

Sustainability of the Australian business

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Sustainability of the Australian business

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.

The sustainable products, systems and solutions that the company develops and delivers to its customers – the owners and operators of Australia's rail networks – play a crucial role in enabling them to meet their sustainability targets.

The way in which Ansaldo STS Australia conducts its business and the related financial, economic, social and environmental impact are strategic priorities in ensuring the company's sustainability and competitiveness.

Materiality

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 more important to stakeholders and to the company's business. It considered the following aspects in this analysis:

• 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.

• 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 result of this process enabled it to define the content of the first chapter in this report on the Group's sustainability in Australia.

Towards greater transparency

To increase the transparency of 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.

Ansaldo STS in Australia

Ansaldo STS (formerly *Union Switch & Signal*) has been active in Australia since 1995, and currently employs a total of 537 people at the Brisbane, Sydney, Newcastle, Perth and Karratha sites.

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.

Demand from the resources sector has reached unprecedented levels, boosted by improvements in terms of efficiency and ambitious expansion objectives. In response to this demand, Ansaldo STS Australia has developed and currently delivers advanced technologies, such as train management systems that encourage the automation of railways for heavy transport and signalling and telecommunication systems that use satellite positioning technologies to reduce reliance on infrastructures and maintenance. These technologies will generate direct improvements in terms of safety and efficiency.

Additionally, the rapid and sustained population growth in Australia's capital cities and surrounding areas, as well as in its major regional centres, has led to an ongoing rise in the number of projects to increase capacity and expand passenger railway transportation. Ansaldo STS has continued to contribute to these significant passenger railway transportation projects.

Corporate Governance

Ansaldo STS Australia is committed to operating and 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)²⁴ in their operations. The IMS ensures the appropriate execution of all operations.

Our values

Standards of conduct are based on values like 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 employees' 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. The body's members include

the Country Representative for Australia, the Deputy Chairman of the Internal Control Body and the Legal Affairs Officers for Australia.

With respect to the requirements set forth by the business rules in the code of ethics, during the board meeting held on 23 October 2012, Ansaldo STS Australia's supervisory body provided the board of directors with an annual report on the issues dealt with in 2013.

All employees can consult the code of ethics on the company's website, and a copy of the code is provided to all newly hired employees as part of Ansaldo STS Australia's initial training programme²⁵.

24. Integrated Management System.

25. Induction Program.

Board of directors

Ansaldo STS Australia Pty Ltd is the Ansaldo STS Group's sub-holding company in Australia. It is managed by a national board of directors whose powers and responsibilities are those envisaged by article 248A of the *Corporations Act of 2001* (Australia).

The Country Representative for Australia, Lyle K. Jackson, is one of the seven members of the board of directors and, among his other functions, is responsible for representing the company at the shareholders' meetings of the companies in which Ansaldo STS Australia holds an interest, professional association meetings and in all legal, administrative and tax matters.

The Country Representative for Australia also has overall responsibility for Ansaldo STS Australia's compliance with the company's social responsibility policies and their implementation, with the Environment, Health and Safety, HR and External Communications divisions responsible for the day-to-day execution of these policies under guidance.

Ansaldo STS Australia's board of directors meets at least four times a year, and the meetings are scheduled considering the meeting schedule of Ansaldo STS S.p.A.'s board of directors. In 2013, the Australian board held four meetings.

Ansaldo STS Australia's board of directors (2013)

Directors

Lyle K Jackson
Michele Fracchiolla
Emmanuel Viollet
Giuseppe Gaudiello
Christian Andi
Filippo Corsi
Ajith Perera



Our people

Our employees' abilities, commitment and innovative way of thinking are crucial to our company's success. We support, encourage and motivate our personnel to improve their abilities and skills through a global performance development programme. The forging of fruitful in house relationships and an environment of mutual respect are key aspects of the way we work at Ansaldo STS Australia.

Ansaldo STS Australia's 537 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.

Recruitment and development

In a job market like Australia's, where demand is extremely competitive, especially in the fields of engineering, which make up 41% of the Australian workforce, Ansaldo STS Australia has demonstrated its ability to attract and retain highly skilled and competent people.

