



BUILDING VALUES WORLDWIDE

Salini Costruttori
Sustainability Report 2010

Letter to the stakeholders

Since Salini's first sustainability report, published last year, the Group has continued to make excellent progress on the measurement and implementation of initiatives in a period of extensive organisational change. 2010 has been a significant year for our Group and employees, as we have integrated colleagues and expertise from Todini into our business to create the third-largest Italian construction company.

Our achievements

Beyond the integration of Todini, I am very proud of the Group's many achievements over the last 12 months. These include:

- Increasing our work in hand to a value of €14.7 billion (+€8.7 billion in comparison with 2009);
- Becoming a signatory of the UN Global Compact, committing the Group to aligning its business operations and strategies with its universally accepted principles;
- Sourcing 78% of the services and materials needed for projects from local suppliers;
- Maintaining a high percentage of employees hired from local community (90%);
- Decreasing considerably the severity index of employee injuries (-38%);
- Investing over €2.8 million into community projects, and leaving a legacy worth much more through roads, schools, housing and power grids - created for operational needs and then left to the local community;
- Increasing number of training hours to personnel by +17% and launching a new e-learning platform to employees in all operating sites.

But perhaps the most powerful examples of our recent successes are those that have clear business benefits, and that also deliver have a positive environmental and social impact. This is where I believe we have real potential to make a difference to the sustainable development of communities around the world.

Our opportunities

As explained later in this report, Salini's leading position in hydropower makes the Group well-positioned to exploit the growth in renewable energy over the world. The contracts won by the Group during 2010 and those in the pipeline will not only generate profitable growth for Salini and for neighbouring communities, but will also help tackle the complex, interconnected challenges

of energy security and climate change facing developed and developing economies alike.

However, we also have an opportunity to raise standards for the communities that live around our major projects. Our commitment to sourcing both employees and materials from local communities can fundamentally affect the regional economies in which we operate, especially in developing countries, often resulting in higher levels of skill, better infrastructure, healthy ecosystems and a sustainable legacy around our projects - which themselves are built to deliver economic, social and environmental benefits long into the future.

Earning stakeholder trust through improved performance

To capitalise on this opportunity, we must continue to earn the trust of stakeholders through a continued commitment to understanding what they want from our projects. Our ever-advancing social and environmental management systems, including our Code of Ethics, help us to identify, manage and mitigate in an adequate way key impacts.

We want to be a Group respected for its ongoing commitment to sustainability and transparency in conducting business and reporting performance. The effectiveness and reliability of this year's report are shown through its certification as a level A+ GRI G3 report by our auditors, KMPG.

On behalf of the Board of Salini, I would like to thank all our employees for their contribution to our progress in 2010. Great progress made in this area and our positioning make me very confident about exciting future goals.



Pietro Salini CEO
Salini Costruttori S.p.A.



Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

Chapter 1

Profile and strategy

1.1 Group profile

03 →

1.2 Strategy and approach

04-05 →

1.3 Group structure and organisation

05 →



Profile and strategy

1.1 Group profile

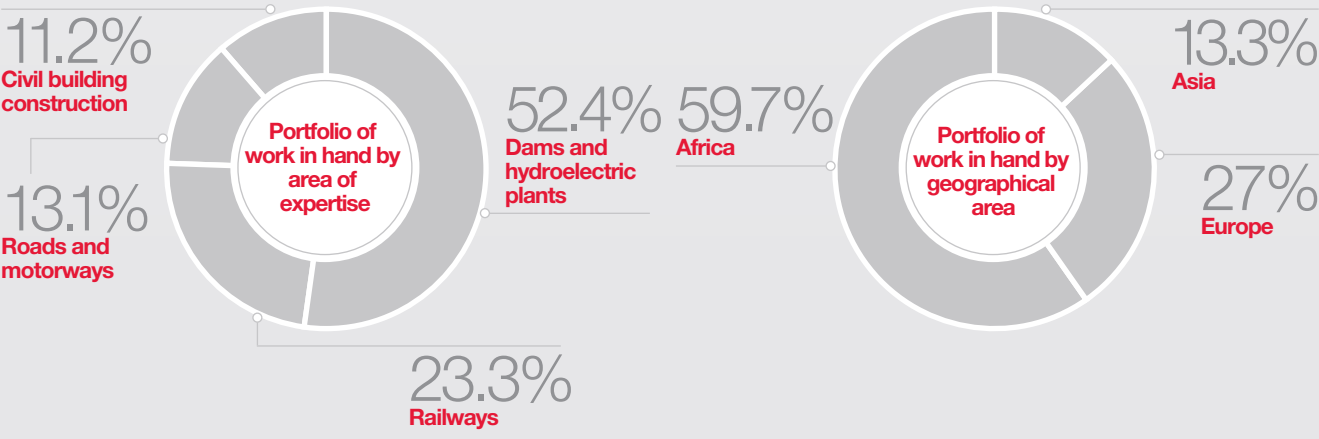
We operate in over 40 countries across four continents, employing 12,873 people of about 60 different nationalities. We have over 40 ongoing projects.

We have a presence in the following countries around the world:

- | | |
|----------------|----------------------|
| Albania | Kazakhstan |
| Algeria | Liberia |
| Argentina | Libya |
| Azerbaijan | Malawi |
| Belarus | Malaysia |
| Brazil | Morocco |
| Bulgaria | Nigeria |
| Chile | Poland |
| China | Portugal |
| Czech Republic | Romania |
| Denmark | Saudi Arabia |
| Ethiopia | Sierra Leone |
| Gabon | Somalia |
| Georgia | Sudan |
| Ghana | Tanzania |
| Greece | Tunisia |
| Guinea | Turkey |
| Hungary | Ukraine |
| Ireland | Uganda |
| Italy | United Arab Emirates |
| Jordan | Zimbabwe |



2010 work in hand



Profile and strategy continued

Salini Costruttori (hereafter also 'Salini' or the 'Group') is a private industrial group specialising in the construction of major works. It is the third Italian General Contractor and is considered to be one of the four most important worldwide players in the hydroelectric sector.

Inspired by the principles of sustainable development, the Group employs innovative technologies and organisational capacities, making use of highly-qualified employees to develop construction methods and solutions capable of contributing to economic and social development.

Salini's particular focus on the local context allows us to apply the core values of business with ethical principles, social and environmental sustainability.

1.2 Strategy and approach

Salini Costruttori today is present in over 40 countries across four different continents. Operating in such a wide variety of contexts and geographies means the Group is required to meet the expectations of foreign countries, clients, local communities, and consumers as well as technical-operational counterparts who all have different histories, cultures and backgrounds. The Group has addressed this challenge by working towards a united vision and subsequent business model focused on the value of people.

Salini is committed to the overall concept of 'sustainable development', which is an inherent feature of the Company's business.

In fact, the economic crisis of 2008 and the recovery trends in place today have resulted in a number of openings and opportunities in a variety of business sectors, countries and regional areas.

In view of the above, in 2008-2009, the Group formulated a plan based on two complementary goals:

- to play a key role in the consolidation process of the Italian construction industry;
- to expand the markets and sectors in which the Group operates, in order to maximise the opportunities resulting from the diversification process.

2010 Key Performance Indicators

		Africa	Europe	Asia	Total*
Revenues	€/000	445,143	438,680	238,544	1,222,823
Workforce	Units	9,794	1,041	2,036	12,873
Local workforce	%	95.0	95.0	63.0	90.0
Injury freq. rate	IR	18.27	40.66	2.23	17.18
Local purchases	%	53.0	98.6	83.6	78.4
Energy consumption	GJ/000	1,329	390	553	2,272
Water withdrawals	m ³ /000	13,060	1,176	446	14,682
CO ₂ emissions	t/000	97	31	41	169
Community invest.	€/000	2,105	729	51	2,885

* Data on Revenues and Workforce include South America too.

Areas of expertise

Dams and hydroelectric plants



Salini is a global leader in the construction of dams and hydroelectric power plants, with projects of significant scale and complexity completed across three continents. New works, with an installed capacity of almost 8,000MW of clean, affordable energy – an essential prerequisite for economic growth – are currently underway.

Roads and motorways



The expansion of road networks is essential for economic growth and the social development such growth enables. A range of studies provide empirical evidence of the positive relationship between investment in infrastructure and good economic outcomes. However, in many parts of the world, environmental conditions make construction of roads and motorways, extremely challenging. Salini has proven its capacity to complete projects of varying scale and complexity in locations as diverse as Sierra Leone, Kazakhstan and central Dubai.

Railways



Whilst it is inconceivable to imagine a future in which motor vehicles play no part in the global transport mix, it is also undeniable that as road usage increases dramatically, rail transport offers a more sustainable alternative or addition. Salini is an active participant in the current urban transport 'renaissance' underway across Europe through projects such as the new B1 Metro line in Rome and the Cityringen Metro for Copenhagen.

Civil building construction



Working in partnership with many renowned architecture and design practices, Salini continues to play a significant role in the creation of innovative, iconic civil buildings around the world; significant undertakings, including hospital complexes, university campuses, government buildings and other structures, which meet both a practical social need and frequently also providing a key cultural focus within a community.

In fact, shortly after an increase of share capital in 2009, the acquisition of Todini Costruzioni Generali S.p.A., a sizeable Italian company with a strong presence in Italy, Eastern Europe and Commonwealth of Independent States (CIS), was finalised in early 2010.

As a consequence, during FY 2010, the Group was able to achieve significant growth (up by 71.7% of revenues compared to 2009) by bringing together, without overlapping, the technical skills of two big Italian companies with a shared heritage of culture and values, with individuals from dozens of different nationalities. Synergy has been achieved with no overlaps or structural redundancies, with regard to geography and sources of revenue. The new Group has a great development potential for both sectors of intervention and penetration capacity into international markets.

The governance model adopted in the Group's new structure encourages relationships with the various stakeholders, the respect for rights and the cultural identities of all employees in the organisation, frequent and systematic investments in health, safety and the environment, and a commitment to the local communities in areas where the projects take place.

When implemented the main features of the sustainability strategy adopted by the Group consist of maximising benefits generated in the areas of intervention, all to the good of the local communities. These benefits include job creation, sharing know-how and improving the professional skills of the local workforce, the growth of regional economies by employment of local suppliers, contractors and subcontractors, and investing in public utilities infrastructure and partnerships with local institutions and communities.

1.3 Group structure and organisation

The Group's international vocation is reflected in its presence in over 40 countries. Business development activities focus on various target markets as well as strategic potential and business opportunities.

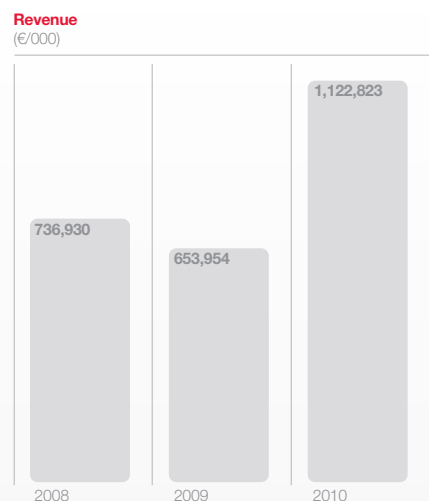
Furthermore, the Group has established in some cases ad hoc legal entities to carry out its projects, often in partnership with other companies.

Salini Costruttori S.p.A. (hereafter also the 'Company') is the holding Company and performs the activities of direction, coordination, management and control for all companies belonging to the Group.

These companies mainly operate in the construction sector and ensure, in Italy and abroad, development and management of contracts. Many projects are directly carried out by Salini Costruttori S.p.A., through its subsidiaries and permanent structures present in the countries of operation.

In order to ensure an effective and efficient management of the procurement process of materials, plants and machineries needed to execute the projects, Salini has set up an ad hoc company, Co.Ge.Ma. S.p.A., that guarantees centralised management of purchasing and logistics for the entire Group.

The Group also operates in real estate industry. Zeis S.r.l. is the main company in this sector and provides management and development of the Group's real estate activities, either directly or through its subsidiaries.



Uganda: Bujagali Hydropower Project

Bujagali is a public-private partnership project between the Aga Khan Fund for Economic Development, Sithe Global and the government of Uganda.

The project, now under completion, will have an installed capacity of 255MW and aims to produce over 40% of the total current electric power demand in Uganda.

The project represents a concrete possibility of growth and development for the country.



Chapter 2

Governance

2.1 Corporate Governance	06-07 →
2.2 Integrating Sustainability into business	08-09 →
2.2.1 Code of Ethics	09 →
2.2.2 UN Global Compact	10 →
2.2.3 Corporate policies	11 →
2.2.4 Internal Control System	11-12 →
2.2.5 Management systems and certifications	13-14 →
2.3 Stakeholder dialogue and engagement	14-15 →

2

Governance

2.1 Corporate Governance

Salini Costruttori S.p.A. and the Group's companies voluntarily adopt a corporate governance model which is consistent with the following Italian and international principles:

- Code of Conduct for Listed Companies stated by the Italian Stock Exchange (Borsa Italiana S.p.A., July 2002);
- Recommendations issued by the Italian Commission for Stock Market and Companies (CONSOB);
- Other recognised best practice, such as the Sarbanes-Oxley Act (US, July 2002) and the Combined Code on Corporate Governance (UK, July 2003).

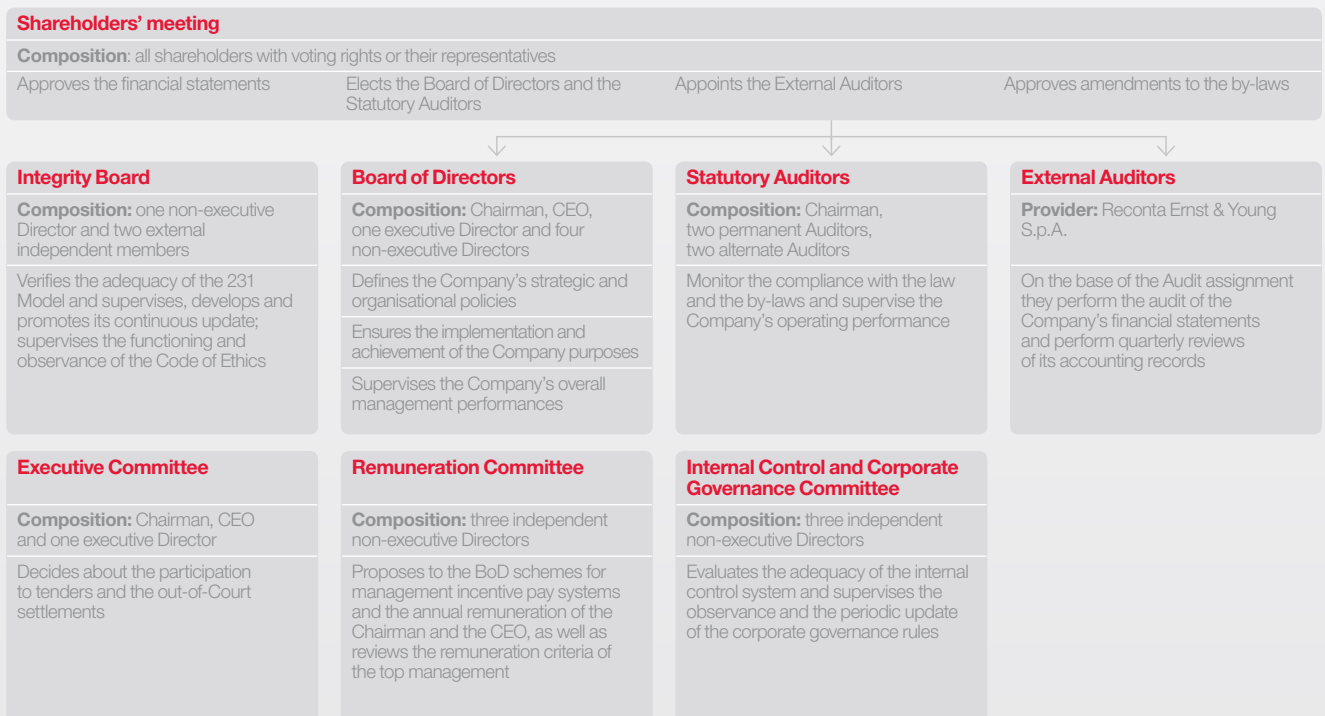
The effort to run the Group in line with international best practices upholds the strong commitment to continuous improvement, embraced throughout Salini from the top management. The Company's governance structure is shown below.

The Board of Directors plays a central role within the organisation. It bears the responsibility for the strategic and organisational policies of the Company, including verification of necessary controls in order to monitor the performance of the Group Companies. The Board of Directors is invested with all powers for the Company's ordinary and extraordinary management. More specifically, it is granted all instruments to implement and achieve the corporate objectives that are not strictly reserved for the shareholders' meeting by law or by-laws. The Board of Directors also has oversight of overall management performance, with a particular attention to preventing potential conflicts of interest, by taking into particular consideration the information received by the Executive Committee, the CEO and the Internal Control and Corporate Governance Committee, and comparing periodically the results achieved against those planned.

The Chairman is the legal representative of the Company and acts on behalf of the Company in engaging with Public Authorities and other external organisations.

The CEO is responsible for the Company's operational management and is vested with the powers of ordinary and extraordinary administration, except those that cannot be delegated (in accordance with art. 2381 Italian civil code), and those reserved to the Executive Committee. The current Board of Directors of the Company consists of seven (7) members, three (3) in charge of particular roles and four (4) being non-executive members. The Board will be in office until the approval of the financial statements for the year ending on the 31 December 2011.

The remuneration policies of the top management have been determined by a thorough benchmarking survey of fees paid by leading national and international companies operating in the building industry, in compliance with Salini's Corporate Governance rules. Currently, there is no mechanism to connect the remuneration system to environmental and social indicators.



Profile and strategy

Governance

06
07

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

Governance continued

Corporate Governance (data at 31.12)

	Unit	2008	2009	2010
Overall BoD	no.	5	7	7
Executive Directors in the BoD ¹	no.	3	3	3
Independent Directors in the BoD	no.	3	3	3
Women present in the BoD	no.	0	0	1
Average age of the BoD members	years	59	57	54
BoD meetings	no.	7	9	8
Average participation of Directors at the BoD meetings	%	85.6	97.6	95.0
Meetings of the Executive Committee	no.	8	16	14
Average participation of Directors at the meetings of the Executive Committee	%	100.0	100.0	100.0
Meetings of the Internal Control Committee	no.	3	5	4
Average participation of Directors at the meetings of the Internal Control Committee	%	89.0	100.0	100.0

¹ The President and another Director are considered executive due to their participation in the Executive Committee.

The Company's communication policy aims to establish an ongoing dialogue both with its shareholders and with the market to ensure the timely distribution of comprehensive information on its activities. In accordance with the provisions of the Company's Self-Regulatory Code, the Chairman and the CEO communicate with shareholders in full compliance with the procedures for disclosure of documents and information concerning the Company, limited only by confidentiality requirements where applicable.

2.2 Integrating Sustainability into the business

Salini is firmly committed to combining business values with the principles of ethics and long-term success when it comes to the management of ESG (environmental, social and governance) issues. For this reason, the Group has established an integrated system of policies, procedures, in accordance with major recognised international standards of reference.

The following diagram shows the overall framework adopted by the Group to manage sustainability in our day-to-day operations, allowing Salini to be aligned with the best practices of the constructions' sector.

In general, the Group adopts the precautionary principle in the management of issues related to economic, social and environmental sustainability. In fact, thanks to the policies and management systems and controls implemented, Salini is able to identify aspects that could expose the organisation to potential risks, classifying them according to their significance and treating them appropriately in accordance with existing procedures.

Recently, a Sustainability Team has been established to coordinate and assist corporate divisions and operating sites in:

- organising a professional internal sustainability network;
- assessing compliance against our defined principles;
- implementing the procedures and guidelines necessary in sustainability-related activities.

The Sustainability Team operates within the Internal Audit Division (see 2.2.4).

Mission	Developing construction methods and solutions capable of enhancing the territories' resources thereby contributing to the economic and social growth of nations			
Corporate Code	Code of Ethics			
External Principles embraced	UN Global Compact Human Rights Labour Environment Anti-corruption			
Corporate Policies	Sustainable Development and Social Responsibility Policy Human Resources Management Policy Occupational Health and Safety Policy Quality Assurance Policy Environmental Protection Policy			
Management and Control Systems	Internal Control System Health and Safety Management System (OHSAS 18001) Environmental Management System (ISO 14001) Quality Management System (ISO 9001) Organisational Management and Control Model			

Profile and strategy

Governance



Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

The Integrity Board's duties

The Salini Integrity Board checks compliance with the Code of Ethics and, to this end, it ensures:

- the widest possible dissemination of and compliance with the Code of Ethics to recipients;
- regular extension and upgrading of the Code of Ethics in order to reflect evolving social norms and relevant regulations;
- the provision of appropriate learning and explanatory tools for the interpretation and implementation of the Code of Ethics;
- that mechanisms are in place to carry out inspections promptly, in case of news or suspicion of breach of the Code of Ethics, and the according application of appropriate sanctions;
- the protection of anonymity of persons who provide information regarding possible breaches of the Code of Ethics.

2.2.1 Code of Ethics

Supported by the corporate Code of Ethics, Salini Costruttori S.p.A. has formally adopted the principles of legitimacy, fairness, transparency and verifiability as baseline standards of the entire Group's conduct. The Code of Ethics applies to all worldwide operations and was drawn up to account for the cultural, social and economic diversity of the different countries in which Salini operates. All Group companies require that anyone that enters into a direct or indirect relationship with them act in line with these principles. In accordance with the Italian Legislative Decree no 231/2001, in 2003 an Integrity Board was established to ensure the circulation of the Code within the Group, as well as to control its implementation by all of the Group companies.

The Code of Ethics is binding, without exception, for corporate bodies, top management, employees, consultants and associates.

Compliance with the provisions contained in the Code of Ethics is considered an essential component of Salini employees' contractual obligations. Breaches of the Code are addressed through legal procedures, as described in the contracts in force, with penalties proportionate to the gravity of the violation and to the extent of the breach.

With regard to trading partners and external consultants who are bound to the Group by a non-subordinated employment relationship, breaches of the Code of Ethics may cause termination of, or withdrawal from, the agreed contract, according to any specific contractual clauses.



UAE – Dubai: Ras Al Khor Crossing

Recently opened to the public, the Ras Al Khor Crossing is one of the solutions to the city's traffic congestion, one of Dubai's biggest challenges, allowing free traffic access in all directions.

Governance continued



2.2.2 UN Global Compact

In December 2010, Salini Costruttori S.p.A. became a signatory of the UN Global Compact, which represents another important milestone in its firm commitment to sustainable development. The Compact is the world's largest initiative for sustainable development and, by joining, Salini has committed itself to aligning its business operations and strategies with ten universally accepted principles relating to human rights, labour, the environment and anti-corruption. Salini recognises the need to collaborate with governments, civil society, employees, suppliers and the United Nations to help advance UN Global Compact priorities.

Todini has joined the UN Global Compact since 2004 and it confirms its commitment to implementing the principles in its operations.

Every year we will communicate the progresses reached by the two companies against the Global Compact Principles in our Sustainability Report. The following table shows the actions and systems already implemented by Salini and Todini to monitor and manage processes related to Global Compact Principles.

A comparison table – available at the end of this Report – links the Global Compact principles with the Group's performance in each category¹.

