are now reused and recycled via local disposal route;
- Mobile phones disposal benefits the Company charities.

All the above initiatives led to a decreased disposal costs and a stronger environmental position within the business.

Continual monitoring provides the opportunity for re-evaluation in terms of setting new goals and time scales and further improvements.

To capture a larger involvement and commitment and to encourage environmental responsibilities, a programme of four Roadshows were held to communicate and motivate the employees.

These Roadshows were the driving values by emphasising the Luton team strategies; stands and posters were organised in order to give information about the achievements, the management of the green issues and how they will be managed in the future.

This initiative promoted involvement from all levels and highlighted the disposal route from desk bins and recycled bins to transfer stations to recycled product.

Senior managers gave their full support to the campaign, attending the Roadshows giving practical visible commitment.

The Luton team looks forward to the opportunity of introducing this programme being rolled throughout all SELEX Galileo; it is proud of its environmental performance to date, however it is ever mindful of the continual improvement effort it takes to maintain high standards and awareness.

#### **RECYCLING PROCESS OF ALENIA AERONAUTICA: INNOVATION AWARD 2008**

Every year the Finmeccanica Group sponsors an initiative called “Innovation Award” to reward the most innovative ideas suggested by its employees. The aim of the award is to valorise the activities of research and innovation of all the employees of the Group and to make innovative ideas and projects, that contribute to the creation of value, emerge. Called on to compete are not only specialised technicians, engineers, and basic and applied research workers, but all the employees working in every Company structure.

Together with two others, Alenia Aeronautica S.p.A. won the 2008 edition of the Innovation Award for a project for the recycling of pre-soaked composite scrap materials. To date, the composite materials have offered great benefits insofar as regards the end product, but the production process leaves a large amount of waste that, because of its environmental impact, is difficult to dispose of. This innovative process utilises the waste by transforming it into composite suitable for various uses. The suggestion proved to be very useful, not only from the standpoint of cutting costs and respect for the environment but also because it identifies a practical and efficient process that benefits all the Companies in the aeronautics department of the Finmeccanica Group.

#### **ELSAG DATAMAT AND LIFE CYCLE ASSESSMENT**

The greater awareness of the importance of environmental protection and the possible impacts due to the products manufactured and used has increased interest in the development of methods suitable for better understanding and reducing such impacts. One of the techniques devised is Life Cycle Assessment (LCA).

Analysis through LCA involves the study of environmental aspects and potential impacts over the entire lifecycle of a product (i.e. “from the cradle to the grave”), beginning from the acquisition of the raw materials and continuing through manufacture and use until disposal at the time it is taken out of service. The principal categories of environmental impact to be taken into consideration regard the utilisation of resources, human health and the ecological consequences.

Already in 2000, long before EC Directives imposed a greater commitment on producers in the choice of eco-compatible raw materials (see Directive 2002/95/EC “RoHS” and Directive 2005/32/EC “EUP”), Elsag S.p.A. – today Elsag Datamat S.p.A. – decided to undertake a study concerning

the lifecycle of a mail sorting system, in collaboration with the Faculty of Engineering of the University of Genova (Italy).

The Compact Flat Sorter Machine (CFSM) was chosen for the study, which is a machine for sorting 'flat' mail, i.e. postal correspondence contained in envelopes or magazines, that is over 30 meters long and weighs more than 16 tonnes. The study, which initially had two main modules, was extended over the next four years to include the entire system. These basic facts already evidence the timeframe and complexity of the work, which was the first – and probably only – study in the world involving a mail sorter machine.

To define the impacts on the environment produced by the system over its complete lifecycle, typical indicators were chosen, such as energy and water consumption, global warming, acidification, eutrophication, photochemical smog and thinning of the stratospheric ozone layer.

From the study emerged the remarkable preponderance of environmental impacts tied to the service life phase of the system: as regards global warming in particular, the production of CO<sub>2</sub> during service life represents 83% of total impact, the expected datum for a machine that in 20 years of activity consumes about 1 GWh of electric power (average hourly production of a current power plant) compared with 13% produced in the phase of mechanical manufacture and 2.3% produced in the maintenance phase (mainly related to the production of spare parts), while as regards the thinning of the ozone layer (as grams of CHC-11 equivalents) the mechanical manufacture phase represents 57% of the impact and maintenance 17%. It is important to observe that the same consumption of electric power is reached in 20 years by only 380 machines of 15 W devices turned on for the same period. The study further revealed that the use of thermographic paper labels applied to containers full of outgoing correspondence, in the 20 years of reference, was drastically reduced in cases where a smaller label was used (ratio of 1:3). In such cases, the quantity of paper used dropped from 15 tonnes to 5 tonnes, with proportional repercussions on water consumption for the production of the paper and on the quantity of CO<sub>2</sub> emitted. The production of thermographic paper is the principal cause of water consumption in the life of the machine.

Contrary to predictions, the overall impact of chemical manufacture (painting and galvanic treatment) turned out to be of slight significance, as a consequence of the policy pursued by Eltag Datamat of using water-based paints or dust, and of limiting treatment for protection against corrosion to what is strictly necessary.

As regards the transport of the machine from Genova to the location of installation, the study showed that transport solely by lorry over a distance of about 1,700 km impacts roughly four times as much in terms of CO<sub>2</sub> emitted compared with mixed train/lorry transport.

Finally, the recovery of the wood crates for the modules (about 9 tonnes), with return to the Genova point of departure is always more convenient than disposal at the destination of machinery if the supply takes place in Italy (average distance from Genova 500 km), while elsewhere in Europe (average distance 1,500 km) it is convenient if at least 2 machines are to be installed.

The results and methodologies of the study are continually used for making tenders, the last of which in 2009, which require assessments of environmental impact of the machinery involved. For example, in such contexts it was requested to provide indications of the number of trees necessary to compensate for the production of CO<sub>2</sub> caused by the production, functioning and disposal of the "Bipiano ILSM" machine (environmental balance called Carbon Neutral Impact); by applying the methods of analysis used for the CFSM, it was possible to quantify the number of trees necessary to compensate over time for the 95 tonnes of CO<sub>2</sub> emitted per year by each line installed as 423 (approximately 1 hectare of wooded area).

Elsag Datamat intends to continue applying the LCA studies to its products, in line with the requirements of EC Regulations on the design and manufacture of eco-compatible products.

## Energy efficiency and renewable energy at Finmeccanica

For several years the Finmeccanica Group has taken a proactive stance in order to consolidate the sustainable management of energy resources and to promote the diversification and optimisation of the provisioning of commodities, also through solutions involving self-production from renewable sources. This approach arises from the will to pursue the international objectives of environmental sustainability through the voluntary introduction of best practices in support of production activities so as to guarantee a responsible evolution of industrial development and to minimise business risk.

In promoting efficient performance of the infrastructures at the sites and offices of the Group's Companies, Finmeccanica, through its subsidiary Finmeccanica Group Services, has developed an integrated management of energy resources able to act simultaneously on the conditions of provisioning and on requirements by optimising the relation between internal demand and the market, in line with the industrial development of the different production realities.

In particular, in fulfilling its role of promotion and dissemination of advanced models of management of commodities and infrastructures, Finmeccanica Group Services co-ordinates the Energy Efficiency Programme, started in 2005 with a set of specialised studies conducted on the principal Finmeccanica establishments, covering 70% of Italy's demand and 40% of England's demand. The Programme, which aims at reducing the Group's energy demand by 5% by 2012, made it possible to cut the demand for electric power in 2008 by about 15.5 GWh and for natural gas by about 680,000 cm, thus producing total savings in the three-year period 2006-2008 of over 26.4 GWh of electric power and over 1.2 millions of cm of natural gas.

The achievements are the result of the completion, in the same period, of 91 plant intervention measures, predominantly regarding general site plants, replacement of equipment and components, revision of the scaling of the systems, installation of automation devices that modulate consumption in line with demand, measures for the insulation and recycle of energy vectors, as well as measurements optimising the governing and management of the plants.

In 2008, the Energy Efficiency Programme prevented the emission in the atmosphere of over 7,600 tonnes of CO<sub>2</sub>, 1,300 of which deriving from the saved combustion of natural gas at the Group's sites; this result projects to over 13,300 tonnes the cumulative value of CO<sub>2</sub> emissions in the atmosphere avoided since the onset of the initiative.

In addition, with the objective of diversifying the sources of provisioning by diffusing solutions involving high-efficiency self-production at the Group's sites, the first installations of plants powered by renewable sources were completed in 2008 (2 solar photovoltaic and 2 solar thermal), as well as a micro co-generation system. These improvements, which complement the co-generation plant already in service in a production site and two locations that meet their own heating needs by means of a local remote heating system, have constituted the basis for a Plan for the Diffusion of Renewable Sources within the Group, which will be developed in the next three-years.

The first plants for self-production spurred Finmeccanica to confirm in 2008, too, its attention to renewable sources in the provisioning phase: Finmeccanica Group Services, in the process of its activities relating to central dealing to procure commodities for the offices and sites of the Group, annually requests specific offers for the supply of electric power coming entirely from renewable sources.

In the two-year period 2007-2008, the weighted contribution of assigned operators, led to a total 15% of Group supply made by green energy.

In particular, since 2006, SELEX Communication, in collaboration with FGS, has confirmed the assignment of electric power supply to operators able to guarantee that it comes exclusively from hydroelectric power plants.

