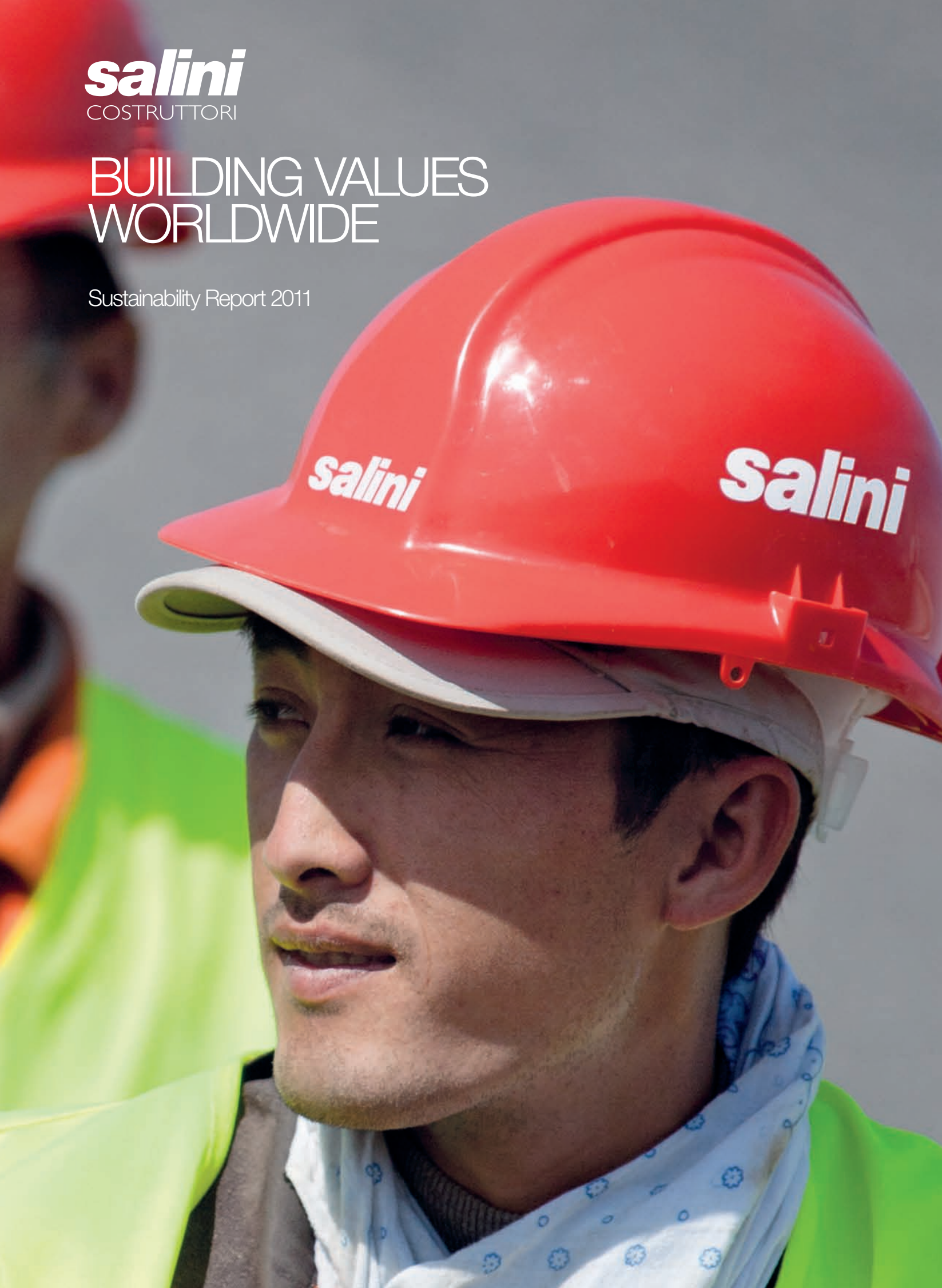


salini
COSTRUTTORI

BUILDING VALUES WORLDWIDE

Sustainability Report 2011



Group performance highlights

| Local development | Unit | 2010 ¹ | 2011 ¹ | Africa | Asia | Europe |
|--|---------------------|-------------------|-------------------|--------|-------|--------|
| Job creation (local workforce) | % | 90 | 92 | 96 | 69 | 85 |
| Local supply | % | 78 | 73 | 53 | 84 | 86 |
| Infrastructure development projects | no. | 32 | 34 | 26 | 6 | 2 |
| Social support projects | no. | 33 | 36 | 16 | 11 | 9 |
| Community expenditure | €'000 | 2,885 | 793 | 599 | 53 | 141 |
| Care for our people | | | | | | |
| Workforce | no. | 12,873 | 15,508 | 12,210 | 1,812 | 1,483 |
| Workforce variation | no. | 2,680 | 2,635 | 2,416 | -224 | 442 |
| Workforce under 30 years old | % | n/a | 38 | 41 | 32 | 24 |
| Graduated at Headquarters | % | 50 | 55 | - | - | - |
| Women at Headquarters | % | 35 | 33 | - | - | - |
| Training provided ² | hours | 32,542 | 32,085 | n/a | n/a | n/a |
| Injury frequency rate ³ | IR | 17.18 | 14.74 | 15.49 | 1.35 | 34.75 |
| Health & Safety expenditure | €'000 | 3,236 | 3,046 | 972 | 338 | 1,736 |
| HSE audits at operating sites | no. | 33 | 59 | 11 | 37 | 11 |
| Environmental protection | | | | | | |
| Environmental expenditure | €'000 | 8,599 | 9,942 | 556 | 522 | 8,864 |
| Rocks and soil reused | % | 47 | 49 | 58 | 19 | 62 |
| Waste recycled/reused | % | 9 | 15 | 78 | 0 | 7 |
| Water withdrawal | m ³ '000 | 14,682 | 6,995 | 5,415 | 612 | 968 |
| CO ₂ emissions | t'000 | 173 | 223 | 149 | 39 | 35 |
| HSE meetings and short sessions at operating sites | no. | 231 | 758 | 434 | 35 | 289 |
| Environmental-friendly shipment (goods transported by sea) | % | 94 | 95 | 100 | 31 | 6 |

n/a: not available

¹ Data on Workforce includes South America.

² Data does not include training hours provided to Todini operating sites' workforce, except e-learning training.

³ Data does not include Headquarters personnel because it is considered not material for the rates' calculation.

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CEO introduction

Pietro Salini
CEO



Dear Stakeholders,
As the Group celebrates its 75th anniversary, I am pleased to present our third sustainability report, prepared in compliance with the GRI G3.1 guidelines to level A+ and assured by KPMG.

We believe there are clear links between building value for our shareholders and building value for our employees and the communities we work with. As the following report demonstrates, the last 12 months have been characterised by further excellent progress on a range of important sustainability issues, as we consolidate our commitment to the principles of sustainable development – and in doing so build shared value for our stakeholders.

Making a difference

At Salini, sustainability matters. It is not a luxury, but an essential part of our business and our strategy. Despite the continuing global economic uncertainties, sustainability remains part of every decision and acts as a guiding hand on every project – no matter where we are in the world.

As a major player in the global construction sector, we play an important role in addressing many of the critical challenges facing society today, from climate change and resource scarcity to poverty and energy security.

By focusing on sustainability, we can improve our financial performance through improved risk management to meet legislative demands, and by enhancing our corporate reputation.

Perhaps most importantly of all, by providing the physical infrastructure to manage natural resources and ecosystems wisely – as well as contributing to economic development through urban mobility solutions and infrastructures to improve access – we believe that Salini can help provide solutions to a range of critical sustainability challenges, improving our own financial performance at the same time.

Our strength in dams and hydroelectric power in particular enables us to help new and emerging markets exploit opportunities from renewable energy while generating significant revenue for the Group.

A year of achievement

You will discover many examples of progress during 2011 in this Report, but the following in particular have made me feel privileged to lead this committed company:

- Continued to deliver positive economic impact on the countries where we operate, by increasing the proportion of local personnel from 90% to 92% and spending €797 million with locally-based providers of goods and services;
- Delivered 70 infrastructure development and community support projects, primarily in Africa;
- Developed a new Sustainability Policy and a specific procedure to collect and share sustainability performance data;
- Improved our sustainability reporting system, including updating our reporting tools to the GRI's latest standard protocol;
- Continued our commitment to the UN Global Compact's principles, making further progress in the areas of human rights, labour, environment and anti-corruption;
- Taken part in meetings with other Italian members of the UN Global Compact, to share experiences and develop a common approach towards human rights;
- Improved the injury frequency rate at our operating sites of 14% in comparison with 2010;
- Increased our focus on Health, Safety and Environmental Training to the point where it represents 89% of all our global training hours;
- Increased to 49% the rocks and soil reused within our projects, with significant benefits for the environment in terms of less raw material consumption and waste;
- Connected many construction sites to power grids, leading to a fall in emissions from diesel generators (our largest source of emissions) of 5.5%;
- Reclaimed 77,639m² of former quarries and landfill areas, and carried out over 146,178m² of reforestation and topsoil restoration activities.

Looking to the future

With a new strategic plan in place to cover the period 2012–2015 and the project for Impregilo gathering pace, the year ahead will see a steadfast focus on delivering our sustainability commitments.

We will build on our experiences during the successful integration with Todini to make sure that we evaluate and share best practices with Impregilo. At the same time, we will continue to focus on stakeholders, earning their trust and building value for them. In fact our success depends on achieving nothing less.

Finally, I would like to thank employees across the business for their support and expertise as we strive to become a more sustainable business. We have made significant progress so far, but there remains much more to achieve – and I look forward to working alongside you in pursuit of our sustainability goals.

Chapter 1

ABOUT SALINI

The Salini Group¹ is a leading Italian General Contractor, specialising in the construction of major works. It is ranked as one of the foremost players in the construction of hydroelectric power plants.

We believe that sustainable development is an inherent feature of the Company's business given that the projects we realise – energy from renewable sources, urban mobility solutions for decongesting metropolitan areas, territorial infrastructures as a factor to access and enhance strategic areas – create lasting value for the affected communities and provide grounding for further economic development.

In this section...

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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 8,000 MW² 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 provide a key cultural focus within a community.

GLOBAL PRESENCE

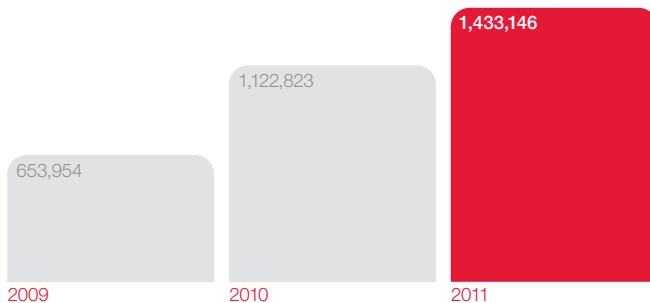
We operate in over 40 countries across four continents, employing about 15,500 people representing 67 different nationalities.