UN Global Compact

Category	Principle	Corporate systems and activities
Human Rights	1 Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> – Code of Ethics, Sustainable Development and Social Responsibility Policy, Human Resources Management Policy, Occupational Health and Safety Policy – Training on Ethics for all new hired, continuous training on Health and Safety for all employees, Health and Safety Management System in place at every operating site and at headquarters
	2 Businesses should make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> – Fair HR procedures – Steady monitoring and engagement of workforce and subcontractors – Interaction with local communities, mainly carried out in collaboration with clients
Labour	3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> – Communication, negotiation and consultation policies in place – Collective bargaining ensured to all Group's personnel, at national or at site level – Prompt notification in advance of significant changes
	4 Businesses should uphold the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> – Compliance with the ILO Labour Standards, the Countries' Labour Laws, the collective agreements
	5 Businesses should uphold the effective abolition of child labour	<ul style="list-style-type: none"> – Compliance with the ILO Labour Standards, the Countries' Labour Laws, the collective agreements
	6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> – Full respect of local cultures and traditions – Extensive employment of local workers – Creation of an equitable working environment, open to all cultures
Environment	7 Businesses are asked to support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> – Environmental Protection Policy – Environmental Management Systems in place at every operating site and at headquarters – Environmental Impact Assessments
	8 Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> – Minimising of resources use, recycling of waste – Great attention to protect water resources and biodiversity – Periodic training and information for workforce and subcontractors
	9 Businesses should encourage the development and diffusion of environmental friendly technologies	<ul style="list-style-type: none"> – Core business of the Group is the construction of hydroelectric plants, sources of clean and renewable energy – Periodic replacement of fleets and plants in order to maintain high-level environmental standards in terms of energy consumption and related emissions
Anti-corruption	10 Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> – Organisational Management and Control Model (Italian Decree 231/2001) – Internal Auditing system – Training for all new hired, periodic training for all workforce with sensitive tasks

¹ In accordance with 'Making The Connection – Using GRI's G3 Guidelines for the COP', United Nations Global Compact Office, May 2007.

2.2.3 Corporate policies

In order to align and improve individual and collective behaviours, the Company has adopted corporate policies that define principles and priorities to be followed by all, starting with the Company's top management. Corporate policies relate to key areas, including Occupational Health and Safety, Quality, the Environment, Human Resources management and Sustainable Development.

Specifically, a Sustainable Development and Social Responsibility Policy (in place since 2007) commits the Group to contribute towards sustainable development by means of environmental protection, economic growth, social progress, employee engagement and training, and supplier engagement.

Salini is committed to implement the following sustainability programmes across the value chain:

- at an organisational level, the Group is engaged in the development of human capital to build the skills required to manage sustainability, and in the implementation of an internal and external sustainability communication network to maintain open and transparent dialogue with stakeholders;

- at an operating site level, Salini is committed in the evaluation of the potential impacts of corporate activities in the project design and construction phases, looking specifically at health, safety and environmental challenges, monitoring the Group's performances in these areas;

- at supply chain level, Salini is committed to setting up a reliable control system of its suppliers and subcontractors' sustainability performances; and

- in its relations with local communities, the Group aims to act with integrity and honesty, valuing the richness of local cultures and respecting human rights.

2.2.4 Internal Control System

The Internal Control System is the central element of the Corporate Governance System and it plays a key role in identifying, minimising and managing business risks to which the Group companies are exposed. The Internal Control and Corporate Governance Committee, consisting of three non-executive and independent Directors, evaluates the adequacy of the Internal Control System through the activities carried out by the Internal Audit Division (in charge of internal control).

Every year, the Internal Audit Division draws up an audit and monitoring plan based on potential risks and gaps detected through risk assessment and compliance analysis concerning the Italian Legislative Decree no. 231/2001 (see box below). The results of the audit activities are communicated to the CEO, to the Group's top management and monitored by the Internal Control and Corporate Governance Committee and by the Integrity Board (for activities related to Decree no. 231/2001). In the last three years, the Internal Audit Division has carried out 43 audits on all business processes, both at corporate and at operating site levels. The audits' purpose is to monitor the adequacy of the applicable procedures that define roles and responsibilities, and the compliance of the processes with the local and international regulatory systems. During this three-year period, 12 inspections were undertaken at the request of the Integrity Board to assess the effectiveness of the Organisational Management and Control Model.

Organisational Management and Control Model

On 25 June 2010, the Board of Directors of Salini Costruttori S.p.A. adopted a new release of the Code of Ethics and of the Organisational Management and Control Model. The Model provides compliance with the Italian Legislative Decree no. 231/2001, which introduces into the Italian legal system a corporate administrative liability deriving from crimes committed by employees.

A company may be held liable for offences listed in the Decree no. 231/2001, committed in its own interest or advantage, including categories as: crimes against the Public Administration, corporate offenses, crimes against individuals, offences related to protection of health and safety in the work place, offences of receiving stolen goods, money laundering and use of money, goods or benefits from unlawful sources – committed by a person who holds a representative, administrative or managerial position in the Company or in one of its organisational units ('apical' subjects), or by a person subordinated to the management or supervision of one of the apical subjects ('persons subject to supervision').

The Salini Model is compliant to the Confindustria (Italian employers' federation) and ANCE's (Italian Contractors' association) guidelines. It consists of a general section – describing the contents of the decree, the objectives and functioning of the Model, the Integrity Board and the disciplinary system – and a special section, that identifies sensitive activities and the resulting control standards for each crime category provided by decree. Salini has also voluntarily agreed to adhere to the principles laid down by the Italian Stock Exchange for companies listed in the 'Segment Star'.

Governance continued

Following an inspection, the Internal Audit Division defines gaps between the existing controls and the best practice control standard and identifies related action plans. The execution of suggested action plans is periodically monitored through follow-up audits.

The Group pays close attention to the business processes exposed to corruption risks and the Internal Audit Division focuses its activities on these areas. In the period 2008-2010, 36 audits were performed on business processes exposed to corruption risks, covering 60% of them in 2009 and 80% in 2008 and 2010. Ten of the 36 audits related to the Group's Rome headquarters while the other 26 concerned operating sites in Italy, Ethiopia, Nigeria, Uganda, the United Arab Emirates, Kazakhstan and Ukraine. Furthermore, in the last two years over 200 employees from the central corporate offices, new hires and expatriate employees (EU employees working outside Italy) have been trained on anti-corruption policies and procedures. In addition, a new worldwide e-learning tool will be available for all Group employees by the end of 2011, designed to keep employees' knowledge up-to-date on the Code of Ethics and the Group's policies and procedures.

We believe that the effective implementation of the Code of Ethics is shown by the absence of cases of corruption identified through internal audit and through checks by judicial authorities.

Following the acquisition of Todini, in 2010 the Internal Audit Division focused its action on activities aimed to integrate the Internal Control System of Todini with that of the Group. To do this, we focused on specific activities in business areas and divisions of Todini exposed to higher potential risks. To achieve full integration and consistency of Group-wide systems, new procedures are being implemented in Todini.

Although not yet required by Decree no. 231/2001, Salini has started a special project to identify and assess sensitive activities exposed to risks of environmental crime, in order to update the Organisational Management and Control Model with specific control standards. The project will be completed by the end of 2011.

Since the beginning of 2011, the Internal Audit Division – with the support of the Sustainability Team – has started to carry out specific audits about sustainability issues, assessing the effective application of the Sustainable Development and Social Responsibility Policy, and encouraging the corporate divisions to integrate the principles of sustainability into their day-by-day operations. The main frameworks used in these activities are: OECD Guidelines for Multinational Enterprises, UN Global Compact, ISO 26000 (Guidance on social responsibility) and GRI-G3 (Global Reporting Initiative) Sustainability Reporting Guidelines.

Ethiopia: Gibe III Hydroelectric Project

Energy scarcity is perhaps the greatest single issue facing Ethiopia today – with profound consequences for social and economic growth in the country.

Utilising innovative Fast Track techniques developed within our Group, we are currently constructing Africa's highest roller-compacted concrete dam – Gibe III, for EEPCO. On completion, the 240 metre high dam will provide water to power 10 Francis turbines, generating a total of close to 6,500 GWh/year. The project will increase the generation capacity of Ethiopia by 234% and makes the power export programme of the country viable. Thus, the project is expected to have a great socio-economic contribution by feeding the Ethiopian grid, and creating regional integrations among the neighbouring countries through the interconnected system.



2.2.5 Management systems and certifications

In recent years Salini has developed specific systems in order to manage Health, Safety and Environmental (HSE) issues, at corporate and at operating site levels. These systems follow the Quality Management System, implemented over ten years ago in order to achieve effective management and control of the elements affecting the quality of services

provided. These management systems are composed of operational procedures and instructions, monitoring programmes and periodic audits, training plans and staff training activities. Annually, a review system is carried out by top management in order to assess system's strengths and weaknesses and consequently undertake all needed corrective actions and plans for continuous improvement of performances.

Certificated Management Systems

Standard	Company	Scope	Status of certificates
ISO 9001 Quality Management System	Salini Costruttori S.p.A.	A	First release: 1997 Last three-yearly update: 2009
	Todini Costruzioni Generali S.p.A.	B	First release: 1999 Last three-yearly update: 2008
ISO 14001 Environmental Management System	Salini Costruttori S.p.A.	A	First release: 2010
	Todini Costruzioni Generali S.p.A.	B	First release: 2008
OHSAS 18001 Occupational Health and Safety Management System	Salini Costruttori S.p.A.	A	First release: 2009

A: Designing, management and construction of civil buildings, major transport and hydraulic infrastructures, technological plants.

B: Designing, construction, maintenance and management at worldwide level of major works of civil engineering, infrastructures for mobility, hydraulic and technological infrastructures.

Quality and HSE activities at operating site level

	2008	2009	2010
Quality audits performed by Quality and HSE Division	3	16	8
HSE audits performed by Quality and HSE Division	9	8	6
HSE audits performed by operating site organisations	32	76	27
HSE meetings within the Company wherein the Management took part in	322	121	70
HSE meetings with subcontractors wherein the Management took part in	14	5	15
Other meetings related to HSE issues	75	153	146
HSE training hours delivered to employees	16,261	24,931	29,770

Governance continued

Prossy Mirembe sponsorship, Uganda

In Uganda, where we are the key player in the construction of major hydroelectric projects, including one at Bujagali, we sponsored Prossy Mirembe, a young kayaker with great natural ability who required funds to fulfil her ambition of participating in the 2010 Olympics. We contributed sufficient funds to buy Prossy a kayak and enable her to train properly. We are proud to say that she went on to compete in South Africa, winning a gold medal. To share her success she later opened a school for kayakers. We are continuing our support for her as she prepares for the London 2012 Olympic games.



Although the certificates have been granted only to Salini Costruttori S.p.A. and Todini Costruzioni Generali S.p.A., the procedures of management systems apply to all Group Companies.

The Quality and HSE Division (DQS) is in charge of defining and delivering the management systems, in accordance with the international standards adopted by the Group. Furthermore, the Division supports the CEO in defining Quality and HSE policies and targets. At operating site level, a Quality and HSE organisation is set up in order to implement and manage these systems. The Quality and HSE Division performs regular audits on operating sites, aimed to assess the compliance of their systems to the corporate procedures.

In 2010 the Quality and HSE Division focused its activities on Todini's operating sites, in order to ensure integration of the Todini's systems with Group ones. This activity resulted in a reduction of audit numbers during the year, as in the previous page.

Participation of Management in HSE meetings was higher in 2008/2009 than in 2010. This is because in 2008/2009 the Management Systems were in the process of being implemented within the Group, while in 2010 data the fully-functioning of HSE systems resulted in a lower rate of participation. Audit activities performed in 2010 show that adequate implementation practices for HSE and Quality systems have been undertaken. Where areas of improvement were identified, specific action plans and future targets have been defined.

2.3 Stakeholder dialogue and engagement

Salini is aware that dialogue and transparency are key elements of its work. For this reason it is committed to building opportunities for involvement and collaboration with all its stakeholders. The purpose of this effort is to understand their views, and to integrate these views into the Group's activities.

Considering the business sector and the wide range of Salini's stakeholders, engagement practices are flexible and diversified, and vary according to differing needs and specific interests. In general, at a corporate level, engagement activities involve stakeholders with Groupwide interests, such as investors, clients, governments and media. At an operating site level, engagement relates to a project's features and considers local communities, suppliers, contractors and subcontractors, clients, local authorities, and other organisations, such as NGOs.

According to Global Compact guidelines², Salini has defined its 'sphere of influence' relative to its various stakeholders groups. This activity has led the Group to revise the stakeholder map provided in the Sustainability Report 2009. The new map, as shown below, describes in more detail the level of influence in the relationship between Salini and its various stakeholders.

The following table summarises, for each stakeholder category, the communication channels established by Salini and related issues of interest.

The following chapters of this report provide more extensive descriptions of engagement activities carried out during the reporting period.

² 'After the Signature – A Guide to Engagement in the United Nations Global Compact', United Nations Global Compact Office.

Nigeria: Millennium Park, Abuja

The Millennium Park in Abuja has become a family gathering place, a place to spend leisure time, a place to meet friends.

Salini Nigeria ensures the maintenance of this beautiful park donated to the capital city of Abuja in 2003 by Salini Nigeria Ltd.

The park's natural beauty is enhanced by water fountains. In addition the park is equipped with an automated and sophisticated irrigation system, sports facilities and a special play area for children.



Stakeholders dialogue and engagement

Employees and Staff	Clients	Shareholders and Investors	Suppliers, Contractors, Subcontractors and Business partners	Local communities and NGO's	Public Administrations	Governments, Institutions, Trade associations and Media
Communication channels						
Regular meetings, internal training activities, trade union meetings, intranet	Stable and continuing relationships with clients, in all project's phases	Shareholders' meetings, reports and accounts, investor relations, stable relations with financial institutions and insurance companies	Selection processes, regular meetings, training activities, feedback systems, stable relationships with partner firms, in all project's phases	Meetings with community representatives and NGO's, sponsorships, social contributions activities, communications' activities	Stable relations with host countries' authorities and local institutions (often clients)	Participation in trade associations activities, systematic press review activities, press releases, website, organisation of events carried out by the External Relations Office
Issues of interest						
Working environment, health and safety, security, skills development, fair evaluations and compensations	Quality performances, technical support in planning and implementation of projects, capacity building's activities	Corporate Governance system, financial performances, competitiveness, shareholders' value	Quality performances, technical enhancement, shared management of HSE	Project-related concerns, transfer of know-how, social services and facilities, local development supports	Projects management, anti-corruption, auxiliary services	Project awareness, infrastructures development, renewable energy, job creation, safe workplaces

Profile and strategy

Governance

14
15

Creating profitability through responsibility

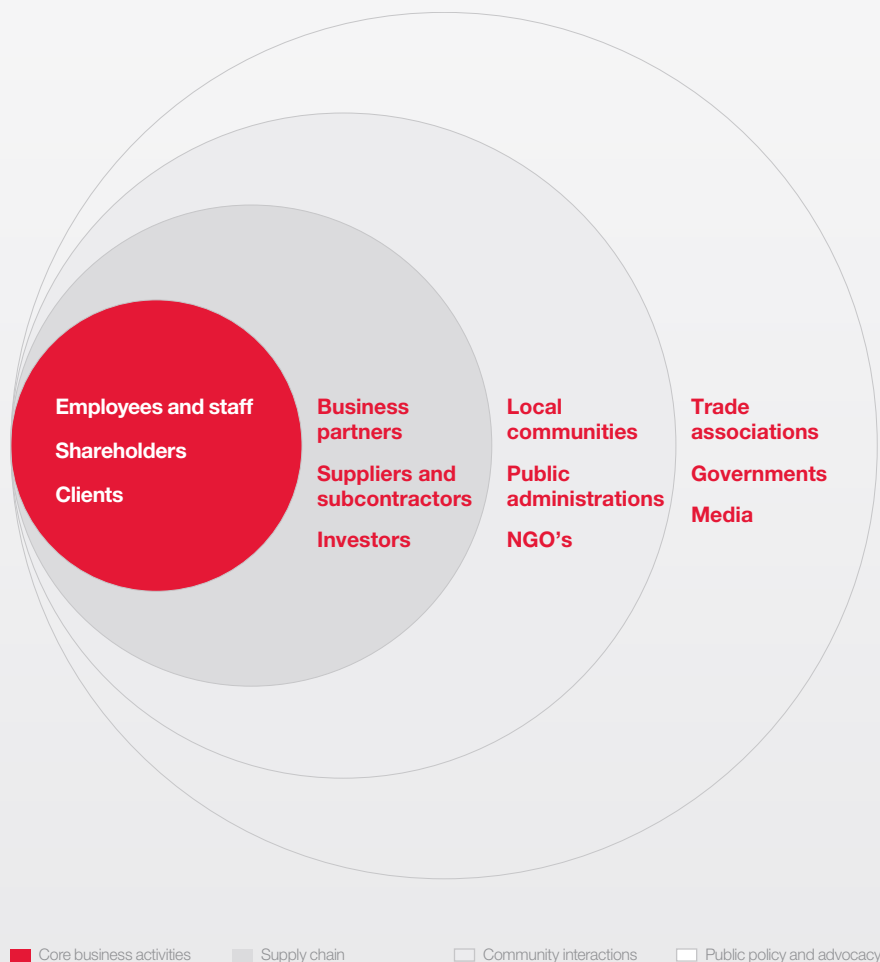
Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report



■ Core business activities
 ■ Supply chain
 ■ Community interactions
 ■ Public policy and advocacy

Salini's influence on stakeholders

+

-

Chapter 3

Creating profitability through responsibility

3.1 Opportunities and challenges	18 →
3.2 Generating and distributing value	18-19 →
3.3 Customer satisfaction	20 →
3.4 Innovation and research for continual improvement	20 →
3.5 Contributing to local growth	20-21 →
3.6 Economic data sheet	22-23 →

3



Profile and strategy

Governance

Creating profitability through responsibility

16
17

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

'CITYRINGEN' COPENHAGEN, DENMARK

The challenge:

Copenhagen, which already has one of the most advanced and cohesive public transport systems in Europe, plans to create a new circular metro line – Cityringen – to maximise the potential of existing transport infrastructure.

The solution:

As leader of the Copenhagen Metro Team we will manage a four year project worth €1.7 billion. This will involve the construction of 17.54km of tunnels and 17 new stations at a depth of 30 metres below the ground in a city that effectively stands level with the sea.

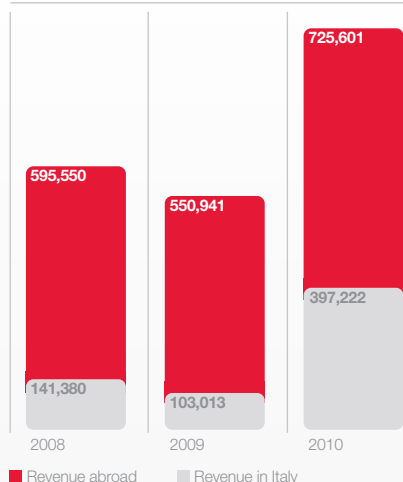
Our client is Metroselskabet a company founded in 2007 and based in Copenhagen, Denmark, with the overall objective to design and build a cityring and to operate and maintain new and existing metro lines.

130 million

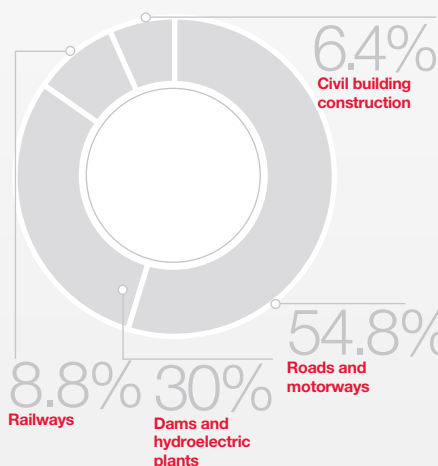
When complete the advanced driverless Cityringen will operate 24 hours a day, carrying an estimated 130 million passengers a year.

Creating profitability through responsibility

Revenue by geographic area
(€/000)



Revenue 2010 by sector
%



3.1 Opportunities and challenges

The construction sector is essential to the functioning of society, because it provides the physical infrastructures in which we live, work and socialise – our homes, our schools, our workplaces, our hospitals, our roads, and our broader service infrastructure³.

Today, construction represents a €5.4 trillion market accounting for 13.4% of world output. The recent global financial crisis has been exceptionally severe and it has affected the construction sector. However, according to 'Global Construction 2020'⁴ forecasts, in the next decade construction will experience a new expansion, led by fast growth of the emerging markets.

Population change is one of main factors that drives medium-term economic forecasts for the construction sector. While major developed countries are likely to see little or no population growth, emerging countries are predicted to have more significant population growth which will require more energy, better infrastructure and higher living standards.

Another key factor that influences the sector forecasts is government budgetary policies, which are very different between developed and emerging countries. Public debt in developed countries will constrain government spending on infrastructure for many years. In contrast, many emerging markets are able to invest, and equally likely to face strains on existing infrastructure as a result of rapid economic and demographic growth.

Finally, energy and environmental policies will have an increased influence on global economic growth and construction activities. According to the IEA (International Energy Agency)⁵, climate change and energy security are two of the major challenges which governments have to tackle. For this purpose, renewable energy sources will play a central role in moving the world onto a more secure, reliable and sustainable energy path. Renewable-based generation is forecast to triple between 2008 and 2035; this increase will come primarily from hydropower and wind, with hydropower expected to be dominant by 2035.

3.2 Generating and distributing value

In the economic context outlined above, Salini has substantially improved its economic performance, reaching a consolidated revenue equal to €1.123 billion in 2010 (an increase of over 70% compared with 2009) – though it should be noted that this result is closely linked to the acquisition of Todini fully consolidated in 2010.

In 2010, the most substantial revenues came from transport infrastructure projects, followed by hydropower projects and civil building construction, although hydropower remains the predominant sector in terms of the work portfolio (52.4%) and work to be carried out. Shown in the next page are the main economic ratios reached by the Group.

Moreover, in 2010, the Group confirms some of the most solid capital ratios for the sector. In particular, the ratio Net Debt/Equity⁶ is +0.99 better than the industry average equal to +1.25.

Ethiopia : Beles Hydroelectric Project

Beles is the largest underground hydroelectric plant completed to date in Ethiopia which started to generate electricity in May 2010.

Approximately 4,000 workers from over 34 different countries helped to achieve the completion of the project.

Power generation from Beles together with Gibe II, another hydroelectric plant completed in 2010, now represent almost 50% of the country's current power generation capacity.



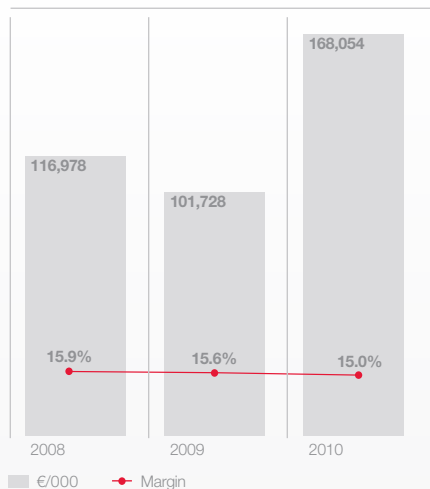
³ 'Building prosperity for the future of Europe', European Construction Forum, 2010

⁴ 'Global Construction 2020 – A global forecast for the construction industry over the next decade to 2020', Global Construction Perspectives and Oxford Economics, 2009

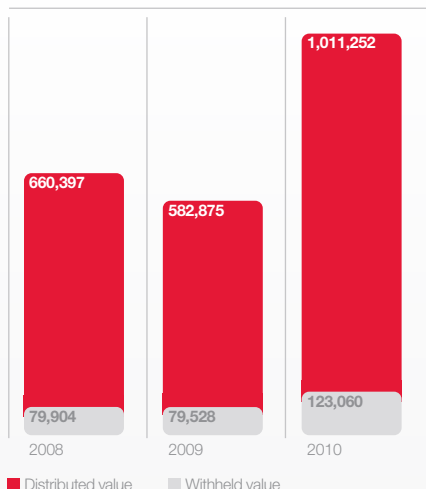
⁵ 'World Energy Outlook 2010 Factsheet', International Energy Agency, 2010

⁶ For more detail please refer to the Consolidated Financial Statements closed on 31.12.2010 and published on the website www.salini.it.