The social media is also used for recruitment, making it possible to expand the national 'Ansaldo STS Takes you places' recruitment campaign.

Global Employee Survey

Australia's participation in Ansaldo STS' annual global employee satisfaction survey is steady, with 325 employees, equal to 60% of all workers (compared to 61% in 2012).

The results show that the company has progressed in a number of areas – particularly communication with employees – and indicates other possible areas for improvement, in which the company will focus systematically until the next Global Survey.

Building our workplace culture

The ability to create an environment in which competent, highly productive personnel are happy, motivated and fulfilled is an essential factor in the HR strategy.

The company has continued to promote the widespread application of the company's values of focusing on customers, innovation and excellence, team spirit and integrity, ensuring that they remain highly visible in the workplace.

By implementing managers' and employees' observations, Ansaldo STS Australia has developed a new initial training programme, which aims to help new employees understand the organisation and the way in which it works. The training programme consists of a series of modules and an employee handbook, a complete guide to support employees by facilitating them in filling their new role, while also giving them a general idea of Ansaldo STS Australia's business model.

To support the ongoing commitment to provide training on workplace culture in Australia, certain videos on this subject have been included on the e-learning site. The videos are aimed at helping people who have just arrived in Australia, gain a better understanding of the local culture and customs.

Celebrating diversity

Ansaldo STS believes that diversity of employees strengthens the quality of decision-making processes and is part of the accountability system.

The company recognises that local communities constitute an invaluable source of skills and aspiring workers and, where appropriate, it seeks to recruit local candidates to develop abilities within the local communities in the areas in which it operates.

This commitment is not only important in terms of social justice, but it is also a significant strategy for attracting and retaining personnel. To this end, Ansaldo STS Australia plans to continue to develop social networks and partnerships and intends to eliminate obstacles to career advancement for women, aiming to encourage diversity within the workforce.

Remuneration and incentives

People, their performance and the quality of their work are a crucial part of the company's success. Remuneration and incentives for Ansaldo STS Australia employees are regulated both by national labour standards, which include work hours and general labour conditions, and by the market, in order to maintain its competitive edge.

Employee awards and recognition

Ansaldo STS Australia aims to celebrate the success and recognise its employees' commitment. Indeed, each year, personnel are invited to participate in the "Finmeccanica Innovation Award", which consists of a general competition open to all Finmeccanica group companies, for the presentation of innovative ideas relating to process improvement, product value enhancement and service opportunities.

In Australia, the company rewards employees for their ongoing efforts and loyalty and during the year, a new loyalty award programme was launched to recognise employees who have worked with Ansaldo STS for five or more years. To date, a total of 179 employees have received recognition for their contribution to the company.

Additionally, each year, Ansaldo STS Australia employees receive two extra paid holidays – called Ansaldo Days. One Ansaldo Day is an additional holiday during the Christmas season and the other is determined by local administration on the basis of production requirements.

Strengthening communications

To make it easier for employees to access the policies, guidelines and modules they need, an HR bulletin board for Australia has been added to the global Intranet. The website also gives employees direct access to the Ansaldo STS Australia Human Resources Hotline – an email system created to ensure that personnel receive responses to their questions on HR management issues within one business day.

Health and wellbeing

Ansaldo STS Australia encourages everyone to contribute to protecting their health in the workplace. In 2013, flu vaccines were offered again at no charge to employees. The Employee Assistance plan gives all employees and their closest family members free access to counselling services.

Financial security

To assist employees a free insurance policy is available to all employees who work over 15 hours a week, guaranteeing that they will receive their salary if they are unable to work (because of illness or injury). In addition, a salary package is available for employees hired on an open-ended basis.

Pension

In accordance with legal regulations, in Australia, employers pay contributions to the pension funds where their employees are registered. If employees opt to participate in Ansaldo STS Australia's pension fund, Asgard, they may also receive free information and advice from an external provider.

TRADE UNIONS

In 2013, a new Enterprise Bargaining Agreement was successfully signed. In all, 7.26% of Ansaldo STS Australia personnel is employed under this agreement.