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

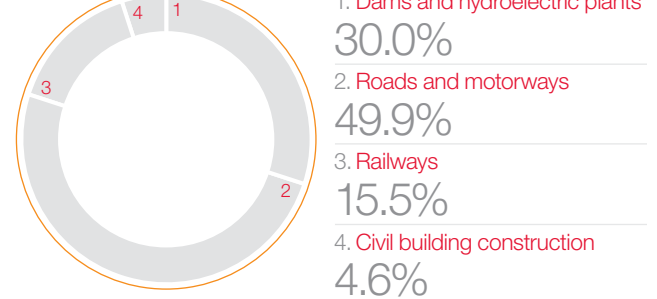
Albania Algeria Argentina Australia Azerbaijan Belarus Brazil Bulgaria Chile China Czech Republic Denmark Ethiopia Gabon Georgia Ghana Greece Guinea Hungary India Ireland Italy Jordan Kazakhstan Liberia Libya Malawi Malaysia Morocco Nigeria Poland Portugal Qatar Romania Russia Saudi Arabia Sierra Leone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



Revenue
euro/000



Revenue 2011 by main sectors
%



+27.6%

The increase of revenues in 2011 compared to 2010

1 The Group is composed by Salini Costruttori S.p.A. and the companies that it controls directly or indirectly. Todini Costruzioni Generali S.p.A. is the main subsidiary with operational activities. The term 'Salini' is used in the report to indicate the entire group, the term 'Todini' indicates only Todini's activities.
2 At the end of 2011 the hydroelectric projects underway were Grand Ethiopian Renaissance Dam (5,250 MW) and Gibe III (1,870 MW) in Ethiopia, Ulu Jelai (382 MW) in Malaysia, Bujagali (250 MW) in Uganda and Gurara Dam (30 MW) in Nigeria.

About Salini continued

1.1 Governance structure

Salini voluntarily adopts a corporate governance model which is based on the main Italian governance principles including the Code of Conduct for Listed Companies stated by the Italian Stock Exchange (Borsa Italiana S.p.A., July 2002) and the recommendations issued by the Italian Commission for Stock Market and Companies (CON SOB). We are also guided by other recognised best practices, such as the main principles of the Sarbanes-Oxley Act (US, July 2002) and of the Combined Code on Corporate Governance (UK, July 2003). Adhering to international best practice requires a strong commitment to continuous improvement of governance systems, which is embraced throughout Salini.

The Company's governance structure is shown below.

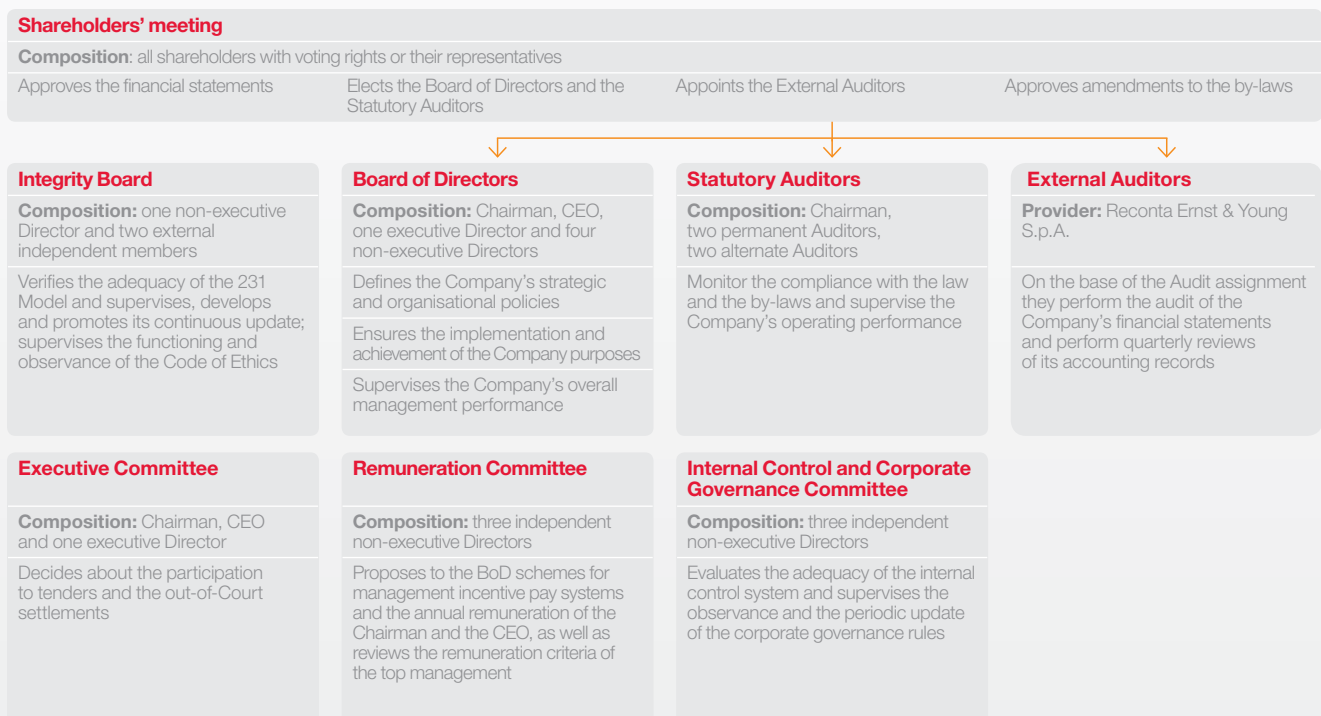
The Company's aim is to establish an ongoing dialogue with shareholders and the market to ensure the timely distribution of comprehensive information on our activities. In accordance with the provisions of the Company's Self-Regulatory Code, the Chairman and the CEO communicate with shareholders in full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

Dialogue

The Company's aim is to establish an ongoing dialogue with shareholders and the market to ensure the timely distribution of comprehensive information on our activities.

INVESTOR RELATIONS

In 2011 Salini became the second largest shareholder of Impregilo, the first Italian General Contractor. A dedicated Investor Relations department has been established to ensure transparent and effective communication between the company, the financial community and other interested parties.



1.2 Strategy and performance

Strategic Plan 2012–2015

In December 2011 Salini approved the Strategic Plan 2012–2015, which aims to position the Group as the first General Contractor in Italy and to maintain one of the highest levels of profitability globally (in terms of EBITDA). The Plan is founded on five fundamental pillars:

1. Sustained growth (over 110% of revenues over the period with an annual compound growth rate 'CAGR' of 21%) through a focus on the core business of construction in which the Group boasts proven experience and a solid track record;
2. Sustainable growth, based on an outstanding backlog at the end of 2011 that will generate approximately 70% of revenues in the time frame of the plan and a selective approach with regards to the acquisition of new projects;
3. Greater use of the Group's assets, in order to further improve the return on average capital employed ('ROCE'), owing to improved utilisation ratio of internal and external resources;
4. Maximising of operating cash flows, continuing to fund the growth entirely by cash flow generation from operating activities; and
5. Strengthening of capital structure through sustained growth of equity.

In line with our Strategic Plan, at the end of May 2012 Salini invested €123 million (around 29%) in Impregilo's shares, the first Italian General Contractor, to become Impregilo's second largest shareholder. This investment has strong strategic intent and is based on a project to combine top Italian players to create a leading European-based group with the scale and expertise to compete in the global infrastructure sector.

Financial performance in 2011

2011 results confirm strong growth, which consolidates the Group's strategic position in the sector of large complex infrastructure companies. Indeed, 2011 revenues have reached a new record level, equal to €1.433 billion (+27.6% compared with 2010), mainly due to the increasing contribution of the Grand Ethiopian Renaissance Dam-GERD (Ethiopia), Cityringen Metro (Denmark) and South-West Roads (Kazakhstan) projects. The Group's backlog also reached a record level, equal to €10.4 billion after a new order intake of €1.4 billion during the fiscal year.

It is important to underline that, even after the investment in Impregilo's shares, the Group's net financial position is positive (net cash) at €33.9 million.

2011 Work in hand

%



1. Dams and hydroelectric plants
48.3%
2. Roads and motorways
10.1%
3. Railways
31.1%
4. Civil building construction
10.5%



1. Africa
55.3%
2. Asia
9.6%
3. Europe
35.1%

About Salini continued

1.3 Generating and distributing value to stakeholders

2011 witnessed sustained growth of the economic value generated and distributed to the various stakeholders of the Group.

Most of the economic value distributed to stakeholders is represented by operating costs €1,087.1 million, composed mainly of payment to suppliers (for materials), contractors and subcontractors (for services) and other providers of goods/services, for example for the leasing of equipment. After this, personnel payments represented an expenditure of €162.9 million and include wages, social security contribution, employees leaving entitlement during the period and other costs related to the personnel such as staff training.

Payments to lenders (bank interest) was equal to €25.2 million in the period. Payments to government as taxes³ represented €35.8 million. Dividends proposed to be distributed to shareholders were about €13.0 million.

Community expenditure amounted to €0.8⁴ million including direct donations and voluntary services made available to local communities in the period, such as the direct construction of social infrastructures (e.g. schools and hospitals) and the direct support of social initiatives. There are many other social activities that do not entail direct expenses for Salini but that positively impact local communities. These include the free use of the Group's medical clinics, wells and access roads and facilities. These initiatives clearly describe the Group philosophy to share its assets with the host communities. Further details can be found in section 3.4.

Economic value generated and distributed

| (euro/000) | 2009 | 2010 | 2011 |
|--|---------|-----------|------------------|
| Revenues | 653,954 | 1,122,823 | 1,433,146 |
| Other incomes | 1,489 | – | 26,717 |
| Financial income | 6,960 | 11,490 | 8,819 |
| Total economic value generated | 662,403 | 1,134,313 | 1,468,682 |
| Operating costs | 459,338 | 793,100 | 1,087,082 |
| Personnel wages and benefits | 90,890 | 158,783 | 162,930 |
| Payments to shareholders | 10,829 | 12,995 | 12,995 |
| Return to lenders | 10,177 | 25,639 | 25,193 |
| Payments to government | 9,644 | 17,850 | 35,802 |
| Community investments | 1,997 | 2,885 | 793 |
| Total economic value distributed | 582,875 | 1,011,252 | 1,324,795 |
| Amortisation, depreciation and adjustments | 60,343 | 89,655 | 83,952 |
| Self-financing | 16,841 | 20,100 | 41,289 |
| Provisions and reserves | 2,344 | 13,306 | 18,647 |
| Total economic value withheld | 79,528 | 123,061 | 143,887 |

³ For the allocation of current taxes on the basis of the countries where the Group operates, please refer to note 22) Income taxes of the Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2011 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 establishment.

⁴ The significant variation in respect to 2010 data is due to non-recurring expenses made in 2010, as the celebrations for the 50th anniversary of Nigeria's independence and the completion of the Gefersa Mental Hospital in Ethiopia.

1.4 Salini's strengths and capabilities

Partnering for success

Salini is committed to enhancing its reputation as a client-centred business and to putting clients' needs first. To this end, the Group adopts advanced technologies and construction methods to ensure high quality, safe and sustainable performance.

Salini develops its projects based on close partnerships with the world's most renowned professionals and engineering companies, producing bespoke project proposals. This strength makes the Group competitive across the world, even in the most challenging contexts. 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 a single project to sharing experience and knowledge, as well as identifying business opportunities of common interest.

Innovative solutions to complex client challenges

The following table highlights some of the innovative techniques and solutions recently adopted by Salini on its projects.

DAMS AND HYDROELECTRIC PLANTS



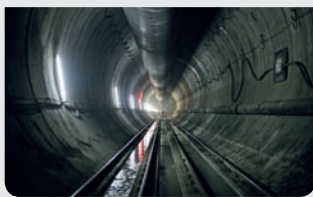
Salini has developed and fine-tuned a construction method – named Fast Track Implementation – based on starting all the most important phases of hydroelectric projects at the same time, allowing a drastic reduction in the completion time of works, with obvious benefits for clients and host communities who benefit from earlier access to water and energy. The method was successfully adopted in Ethiopia's hydroelectric projects and is intended to be introduced in other markets around the world.