EBITDA



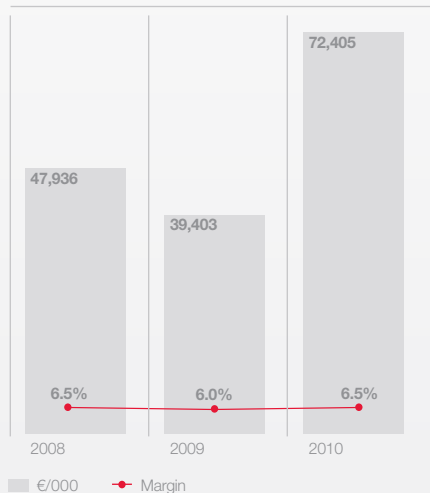
Economic generated value
€'000



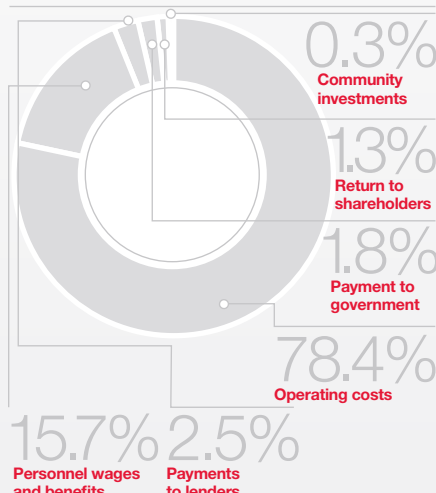
A widely applied measure of the wealth generated by organisations is the direct economic value generated and distributed, which offers an overview of the Group's added value generated and distributed to various stakeholders.

Most of the economic value distributed to stakeholders is represented by operating costs €793.1 million, composed mainly by the payment of suppliers (for materials), contractors and subcontractors (for services) and other providers of goods/services (e.g. leasing of equipment). After this, employee costs represented an expenditure of €158.8 million and included wages, social security taxes, leaving indemnity during the period and other costs related to the personnel (e.g. training). Moreover, payments to lenders were equal to €25.6 million in the period, and were related to bank interest paid. Payments to governments as taxes⁷ were €17.9 million. The return to shareholders is made up by the part of profits distributed like dividends and was equal to €12.9 million in 2010. Finally, community investments in 2010 amounted to €2.9 million; this includes the direct donations for €778,000 and voluntary services made available to local communities in the period, such as the direct construction of social infrastructures (e.g. schools, hospitals) and the direct support of social initiatives; this amounted to €2.1 million in 2010. Beyond that, there are many other social activities that did not entail direct expenses for Salini but that positively affect local communities (e.g. free use of the Group's clinics, wells, access roads and facilities at the end of projects, etc.). These initiatives clearly describe the Group philosophy to share its assets with the host communities. Further details are provided in section 4.3.

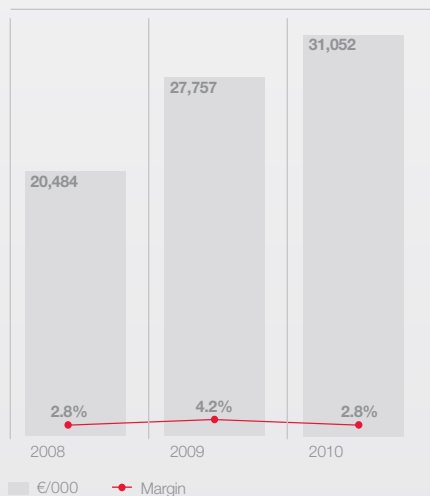
EBIT



Economic distributed value in 2010
%



Net result



⁷ For the allocation of current taxes on the basis of the countries where the Group operates, please refer to the note '22) Income tax' of the explanatory notes to the Consolidated Financial Statements as of and for the year ending 31.12.2010 and published on the website www.salini.it. In addition, we report that the taxes paid by the Branches in their respective countries in which they operate are considered, coherently with current Italian tax legislation, tax credits for business incomes generated abroad, through a permanent organisation.

Creating profitability through responsibility continued

3.3 Customer satisfaction

Salini is committed to enhancing its reputation as a client-centric business, and to putting clients' needs first. To do this, the Group adopts an approach based on the application of advanced technologies and construction methods that ensure high quality, and safe and sustainable performance. Moreover, to meet clients' varying requirements efficiently, Salini has developed a business model based on:

- maintaining a high degree of flexibility in order to enter or enhance the Group's presence in emerging markets;
- operating within different contractual models, from performing a single service (e.g. construction) to providing a full service for the execution of complex projects (e.g. EPC – engineering, procurement and construction); and
- maintaining strategic relationships with some clients, which go beyond the execution of single project to share experience and knowledge, as well as identifying business opportunities of common interest.

Thanks to its business approach and its internationally recognised reliability, Salini has achieved significant results in terms of its order book. In the short period between the last quarter of 2010 and the first quarter of 2011, the Group has been awarded the construction of three important projects worldwide:

- the Grand Renaissance Dam (Ethiopia), the largest hydropower plant in Africa, which will be built on the Blue Nile with an installed capacity of 5,250MW and with a generating capacity equal to six medium-sized nuclear reactors;
- the Cityringen Project (Denmark), a new circular line in Copenhagen city centre, which will guarantee efficient transport for 130 million metro passengers a year, thanks to a fully automated driverless metro system that will operate 24 hours a day, with a minimum frequency of 100 seconds between services;

– the Ulu Jelai Project (Malaysia), a new hydroelectric project on the Bertam River in the Pahang State, which will include an over 80 metres high dam to be built with the technique such as RCC (Roller-Compacted Concrete), 26 kilometres of tunnels to be excavated mainly by TBM (Tunnel Boring Machine) and an underground powerhouse.

Client satisfaction is a key element of the Group's business strategy. Salini constantly interacts with clients to ensure that its services meet the highest quality standards and measure up to clients' expectations. Group companies adopt a client satisfaction management system, in place at every operating site, which ensures that regular feedback is gathered, in line with the requirements of the quality standard ISO 9001.

Salini guarantees the confidentiality of the information in its possession and refrains from seeking out, using or disseminating confidential information, unless expressly authorised by the owner of such information, and in compliance with current standards. In Italy, when processing clients' data, the Group complies with the Code on Personal Data Protection⁸ by drafting an annual Programmatic Document on Security (PDS) which describes the organisational and technical criteria adopted for the protection of sensitive and non-sensitive personal data processed with IT tools, as well as the training plan for the technical personnel in charge. It should be noted that there were no claims relating to breaches of privacy or loss of customers' data during the last three years.

In the field of marketing communications, the Group ensures accuracy, clarity and integrity of the communications released to the stakeholders. The Group has never received complaints for violation of laws or regulations related to marketing or communications.

3.4 Innovation and research for continual improvement

Research is a strategic activity for the construction industry and in recent years has been enriched with new insight that goes beyond the issues related to the technologies of materials, components and their physical behaviour involving also the optimisation of the activities related to the production process. In the area of major works, several factors exponentially multiply the level of innovation required to achieve the final result. The most important ones are: the mass of resources needed, the uniqueness of each project, the different environmental contexts, the time frame required to ensure the profitability of the projects, the parameters of safety for personnel, local communities and final users.

Salini develops innovative technologies and construction methods based on close partnerships with the world's most renowned professionals and engineering companies, analysing clients' needs, and producing high quality and bespoke project proposals. This strength makes the Group competitive across the world, even in the most challenging contexts.

Salini's most recent achievement in the field of innovation is represented by the Fast Track Implementation, a construction method based on starting all the most important operating phases of the project at the same time, allowing a drastic reduction in completion times. This technique, developed and refined by Salini for the construction of large-scale, turnkey hydroelectric plants, can be adopted for many types of projects that require rapid completion times anywhere in the world.

Salini supports research also financing academic initiatives. In 2010 the Group has sponsored the second International Conference on Sustainability Science held in Rome. The event involved several academic institutions, including the United Nations University, the Arizona State University, the University of Tokyo and the University of Rome La Sapienza.

3.5 Contributing to local growth

Building infrastructure and major works means deploying ideas, people, knowledge, and investments that aim to enhance a given territory's capabilities. The delivery of a Salini project benefits several stakeholder groups, in terms of job creation, local skills enhancement, local supplier growth, increase of revenues for governments and voluntary contributions for local communities.

For these reasons, Salini plays a key role in the development of countries where the Group companies operate, in line with the Group's Mission.

The first measure of the Salini contribution to local growth is job creation in host countries.

The Group adopts a strategy oriented towards the use of local workforce in areas where projects are located. In 2010, 90% of Group staff consisted of local employees – the equivalent of 11,558 full-time employees. Group policies require that management roles in operational sites are primarily undertaken by expatriate Italian employees.

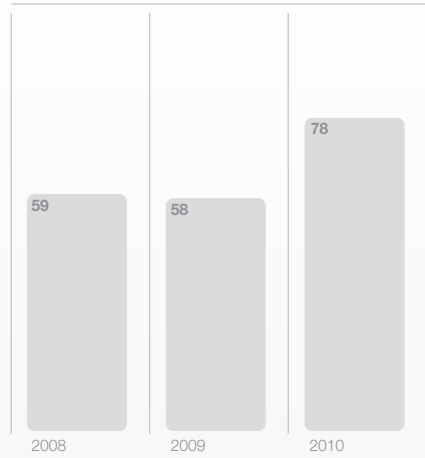
In addition to salaries paid, job creation plays an important role in enhancing the capabilities of developing countries, thanks to the provision of skills and competencies, training, health surveillance and high quality standards of the work carried out.

⁸ Italian Legislative Decree 196/2003, Attachment 8, point 19 – Technical Guidelines.

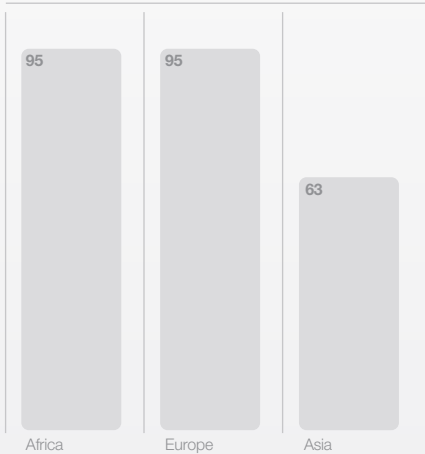
Proportion of hiring of local personnel
%



Proportion of spending on locally-based providers of goods and services
%



Hiring of local personnel in 2010 by continent
%



Spending on locally-based providers of goods and services in 2010 by continent
%



Furthermore, studies have shown that for every worker employed in the construction sector two further jobs are created in other industries⁹.

Finally, when Salini concludes its projects many employees are able to start their own enterprise in the building sector, helping create new jobs and new business opportunities for local people.

Salini also provides opportunities for economic development to the providers of goods and services based in countries where the Group operates. The Group's supply strategy aims to satisfy the project's requirements as much as possible within the territories in which projects are located, according to local availability of needed goods and services.

In 2010, Salini's links with local providers of goods and services – considered as suppliers, contractors and subcontractors in the country where the project is implemented – have been strong. In fact, in 2010 the percentage of spending on local-based providers of goods and services was equal to an average of 78%.

The potential to satisfy at local business needs depends primarily on the capacity for local providers of goods and services to ensure supply in the quantities and qualities necessary for the implementation of each project, as shown by the data on local purchases by continent. In monetary terms, the total amount of Salini's spend on locally-based providers of goods and services was €591 million¹⁰ in 2010, of which €272 million was in Europe, €179 million was in Asia and €139 million was in Africa.

⁹ 'The competitiveness of the construction industry', European Commission, 1997.

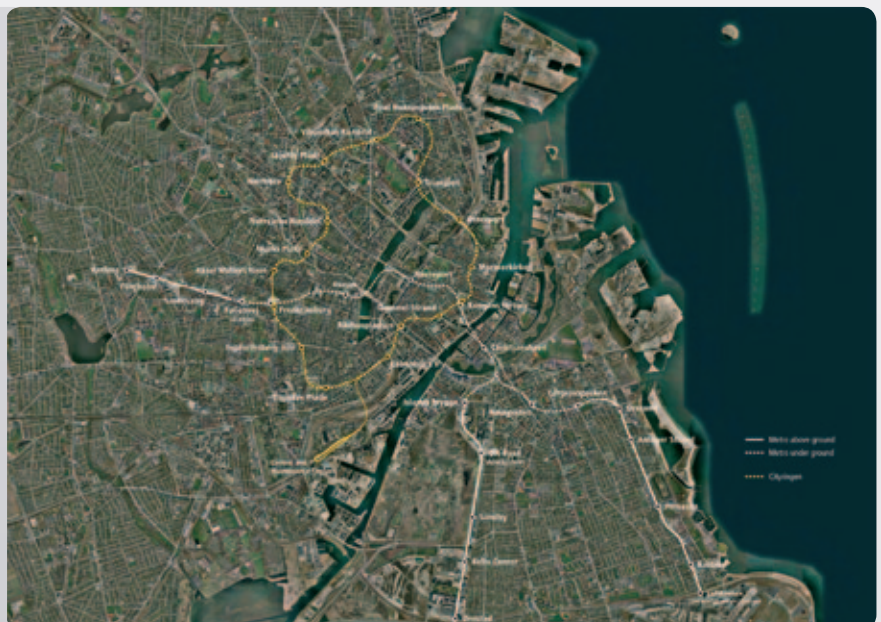
¹⁰ Data include only the supplies for operational sites, excluding headquarters and other offices.

Salini's commitment well-recognised by clients

The extraordinary volume and range of contracts awarded to Salini confirm the Group's technical ability and expertise, which enable it to compete in global markets. In recent times, socio-environmental factors have become increasingly important for clients' choices.

For the assignment of the Cityringen project, the client (Metroselskabet) has recognised Salini's strong commitment to using a local workforce and local suppliers, upholding the highest standards of health and safety, and minimising the impact on the daily lives of communities.

Salini has always privileged quality and focused on the needs of the city's people.



Creating profitability through responsibility continued

3.6 Economic data sheet

Performance Indicator	Unit	2008	2009	2010	Todini	GRI reference
Economic generated and distributed value						EC1
Revenues	€/000	680,579	630,388	1,061,911	–	
Other incomes	€/000	53,531	25,055	57,363	–	
Financial income	€/000	6,192	6,960	15,038	–	
Total economic generated value	€/000	740,301	662,403	1,134,312	–	
Economic distributed value						
Operating costs	€/000	523,898	459,338	793,100	–	
Personnel wages and benefits	€/000	93,313	90,890	158,783	–	
Payments to shareholders	€/000	10,829	10,829	12,995	–	
Payments to lenders	€/000	9,503	10,177	25,639	–	
Payments to Government	€/000	20,113	9,644	17,850	–	
Community investments	€/000	2,741	1,997	2,885	–	
Total economic distributed value	€/000	660,397	582,875	1,011,252	–	
Economic withheld value						
Amortisation, depreciation and adjustments	€/000	66,815	60,343	89,655	–	
Auto financing	€/000	9,616	16,841	20,100	–	
Provisions and reserves	€/000	3,473	2,344	13,306	–	
Total economic withheld value	€/000	79,904	79,528	123,060	–	
Significant financial assistance received from governments						EC4
Investment grants ¹	€/000	484	387	4,649	4,202	
Tax relief ²	€/000	1,350	–	–	–	
Total financial assistance received from governments	€/000	1,834	387	4,649	4,202	
Proportion of spending on locally-based suppliers by category³						EC6
Europe						
Materials	%	100%	100%	100%	100%	
Subcontracts, consultings and shipments	%	100%	100%	99%	98%	
Leasing and rentals	%	100%	100%	83%	78%	
Capital assets (amortisation on charges)	%	100%	100%	100%	99%	
Total local supplies in Europe	%	100%	100%	99%	98%	
Africa						
Materials	%	44%	51%	56%	98%	
Subcontracts, consulting and shipments	%	59%	38%	58%	80%	
Leasing and rentals	%	40%	16%	23%	47%	
Capital assets (amortisation on charges)	%	44%	31%	37%	23%	
Total local supplies in Africa	%	49%	41%	53%	83%	

Performance Indicator	Unit	2008	2009	2010	Todini	GRI reference
Asia						
Materials	%	98%	98%	84%	79%	
Subcontracts, consulting and shipments	%	85%	87%	87%	86%	
Leasing and rentals	%	66%	58%	36%	34%	
Capital assets (amortisation on charges)	%	93%	84%	92%	97%	
Total local supplies in Asia	%	88%	87%	84%	82%	
Total						
Materials	%	53%	65%	76%	94%	
Subcontracts, consulting and shipments	%	68%	58%	85%	91%	
Leasing and rentals	%	46%	32%	45%	59%	
Capital assets (amortisation on charges)	%	58%	47%	76%	95%	
Total local supplies	%	59%	58%	78%	90%	
Employees hired from local community						EC7
Europe	no.	313	347	1,242	897	
	%	100%	100%	95%	96%	
Africa	no.	9,657	8,870	9,031	644	
	%	95%	95%	95%	99%	
Asia ⁴	no.	–	–	1,285	955	
	%	0%	0%	63%	96%	
Total employees hired from local community	no.	9,970	9,217	11,558	2,496	
	%	76%	90%	90%	97%	

1 The important increase of the financial assistance in 2010 is related to tax deductions received by Todini Costruzioni Generali S.p.A. These deductions are granted to a part of the investments made in the fiscal period (01/01/2010 – 06/30/2010), according with the provision of the Italian fiscal law (Tremonti Ter).

2 2008 data is referred to exemptions from customs duties on imported machineries and spare parts in Ethiopia.

3 Data include only the supplies for operational sites, excluding headquarters and other offices.

4 In 2008 and 2009 the Group's activities in Asia were carried out only in UAE (Dubai), where there is an insufficient availability of local workers. For this reason, the Group has hired non-local workers.

Chapter 4

Social dimension

4.1 Our people	26 →
4.1.1 People development	26-28 →
4.1.2 Securing health and safety at the workplace	28-29 →
4.1.3 Respect of human rights	29-30 →
4.2 Our supply chain	30 →
4.3 Local communities	30-31 →
4.4 Social data sheet	32-35 →

4



Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

24
25

Environmental performance

Future commitments

Appendix

GRI data and verification report

'MILLENNIUM PARK' ABUJA, NIGERIA

The challenge:

To regenerate a run-down area used as an open landfill site in the central area of Abuja, integrating it with the other urban development's projects and preserving the biodiversity of the area.

The solution:

Besides the realisation of the Cultural Centre and the Millennium Tower, two structures that will host museums, hotels, auditoriums and recreational areas, Salini Nigeria contributed to the development of the Abuja city centre designing, constructing and donating the park in 2003.

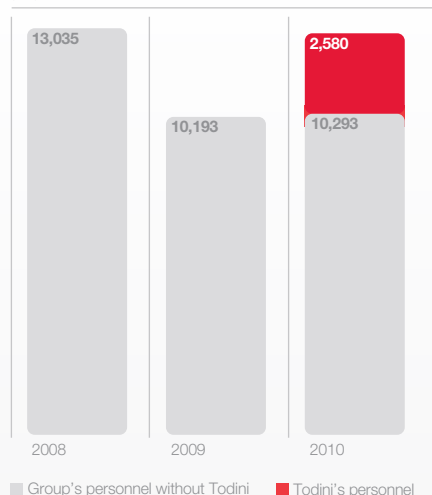
The park was created exploiting the terrain of the existing sites and remodelling by undertaking some limited earthworks. Existing trees were preserved, including an old and very tall cotton tree, and local flower species were used. Measures to protect the Wupa River banks have been put in place to control water floods and prevent destructive erosion, thus preserving the trees along the existing river. The park's natural beauty is enhanced by water fountains. In addition the park is equipped with an automated and sophisticated irrigation system, sports facilities and a special play area for children.

26 hectares

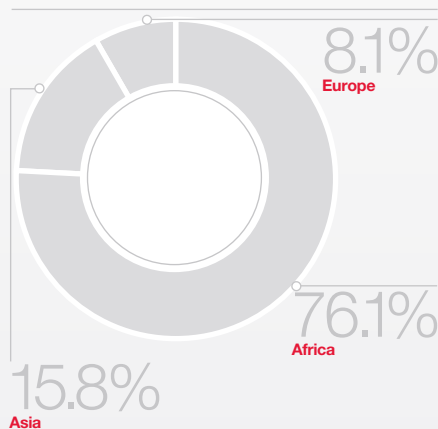
of green space available for all the Abuja's inhabitants. The maintenance and the waste collection is guaranteed by Salini Nigeria, which employs local technical staff.

Social dimension

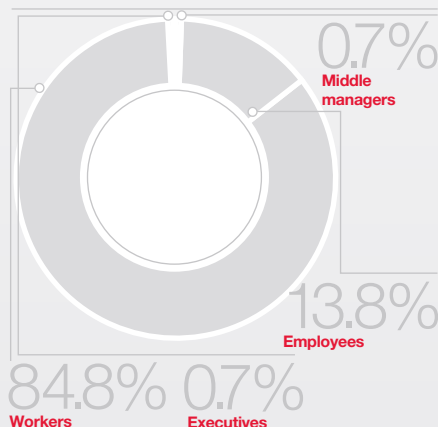
Group personnel
(no.)



Group personnel by workplace in 2010
%



Group personnel by category in 2010
%



Salini is committed to building strong relations with its stakeholders, both internal and external, and to communicating to them transparently on its social performance.

With regard to developing people, Salini invests in youth, focuses on enhancing skills and know-how, avoiding any kind of discrimination. Moreover, wherever Salini operates, it has a particular responsibility to contribute to the socio-economic development of communities living near operating sites. Thanks to this approach, Salini's commitment has always led to the Group having excellent reputation among local authorities and communities.

Social responsibilities are primarily managed by the procedures governing the Human Resources and Organisational Development Division, which are linked to the Corporate Management System and other people management processes. The Internal Control Committee and Top Management are involved in reviewing management systems.

4.1 Our people

At the end of 2010, the Group employed 12,873 people worldwide, of which about 90% were hired from the local communities around business operations. The Group saw employee numbers increase by 2,680 people (+26%) in 2010, mainly due to the integration of Todini into the Group.

In 2010, the vast majority of Salini employees had permanent contracts. Salini considers the number of employees on fixed-term contracts and part-time contracts to be immaterial to its overall operations¹¹.

4.1.1 People development

Salini recognises the importance of a focused Human Resources Management System – a clear process for administrative and legal human resource management across the entire working cycle at the Group. This looks specifically at planning, recruiting, selection, hiring, training, performance and potential evaluation, administration and remuneration.

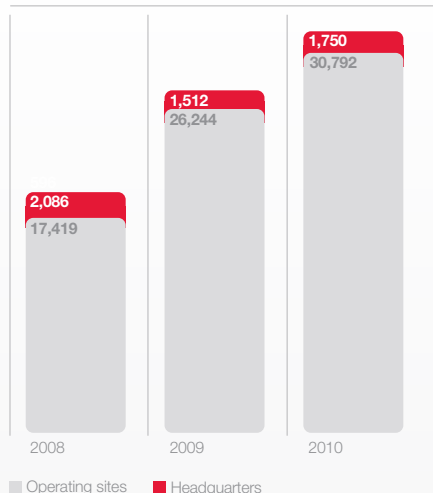
Salini believes its human resources are a fundamentally important strategic asset for its development, since they make a significant contribution to achieving the Group's objectives. To manage the complex processes of personnel recruitment, management and development in an organised and structured manner, the Group has implemented a specific Human Resource Management policy since 2007. Equal opportunity, non-discrimination, physical and moral integrity, fairness, honesty and professional enhancement guide the Group with regard to human resources management.