Learning and development

To support a training-oriented approach, each year, managers are asked to analyse the learning needs of each employee. These needs, are then checked, analysed and met by the internal training function, the Ansaldo STS Academy.

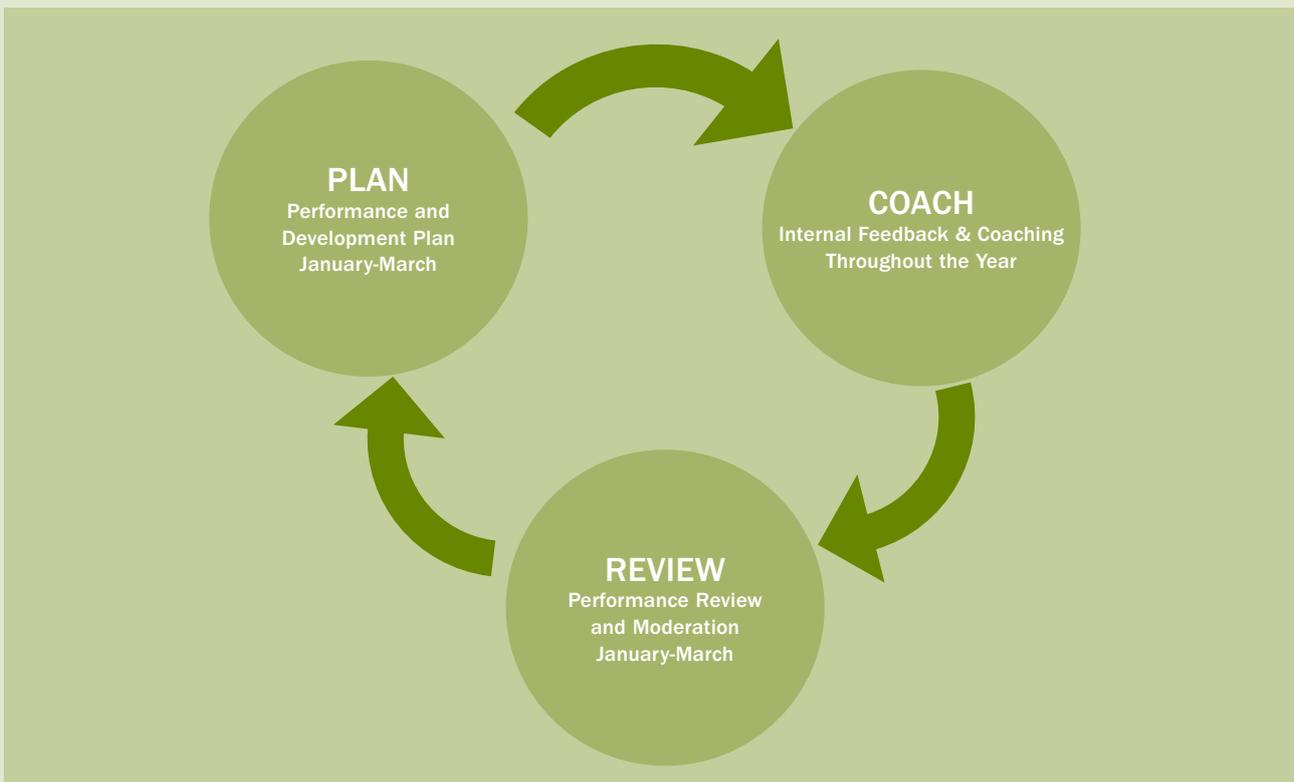
It offers a series of personalised online learning and company training opportunities and classroom courses and has continued to support employees' learning and development needs throughout 2013.

To ensure that all Ansaldo STS Australia employees were aware of the legislative changes regarding bullying and harrasment that took effect on 1 January 2014, all staff took an updated course.

Integrated human resource development model

The company uses an integrated human resource development model that focuses on managing and developing employees to create value for employees and the company.

As part of the People Development Process (PDP), managers and their employees meet at least once a year to clarify performance targets, review performance and results and form an opinion on required development, personal aspirations and career plans.