ROADS AND MOTORWAYS



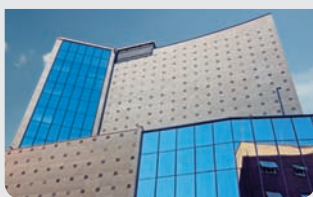
Todini, the Group's company specialising in road projects, has developed innovative solutions for drivers' safety at Capo Boi project, a new road with galleries which is under completion in Sardinia (Italy). Thanks to a collaboration with 'Politecnico di Torino', the client's basic design has been amended to improve safety facilities, mainly consisting of a new emergency tunnel with access every 150 metres (instead every 300 metres as required by law) and an automated fire control system inside the tunnels, capable of managing different emergency scenarios by activating innovative fire-extinguishers and ventilation systems. These solutions were realised without extra costs for the clients, thanks to an efficient management of the project's resources.

RAILWAYS



Tunnel-boring machines (TBMs) have revolutionised the underground construction sector by increasing excavation speed. In urban areas this could pose problems due to the presence of buildings. To minimise risk and for the safety of citizens, Salini has used – for the first time in Italy – an innovative technique at Metro B1 underground project in Rome. The technique, named compensation grouting, consists of pumping a cement mixture into the soil between existing buildings and the underground tunnel. This stabilises buildings during the TBM's transit and avoids subsidence. The system is managed by a computerised system, which constantly controls the buildings level and adjusts the compensation pressure.

CIVIL BUILDING CONSTRUCTION



A team of renowned designers and engineering companies has been working with Salini to develop and build an iconic landmark in Abuja's (Nigeria) landscape. The Millennium Tower and Cultural Centre was funded by the Federal Ministry of Culture and Tourism of Nigeria and draws its inspiration from Nigerian cultural traditions and heritage. At 160 metres high, the tower will, once completed, become the highest building on the African continent.

Chapter 2

MANAGING SUSTAINABILITY

For Salini combining business values with the principles of ethics and sustainability represents the best way to strengthen its risk management and identify new opportunities. The Group is committed to maintain the highest management standards, in accordance with major recognised international guidelines and best practices.

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About Salini

Managing
sustainability

08
09

Local
development

Care for
our people

Environmental
protection

Appendix

GRI data and
assurance
report

Managing sustainability
continued

2.1 Progress against commitments

| COMMITMENTS MADE IN SUSTAINABILITY REPORT 2010 | ACTIONS IN 2011 | PROGRESS |
|---|---|----------|
| Establish a process for reporting sustainability performance to the Board of Directors by means of one of its committees. | During the year the Company has developed a new Sustainability Policy and a specific procedure to collect and share sustainability performance data. A report on sustainability activities carried out in 2011 has been submitted to the Board of Directors in early 2012. | ✓ |
| 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. | In 2011 the Company has taken part in meetings and consultations of Global Compact Italian members to share experiences and proceed with developing a common approach towards human rights assessment and subsequent management. | ➔ |
| Carry out specific audits about sustainability issues. | During the period the Company has conducted three audits on the security systems in place at some African operating sites, to verify compliance towards human rights issues. Furthermore, a self-assessment tool has been developed and tested at an Ethiopian site to check the implementation level of the Global Compact's principles. | ➔ |
| Improve internal communication processes and tools, especially between Headquarters and operating sites. | In 2011 the sustainability reporting system was improved, with the endorsement of a new group procedure and the updating of reporting tools to the GRI's latest standard protocols (G3.1 and sector supplement). | ✓ |
| Implement an audit plan at every operating site in order to carry out HSE audits on subcontractors. | Audits have started to be undertaken at a project level. It is expected however, that an enhancement of this activity will occur in 2012. | ➔ |

✓ Achieved
 ➔ In progress
 ✗ Not met/rescheduled

FOCUS ON:

Support Global Compact Network Italy in international initiatives



Besides the joining of the UN Global Compact, Salini is also a member of Global Compact Network Italy, the Italian platform aimed at promoting the Compact in the Italian context. In October 2011, the Group has supported the Italian network to arrange the annual meeting of the European based Global Compact Local Networks, which took place in Rome (Italy). The meeting was aimed at coordinating the European business contributions towards Rio+20, the United Nations Conference on Sustainable Development (UNCSD) that will be held in Rio De Janeiro in June 2012. During the meeting have been discussed innovative approaches in the field of public-private cooperation for sustainable development on three selected themes: food security and sustainable agriculture, green jobs and social inclusion, sustainable cities. Further information and final position papers are available at www.globalcompactnetwork.org.

2.2 Strategy and approach

The Group operates according to strict environmental, ethical and professional principles and policies that conform to the highest international criteria of governance and citizenship.

Operating in a wide variety of contexts and geographies means the Group is required to meet the expectations of host countries, clients, local communities, and consumers as well as technical-operational counterparts – each of whom have different histories, cultures and backgrounds. Salini has addressed this challenge by working towards a united vision and subsequent business model focused on the value of our people, care for the environment, and principles of social responsibility and ‘good citizenship’ for the benefit of local communities.

The sustainability strategy adopted by the Group aims to maximise benefits for local stakeholders. Our priorities are related to job creation, care for people, improvement of local professional skills, the growth of regional economies through local procurement, strict adherence to environmental standards and investment in local communities.

2.3 The construction sector’s contribution to sustainable development

The construction sector plays an important role in addressing critical challenges facing today’s society. By providing the physical infrastructure to manage natural resources and ecosystems wisely as well as contributing to economic development through urban mobility solutions and infrastructures which improve access and enhance strategic areas, we believe that Salini can help provide solutions to a range of sustainability challenges, including:

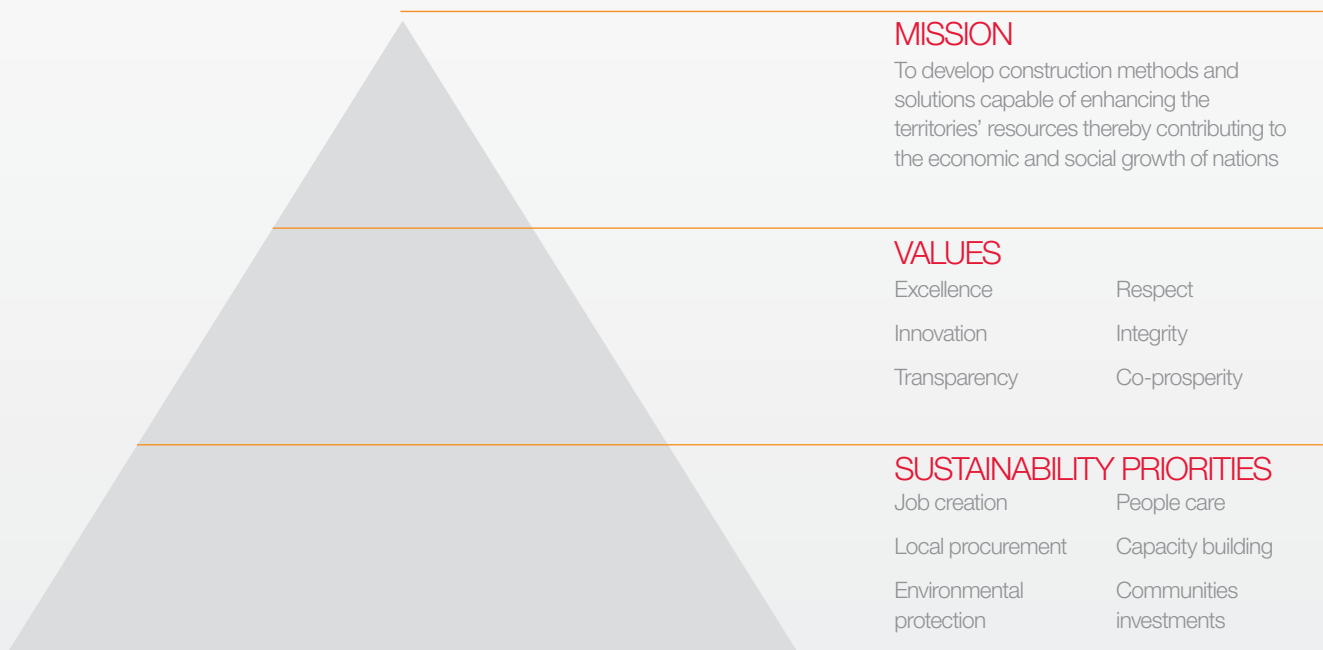
Transition to a low carbon economy – investment in energy, water, transport and building sectors has been highlighted by the United Nations Environmental Programme (UNEP) as key to achieving a low-carbon, resource-efficient future.

Demonstrating compatibility of economic growth and sustainability – under the ‘green economy’ scenario, economic growth and socio-environmental sustainability are not incompatible but mutually reinforcing. Some commentators suggest that the path towards a green economy creates jobs and develops economies, while avoiding considerable downside risks such as the effects of climate change, water scarcity and the loss of ecosystem services⁵.

Poverty alleviation – there is growing awareness of the inextricable link between poverty alleviation and infrastructure improvement – in particular in low income countries, where ecosystem goods and services (such as water and biodiversity) are a vital resource for poor rural communities and provide a safety-net against natural disasters and economic shocks.

Energy security – access to energy represents one of the major pillars for the development of society. Yet, the current fossil fuel based energy system leaves about 1.4 billion people without access to electricity around the world, also known as ‘energy poverty’.

Thanks to its vision, approach and track record of delivery, Salini has a major role to play in the international arena in addressing these challenges – supported by the goodwill and license to operate that clients, workers, business partners, public administrations and communities grant to the company.



5 ‘Towards a Green Economy – Pathways to Sustainable Development and Poverty Eradication’, UNEP, 2011.

Managing sustainability continued

2.4 Sustainability risks and opportunities at Salini Group

Like many businesses in the twenty-first century, Salini faces a complex range of sustainability risks and opportunities that can have a material impact on our business performance in the short, medium and long term. A selection of these risks and opportunities is presented below, alongside actions taken by the Group.

2.5 Integrating sustainability into Salini's business

Salini is firmly committed to operating in accordance with strict environmental, ethical and professional principles and company policies. The Group has established an integrated system of policies and procedures, in accordance with major recognised international standards of reference.

The diagram at the end of the next page shows the overall framework adopted by the Group to manage sustainability in our day-to-day operations, allowing Salini to be aligned with global best practice.

The Group adopts the precautionary principle in the management of issues related to economic, social and environmental sustainability.

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 procedures.

UN Global Compact



Since 2010 Salini has been a signatory of the UN Global Compact, the world's largest strategic policy initiative for businesses that are committed to aligning their 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 joined the UN Global Compact in 2004 and it confirms its commitment to implementing the principles in its operations.

This Sustainability Report shows the progress achieved by Salini and Todini against the Global Compact Principles. A cross reference table – available at the end of this Report – links the Global Compact principles with the Group's performance in each category⁶.

Corporate policies

The Group has adopted corporate policies that define principles and priorities in key areas such as Occupational Health and Safety, Quality, the Environment, Human Resources management and Sustainable Development.