Personnel management is undertaken by the Rome headquarters for all Group employees. With regard to personnel administration, the headquarters manages all the employees operating in Europe, as well as European management and technical-administrative staff or TCN¹² operating outside of Europe. In non-EU sites, administrative management of local personnel is undertaken directly by site management and it is mainly focused on recruitment, administration, theoretical and field training, evaluation, and compensation.

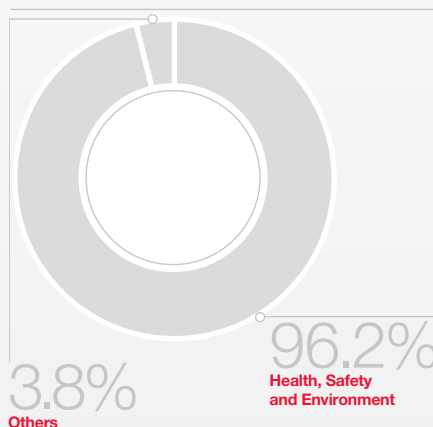
¹¹ Supervised workers are not present.

¹² For the Group is considered TCN (Third-Country National) the employee of non-EU nationality working in a non-EU country that is not his country of origin (e.g. A worker of Indian nationality working in the UAE).

Training hours by workplace
(no.)



Training in 2010 by topic
%



To safeguard its competitive market positioning, Salini aims to attract and hire the best candidates and individuals with the highest professional standards during the recruitment and selection process. The Group identifies candidates in a number of ways, for instance through annual career days at several key Italian and foreign universities to source graduates to join the Group.

The central role of the individual is demonstrated by the commitment towards employees' professional growth, which gives them the scope to enhance their knowledge and awareness, particularly regarding health, safety, human rights and anti-corruption policies and procedures (in line with the Italian Legislative Decree 231/2001).

The Group staff management policy, both in Italy and abroad, makes provision for employees to receive adequate training for assigned duties in order to strengthen core competencies and develop individual skills. In doing this, Salini creates a working environment that facilitates the exchange of knowledge and interaction between all cultures. The Group is committed to the development of local resources through specific training courses that provide both theoretical and practical training, which helps to create a sense of identity and of belonging to the Group.

An office dedicated to Organisational Development issues management was established in 2009 to define a structured system for tailoring training and development activity. Training needs are specifically identified following a gap analysis between employees' current competencies and those required for each organisational position. However, to support development on specific issues of general importance, training through e-learning was launched in 2010; reaching out to employees around the world in an easier and more efficient way.

Hours spent on training activities were considerably increased during the reporting period. Data on training hours is based on activities carried out at the operating site level on the HSE issues. Data does not include on-the-job training.

Besides HSE, training was also delivered on role-specific issues, languages, administration, the Code of Ethics and organisational model (Legislative Decree 231/2001), and privacy.

Salini is committed to evaluating performance and potential of personnel based on a Performance Management system. The Performance Management system measures and evaluates competencies, performance objectives, behaviours and potential of the Group's employees according to their role in a defined period with the aim of:

- Linking an individual's achievements and performance to an appropriate role profile and benefits;
- Monitoring and updating records on an individual employees' professional development;
- Differentiating performance levels and having a basis for the salary;
- Providing information that feeds into action plans for individuals' training and development; and
- Planning room for improvement, job rotation and career growth paths.

The evaluation process is closely linked to the remuneration system. For each organisational division, the Division Manager is in charge of monitoring performance and competencies of employees. The evaluation process is formalised by an evaluation form, filled out by the Division Manager for each individual.

As mentioned, fairness is the principle that guides the Group's human resources management. Compensation policy ensures, in respect of an individual's merits, that high and robust competitive standards are maintained externally, in order to avoid conflicts among employees. Salini's policies comply with statutory and regulatory requirements for the payment of wages and benefits. The Group is 100% compliant in the payment of minimum wages required by relevant authorities. The remuneration system is primarily composed of a fixed salary, supported by a variable bonus (una tantum) related to the individual and/or corporate performance. In addition, Salini provides various benefits to all employees, depending on their role and level. These benefits include additional insurance and health care, a complementary pension system, accommodation, a company car, economic support for their children's education, a contribution to relocation expenditure and company loans.

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

26
27

Environmental performance

Future commitments

Appendix

GRI data and verification report

Social dimension continued

Security at operating sites

Salini is committed to ensuring the security of its working places, in order to protect the integrity of the Group's tangible and intangible resources.

To this end, Salini always assesses the potential risks faced in countries with security problems and, if needed, implements specific plans to properly protect its sites. Moreover, many projects are considered 'sensitive assets' by governments and local authorities and are therefore protected by them.

In both circumstances, Salini sets up specific mitigation actions, based on prevention, protection and information. Security managers at operating sites are committed to training security personnel in respect of both employees' and local communities' human rights.

Salini's commitment to the health of employees' families and communities

Salini is aware that health is a fundamental right of all people, not just its employees.

For this reason, Salini made its health facilities available to employees' family members at operating sites outside Europe, as well as to local people for any acute and serious casualties.

Beyond this, doctors responsible for the operating sites regularly offer local personnel training courses and provide information to local communities on improving environmental sanitation, preventing the spread of endemic diseases (like malaria) and sexually transmitted diseases (HIV and hepatitis).

Image below: Uganda: Laboratory clinic at Bujagali Hydropower Project construction site



Salini is committed to avoid any gender discrimination, ensuring to women the same opportunities provided to men concerning employment, compensation and careers. The issue of equal opportunities has been mainly tackled at the headquarters in Rome, where women represent 35% of total workforce. It should be noted that, in the construction industry, the issue of equal opportunities tends to be less significant in regard to purely operational activities, as the vast majority of workers in this category are men. Considering the issue of equal compensation – the understanding that men and women of an equal level receive the same salary – in 2010 the overall ratio between women's salaries and men's is equal on average at 83%¹³. The gaps are generally accounted for by the higher seniority of men compared to women. Moreover, it should be underlined that management posts, which account for the highest level of Group management tasks, are made up predominantly of men. At the end of the chapter, data shows the male/female salary ratio detailed by employee category.

Currently, there are no mechanisms to connect the remuneration system to environmental and social indicators. Salini has set itself the goal to develop a Management by Objective (MbO) system reflecting the increased prominence of environmental, economic and social performance, in order to support the achievement of 'sustainable efficiency' objectives. An incentive system is currently active in the operating sites and it is connected to the site and individual employee performance (defined by the efficiency of work undertaken, and workplace behaviour).

4.1.2 Securing health and safety at the workplace

Salini recognises the importance of occupational health and safety, and the protection of employees and third parties during all activities undertaken on its premises.

The Group's commitment to this issue is shown through the adoption of a dedicated corporate policy in July 2009 and updated in April 2011. The policy, which clearly emphasises that 'the health and safety of personnel and third parties always comes first' when delivering projects, also states the commitment to actively promote initiatives for employees, clients, suppliers, authorities and interested parties to help us attain the highest health and safety standards.

The Group's commitment in this area was recognised in 2009 by OHSAS 18001 certification. To gain accreditation, the

Group implemented a Health and Safety Management System designed to minimise the risk of accidents in all workplaces (offices and operating sites). Appropriate management procedures ensure the effective management of safety; these include risk assessment, planning and implementation of training, an employee engagement activity and performance monitoring.

The Group's main health and safety objectives are:

- eliminating or reducing to a minimum the risk of accident by adopting a prevention and protection system applicable to all operating activities, following to the principle that all accidents can be prevented; and
- complying with relevant regulatory or other requirements subscribed to and/or adopted by Salini, applying the strictest standards wherever possible.

In 2010, injury performance for Group employees shown a reduction in the severity index (LDR) of 38%, while the number of accidents¹⁴ increased, causing a 9% increase in the Injury Frequency Rate.

The nature of Salini's industry means careful measures are required to safeguard employees' health and welfare in the workplace. There are currently no formal agreements in place with trade unions or other workers' representative organisations on the issue of health and safety, but only general agreements regarding some issues among which HSE ones. Nevertheless, Salini stresses the need to integrate these concerns in its active model of trade-union relations.

Salini applies current Italian legislation in all its worldwide operations, establishing workers' safety representatives (RWS) at every operating site; these representatives also take an advisory role on the Group's activities on managing workers' health and safety risks. The RWS often are union representatives.

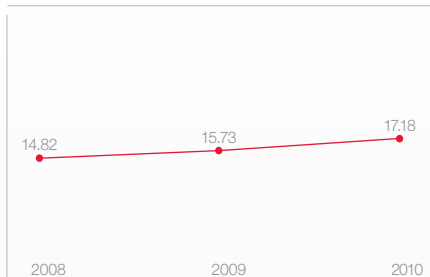
The Group also monitors the safety conditions and performance of subcontractors present at its operating sites, in order to ensure compliance with Salini's procedures. In the reporting period no subcontractor accidents were attributable to Salini.

In Italy, a Company health service is in charge of performing all monitoring activities required by the current legislation on employee health and safety, both for headquarters and for operating sites. In particular, the service organises and carries out regular health surveillance campaigns, based on the specific labour-related risks affecting its people. Furthermore, the Group provides an additional level of medical care by offering employees and their families access to public and private health facilities.

¹³ Calculation is made on the base of the gross wages paid, instead of minimum wages required by law for each category.

¹⁴ It should be noted that 2010 has also reduced the number of fatalities, down from 8 in 2009 to 5.

Injury frequency rate (IFR)



Severity Index (LDR)



In each operating site outside of Italy, medical facilities are in place in order to provide 24-hour medical advice and ambulance service and guarantee that each work shift has access to medical staff. The teams working in these facilities consist of expatriate and local doctors, nurses, laboratory technicians, ambulance drivers, environmental sanitation staff and cleaning staff.

Moreover, all operating sites have a pharmacy that provides access to urgently required medicines and those needed for the treatment of chronic diseases that may affect workers.

Additionally, in each operating site outside Italy, the Company health service holds a list of reference hospitals to be contacted in cases of greater seriousness or urgency, according to the specialist services available in every hospital and the needs of the individual casualty. In the case of acute casualties, the role of the existing on-site health facilities is to stabilise patients and ensure their safe transport to appropriate facilities where they can receive first and second level examinations and specialised therapies.

The Company health service runs inspections on operating sites at least once a year, to ensure that all health surveillance protocols are respected. In addition to this, the service regularly visits local hospitals to assess their quality and accessibility.

At the non-EU operating sites all personnel receive prophylaxis information, which also informs about disease prevention and control procedures. Employees are also given a booster vaccination prior to their departure for the site. If not possible before departure, the vaccination cycle is made up at the arrival in the operating site.

In countries where malaria is endemic, special attention is paid to the prevention protocols suggested by the World Health Organisation. Furthermore, a thorough programme of drinking water purification is guaranteed at the sites. It is regularly monitored by the site's medical staff through periodic chemical-physical checks on the quality of drinking water, using the external official laboratories in the host country.

Each year, all expatriate employees (Italian, EU and non-EU) working at the operating sites outside Italy are subject to checks on their ability to carry out specific tasks.

Activities carried out by Salini do not expose personnel to high risk of specific diseases.

In consideration of the particularly serious environmental pollution present in Kazakhstan the existing legislation provides for an increase in pay to local employees working in the concerned areas. The Group's activity fully respects said legislation.

4.1.3 Respect of human rights

Salini is firmly committed to preserving fundamental human rights while conducting business. The Group is aware that in some geographical areas in which it operates – especially outside of Europe – the risk of human rights violation cannot be totally excluded. For this reason, Salini has implemented specific policies and procedures aiming at promotion of the respect and protection of employees' human rights, ensuring no discrimination of any sort (including that based on political or religious belief, race, gender, language reasons or for trade union affiliations), in accordance with the provisions of the Code of Ethics.

Local personnel management

Local personnel at the operating site level can be employed as a permanent worker or temporary worker. The latter status is only permitted for a limited period, according to the local legislation, and only for particular needs and circumstances, such as loading and unloading trucks, bush clearing or other site-specific jobs. Salini ensures information and training about Health and Safety site-specific risks to these workers.

For permanent workers, employment relationships are linked to the skills required to deliver the contract. Recruitment is carried out with the support of local agencies (for medium-low profiles), advertisements on local newspapers and in local universities (for high-medium profiles), as well as through Company records on people who have already worked for Salini in a particular region.

To avoid any irregularities or violations of laws, local Human Resources offices check applicants' documents with the help of local lawyers, in order to detect possible falsifications, mainly related to the age of applicants. Salini does not hire under-age employees, even in countries where it is allowed by local legislation.

To reduce the potential of being implicated in human rights abuses, the Group avoids using labour from agencies and pays all wages directly to the employees, and does not pay them by means of third parties. Local workers' representatives are in place at every site in order to ensure adequate information sharing and good relations with the management team.



Social dimension continued

The Group rigorously applies legislation concerning employment contracts, thus guaranteeing the respect of human rights set out by the 'Universal Declaration of Human Rights' wherever we operate, and in particular in relation to the exercise of freedom of association and collective bargaining, and the elimination of forced, compulsory and child labour.

In this context, Salini formally joined the Global Compact in December 2010, an initiative launched by the United Nations through which companies undertake to observe and promote ten universal principles in the fields of human rights, labour rights, respect for the environment and anti-corruption measures.

In order to identify potential risk situations relating to human rights at all the Group operating sites, Salini analyses local employment regulation, working hours, contractual conditions and facilities (accommodation, health structure, canteens, etc.) during the tender process.

Salini's legal and economic relationship with its employees aims to guarantee the respect for individuals and their rights under the provisions of national and international law, in all the sites. During the reporting period 2008-2010, all Group employees have contractual recourse to a form of collective agreement¹⁵, which ensures equal rights and treatment on equal conditions. Contractual relations are managed as follows:

- Italian personnel working at headquarters and operating sites in Italy are covered by the National Collective Labour Agreement for Building Companies and Related (employees, middle managers and workers), and by the National Collective Labour Agreement of Managers in Industrial Companies;
- labour relations for Italian and EU personnel working abroad are governed by individual labour contracts specific for overseas employment that guarantee the employee comprehensive rights not less than those established by the national collective negotiation contract for each specific region;
- regulatory conditions for non-EU personnel are based on, and therefore, similar to those for EU personnel, with the key differences being that leaving indemnity is not provided in all countries, and taxes and contributions are linked to the region in which employment is carried out.

15 If the local legislation do not provide for national collective agreements, bargaining is undertaken at the operating site between the Company and the unions.

16 In Italy, the minimum notice period ranges from one week (for workers with seniority of less than 3 years) to 16 weeks (for executives with families), as required by the National Collective Labour Agreement of reference. In some cases of staff reduction for completion of works, both in Italy and abroad, the notice period is directly paid to the workers.

Communication, negotiation and consultation policies cover all employees. The minimum notice period for communicating significant changes in Salini's assets is a legally fixed period, recognised in the collective and local negotiation contracts of reference. Special communication relating to organisational change is primarily required in the building industry with regard to the completion of contracts for which personnel have been specifically recruited. In such cases, the period of notice is based on resource's employment category and length of service¹⁶.

Information is provided through the publication of special documents on corporate intranets, as well as on public notice boards, both at headquarters and at the operating sites. During the reporting period, no cases of discrimination or violation of workers and local communities' human rights within the Group's activities were recorded.

4.2 Our supply chain

Salini is aware that building strong relations with its business partners is a key element to sustain its growth in the global market. In selecting its suppliers, contractors and subcontractors, the Group is committed to transparency and fairness, firmly prohibiting any form of inequitable business transaction and bribery. To make this happen, Group companies require that their partners comply with specific rules and standards, including Salini's ethics, HSE and human rights-related principles. With regard to procurement processes, the Group has the duty to assure the reliability, integrity and professionalism of the third parties (suppliers, contractors and subcontractors) before establishing relationships with or contracting them. There are specific clauses in the contracts for the supply of goods and services which specify that third parties are committed to adhere to Salini's Code of Ethics principles and to refrain from behaviours that may lead to the risk of committing crimes defined by the Italian Legislative Decree no. 231/2001. The violation of this obligation, including the undertaking of or attempting to undertake acts that contravene the Italian Legislative Decree no. 231/2001, is in effect a serious breach of contract and may be penalized with cancellation of the contract.

For major procurement of bulk materials (e.g. cement, steel, etc.), preference is given to larger, more reputable companies, both at international and at local level. For other types of procurement, preference is accorded wherever possible to local vendors that meet the Group's technical requirements, material availability and budget.

The purchasing process is governed by corporate procedures, including qualification (before a contract is signed) and performance evaluations (during and after the execution of contract). Salini supports and monitors its suppliers in order to improve their performance regarding quality, health, safety and the environment. Specific training activities for subcontractors are regularly delivered on HSE and quality issues.

Salini is committed to sharing its knowledge and skills with local suppliers and subcontractors in order to develop strong partnerships based on fairness and honesty, promoting their growth and technical improvement.

4.3 Local communities

The Group aims to create opportunities for the countries in which it operates, respecting local cultures, needs and expectations and, moreover, creating and strengthening development drivers of the socio-economic system of each host country.

Salini's approach towards local communities varies depending on the type of contract and the client's requirements. Specifically, Salini directly interacts with communities when it operates as a general contractor in EPC (Engineering, Procurement and Construction) contracts, while it interacts through the client when it performs only some phases of the project, under the client or work's supervision.

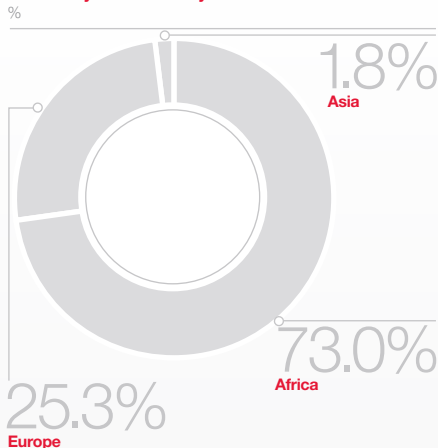
The main characteristics of the Group's local approach are as follows:

- dialogue and engagement with local communities and authorities before, during and after the execution of projects;
- adaptation of the work to diverse local contexts, in consideration of local or client requirements;
- initiatives for socio-economic development, carried out directly or by means of clients.

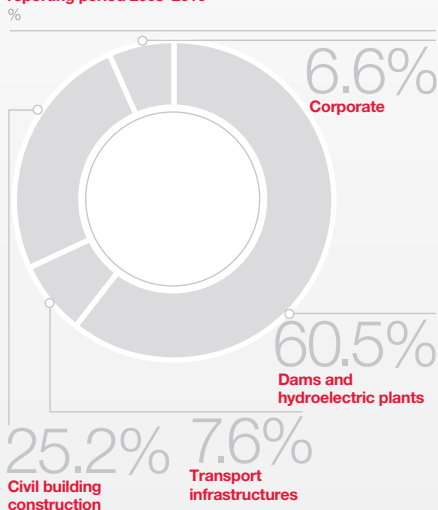
Salini pays great attention to the needs of the socio-environmental context of the territories in which it works, preparing detailed plans for managing and monitoring its most significant impacts. These activities are carried out in the design phase of projects, in accordance with the legislative and contractual requirements. During the project execution phase, the Group is contractually responsible for all relevant environmental impacts of building site activities, such as management of rocks and soil from excavation, air emissions, etc.

17 The total annual cost of the maintenance, carried out directly by Salini Nigeria Ltd., is equal to about €600.000. However in this calculation it has been worked out on only half of total expense, because the remainder part is considered as a commercial cost.

Community investments by continent in 2010



Community investments by sector in the reporting period 2008-2010



Every operating site establishes a public relations manager in charge of maintaining relations with local communities and authorities, giving them information about the progress of the project and managing complaints. The requests received by the public relations manager are reported to the site management, who seek to identify better solutions to local needs.

Salini's attention to the needs of local communities becomes apparent through a wide range of programmes and activities. They can be classified depending on:

- type of intervention - either long-term (e.g. construction of a school) or one-off (e.g. organisation of a cultural event); and
- nature of the intervention - voluntary or resulting from contractual agreements.

In last years, the Group has assigned significant resources to establishing buildings, schools, hospitals and roads, and has also secured the distribution of energy, water and healthcare to host communities. Besides donations and contractual requirements, these structures may also result from the reuse or reallocation of Group facilities, such as access roads to sites, offices and workers' houses, used by Salini in the implementation phase of projects and which are made available for the community once the project has been completed. During the delivery of projects, local communities can also access some of these facilities, such as on-site clinics, training rooms, wells, roads and bridges.

In short, Salini evaluates local communities' needs and provides them with the means to address sanitation, housing and recreational requirements. Because of the high rate of poverty and corruption in many countries in which Salini operates, the Group prefers to intervene directly on local communities' behalf instead of giving money to people. The only financial donations made are granted to well-recognised associations, foundations and religious bodies primarily involved in social welfare, followed by sponsorships to support cultural and sport initiatives.

The community investments made by Salini in the reporting period (2008-2010) were equal to €7.6 million. The most part of these funds went to Africa, followed by Europe and Asia. In the reporting period, data on these community interventions shows that most investments related to the Group's work are in the dams and hydroelectric plants sector. In relation to hydropower projects, the majority of investments were made on infrastructure for local communities.

Figures on community investment reported in this paragraph and in the third chapter (economic distributed value), do not include the infrastructure developments carried out by Salini for project-related needs that remain available for communities after a project completes. These facilities granted to communities are considered as in-kind engagement that positively contribute to the development of areas where this type of investment is almost entirely absent. The estimated value of this infrastructure is equal to over €2 million in the reporting period alone, and it is calculated using only the construction costs incurred by Salini (materials, use of machinery and work performed by Salini employees).

Main local communities initiatives

In 2010 data was influenced by two main initiatives, undertaken by the Group in Ethiopia and in Nigeria.

In Ethiopia, Salini completed the construction of a mental health centre, in Gerfesa. It was donated to the community in May 2010. The centre provides physical and psychological help to over 200 people with mental illness, and was built on an area of about 5,000 square metres, for a total cost of approximately €1.1 million.

In Nigeria, Salini promoted and organised celebrations for the 50th anniversary of the country's independence. An event took place on 30 September 2010 at the Cultural Centre and Millennium Tower work site, involving about 300 Salini workers and about 10,000 people. Moreover, in Nigeria, Salini ensures the maintenance of the Millennium Park in Abuja, a 26-hectare green space designed, constructed and donated to the Nigerian capital by Salini Nigeria Ltd. in 2003¹⁷.

In 2010, the other main interventions carried out related to rehabilitation of roads, construction or maintenance of hospitals and schools, and construction of wells, water pipes and electrical grids.



Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

30
31

Environmental performance

Future commitments

Appendix

GRI data and verification report

Social dimension continued

4.4 Social data sheet

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Total personnel by category						LA1
Executives	no.	57	62	85	24	
Middle managers	no.	68	66	88	25	
Employees	no.	1,415	1,145	1,778	554	
Workers	no.	11,495	8,920	10,922	1,977	
Total	no.	13,035	10,193	12,873	2,580	
Total personnel by workplace						LA1
Europe	no.	321	364	1,041	675	
Africa	no.	10,158	9,340	9,794	908	
Asia	no.	2,556	487	2,036	997	
America	no.	–	2	2	–	
Total	no.	13,035	10,193	12,873	2,580	
Total personnel by workplace						LA1
Europe	%	2%	4%	8%	26%	
Africa	%	78%	92%	76%	35%	
Asia	%	20%	5%	16%	39%	
Total	%	100%	100%	100%	100%	
Total personnel by workbase						LA1
Italian Headquarters	no.	153	162	218	61	
Italian Operating sites	no.	160	185	684	486	
Foreign Operating sites (personnel managed centrally)	no.	534	495	665	93	
Foreign Operating sites (personnel managed locally)	no.	12,188	9,351	11,306	1,940	
Total	no.	13,035	10,193	12,873	2,580	
Total personnel by gender¹						LA13
Men	%	93%	93%	92%	89%	
Women	%	7%	7%	8%	11%	
Total	%	100%	100%	100%	100%	
Total personnel by age group^{1,4}						LA13
<30 years	%	8%	7%	9%	–	
30-50 years	%	52%	53%	52%	–	
>50 years	%	40%	40%	39%	–	
Total	%	100%	100%	100%	–	
Members of the BoD by age group						LA13
<30 years	%	–	–	–	–	
30-50 years	%	40%	29%	43%	–	
>50 years	%	60%	71%	57%	–	
Total	%	100%	100%	100%	–	
Total personnel by minority group membership²						LA13
Invalid	no.	1	2	4	2	
Orphan	no.	2	2	5	2	
Total	no.	3	4	9	4	

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Employees hired by category²						LA2
Executives	no.	5	8	4	3	
Middle managers	no.	7	3	4	3	
Employees	no.	21	14	52	36	
Workers	no.	–	–	73	73	
Total	no.	33	25	133	115	
Employees left by reason²						LA2
Resignations	no.	15	10	118	110	
Retirements	no.	3	4	4	–	
Contract expiries	no.	2	6	5	–	
Dismissals due to project phases ³	no.	–	1	117	117	
Dismissals due to disciplinary causes	no.	3	–	–	–	
Resolutions by mutual consent	no.	2	–	5	–	
Total	no.	25	21	249	227	
Rate of employee turnover by gender²						LA2
Men	%	7.2%	4.3%	8.0%	8.2%	
Women	%	2.6%	1.9%	8.0%	0.6%	
Total	%	9.8%	6.2%	8.6%	8.8%	
Rate of employee turnover by age group²						LA2
<30 years	%	2.6%	1.2%	0.4%	0.4%	
30-50 years	%	5.9%	4.3%	3.4%	3.5%	
>50 years	%	1.3%	0.6%	0.4%	0.3%	

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

3333

Environmental performance

Future commitments

Appendix

GRI data and verification report

Social dimension continued

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Personnel injuries rates						LA7
Hours worked (WMH)	hours	32,245,768	34,006,772	40,155,891	6,805,921	
Fatalities (FTL)	no.	7	8	5	1	
Injuries with permanent disability = 100%	no.	1	–	–	–	
Injuries with temporary disability (LTI)	no.	471	527	685	127	
Lost working days (LWD)	dd	13,378	7,164	11,492	2,852	
Injury frequency rate (IR)		14.82	15.73	17.18	18.81	
Severity Index (LDR)		2,275.59	1,975.02	1,220.05	1,521.03	
Personnel injury rates by sector						LA7
Dams and hydroelectric plants	IR	16.98	18.74	19.60	54.95	
	LDR	2,766.32	1,932.24	1,153.99	565.20	
Transport infrastructures	IR	8.92	5.43	12.90	16.66	
	LDR	1,028.89	2,149.91	1,434.44	1,578.17	
Civil building construction	IR	21.34	–	10.19	–	
	LDR	85.37	–	112.05	–	
Personnel injury rates by continent						LA7
Europe	IR	107.11	66.66	40.66	39.51	
	LDR	4,996.79	2,648.68	1,589.47	1,319.66	
Africa	IR	16.84	17.91	18.27	28.79	
	LDR	2,751.82	2,045.51	1,386.78	3,857.22	
Asia	IR	2.75	1.18	2.23	1.29	
	LDR	39.37	1,546.88	68.88	88.39	
Hours of absence by motivation^{1,4}						LA7
Sickness	pro-capite hours	56	60	52	–	
Accident	pro-capite hours	11	6	8	–	
Individual Permits	pro-capite hours	18	14	15	–	
Unexcused absence	pro-capite hours	–	–	–	–	
Total hours of absence pro-capite	pro-capite hours	85	80	75	–	
Absentee rate (AR) by workbase^{1,4}						LA7
Italian Headquarters	%	7%	6%	8%		
Italian Operating sites	%	11%	9%	9%		
Foreign Operating sites	%	3%	3%	2%		

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Total number of training hours by employee category⁴						LA10
Executives	hours	364	280	276	–	
Middle managers	hours	143	228	297	–	
Employees	hours	2,061	1,633	1,464	–	
Workers	hours	16,937	25,615	30,505	–	
Total number of training hours	hours	19,505	27,756	32,542	–	
Average number of hours of training per employee by employee category⁴						LA10
Executives	pro-capite hours	6.4	4.5	4.5	–	
Middle managers	pro-capite hours	2.1	3.5	4.7	–	
Employees	pro-capite hours	1.5	1.4	1.2	–	
Workers	pro-capite hours	1.5	2.9	3.4	–	
Average number of hours of training per employee	pro-capite hours	1.5	2.7	3.2	–	
Training hours by topic⁴						LA10
Corporate Management and Quality	hours	70	329	196	–	
Health, Safety and Environment	hours	18,615	26,195	31,310	–	
Code of Ethics, Italian Legislative Decree 231, Privacy	hours	–	223	110	–	
Languages	hours	598	860	250	–	
Administration	hours	150	36	212	–	
Specialised	hours	72	113	464	–	
Total	hours	19,505	27,756	32,542	–	
Male/Female salary ratio by employee category^{5, 6}						LA14
Executives	%	65%	64%	73%	n/a	
Middle managers	%	85%	90%	92%	n/a	
Employees (Level 7)	%	75%	82%	85%	n/a	
Employees (Level 6)	%	85%	78%	79%	76%	
Employees (Level 5)	%	78%	73%	80%	87%	
Employees (Level 4) ⁷	%	–	–	70%	102%	
Employees (Level 3)	%	88%	73%	60%	78%	
Workers	%	n/a	n/a	n/a	n/a	
Average	%	71%	69%	83%	88%	

1 Salini data does not include personnel managed locally.

2 Salini data concerns headquarters personnel.

3 These dismissals are related to the completion of the project or of its phases. Data concerning 2010 is influenced from the completion of two Todini projects in Italy.

4 Todini data is not included.

5 Data does not include personnel managed locally. Nevertheless, ratio can be considered as representative of the Group reality because these workers are almost entirely men.

6 In absence of women the ratio is reported as not applicable (na).

7 In category Employees (Level 4) of Salini there are not men.

Chapter 5

Environmental performance

5.1 Renewable energy for a more sustainable world	37 →
5.2 The key role of hydropower	37 →
5.3 Reducing environmental impacts	38-39 →
5.3.1 Careful use of resources	40 →
5.3.2 Ecosystem protection at operating sites	40-42 →
5.3.3 Waste and GHG emissions management	43-45 →
5.4 Environmental data sheet	46-49 →

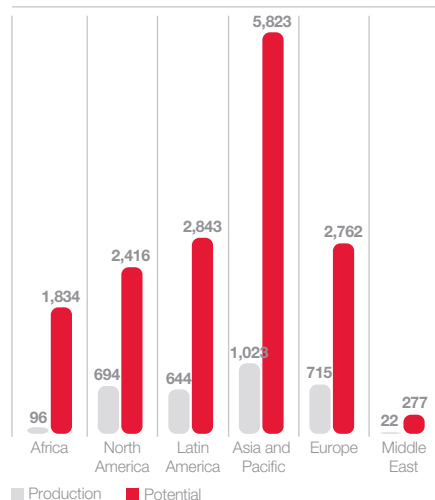
5

5.1 Renewable energy for a more sustainable world

Energy security, climate change, pollution and energy poverty are the four major challenges which the global community will have to face in coming years.

Considering firstly the reliability of energy sources, supply capability is decreasing in many regions due to increasing energy demand and the rising energy prices of fossil fuels, putting particular pressure on developing countries' balance of payments. In addition, the damage caused by massive use of fossil fuels on the global climate is accelerating rapidly, as are related costs. The Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) estimate that in order to limit the rise of global temperature to 2°C it will be necessary to cut at least 50% of global GHG emissions by 2050, compared with 2005. Furthermore, burning fossil and other traditional fuels has many adverse effects on human health. In Africa, South-East Asia and Western Pacific – where a large majority of households prepare their meals by using traditional fuel appliances – indoor air pollution is ranked as the largest environmental contributor to health problems, after unsafe drinking water and lack of sanitation. Recent studies show that about 1.4 billion people currently are lacking access to electricity. In developing countries, expanding access to energy is a central challenge. Reliable and modern energy services help to reduce poverty, and to encourage economic and social initiatives, education and health improvements¹⁸.

Hydropower development potential
(TWh/yr)



According to IEA forecasts¹⁹, renewable energies will have to play a central role in tackling the challenges outlined above. These sources are becoming more competitive, due to the increased maturity of technologies and the rising prices of fossil fuels. The most mature and used renewable technology is hydropower, which supplies 16% of the world's electricity demand.

5.2 The key role of hydropower

Hydropower is currently being used in over 160 countries. According to data from the IHA (International Hydropower Association), installed hydropower capacity is about 874 GW globally, derived from some 11,000 stations. Worldwide hydropower actually produces about 3,200 TWh/yr, while the overall technical potential is estimated to be more than 16,000 TWh/yr²⁰.

All major studies forecast that hydropower will maintain its primary role in the future of renewable energy. Hydropower is also well-positioned to meet twin challenges of increasing electricity production while reducing carbon emissions and dependency on fossil fuels. Added to this, hydropower's potential to satisfy both base load and peaking requirements makes it uniquely positioned to balance the supply variability of the other renewable energies. This flexibility will assume greater importance as the use of renewable energy expands more generally.

Furthermore, among all types of energy infrastructure, hydropower plants have the longest lifetime. Many hydropower plants built over 50 years ago have fully recouped the initial infrastructure investment and still operate efficiently today. Today, equipment manufacturers are striving for higher efficiency, reliability and longevity through design based on computational fluid dynamics, advanced manufacturing processes and new materials. R&D is also driven by IT innovations, such as automation, remote control and diagnostic systems.

Hydroelectric projects must be investigated on a case-by-case basis, due to the unique nature of each potential site. The main technical parameters to take into account are: the project scale (i.e. small, medium, large), the project location, the presence and size of reservoirs, the use of the electricity for base load, peak load or both, and other possible benefits besides power production, such as flood control, irrigation, fresh water supply, etc. Beyond this, the interests of local communities have to be considered in carrying out feasibility studies. The main issues which could positively and negatively affect the communities include increasing access to electricity, the protection of local people and properties from floods and droughts, the rights of citizens with respect to lands expropriation and the management of waters for multiple uses (e.g. irrigation, drinking water, ecosystem conservation, etc.).

With 70 years' experience in this sector, Salini is well-aware that communities' needs should be factored into a project's feasibility study, in order to maximise benefits and to manage and mitigate any negative impacts. For each project, necessary impact assessment studies provided for applicable laws are carried out by proponents in order to obtain all needed approvals.

¹⁸ 'Towards a Green Economy – Pathways to Sustainable Development and Poverty Eradication', United Nations Environment Programme, 2011.

¹⁹ 'World Energy Outlook 2010 Factsheet', International Energy Agency, 2010.

²⁰ Data at end-2008 – '2010 Survey on Energy Resources', World Energy Council, 2010.

Environmental performance

5.3 Reducing environmental impacts

The construction sector is very different from other industries in geographical, temporal and operational terms. Geographically, its work is closely connected to the environment in which projects are developed; each project has a finite and fixed duration (compared to other industries, such as manufacturing); and operationally, each project is unique and the output is a one-off piece. In other words, the construction sector creates unique

works that in other industries might be called 'prototypes'.

For these reasons, each project requires bespoke planning activities, development solutions and delivery techniques.

Salini is committed to the highest standards of environmental protection when designing, constructing and commissioning its projects. By adopting the most advanced tools available, the Group assesses all the potentially harmful impacts related to its activities, with the aim of eliminating or minimising them.

The Group actively assist its clients to development Environmental and Social Impact Assessments (ESIAs), providing engineering knowledge and expertise. ESIAs take into account the relevant local and international regulations, as well as the environmental and social requirements of international financial institutions (such as the World Bank – International Finance Corporation). These assessments, which are an integral part of the planning design phases of the projects, are usually made available for public consultation by proponents, to provide the necessary information to interested parties.

The typical ESIA process is shown below.

ESIA procedures

ESIA stage	Action	Stakeholders involved
Screening	1 Preparation of project profile 2 Decision on whether or not the project requires an ESIA	Environmental Protection Agencies
Scoping of the ESIA	3 Developing Term of References 4 Initiating initial public consultation	Environmental Protection Agencies Funding agencies (if there are any) Environmental Consultants Local communities
Environmental Impact study	5 Impact assessment 6 Design of mitigation and benefit enhancement measures 7 Design monitoring and audit plan 8 Public Consultation	Environmental Protection Agencies Funding agencies (if there are any) Environmental Consultants Proponent Local communities
Reviewing the adequacy of the ESIA	9 Review contents and provide comments for necessary revisions	Environmental Protection Agencies Funding agencies (if there are any)
Decision-making	10 Summary evaluation made available to public 11 Decisions and conditions for approval made public	Environmental Protection Agencies Local communities
Systematic ESIA Follows ups	12 Ensuring implementation of agreed mitigation measures 13 Periodic review and alteration of management plan if required	Private Contractors Environmental Protection Agencies Funding agencies (if there are any)

Uganda : Bujagali Hydropower Project Clinic

The clinic at the Bujagali construction site is one of the many on-site clinics which extend health care facilities also to the local communities.



Purpose and content of ESIA's

The Environmental and Social Impact Assessment (ESIA) is an in depth evaluation of the context in which a proposed project will be realised. It is aimed at assessing the relationship between the proposed project and the environment, which helps decision-makers to determine whether and under what conditions the project will proceed.

The ESIA, drawn up by the project's proponent, contains a clear description on the nature of the proposed project, including the impact of technology and processes; the content and amount of pollutants that will be released during implementation and operation, and their effects on local communities; the nature and duration of all the estimated impacts, whether direct or indirect, positive or negative; the measures proposed to eliminate, minimise, or mitigate negative impacts; a contingency plan in case of accidents; and, finally, specific procedures of internal monitoring and auditing during implementation and operation.

As shown before, the ESIA's are subject to evaluations and reviews by stakeholders that include government authorities, funding agencies, clients and communities.

On the basis of the impacts identified in the approved ESIA, an Environmental and Social Management Plan (ESMP) is prepared and submitted to the client for its review and approval. The ESMP describes the proposed measures that the contractor, the client and other institutions will have to implement during construction and operational phases of the project, to ensure compliance with all the socio-environmental requirements identified in the ESIA.

In the execution of projects, as explained previously, Salini implements specific Environmental Management Systems consistent with the requirements of ISO 14001. At operating site level adequate procedures on monitoring and reporting activities are established for internal and external communications. Top management periodically reviews the performance of the systems and assigns the targets to ensure ongoing performance improvements.

The activities of Salini can be classified into two major groups: dams and hydroelectric plants works, which include hydropower plants and multipurpose projects; and transport infrastructural works, that include roads, motorways, railways and subways. The chart below shows the links between resources, impacts, and mitigating actions for the Group's activities.

Environmental data reported in the next paragraphs relates to the major operating sites of the Group that were active at the end of 2010²¹. Specifically, the data relates to 22 operating sites, of which ten are Salini projects and 12 are Todini projects. Salini projects concern mainly dams and hydroelectric plants, while Todini projects concern mainly transport infrastructure. For this reason, the environmental indicators can vary significantly between Salini and Todini.

It should be noted that at the beginning of 2010 there was an unexpected geological accident at the plant Gigel Gibe II, in Ethiopia, caused by the fall of material inside the headrace tunnel that channels water to the plant. The problem has been resolved during the year and currently the plant is regularly producing electricity.

During 2010 Salini was involved in some criticisms concerning the Gibe III project, a hydroelectric plant currently being built on the Omo River in Ethiopia. In particular, some NGOs have raised concerns about the potential environmental and social impacts of the project. As extensively described in the 2009 Sustainability Report, the Group promptly provided support to the client in providing answers and explanations to the NGOs by issuing several press releases and responding on its website, as well as through a blog, providing open ground for discussion and criticism. Salini's approach in these cases is aimed to provide clear and timely information to the interested parties in order to create a positive climate for dialogue and to build mutual trust.



21 The boundary of the environmental data include all the major operating sites of the Group chosen by 2010 revenues. The operating sites excluded by the boundary represents the 10% of total 2010 direct revenues from construction projects.

Environmental performance continued

5.3.1 Careful use of resources

Use of materials

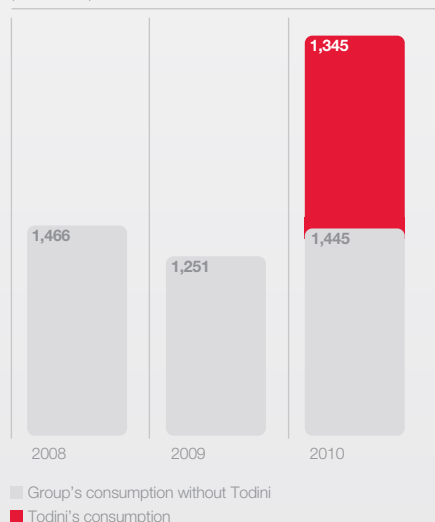
The use of materials is an essential component of the construction industry. Salini is committed to reducing the material intensity of projects and to increase the efficiency of the resources used. To achieve this goal, a Cost Control office is in place at every operating site. These offices constantly perform analysis of resource consumption as the work advances, in order to prevent the unnecessary use of materials, and maximise the efficiency of materials warehousing and operational functions.

The consumption of raw materials and semi-manufactured goods in the reporting period is shown below.

The data does not include materials derived from the quarrying processes, which in 2010 was equal to over 5 million of tonnes and was primarily used by Todini in its road projects (e.g. to produce asphalt and build embankments). In addition to this quarried material, excavated for in the delivery of the project, rocks and soil were the most frequently-handled materials during the construction phase. If these materials were not reused in the project process, they were managed and disposed with as waste.

Salini has developed a specific system to classify and store the rocks and soil excavated during its activities, in order to reuse them in the construction processes. In 2010, this method enabled the reuse of the 43.6% of the volume of the whole rocks and soil handled (equal to about 3 million m³).

Raw materials and semi-manufactured goods used* (000 tonnes)



*Data does not include quarry's materials.

Energy use

The Group's energy use consists primarily of the direct consumption of diesel and gasoline fuels used to power machinery, and diesel fuel to generate electricity at operating site level. Others residual fuels are: aviation gasoline, natural gas and coal oil.

Indirect energy consumption (electricity purchased) is particularly relevant for Todini's European operating sites, which mainly have access to a power grid, while Salini's primary electricity consumption is linked to the Metro B1 project, in Rome (Italy).

Water use

Salini uses a significant amount of water for its activities, which is withdrawn from a variety of sources according to local availability. Water is withdrawn from rivers, basins and wells built at the operating sites, or purchased by means of tankers or aqueducts if available. Water is used mainly in the production processes (crushing plants, concrete batching plants, washing of plants and machinery, wetting of tracks and site areas to reduce dust), followed by non-production uses (offices, canteens, houses and irrigation).

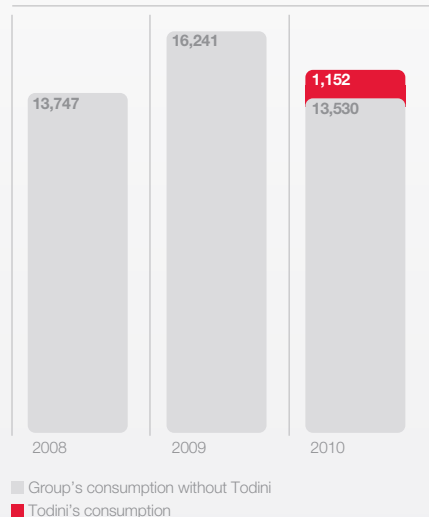
When setting up an operating site, the Group analyses local water availability in order to achieve a well-balanced mix of sources and to avoid significant stress on a single source. Thanks to this approach, no single water source has been significantly affected by Salini's activity in this reporting period²².

5.3.2 Ecosystem protection at operating sites

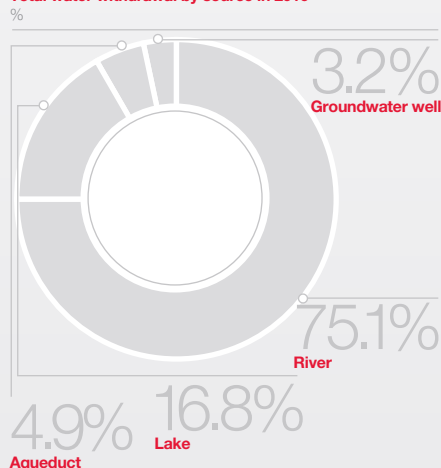
Biodiversity

According to ESIA procedures (see paragraph 5.3), a project's potential impacts on ecosystems are analysed during the planning phase, with the results taken into account in the construction process. The Group is committed to preserving and protecting biodiversity in the areas surrounding its operating sites, continually monitoring its potential impacts. Salini works closely with local authorities to achieve legal or regulatory compliance. Local flora and fauna is protected by a careful management of water, construction areas, quarries and landfills.

Total water withdrawal (m³) (000)

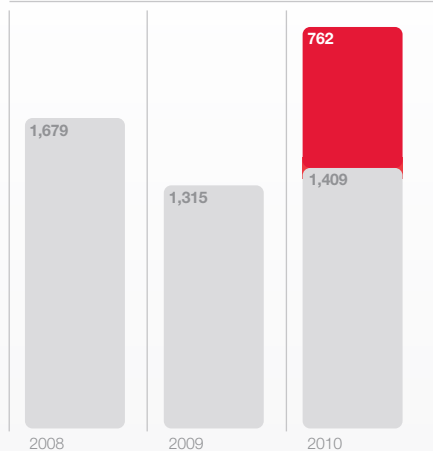


Total water withdrawal by source in 2010



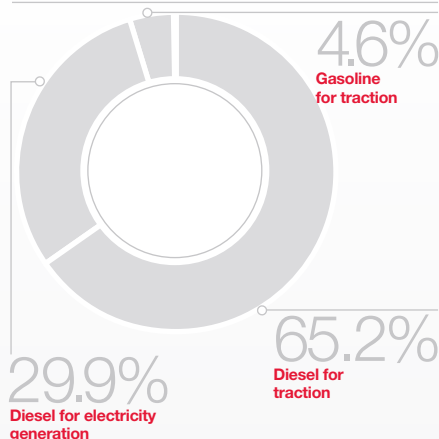
²² According to EN9 Indicator Protocol of GRI-G3, is considered as 'significant' the withdrawal that account for an average of 5% or more of the annual average volume of a given water body.

