Ansaldo STS

Ansaldo STS designs, builds, installs and operates signalling systems and components as well as integrated solutions for transportation, and the operation and control of passenger and freight railway and metro lines.

It is active all over the world as a contractor and supplier of turnkey services and solutions for large global projects.

It is an international organisation based in Europe, the Middle East, North Africa, the Americas and the Asia Pacific area.

4 key strategic pillars

- Business driven – business-focused organisation;
- Strategic centre – management founded on strong, centralised guidance;
- Efficiency – industrialisation of executive methods and globalisation of research and development activities to develop a standard product portfolio;
- Global – global management of the procurement process.

1. In this document, “Ansaldo STS” and “Group” refer to all companies included in the 2014 consolidation scope, while Ansaldo STS S.p.A. refers to the Parent.
Sustainability at Ansaldo STS

SUSTAINABILITY GOVERNANCE

INTERNAL SUSTAINABILITY COMMITTEE
Composed of the managers of the main company functions, this committee defines strategic guidelines, commitments and projects for sustainable development and social responsibility. It reports directly to the Chairman and CEO and, through them, to the board of directors.

MATERIALITY ANALYSIS
Ansaldo STS defines the content of its Sustainability Reports by asking company management and its stakeholders for their opinion on the different aspects to be considered in the report. This enables the company to more thoroughly report on sustainability issues that affect its stakeholders’ judgements and decisions.

STAKEHOLDER INVOLVEMENT
Ansaldo STS is committed to understanding the needs and expectations of its people and involving them in projects to develop skills and expertise. It is focused on constantly monitoring its customers’ satisfaction and plays an active part in handling relations with local communities be they the municipal authorities, citizen associations, users of metros and trains, companies or local labour. It also participates in research and training projects with institutions and universities.

SUSTAINABILITY PROGRAMME
Reporting on its commitments, investigations of quality interaction with its stakeholders and the results of the materiality analysis allow Ansaldo STS to devise an annual sustainability programme that is focused on constant improvement.

INNOVATION

RESEARCH AND DEVELOPMENT FOR CUTTING-EDGE PRODUCTS AND SOLUTIONS
In 2014, Ansaldo STS invested approximately €33 million in research and development to supply its customers and end users with cutting-edge products and solutions and the very best railway and urban rail transportation system design and construction methods and procedures in order to increase safety and reduce their direct and indirect environmental impacts.

SAFETY AND RELIABILITY
Ansaldo STS ensures that the products, applications and systems it develops and delivers are: safe, in compliance with the Australian and international laws applicable to railway systems; reliable, responsive to customers’ needs and consistent with its internal quality standards. It achieves this through RAMS (Reliability, Availability, Maintainability & Safety) activities.

PRODUCTS AND SOLUTIONS THAT RESPECT THE ENVIRONMENT
For Ansaldo STS, innovation is synonymous with respect for the environment: it is committed to researching products and solutions that contribute to reducing energy and raw materials consumption. It also pays increasing attention to using environmentally-friendly materials, starting at the design stage.

HEALTH, SAFETY AND ENVIRONMENT

FIGHT AGAINST CLIMATE CHANGE
Ansaldo STS reports on direct and indirect greenhouse gas emissions (Scopes 1, 2 and 3) in accordance with the GHG protocol2, undertaking to decrease these emissions, through people mobility policies, programmes to cut energy consumption and improve efficiency, use energy from renewable sources and manage waste effectively.

INTEGRATED QUALITY, SAFETY AND ENVIRONMENT SYSTEM
Ansaldo STS has an integrated management system (“IMS”) for environment, safety and quality, which combines all company processes into one structure, enabling the organisation to operate with shared objectives. It has also certified its individual sites in accordance with UNI EN ISO 14001, AS/NZS 4801, OSHAS 18001 and ISO9001 standards.

EMPLOYEES’ HEALTH AND SAFETY
Promoting the health and safety of its employees is a strategic commitment for Ansaldo STS. The company also tracks “near misses” – accidents without consequences resulting from undesired or unexpected situations, which could potentially harm people or things – to identify appropriate solutions before an actual accident occurs.

2. The Greenhouse Gas Protocol (GGP) is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions.
Sustainability at Ansaldo STS

**OUR PEOPLE**

**PEOPLE CARE**
Our people are one of our five values: people are at the “heart” of the organisation. The “People Care” concept for Ansaldo STS covers an employee’s wellbeing as both a professional and a person. It pays particular attention to work environments and monitors relations between managers, their teams and between colleagues. Ansaldo STS offers a wide range of benefits and services.