An overarching Sustainability Policy (in place since 2007 and revised in 2011) commits the Group to contribute towards sustainable development by operating with integrity and fairness, ensuring human resources protection and development, guaranteeing

Sustainability risks and opportunities at Salini Group

| Risks | Examples of mitigating strategic and operational initiatives | Page |
|---|---|--------|
| Safety of workers and staff | Continuous workplace monitoring, training on safety and work methods, focused on personal protective equipments (PPEs) and equipment use | 31–32 |
| Human rights protection and respect at operating sites | Corporate policies in place, training on Ethics for all new hires, fair HR procedures in compliance with ILO standards, Countries' Labour laws and collective agreements | 34 |
| Business integrity | Code of Ethics binding for all parties, specific organisational management and control model to monitor the respect of the Code, Internal Audit system in place, specific training for all employees with sensitive tasks | 24 |
| Conservation of scarce natural resources and environmental impact control | Implemented ISO 14001 certified management system at operating sites, rocks and soil classification and reusing system | 47 |
| Energy security and conservation | Innovative solutions to recover energy from existing plants, preventive maintenance of equipment and machinery | 47 |
| Water scarcity and management | Use of technologies that reduce water consumption, water treatment plants designed to create closed-loop systems | 47–48 |
| Social license to operate | Community needs analysis; supporting initiatives for local schools; authorities, hospitals and villages in case of natural disasters | 22–23 |
| Opportunities | Examples of enhancing strategic and operational initiatives | Page |
| Unskilled/unemployed rural people to be employed in construction | Hiring of people living near projects, on-job training and specialised training at operating sites | 21, 29 |
| Skills and capabilities enhancement | Customised training programmes and careers development | 30 |
| Know-how sharing and transfer from experienced people to young personnel | Job opportunities for recent graduated people on complex construction projects worldwide | 29 |
| Health and hygiene of workers and their families | Site clinics accessible to workers and community's members, training courses and preventive control activities on major endemic diseases | 32 |
| Developing local suppliers to contribute to local economic development | Research and qualification of local suppliers, and subsequent monitoring activities to enhance their quality and HSE performance | 21–22 |
| Biodiversity and restoration activities | Meet and exceed contractual obligations on recovery of construction areas and surrounding environment by planting native species | 44–45 |

⁶ In accordance with 'Making The Connection – Using GRI's G3 Guidelines for the COP', United Nations Global Compact Office, May 2007.

environmental protection, building strong and lasting relationships with institutions and communities, and contributing to economic growth and social progress.

Management systems and certifications

To meet the needs and expectations of all stakeholders, Salini conducts its business in line with the highest international standards of management certification. The Quality and HSE Division (DQS) is in charge of defining and updating management systems, in accordance with the standards ISO 9001, ISO 14001, BS OHSAS 18001. It also supports the CEO in defining policies and targets for these issues.

At operating site level, the Quality and HSE Division (DQS) supports the organisational units in the management of quality, health and safety and environment issues, and ensures the appropriate circulation of information. DQS performs regular audits at operating sites to assess the compliance of systems in relation to corporate procedures. The Company's top management reviews annually the suitability, adequacy and effectiveness of the management systems, evaluating their strengths and weaknesses and taking all necessary corrective actions to ensure a continuous performance improvement.

HSE and quality certifications have been achieved by Salini Costruttori S.p.A. and Todini Costruzioni Generali S.p.A.⁷ covering all offices and operating sites of these companies. However, the procedures of management systems apply to all Group Companies and operating sites.

In 2011, the certified scope of the quality management system has been extended to the 'management of general contractor's activities carried out pursuant to article 176 of the Italian Legislative Decree No. 163 of 12 April 2006' (both Salini and Todini).

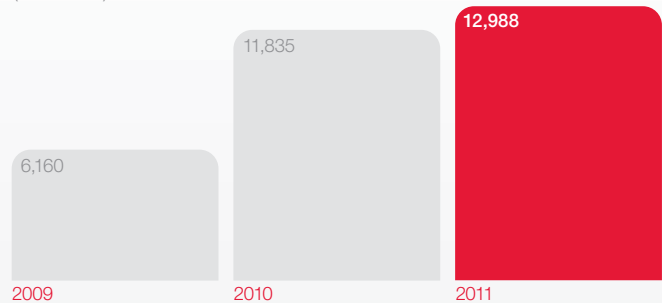
HSE expenses and investments

The Group invests annually in significant resources at corporate and operating site levels to protect the health and safety of workers and the surrounding natural environment. In 2011, Salini invested about €12.9 million into HSE initiatives, of which €8.8 million was spent on environmental management (waste treatment and disposal, emission treatment, land restoration). €1.6 million was spent on Health & Safety protection and the remaining €2.5 million was spent on HSE prevention and management activities (management systems, training, etc.).

Protection

The Group invests annually in significant resources at corporate and operating site levels to protect the health and safety of workers and the surrounding natural environment.

Total HSE expenses
(euro/000)



| | | | | |
|---------------------------------------|---|---|--------------------------------------|---|
| Corporate Code | Code of Ethics | | | |
| External Principles embraced | UN Global Compact | | | |
| | Human rights | Labour | Environment | Anti-corruption |
| Corporate Policies | Sustainability 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 |

⁷ Salini Costruttori S.p.A. is certified against ISO 9001, ISO 14001 and OHSAS 18001 standards, Todini Costruzioni Generali S.p.A. is certified against ISO 9001 and ISO 14001 standards.

Managing sustainability continued

2.6 Material issues

In order to identify and prioritise the most important sustainability issues, a materiality analysis has been carried out in accordance with the GRI guidelines. This process allows Salini to identify and address issues of greatest concern to our stakeholders. The materiality analysis is periodically reviewed and updated according to two main factors – the relevance of issues in the construction industry and their importance for Salini and for its stakeholders.

To identify the relevance of issues we carry out an analysis of the internal and external context:

The internal context analysis takes into account Salini's corporate 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 takes into account the main sustainability frameworks of reference (GRI-G3.1, Global Compact, ISO 26000, Dow Jones Sustainability Indexes) and the requirements of the major international institutions for the construction industry (UN, World Bank, NGOs, etc.).

The importance of issues for Salini and for its stakeholders is defined by management through an analysis based on a three-level scale of assessment: low, medium and high. The materiality matrix shows the high-medium issues derived from this analysis.

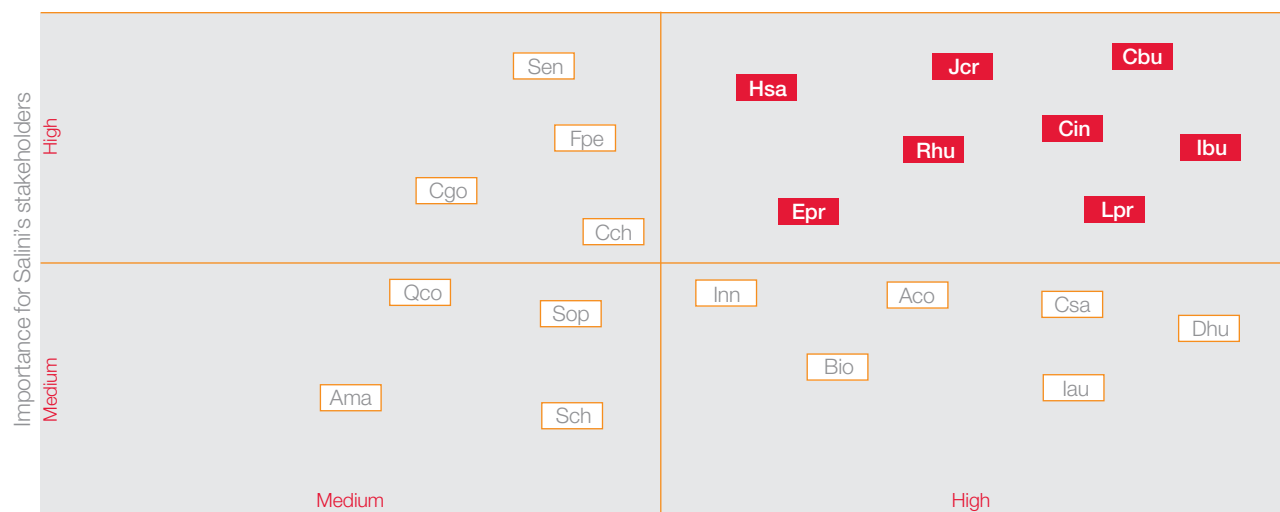
2.7 Stakeholder dialogue and engagement

Dialogue and transparency are key elements of our sustainability strategy. The approach to sustainability adopted by the Group is based on encouraging relationships and engagement with various stakeholders, both at a corporate and local level with the aim of understanding their views and integrating them into the Group's activities. Thanks to this approach, Salini fosters excellent relationships with clients, institutions, employees, suppliers, communities and other third parties.

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 workers, local communities, suppliers, contractors and subcontractors, clients, local authorities, and other organisations, such as NGOs.

The following table summarises the communication channels established by Salini and related issues of interest for each stakeholder category. More extensive descriptions of engagement activities carried out during the reporting period are provided in the following chapters.

Materiality matrix



| | | | | | |
|-----|---------------------------------|-----|----------------------------------|-----|-----------------------------|
| Aco | Anti-corruption | Dhu | Development of human resources | Jcr | Job creation |
| Ama | Assurance of management systems | Epr | Environmental protection | Qco | Quality control |
| Bio | Biodiversity | Fpe | Financial performance | Rhu | Respect of human rights |
| Cbu | Capacity building | Hsa | Health and Safety | Sop | Security at operating sites |
| Cch | Climate change | Inn | Innovation | Sen | Stakeholder engagement |
| Cgo | Corporate Governance | Ibu | Integrity in business management | Sch | Supply chain monitoring |
| Cin | Community investments | lau | Internal audit | | |
| Csa | Clients' satisfaction | Lpr | Local procurement | | |

| Stakeholders | | | | | | |
|--|---|--|--|---|--|--|
| Employees and Staff | Clients | Shareholders and Investors | Suppliers, Contractors, Subcontractors and Business partners | Local communities and NGOs | 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 NGOs, 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 performance, technical support in planning and implementation of projects, capacity building's activities | Corporate Governance system, financial performance, future development plans, investments in listed companies | Quality performance, 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 |

Influence on stakeholders

In order to identify the material issues and set the engagement practices, Salini analyses its sphere of influence, mapping its stakeholders into four main groups. The following map shows the relationship between Salini and its various stakeholders.



Salini's influence on stakeholders

FOCUS ON:

Salini wins the 2012 Uganda Responsible Investment (URI) Awards



In March 2012 Salini received an award for best responsible investor in Uganda in the category of Civil Engineering and Construction. URI awards are granted every year to companies marked for their commitment to promote and uphold international best practices and standards in their day-to-day operations.

The awards are organised by Public Opinions, a civil society organisation. The awards aim to link public policy with voluntary private sector action to ensure the national vision is adequately embraced by companies. URI awards identify, monitor and assess the performance of investors in Uganda, through a complex process that in 2012 – starting from 10,000 questionnaires sent by Public Opinion – led up to the nomination of 87 companies.

Salini has been awarded for its commitment to internationally proclaimed respect for the rights of workers, working against any form of corruption; the quality of its products and services; corporate social responsibility; and environment protection, as defined by the United Nations Millennium Development Declaration and the ten Universal Principles of the UN Global Compact.

2.8 Future commitments

Salini has set itself the following sustainability targets for completion by 31 December 2012. We will report on our progress against these targets in our 2012 Sustainability Report.

WHAT

Sustainability management

WHY

Maintaining the highest standards in term of ethical responsibility and good citizenship enhances our reputation and helps to build trust amongst our stakeholders – especially project affected communities.

HOW

- Establish an internal Sustainability Committee which supervises the implementation of the Sustainability Strategy and defines plans and specific activities.
- Define a set of Sustainability KPIs applicable to operating sites, in order to better measure performance achieved.
- Combine sustainability reporting from operating sites with the HSE periodic reporting, in order to better integrate sustainability into the HSE management systems.
- Introduce specific sustainability issues in the induction training courses for newly hired employees.
- Continue carrying out specific audits about sustainability issues at operating sites.

Chapter 3

LOCAL DEVELOPMENT

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 a number of 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.

In this section...

