

Methodological notes

Ansaldo STS' 2014 Sustainability Report describes, for the sixth consecutive year, the economic, social and environmental impact of the company's operations. It has been prepared in accordance with the updated Sustainability Reporting Guidelines established in 2011 (version 3.1) by the GRI (Global Reporting Initiative).

The application of these guidelines in the 2014 Sustainability Report is level A+, as evidenced by the information given in the GRI Content Index.

Progress has been made towards applying version G4 of the Sustainability Reporting Guidelines established by the GRI; expected to be adopted for the 2015 report. Specifically, there are new versions of the materiality analysis, the stakeholder map with descriptions of engagement activities and contingent risk and sustainability opportunity analysis.

Materiality – Ansaldo STS' internal sustainability committee has conducted a new materiality analysis. The different stages are set out below.

1. Identification of relevant aspects

The internal sustainability committee's first step was to more carefully select the material aspects for Ansaldo STS, sustainability (these were aspects and issues that had already been identified in previous years) considering a combination of internal and external factors, such as mission, values, company strategies, risk assessment activities, integrated quality, safety and the environmental management system, climate change strategy and research and development aimed at creating increasingly safe and environmentally-friendly products and solutions. In addition, Ansaldo STS has considered the indications included in the Global Reporting Initiative, the Global Compact and the Carbon Disclosure Project, as well as the aspects emphasised by rating agencies, which include ESG (environment, social and governance) criteria in their ratings and initiatives in progress in the railway transportation sector.

2. Impact on Ansaldo STS' performance

The next step was to score the various aspects according to their strategic importance (priority) based on the following criteria:

- probability and seriousness of the impact that could arise from the aspect considered;
- impact that the aspect could have on the company's performance;
- possibility of gaining a competitive edge.

The members of the internal sustainability committee completed a scorecard that had three ranges: low (from 0 to 3), medium (from 4 to 7) and high (from 8 to 10).

3. Impact on stakeholders' opinions and choices

The third step of the materiality analysis involved the various categories of the 21 stakeholders (customers, suppliers, banks, financial analysts) to determine the impact that the aspects considered could have on their opinions and choices. Ansaldo STS asked its stakeholders, on the basis of their knowledge of the company and its dynamics and considering their sensitivity, to prioritise each aspect, using the same scoring system as the company. To gain a more complete picture of stakeholders' viewpoints, the questionnaire also prompted stakeholders to indicate any aspects that had not been considered. The replies from the new panel of stakeholders were combined with those of the previous year related to civil society (opinion leaders, universities, consultancy firms, trade associations) which were not involved this year. Such data were combined using "weights" calculated through the "stakeholder map".

4. Creating the matrix

The internal and external survey results were organised into a matrix and subsequently interpreted. Of the aspects analysed, *Protection of biodiversity* was not perceived to be material.

Stakeholder engagement – The application of this principle has led the company to conduct various activities described in the section on *Sustainability governance*, in order to define the needs and expectations of each stakeholder category and fine-tune Ansaldo STS' ability to respond to them. Specifically, to better understand the influence each stakeholder category has on the company's performance, and vice versa, the stakeholders were mapped in 2014.

Sustainability context – In the *Sustainability governance* and *Innovation* chapters of the *Sustainability* in Ansaldo STS section, we have sought to clearly define how the company interprets its sustainability in terms of the business sector in which it operates. Without losing an overall view, we have tried to describe local initiatives, reporting the peculiarities of the different markets (see the section *Our people*).

Completeness - The report has been designed to give stakeholders a complete picture of Ansaldo STS' activities. The *scope of the report* refers to the Group,

as indicated in the 2014 Annual Report. The issues relating to the environment, health and safety refer to subsidiaries' sites that are considered material, i.e., those with more than 10 employees. Changes in the *scope of the report* in 2014 are specified in the section *scope of the report* in the section on *Environment, health and safety*. In the Asia Pacific, where Ansaldo STS is present through a joint venture, its employees make up 40% of total personnel: the figures relating to this region are estimated (calculated considering 40% of total personnel in the region).

Balance – In describing the outcomes of Ansaldo STS' activities, we have sought to reflect both the positive and negative aspects (e.g., reporting on objectives that were only partially achieved in 2014, with respect to commitments made) to give a balanced view of overall performance.

Comparability – To enable stakeholders to analyse changes in the company's performance, the Sustainability Report includes comparative data for 2013 and 2014. Where meaningful, the comparative data covers 2012-2014 period. Income statement figures, expressed in Euros, have been translated at the exchange rates indicated in the 2014 consolidated financial statements. The scope of the data is always indicated (in the text or in a note), along with changes compared to previous years. The structure of the report has been changed to increase readability and alignment with the GRI guidelines.

Accuracy – Results and qualitative and quantitative data refer directly to the 2014 consolidated financial statements, while the accuracy of environmental, health and safety data is derived from the certified management systems (ISO 14001 and OHSAS 18001) and the use of the Enablon data collection platform which the Finmeccanica Group implemented in 2010. Social sustainability data have been mainly extracted from Ansaldo STS' operating systems. Estimates are explicitly indicated. The conversion rates used for the calculation of GHG emissions are those defined by the Finmeccanica Group.

Timeliness – The Sustainability Report is prepared annually and published for the extraordinary shareholders' meeting. To best meet the informational needs of stakeholders, where material, events that occurred after year end are also reported.

Clarity - The report has been structured to make the information easily identifiable by stakeholders (using icons for different sections and a navigation system). The 2014 Sustainability Report opens with the sustainability pillars and the letter from the Chairman

and CEO, and includes eight sections: *Company profile; Sustainability governance; Innovation; Environment, health and safety; Our people; Supply chain; Public relations; Economic performance*.

This document ends with the *Content Index* and the *Statement of compliance*. The level of detail of information has been selected to make the report comprehensible, accessible and usable by the various stakeholders. The document refers to the company's website for details on certain matters, indicating the relevant web page address.

The Sustainability Report will be distributed in a "dynamic" PDF format containing multimedia elements, such as: the CEO's introductory video, the web address of the 2014 Annual Report and a description of the initiative "The Ansaldo STS forest never stops growing". It will be distributed on a USB flash drive (packaged in a card) and online (Intranet-Internet-Social networks).

Reliability – The 2014 Sustainability Report has been approved by the board of directors and reviewed by independent experts (KPMG) in accordance with the International Standard on Assurance Engagement (ISAE 3000) of the International Auditing and Assurance Standard Board (IAASB). KPMG was involved in the various stages of the reporting process in order to facilitate its review, in a constructive climate of collaboration.