

Presentation of Finmeccanica Sustainability Report

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According to a United Nations definition of 1987, *“sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs”*.

In the industrial context, this means finding the best possible relationship between economic, social and environmental dimensions.

Until a few years ago, it was widely believed that *“the only responsibility of business is to make profits”* (Friedman), and it was also thought that paying attention to the customer, to the environment and to local communities could have a negative effect on profits.

The outlook today is completely different.

It is now a well-established idea that attention to all stakeholders (including customers, suppliers, local communities, public administration, non-equity financial backers) is an absolute necessity, and it is also understood that *“the integration by companies of social and environmental concerns - on a voluntary basis - into their business operations as well as their interaction with stakeholders, is not only an act of social responsibility, but also represents an investment for the future in terms of creating enterprise value”*. (European Commission Green Paper).

Environmental problems, as well as the recent international economic and financial crisis and ensuing social hardship, are pushing us towards a radical reassessment of the role of business in society.

Alongside wealth creation - which is, and must remain, a core objective for any company - the concept of sustainability and doing business from a social, economic and environmental standpoint is moving increasingly to the fore.

On careful examination, however, it is clear that there is no conflict between sustainability and wealth creation from a long-term point of view, and therefore no incompatibility with corporate competitiveness.

In fact, accommodating the expectations of all related parties by creating value for universal benefit generates many intangible results which, although they may be hard to measure, are just as important as the tangible benefits, if not more so.

Some of these intangible benefits are as follows.

Enhanced company image and reputation

This is one of the biggest critical factors in corporate success.

Socially responsible conduct helps to improve relationships with stakeholders, strengthening a company's intangible value and giving it a powerful potential advantage over its competitors.

More efficient management of business risk

Adopting socially responsible conduct allows businesses to manage risks such as environmental disasters with greater awareness, and provides information and knowledge that help to identify areas of risk which are otherwise hard to detect.

Better relationships with financial institutions

The two factors mentioned above facilitate access to sources of financing.

Financial institutions are increasingly using evaluation criteria based on intangible values, either because they believe that the way companies manage the variables of social responsibility influences their capacity for value creation, or because they feel that a company that takes care of its own sustainability is more 'trustworthy'.

More efficient management of natural resources and reduced costs

Experience shows that it is possible to combine better management of natural resources with increased efficiency and a contextual reduction in costs.

Cutting spending and emissions, reusing materials, recycling and curbing consumption of water and electricity can boost profitability and competitiveness.

Better human resources management

Social responsibility provides many opportunities to develop new skills through training courses for staff, who thus feel more involved in the life of the company and have a greater sense of belonging.

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Finmeccanica used these considerations as the foundation for its first Sustainability Report, which follows publication of the first three editions of the Group's report on the environment.

Finmeccanica's approach to sustainability has two main features: the choice of innovation as the basis for growth, and the governance model we adopted.

Focussing on innovation implies:

- valuing people, as the driving force behind it
- openness to external situations and respect for the rules governing these
- giving proof of credibility and trustworthiness
- partially reinvesting the value generated

The governance model, meanwhile, is based on the two notions of “integration” and “respect for diversity”.

These two constituent factors in our identity - the importance of innovation and the means of integration - are what gave rise to Finmeccanica's commitment to sustainable development, which, for us, is not only a *bona fide* value but also a strategic choice.

Finmeccanica's Sustainability Report is designed to clarify the relationship between enterprise value, corporate social responsibility and the environment, as a reference for the Group in defining strategy.

A well-managed multinational company exports not only:

- products and systems,
- investments,
- productive technologies and
- know-how

but also:

- advanced human resources strategies,
- environmental protection systems and
- high standards of conduct, integrated with conduct in other regions of operation

In other words, it exports social responsibility, and therefore not only increases available wealth, but also helps to raise ethical standards in the economic environment.

This Sustainability Report is only the initial step on a route that will continue each year, giving a regular overview of the actions undertaken and our pursuit of the aims that we set ourselves from this very first report.

Sustainability is not a goal that is achieved once and for all.

It is a constantly changing dynamic, a constant quest for balance and harmony between different interests.

For precisely this reason, it gives rise to a continuous process of improvement in ways of thinking, acting and being.

Continual improvement is also one of the primary values guiding the progress of Finmeccanica.