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continued

3.1 Progress against commitments

| COMMITMENTS MADE IN SUSTAINABILITY REPORT 2010 | ACTIONS IN 2011 | PROGRESS |
|---|--|----------|
| Maintain excellent relations with local communities, ensuring they receive support to meet their own health and social needs. | During the year the Relation Managers and the Project Managers have been in constant contact with the local communities and their representatives, implementing projects to better meet their own needs. | ✓ |
| Continue implementation of a model to calculate the social benefits of Salini projects in local communities. | During the year a first step of the project has been implemented. In 2012 it will continue with a focus on a specific representative country. | ➔ |
| Adopt Organisational Models and establish Integrity Boards for the most relevant Group Companies. | During the year the preliminary assessment activities have been carried out. In 2012 these activities will be completed and the new Organisational Models will be adopted. | ➔ |

✓ Achieved ➔ In progress ✗ Not met/rescheduled

FOCUS ON:

Helping local communities in need in Ethiopia



Salini is strongly committed to helping local communities across its countries of operation and our support is targeted to address challenges affecting local populations.

HIV/AIDS continues to be a major challenge to the health and development of many African nations. In Ethiopia, Salini has implemented an HIV/AIDS prevention and control programme in collaboration with the Ethiopian Electric Power Corporation. Activities that we have supported include behaviour change communication through peer education and information materials, condom distribution and voluntary counselling and testing services and training.

In Ethiopia we have also contributed to the construction of the Gefersa Mental Health Rehabilitation Centre in Addis Ababa. The Gefersa Centre includes facilities for occupational therapies and rehabilitation of patients. The Centre's focus is on rehabilitation, re-integration, contact with family and social acceptance through the work of a team of psychiatrists and doctors. Salini is proud to be participating in this project, promoted by the National Initiative for Mental Health in Ethiopia.

3.2 Job creation

The first measure of Salini's contribution to local growth is job creation in host countries. The Group adopts a strategy oriented towards the use of the local workforce in areas where projects are located.

Hiring of local personnel

In 2011, 92% of Group staff consisted of local employees – the equivalent of 14,197 full-time employees. Within our African continent operations, local personnel make up some 11,676 employees, or 96% of personnel. The use of local workforces worldwide has increased by 2% since 2010.

Group policies require that management roles in operational sites are primarily undertaken by expatriate Italian employees.

Developing local skills and competencies

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 employment standards adopted.

3.3 Supporting local supply chains

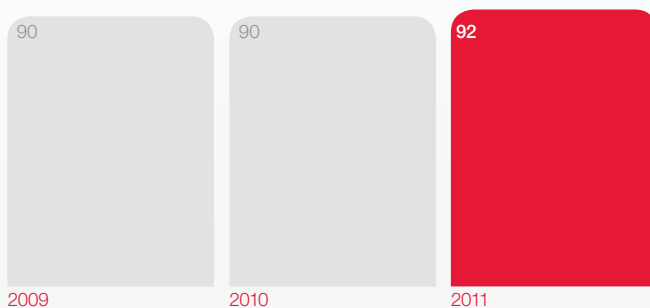
In addition to the job creation in countries where the Group operates, Salini provides opportunities for economic development to the providers of goods and services based in host countries. The Group's supply strategy aims to satisfy the project's requirements as much as possible within the territories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

Local supply chain spend

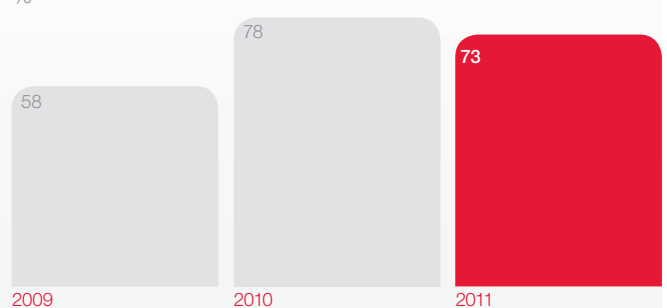
In 2011, Salini's links with local providers of goods and services – considered as suppliers, contractors and subcontractors in the country where the project is implemented – remained strong. Indeed, in 2011 the percentage of spending on local-based providers of goods and services was equal to an average of 73%⁸. In monetary terms, the total amount of Salini's spend on locally-based providers of goods and services was €797 million⁹ in 2011, of which €318 million was in Europe, €275 million was in Asia and €204 million was in Africa.

The potential to procure from local businesses depends primarily on the capacity of local providers of goods and services to ensure supply in the quantities and qualities necessary for the implementation of each project. This explains the variation in local spend in Africa compared to Asia and Europe, as shown in graph on local spending by region.

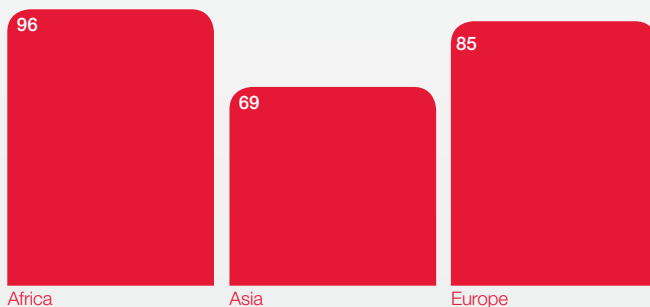
Proportion of local personnel %



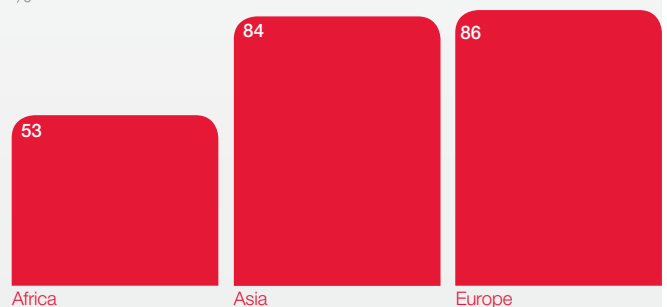
Proportion of spending on locally-based providers of goods and services %



Local personnel in 2011 by region %



Spending on locally-based providers of goods and services in 2011 by region %



⁸ The decrease of 5% in comparison to 2010 is due to the entrance of the new project 'CMT Copenhagen –Cityringen' (Denmark), that has non-local subcontractors totalling €46 million.
⁹ Data include only the supplies for operational sites, excluding headquarters and other offices.

Local development continued

Salini's procurement procedures

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). 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 deliver on this commitment, Group companies require that their partners comply with specific rules and standards, including Salini's ethics, HSE and human rights-related principles. The Group has a duty to assure the reliability, integrity and professionalism of 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. Furthermore, in Italy suppliers are bound 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 penalised with cancellation of the contract.

During and after the execution of contracts, Salini supports and monitors its subcontractors in order to improve their performance regarding quality, health, safety and the environment. Specific training activities are regularly delivered on these issues. Salini is committed to sharing its knowledge and skills with local suppliers and subcontractors in order to develop strong partnerships, promoting their growth and technical improvement.

3.4 Enhancing local wealth

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.

Managing community relationships

Salini's approach to local communities varies depending on the type of contract and the client's requirements. Salini directly interacts with communities when it operates as a general contractor in EPC (Engineering, Procurement and Construction) contracts. When Salini performs only some phases of the project, we engage with the community under the client'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; and
- initiatives for socio-economic development, carried out directly or in collaboration with the client.

Salini pays great attention to the socio-environmental context of the territories in which it works, preparing detailed plans for managing and monitoring its most significant impacts – including community issues. These activities are carried out in the design phase of projects, in accordance with the legislative and contractual requirements.

SUBCONTRACTORS' MONITORING



M06 Road Project (Ukraine)

Specifically, in M06 Road Project (Ukraine) periodic monitoring audits are carried out by the HSE service on the subcontractors in order to check the treatment of its personnel. To this end HSE service interviews subcontractors' personnel verifying the regularity of the salary payment, supply of the Personal Protective Equipment, cases of human rights' violation, etc.

COMMUNITY RELATIONSHIPS



Jenikal-Salyan Road Project (Azerbaijan)

In the Jenikal-Salyan Road Project (Azerbaijan), Todini has created a specific communication system with the communities affected by the project. In addition to the project information given to allow people to understand the project's importance and the impacts on the territory, the company has dedicated a phone-line to answer any grievances and constituted a Grievance Committee. Moreover, periodic public meetings are planned and carried out with the community.

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 site management, who seek to identify solutions to meet local needs.

Community investment

Salini's attention to the needs of local communities becomes apparent through a wide range of programmes and activities. In short, Salini evaluates local communities' needs and provides them with the means to address sanitation, housing and recreational requirements. In the last few years, the Group has allocated significant resources to developing buildings, schools, hospitals and roads, and has also secured the distribution of energy, water and healthcare to host communities. Globally during 2011 Salini carried out 70 projects of this kind, of which 34 were related to infrastructure investments and 36 to social initiatives. Our expenditure totalled €792,600 during the year. The community expenditure made by Salini in 2011 went mostly to Africa, followed by Europe and Asia. In the reporting period, data on these community interventions shows that most expenditure related to the Group's work are in the roads and motorways sector.

Community investments (Unit no.)

| | Africa | Asia | Europe | Total |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Infrastructure development projects | 26 | 6 | 2 | 34 |
| Social support projects | 16 | 11 | 9 | 36 |
| Total | 42 | 17 | 11 | 70 |

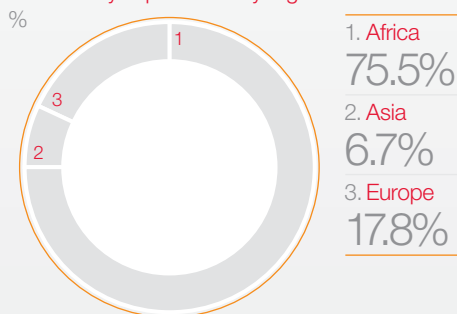
Besides donations and contractual requirements, infrastructure investments may also result from the reuse or reallocation of Group facilities, such as access roads to sites, offices and worker accommodation, which are made available for the community once the project has been completed. During the delivery of projects, local communities can also access some of these facilities, such as on-site clinics, training rooms, wells, roads and bridges.

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.

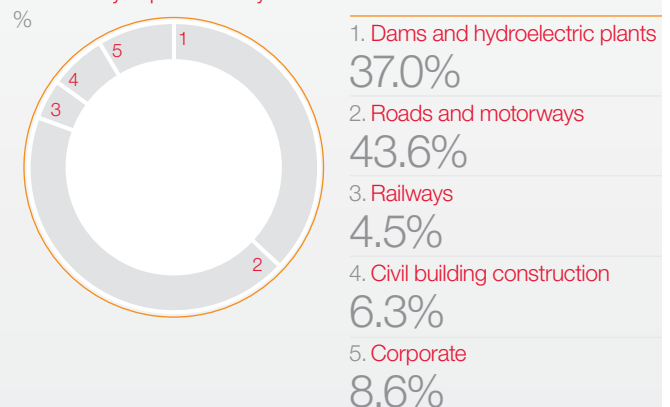
REDUCING INCONVENIENCES FOR CITIZENS

In Algeri (Algeria), Todini is delivering a hydraulic project in the city centre. The project has implemented a special technique called 'Milano' which releases micro pales to strengthen soil, allowing work to continue in densely populated residential areas while avoiding damage to existing buildings and street closures.

Community expenditure by region in 2011



Community expenditure by sector in 2011



Local development continued

3.5 Business integrity worldwide

Salini conducts its business worldwide in accordance with the principles of legitimacy, fairness, transparency and verifiability of the corporate Code of Ethics.

Salini's Code of Ethics

The Code of Ethics 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 entering into a direct or indirect relationship act in line with these principles. 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.