## Environmental investments

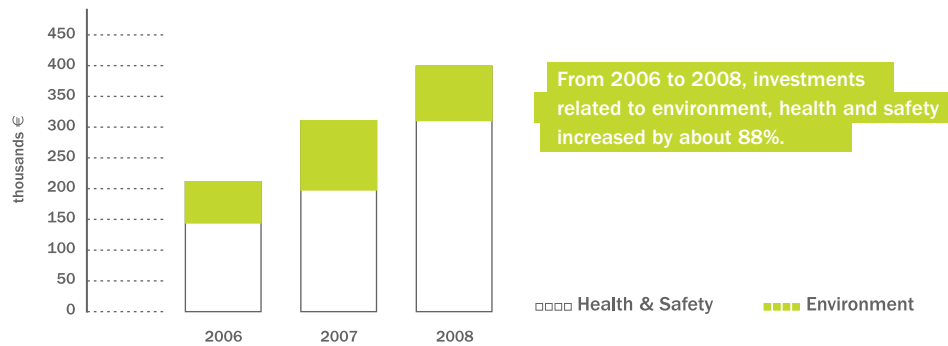
The Group pursues the improvement of environmental performance as defined in the Environmental Policy and the improvement of the safety standards of its establishments in the interest of the health of its employees.

These objectives of improvement are supported by an investment plan that, in the last three years, has registered a significant increase in the areas of environment, health and safety.

In particular, in 2008 investments in the environmental field amounted to about 12 millions of euros, while in the field of health and safety a total of 42 millions of euros was invested.

Shown below is the average investment per site for environment, health and safety in the years 2006, 2007 and 2008.

### Average EHS investments per site



**Environmental communication,  
training and information**



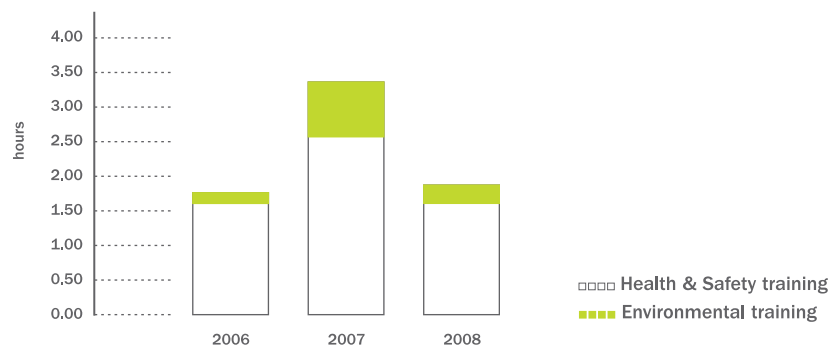
In parallel with the comprehensive projects for ongoing training and professional development, training in environmental matters represents a prerequisite for maintaining and strengthening Finmeccanica's role of industrial leader in the international panorama.

Following intense training activity in environmental matters, health and safety that took place in 2007, 2008 is in line with the per capita hours of training supplied in 2006.

In 2008, the Companies of the Finmeccanica Group supplied their employees with about 1.9 hours of training per person on environmental, health and safety issues.

A total of about 14,700 hours of training in environmental matters and 87,200 hours of training in the matter of health and safety were supplied.

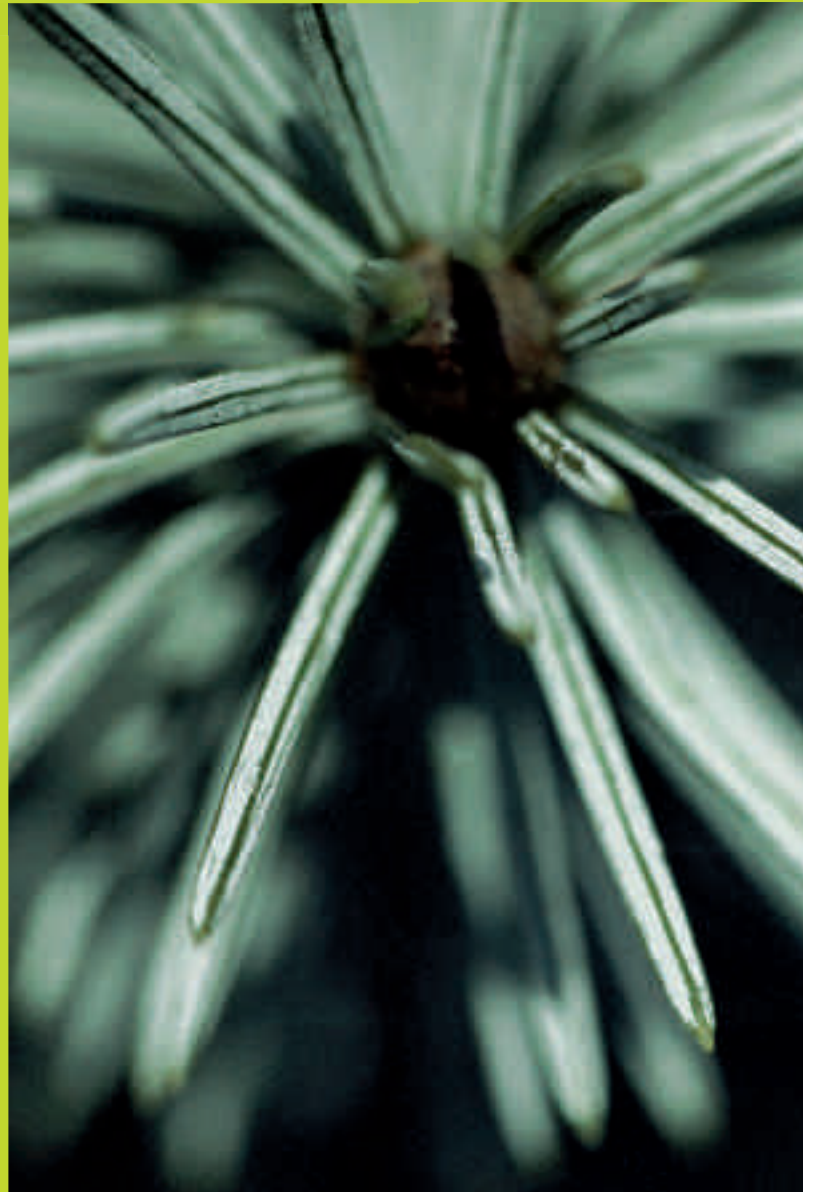
**Training per capita**



As in 2007, in 2008 Finmeccanica Group Real Estate planned and carried out a series of initiatives involving communication, information and environmental issues:

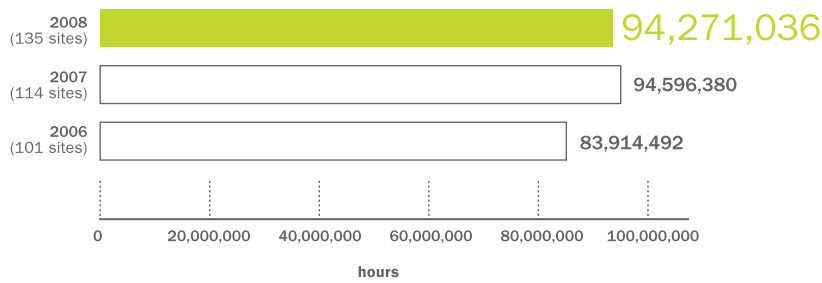
- training courses were organised on waste management in some of the Group's Companies;
- workshops and information and training sessions were organised, dealing with the REACH Regulations (Registration, Evaluation and Authorisation of Chemicals);
- a workshop was organised for the Group's EHS Managers, called "EHS Data Management";
- the activity of communication and information continued through EHS Inportal, the intragroup Portal devoted to the EHS Managers of the Finmeccanica Group, with over 150 registered participants and more than 80 documents available, such as guidelines, best practices, case studies, technical presentations and normative provisions pertaining to EHS.

## Environmental aspects



In this section Finmeccanica wants to highlight its environmental performance by presenting comparative quantitative and qualitative data for the three-year period 2006-2008, for the purpose of communicating with its stakeholders and shareholders in transparent way. The results of this analysis are utilised within Group to appreciate the variations of its performance, resulting from the implementation of programmes aimed at the protection of the environment and the optimal use of natural resources. As stated in Paragraph “Guidelines and methodological notes”, indicators, linking the environmental aspects considered and the number of hours worked, were elaborated for certain environmental aspects. The below table shows the hours worked at the sites of the Group’s Companies for the years 2006, 2007 and 2008.

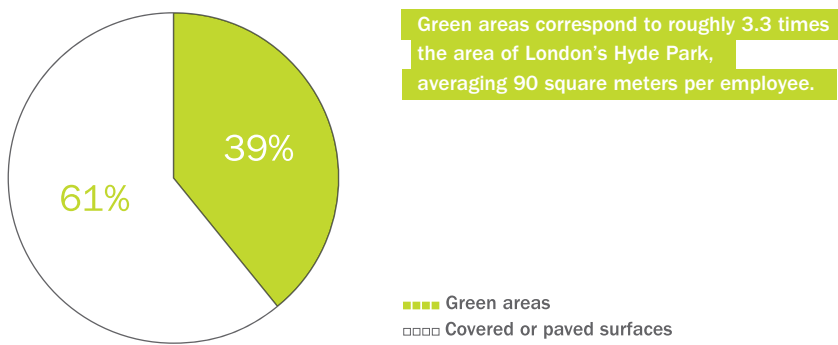
**Worked hours**



**Soil use: green areas of the Finmeccanica Group**

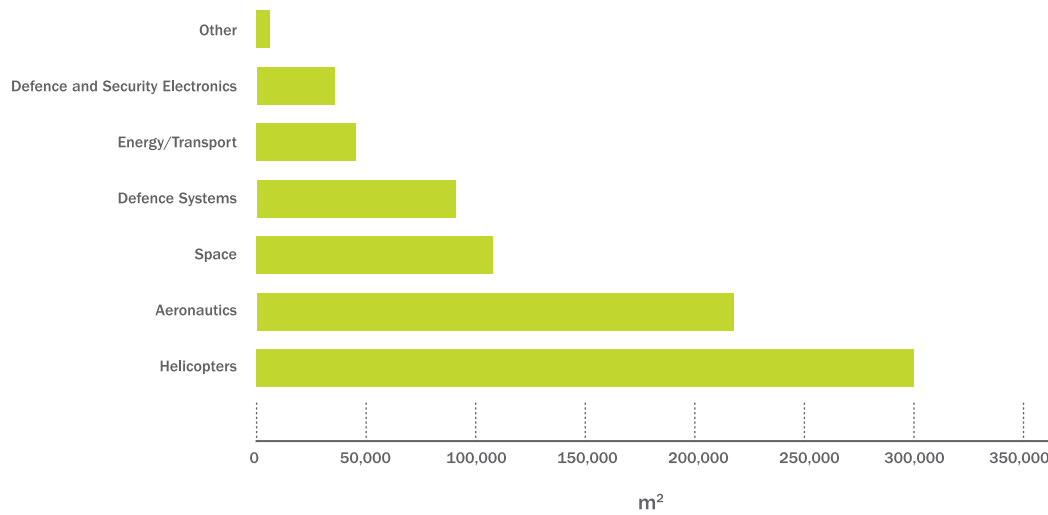
The total surface of the sites of the Finmeccanica Group is approximately 1,200 hectares, about 40% of which consists of green areas, such as gardens, treed areas or areas covered with spontaneous vegetation.