**TRAINING AND PROFESSIONAL GROWTH**
Ansaldo STS considers professional, managerial and specialist training a fundamental tool to enhance its people’s skills. The Global Job System is applied to the entire workforce and interacts with the Performance Development Plan to plan career objectives and individual development paths that match changing business contexts.

**SUPPLY CHAIN**

**SUPPLY CHAIN SUSTAINABILITY**
Ansaldo STS is committed to defining, sharing and implementing a sustainability roadmap for its supply chain to promote a sustainable business culture with its suppliers. The aim is to progressively improve the economic, environmental and social impact (labour and safety practices, respect for human rights and the development of local communities) along the entire supply chain.

**PUBLIC RELATIONS**

**RESEARCH PROGRAMMES WITH INSTITUTIONS AND PARTNERSHIPS WITH UNIVERSITIES**
Ansaldo STS contributes to society’s technological advancement by participating in research projects with Italian and EU institutions and training projects with universities on issues such as safety, energy efficiency, satellite signalling and the monitoring of railway transportation system infrastructure.

**SUSTAINABILITY COMMUNICATION AND DISCUSSION**
This is the sixth year that Ansaldo STS has prepared a Sustainability Report in accordance with the Global Reporting Initiative guidelines and with certification by an independent auditor. Ansaldo STS adheres to the Global Compact and is a founding sponsor of the Global Compact Network Italy Foundation. It also participates in the Carbon Disclosure Project and is on UNIFE’s Sustainable Transport Committee. A section of its website is dedicated to sustainability, where it publishes a navigable integrated review of its report, supplementing information on financial, social and environmental management. This is the second year that Ansaldo STS has prepared a Sustainability Activity Report on its activities in Australia.

**ECONOMIC SUSTAINABILITY**

**BUSINESS STRATEGY AND MODEL**
Ansaldo STS’ economic sustainability is its strategic answer to the macroeconomic context and transportation market trends, based on a business model that develops distinctive abilities and the necessary skills to boost the company’s market competitiveness.

**CORPORATE GOVERNANCE**
Ansaldo STS’ corporate governance system is designed to maximise value, monitor business risks and achieve market transparency, balancing the interests of all its shareholders, especially its small ones.
Our mission

Ansaldo STS combines experience and human, financial and technological resources to provide innovative solutions in the design and construction of equipment and systems for conventional and high-speed railway line networks and urban rail network signalling and automation for both passengers and freight.

Our commitment to sustainable development can be seen in the countries in which we operate, across five continents, through the widespread application of our business vision, focus on environmental and social issues, and how we foster a collaborative environment and respect for local cultures through our work. The more we make sustainable long-term decisions, the better the interaction between our company, society and the environment will be, and this approach gives us a competitive edge.

Our values

To achieve its objectives of growth and maintenance of its sector leadership, Ansaldo STS bases its operations on solid, unwavering ethical values and principles. Everyone in the organisation is required to uphold this culture and make the same commitment to ethical conduct, embracing the company’s principles and values. Ansaldo STS’ values on which it bases its business are:

FOCUS ON CUSTOMERS
Our technologies safely move millions of people every day. This drives Ansaldo STS to do its best to increase and maintain high level service excellence for rail transport users. Ansaldo STS exists because of its customers, insofar as the company is able to understand and meet their requirements and expectations, helping them to solve any related problems.

INNOVATION AND EXCELLENCE
Understanding, studying and developing solutions to improve responses to customers and market offers lie at the centre of Ansaldo STS’ activities, in which work is constantly focused on providing innovative and excellent products that represent the company’s competitiveness in the market.

PEOPLE
Customer satisfaction and the development of new products depend on the abilities of the professionals working to achieve them, Ansaldo STS’ employees. This is why Ansaldo STS is a company founded on people. Everyone in the company’s organisation works to make Ansaldo STS a good place to work, where people learn, achieve and celebrate success. Ansaldo STS always prioritises its people and their safety.

TEAM SPIRIT
None of these operating objectives can be achieved by one person alone. The company’s people work in a single, integrated organisation, capable of making the most of their different cultures and professional training. This team spirit can also be found in managers who ensure cooperation and the growth of the company culture, while achieving the targeted objectives and the company’s mission. Ansaldo STS strongly encourages attainment of its people’s aspirations through team objectives.

INTEGRITY
If people are to work together effectively, mutual trust must be fostered, and this is only possible if everyone works and acts in a transparent, loyal, honest and proper way. Similarly, customers must have the absolute certainty that integrity is a fundamental value for Ansaldo STS, and that this value is reflected in its products through the utmost care and attention to safety.