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.

The global learning site (available on the Intranet) strengthens this process and provides employees and managers with access to available training courses, while also giving them the chance to request specific courses, if required under the agreed development plan.

Ansaldo STS Australia employees

Ansaldo STS Australia employees

SITE	2013			2012		
	Men	Women	Total	Men	Women	Total
Brisbane	90	35	125	104	39	143
Sydney	7	3	10	32	3	35
Newcastle	27	2	29	55	17	72
Perth	250	45	295	241	43	284
Karratha	68	10	78	49	7	56
TOTAL	442	95	537	481	109	590

Employee turnover

	2013	2012
	26%	27%

Women

SITE	2013	2012
	Women	Women
Brisbane	28%	27%
Sydney	30%	9%
Newcastle	7%	24%
Perth	15%	15%
Karratha	13%	13%
TOTAL	18%	19%

Employees by age

Age	2013			2012		
	Men	Women	Total	Men	Women	Total
< 30	45	20	65	61	26	87
30-35	128	23	151	128	28	156
36-40	56	14	70	59	11	70
41-45	58	8	66	75	11	86
46-50	59	14	73	60	11	71
>50	96	16	112	98	22	120
TOTAL	442	95	537	481	109	590

Employees by professional level

Categories	2013			2012		
	Men	Women	Total	Men	Women	Total
Senior Executives	4	1	5	3	1	4
Junior managers	13	2	15	18	2	20
White collars	378	90	468	406	104	510
Blue collars	47	2	49	54	2	56
TOTAL	442	95	537	481	109	590

Hired employees	2013			2012		
	Men	Women	Total	Men	Women	Total
Under open-ended contracts	436	91	527	474	107	581
Under fixed-term contracts	6	4	10	7	2	9
TOTAL			537			590

Employees by education level

University/Secondary school graduates	2013			2012		
	Men	Women	Total	Men	Women	Total
Technical institute graduates	49	3	52	61	6	67
Other secondary school graduates	13	17	30	23	26	49
University graduates in technical fields	240	31	271	251	31	282
Other graduates	67	23	90	75	22	97
Other types of education	73	21	94	71	24	95
TOTAL	442	95	537	481	109	590

Commitments for the future

- **Employee satisfaction**

Gaining 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.

- **Workplace culture**

An online version of the initial training programme is being developed for new employees to include the workplace culture in Australia.

Deadline

2014

2014

Health and safety

The health and safety of our employees is integral part of our sustainable business practices, as we are working to develop and deliver solutions to improve the safety, efficiency, reliability and environmental performance of Australia's passenger and freight railway transportation networks.

In 2013, a safety record was set, considering that out of the 1,159,016 hours worked by Ansaldo STS employees, no days of work were missed due to injury. This demonstrates the effectiveness of the company's rigorous approach to risk management, the strength of the environment, health and safety management systems of and an internal culture that values safety.

To enable the Board of Directors to fulfill their obligations health safety and environmental legislation, each quarter, the board of directors is provided with a report on Ansaldo STS Australia's health, safety and environmental (HSE) performance.

This report details all significant HSE incidents/hazards and risks/aspects and impacts which have occurred during the three-month reporting period, along with HSE performance against lead and lag indicators, resource status and legal updates.

Workplace safety

Ansaldo STS Australia's philosophy is "Safety First". We believe that health and safety is a shared responsibility and that all employees play a role in creating and maintaining a safe work environment.

In 2013, no work hours were lost due to injuries, out of the 1,159,016 hours worked by Ansaldo STS employees. The average recordable injury frequency rate for 2013 was 15.53, compared to 11.66 in 2012.

Health and safety management

In Australia, occupational health and safety (OHS)²⁶ and environmental management are regulated by the laws of each state and territory, and all states, excluding Victoria and Western Australia, operate under the national *Work Health and Safety Act of 2011*.

Accordingly, Ansaldo STS Australia is subject to particularly strict obligations to ensure that the company and those involved in its operations are not exposed to risk and that no harm is caused to the environment as a result of its activities.