**Distribution of green areas**



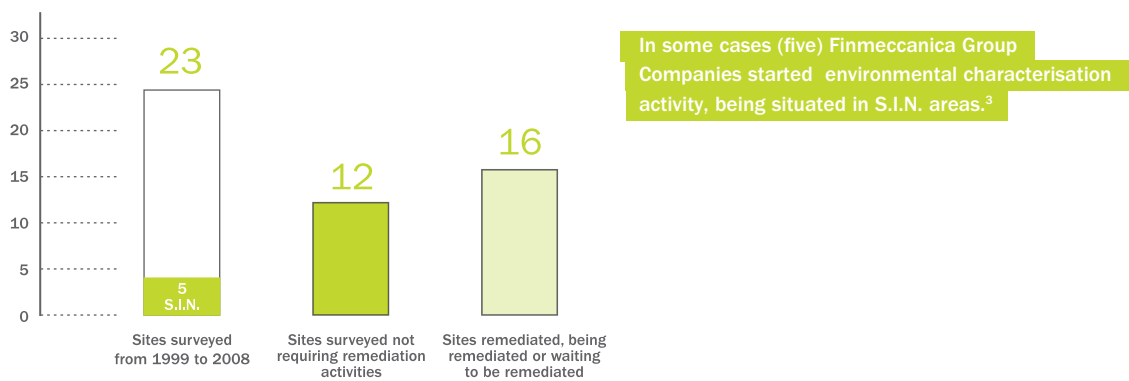
The sites of the Finmeccanica Group have widely varying dimensions depending on the typologies of activity performed; the smallest measures about 390 m<sup>2</sup> (Ansaldo STS - Sidney) and the biggest measures about 1,222,000 m<sup>2</sup> (Agusta S.p.A. - Vergiate). The need for hangars for the assembly of aeroplanes and helicopters or for airfields typical of the Aeronautics and Helicopter sectors entails larger locations on the average; contrariwise, the Defence and Security Electronics sector requires smaller surface areas.

**Average area of sites for Business Unit**



**Protection of soil and subsoil**

The Environmental Policy of the Finmeccanica Group states that “The principles aimed at environmental protection are applied during the lifecycle of each industrial site.” With a view to this, in the latest nine years Finmeccanica conducted many environmental surveys, initiating the proper safety procedures and/or remedial action where necessary.



Some Companies of the Finmeccanica Group have initiated environmental characterisation processes. Environmental characterisation is the description of the characteristics of the environmental components both within the location and the area influenced by it, and involves conducting surveys and chemical analyses of the soil, subsoil and water table. The purpose of these activities is to identify potential sources of contamination of the environmental receptors to eliminate them and to restore/reclaim and valorise the areas potentially contaminated. In some cases, the characterisation of the site made it possible to exclude the presence of contamination in the sites being surveyed.

In addition to the above-mentioned activities, on the occasion of the acquisition and/or taking out of service of any industrial property Finmeccanica performs in-depth assessment of existing or potential environmental risk, using internationally recognised methodologies (ASTM 1527-05, ISO 14015:2001).

<sup>3</sup> Sites of national interest (S.I.N.) are industrial areas identified pursuant to Italian Normative provisions, owing to which the performance of industrial activities entails an obligation to characterise the environmental context in the areas occupied.

As highlighted in the preceding paragraph, the commitment of Finmeccanica is directed toward not only the management of the industrial sites or office locations, but also includes the owned lands covered with spontaneous vegetation.

During 2008 Finmeccanica completed, at its own expense, the removal of waste left by unknown persons in one of its green areas situated in Capodichino (Napoli), measuring approximately 130,000 m<sup>2</sup>; this activity required the removal of over 1,200 tonnes of waste and the sending of the same to authorised plants for reuse or disposal.

#### UNDERGROUND BASINS AND TANKS

The activities carried on by the Group require the presence on site of underground basins and tanks for the storage of liquid raw material, fuels and/or liquid waste; at the end of 2008 these were 293. In the Group, where possible, they are gradually being replaced with aboveground basin and tanks or are being eliminated to reduce the potential risk of contamination of the soil matrix. This is the case with the Telespazio site of Gera Lario (Como), situated in the Pian di Spagna - Lago di Mezzola nature reserve, a sensitive and particularly delicate natural context; during 2008, at this location 2 underground tanks containing diesel oil were replaced by an aboveground tank containing LPG used for feeding the Heating Plant.

Overall, there are underground basins and tanks containing liquid raw material, fuels and/or liquid waste on 50 of the Group's sites (37%); basins and tanks undergo an annual integrity inspection and 51 of them are equipped with secondary containment systems and/or automatic devices for the detection of leaks.

## Water

#### WATERS DRAWN BY THE GROUP

In the Finmeccanica Group water represents a fundamental element for guaranteeing the functionality of the sites and production continuity. 66% of total water provisioning comes from water table via wells, while the remaining 34% comes from aqueducts; this proportion remains stable over the years.

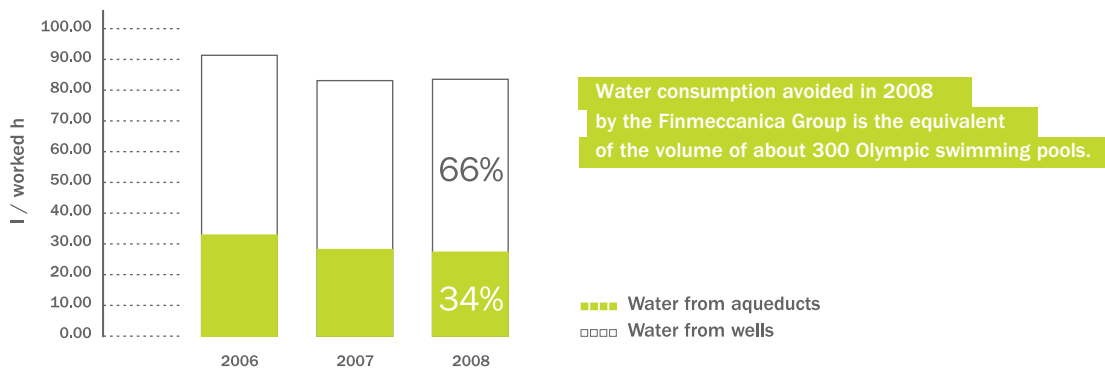
Water drawn from the sites is used for industrial processes and as a thermal vector, in addition being used for drinking water, hygienic/sanitary purposes, fire prevention and the irrigation of green areas.

	Year 2008 (cm)
Water drawn from aqueducts	2,671,470
Water drawn from wells	5,218,679
<b>TOTAL</b>	<b>7,890,149</b>

Over the last three years the Group's water consumption has registered a gradual reduction. From 2006 to 2008, the litres consumed/hours worked indicator registered an overall reduction of about 9%.

INDICATOR	2006	2007	2008
litres/hours worked	91.82	84.09	83.70
% compared with 2006	0%	- 8.4%	- 8.8%

**Water drawn**

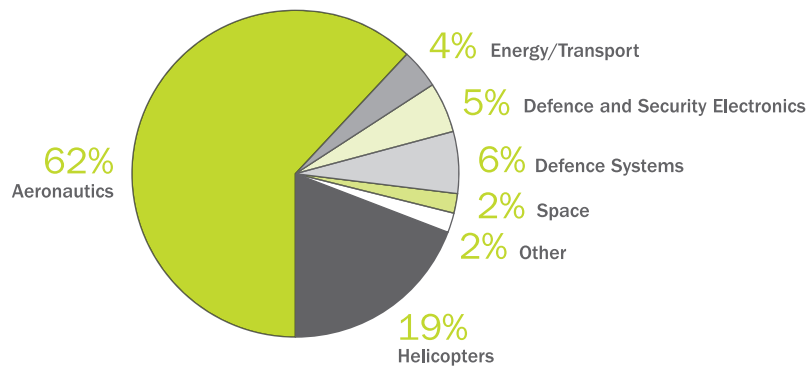


In 2008, compared to 2006, the drawing of approximately 770,000 cubic meters was avoided. Considering that average annual water consumption per capita in Europe for domestic use amounts to about 100 cm<sup>4</sup>, it can be stated that the water consumption avoided by the Finmeccanica Group is the equivalent of the annual requirement of a town of around 7,000 inhabitants.