Letter from the Chairman and CEO

Ansaldo STS firmly believes that a strategy is sustainable only if it is capable of building long-term economic, social and environmental value. Each day we respond to the genuine needs of our customers and more generally, our stakeholders, with technological solutions and passion from our personnel. This dedication is reflected once again in our 2014 financial, social and environmental results.

Ansaldo STS is committed to creating value for our customers, shareholders, employees and the communities in which we are based. These people are, and will always be, the compass guiding our management team.

Led by the company’s values, Ansaldo STS uses its unique edge and skill to compete with large competitors in a market that grows at a rate of 3%, driven by demographic growth, fast urbanisation processes and global commercial growth.

There has never been a greater need than now for more efficient and safe transport solutions, developed from attentive strategies and with respect for social and environmental conditions, in order to be sustainable and improve our lives.

This document outlines the sustainability activities undertaken by Ansaldo STS Australia Pty Ltd during 2014. More detailed and extensive information on the sustainability practices of Ansaldo STS worldwide can be found in the Ansaldo STS Group 2014 Sustainability Report which can be accessed and downloaded at www.ansaldo-sts.com

3. For the full Letter from the Chairman and CEO, reference should be made to pp 6-7 of the Ansaldo STS Group 2014 Sustainability Report.
Company profile

Ansaldo STS considers the social, economic, logistics, architectural, environmental and structural context of each project that it handles, planning, designing and building signalling, railway and urban rail systems that provide the best possible combination of safety, efficiency and return on investment.

Ansaldo STS, headquartered in Genoa, has four main operating companies:
- Ansaldo STS S.p.A, with office sites in Genoa, Naples and Piossasco (TO) and a production site in Tito Scalo (PZ);
- Ansaldo STS US, with an office site in Pittsburgh (Pennsylvania) and a production site in Batesburg (South Carolina);
- Ansaldo STS France, with an office site in Les Ulis and a production site in Riom;
- Ansaldo STS Australia with office sites in Brisbane, Newcastle, Perth and Karratha.

Ansaldo STS also owns operating entities in Germany, Sweden, Finland, the UK, Spain, China, India, Malaysia, North and South Africa and Botswana as well as many permanent establishments and partnerships in other countries such as South Korea and Turkey.

Ansaldo STS in Australia

Ansaldo STS Australia Pty Ltd (formerly Union Switch & Signal) is the Ansaldo STS Group’s sub-holding company in Australia. It employs 450 people at sites in Brisbane, Newcastle, Perth and Karratha.

The company develops and delivers solutions to improve the safety, efficiency, reliability and environmental performance of Australia’s passenger and freight rail transportation, and has been operational in Australia since 1995.

The way Ansaldo STS Australia conducts its business, and the related financial, economic, social and environmental impacts are strategic priorities to ensure the company’s sustainability and competitiveness. The sustainable products, systems and solutions the company develops for its customers - the owners and operators of Australia’s rail networks - play a crucial role in enabling them to meet their sustainability targets.

In 2014 a large proportion of the Australian company’s operations continued to focus on the delivery of advanced technologies to support the capacity enhancement and expansion activities of the Australian resources sector. This included the implementation of Ansaldo STS’ train management systems which support the automation of heavy haul rail, and railway signalling and telecommunication systems that use satellite positioning to reduce maintenance and infrastructure requirements.

Sustained population growth in Australia’s major cities continued to drive new projects in the passenger rail sector, and the company was engaged in the design and delivery of signalling systems for passenger rail line extension projects on both the east and west coasts of Australia.
Corporate governance

Ansaldo STS Australia is committed to conducting its activities in line with ethical, sustainable and transparent practices.

The company’s employees work in accordance with its code of ethics and core values, and use the global integrated management system (IMS) in their operations. Standards of conduct are based on values of customer focus, innovation and excellence, focus on people, team spirit and integrity. Policies and the code of conduct reinforce the upholding of these values, which is fundamental for the achievement of company objectives, the attainment of market success and the management of relationships with stakeholders.

**Code of ethics**

Ansaldo STS’ code of ethics serves as the foundation for employee conduct and is aligned with the company’s values.

A supervisory body monitors the management and application of the code of ethics within the company. This supervisory body is comprised of the Australian Country Representative, Vice President Internal Audit and the Company Secretary - Australia.

**Code of ethics training**

Ansaldo STS promotes and fosters awareness of the code of ethics and related protocols.

All employees and workers collaborating with the company are provided with a copy of the code of ethics, and required to sign a statement certifying that they have read the document.