Internal Control System

In order to identify, minimise and manage business risks to which the Group companies are exposed the Internal Control System plays a key role. It is the central element of the Corporate Governance System¹⁰.

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. In 2011 the Internal Audit Division has carried out 29 audits at Headquarters and at operating sites.

The Organisational Management and Control 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. In December 2011 the Model was updated to include environmental crimes¹¹.

The Group pays close attention to the business processes exposed to corruption risks and the Internal Audit Division focuses its activities on these areas. 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.

3.6 Future commitments

Salini has set itself the following sustainability targets for completion by 31 December 2012. We will report on our progress against these targets in our 2012 Sustainability Report.

THE INTEGRITY BOARD

In accordance with the Italian Legislative Decree no. 231/2001, in 2003 an Integrity Board was established to reflect evolving social norms and relevant regulations. The Board checks compliance with the Code through inspections which are carried out by the Internal Audit Division. All recipients of the Code can use a direct mailbox to provide information to the Integrity Board regarding possible breaches. The Board manages this process to ensure anonymity and protection.

WHAT

Local communities and human rights

WHY

Maintaining constructive relationships with local communities and ensuring direct support and protection of human rights grants us a licence to operate.

HOW

- Finalise human rights assessment tool in co-operation with Global Compact Network Italy members.
- Start a pilot project at an operating site to identify an underrepresented group within the local community and assess its specific needs, with the aim of developing initiatives to support this group.

¹⁰ 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).

¹¹ Environmental crimes have been introduced into the Italian Legislative Decree no. 231/2001 (article 25 undecies) in July 2011.

3.7 Performance data sheet

| Performance indicator | Unit | 2009 | 2010 | 2011 | GRI Reference |
|--|----------|-------|--------|---------------|---------------|
| Proportion of spending on locally-based suppliers by category¹ | | | | | EC6 |
| Africa | | | | | |
| Materials | % | 51% | 56% | 44% | |
| Subcontracts, consultings and shipments | % | 38% | 58% | 67% | |
| Leasing and rentals | % | 16% | 23% | 23% | |
| Capital assets (amortisation on charges) | % | 31% | 37% | 43% | |
| Total local supplies in Africa | % | 41% | 53% | 53% | |
| Asia | | | | | |
| Materials | % | 98% | 84% | 91% | |
| Subcontracts, consultings and shipments | % | 87% | 87% | 85% | |
| Leasing and rentals | % | 58% | 36% | 64% | |
| Capital assets (amortisation on charges) | % | 84% | 92% | 78% | |
| Total local supplies in Asia | % | 87% | 84% | 84% | |
| Europe | | | | | |
| Materials | % | 100% | 100% | 99% | |
| Subcontracts, consultings and shipments | % | 100% | 99% | 80% | |
| Leasing and rentals | % | 100% | 83% | 85% | |
| Capital assets (amortisation on charges) | % | 100% | 100% | 99% | |
| Total local supplies in Europe | % | 100% | 99% | 86% | |
| Total | | | | | |
| Materials | % | 65% | 76% | 67% | |
| Subcontracts, consultings and shipments | % | 58% | 85% | 78% | |
| Leasing and rentals | % | 32% | 45% | 57% | |
| Capital assets (amortisation on charges) | % | 47% | 76% | 69% | |
| Total local supplies | % | 58% | 78% | 73% | |
| Employees from local community | | | | | |
| | | | | | EC7 |
| Africa | no. | 8,870 | 9,031 | 11,676 | |
| | % | 95% | 95% | 96% | |
| Asia ² | no. | – | 1,285 | 1,259 | |
| | % | 0% | 63% | 69% | |
| Europe | no. | 347 | 1,242 | 1,262 | |
| | % | 100% | 95% | 85% | |
| Total employees from local community | no. | 9,217 | 11,558 | 14,197 | |
| | % | 90% | 90% | 92% | |
| Community expenditure by region | | | | | |
| | | | | | EC8 |
| Africa ³ | euro/000 | 1,890 | 2,105 | 599 | |
| Asia | euro/000 | 0 | 51 | 53 | |
| Europe | euro/000 | 107 | 729 | 141 | |
| Total | euro/000 | 1,997 | 2,885 | 793 | |

¹ Data includes only the supplies for operational sites, excluding headquarters and other offices.

² In 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.

³ 2011 data was affected by the termination of Gibe II project and Gefersa Mental Health Rehabilitation Centre in Ethiopia. In addition, it should be noted that 2010 data was affected by a non-recurrent event, related to the celebration for the 50th anniversary of Nigeria's independence, promoted and organised by Salini Nigeria Ltd.

Chapter 4

CARE FOR OUR PEOPLE

Salini believes that its human resources are strategically important to future growth, since they make a significant contribution to achieving the Group's objectives.

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4.1 Progress against commitments

| COMMITMENTS MADE IN SUSTAINABILITY REPORT 2010 | ACTIONS IN 2011 | PROGRESS |
|--|--|----------|
| Launch of the new e-learning tool to train employees on the Code of Ethics, the Organisational Model and other issues worldwide. | During the year the tool was launched at some pilot sites. In 2012 it will be extended to other sites as well as other topics (e.g. induction, safety at work and anti-corruption). | |
| Complete the mapping of employee competencies and the implementation of the Human Resources management system, with the release of a process for careers management and the adoption of an MbO system. | In 2011 the project's action plan was defined, with the delivery of the first stage. The project is due to be finalised in 2012. | |
| 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. | In 2011 the project started with assessments in a number of sensitive countries. In 2012 we will establish a specific structure at our Headquarters who will be in charge of security systems. | |
| Strengthen the H&S organisational structure, increasing the number of dedicated staff at Headquarters and at operating sites. | During 2011 the Group has increased its H&S manpower at our Headquarters. A number of overseas projects still need to appoint OHS resources. | |
| Improve safety performance in the workplace, in particular reducing the accident frequency index to 2009 levels. | In 2011 the global accident frequency rate fell to 14.74, with a reduction of 14% in respect of 2010 and 6% compared with 2009. | |
| Arrange specific training courses at every operating site on primary H&S risks. | Training sessions have been delivered by Headquarter personnel during supporting site visits. | |

Achieved In progress Not met/rescheduled

Leaders

The well-balanced mix of young people and experienced staff ensures know-how and expertise is steadily transferred to the next generation of leaders.

4.2 Focusing on people

Salini Group employee profile

At the end of 2011, the Group employed 15,508 people worldwide, of which 38.4% were under 30 years old and 50.6% were between 30 and 50 years old. In comparison with 2010, our workforce increased by 2,635 employees (+20.5%). The majority of our workforce are based in the Africa region (78.7%).

Site workers represent the majority of our people (13,033). Worker numbers fluctuate according to the phase of projects and the duration of contracts, which are mostly fixed-term contracts. Headquarters personnel are almost permanent contracts¹².

Human resource management policy

Equal opportunities, non-discrimination, physical and moral integrity, fairness, honesty and professional enhancement guide the Group with regards to human resources management. To manage the complex processes of personnel recruitment, management and development in an organised and structured manner, the Group implemented a specific Human Resource Management policy in 2007 which was updated in 2011.

Attracting and retaining talent

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.

Personnel management

Personnel management is undertaken at the Group's Headquarters in Rome, which manages all employees operating in EU, as well as European management and technical-administrative staff or TCN¹³ operating outside of Europe. In non-EU sites, administrative management of local personnel is undertaken directly by site management and is mainly focused on recruitment, administration, theoretical and field training, evaluation, and compensation.

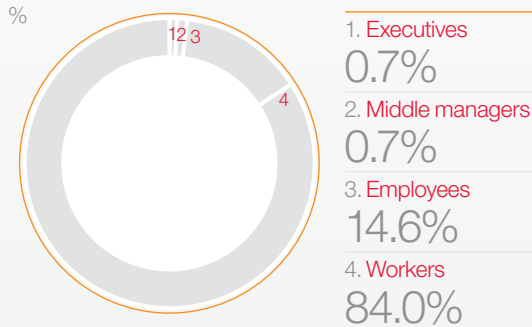
4.3 Development of human resources

Salini is strongly committed to employee professional growth to enhance knowledge and awareness, particularly regarding health, safety, human rights and anti-corruption policies and procedures (in line with Legislative Decree no. 231/2001). The well-balanced mix of young people and experienced staff ensures know-how and expertise is steadily transferred to the next generation of leaders.

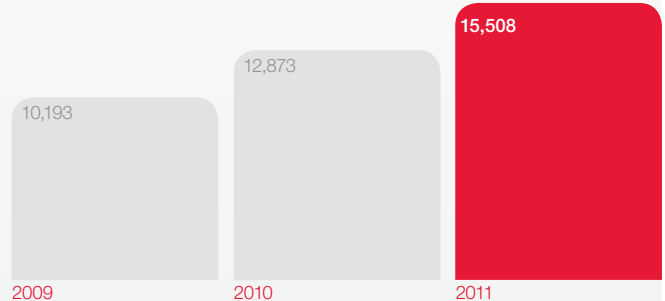
Staff training and development

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 promotes the exchange of knowledge 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.

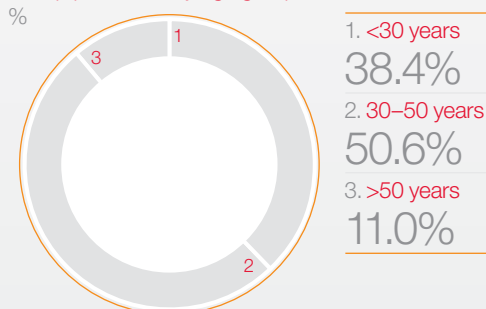
Group personnel by category in 2011



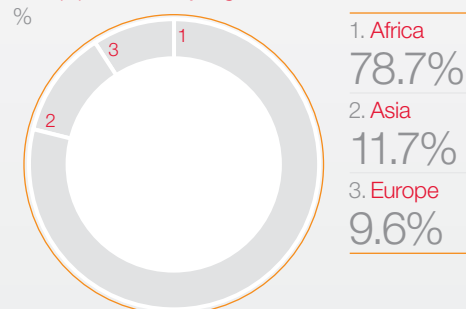
Group personnel no.



Group personnel by age group in 2011



Group personnel by region in 2011



¹² The number of fixed-term contracts at headquarters is irrelevant in respect to the total workforce.

¹³ TCN (Third-Country National) is considered an 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).

Care for our people continued

An office dedicated to Organisational Development issues was established in 2009 to define a structured system for tailoring training and development activity. Training needs are specifically identified following a gap analysis of 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 a targeted and more efficient way.

Data on training hours shows the great commitment towards HSE issues, representing 89.2% of the global training hours¹⁴.

Besides HSE, training is also delivered on role-specific issues, languages, administration, the Code of Ethics and Organisational Model (Legislative Decree no. 231/2001), and privacy. Training data does not include on-the-job training activities carried out at operating sites.

Performance management system

Another pillar of the HR Development Model is represented by Salini's Performance management system, which measures and evaluates competencies, performance objectives, behaviours and potential of the Group's employees according to their role in a defined period. The system is in place for the personnel managed by the Group's Headquarters and aims to:

- link an individual's achievements and performance to an appropriate role profile and benefits;
- monitor and update records on an individual employee's professional development;
- differentiate performance levels to inform salaries;
- provide information that feeds into action plans for individual training and development; and
- plan 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.

Compensation and benefits

Salini's compensation policy ensures that – in addition to an individual's merits – 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 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 healthcare, a complementary pension system, accommodation, a company car, economic support for child education, a contribution to relocation expenditure and company loans.