Each Business Unit uses water drawn according to the specific production processes (see Par. “Production processes typical of the Finmeccanica Group”); the following graph shows average annual consumption of sites in terms of percentage for each Business Unit.

**2008 Water drawn per Business Unit**

(Data proportioned on the number of sites)



The graph shows how the Aeronautics and Helicopter sectors require greater volumes of water owing to the particular typologies of activities performed (e.g. surface treatment, cooling systems, etc.) and the average greater size of these Business Units (see Par. “Soil use: green areas of the Finmeccanica Group”).

**WASTEWATER PRODUCED BY THE GROUP**

Wastewater produced by the Group’s sites can be classified in two categories:

- domestic and assimilable wastewater;
- industrial or process wastewater.

The graph shows that just 33% of the Finmeccanica Group sites produces industrial or process wastewater; these sites mainly belong to the Aeronautics and Helicopter sectors, heavily characterised by industrial processes.

<sup>4</sup> EEA Report, Water Resources Across Europe, 2/2009.

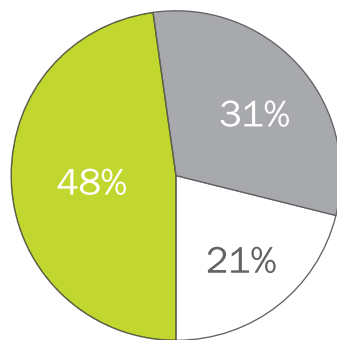
**Wastewater production**



The modalities for disposing wastewater are different and depend on the characteristics of the wastewater, the presence or lack of wastewater treatment plants, the context where the sites are situated (urban areas, agricultural areas, availability of a public sewer system, etc.). In brief, the typologies for wastewater disposal are:

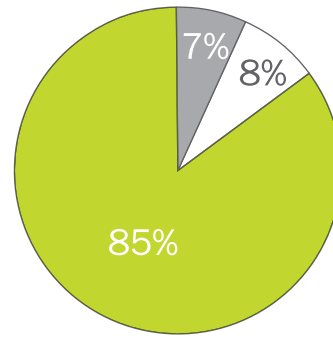
- discharge into public sewer system;
- discharge into surface watercourses;
- discharge on ground;
- transfer to authorised waste disposal facilities.

**Destination of industrial wastewaters**



- Disposed as waste
- Discharge into surface waters
- Discharge into public sewer

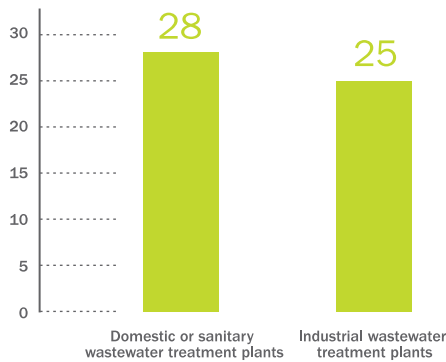
**Destination of domestic or sanitary wastewaters**



- Discharge in the soil or disposed as waste
- Discharge into surface waters
- Discharge into public sewer

56% of the Group's 45 sites that produce industrial or process wastewater has an "on-site" wastewater treatment system designed to reduce the load of pollutants prior to final discharge. Such percentage is 21% for domestic or assimilable wastewater, characterised by their nature by lower concentrations and typologies of pollutants compared to industrial or process wastewater.

**Number of “on-site” treatment plants**



**WATER AUDIT: TWO SUCCESSFUL PILOT PROJECTS**

In 2008, Finmeccanica started a new and important project: “Water Audit,” a “single issue” Audit aimed at water management in the productive sites, which analyses the water cycle from the provisioning phase to the discharge of wastewater. This project, in complete harmony with the principles laid down by the Group Environmental Policy, originates from an analysis of the data gathered through the Environmental Information System of FGRE and has as its objective the selection of actions for environmental improvement and, where possible, the definition of opportunities for water saving. In 2008, two Water Audit pilot projects were realised in two important Companies of the Group.

Some actions for improvement identified during the “Water Audit” have been included in the budgets of the Companies involved.

**Wastes**

For Finmeccanica, waste production represents a significant environmental aspect to which, in line with the objectives sanctioned by its Environmental Policy, it devoted particular attention throughout 2008.

This is witnessed by the important recognition won by both Alenia Aeronautica and SELEX Galileo of Luton (UK) in connection with two projects for minimising waste. In the first case, the “*Alenia Aeronautica Recycling Process for Prepreg Composite Material Scraps*” project was awarded a prize in the Finmeccanica Innovation Award 2008 competition (see Par. “*Recycling process of Alenia Aeronautica: Innovation Award 2008*”); in the second case, the “*Waste Minimisation Programme*” project was awarded a prize in the Green Apple Awards 2008 competition (see Par. “*The Green Apple Awards 2008 of the SELEX Galileo site of Luton*”).

Furthermore, during 2008 activity continued in the supply of courses dealing with waste management and in the dissemination through EHS InPortal – the infra Group Portal devoted to the Heads of EHS – of the Guidelines for Waste Management in the Italian context.

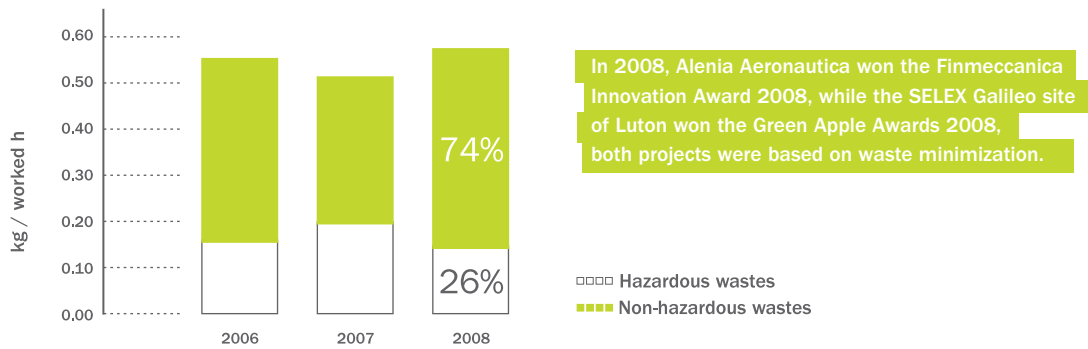
The table below shows the Group’s hazardous and non-hazardous waste production in 2008.

	<b>Year 2008 (tons)</b>
Non-hazardous wastes	39,680
Hazardous wastes	13,788
<b>TOTAL</b>	<b>53,468</b>

Compared to 2007, the 2008 indicator for waste in terms of kg/hours worked, registered a decrease in the quantity of hazardous waste produced, but an increase in the quantity of non-hazardous waste. In some cases, this increase is to be attributed to extraordinary waste recovery/disposal, while in other cases it was due to increased production volumes.

INDICATOR	2006	2007	2008
<b>Hazardous wastes</b> (kg/hours worked)	0.16	0.20	0.15
% compared with 2006	0%	+ 25%	- 6 %
<b>Non-hazardous wastes</b> (kg/hours worked)	0.39	0.31	0.42
% compared with 2006	0%	- 20 %	+ 7 %
<b>Total wastes</b> (kg/hours worked)	0.55	0.51	0.57
% compared with 2006	0%	- 7 %	+ 4%

**Waste production**

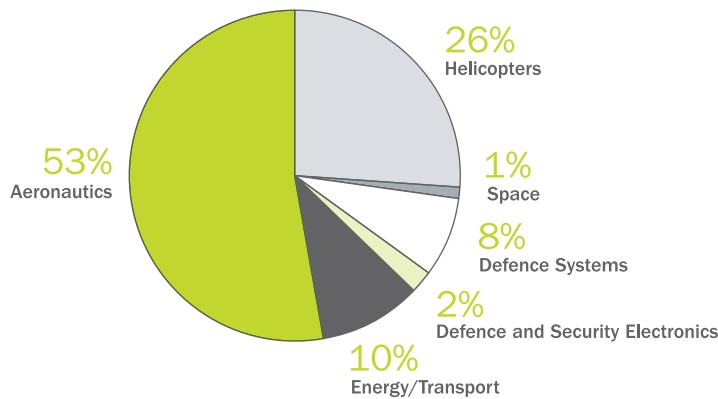


Hazardous waste production by the Finmeccanica Group in 2008 accounted for 26% of total waste production.

Each Business Unit is characterised by different quantities of waste depending on its specific production processes (see Par. “Production process typical of the Finmeccanica Group”) and the raw materials used (e.g. metal materials and substances and chemical products, electric and electronic devices, etc.); the graph below shows the average waste production of sites belonging to different Business Unit expressed as a percentage.

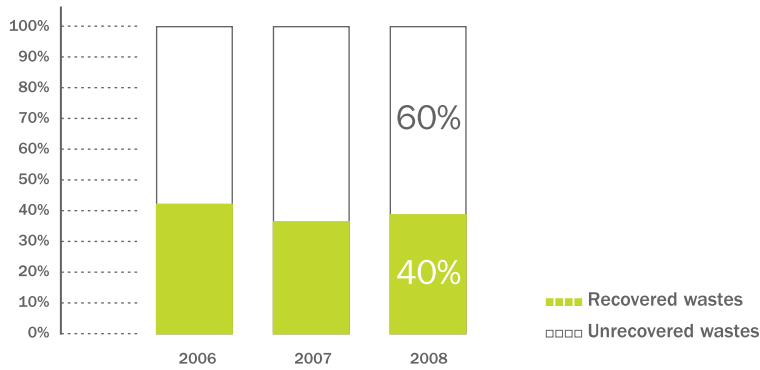
**2008 Waste production per Business Unit**

(Data proportioned on the number of sites)



In the last three-year period the percentage of recovered wastes shows no significant variation: the percentage for 2008 was 40%.