Direct Energy consumption (GJ)
(000)

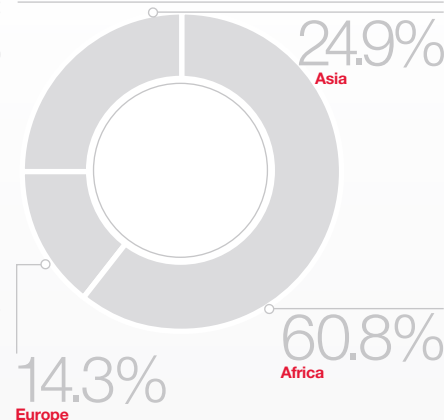


■ Group's consumption without Todini
■ Todini's consumption

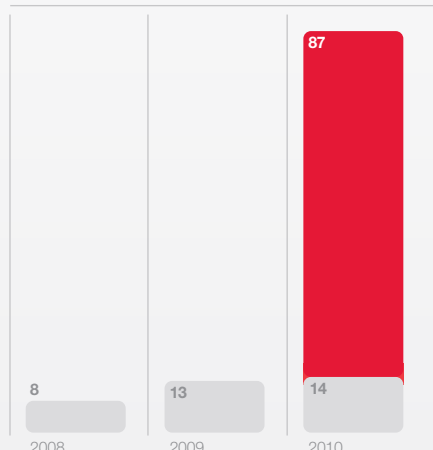
Direct Energy consumption by category in 2010
%



Direct Energy consumption by continent in 2010
%

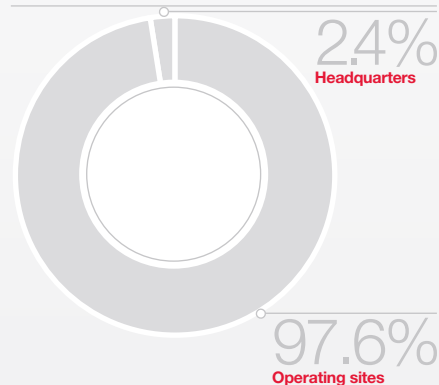


Indirect Energy consumption (GJ)
(000)

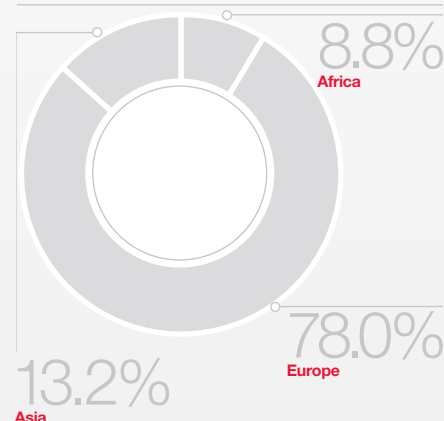


■ Group's consumption without Todini
■ Todini's consumption

Indirect Energy consumption by workplace in 2010
%



Indirect Energy consumption by continent in 2010
%



In the reporting period, Salini has not carried out projects in protected areas, and only three infrastructure projects (motorways) were located adjacent to protected areas. These projects are situated in Tunisia, Albania and Italy, which represents a total area of around 2km².

	Albania	Italy	Tunisia
Project name	Levan-Dames	Cagliari-Capo Boi	La Marsa
Sector	Transport infrastructures	Transport infrastructures	Transport infrastructures
Location	South-West Albania, Fier prefecture	South Sardinia, in Quartu Sant'Elena area (adjacent to Cagliari)	North-East Tunisia, between Tunis and the coastal town of La Marsa
Environmental context	Agricultural area	Coastal area	Urban area
Main activities carried out in the area	Construction of a motorway, with in situ excavation of quarries' materials	Construction of a motorway and galleries, with use of existing quarries as landfills of rock and soils	Construction of a motorway, without in situ excavation of quarries' materials
Size of operating site	1.2km ²	0.7km ²	0.04km ²
Position in relation to protected areas	Adjacent to protected areas	Adjacent to protected areas	Adjacent to protected areas
Name and typology of protected areas	Frakulla, Madhe, Ada, Varibopi, Cakrani, Gjonca and Hekali – archeological areas	Settefratelli-Monte Gesis – regional park (under establishment)	Sebkhet Ariana – wetland zone of national importance

Environmental performance continued

Environmental impact assessments carried out on these three projects have not identified significant impacts on the biodiversity of the protected areas adjacent to the operating sites.

Besides the projects mentioned above, it should be noted that Salini has provided significant levels of care to protect the environment surrounding the operating site of Gibe III, in Ethiopia. Although the operating site is neither part of, nor in close proximity to, with any protected areas, careful analysis has been carried out in order to adopt a specific Environmental and Social Management Plan (ESMP), which identifies the best mitigation actions to implement during the construction phase. This ESMP is available at www.gibe3.com/et.

Water management

Salini carefully controls and treats its wastewater in order to minimise negative impacts on the environment and local communities. Water used in the construction process is collected in settling tanks and treatment facilities, where sediments and oils are filtered out. Where applicable, water is analysed before its release to check that levels of BOD (Biochemical Oxygen Demand), COD (Chemical Oxygen Demand) and SS (Suspended Solids) do not exceed statutory limits. The same kind of treatments are carried out for drainage water collected during excavation activities.

Water that is intended for domestic use is filtered and purified in special treatment facilities available at all operating sites. After use, this domestic wastewater is collected in septic tanks, and then discharged as waste by authorised agencies. When the site is located in an urban context, the domestic wastewater is discharged to public sewers, complying with the qualitative and quantitative limits provided by the sewers companies.

Noise and vibration management

Noise and vibration issues are important both in terms of workers' health, and in terms of impact on the environment and on local communities. As part of its management systems, Salini constantly monitors and evaluates these issues by adopting appropriate measures to safeguard workers and the surrounding environment.

To minimise the potential impacts of noise, Salini usually measures the noise caused by its activities and, where necessary, installs specific soundproofing devices to protect workers, communities and local fauna. For instance, in the Beles Multipurpose Project (Ethiopia), excavation activities performed to build the intake manifold²³ were carried out in an area (Tana lake) where a family of nine hippos had made their home. The work was performed using special devices in order to minimise the noise of the machinery, and to avoid the migration of the animals.

With regards to vibration, the Group performs preliminary analyses of any areas and buildings that may be affected by blasting activities or by the passage of tunnel boring machines (TBMs), monitoring the potential impact on any geological phenomena at throughout, and performing any necessary restoration work once the tunnel has been created. In the reporting period, these activities were performed mainly for the Metro B1 project (Italy), where Salini promptly restored some damage made to buildings and pavements near the excavation area.

Environmental restoration

Salini is committed to restoring all areas affected by its plants, facilities, quarries and landfills during or after a project, in order to leave these areas in a condition to facilitate natural re-vegetation, prevent pounding and erosion, improve slope stability and return affected areas to their original landscapes.

Restoration activities are mandatory or agreed with clients, and planned by Salini in partnership with local authorities and communities, with the aim of understanding their needs for the area's future use (e.g. farming, grazing, etc.). Where possible, Salini arranges the donation of these areas to local farmers after restoration, again in partnership with local administrations. This good practice, adopted mainly in Ethiopia, is well-appreciated by local communities and authorities, given that they can obtain a direct advantage from Salini's presence beyond a project's delivery.

In 2010 alone, the Group has restored 200,000m² of former quarries and landfill areas, and has carried out over 315,000m² of reforestation activities. Reforestation activities were undertaken using native plants grown in the nurseries at expatriate accommodation. Any restoration activity has concerned protected areas or areas of high biodiversity value.

Nigeria, Gurara Dam

The Gurara dam multipurpose project is part of Nigeria's plan to move towards self sufficiency in power.

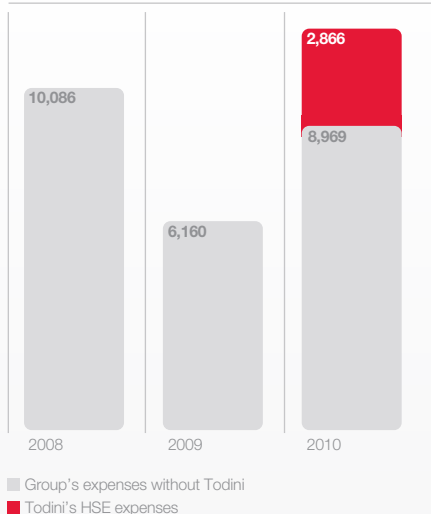
Gurara will provide the capital city of Abuja with water supply for the next fifty years.

Apart from using Gurara for power generation (30MW) and agriculture the water body of the dam can further serve as a tourist attraction.

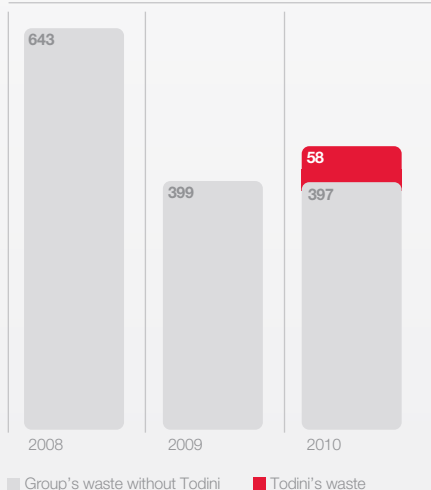


²³ Part of the plant that channels water from the Tana lake to the power house.

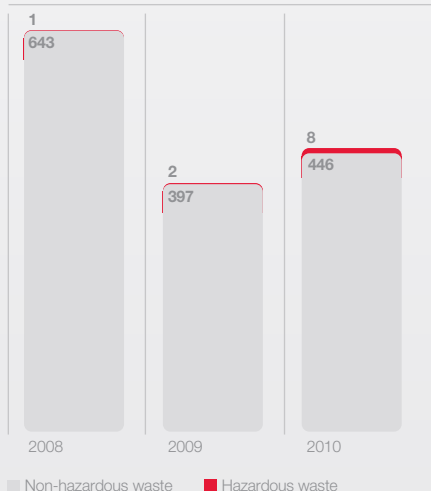
Total HSE expenses
(€/000)



Total weight of waste* (tonnes)
(000)



Total weight of waste by type* (tonnes)
(000)



HSE expenses and investments

In line with the HSE management systems, the Group annually invests sufficient resources at operating site level to protect the health of workers and the surrounding environment.

In 2010, Salini invested about €11.8 million into HSE initiatives, of which €7.7 million was spent on environmental management (waste treatment and disposal, emission treatment, land restoration), €1.5 million was spent on Health & Safety protection and the remaining €2.6 million was spent on HSE prevention and management activities (management systems, training, etc.).

5.3.3 Waste and GHG emissions management

Disposal and recycling of wastes

Large-scale construction works produce huge amounts of waste, primarily composed of rocks and soil, containers for construction materials, waste oil, filters, used tyres, lubricants and hydraulic fluids. Waste management plans represent one of the most important elements of the Salini's environmental management systems and they are developed as of the design phase of a construction project.

These plans are set up to manage waste in a proper manner, complying with all applicable regulations. According to these plans, construction waste must be collected in specific areas and recycled wherever possible, while the remainder is sent to agencies with appropriate waste disposal facilities. Mainly in Africa, some scrap materials (steel, wood) are also donated to local communities. Since 2008, the Group has annually calculated the total amount of waste produced by category and by destination.

Rocks and soil represent the primary type of waste (over 900,000 tons in 2010), but disposal regulation and clients' requirements relating to these materials vary from country-to-country, and sometimes vary within the same country as well. For example, rocks and soil excavated at the Italian Metro B1 project (Rome) are treated as waste, while the same materials excavated at the Variante di Valico project (Tuscany) are not. In order to avoid misleading reporting, data reported in the charts above does not include rocks and soil, while data reported in the tables at the end of this chapter does include them, in accordance with the specific requirements of each project. The high quantity of waste produced in 2008 came mainly from materials excavated from galleries at the Beles Multipurpose Project in Ethiopia; this work was undertaken to channel water from the Lake Tana to the powerhouse.

It should be noted that in 2010 Todini formalised an agreement with the Tuscany Region (Italy) to close a legal disagreement around payment of a special tax for the disposal of solid waste on the Variante di Valico project. The disagreement arose in 2009, when Todini did not belong to the Group, and it has been closed with a fine of around €347,000. The Group's approach towards authorities' control activities is always of absolute collaboration, aimed at determining actual course of events.

Salini has implemented effective spill control measures to eliminate or contain any spill of chemicals, oils, fuels and hazardous waste, aimed at preventing any adverse impact on the environment and the sub-soil. Waste oil and used batteries are sent to external agencies which carry out the recycling and disposal of these materials.

*Data does not include rocks and soils.

Environmental performance continued

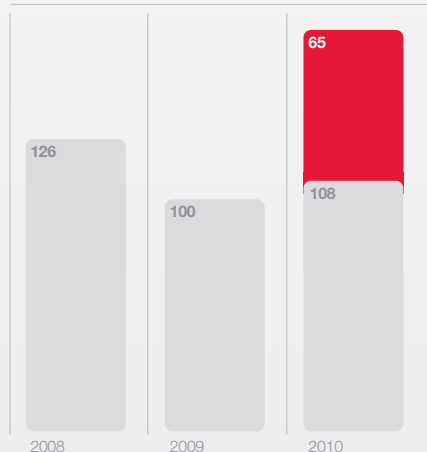
Greenhouse gases emissions

Salini is firmly committed to fighting climate change and to this end the Group has recently started to measure and monitor its global emissions.

Main climate change-related risks and opportunities at Salini

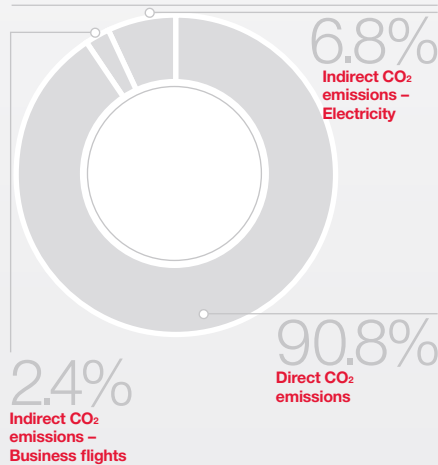
Opportunities	Financial implications	Risks	Financial implications
Greater demand of renewable energy	Higher business opportunities in the field of hydropower constructions Greater revenues from Dams and hydroelectric plant activities	Increase of extreme weather phenomena	Material damages to structures and asset Increase of facilities maintenance activities Higher insurance expenses Increase of claims during the guarantee period of projects
Need of buildings and infrastructures capable to resist to a harsher climate	Higher R&D investments to develop new solutions for adapting the conditions of constructions to the new climate context Higher economic value of the projects carried out adopting the new technologies and solutions Higher business opportunities from refurbishment and improvement of existing infrastructures	New regulations on energy efficiency	Higher costs to comply with new regulations related to energy efficiency of buildings Need of modifying the construction models in order to deal with building energy-related aspects (e.g. more climatizing, more renewable energy, more insulation)
Improvement of processes at the operating site level	Lower supply costs, due to efficiency improvements in the use of materials (decrease of scraps/increase of recycling) Lower energy costs, due to replacement of overage equipment and machinery	New regulations in the raw materials supply-chain	Higher prices of raw materials and fossil fuels, due to effects of emission trading systems

Direct and indirect greenhouse gas emissions
(tonnes CO₂ 000)

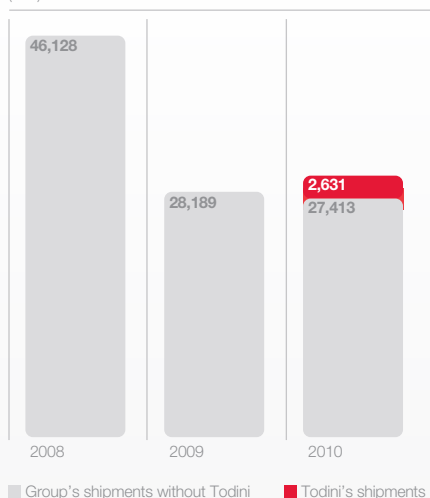


■ Group's gas emissions without Todini
■ Todini's gas emissions

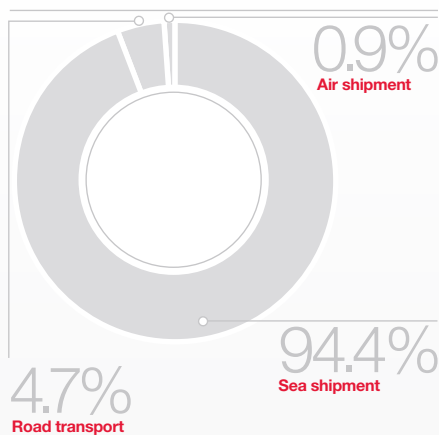
Greenhouse gas emissions by source in 2010
%



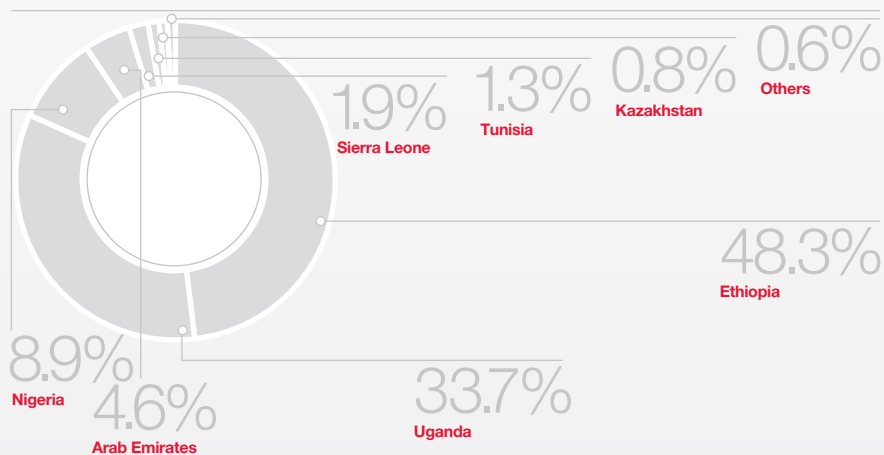
Total weight of goods transported (tonnes)
(000)



Total weight of goods transported by modality in 2010
%



Total weight of goods transported by destination country in the period 2008-2010
%



In the construction industry, emissions are directly linked to working phases, which vary enormously from year-to-year; this being the case, trend analysis does not always accurately show progress in reducing greenhouse gas emissions.

The Group's main emissions derive from use of direct fuels at operating sites level (91%), while the remainder are represented by indirect emissions (electricity purchased and business travel).

In order to reduce its direct emissions, Salini periodically replace its plants, machinery and fleet with more efficient and ecologically friendly models. However the main opportunity to reduce emissions comes from linking the Group's plants and facilities to power grids, reducing the use of diesel generators. For this reason, Salini actively seeks ways to connect its sites to power grids. In addition to this, it should be noted that the Group has recently switched its Ukrainian asphalt plants from diesel to gas, deriving significant cost and emissions reductions.

As reported above, Salini usually carries out reforestation of any areas affected by its work. Planted trees are able to partially offset the total emissions generated during a project's construction phase. In future years, specific analysis will be undertaken to estimate emissions absorbed by plants.

Transportation and shipment management

As reported in the economic chapter, Salini aims to purchase the materials needed for projects locally in order to contribute to a region's economic development. Despite this goal, materials, equipments and services are not always available in proper quality and quantity in some regions, especially in Africa. In fact, African procurement figures show that only 53% of the total materials spend is made with locally-based suppliers. The remainder is spent in other continents and then shipped to the operating sites.

As anticipated in the section 1.3, planning and carrying out of the shipping process is managed by Co.Ge.Ma., that is in charge of sourcing, purchasing and shipping materials for all worldwide project requirements.

Salini is aware that the major environmental impact of its shipping activities is related to greenhouse gas emissions. The Group is committed to reducing the impact on climate change derived from its shipping activities, using sea shipments for transportation wherever possible, since this is the method with the lowest associated carbon-emissions. Data below shows how this policy is put into practice.

Destination figures show that the majority of shipments are addressed to African countries, mostly by sea. Road transportation is more frequent in those countries that have no access to the sea, such as Kazakhstan.

Environmental performance continued

5.4 Environmental data sheet

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Materials used by category						EN1
Non-renewable raw materials						
Cement	t	236,458	148,398	183,078	23,037	
Bentonite	t	593	583	433	262	
Bitumen	t	1,321	921	232,310	215,867	
Aggregates	t	945,832	741,992	915,391	115,183	
Quarry's material (except aggregates)	t	7,631	262,100	5,129,379	4,626,181	
Metallic material	t	42,760	39,843	62,320	9,116	
Woody material	t	6,530	4,803	10,575	6,556	
Total non-renewable raw materials	t	1,241,125	1,198,641	6,533,485	4,996,201	
Renewable raw materials						
Total renewable raw materials	t	–	–	–	–	
Semi-manufactured goods or parts from external suppliers						
Prefabricated elements of reinforced concrete ¹	t	20,740	31,435	70,865	24,188	
Ready-made concrete	t	206,691	279,555	1,196,313	928,186	
Ready-made asphalt	t	3,557	2,332	106,126	11,191	
Metallic structures	t	1,342	918	6,886	6,125	
Others	t	–	–	5,094	5,094	
Total semi-manufactured goods or parts from external suppliers	t	232,330	314,239	1,385,285	974,784	
Associated process materials						
Lubricant – Motor oil	l	509,293	436,165	569,476	90,516	
Lubricant – Hydraulic oil	l	378,165	357,775	492,159	155,132	
Lubricant – Grease	Kg	104,534	94,531	62,774	21,316	
Tyres	no.	15,155	16,212	17,217	2,272	
Explosives	t	778	359	1,277	900	
Direct energy consumption by primary energy source						EN3
Non-renewable energy sources						
Gasoline for traction	GJ	24,108	22,541	99,784	49,418	
Diesel for traction	GJ	1,058,138	742,833	1,415,804	525,763	
Diesel for electricity generation	GJ	592,135	543,022	649,123	186,753	
Kerosene	GJ	579	31	731	–	
Natural gas	GJ	0	0	77	77	
Aviation gasoline	GJ	3,900	6,092	5,172	–	
Total non-renewable energy sources	GJ	1,678,861	1,314,520	2,170,692	762,010	
Renewable energy sources						
Total renewable energy sources	GJ	–	–	–	–	
Total direct energy consumption	GJ	1,678,861	1,314,520	2,170,692	762,010	

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Indirect energy consumption from external suppliers						EN4
Electricity purchased from non-renewables sources	GJ	6,314	10,586	83,470	72,377	
Electricity purchased from renewables sources	GJ	1,504	2,005	17,491	15,003	
Total purchased electricity	GJ	7,817	12,591	100,961	87,380	
Water withdrawal by source						EN8
Groundwater well	m ³	301,860	236,450	476,719	147,041	
River	m ³	7,476,999	10,136,290	11,030,636	803,100	
Lake	m ³	5,594,148	5,549,796	2,462,424	2,400	
Sea	m ³	–	–	–	–	
Aqueduct	m ³	373,721	317,991	712,447	199,679	
Total	m ³	13,746,728	16,240,527	14,682,227	1,152,220	
Water withdrawal by use						EN8
Production use	m ³	11,184,621	14,045,468	13,058,776	980,509	
Civil use	m ³	2,562,107	2,195,059	1,623,451	171,711	
Total	m ³	13,746,728	16,240,527	14,682,227	1,152,220	
Position of operating sites in relation to protected areas						EN11
In the area	%	0%	0%	0%	0%	
Adjacent to the area	%	0%	0%	14%	25%	
Containing portions of the area	%	0%	0%	0%	0%	
Not involved in the area (neither adjacent to)	%	100%	100%	86%	75%	
Total	%	100%	100%	100%	100%	
Direct and indirect greenhouse gas emissions by primary energy source						EN16
Gasoline for traction	t CO ₂	1,673	1,565	6,926	3,430	
Diesel for traction	t CO ₂	76,711	53,853	102,641	38,116	
Diesel for electricity generation	t CO ₂	42,928	39,367	47,059	13,539	
Kerosene	t CO ₂	42	2	53	–	
Natural gas	t CO ₂	0	0	4	4	
Aviation gasoline	t CO ₂	282	441	375	–	
Purchased electricity	t CO ₂	967	1,781	11,830	10,146	
Total direct and indirect greenhouse gas emissions	t CO ₂	122,604	97,009	168,887	65,234	
Other indirect greenhouse gas emissions by source						EN17
Business travels	t CO ₂	3,139	2,955	4,177	185	