A copy of the code of ethics is provided to all newly hired employees as part of Ansaldo STS Australia’s initial training programme. To ensure all employees can access the code of ethics at any time, a copy is also available at any time via the company’s website.

**Board of directors**

Ansaldo STS Australia Pty Ltd is the Ansaldo STS Group’s sub-holding company in Australia. It is managed by a seven-member board of directors.

As Country Representative for Australia, board director Lyle K Jackson, is required to represent Ansaldo STS Australia at shareholders’ meetings of companies in which it holds an interest, in meetings of professional representative organisations, and in all legal, administrative and tax matters. He is also responsible for Ansaldo STS Australia’s compliance with and implementation of corporate social responsibility policies, the day-to-day execution of which rests with the Health, Safety and Environment, Human Resources and External Communication divisions.

Ansaldo STS Australia’s board of directors meets at least four times a year, and meetings are scheduled in alignment with the meeting schedule of Ansaldo STS S.p.A.’s board of directors. In 2014, the Australian board held four meetings.

Ansaldo STS delivered the railway signalling system for the 7.5km line extension from Clarkson to Butler stations for Western Australia’s Public Transport Authority (PTA).

Ansaldo STS technology has significantly contributed to the increased capacity, reliability and efficiency of New South Wales’ coal freight corridor.
Sustainability

Ansaldo STS Australia is active in sustainable, low environmental impact transportation, and sustainability is an integral part of its business plans and decision making processes. The company’s core business is to develop and deliver solutions that improve the safety, efficiency, reliability and environmental performance of Australia’s passenger and freight rail transportation.

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Materiality analysis

In accordance with the Global Reporting Initiative (GRI) guidelines, Ansaldo STS Australia has performed a materiality analysis to identify the aspects of sustainability that are most important to stakeholders and to the company’s business. It considered the following aspects in this analysis:

1. **Internal points of view**
   - To gain a better understanding of which environmental, social and governance issues are relevant to the business in Australia, the company conducted a series of interviews with management.

2. **External points of view**
   - It also performed a media analysis, reviewed the Ansaldo STS (Group) sustainability reports and those published by other leaders in the same sector, along with the G4 Sustainability Reporting Guidelines.

The results of this process inform the content of this report on the Group’s sustainability in Australia.

To increase the transparency of its sustainability reporting in the future, Ansaldo STS Australia plans to conduct a detailed materiality analysis, which will include in-depth interviews with its external stakeholders, such as non-government organisations, suppliers, customers, shareholders and the media. This will enable it to more accurately evaluate the impact that sustainable development issues have on the company and on the environment, encouraging compliance with related policies and commitments.

Global Compact

Ansaldo STS continues to make the Global Compact - a voluntary United Nations initiative - to encourage respect for human rights, labour, the environment and anti-corruption - and its main principles an integral part of the company’s strategies and culture.

Sustainability of the Australian business

To measure its ongoing sustainability performance Ansaldo STS Australia sets sustainability objectives and reviews performance against these objectives annually.

**HEALTH, SAFETY AND ENVIRONMENT**

- Increase the HSEMS’ alignment with the company’s strategies, policies, objectives and targets to strengthen the transparency and accuracy of HSE reporting.
- Traffic management plans will be introduced at all sites to more effectively manage interactions between plant and pedestrians, and contractor and supplier assessments will be simplified.
- Develop and introduce ‘Safe Operational Controls’ for our activities.
- Train all managers and supervisors to an adequate level to ensure they fully understand their accountability and responsibilities with regard to HSE.
- Management site visits to understand the hazards and risks arising from operations, verify controls are in place and interact with workers.
- ‘Safe Operational Procedures’ finalised and published.
- HSE e-Learning training programme Management training, Induction Refresher, Fire and Emergency Response to be delivered.
- Establish a GHG emissions baseline.
- Implement battery recycling programme in all permanent locations.
- Air-conditioning and lighting audits to be conducted to enable efficiency increases such as reduced operating hours and temperature setting controls.
- Implement a system for assessment, approval and review of all international activities and ensure that any HSE issues relating to travel are addressed to prevent risk to all Ansaldo STS employees travelling for business purposes.

**HUMAN RESOURCES**

- Conduct tailored management communication programme to streamline processes around internal redeployment/transfer of personnel.
- Maintain the established programme of activities to increase employee retention and staff satisfaction levels.