**Recovered and unrecovered wastes**



**Energy**

In 2008, Finmeccanica, consumed energy resources for production and operating purposes amounting to about 5,274,042 GJoule.

Such consumption is divided as follows:

- electric power from the grid;
- natural gas;
- diesel oil for the production of energy and heat;
- other fuels (LGP, fuel oil).

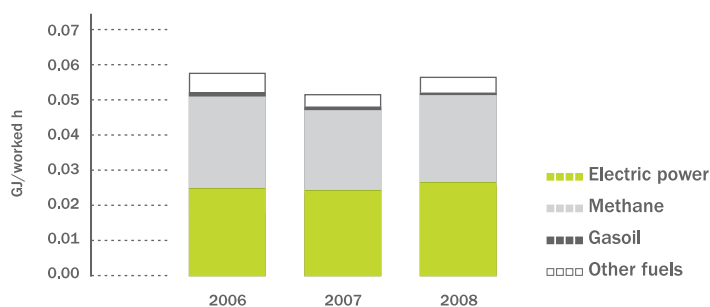
Energy source	Year 2008 (GJoule/year)
Electric power	2,426,135
Natural gas	2,381,079
Diesel oil for energy and heat	71,165
Other fuels	395,663
<b>TOTAL</b>	<b>5,274,042</b>

The indicator of total consumption per hour worked was essentially unchanged in the three-year period 2006-2008. A slight drop was registered in 2007, to be attributed to warmer average winter temperatures and, therefore, to less need for natural gas for heating.

INDICATOR	2006	2007	2008
Energy consumed (GJ/hours worked)	0.06	0.05	0.06
% compared with 2006	0%	- 16.7%	0%

As described in Par. “Energy efficiency and renewable energy at Finmeccanica”, Finmeccanica has initiated an energy efficiency plan that provides for energy audits and plant improvement; moreover, a percentage of the energy acquired comes from renewable sources.

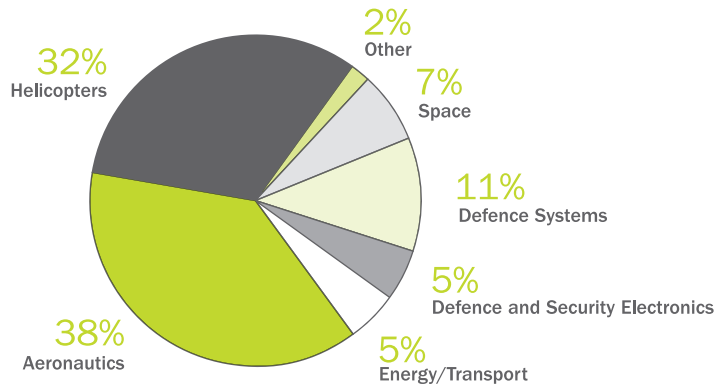
**Energy consumption per source**



An analysis of the consumption of each Business Unit shows, in line with the findings described in the preceding paragraphs, how the Aeronautics and Helicopter sectors are the most energy intensive.

**2008 Energy consumption per Business Unit**

(Data proportioned on the number of sites)

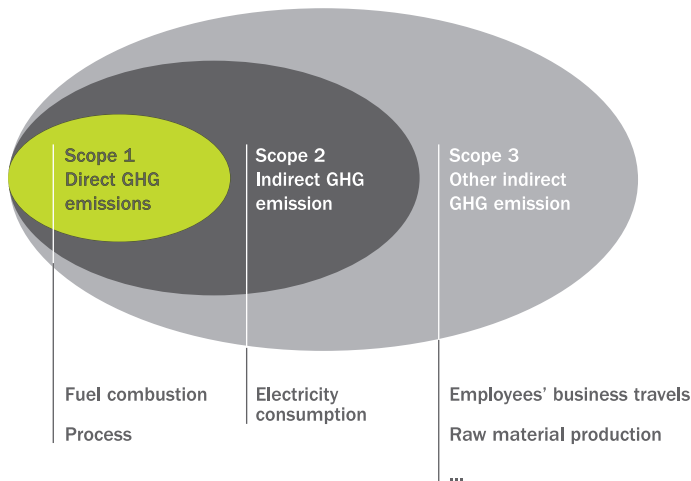


**Greenhouse gases**

In recent years the problem of global warming has become one of the most important issues in the environmental and energy policy of the industrialised countries. The European Union has implemented a series of initiatives, the most recent of which is the “20-20-20 Climate/Energy Package” prescribing by 2020 a 20% reduction of CO<sub>2</sub> emissions, as well as increasing energy savings by 20% and increasing consumption of energy produced from renewable sources by 20%. Currently, only certain industrial sectors (energy activities such as thermoelectric, other types of energy combustion, refining of oil products; production and processing of ferrous metals; processing of mining products; production of pulp for paper), defined by the European Directive on Emission Trading 2003/87, are obliged to reduce their emissions of carbon dioxide, the most important greenhouse effect gas.

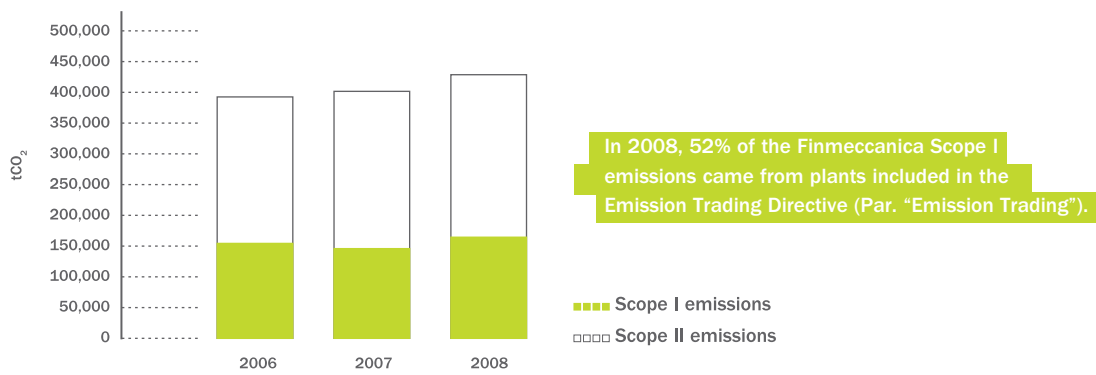
Finmeccanica considers the reduction of greenhouse gas emissions to be an integral part of the commitments undertaken in its Environmental Policy. As of today, the reduction of CO<sub>2</sub> emissions is mainly pursued through measures for increasing energy efficiency, as described in Paragraph “Energy efficiency and renewable energy at Finmeccanica”. The accounting of the CO<sub>2</sub> emissions of the Group, illustrated in the following paragraphs, is in line with *The Greenhouse Gas Protocol*, an accounting standard for greenhouse gases developed by the World Business Council for Sustainable Development and the World Resources Institute. The GHG Protocol classifies emissions according to the scheme shown in the figure below.

**GHG Protocol**



Scope 1 or direct emissions derive from sources owned by or under the control of the Company. Scope 2 or indirect emissions pertain to the production of electric power purchased by the Company. Finally, Scope 3 indirect emissions – a category whose reporting is defined as optional in the Protocol – are a consequence of the Company’s activity, but derive from sources not controlled by it, e.g. emissions deriving from the mining of raw materials, emissions deriving from air travel by employees, etc.

**Direct and indirect CO<sub>2</sub> emission**



In the three-year period 2006-2008, the Group’s total CO<sub>2</sub> emissions increased; this circumstance must be analysed in consideration of the greater number of sites included in the scope of the Group’s Environmental Report.

**DIRECT CO<sub>2</sub> EMISSIONS**

The principal source of emissions in the atmosphere generated by the Group’s production sites is energy consumption.

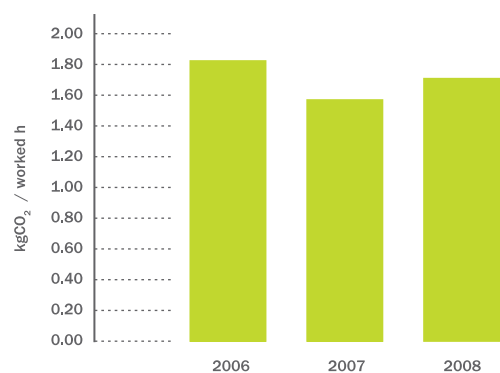
	2006	2007	2008
Scope I emissions <sup>5</sup> (tons of CO <sub>2</sub> )	153,729	145,793	161,391

As mentioned in the preceding paragraph, the absolute amount of emissions increased in the three-year period; however, to understand the real performance of the Group, the indicator pertaining to emission per hour worked is more significant.

INDICATOR	2006	2007	2008
kgCO <sub>2</sub> /hour worked	1.83	1.54	1.71
% compared with 2006	0%	- 16%	- 7%

The graph shows an essential stability of the emission factor, closely tied to the Group’s production set-up.

**Direct CO<sub>2</sub> emissions**



<sup>5</sup> Emission factors taken from the Italian Ministry of the Environment of the Land and Sea, published for purposes of the calculation of the emissions for plants subject to Emission Trading (DEC/RAS/854/2005).

For other direct emissions – certainly of a minor amount compared with those deriving from combustion, such as those pertaining to the company fleet – the process of data collection is in progress. The data currently available pertain to 51% of the cars in the Italian fleet under long-term leasing arrangements, amounting to 1,395 cars. The kilometres these cars travelled in 2008 totalled about 105 millions, the equivalent of 6,000 tonnes of CO<sub>2</sub><sup>6</sup>.