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance
46
47

Future commitments

Appendix

GRI data and verification report

Environmental performance continued

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Wastewater by use						EN21
Production use	m ³	10,829,934	13,822,870	12,784,158	945,954	
Civil use	m ³	2,562,107	2,195,059	1,623,451	171,711	
Total	m ³	13,392,041	16,017,929	14,407,610	1,117,665	
Wastewater by destination						EN21
Sewers	m ³	235,609	210,150	331,532	171,000	
Lands/surface waters	m ³	13,156,432	15,807,779	14,076,077	946,665	
Total	m ³	13,392,041	16,017,929	14,407,610	1,117,665	
Waste by type						EN22
Non-hazardous waste						
Rocks and soils	t	752,303	752,445	915,625	175,180	
Cement ¹	t	1,351	426	9,613	591	
Cutting materials	t	523,981	336,674	317,884	35,904	
Construction mixed waste ¹	t	113,855	55,786	105,627	11,911	
Metallic materials	t	618	923	4,057	1,557	
Wood	t	432	551	1,728	19	
Used tyres	t	1,009	1,145	1,205	164	
Absorbent materials	t	6	6	15	2	
Plastic and rubber	t	110	165	148	39	
Paper and carton	t	146	319	368	2	
Compost heap	t	77	121	177	13	
Urban mixed waste	t	228	229	368	8	
Others non-hazardous waste	t	735	227	4,866	959	
Subtotal – Non-hazardous waste	t	1,394,852	1,149,017	1,361,681	226,348	
Hazardous waste						
Asphalt, tar and bituminous products	t	–	12	4,045	3,844	
Waste resulting from the treatment of wastewater	t	–	616	2,252	1,999	
Oily water	t	–	8	12	–	
Contaminated soil	t	–	116	45	11	
Others contaminated waste	t	–	43	6	–	
Oil's scraps and grease	t	800	714	875	141	
Oil filters	t	3	10	13	5	
Paint	t	1	12	9	1	
Additives and solvents	t	11	35	484	473	
Batteries and accumulators	t	127	161	322	20	
Others hazardous waste	t	–	251	284	13	
Subtotal – Hazardous waste	t	941	1,979	8,348	6,506	
Total waste	t	1,395,793	1,150,995	1,370,028	232,855	

Performance indicator	Unit	2008	2009	2010	Todini	GRI reference
Waste by disposal method						EN22
Incineration	t	–	98	67	8	
Recycling/Reuse	t	6,739	13,007	79,118	3,410	
Landfill	t	821,454	676,819	817,862	57,117	
Temporary on-site storage ²	t	567,600	461,072	472,982	172,320	
Total	t	1,395,793	1,150,995	1,370,028	232,855	
Significant spills of chemicals and oils						EN23
Spills < 5 litres	no.	6	21	21	–	
Spills between 5 and 100 litres	no.	–	7	21	–	
Spills > 100 litres	no.	–	1	35	34	
Performed samples	no.	–	–	45	–	
Contaminated material removed	m ³	1	15	41	–	
Significant spills of chemicals and oils by continent						EN23
Africa	no.	6	29	77	34	
Asia	no.	–	–	–	–	
Europe	no.	–	–	–	–	
Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations						EN28
Significant fines ³	no.	–	–	3	3	
	€/000	–	–	387	387	
Non-monetary sanctions	no.	–	–	–	–	
Total HSE protection expenditures and investments by type						EN30
Health and Safety protection costs	€/000	624	570	1,546	777	
Waste management, emission treatment and remediation costs	€/000	8,771	4,825	7,708	775	
Prevention and HSE management costs	€/000	692	766	2,581	1,314	
Total HSE expenditures and investments	€/000	10,086	6,160	11,835	2,866	

1 The important increase of data in 2010 is related to the works at the MetroB1 project (Rome), where they have been carried out excavation of galleries and laying of prefabricated elements of reinforced concrete, with production of construction mixed waste.

2 The main material temporarily stocked on-site is represented by rocks and soils. Part of these materials will be reutilised next year. For this reason, this data will be updated in the next Sustainability Report and the reutilisation rate will be reported.

3 The fines have been imposed to the Todini projects of Valico, in Italy (2 fines) and South-West Roads, in Kazakhstan (1 fine). The main fine (€347,000) is described in the paragraph 5.3.3 'Disposal and recycling of wastes'.

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

48
49

Future commitments

Appendix

GRI data and verification report

Chapter 6

Future commitments

A large, white, stylized number '6' is positioned in the bottom-left corner of the page. The number is rendered in a clean, sans-serif font with a thick stroke. The background of the entire page is a solid, vibrant red.

Sustainability area	Commitments	Next steps
Corporate Governance and Sustainability	Maintaining the highest standards in term of ethical responsibility and moral integrity	<ul style="list-style-type: none"> – Establish a process for reporting sustainability performance to the BoD by means of one of its committees – Update the parent company Organisational Management and Control Model to include the risks associated with environmental crime – Adopt Organisational Models and establish Integrity Boards for the most relevant Group companies – Launch of the new e-learning tool aimed at training employees about the Code of Ethics and the Organisational Model worldwide – Carry out specific audits about sustainability issues
Health and Safety	Improving safety conditions in the workplace, including subcontractors and local communities	<ul style="list-style-type: none"> – Strengthen the H&S organisational structure, increasing the number of dedicated staff at headquarters and at operating sites – Improve safety performance in the workplace, in particular reducing the accident frequency index to 2009 levels – Arrange specific training courses at every operating site on primary H&S risks – Implement an audit plan at every operating site in order to carry out H&S audits on subcontractors
Environment	Ensuring protection of natural resources and biodiversity, enhancing employees' awareness about environmental issues	<ul style="list-style-type: none"> – Progressively extend the environmental management system to all Group companies – Strengthen the environmental organisational structure, increasing the number of dedicated staff at headquarters and at operating sites – Enhance the management of specific environmental issues, such as rocks and soil, hazardous materials and waste – Arrange specific training courses at every operating site on key environmental issues – Implement an audit plan at every operating site in order to carry out environmental audits on subcontractors
Human Resources management	Creating a working environment capable of attracting the best talent, in which knowledge, motivation and teamwork spirit are recognised	<ul style="list-style-type: none"> – Complete the mapping of employee competencies and implement an annual training plan – Extend the use of e-learning tools to more training issues beyond the Code of Ethics and the Organisational Model – Complete the implementation of the Human Resources management system, with the release of a process for careers management and the adoption of a MbO system – Improve internal communication processes and tools, especially between headquarters and operating sites – Establish a centralised security management system for operating sites, in order to guarantee sites and personnel's safety and protection, ensuring respect for human rights
Local communities and human rights	Maintaining constructive relationships with local communities, ensuring direct support and protection of human rights	<ul style="list-style-type: none"> – Maintain excellent relations with the local communities, ensuring they receive support to meet their own health and social needs – Continue implementation and development of the model to calculate the social benefits of Salini projects in local communities – Work with other Italian multinational companies within the Global Compact Network Italy in order to develop a common Human Rights assessment tool to be used in every operating site

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

50
51

Appendix

GRI data and verification report

Chapter 7

Appendix

7.1 Membership and awards

53



7.2 Methodological note

53-55



7.3 Glossary

56-57



7

7.1 Membership and awards

Membership

- Associazione Grandi Imprese (AGI)
- Italian Committee on Large Dams (ITCOLD)
- National Association of Italian Contractors (ANCE)
- Comitato Leonardo - Italian Quality Committee
- Chamber of Commerce Tunisia-Italy
- National Industrial Safety Council of Nigeria
- Global Compact Network Italy

Awards and acknowledgements

- 'Premi ad personam per i comportamenti virtuosi' - awarded to 65 Todini workers for their great attention to the issues of workplace health and safety (award promoter - Autostrade per l'Italia S.p.A., project - Variante di Valico)
- Acknowledgement of Salini Nigeria Ltd. by the Police Community Relations Committee (PCRC) for its contributions to security matters
- Acknowledgement of Salini in Ethiopia by 23 institutions for the social support provided to them (project - Beles Multipurpose Project).

7.2 Methodological note

The Sustainability Report as of 31 December 2010 (hereinafter also 'Sustainability Report 2010' or 'Report') aims to provide reliable, complete, well-balanced, accurate and comparable information regarding Salini's values, strategies and performances during the reporting period.

The Sustainability Report 2010 of the Group Salini Costruttori has been drafted in accordance with the Sustainability Reporting Guidelines provided by the Global Reporting Initiative (GRI) in 2006. On the basis of the information reported in the GRI Content Index, we are compliant with the A+ requirements of these guidelines. In addition to this, the Report contains references to the 10 principles of the Global Compact, showing the actions and the systems implemented by the Group in order to integrate those principles in the corporate strategies and day-to-day activities.

The Sustainability Report is published annually and it is presented at the Board of Directors of the Company.

To assure the reliability of the information provided in the Report and to improve the reporting process, KPMG S.p.A. has been commissioned to review this document. An assurance statement is available at the end of the Report.

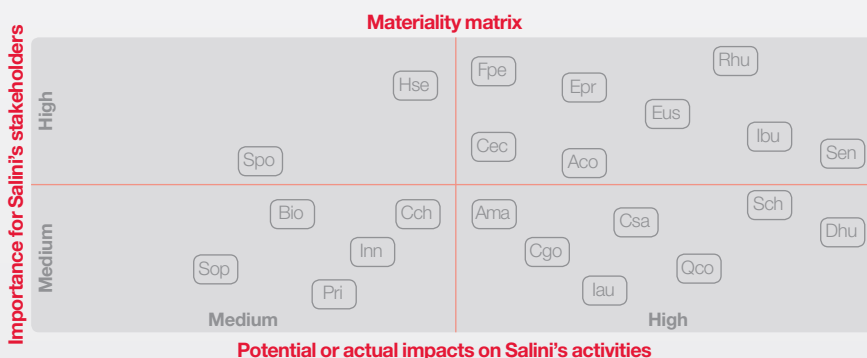
Materiality

In order to define the contents of the Report, a materiality analysis has been carried out in accordance with the Part 1 of the GRI guidelines. Materiality has been analysed according to two main factors: the relevance of issues in the construction industry and their importance for Salini and for its stakeholders.

In order to define the relevance of issues, an analysis of the internal and external context has been carried out. The internal context analysis has taken into account the values, the strategies and the management systems adopted by the Group (Code of Ethics, Policies, Organisational Management and Control Model, HSE and Quality management systems); the external context analysis has taken into account the main sustainability frameworks of reference (GRI-G3, Global Compact, ISO 26000, DJSI) and the requirements of the major international institutions for the construction industry (UN, World Bank, NGOs, etc.).

The relevance of issues and their importance for Salini and for its stakeholders has been defined by the management through an analysis based on a three-level scale of assessment: low, medium and high.

The high-medium issues derived from the analysis are showed in the materiality matrix below. This analysis will be updated every year, in order to take into account the outputs of the stakeholder engagement activities.



Aco	Anti-corruption	Hsa	Health and safety
Ama	Assurance of management systems	Inn	Innovation
Bio	Biodiversity	Ibu	Integrity in business management
Csa	Client's satisfaction	lau	Internal audit
Cch	Climate change	Pri	Privacy
Cec	Contribution to economic growth	Qco	Quality control
Cgo	Corporate Governance	Rhu	Respect of human rights
Dhu	Development of human resources	Sop	Security at operating sites
Eus	Efficient use of resources	Spo	Sponsorship
Epr	Environmental protection	Sen	Stakeholder engagement
Fpe	Financial performances	Sch	Supply chain monitoring

Boundary of the Report

The Sustainability Report 2010 contains the description of the initiatives and the activities carried out by the Group in the 2010, as well as the performance data from the period 2008-2010. The information provided in the Report refers to Salini Costruttori S.p.A. and the consolidated companies.

In 2010, following the acquisition of Todini Costruzioni Generali S.p.A., the dimensions of the Group have significantly increased both in quantitative terms and of geographic presence. The data reported in the Report includes Todini for 2010 only.

Unless otherwise specified in the Report and/or in the GRI Content Index, the boundary of the report has been established as described below:

- financial and social data refers to the boundary of the 2010 Consolidated Financial Statements;
- environmental data refers to a boundary established based on the materiality of the operating sites during the 2010; specifically, the Report environmental data refers to all major operating sites on the basis of 2010 revenues, achieving a total coverage of 90% of 2010 revenues from construction projects. This covers 22 operating sites. The operating sites excluded from the boundary are considered as not material.

Appendix continued

Comparative data (2008 and 2009) corresponds to the data reported in the 2009 Sustainability Report, with the exception of environmental data. For setting the boundary of this data, starting from the 11 operating sites reported in the 2009 Sustainability Report, two sites were excluded (Gibe II and Parallel Roads) because their 2010 revenues were not material and 13 sites were included. Shown below is the list of operating sites included in the boundary of the environmental data for the Report 2010.

Number	Country	Company	Sector	Project name
1	Albania	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Levan-Dames
2	Algeria	Todini Costruzioni Generali S.p.A.	Dams and hydroelectric plants	Colletore di Algeri
3	Azerbaijan	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Baku-Samachi
4	Azerbaijan	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Baku-Samur
5	Azerbaijan	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Kurdamir-Ujar
6	UAE	Salini Costruttori S.p.A.	Transport infrastructures	Svincolo autostradale Dubai Ras al Khor*
7	Ethiopia	Salini Costruttori S.p.A.	Dams and hydroelectric plants	Beles Multipurpose Project*
8	Ethiopia	Salini Costruttori S.p.A.	Dams and hydroelectric plants	Gibe III*
9	Italy	Metro B1 S.c.a.r.l./Rl.MA.TI. S.c.a.r.l.	Transport infrastructures	Metro B1*
10	Italy	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Cagliari-Capo Boi
11	Italy	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Metrocampania-Secondigliano Alifana
12	Italy	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Terni/Corso del Popolo
13	Italy	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Autostrade/Valico
14	Kazakhstan	Salini Costruttori S.p.A.	Transport infrastructures	South-West Roads projects (Lots 1–5)
15	Kazakhstan	Todini Costruzioni Generali S.p.A.	Transport infrastructures	South-West Roads projects (Lots 9–14)
16	Nigeria	Salini Nigeria Ltd.	Dams and hydroelectric plants	Gurara Dam*
17	Nigeria	Salini Nigeria Ltd.	Transport infrastructures	Idu Industrial Area*
18	Nigeria	Salini Nigeria Ltd.	Civil and industrial building	Millennium Tower – Cultural Centre*
19	Sierra Leone	Bumbuna Power Gen. Co. Ltd.	Dams and hydroelectric plants	Bumbuna (O&M)*
20	Tunisia	Todini Costruzioni Generali S.p.A.	Transport infrastructures	La Marsa
21	Ukraine	Todini Costruzioni Generali S.p.A.	Transport infrastructures	Kiev-Chop
22	Uganda	Salini Costruttori S.p.A.	Dams and hydroelectric plants	Bujagali Hydro Power*

* Projects already reported in the Sustainability Report 2009.

Other exceptions to the boundary are specified directly in the Report and/or in the GRI Content Index.

Calculation methods

Data and information included in the Report is taken from the information systems used for the general management and accounting of the Group's operations, as well as from a specific sustainability reporting system established in accordance with the GRI requirements. Some data and information comes from public sources made available by recognised institutions.

Data reported is calculated in an accurate manner and, where specified, by means of estimations. The methodologies applied to determine the main indicators are indicated below.

Safety indicators

Safety indicators are calculated in accordance with an internal procedures used for recording, investigating and reporting accidents. Specifically, safety indicators take into account all the work-related injuries (and fatalities) that made affected employees temporarily (or permanently) unfit to carry out their regular job for any day/shift following the injury's occurrence. Lost days are calculated as from the day after the accident's occurrence and includes the number of calendar days until the injured person can return to work. For specific calculation formulas, see the glossary. Commuting injuries and subcontractors injuries are not included in the calculation of the safety indicators. Any accidents occurring to independent contractors (e.g. consultants) are included in employee injury rates. Injuries occurring at the headquarters and at other offices are considered as not material because they do not relate to construction activities; for this reason these injuries are not included in the safety indicators.

Ratio of salary of men to women

Data on the relationship between women's and men's salaries is calculated as the ratio between the average annual gross salary of women and the men, by each employment category. In turn, the average annual gross salary of each employment category is calculated as the ratio between the total annual gross salaries paid and the number of employees placed in that category. Data does not include local workers.

Materials used

Where warehouse data systems cannot measure materials consumption by weight, estimates based on available data (eg volume) and specific weight have been performed.

Direct energy used

Calculations on consumption of direct energy are based on:

- factors provided by GRI-G3 to convert weight of gasoline, diesel and natural gas to gigajoules;
- factors provided by the Italian Ministry of Environment (DEC/RAS/854/2005-2009 update) to convert weight of kerosene to gigajoules.

Direct energy used comes totally from non-renewable sources.

Indirect energy used

Calculations on consumption of indirect energy are based on the factors provided by GRI-G3 to convert kWh of electricity to gigajoules. The breakdown of electricity purchased by renewable and non-renewable sources is calculated on the basis of specific production mix of each country, as recorded by the International Energy Agency (2008 statistics).

Water withdrawal and discharge

Water that is not withdrawn from aqueducts nor bought via tanks is estimated based on the working hours of the draining pumps used and the capacity of these pumps. Wastewater is estimated as a percentage of the total water withdrawn, depending on the specific use of the water (production or domestic). Rainwater, although collected and stored, is not reported because it is considered as not material. The Group does not use wastewater from other organisations.

Greenhouse gas emissions

Calculations of the Group's greenhouse gas emissions are based on:

- the emission factors provided by the Italian Ministry of Environment (DEC/RAS/854/2005 - 2009 update) for the consumption of direct energy;
- the emission factors provided by the International Energy Agency (2010) for the consumption of indirect energy;
- the emission factors provided by the UK Department for Environment, Food and Rural Affairs (2010 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting) for business travel.

Waste

Where local legislation does not provide guidance on measuring waste production and reliable data is not available, data is estimated based on the annual consumption of the original source of the waste. With regards to operating sites outside Italy, data regarding 'used tyres' and 'oil scraps' was estimated. For the first category, calculations were made by multiplying the number of tyres replaced during the year by the average weight of a used tyre. A specific average weight was assigned to each tyre category (for passengers, transport and work vehicles). The calculation for oil scraps was made by multiplying the tons of oil used in each year by a standard factor, precautionary identified as 0.9 (i.e. for 1 ton of oil used, 900 Kg became waste).

For more information:
sostenibilita@salini.it

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

54
55

GRI data and verification report

7.3 Glossary

Accidents Frequency Index (IR)

Index to assess the frequency of occurrence of accidents that result in casualties with loss of workdays or death of an employee. It is calculated using the formula:

$$IR = \frac{(\text{no. LTI} + \text{no. FTL}) \times 1,000,000}{\text{Total worked man hours}}$$

where:

LTI = total number of accidents with temporary incapacity;

FTL = total number of fatalities.

Aggregate

Category of raw granular mineral particles used in construction; they may be natural, artificial or recycled materials previously used in construction. Construction aggregates are used primarily as components of composite materials such as cement, bituminous mix, coating, etc.

Governance

Set of rules, at any level (laws, regulations, etc.) that govern the management of the Company. Corporate governance also includes the relationships among the various actors involved (the stakeholders, who hold interests in the Company) and the objectives for which the Company is managed. The main actors are shareholders, the Board of Directors and the management.

GRI (Global Reporting Initiative)

International initiative established in 1997 under a UNEP (United Nations Programme for the Environment) project with the common goal of achieving greater transparency, corporate responsibility and sustainable development.

HSE Management System

Component of the management system of an organisation, including the organisational structure, planning of activities, responsibilities, practices, procedures, processes and resources used to develop and implement its environmental, health and safety policy and manage its related aspects.

ISO 14001 Standard

Voluntary international standard that allows organisations to implement an effective Environmental Management System, providing a framework for the analysis of significant environmental dimensions, and for managing and mitigating its impacts. The system ensures compliance with applicable environmental legislation and continuous improvement of performance.

ISO 9001 Standard

Voluntary international standard that sets out the principles and criteria for deployment and implementation of effective Quality Management Systems, which demonstrate the organisation's ability to provide products and services that meet the requirements of the law, of clients and of the organisation itself.

Local

The term is used in the Report with the following meanings:

- communities living near the projects' locations and the surrounding environment;
- employees and suppliers, contractors and subcontractors based in the same Country of the project;
- legislation applicable to the specific context of the project (e.g. national, regional).

OHSAS 18001 Standard

International voluntary standard, which sets out the principles and criteria for implementing a system for managing health and safety at work, to demonstrate the organisation's commitment to the analysis, evaluation, management and control of risks faced by workers, in order to improve the safety of their workplaces.

Quality management system

Component of the management system of an organisation that aims, in relation to quality objectives, to achieve those results that can properly meet the needs, expectations and requirements of all stakeholders.

Risk assessment

Overall documented assessment of all the risks to which the Group is exposed in conducting its business. This assessment aims to identify the most appropriate measures of prevention and protection and to develop/update the Group organisation, management and control systems.

Roller-Compacted Concrete (RCC)

Technology adopted for the construction of dams, combining high rate of concreting production with significant economical benefits. This technology makes advantage of the low cement content typical of the RCC method, which provides an effective optimisation in terms of transportation, placing and compaction.

Severity index (LDR)

Index to assess the severity of accidents in terms of days lost, which results in the injury or death of a worker. It is calculated as follows:

$$\text{LDR} = \frac{(\text{gT} + \text{gP} + \text{gM}) \times 1,000,000}{\text{Total worked man hours}}$$

where:

gT = total days of temporary incapacity;

gP = total conventional days of permanent invalidity (invalidity of 100% = 7,500 days);

gM = total conventional days in the event of a fatality (1 fatality = 7,500 days).

Stakeholder

The term of stakeholder identifies those 'actors having an interest' in relation to an economic initiative, be it a company or project. For instance, are included in this group: customers, suppliers, lenders (banks and shareholders), employees, but also external interest groups such as residents of neighbouring areas or local interest groups.

Sustainable development

Development that meets present needs without compromising the needs of future generations. The term 'sustainable development' appears for the first time in 1987 in a UN document, known as the Brundtland Report, named by the then Norwegian Prime Minister Gro Harlem Brundtland and President of the UN Commission on Environment and Development.

Tunnel Boring Machine (TBM)

Technology used for the excavation of tunnels, that enables the complete mechanisation of the excavation process, including finishing of tunnels and installation of safety structures.

The use of TBMs allows an enormous increase in the excavation speed, compared with the speed achieved by using the traditional Drilling and Blasting (D&B) method (excavation with the use of explosives).