The company's environmental, health, safety and environmental management system (HSEMS)²⁷ is crucial for the correct management of environmental obligations and OHS and integrates the requirements of:

- ISO 9001- quality management systems;
- ISO 14001- environmental management systems;
- OHSAS 18001- OHS management systems;
- AS/NZS 4801- OHS management systems (for Australia only).

To evaluate the HSEMS effectiveness and ensure that it is implemented at all sites, an annual HSE audit schedule is established. In 2013, it was 87.5% completed, with 21 audits completed out of 24 planned.

Furthermore, in the year, a series of external audits was carried out. In January 2013, an audit conducted by *Workplace Health and Safety Queensland* did not note any non-conformities. Following audits by *Lloyd's Register Quality Assurance*, the company successfully received the renewal and three-year registration with OHSAS 18001 - OHS management systems – and AS/NZS 4801 - OHS management systems.

26. Occupational Health and Safety.

27. Health, Safety and Environmental Management System.



In November and December 2013, Ansaldo STS Australia's HSEMS was audited by our customer Rio Tinto. The implementation of the HSEMS was audited at our project site, without any non-conformities being noted.

Building a sound safety culture

While safety and environmental performance is a shared responsibility, the company places high expectations in its managers to model safe behaviour, which is fundamental for creating an effective HSEMS culture.

Ansaldo STS Australia:

- requires everyone to “walk the talk”;
- believes that safety is an integral part of day-to-day activities;
- requires no one to ignore a safety issue which they have identified.

During the year, the HSE bulletin continued to be produced and distributed. It is a key tool in sharing HSE principles and announcing new initiatives.

The *HSE Share* and *First Move Forward* initiatives were introduced in the year to make personnel aware of the ongoing importance of always focusing on safety first.

HSE Share is a simple but important initiative whereby managers and employees are asked, at the start of every meeting, to share an observation, suggestion, anecdote or idea about how to improve performance in terms of health, safety or the environment.

The *First Movement Forward* initiative aims to eliminate incidents which occur as a result of reversing vehicles, encouraging personnel to reverse park their vehicles and, accordingly, ensuring that the first movement of their vehicle when they leave the workplace is going forward. *First Movement Forward* has been widely adopted and is currently a regular practice at the offices and work sites of Ansaldo STS Australia.

To build on the health and safety awareness and knowledge of our employees, all were required to complete our new Health, Safety and Environment (HSE) Induction program during the year²⁸.

The five-module program covers:

1. Global HSE system and local HSEM system;
2. Risk management (Hazard/Aspect Identification, Risk/Impact Assessment and the implementation of controls);
3. Emergency Response;
4. HSE Forms;
5. Site Induction (specific Hazards and Controls which apply to the relevant site/project).

By December 2013, the HSE induction programme has been successfully integrated into the new employee induction program and more than 70% of employees have successfully completed the programme.

Health and wellbeing

Ansaldo STS Australia is committed to the health, wellbeing and safety of its personnel, as it is aware that the ability to create a healthy and safe workplace that motivates healthy, happy people is fundamental for employee productivity.

Legislative health standards apply to the following HSEMS areas:

- Railway workers health requirements
- Health surveillance/monitoring
- Hygiene
- Drug and alcohol abuse
- Fatigue
- Workplace stress factors

In October, a mental health week promotional campaign was launched. Using posters, pamphlets, toolbox talks and briefings, the aim was to raise employee awareness of the importance of caring for one's mental health and letting them know where to seek help should the need arise.

To support employees in this and many other issues, consultancy and support are available through our employee assistance program (EAP).

28. Health, Safety and Environment

Risk management

Ansaldo STS Australia aims to eliminate and minimise risk, as far as reasonably practicable to prevent injuries and illnesses for employees and those who may be impacted by our activities and operations.

Our Customers and contractors are committed to promoting the health and safety of personnel and workplaces, and closely cooperate to ensure that risks are identified and mitigate before work begins.

During the year, the company focused on training employees to identify, assess and control the risks related to permanent sites and projects and to ensure that everyone understands that they play an active role in maintaining a safe workplace.