**Reporting on commitments**

**IN 2013 WE SAID**

**IN 2014 WE DID**

**HEALTH, SAFETY AND ENVIRONMENT**

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**HUMAN RESOURCES**

- Gain a more accurate vision and clearer understanding of Ansaldo STS Australia employees’ level of satisfaction by gathering and analysing their specific responses to the global employee satisfaction survey.
- An online version of the initial training programme will be developed for new employees which will include specific reference to workplace culture in Australia.
- Extensive analysis of e-learning training offerings undertaken.
- Preferred e-learning training programme procured and implemented.
- Safety Management Workshops completed for all managers and supervisors.
- Firmmeccanica’s new Have Your Say survey launched in 2014 took the place of Ansaldo STS’ annual employees survey. The participation rate of Ansaldo STS Australia employees was approximately 46%, down from 60% in the previous year.
- In 2014 HR surveyed Ansaldo STS Australia employees to get their feedback on a series of proposed team building activities for the new programme to strengthen relationships between interdepartmental teams.
- In 2014 the online employee induction training programme was launched which includes a video to help new recruits learn about Ansaldo STS Australia, its people and workplace culture prior to their first day at work.

**Achieved**

**Under completion**

**Not achieved**
Health, safety and environment

Ansaldo STS Australia is committed to business practices and processes that protect the environment and the health and safety of its employees, contractors, and the community.

All employees are expected to take individual responsibility for working safely and in an environmentally responsible manner, as well as to follow the processes and procedures contained in the company’s Health, Safety and Environmental Management System (HSEMS) which integrates the requirements of:

- ISO 9001: Quality Management Systems
- OHSAS 18001: OHS Management Systems
- ISO 14001 – Environmental Management Systems
- AS/NZS 4801: OHS Management Systems (Australia only).

In Australia, Occupational Health and Safety (OHS) and environmental management are regulated by the laws of each state and territory. All states, with the exception of Victoria and Western Australia, operate under the national Work Health and Safety Act 2011.

To comply with legislative requirements, a report on Ansaldo STS Australia’s health, safety and environmental (HSE) performance is submitted to the board of directors on a quarterly basis. This report details all significant HSE incidents/hazards and risks/aspects and impacts which have occurred during the three-month reporting period, performance against lead and lag HSE indicators, resource status and legal updates. Additionally a report on Ansaldo STS Australia’s performance against key HSE indicators which highlights areas for improvement is submitted to Australian managers for analysis, discussion and action at quarterly HSE management meetings, chaired by the Country Representative.

Health, safety and environmental management

To evaluate the effectiveness of the HSEMS and ensure that it is fully implemented at all sites, a series of audits of the system is conducted annually. In 2014, 23 of the 25 scheduled audits were successfully completed. One scheduled environmental system audit could not be completed due to the introduction of process and procedural updates at the time of audit. This system audit has been rescheduled for late 2015 to enable the effectiveness of the new processes and procedures to be measured. The other incomplete audit could not be conducted due to changes in HSE personnel at the scheduled time of audit.

In accordance with ISO 14001:2004, AS/NZS 4801:2001, OHSAS 18001:2007, a surveillance audit to confirm that the HSEMS continues to meet the assessment criteria and certification scope, was conducted by Lloyd’s Register Quality Assurance in June. Three previous non-conformances were closed and two new ones opened. The first new non-conformance related to the maintenance and monitoring of contractor insurance details to ensure their currency; the second was due to inconsistent approaches to testing and tagging of electrical equipment at permanent locations. Continued certification of the HSEMS was recommended.

Workplace culture

At Ansaldo STS Australia, health, safety and environmental performance is a shared responsibility. Each individual is expected to lead by example and to understand and comply with the company’s HSE policies and procedures.

New employees and contractors must complete an HSE Induction prior to commencing work with the company, and monthly HSE Bulletins, updates and targeted workplace health and safety campaigns assist to build and strengthen the safety culture of Ansaldo STS Australia.

The company recognises that managers and supervisors who model safety behaviours are integral to the establishment and maintenance of a strong safety culture. In recognition of this a number of refresher workshops on safety management, legislation and management obligations were conducted with this group in 2014. In the year ahead these managers and supervisors will undertake further HSE training in which they will conduct HSE performance monitoring, such as workplace inspections, audits and investigations as part of an e-learning package to further increase their HSE knowledge and awareness.

Employee health and wellbeing

Ensuring the health and wellbeing of employees remained a key focus for Ansaldo STS Australia in 2014. The company continued to provide employees and their families with free access to counselling and support services through the employee assistance programme. Toolbox talks were again central to providing employees with information and support to enable them to make informed lifestyle choices in terms of nutrition, fatigue management, and the impacts of drugs and alcohol on performance and wellbeing.

In 2014, Ansaldo STS Australia commenced a major initiative to strengthen the company’s health and safety culture through the positive promotion of the importance of maintaining a “mentally healthy workplace”. Mental health has been formally incorporated into the company’s HSE management plan and a mental health policy and associated procedures have been developed for incorporation into the IMS.