Chapter 8

GRI Application Level Check Statement





Statement GRI Application Level Check

GRI hereby states that **Salini Costruttori Group** has presented its report "Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 4 August 2011

A handwritten signature in black ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Salini Costruttori Group has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 26 July 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Chapter 9

GRI – UN Global Compact comparison table

9

GRI – UN Global Compact comparison table

Application Level		A+	GRI-checked	Assured by	KPMG S.p.A.
STANDARD DISCLOSURES PART I: Profile Disclosures					
1. Strategy and Analysis					
Profile Disclosure	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable) Reason for omission Explanation
1.1	Statement from the most senior decision-maker of the organisation.	Fully		p. 1 (strategic priorities), pp. 4-5 (general trend), p. 18 (perspectives and main challenges), pp. 39, 43 (main negative events), p. 51 (future commitments).	
1.2	Description of key impacts, risks, and opportunities.	Fully		pp. 29-30 (workforce), pp. 30-31 (communities) pp. 38-39 (environment), p. 37 (trends about sustainability subject).	
2. Organisational Profile					
Profile Disclosure	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable) Reason for omission Explanation
2.1	Name of the organisation.	Fully		p. 4	
2.2	Primary brands, products, and/or services.	Fully		pp. 3-4	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully		For the Group's organisation chart see http://www.salini.it/index.php/english/content/company/3 . For the Group's structure see p. 24 of the Corporate Governance Report 2010 http://www.salini.it/index.php/english/content/governance/21 .	
2.4	Location of organisation's headquarters.	Fully		Rome, Italy	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully		p. 3	
2.6	Nature of ownership and legal form.	Fully		pp. 7-8	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully		p. 3. Group's clients are Public Administrations, Companies controlled or participated by the State and private companies. The beneficiaries of the Group's works are mainly the residents living in the areas affected by projects and in neighbouring ones.	
2.8	Scale of the reporting organisation.	Fully		pp. 3-4 (employees, turnover, markets), p. 19 (main economic ratios). See also p. 29 of the Consolidated Financial Statement 2010 (main capital ratios) http://www.salini.it/index.php/english/content/investor/22 , p. 25 of the Corporate Governance Report 2010 (capitalisation) http://www.salini.it/index.php/english/content/governance/21 .	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully		pp. 4-5. For more information see also pp. 13-15 of the Consolidated Financial Statement 2010 http://www.salini.it/index.php/english/content/investor/22 .	
2.10	Awards received in the reporting period.	Fully		p. 53	

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI – UN Global Compact comparison table continued

STANDARD DISCLOSURES PART I: Profile Disclosures continued

3. Report Parameters

Profile Disclosure	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		Fully	p. 53			
3.2	Date of most recent previous report (if any).		Fully	The Sustainability Report 2009 was published in September 2009.			
3.3	Reporting cycle (annual, biennial, etc.)		Fully	p. 53			
3.4	Contact point for questions regarding the report or its contents.		Fully	p. 55			
3.5	Process for defining report content.		Fully	p. 53			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		Fully	pp. 53-54			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).		Fully	pp. 53-54			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.		Fully	pp. 53-54			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.		Fully	pp. 55			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		Fully	p. 54			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		Fully	pp. 53-54			
3.12	Table identifying the location of the Standard Disclosures in the report.		Fully	p. 61			
3.13	Policy and current practice with regard to seeking external assurance for the report.		Fully	p. 53			

GRI – UN Global Compact comparison table continued

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.		Fully	p. 7			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		Fully	p. 8			
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		Fully	p. 8			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		Fully	pp. 7–8 (Mechanisms for shareholders). Direct communication system between employees and BoD are not in place.			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).		Fully	p. 7			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		Fully	p. 7. For more information see also p. 22 of the Corporate Governance Report 2010 http://www.salini.it/index.php/english/content/governance/21 .			
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.		Fully	Processes in place for determining the qualifications and expertise of the members of the BoD do not take into consideration environmental and social topics.			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	GC1–GC10	Fully	p. 7 (codes related to the corporate governance), p. 9–10 (Code of Ethics and Global Compact).			
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		Fully	p. 7 (powers of the BoD), pp. 11–14 (management of economic, environmental, and social performance).			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		Fully	Currently systems for evaluating economic, environmental, and social performance of the BoD's members do not exist.			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	GC7	Fully	p. 8			
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.		Fully	p. 10			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.		Fully	p. 53			
4.14	List of stakeholder groups engaged by the organisation.		Fully	p. 15			
4.15	Basis for identification and selection of stakeholders with whom to engage.		Fully	pp. 14–15			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		Fully	pp. 14–15 (general approach), pp. 28–29 (workforce's engagement), pp. 30–31 (communities' engagement).			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.		Fully	p. 15 (summary of general topics), p. 39 (criticalities about environment), p. 42 (criticalities about urban contexts).			

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI – UN Global Compact comparison table continued

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC		Fully					
Aspects	Economic performance	GC1, GC4, GC6, GC7	Fully	pp. 4-5 (strategy and approach), pp. 18-19 (opportunities and performance)				
	Market presence		Fully	p. 3				
	Indirect economic impacts		Fully	pp. 20-21 (job creation and other economic impacts), pp. 30-31 (investments for communities)				
DMA EN	Disclosure on Management Approach EN		Fully					
Aspects	Materials	GC7–GC9	Fully	p. 40				
	Energy		Fully	pp. 40-41				
	Water		Fully	p. 40				
	Biodiversity		Fully	pp. 40-42				
	Emissions, effluents and waste		Fully	pp. 42-45				
	Products and services		Fully	pp. 40-42				
	Compliance		Fully	p. 43				
	Transport		Fully	p. 45				
	Overall		Fully	pp. 38-39 (environmental impacts' management), p. 43 (HSE expenses and investments)				
DMA LA	Disclosure on Management Approach LA		Fully					
Aspects	Employment	GC1, GC3, GC6	Fully	pp. 20-21 (job creation), pp. 26-28 (people development)				
	Labour/management relations		Fully	pp. 29-30				
	Occupational health and safety		Fully	pp. 28-29				
	Training and education		Fully	p. 27				
	Diversity and equal opportunity		Fully	p. 28				
DMA HR	Disclosure on Management Approach HR		Fully					
Aspects	Investment and procurement practices	GC1–GC6	Fully	pp. 29-30				
	Non-discrimination		Fully	pp. 29-30				
	Freedom of association and collective bargaining		Fully	pp. 29-30				
	Child labour		Fully	pp. 29-30				
	Forced and compulsory labour		Fully	pp. 29-30				
	Security practices		Fully	p. 28				
	Indigenous rights		Fully	pp. 38-39				
DMA SO	Disclosure on Management Approach SO		Fully					
Aspects	Community	GC10	Fully	pp. 30-31				
	Corruption		Fully	p. 12				
	Public policy		Fully	See pp. 17-18 of the Code of Ethics, http://www.salini.it/index.php/english/content/governance/19 .				
	Anti-competitive behaviour		Fully	See pp. 16-17 of the Code of Ethics, http://www.salini.it/index.php/english/content/governance/19 .				
	Compliance		Fully	See pp. 8-9 of the Code of Ethics, http://www.salini.it/index.php/english/content/governance/19 .				
DMA PR	Disclosure on Management Approach PR		Fully					
Aspects	Customer health and safety	GC1, GC8	Fully	pp. 38-39				
	Product and service labelling		Not		Not applicable	Salini does not produce goods and services that require labelling.		
	Marketing communications		Fully	p. 20				
	Customer privacy		Fully	p. 20				
	Compliance		Fully	p. 20				

GRI – UN Global Compact comparison table continued

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

Performance Indicator	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Economic performance								
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		Fully	pp. 18-19				
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	GC7	Fully	p. 44 (risks and opportunities for the business) / Because of this theme is unpredictable for the sector, quantitative estimates of the financial implications for the Group's activities due to climate change are not provided.				
EC3	Coverage of the organisation's defined benefit plan obligations.		Fully	Group has not identified specific resources covering obligations deriving from leaving indemnity's award.				
EC4	Significant financial assistance received from government.		Fully	p. 22				
Market presence								
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		Not					
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Partially	p. 21 (total data), pp. 22-23 (detailed data)	Data exclude purchases of goods and services not related to operating sites.	Not material	This data are not reported because the business is focused on projects; therefore purchases not related to the projects made by the Group are considered as not material.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	GC6	Fully	p. 21 (total data), p. 23 (detailed data)				
Indirect economic impacts								
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		Fully	pp. 30-31				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		Not					

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

GRI – UN Global Compact comparison table continued

STANDARD DISCLOSURES PART III: Performance Indicators continued
Environmental

Performance Indicator	Description	Global Compact	Reported	Cross-reference/ Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Materials								
EN1	Materials used by weight or volume.	GC8	Fully	p. 40 (total data), p. 46 (detailed data)				
EN2	Percentage of materials used that are recycled input materials.	GC8– GC9	Not			Not material	This data are not reported because the nature of Salini's raw materials supplied (e.g. cement, steel, aggregate, etc.), does not allow a material use of recycled materials. However, the Company monitors and reports (p. 40) the percentage of recycled excavation materials, because they are considered as material.	
Energy								
EN3	Direct energy consumption by primary energy source.	GC8	Fully	p. 41 (total data), p. 46 (detailed data)				
EN4	Indirect energy consumption by primary source.	GC8	Fully	p. 41 (total data), p. 47 (detailed data)				
EN5	Energy saved due to conservation and efficiency improvements.		Not					
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		Not					
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Not					
Water								
EN8	Total water withdrawal by source.	GC8	Fully	p. 40 (total data), p. 47 (detailed data)				
EN9	Water sources significantly affected by withdrawal of water.	GC8	Fully	p. 40				
EN10	Percentage and total volume of water recycled and reused.		Not					
Biodiversity								
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	GC8	Fully	pp. 41-42 (description and specific data), p. 47 (general data)				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	GC8	Fully	p. 42				
EN13	Habitats protected or restored.	GC8	Fully	p. 42				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	GC8	Fully	pp. 38-39 (management approach), p. 42 (actions put in place)				
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		Not					

GRI – UN Global Compact comparison table continued

Environmental continued								
Performance Indicator	Description	Global Compact	Reported	Cross-reference/ Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Emissions, effluents and waste								
EN16	Total direct and indirect greenhouse gas emissions by weight.	GC8	Fully	p. 44 (total data), p. 47 (detailed data)				
EN17	Other relevant indirect greenhouse gas emissions by weight.	GC8	Fully	p. 44 (total data), p. 47 (detailed data)				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	GC7– GC9	Partially	p. 45	The indicator does not include the quantification of achieved reductions.	Not available	This data are not reported because the implemented reporting system did not consider a quantitative data collection. This system will be improved in order to allow the collection of data not available at the moment.	2013
EN19	Emissions of ozone-depleting substances by weight.		Not			Not material	This data are not reported because, on the basis of the monitoring activities carried out in 2010 about the cooling gases' use, ozone-depleting gases have been considered as not material for Salini.	
EN20	NOx, SOx, and other significant air emissions by type and weight.		Not			Not available	This data are not reported because NOx, SOx, and other air emissions generated by the Group are mainly widespread emissions, not monitored at the moment. During 2011 the Group will assess an analysis about main emission sources at its operating sites (e.g. diesel generators), in order to evaluate the significance of these emissions and the necessity of monitoring and reporting them. In the Sustainability Report 2011 results of such analysis will be reported.	2012
EN21	Total water discharge by quality and destination.	GC8	Fully	p. 48				
EN22	Total weight of waste by type and disposal method.	GC8	Fully	p. 43 (total data), pp. 48-49 (detailed data)				
EN23	Total number and volume of significant spills.	GC8	Fully	p. 49				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		Not					
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.		Not					
Products and services								
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	GC7– GC9	Partially	p. 42 (mitigations of noise and vibrations impacts, environmental restoration)	The indicator does not include the quantification of achieved mitigations.	Not applicable	This data are not reported because the nature of products carried out by the Group (e.g. dams, roads, etc.) does not allow to estimate quantitatively the mitigation of impacts achieved.	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		Not			Not applicable	Salini does not sell goods that require packaging.	
Compliance								
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	GC8	Fully	p. 49				
Transport								
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	GC8	Partially	p. 45	The indicator does not include the quantification of the environmental impacts related to the shipping of goods.			
Overall								
EN30	Total environmental protection expenditures and investments by type.	GC7– GC9	Fully	p. 43 (total data), p. 49 (detailed data)				

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI – UN Global Compact comparison table continued

STANDARD DISCLOSURES PART III: Performance Indicators continued
Social: Labour Practices and Decent Work

Performance Indicator	Description	Global Compact	Reported	Cross-reference/ Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Employment								
LA1	Total workforce by employment type, employment contract, and region.		Fully	p. 26 (total data), p. 32 (detailed data)				
LA2	Total number and rate of employee turnover by age group, gender, and region.	GC6	Partially	p. 33	Regarding Salini, data does not include personnel working at the operating sites. Moreover, rate of employee turnover by region is not indicated.	Not available	This data are not reported because the data is managed at the operating site level and was not possible to extract them directly from the central information system. This system will be improved in order to collect this data, not available at the moment.	2013
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		Not					
Labour/management relations								
LA4	Percentage of employees covered by collective bargaining agreements.	GC1, GC3	Fully	p. 30				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	GC3	Fully	p. 30				
Occupational health and safety								
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	GC1	Partially	p. 28	It is not reported the percentage of workers represented.			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	GC1	Partially	p. 29 (general injuries rates), p. 34 (detailed data), p. 55 (calculation methods)	Data on absenteeism does not include Todini personnel and the personnel managed locally. Moreover, data on industrial disease are not reported.	Not available	This data are not reported because the data is managed at the operating site level and was not possible to extract them directly from the central information system. This system will be improved in order to collect this data, not available at the moment.	2013
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	GC1	Fully	pp. 26-28				
LA9	Health and safety topics covered in formal agreements with trade unions.	GC1	Fully	p. 28				
Training and education								
LA10	Average hours of training per year per employee by employee category.		Partially	p. 27 (total data), p. 35 (detailed data)	Data does not include Todini personnel.	Not available	This data are not reported because in 2010 it was not possible to collect data on training provided to Todini personnel for the integration process of the main functions of Todini within the Group.	2012
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Fully	pp. 27-28 (skills management). Concerning the management of career endings and the support of continued employability, the Group – besides the instruments provided by law – develops individual exit plans with the employees which are leaving the Company. These plans take into account the personal needs and the Company ones.				
LA12	Percentage of employees receiving regular performance and career development reviews.		Not					

GRI – UN Global Compact comparison table continued

Social: Labour Practices and Decent Work continued

Performance Indicator	Description	Global Compact	Reported	Cross-reference/ Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Diversity and equal opportunity								
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	GC1, GC6	Partially	p. 8 (composition of BoD), p. 32 (detailed data). In the composition of BoD members belonging to minority group membership are not present.	Data on workforce by gender does not include personnel managed locally. Data on workforce by age group does not include Todini personnel and personnel managed locally. Data on personnel belonging to minority group membership refer only to the headquarters in Rome.	Not available	This data are not reported because the data is managed at the operating site level and was not possible to extract them directly from the central information system. This system will be improved in order to collect this data, not available at the moment.	2013
LA14	Ratio of basic salary of men to women by employee category.	GC1, GC6	Partially	p. 28 (total data), p. 35 (detailed data)	Data does not include personnel managed locally.	Not material	This data are not reported because personnel managed locally are almost entirely men. For these reason these data are considered as not material.	

Social: Human Rights

Performance Indicator	Description	Global Compact	Reported	Cross-reference/ Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Diversity and equal opportunity								
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	GC1–GC6	Fully	p. 30/For 100% of construction projects launched by the Group, evaluations including human rights aspects of personnel and local communities have been carried out.				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	GC1–GC6	Partially	p. 30/The contractual relationships with suppliers, contractors and subcontractors are based on the acceptance of the Code of Ethics and, consequently, also of human rights clauses. Although performed, data on audits are not available at the moment.	Data does not include percentage of subcontractors that have undergone screening on human rights.	Not available	This data are not reported because the data is managed at the operating site level and was not possible to extract them directly from the central information system. This system will be improved in order to collect this data, not available at the moment.	2013
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Not					

Non-discrimination

HR4	Total number of incidents of discrimination and actions taken.	GC1, GC2, GC6	Fully	p. 30				
-----	--	---------------	-------	-------	--	--	--	--

Freedom of association and collective bargaining

HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	GC1–GC3	Fully	p. 30				
-----	--	---------	-------	-------	--	--	--	--

Child labour

HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	GC1, GC2, GC5	Fully	p. 30				
-----	--	---------------	-------	-------	--	--	--	--

Forced and compulsory labour

HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	GC1, GC2, GC4	Fully	p. 30				
-----	--	---------------	-------	-------	--	--	--	--

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI – UN Global Compact comparison table continued

STANDARD DISCLOSURES PART III: Performance Indicators continued
Social: Human Rights continued

Performance Indicator	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Security practices								
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	GC1, GC2	Partially	p. 28	Data does not include percentage of personnel trained on human rights' subject.	Not available	This data are not reported because the data is managed at the operating site level and was not possible to extract them directly from the central information system. This system will be improved in order to collect this data, not available at the moment.	2013

Indigenous rights

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	GC1, GC2	Fully	p. 30				
-----	--	----------	-------	-------	--	--	--	--

Social: Society

Performance Indicator	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Community								
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		Fully	pp. 30-31 (approach towards communities), pp. 38-39 (evaluations of social and environmental impact).				

Corruption

SO2	Percentage and total number of business units analysed for risks related to corruption.	GC10	Fully	p. 12				
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	GC10	Fully	p. 12. Percentage of workforce who received anti-corruption training in 2008 was equal to 0% (management) and 0% (non-management); in 2009 41% (management) and 1% (non-management); in 2010 13% (management) and 0% (non-management). Management includes executives and middle managers, non-management includes employees and workers.				
SO4	Actions taken in response to incidents of corruption.	GC10	Fully	In reporting period none case of corruption has been identified.				

Public policy

SO5	Public policy positions and participation in public policy development and lobbying.	GC1–GC10	Fully	In the reporting period the Group has not directly participated to public policy development and lobbying activities. These activities are governed by the Code of Ethics. (p. 18), http://www.salini.it/index.php/english/content/governance/19 .				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		Not					

Anti-competitive behaviour

SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		Not					
-----	--	--	-----	--	--	--	--	--

Compliance

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		Fully	In the reporting period, the Group has received a fine derived from a tax assessment. For more information see the Consolidated financial statements 2010, pp. 120, http://www.salini.it/index.php/english/content/investor/22 .				
-----	--	--	-------	---	--	--	--	--

GRI – UN Global Compact comparison table continued

Social: Product Responsibility

Performance Indicator	Description	Global Compact	Reported	Cross-reference/Direct answer	Part not reported (if applicable)	Reason for omission	Explanation	To be reported in
Customer health and safety								
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	GC1	Fully	pp. 38-39				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	GC1	Not					
Product and service labelling								
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Not			Not applicable	The products and services sold by the Group (major works) do not require the release of information.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		Not					
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Partially	p. 20	Results are not reported.	Not available	This data are not reported because synthetic indicators to be monitored have not been identified at the moment. In next years the Group will carry out an analysis to identify the appropriate performance indicators able to measure the client satisfaction.	2013
Marketing communications								
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		Fully	The Group does not adopt code and/or standard related to marketing activities.				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		Fully	p. 20				
Customer privacy								
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	GC1	Fully	p. 20				
Compliance								
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		Not	Besides the information reported in the EN28 indicator (environmental fines), the Group has not received any administrative or judicial fines for non-compliance with laws and regulations concerning these issues.				

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

70
71

Chapter 10

Third party Verification Report

10



KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM

Telefono +39 06 809611
Telefax +39 06 8077475
e-mail it-fmauditaly@kpmg.it

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

72
73

(Translation from the Italian original which remains the definitive version)

Limited assurance report on the sustainability report

To the board of directors of
Salini Costruttori S.p.A.

- 1 We have reviewed the 2010 sustainability report of the Salini Costruttori Group. The parent's directors are responsible for the preparation of the sustainability report in accordance with the Sustainability Reporting Guidelines issued in 2006 by GRI - Global Reporting Initiative, set out in the "Methodological Note" section. They are also responsible for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.

- 2 We carried out our work in accordance with the criteria established for review engagements by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements (the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, IFAC), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
 - comparing the information and data presented in the "Economic data sheet" section of the sustainability report to the corresponding information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2010, on which other auditors issued their report dated 7 June 2011 pursuant to article 14 of Legislative decree no. 39 of 27 January 2010;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management of Salini Costruttori S.p.A and group personnel at the Beles Multipurpose Project site in Ethiopia, the Autostrade/Valico and Metro B1 sites in Italy, the South-West Roads Projects (lots from 9 to 14) site



*Salini Costruttori Group
Limited assurance report
on the sustainability report
31 December 2010*

in Kazakhstan and the Millennium Tower – Cultural Centre site in Nigeria to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;

- sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the effectiveness of processes, their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information included in the sustainability report;
- analysing the compliance of the qualitative information included in the sustainability report with the guidelines referred to in paragraph 1 and its overall consistency, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Salini Costruttori S.p.A on the compliance of the sustainability report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it offers a lower level of assurance that we have become aware of all significant matters and events that would be identified during an audit.

The sustainability report includes the corresponding information and data of the prior year sustainability report for comparative purposes, with respect to which reference should be made our report dated 28 July 2010.




- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2010 sustainability report of the Salini Costruttori Group is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines issued in 2006 by GRI - Global Reporting Initiative, as set out in the “Methodological Note” section of the sustainability report.

Rome, 26 July 2011

KPMG S.p.A.

(signed on the original)

Benedetto Gamucci
Director of Audit

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures 	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirements for Level B
	G3 Management Approach Disclosures 	Not required		Management Approach Disclosures for each Indicators Category		Management Approach disclosed for each Indicators Category
	G3 Performance Indicators and Sector Supplement Performance Indicators 	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic and environment		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility		Respond on each of core G3 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission
						Report Externally Assured

*Sector supplement in final version.

The Sustainability Report 2010 of the Salini Costruttori Group comply with the A+ requirements of the Sustainability Reporting Guidelines provided by the Global Reporting Initiative (GRI) in 2006. This Application Level has been checked by KPMG S.p.A. and by GRI.

Profile and strategy

Governance

Creating profitability through responsibility

Social dimension

Environmental performance

Future commitments

Appendix

GRI data and verification report

Information and contacts

Italy

Salini Costruttori S.p.A.
22, Via della Dataria, Rome
Tel +39.06.67761
Fax +39.06.6776288
info@salini.it

Africa

Algeria

algeria.info@salini.it

Ethiopia

ethiopia.info@salini.it

Gabon

gabon.info@salini.it

Ghana

ghana.info@salini.it

Guinea

guinea.info@salini.it

Liberia

liberia.info@salini.it

Libya

libya.info@salini.it

Malawi

malawi.info@salini.it

Morocco

morocco.info@salini.it

Nigeria

nigeria.info@salini.it

Sierra Leone

sierraleone.info@salini.it

Somalia

somalia.info@salini.it

Sudan

sudan.info@salini.it

Tanzania

tanzania.info@salini.it

Tunisia

tunisia.info@salini.it

Uganda

uganda.info@salini.it

Zimbabwe

zimbabwe.info@salini.it

South America

Argentina

argentina.info@salini.it

Brazil

brazil.info@salini.it

Chile

chile.info@salini.it

Asia

China

china.info@salini.it

Jordan

jordan.info@salini.it

Kazakhstan

kazakhstan.info@salini.it

Malaysia

malaysia.info@salini.it

Saudi Arabia

saudiarabia.info@salini.it

Turkey

turkey.info@salini.it

United Arab Emirates

abudhabi.info@salini.it

dubai.info@salini.it

Europe

Albania

albania.info@salini.it

Azerbaijan

azerbaijan.info@salini.it

Belarus

belarus.info@salini.it

Bulgaria

bulgaria.info@salini.it

Czech Republic

czechrep.info@salini.it

Denmark

denmark.info@salini.it

Georgia

georgia.info@salini.it

Greece

greece.info@salini.it

Hungary

hungary.info@salini.it

Ireland

ireland.info@salini.it

Poland

poland.info@salini.it

Romania

romania.info@salini.it

Ukraine

ukraine.info@salini.it

Edited by:

Salini Costruttori

Design and production:

Radley Yeldar www.ry.com

Salini Costruttori

22 via della Dataria

00187 Rome

Italy

T: +39 06 67761

F: +39 06 6776288

info@salini.it



www.salini.it