**INDIRECT CO<sub>2</sub> EMISSIONS**

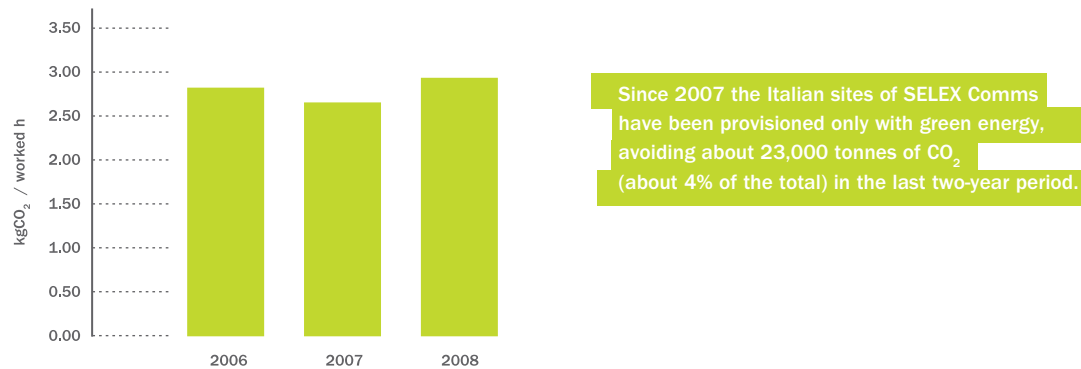
As seen for the direct emissions, also the emissions<sup>7</sup> pertaining to the Group’s electric power consumption increased in absolute terms.

	2006	2007	2008
Scope II emissions (tons of CO <sub>2</sub> )	239,257	254,588	269,581

The indicator pertaining to hours worked shows a slight increase tied to electric power consumption.

INDICATOR	2006	2007	2008
kgCO <sub>2</sub> /hour worked	2.85	2.70	2.86
% compared with 2006	0%	- 5,4%	+ 0.2%

**Indirect CO<sub>2</sub> emissions**



**EMISSION TRADING**

Italy, according to European Union commitment, placed emission ceilings on certain industrial sectors (energy activities such as thermoelectric, other types of energy combustion, refining of oil products; production and processing of ferrous metals; processing of mining products; production of pulp for paper), as well obligations to reduce emissions, assigning each plant an emission ceiling on the basis of declared production.

The Emission Trading Directive (Directive 2003/87/EC), an instrument for implementing the Kyoto Protocol for the reduction of CO<sub>2</sub> emissions, affected 6 of the Group’s Companies in 2008, involving a total of 12 sites located in Italy.

The scant number of plants involved is due the activities carried on at the sites of the Finmeccanica Group that are only marginally included among those defined under the Directive; only large plants for the production of heat are concerned. The sites of the Finmeccanica Group that the ETS Directive applies to, fall under the sites defined as “Group A,” i.e. those characterised by amounts

<sup>6</sup> Data pertaining to kilometres surveyed on the occasion of periodic garage maintenance; the gCO<sub>2</sub>/km emission factors are specific to each model.

<sup>7</sup> Emission factors pertaining to electric power production for each country, taken from GHG Protocol - Indirect CO<sub>2</sub> Emissions from Purchased Electricity. Version 3.0. December 2007.

of CO<sub>2</sub> emissions less than the other Groups identified in the Directive.

All the Group's sites included in the scope of application of the Emission Trading Directive and held to the accounting of the quotas were subjected to audit in the course of 2008 and the pertinent CO<sub>2</sub> emissions have been regularly certified.

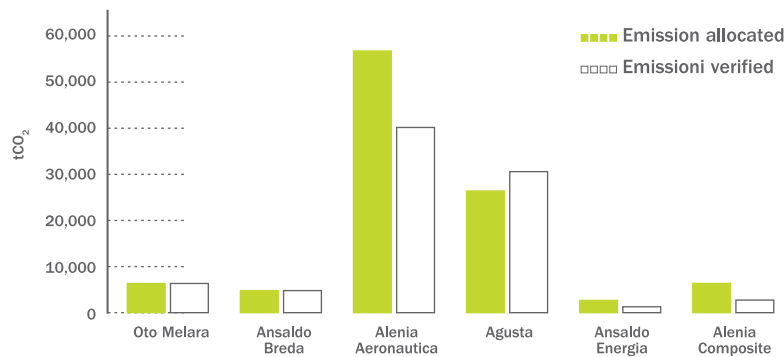
The following table lists the:

- Companies of the Group included in the scope of application of the Directive;
- CO<sub>2</sub> emission quotas assigned by the Ministry of the Environment for the Protection of the Land and Sea pursuant to Italy's National Allocation Plan;
- emission quotas verified pursuant to Directive 2003/87/EC.

Company	No. of sites involved	Emissions allocated (tons/year)	Emissions verified (tons/year)
Oto Melara	1	6,022	6,093
Ansaldo Breda	1	4,778	4,683
Alenia Aeronautica	5	56,046	39,911
Agusta	3	25,683	30,059
Ansaldo Energia	1	2,400	1,292
Alenia Composite	1	6,086	2,298
<b>Finmeccanica Group</b>	<b>12</b>	<b>101,015</b>	<b>84,336</b>

The graph shows the emissions allocated and verified for 2008.

#### Sites included in the Emission Trading Scheme



## Other emissions in the atmosphere

In addition to carbon dioxide, another significant element for the monitoring of environmental performance is represented by emissions of NO<sub>x</sub>, SO<sub>2</sub>, Volatile Organic Compounds (VOC), Volatile Inorganic Compounds (VIC) and heavy metals (Pb, Hg, Cd, Cr, As, Co and Ni).

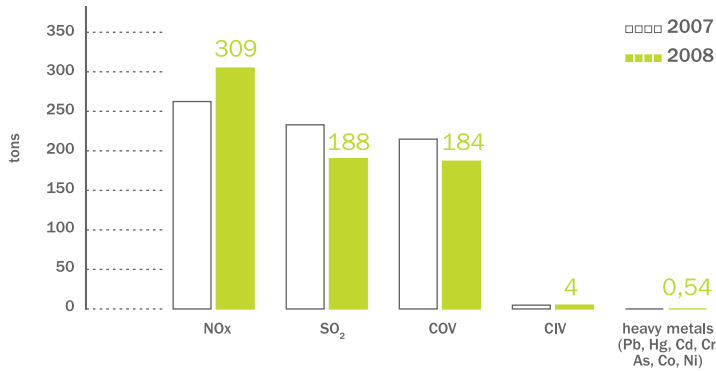
Generally speaking, the latter derive from production activities and from the utilisation of diesel oil and natural gas, particularly in the Aeronautics and Helicopters sectors.

39% of the Finmeccanica Group's sites is subject to authorisation for emissions pursuant to the normative provisions in force in each country.

In the Finmeccanica Group the number of authorised sources of emission in the atmosphere totals 1,879 or 42 units more than in 2007.

The authorised emission sources are subjected to periodic measurements of pollutants pursuant to the pertinent regulations and specific authorisations. During 2008, 1,166 authorised emission sources were subjected to monitoring equal to 62% of the total.

**Other emissions**



The emissions in the atmosphere produced by the Group's sites were reckoned and reported in accordance with the following criteria:

- for process emissions subjected to periodic monitoring: on the basis of the most recent available monitoring results;
- for emissions deriving from combustion (NO<sub>x</sub>, SO<sub>2</sub>): on the basis of available measurements, if any, or by reckoning (using emission coefficients<sup>8</sup> and the amount of natural gas and diesel oil consumed for the production of energy and heat). The figure for emissions of NO<sub>x</sub> in 2007 shown in the graph was wholly calculated using the emission coefficients.

**Hazardous substances**

In the Finmeccanica Group the use of substances such as paints, glues, solvents, fillers/primers and acids is an indispensable element and strictly connected with the processes typical of the production of the Companies of the Group, particularly those belonging to the Aeronautics, Helicopter and Defence and Security Electronics sectors.

The sectors in which the principal activities consist of surface treatment of materials, painting or gluing are the greatest consumers of such substances, which have always formed the object of a continuous process of searching for less hazardous/non-hazardous substitute products, as well as the training of the workforce in the matter of environment, health and safety, directed toward reducing to a minimum the risks connected with their management.

This paragraph reports the consumption of hazardous substances, classified as per the European Directive concerning the classification, packing and labelling of hazardous substances:

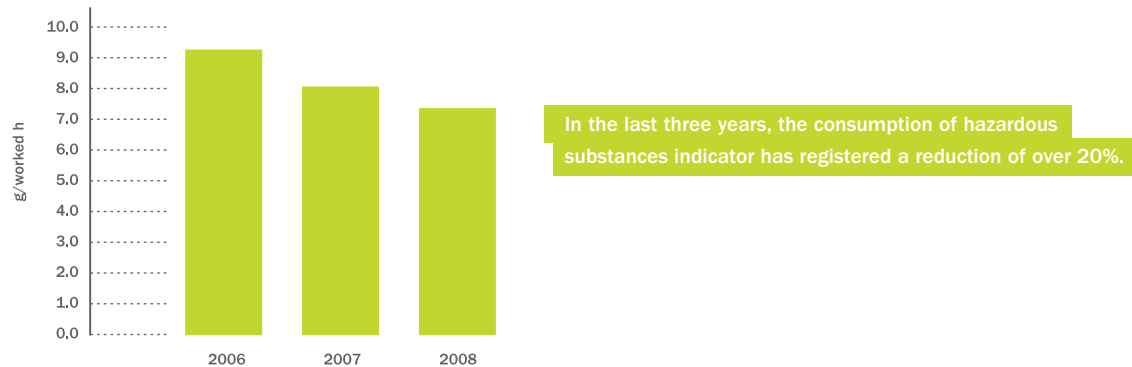
	Year 2008 (tons)
R 40 - Substance with possible cancerogenous effects – insufficient proof	537
R 45 - Substance that may cause cancer	129
R 49 - Substance whose inhalation may cause cancer	28

Reducing the consumption of hazardous substances, in conformity with the needs of production processes, is one of the priority objectives of Finmeccanica.