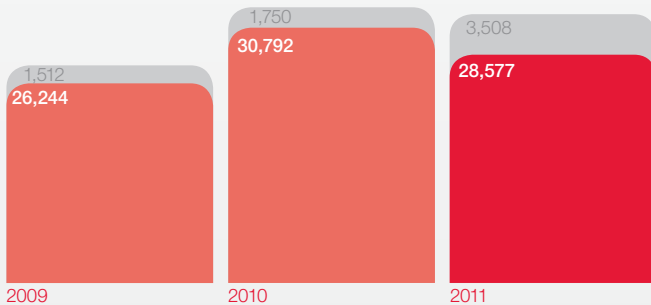
The Group is 100% compliant in the payment of minimum wages required by relevant authorities.

WORKER COMMUTING



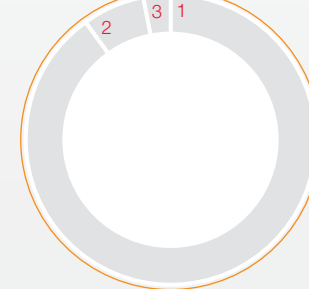
A system of collective transportation is granted at most of Salini's operating sites. Workers are provided with a free means to reach their workplace in a safe way. The use of collective transport also reduces greenhouse gas emissions and other air pollution resulting from the use of private vehicles.

Training hours by workplace
no.



■ Operating sites ■ Headquarters

Training in 2011 by topic
%



1. Health, Safety and Environment

89.2%

2. Languages

6.9%

3. Others

3.9%

¹⁴ Data does not include training hours provided to Todini operating sites' workforce, except e-learning training.

Equal opportunities

Salini is committed to addressing issues of gender discrimination by ensuring that women are entitled to the same opportunities as their male counterparts concerning employment, compensation and career progression.

The issue of equal opportunities has been mainly tackled at the Headquarters in Rome, where women represent 33% of the total workforce. In contrast, at operating site level, the vast majority of workers are men. In consideration of the current low level of females at Todini's personnel, the Company has set the objective to increase the number of senior female staff employed in the next few years.

Considering the issue of equal compensation, notably that men and women of an equal level should receive the same salary, in 2011 the ratio between actual remuneration paid to women and men employed by Salini is 86%¹⁵. This represents a 3% decrease in wage disparity compared with 2010. The gaps are generally accounted for by the higher seniority of men compared to women. It should be underlined that management posts, which account for the highest level of Group management tasks, are made up predominantly of men.

4.4 Health and safety

Salini recognises the utmost importance of occupational health and safety and the protection of employees and third parties during all activities within its offices or operating sites.

Health and safety policy

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 the principle that all accidents can be prevented. We also apply the strictest health and safety standards wherever possible.

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

The Group's commitment to health and safety 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 procedures ensure the effective management of safety including risk assessments, planning and implementation of training, employee engagement activity and performance monitoring.

Women personnel by workplace in 2011
%



Women personnel by category in 2011
%



¹⁵ Calculation is made on the basis of the gross wages paid, rather than minimum wages required by law for each category. As Salini applies national or site-specific collective agreements, ratio of basic salary of women compared with men's ones is equal to 1.

Care for our people continued

Injuries rates

In 2011, injury performance for Group employees saw a decrease in the Injury Frequency Rate (IR¹⁶) by 14% while the Severity Index (LDR¹⁷) increased by 4%. The IR was affected by the fall of the Lost Time Injuries occurred in 2011, decreased of 172 compared with 2010.

Unfortunately, during the year we tragically lost four of our colleagues, three at Gibe III (Ethiopia) and one at Idu Industrial Area (Nigeria). At Gibe III one of our colleagues was fatally injured during the maintenance of the RCC plant, while the others two were involved in vehicle accidents during operational activities. At Idu the accident involved our colleague at a crushing plant during a maintenance operation.

Furthermore, in October 2011 a commuting accident involved a minibus which was transporting 33 workers from Gibe III site to Yello Village, at the end of the nightly shift. The vehicle went out of the road to avoid a collision with an oncoming vehicle. The driver and two passengers were fatally injured.

We recognise our commitment to provide safe working conditions across all our operations and we are firmly dedicated to reducing health and safety risks. The variability of the working environment at construction sites can result in unforeseeable events despite rigorous risk, health and safety management procedures. In response to the fatal accidents we conducted deep internal investigations that identified causes and responsibilities. As a result, we have identified specific areas of improvement. Besides the installation of additional protective measures at plants involved in accidents, we identified the need to do more efforts in awareness and training of our personnel, in particular with reference to vehicles use.

Despite the deterioration in global Severity Index, the situation at the majority of projects has noticeably improved. Indeed, in Asia the Injury frequency rate (IR) decreased of about 40% and the Severity index (LDR) of 65%. The best performance were recorded in South-West Roads (lots 9–14) in Kazakhstan (–71% for IR and –80% for LDR). Also in Europe both the indexes saw a decrease (–15% for IR and –29% for LDR). The best performance were recorded in Variante di Valico project in Italy (–20% for IR and –22% for LDR). In Africa there was improvement at Sfax-Gabes (–36% for IR and –85% for LDR) in Tunisia, Bujagali Hydropower (–68% for IR and –52% for LDR) in Uganda and Algiers Inter-city collector (–45% for IR and –39% for LDR) in Algeria.

Contractor accident reporting

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.

Representation and agreements on HSE

In addition to general agreements on some issues including selected HSE issues, there are specific agreements with trade unions on operating sites such as Copenhagen Metro, Gibe III and Bujagali Hydropower.

Salini applies current Italian legislation in all its worldwide operations, establishing worker safety representatives (RWS) at every operating site. These representatives also take an advisory role on the Group's policy on managing workers' health and safety risks. The RWS are often trade union representatives. Salini recognises the continuing importance of engaging with trade unions mainly on HSE issues.

Workforce health and wellbeing

In our Italian operations, a company health service carries out regular health surveillance campaigns, based on specific labour-related risks affecting its people – both for Headquarters and for operating sites. The Group also provides an additional level of medical care by offering employees and their families' access to public and private health facilities.

In each operating site outside of Italy, medical facilities are in place in order to provide 24-hour medical advice and ambulance service and a guarantee that each work shift has access to medical staff. Moreover, all operating sites have a pharmacy to provide access to urgently required medicines and those needed for the treatment of chronic diseases that may affect workers.

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.

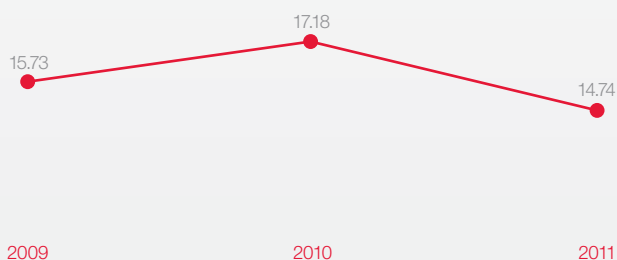
At non-EU operating sites all personnel receive prophylaxis information. They are also informed about disease prevention and control procedures. In countries where malaria is endemic, special attention is paid to the prevention protocols suggested by the World Health Organisation.

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 this legislation.

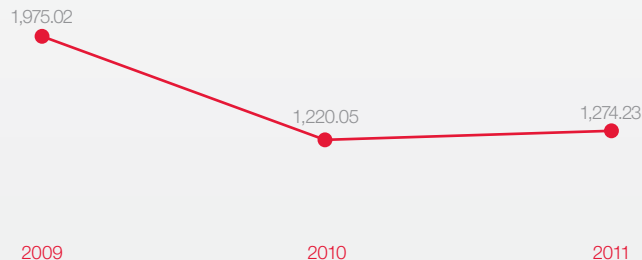
Injury frequency rate

IR



Severity Index

LDR



¹⁶ IR represents the number of injuries occurred each 1 million of worked hours and it is calculated as indicated in the Glossary (6.3).

¹⁷ LDR represents the number of days lost as a consequence of injuries each 1 million of worked hours and it is calculated as indicated in the Glossary (6.3).

FOCUS ON:

Taking care of employees and their families' health



Salini is aware that health is a fundamental right of all people, not just its employees and have put in place a service to support the daily needs of employees and their families, both in Italy and abroad.

In Italy, besides the health company service mentioned above, Salini provides health insurance to each employee, and their partners and children. Outside of Italy, medical facilities are in place in each operating site in order to provide 24-hour medical advice. Salini makes these health facilities available to employees' family members at operating sites, as well as to local people for any acute and serious medical matters.

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

14%

The decrease in 2011 in the Injury Frequency Rate (IFR) due to the fall of the Lost Time injuries in comparison with 2010.

Care for our people continued

4.5 Human rights

In some geographical areas in which Salini operates – especially outside of Europe – there is a risk of human rights violation.

Policy commitments and compliance

Salini has implemented specific policies and procedures aimed at promoting 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.

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

Rights of employees

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. All Group employees have contractual recourse to a form of collective agreement¹⁸, which ensures equal rights and treatment on equal conditions. In particular, 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. 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 reference¹⁹.

Incidents of discrimination

During the reporting period, no cases of discrimination or violation of workers and local communities' human rights within the Group's activities were recorded.

4.6 Security at operating sites

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

Security risk assessments

Salini always assesses potential risks faced in countries with security problems and, if needed, implements specific plans to properly protect sites. Security managers in collaboration with the client hold periodic meetings with local communities in order to create a safer climate of mutual trust in the operating sites. They also help sites to adopt the most appropriate protection measures by setting up specific mitigation programmes based on prevention, protection and information.

In the near future, Salini is planning to implement more defined security management procedures in addition creating a dedicated structure within the Human Resources Division for security personnel.

Many of our projects are considered 'sensitive assets' by governments and local authorities and are therefore protected by them. Operating sites are sometimes monitored and protected by the local military and police, as well as our own caretaker and internal security.

Security managers at operating sites are committed to training security personnel in respect of both employees' and local communities' human rights.

100%

Group employees covered by a form of collective agreement, which ensures equal rights and treatment on equal conditions.

HUMAN RIGHTS ASSESSMENT



Besides compliance activities at its operating sites, Salini participates to a working group within the Global Compact Network Italy aimed at developing a human rights assessment tool based on the new Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council in June 2011 for the implementation of the 'UN Protect, Respect and Remedy' Framework. The working group is composed by both business and non-business organisations and it is intended to elaborate a common due diligence process to identify and manage human rights risks. The process will be tested by the participants within their own organisations in order to refine it.

¹⁸ If local legislation does not provide for national collective agreements, bargaining is undertaken at the operating site between the Company and the unions.

¹⁹ In Italy, the minimum notice period ranges from one week (for workers with seniority less than three years) to 16 weeks (for executives with families), as required by the National Collective Labour Agreement of reference. In some cases, both in Italy and abroad, the notice period is directly paid to the workers.

4.7 Local personnel management

The management and administration of local personnel varies according to the legislation of the host Country – although it does have similarities. To ensure equal treatment among all personnel, Salini formalised an operating procedure in July 2011 to standardise local personnel management worldwide.

Recruitment of local personnel

Local personnel at the operating site level can be employed as permanent or temporary workers. The latter status is only permitted for a limited period, according to 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 temporary workers.

For permanent workers, recruitment is carried out with the support of local agencies (for medium-low vacancies), advertisements in local newspapers and at local universities (for high-medium vacancies). We also refer to company records for people who have already worked for Salini in a particular region.

Preventing underage or illegal employment

To avoid any irregularities or violations of laws, local Human Resources offices check applicant documents with the help of local lawyers, in order to detect possible falsifications, mainly related to the age of applicants. Salini does not hire young workers²⁰, even in countries where it is allowed by local legislation.