To ensure the health and safety of our people, every site and project is evaluated prior to the commencement of work, so that foreseeable hazards can be identified and appropriate operational controls that will lower their residual risk to an acceptable level can be implemented.

The company reviews the contractual documentation and its contractors' management plan to ensure that it complies with Ansaldo STS Australia's HSE procedures and policies and that these, in turn, meet the requirements of the client, principal or contractors who manage the site.

Ansaldo STS Australia's Project Management Team organises a risk management workshop to analyse and evaluate any risks that may impact to the project site and its activities, in order to ensure that adequate control measures are established and implemented before the work begins. Adverse weather conditions, such as high temperatures, cyclones and flooding, along with the dangers of long distance road travel, affect many sites throughout Australia. Ansaldo STS has strict controls in place to manage these hazards and risks.

After work begins, risks are monitored and assessed for the entire duration of the project to ensure that the control measures remain effective. The results of inspections and audits undertaken by internal or external bodies are reviewed and used to further improve HSE performance.

If, at any stage of the work, the safety of Ansaldo STS personnel is believed to be at risk, work is suspended and the issue is taken to the appropriate team of managers to ensure that the appropriate controls are implemented before work resumes.

The *HSE Check-Safe Activity Planner* is one of the HSE tools that make up Ansaldo STS' HSEMS. *Check-Safe* is a plan of activities based on scheduled checklists or specific HSE activities for a given workplace or defined work group. It is a mandatory requirement for all sites and a very effective way of evaluating the safe conditions and recording evidence of HSE actions and activities that have been carried out. It deeply strengthens the conviction that each Ansaldo STS workplace must be checked regularly and that inspections must be recorded in order to maintain the safety of all the places in which we work.

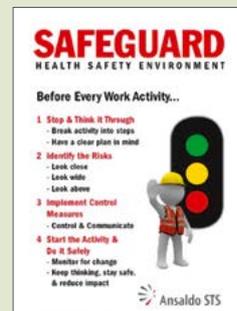
Investigations performed following a series of musculoskeletal injuries affecting employees in permanent workplaces demonstrate that one of the contributing factors was the presence of office chairs that were not up to safety standards. Accordingly, steps were taken to replace them with new office chairs that meet safety standards. This replacement process began at the Brisbane site and will be completed in 2014 when all necessary office chairs at the Perth offices are replaced.

Risk safeguarding

During the year, the *Safe Guard Pocket Risk Manager* was introduced. It is a useful, pocket size handbook for immediate risk assessments, in accordance with Ansaldo STS risk management procedures.

Employees can use the handbook:

- as a reference tool in the event of doubts as to the presence of risks related to a work activity;
- to rapidly and simply assess risks in connection with external hazards (that may vary) at the various sites, when similar work is performed that is already covered by a generic risk management process;
- to plan tasks in places where job safety and environmental analyses (JSEAs)²⁹ are used, as every situation is different and Safe Guard focuses on task planning;
- to ensure the identification of new and different hazards, and appropriate control measures are taken before work begins;
- to obtain information on HSE to update, when necessary, JSEA and other risk management processes.



Commitments for the future	Deadline
<ul style="list-style-type: none"> • Performance reporting Increase the HSEMS' alignment with the company's strategies, policies, objectives and targets to strengthen the transparency and accuracy of HSE reporting. 	2014
<ul style="list-style-type: none"> • Risk management Traffic management plans will be introduced at all sites to more effectively manage interaction between plant and pedestrians, and contractor and supplier assessments will be simplified. 	2014
<ul style="list-style-type: none"> • Continuous improvement Develop and introduce "Safe Operational Controls" for our activities 	2014
<ul style="list-style-type: none"> • Management training and expertise Train all managers and supervisors to an adequate level to ensure that they fully understand their accountability and responsibilities with regard to HSE. In 2014, 100% of managers and supervisors to will have completed their HSE training. 	2014

29. Job Safety and Environmental Analyses.

The Environment

ISO 14001 certification

Following the successful integration of environmental change in the Health, Safety and Environmental Management System in the year, Ansaldo STS Australia obtained ISO 14001 certification from *Lloyd's Register Quality Assurance*.