A total 24 employees have completed Mental Health First Aid Officer training, an award-winning programme on the appropriate first aid treatment to administer to support someone in a mental health crisis situation, or who may be developing a mental illness, until appropriate professional help is received or until the crisis resolves.
Managing risk

Ansaldo STS Australia aims to minimise and where possible eliminate injury and health risk to employees and those who may be impacted by its activities and operations. Employees understand the role each is expected to play in maintaining a safe workplace, and each is trained to identify, assess and control risks related to company operations. Contractual and management plan documentation of all contractors is comprehensively reviewed to ensure it complies with Ansaldo STS Australia’s HSE procedures and policies. Similarly Ansaldo STS’ documentation is reviewed to ensure it meets the requirements of the client or principal contractor that manages the site.

Prior to the commencement of any project, the Project Management Team conducts a risk management workshop to assess and evaluate any risks which may impact the project site and its activities, and to ensure adequate control measures are in place. Adverse weather conditions such as high temperatures, cyclones and flooding, as well as hazards related to long-distance road travel are common to many Ansaldo STS sites in Australia. The company has strict controls in place to manage these hazards and risks. The effectiveness of these controls is continually monitored and assessed for the duration of a project. Site inspection and audit results also inform this process.

If at any stage the safety of Ansaldo STS personnel is believed to be at risk, work is stopped and the issue escalated to the management team to ensure adequate controls are implemented; only then will work recommence.

Environmental performance

In Australia environmental regulations are set by the laws of each state and territory. Ansaldo STS’ operations and activities are conducted in accordance with these laws and the requirements of the client or principal contractor.

Ansaldo STS’ environmental management system is fully integrated into the HSEMS which incorporates aspect and impact management into an integrated HSE risk register to identify, assess and control health and safety risks and environmental impacts for all Ansaldo STS operations and sites.

Greenhouse gas emissions

Ansaldo STS Australia’s policies, objectives and targets have been formulated to ensure Greenhouse Gas (GHG) emissions from company activities and operations are minimised. It is committed to the accurate measurement and reporting of GHG data, and regularly submits National Greenhouse and Energy Reporting Scheme (NGERS) reports as contractually required.

In 2014 the company undertook a number of measures to increase the transparency of its GHG emissions data:
- emission reduction targets were incorporated into its HSE policy; and
- environmental procedures were amended to incorporate GHG management.

Additional measures identified and currently under consideration include:
- specialised training for key employees responsible for monitoring and measuring performance data in direct and indirect (Scopes 1, 2 and 3) GHG emissions which have significant impact on the environment;
- amendments to the HSEMS so that it aligns with the NGERS scheme and the requirements of ISO 14064.1: Greenhouse Gases—Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions & Removals;
- analysis of Ansaldo STS Australia’s operations to be conducted so that GHG emitting activities can be identified and cross-referenced against the HSE Risk Register, and impacts of activities and aspects relating to GHG emissions can be determined.

Energy consumption

Ansaldo STS is committed to improving the energy efficiency of its sites and operations. In 2014 established recycling programmes to reduce generic waste continued and the company achieved its objective to ensure 100% of obsolete mobile phone handsets, desk phones and IT equipment were recycled or re-used. The changeover to compact fluorescent (energy saving) office lighting also continued.

During the year the Fleet Management Team continued to lease 4-cylinder vehicles in preference to those with six cylinders. The one 6-cylinder vehicle that remains in the company’s 44-vehicle fleet is scheduled to be replaced in 2015.

As reported in 2013, the following opportunities for Ansaldo STS Australia to improve its energy efficiency have been identified:
- Direct GHG emissions (Scope 1): GHG emissions from sources that are owned or controlled by the company including Vehicle & Plant Petrol/ Diesel;
- Indirect GHG emissions (Scope 2): GHG emissions from electricity;
- Indirect GHG emissions (Scope 3): GHG emissions occur as a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Inclusion of Scope 3 emissions sources include significant and ongoing impacts including Business Travel (Air, Cars & Taxis), Waste Disposal (Recycling and Landfill) shall be measured;
- Water Consumption from the permanent sites at which Ansaldo STS Australia operates.
Our people

At Ansaldo STS Australia we seek to create an environment where competent, high-performing people are happy, challenged and satisfied. Continual learning and development are encouraged and supported through a global performance development programme, and our integrated people development model enables employees to play an active role in the learning and development process.