From 2006 to 2008, the indicator, calculated as the kilograms of hazardous substances consumed/ hours worked ratio, registered an overall reduction of over 20%.

INDICATOR	2006	2007	2008
Sum of R40, R45, R49 (g/hours worked)	9.4	8	7.3
% compared with 2006	0%	- 15%	- 22%

<sup>8</sup> The emission coefficients used make reference to ISPRA – Higher Institute for Environmental Protection and Research sources.

**Consumption of hazardous substances - sum of R40, R45, R49****COMPANIES AT MAJOR ACCIDENT HAZARD**

In 2008, the Group's Companies at Major Accident Hazard, i.e. those included in the scope of application of Directive 2003/105/EC, are 6 for a total of 12 sites.

Company	Site
Agusta	Anagni (Frosinone - Italy), Brindisi (Italy), Cascina Costa (Varese - Italy), Frosinone (Italy), Vergiate (Varese - Italy)
Agusta Westland	Yeovil (UK)
Alenia Aeronautica	Caselle (Torino - Italy), Casoria (Napoli - Italy), Nola (Napoli - Italy)
Alenia Aermacchi	Venegono Superiore (Varese - Italy)
Alenia Aeronavali	Venezia (Italy)
Oto Melara	La Spezia (Italy)

The sites listed above are included among the Companies at major accident hazard owing to the amount of substances and preparations utilised in the processes typical of the Companies of the Aeronautics and Helicopter sector and because of the dimensions of the galvanisation basins for the surface treatment of metal materials.

**INTEGRATED POLLUTION PREVENTION AND CONTROL (IPPC)**

At present, the sites of the Group subject to the IPPC regulations (Directive 2008/1/EC) number 13, belonging to 7 Companies:

Company	Site
Agusta	Anagni (Frosinone - Italy), Brindisi (Italy), Frosinone (Italy), Vergiate (Varese - Italy)
Agusta Westland	Yeovil (UK)
Alenia Aeronautica	Caselle (Torino - Italy), Casoria (Napoli - Italy), Nola (Napoli - Italy), Pomigliano (Napoli - Italy)
Alenia Aermacchi	Venegono Superiore (Varese - Italy)
Alenia Aeronavali	Venezia (Italy)
Oto Melara	La Spezia (Italy)
SELEX Galileo	Southampton (UK)

The aim of the IPPC regulation is to minimise pollution caused by various sources located throughout the EU, requiring that all types of plants listed in Annex 1 of the Directive obtain Integrated Environmental Authorisations from the competent authorities of the various countries. The concept of integrated environmental authorisation means that the authorisations must take into account the environmental performance of the plants as a whole, i.e. the impact that the activities produce on the different environmental matrices.

All locations subject to Integrated Environmental Authorisation must consider the use in their processes of the Best Available Techniques (BAT) for the reduction of environmental impact.

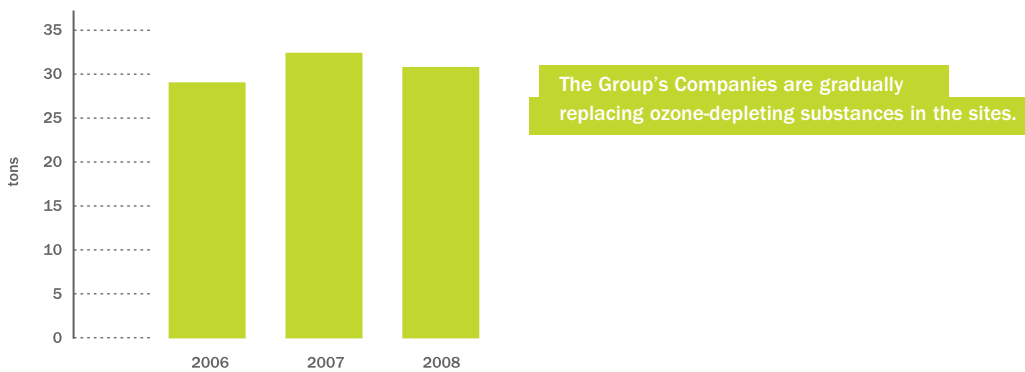
**OZONE DEPLETING SUBSTANCES**

At the locations of the Finmeccanica Group the ozone depleting substances are predominantly found in refrigeration and air conditioning systems.

The survey of such substances, currently in progress, revealed that as at December 31, 2008 they amounted to 31 tonnes at 61 sites of the Group.

The survey is being extended to include other sites of the Group; at the same time the sites that detected the presence of ozone depleting substances are progressively attending to their replacement with substances less harmful to the ozonosphere in line with the provisions contained in international agreements and the regulations in force.

**Ozone depleting substances**



**Electromagnetic fields**

The matter of electromagnetic fields mainly concerns the Companies of the Finmeccanica Group operating in sectors involving the production of systems/equipment for radar, air traffic control and telecommunications. There are 16 sites in the Group where sources of electromagnetic fields are present, such as radar and transmitting antennas, for a total of 213 sources.

The emissions of electromagnetic fields are the object of constant measurements both at the sites where the sources of electromagnetic field are realised and tested and at the places where such sources are installed.

The measurements of electromagnetic fields and the adoption of the relevant preventive and protective measures take place in compliance with the normative provisions in the matter of the protection of the health and safety of the workforce in the workplace and environmental protection (protection of the population).

## Improvement objectives



## 44 Improvement objectives

In the period 2007-2012, Finmeccanica, in compliance with the Group Environmental Policy, intends to pursue the following objectives:

OBJECTIVES	STATUS
<p>1. To implement a system for the gathering of environmental performance data and to apply it throughout the Group.</p>	<p><i>Objective achieved. In 2008, this system of gathering was extended from 114 to 135 sites and a further expansion of the system is in progress, which will involve the DRS sites that entered the Finmeccanica Group at the end of 2008.</i></p>
<p>2. To identify a set of representative environmental performance indicators for the implementation of environmental accounting.</p>	<p><i>Activity in progress: some environmental indicators calculated in terms of number of employees have been identified.</i></p>
<p>3. To define an effective organisation able to implement what contained in the Environmental Policy in all Companies of the Group.</p>	<p><i>Activity in progress. At Group level the Environment, Health &amp; Safety Service supports the definition of environmental policies, with particular reference to the Group Environmental Report and the relevant implementation at the Group's Companies. In addition, an EHS Community has been created, which the EHS heads and/or workers of the Group's Companies will actively participate in, including through the EHS infra-Group portal (EHS Inportal).</i></p>
<p>4. To Increase the number of sites with a certified environmental management systems.</p>	<p><i>The number of certified sites is gradually increasing: in March 2009 the ISO 14001 certified sites numbered 49 (36% of the total).</i></p>
<p>5. To define and implement an environmental audit programme aimed for the sites of the Group with a significant environmental impact, involving 100% of the Companies of the Group controlled by Finmeccanica by 2010.</p>	<p><i>The activity is in progress; since 2007 the audits have steadily increased. Since 2007 127 Third-party environmental audits have been performed in sites of the Group's Companies; 57% of total number of sites has been involved.</i></p>
<p>6. To finalise and disseminate guidelines for the purchase of electric and electronic equipment (EEE) and guidelines for waste management.</p>	<p><i>Objective achieved. The guidelines are available to an ever increasingly greater number of users on EHS Inportal. In 2008, the Group purchased about 34,000 equipments (laptop and desktop computers, monitors) with Energy Star certification.</i></p>

**OBJECTIVES**

**STATUS**

7. To identify goals for the improvement of environmental performance as concerns the use of hazardous substances, reduction of the quantity of waste produced and reduction of the consumption of resources.

*Activity in progress. In particular, the Group's Companies continue their effort to substitute the hazardous substances utilised in industrial processes with substances that are less hazardous or have less environmental impact. In 2008, the EHS organised 4 meetings and 2 workshops with the Group's Companies, for the purpose of sharing experiences and identifying common strategies for the improvement of environmental performance.*

.....  
8. To improve the method of registration, reckoning and traceability of environmental data at the sites of the Group's Companies, with particular reference to VOC, VIC and particulate emitted in the atmosphere.

.....  
*Objective achieved. A standard protocol has been spread and used at the sites of the Group for the registration and reckoning of annual emissions.*

Department/person to contact

46

## **Department/person to contact**

The Finmeccanica Environmental Report was realised by the EHS Service of FINMECCANICA GROUP REAL ESTATE S.p.A.

Anyone in need of information may apply to FINMECCANICA GROUP REAL ESTATE S.p.A. at: [env.report@finmeccanica.com](mailto:env.report@finmeccanica.com).

## Words of the environment

### **ASTM 1527-05**

ASTM (American Society for Testing and Materials) 1527-05 “Standard Practice for Environmental Site Assessment: Phase I Environmental Site Assessment Process” is the standard of reference containing the modalities for assessing the environment of a location.

### **CO<sub>2</sub>**

Carbon dioxide.

### **Demand (Energy)**

Area of intervention concerning the reduction of energy demand through the renewal of the stock of plants/systems and measures of an operational nature in the end uses of energy.

### **Directive 2003/105/EC**

Council Directive modifying Directive 86/82 concerning the control of major accident hazards related to certain hazardous substances.

### **Directive 2003/87/EC**

European Parliament and Council Directive of October 13, 2003 setting up a system for the trade of greenhouse gas emissions quotas in the European Community.

### **Directive 2008/1/EC**

This Directive concerns pollution prevention and control.

### **Domestic or assimilable wastewater**

Wastewater coming from residential type settlements and from services predominantly deriving from human metabolism and domestic or comparable activities.