The new Health, Safety and Environmental Management System (HSEMS)³⁰ has improved Ansaldo STS Australia's compliance with legislative requirements and also strengthened the measures to improve monitoring and environmental performance.

Environmental management system

In the HSEMS, environmental management is integrated with health and safety management. The approach to managing environmental aspects and impacts is risk based, which simplifies it and ensures that environmental management is part of day-to-day activities. The HSEMS incorporates aspect and impact management into an integrated Health, Safety and Environment (HSE) Risk Register which identifies, assesses and controls health and safety risks and environmental impacts for every site (permanent and project) and operations conducted there.

Ansaldo STS Australia operations and activities are aligned with the regulated environmental requirements of the state in which they are performed. They also comply with the requirements of our clients and main contractors, many of whom operate in the mining sector.

Ansaldo STS Australia recognises that environmental compliance on its part and by its contractors is essential in allowing customers to achieve their social responsibility objectives and targets.

Ansaldo STS Australia always adopts the highest environmental management standards and is required to report and consult with other parties (including clients and contractors) to identify the environmental aspects and impacts of a site and the related activities, and to manage them through the appropriate controls. For each project, HSE personnel evaluate the contractual documentation and related management plan to ensure that the procedures and related documentation meet the requirements of the client and the main contractor managing the site.

Forming an integral part of effective environmental management is Ansaldo STS Australia's specific commitment to meeting the contractual obligations and protocols provided, including with regard to customers' relationships with indigenous people. The physical and spiritual connection of indigenous Australians to the land is recognised, and the importance of their culture, heritage and traditional rights is upheld.

Our procedures/plans and controls are aimed at eliminating or minimising environmental risk, including any impact on fauna and flora, discharges into water, atmospheric emissions, land pollution, waste disposal, vibration reduction, acoustic and visual pollution and interference with architecture and other cultural sensibilities.

In order to increase employees' environmental awareness, environmental management has been integrated in the new HSE induction programme.

Greenhouse Gas Emissions

Ansaldo STS Australia is committed to accurately measuring and reporting data on greenhouse gas (GHG)³¹ emissions. The policies, objectives and targets have been designed to reduce GHG emissions in all Australian operations and activities and to enable customers to accurately refer to the *National Greenhouse and Energy Reporting Scheme* (NGERS). Where provided for by contract, Ansaldo STS provides its customers with NGERS reports as part of the monitoring project.

30. Environment, Health and Safety Management System.

31. Greenhouse Gas

In order to increase the transparency of data on GHG emissions in the year to come, Ansaldo STS Australia will expand its policy to include specific emission reduction targets. The measures to be taken will include:

- alignment of the HSEMS with the NGERs scheme and ISO 14064.1 requirements for greenhouse gases
 - Specifications and guidance, organisational level, for the quantification and reporting of greenhouse gas emissions and their removal;
- the addition of policies, objectives and targets to reduce GHG emissions arising from Ansaldo STS Australia's operations and activities to the HSE policy;
- training of key personnel responsible for monitoring and measuring performance data in relation to direct and indirect GHG emissions (Scope 1, 2 and 3) with a material impact on the environment;
- development of GHG instructions governing the requirements for data management and gathering and the keeping of a GHG log for Australian operations relating to greenhouse gas emissions;
- analyses of Ansaldo STS Australia operations to identify activities that generate GHG emissions and compare them with the indications in the HSE risk register, for the purpose of identifying the environmental impact of activities and aspects related to GHG emissions.

Possibility of reducing energy consumption

The company recognises that using lower fuel consumption vehicles in its fleet reduces carbon emissions. In 2013, the Fleet Management Team had, where possible, 6-cylinder vehicles leased to Ansaldo STS Australia replaced with 4-cylinder vehicles. Furthermore, recycling containers were positioned at all permanent Ansaldo STS Australia sites to reduce and reuse generic waste otherwise destined for landfill.