Human resource management policy

Ansaldo STS Australia’s 450 employees bring various levels of expertise and diverse experience to their work. To retain employees and increase its ability to attract new talent, the company has developed a global HR policy that encourages continuous learning, strengthens leadership skills and promotes cooperation between colleagues, customers and the community. The successful conclusion of a number of major projects impacted resourcing requirements in 2014. While the company maintained its recruitment and retention strategy of ensuring the right people with the right skills were deployed in the right locations, recruitment efforts were largely internally focused, as skilled employees were redeployed and reassigned to alternative projects and areas of the business.

Headcount

At year end, Ansaldo STS Australia’s headcount was 450 as follows:

<table>
<thead>
<tr>
<th>REGION</th>
<th>MEN</th>
<th>WOMEN</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brisbane</td>
<td>68</td>
<td>21</td>
<td>89</td>
</tr>
<tr>
<td>Sydney</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Newcastle</td>
<td>10</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Perth</td>
<td>235</td>
<td>43</td>
<td>278</td>
</tr>
<tr>
<td>Karratha</td>
<td>58</td>
<td>13</td>
<td>71</td>
</tr>
<tr>
<td>TOTAL</td>
<td>371</td>
<td>79</td>
<td>450</td>
</tr>
</tbody>
</table>

The percentage of women in the Australian company remained steady at 17.5%.

<table>
<thead>
<tr>
<th>REGION</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brisbane</td>
<td>68</td>
<td>35</td>
</tr>
<tr>
<td>Sydney</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Newcastle</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Perth</td>
<td>235</td>
<td>45</td>
</tr>
<tr>
<td>Karratha</td>
<td>58</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>371</td>
<td>537</td>
</tr>
</tbody>
</table>

The breakdown of Ansaldo STS Australia’s employees by professional level was as follows:

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>MEN</th>
<th>WOMEN</th>
<th>Total</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>0.9%</td>
</tr>
<tr>
<td>Middle Managers</td>
<td>10</td>
<td>2</td>
<td>12</td>
<td>2.7%</td>
</tr>
<tr>
<td>White Collars</td>
<td>330</td>
<td>75</td>
<td>405</td>
<td>90.0%</td>
</tr>
<tr>
<td>Blue Collars</td>
<td>28</td>
<td>1</td>
<td>29</td>
<td>6.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>371</td>
<td>79</td>
<td>450</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The breakdown of Ansaldo STS Australia’s employees by education level was as follows:

<table>
<thead>
<tr>
<th>DEGREE/DIPLOMA</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical High School</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>Other High School</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>Technical graduated</td>
<td>201</td>
<td>227</td>
</tr>
<tr>
<td>Other graduated</td>
<td>56</td>
<td>75</td>
</tr>
<tr>
<td>Other education</td>
<td>61</td>
<td>79</td>
</tr>
<tr>
<td>TOTAL</td>
<td>370</td>
<td>460</td>
</tr>
</tbody>
</table>

The average age of employees in Ansaldo STS Australia was 42 for men and 39 for women.

<table>
<thead>
<tr>
<th>AGE</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>30-35</td>
<td>24</td>
<td>42</td>
</tr>
<tr>
<td>36-40</td>
<td>66</td>
<td>67</td>
</tr>
<tr>
<td>41-45</td>
<td>57</td>
<td>69</td>
</tr>
<tr>
<td>46-50</td>
<td>53</td>
<td>62</td>
</tr>
<tr>
<td>&gt;50</td>
<td>97</td>
<td>118</td>
</tr>
<tr>
<td>TOTAL</td>
<td>371</td>
<td>450</td>
</tr>
</tbody>
</table>

Employee Turnover

A total of 181 contracts was issued in 2014, of which 26% were for the hire of new employees and the remaining 74% were contract variations for temporary project assignments and the extension of fixed term contracts.
Training and development

Knowledge sharing, skill development, effective talent path management and leadership training are all crucial to Ansaldo STS' efficient operation and ongoing competitiveness. The company's integrated human resource development model aims to develop each Ansaldo STS employee for the individual's benefit and that of the broader business.

As part of the people and development process (PDP), managers and their employees meet at least once each year to clarify performance objectives, review performance and results, and determine required development, personal aspirations and career plans.

Remuneration and incentives

Remuneration and incentives at Ansaldo STS Australia are maintained in accordance with the market and regulated by national employment standards (NES) relating to minimum wages, work hours and general terms of employment.

Employees whose work is assessed using the global job system and who receive Hay grades of under 12 are remunerated in line with the national labour agreement. This agreement, which was ratified by the Italian labour court, provides for annual wage adjustments when they are negotiated (currently 4%).