### **EHS**

Acronym for Environment, Health & Safety.

### **EMAS**

Acronym for Eco-Management and Audit Scheme, an environmental management and audit scheme pursuant to EEC Regulation 1836/93, revised and updated by Regulation 761/2001/EC.

### **Emissions in the atmosphere**

Any solid, liquid or gaseous substance coming from a plant/system and introduced in the atmosphere that may produce atmospheric pollution.

### **Energy Manager**

A figure qualified for appointment to the position of head technician in charge of the conservation and rational use of energy.

### **Energy Star**

Energy Star is a voluntary US government programme for identifying and promoting the use of electric and electronic devices with low energy consumption for the purpose of reducing greenhouse gas emissions. The Energy Star label may be voluntarily obtained not only for traditional office machines but also for lighting fixtures, electronic home appliances and others.

### **Environment**

Context where an organisation operates, including the air, water, land, natural resources, flora, fauna, human beings and their interrelations.

**Environmental aspect**

Element of the activities, products or services of an organisation that may interact with the environment.

**Environmental characterisation**

Description of the characteristics of the environmental components both at the sites and the area influenced by it.

**Environmental impact**

Any modification of the environment, detrimental or beneficial, caused in whole or in part by the environmental aspects of an organisation.

**Environmental indicator**

Quantitative parameter able to concisely represent an environmental datum.

**Environmental management system**

The part of an organisation's system of management used to develop and implement its environmental policy and to manage its environmental aspects.

**Environmental reclamation**

The whole of intervention suitable for eliminating sources of pollution and polluting substances or reducing concentrations of polluting substances presents on the ground, in the subsoil, and in surface or subsurface water.

**Environmental Report**

Structured instrument used by a concern to inform stakeholders of the major pieces of environmental information pertaining to its activities.

**Environmental sustainability**

Industrial, infrastructure, economic development, etc. of a territory that guarantees respect for its environmental characteristics, i.e. by exploiting the natural resources in such a way as to support such exploitation.

**FEEM**

Enrico Mattei ENI Foundation, a non-profit research institute in the field of sustainable development.

**GJoule**

The Joule is the unit of measurement of energy or work required to exert a force of one Newton for a distance of 1 meter; 1 GJoule (or GigaJoule) equals 1 billion ( $10^9$ ) Joules.

**Green areas**

Lawns, flowerbeds, areas covered with various kinds of bushes/shrubs and trees assigned to the care of specialised firms.

**Hazardous substances**

Substances which due to their intrinsic properties or conditions of use may be damaging to health or to the environment.

**Hazardous substances labelled R40**

These include harmful substances that may cause irreversible effects as defined under Directive 67/548/EC.

**Hazardous substances labelled R45**

These include substances that may cause cancer as defined under Directive 67/548/EC.

**Hazardous substances labelled R49**

These include substances that may cause cancer due to inhalation as defined under Directive 67/548/EC.

**Hazardous waste**

Pursuant to the legislation in force in the European Union, hazardous waste is defined as that having the characteristics contained in Art. 2 and in any case listed as per EC Ruling 532 of May 3, 2000.

Pursuant to the legislation in force in the United States of America, hazardous waste is defined as waste included in one of the four lists (F-list, K-list, P-list and U-list) compiled by the Environmental Protection Agency or that has at least one of the following four characteristics: explosiveness, corrosiveness, reactivity or toxicity.

**Industrial wastewater**

Any type of wastewater coming from buildings or installations where business activities or the production of goods take place (e.g. water used for cooling, washing, etc.), which differs in terms of quality from domestic wastewater and runoff of precipitation.

**ISO 14001:2004**

Environmental management systems standard (“Environmental Management Systems: Requirements and Guide for Use”) issued by the ISO (International Organization for Standardization).

**ISO 14015:2001**

Standard for the Environmental Assessment of Sites and Organizations or EASO, issued by the ISO (International Organization for Standardization).

**ISO 14040:2006**

Standard issued by the ISO (International Organization for Standardization) specifying the framework, principles and prescriptions for conducting studies for the assessment of the lifecycle (Environmental Management – Lifecycle Assessment – Principles and Framework).

**LCA**

Acronym for Life Cycle Assessment: objective method for the assessment and quantification of the energy and environmental burdens and potential impacts associated with a product/process/activity over the entire lifecycle, from the acquisition of the commodities to the end of life (“from the cradle to the grave.”)

**Non-hazardous waste**

Pursuant to the legislation in force in the European Union, non-hazardous waste is defined as listed in EC Ruling 532 of 3 May 2000, and not having the characteristics contained in Art. 2 of the same. Pursuant to the legislation in force in the United States of America, non-hazardous waste is considered to be waste not included in the four lists (F-list, K-list, P-list and U-list) compiled by the Environmental Protection Agency and that do not have any of the following four characteristics: explosiveness, corrosiveness, reactivity or toxicity.

**OHSAS 18001:2007**

Standard issued by the British Standards Institution that establishes the requirements that must be met by a management system for the safeguarding of the safety and health of the workforce and that identifies an international standard (OHSAS: Occupational Health and Safety Assessment Series).

**On site**

Located at a site.

**Ozone-depleting substances**

Such substances include halons, chlorofluorocarbons and hydrofluorocarbons used mainly in fire prevention/fire fighting equipment and systems, and refrigeration and air conditioning systems, which, if dispersed in the atmosphere, generate processes causing degradation of stratospheric ozone.

**REACH**

Reach or the Registration, Evaluation, Authorisation and Restriction of Chemical Substances refers to Regulation 1907/2006/EC, the aim of which is to augment the protection of human health and the environment through more effective identification of the intrinsic properties of chemical substances.

**Representativeness**

Number of sites that provided a given datum compared with the total number of Group locations comprising this Environmental Report.

**Runoff**

Water from precipitation that flows over outdoor surface areas.

**Significant environmental aspect**

For purposes of this document, an environmental aspect is significant when referred to activities that involve mechanical processes, treatment of metal and non-metal materials, heat treatment, surface treatment, gluing or resinification.

**Site**

All the land in a specific geographic area under the management of an organisation that comprises activities, products and services. It includes any infrastructure, plant/system and material.

**Site of National Interest**

Sites of National Interest are industrial areas as specified under Italian normative provisions (Law 426/98), owing to which the industrial activities carried on there entail a requirement to perform the characterisation of the environmental matrices in such areas.

**Supply (Energy)**

Area of intervention concerning the identification of the modalities for the self-production and provisioning of electric power and thermal energy in line with the best economic terms obtainable on the market.

**VIC**

Volatile inorganic compounds.

**VOC**

Volatile organic compounds.

**Waste**

Pursuant to the legislation in force in the European Union, waste is considered to be any substance or object whose holder gets rid of or has decided to get rid of or has an obligation to get rid of, as provided under Directive 75/442/EEC.

Pursuant to the legislation in force in the United States of America, waste is considered to be any unwanted material deriving from an activity or production process.

This document does not take into consideration waste left to the public collection service for handling.


**Wastewater**

Water coming from domestic or assimilable activities or industrial activities that are directed and subsequently discharged into surface waters, on the ground, in the subsoil, into the sewer system or managed as waste.

## Verification Statement and Certification of the Environmental Report

# Verification Statement

**Date of Statement:** 13 May 2009  
**Date of verification activities:** March - May 2009



**Verification Objective and Scope**  
ERM Certification & Verification Services (ERM CVS) was commissioned by Finmeccanica Group Real Estate (FGRE), a company of the Finmeccanica Group to verify:

- the information and the environmental performance data presented in the Finmeccanica 2008 Environmental Report and
- the data management processes, including data collection and processing and the representation of the (global) information carried out by FGRE on behalf of Finmeccanica.

The objective of our work was to confirm whether the information presented is a balanced and reliable representation of the environmental Group performance for the year 2008.

**Verification Approach**  
ERM CVS verification procedures and methodologies have been developed with due regard to the requirements of international standards governing environmental management systems and general principles of auditing. Our verification approach is centred on an in-depth and involved detailed challenge of principles, selected document review, numerous checks of custody and data, selected interrogation of source data and consolidated data, and interviews with both corporate and operational staff at all levels of the organisation.


**Our work included:**

- A comprehensive off-site review of the Environmental Report, identification of verification risks and selection of areas for more detailed review;
- A detailed assessment of the data collection and management processes conducted at EURL offices, through interviews with internal staff, interaction with the electronic tools employed, and review of appropriate support documentation;
- Substantiation of a sample of statements and claims made in the Environmental Report with calculation and evidence sought where appropriate;
- Testing of the quality of information in the Finmeccanica Environmental database through:
  - review of the selected information supplied by sites to the corporate data collection system;
  - site visits and direct review of source data and interviews with personnel involved in data collection and reporting at 10 sites, selected by ERM CVS as part of the verification process.


**Verification Opinion**  
In the opinion of ERM CVS, and based on the sample of information reviewed, the information presented in the Finmeccanica 2008 Environmental Report provides an appropriate and balanced platform for readers to assess the performance of the Group.

**Comments and Recommendations**  
The detailed data validation and control procedures employed at corporate level, together with input events to the guidelines and information provided to the sites, have strengthened EURL's data management processes.  
Based on the elements evaluated, ERM CVS believes that further improvements can be sought in the following areas:

- Implement at site level internal assurance systems for site level data quality, also through presentation by EURL;
- Show greater engagement and co-operation with site personnel to consistently disseminate information and guidance on data reporting in order to improve consistency and awareness on Finmeccanica's requirements for reporting of financial environmental data, especially for sites located outside of Italy;
- Development of Group level measurable environmental improvement objectives and targets and presentation of Finmeccanica's performance against them.



Caterina Pogant  
Lead Verifier



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