The company has identified the following areas as opportunities to improve energy efficiency:

- direct GHG emissions (Scope 1): GHG emissions generated directly from sources that the company owns or controls, such as petrol- or diesel-fuelled systems and vehicles;
- indirect GHG emissions (Scope 2): emissions generated by electricity;
- indirect GHG emissions (Scope 3): GHG emissions resulting from the company's activities but arising from sources that it does not own or control. The inclusion of Scope 3 emission sources entails the requirement of measuring their material and ongoing environmental impact, including as a result of business travel (airplanes, cars and taxis) and the disposal of waste (recycling and landfills);
- water consumption at the permanent sites where Ansaldo STS Australia operates.



2013 GHG ³²	CO ₂ (t)	CH ₄ (tCO ₂ e)	NO ₂ (tCO ₂ e)	tCO ₂ e
SCOPE 1: Natural gas, Fuel oil for heating and vehicle traction, petro and other fuels	905.8	2.6	2.3	910.9
SCOPE 2: Electricity acquired and consumed	1,399.9	-	-	1,399.9
SCOPE 3: Passenger transportation (air, vehicle), freight transportation (lorry, air, ship), packaging (paper and cardboard), paper consumption, iron and steel, recycled waste, incinerated waste, waste disposed of (toxic and otherwise)	812.4	55.2	0.4	867.9
TOTAL	3,118.0	57.8	2.7	3,178.7

Although we tend to report environmental performance at certain sites, this is not yet standard practice. It will be extended to all Ansaldo STS Australia sites by 2015.

Commitments for the future	Deadline
<ul style="list-style-type: none"> • Greenhouse Gas Emissions Increase the transparency of data relating to GHG emissions by including specific emission reduction targets in the HSE policy; 	2014
<ul style="list-style-type: none"> • Measurement of environmental performance; Introduce performance monitoring and reporting at all Ansaldo STS Australia sites. 	2015
<ul style="list-style-type: none"> • Energy consumption reduction <ul style="list-style-type: none"> - Introduce recycling policies for technological tools that are obsolete or idle, such as mobile phones, desktop phones and the related accessories; - Carry out a recycling programme for batteries at all Ansaldo STS Australia permanent workplaces; - Convert lighting systems in all permanent offices to compact fluorescent solutions that entail energy savings. 	2014

32. Reporting scope: Brisbane, Newcastle, Karratha and Perth sites.

Community

Our people live and work in the cities and towns where we operate, and we are aware of the responsibility we have – as employees, customers, suppliers and corporate citizen – within these communities.

Working in synergy

Ansaldo STS Australia is currently managing the development and application of a series of railway solutions for customers in the mineral extraction sector, in the remote northwest region of Western Australia.

Its aim is to understand, respect and adhere to the social responsibility, governance and relationships with the stakeholders of these customers, and to work in synergy with them to ensure the achievement of their social responsibility objectives.

Trade associations

Ansaldo STS Australia actively participates in a series of trade and industrial associations. In 2013, it was pleased to support the technical meetings of the Institute of Railway Signalling Engineers (IRSE)³³ held in Adelaide, Perth and Launceston, New Zealand. It is also still a member of the **Australasian Railway Association (ARA)** and continues to participate in the **Rail Contractors Group (RCG)** to improve regulations applicable to railway contractors operating in Australia.

Community support

During the year, the company supported a series of fundraising activities undertaken by its customers and sponsored several employees in their individual fundraising for organisations such as the *Queensland Institute of Medical Research* and *Kidney Health Australia*.

Ansaldo STS Australia was pleased to be a Silver Partner in the activities planned for the 2013 cultural partnership promoted by the Italian Ambassador - an annual schedule of events to promote Italian art and culture. It also sponsored the Italian Chamber of Commerce and Industry (Queensland Inc.). In its activities aimed at strengthening business relationships and trade between Italy and Australia.

Commitments for the future	Timeline
<ul style="list-style-type: none"> • Community Affairs Increase opportunities for staff involvement/participation in company's support of social initiatives. 	<p style="text-align: center;">2014</p>

33. Institution of Railway Signalling Engineers.