In the second half of 2012, a new company agreement (2013-2015) was negotiated with the trade unions. This agreement will introduce a new remuneration and classification system based on abilities and in line with the master agreement for national industry. In addition to that provided for by the agreement, remuneration will be increased on the basis of individual performance defined in the annual revision process.

People Care

At Ansaldo STS, “People Care” covers the well-being of all employees, both as professionals and as individuals. Our ability to create an environment where competent, high-performing staff are happy, challenged and satisfied is a critical factor in delivering our “People Care” strategy.

Employee survey

Finmeccanica’s new Have Your Say survey, developed with input from employees at all Group companies, was launched in 2014 and replaced Ansaldo STS’ annual employee survey.

Approximately 49% of Ansaldo STS Australia employees participated in the survey compared with 60% in the previous year. The need for management styles that motivate, increased operational efficiency and speed of decision-making processes were among several issues highlighted and which are currently being addressed.

To gain further insight into employee satisfaction and motivational aspects of the workplace, Ansaldo STS Australia invites those employees who resign from the company to complete an employee separation survey. In 2014 the key reasons employees gave for seeking employment with another company were:

• Dissatisfaction with workload
• Lack of career progression
• Dissatisfaction with the organisation
• Lack of recognition and appreciation.

The company has been working steadily to address these important issues.

Employee awards and recognition

Ansaldo STS Australia rewards employees for their ongoing efforts and loyalty through its annual Night of Stars loyalty awards programme which recognises employees who have worked with Ansaldo STS for five or more years. In 2014, a total of 45 employees were recognised for their contribution to the company.

Each year Ansaldo STS Australia employees receive two additional days paid holiday – called Ansaldo Days. The Ansaldo Day is an additional holiday during the Christmas season and the other is determined by local administration on the basis of business requirements.

Workplace culture

In 2014 an online version of the new employee induction training programme was launched. New, newly-appointed employees can complete the module-based training programme and learn about the company, its people and Ansaldo STS Australia’s workplace culture prior to their first day at work.

During the year all Ansaldo STS Australia employees were asked to complete a feedback survey on preferred team building activities for a new programme under development by HR to strengthen relationships across interdepartmental teams and to promote the company’s values of customer focus, innovation and excellence, people, team spirit and integrity.

To support the launch of the CEO’s From Values 2 Actions programme, special events were held at offices in Perth and Brisbane. Employees participated in V2A presentations conducted by the CEO and V2A banners were highly visible at all Ansaldo STS Australia offices.

Each Ansaldo STS Australia employee now belongs to one of five ‘Values Teams’ which is a foundation initiative of a broader staff participation programme launched by HR in 2014 in response to employee feedback for the need to strengthen relations hips between interdepartmental teams.

There are three levels of responsibility for learning and development within Ansaldo STS Australia:

• Executives are responsible for establishing employee competency and checking training needs for each member of their work group. Training needs are identified during employee performance reviews.
• Employees are encouraged to actively seek formal and informal training opportunities.
• The Ansaldo STS Academy offers advice on training courses and information on aspects in connection with development and learning. It also coordinates, monitors and assesses training offers.

To ensure a tailored training approach, managers conduct an annual learning needs analysis for each of their staff members. The results are reviewed, researched and sourced by the Ansaldo STS Academy. Employees receive further support through the global online learning site (available on the Intranet) through which additional training courses can be requested and completed.

In 2014 the Academy provided a total of 154 tailored training offerings to Australian staff in areas ranging from leadership, workplace culture, safety management, signalling and systems technologies, to a range of software and skills-based learnings.

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ANSALDO STS’ FOREST ALWAYS GROWS

Ansaldo STS calculated the CO₂ emissions produced via the 2014 Sustainability Report and decided to plant 400 fruit trees in Campania, Italy (for Libera Terra cooperative on the slopes of Mount Vesuvius) and in Haiti (as part of a AVSI Foundation project in the Chantal South Department).

The trees will be donated to our stakeholders, who will each receive a navigable document on a USB, which is downloadable on our website.

Each tree has been photographed and geolocalised so that it will always be visible on the Internet.

Each stakeholder will receive a personal code to follow the growth of their tree over time and that of the Ansaldo STS’ forest.

Planting new trees:
- increases absorption of CO₂ to combat climate change and the effects of greenhouse gases;
- deters deforestation and environmental degradation;
- contributes to biodiversity protection;
- reduces soil erosion and desertification;
- improves land fertility;
- stabilises the water-geological asset in project areas;
- develops rural communities: planting is carried out by local people (individual farmers or small agricultural cooperatives) who receive financial compensation for their efforts.