To reduce the potential of being implicated in human rights abuses, the Group seeks to avoid using labour from agencies wherever possible and pays all wages directly to the employees, and does not pay them by means of third parties.

Employee representation

Local workers' representatives are in place at every site in order to ensure adequate information sharing and good relations with the management team.

4.8 Future commitments

Salini has set itself the following sustainability targets for completion by 31 December 2012. We will report on our progress against these targets in our 2012 Sustainability Report.

WHAT

Human Resources management

WHY

Creating a working environment in which knowledge, motivation and teamwork spirit are recognised helps to attract and retain the best talent.

HOW

- Extend the e-learning tools to the operating sites not covered yet, with the progressive addition of other topics.
- Finalise the mapping of employee competencies and the Human Resources management system, with the adoption of an MbO system.
- Establish the new centralised security management system for the entire Group.

WHAT

Health and Safety

WHY

Improving safety conditions in the workplace and protecting subcontractors and local communities is a moral and legal obligation.

HOW

- Reduce the IR of 10% in comparison with 2011 rate.
- Develop, plan and arrange specific training sessions on management responsibilities and safety matters as per Italian law.
- Increase number of audits carried out at project level.
- Improve safety standards when working at height through the development of a corporate guideline.
- Ensure constant evaluation and monitoring of projects' OSH resources adequacy.
- Define a professional development plan for H&S personnel, both in terms of personal development and career advancement.

²⁰ People younger than 18 years of age.

4.9 Performance data sheet

| Performance indicator ¹ | Unit | 2009 | 2010 | 2011 | GRI Reference |
|------------------------------------|------|--------|--------|---------------|---------------|
| Total personnel by category | | | | | LA1 |
| Executives | no. | 62 | 85 | 101 | |
| Middle managers | no. | 66 | 88 | 106 | |
| Employees | no. | 1,145 | 1,778 | 2,268 | |
| Workers | no. | 8,920 | 10,922 | 13,033 | |
| Total | no. | 10,193 | 12,873 | 15,508 | |

| | | | | | |
|----------------------------------|-----|--------|--------|---------------|-----|
| Total personnel by region | | | | | LA1 |
| Africa | no. | 9,340 | 9,794 | 12,210 | |
| America | no. | 2 | 2 | 3 | |
| Asia | no. | 487 | 2,036 | 1,812 | |
| Europe | no. | 364 | 1,041 | 1,483 | |
| Total | no. | 10,193 | 12,873 | 15,508 | |

| | | | | | |
|----------------------------------|---|------|------|-------------|-----|
| Total personnel by region | | | | | LA1 |
| Africa | % | 92% | 76% | 79% | |
| Asia | % | 5% | 16% | 12% | |
| Europe | % | 4% | 8% | 9% | |
| Total | % | 100% | 100% | 100% | |

| | | | | | |
|---|-----|--------|--------|---------------|-----|
| Total personnel by workplace | | | | | LA1 |
| Italian Headquarters | no. | 162 | 218 | 238 | |
| Italian Operating sites | no. | 185 | 684 | 444 | |
| Foreign Operating sites (personnel managed centrally) | no. | 495 | 665 | 1,348 | |
| Foreign Operating sites (personnel managed locally) | no. | 9,351 | 11,306 | 13,478 | |
| Total | no. | 10,193 | 12,873 | 15,508 | |

| | | | | | |
|--|---|-----|-----|------------|-----|
| Total women personnel by category | | | | | LA1 |
| Executives | % | n/a | n/a | 6% | |
| Middle managers | % | n/a | n/a | 17% | |
| Employees | % | n/a | n/a | 33% | |
| Workers | % | n/a | n/a | 4% | |
| Total | % | 7% | 8% | 8% | |

| | | | | | |
|---|---|-----|-----|------------|-----|
| Total women personnel by workplace | | | | | LA1 |
| Italian Headquarters | % | 36% | 35% | 33% | |
| Operating sites | % | n/a | n/a | 8% | |

| | | | | | |
|-------------------------------------|---|-----|-----|------------|------|
| Total personnel by age group | | | | | LA13 |
| Italian Headquarters | | | | | |
| <30 years | % | 6% | 7% | 13% | |
| 30–50 years | % | 70% | 69% | 63% | |
| >50 years | % | 23% | 24% | 24% | |
| African Operating sites | | | | | |
| <30 years | % | n/a | n/a | 41% | |
| 30–50 years | % | n/a | n/a | 50% | |
| >50 years | % | n/a | n/a | 9% | |

| Performance indicator ¹ | Unit | 2009 | 2010 | 2011 | GRI Reference |
|---|------|-------|------|--------------|---------------|
| Asian Operating sites | | | | | |
| <30 years | % | n/a | n/a | 32% | |
| 30–50 years | % | n/a | n/a | 51% | |
| >50 years | % | n/a | n/a | 17% | |
| European Operating sites | | | | | |
| <30 years | % | n/a | n/a | 27% | |
| 30–50 years | % | n/a | n/a | 52% | |
| >50 years | % | n/a | n/a | 21% | |
| Total personnel by educational qualification | | | | | |
| Italian Headquarters | | | | | |
| Compulsory education | % | 2% | 2% | 2% | |
| High school | % | 52% | 48% | 43% | |
| University | % | 46% | 50% | 55% | |
| Operating sites | | | | | |
| Compulsory education | % | n/a | n/a | 61% | |
| High school | % | n/a | n/a | 34% | |
| University | % | n/a | n/a | 5% | |
| Employees' hired by category² LA2 | | | | | |
| Executives | no. | 8 | 4 | 8 | |
| Middle managers | no. | 3 | 4 | 8 | |
| Employees | no. | 14 | 52 | 38 | |
| Workers | no. | – | 73 | – | |
| Total | no. | 25 | 133 | 54 | |
| Employees left by reason² LA2 | | | | | |
| Resignations | no. | 10 | 118 | 9 | |
| Retirements | no. | 4 | 4 | 1 | |
| Contract expiries | no. | 6 | 5 | 2 | |
| Deaths/inabilities to work | | – | – | 2 | |
| Dismissals due to project phases | no. | 1 | 117 | 8 | |
| Dismissals due to disciplinary causes | no. | – | – | – | |
| Relocations | no. | – | – | 10 | |
| Resolutions by mutual consent | no. | – | 5 | 2 | |
| Total | no. | 21 | 249 | 34 | |
| Hired personnel turnover² LA2 | | | | | |
| By gender | | | | | |
| Men | % | n/a | n/a | 15.1% | |
| Women | % | n/a | n/a | 7.6% | |
| By age group | | | | | |
| <30 years | % | n/a | n/a | 8.0% | |
| 30–50 years | % | n/a | n/a | 13.4% | |
| >50 years | % | n/a | n/a | 1.3% | |
| Total rate of hired personnel turnover | % | 15.4% | 4.9% | 22.7% | |

Care for our people
continued

| Performance indicator ¹ | Unit | 2009 | 2010 | 2011 | GRI Reference |
|---|------|------|-------------------|-------------|---------------|
| Leaving personnel Turnover² | | | | | LA2 |
| By gender | | | | | |
| Men | % | 4.3% | 3,8% ³ | 3.0% | |
| Women | % | 1.9% | 0,5% ³ | 0.8% | |
| By age group | | | | | |
| <30 years | % | 1.2% | 0.4% | 0.0% | |
| 30–50 years | % | 4.3% | 3.4% | 1.7% | |
| >50 years | % | 0.6% | 0.4% | 2.1% | |
| Total rate of leaving personnel turnover | % | 6.2% | 4,3% ³ | 3.8% | |

| Personnel injuries rates⁴ | | | | | LA7 |
|---|-------|------------|------------|-------------------|-----|
| Hours worked (WMH) | hours | 34,006,772 | 40,155,891 | 35,072,813 | |
| Fatalities (FTL) ⁵ | no. | 8 | 5 | 4 | |
| Injuries with permanent disability ⁶ | no. | – | – | 1.16 | |
| Injuries with temporary disability (LTI) | no. | 527 | 685 | 513 | |
| Lost working days (LWD) | dd | 7,164 | 11,492 | 6,006 | |
| Injury frequency rate (IR) | | 15.73 | 17.18 | 14.74 | |
| Severity Index (LDR) | | 1,975.02 | 1,220.05 | 1,274.23 | |

| Injury rates by sector⁴ | | | | | LA7 |
|---|-----|----------|----------|-----------------|-----|
| Dams and hydroelectric plants | IR | 18.74 | 19.60 | 13.05 | |
| | LDR | 1,932.24 | 1,153.99 | 1,375.11 | |
| Roads and motorways ⁷ | IR | 3.55 | 12.18 | 16.33 | |
| | LDR | 2,134.60 | 1,401.61 | 1,128.11 | |
| Railways ⁷ | IR | 66.66 | 43.21 | 64.51 | |
| | LDR | 2,648.68 | 2,831.68 | 2,939.08 | |
| Civil building construction | IR | 0.00 | 10.19 | 15.99 | |
| | LDR | 0.00 | 112.05 | 731.55 | |

| Employees Injury rates by region⁴ | | | | | LA7 |
|---|-----|----------|----------|-----------------|-----|
| Africa | IR | 17.91 | 18.27 | 15.49 | |
| | LDR | 2,045.51 | 1,386.78 | 1,477.14 | |
| Asia | IR | 1.18 | 2.23 | 1.35 | |
| | LDR | 1,546.88 | 68.88 | 23.86 | |
| Europe | IR | 66.66 | 40.66 | 34.75 | |
| | LDR | 2,648.68 | 1,589.47 | 1,130.32 | |

| Absentee Rate (AR) by work place⁸ | | | | | LA7 |
|---|---|-----|-----|-----------|-----|
| Operating sites | % | n/a | n/a | 1% | |
| Italian Headquarters | % | 6% | 8% | 5% | |
| Global absentee rate | % | n/a | n/a | 1% | |

| Total training hours by employee category⁹ | | | | | LA10 |
|--|-------|--------|--------|---------------|------|
| Executives | hours | 280 | 276 | 655 | |
| Middle managers | hours | 228 | 297 | 624 | |
| Employees | hours | 1,633 | 1,464 | 2,989 | |
| Workers | hours | 25,615 | 30,505 | 27,817 | |
| Total number of training hours | hours | 27,756 | 32,542 | 32,085 | |

| Performance indicator ¹ | Unit | 2009 | 2010 | 2011 | GRI Reference |
|--|------------------|------|------|------------|---------------|
| Average pro-capite hours of training by employee category⁹ | | | | | LA10 |
| Executives | pro-capite hours | 4.5 | 4.5 | 7.6 | |
| Middle managers | pro-capite hours | 3.5 | 4.7 | 7.0 | |
| Employees | pro-capite hours | 1.4 | 1.2 | 1.8 | |
| Workers | pro-capite hours | 2.9 | 3.4 | 2.6 | |
| Average number of hours of training per employee | pro-capite hours | 2.7 | 3.2 | 2.6 | |

| | | | | | |
|--|-------|--------|--------|---------------|------|
| Total Training hours by topic⁹ | | | | | LA10 |
| Corporate Management and Quality | hours | 329 | 196 | 419 | |
| Health, Safety and Environment | hours | 26,195 | 31,310 | 28,639 | |
| Code of Ethics, D. 231, Privacy | hours | 223 | 110 | 250 | |
| Languages | hours | 860 | 250 | 2,203 | |
| Administration | hours | 36 | 212 | 294 | |
| Specialised | hours | 113 | 464 | 280 | |
| Total | hours | 27,756 | 32,542 | 32,085 | |

| | | | | | |
|---|---|-----|-----|------------|------|
| Female/Male salary ratio¹⁰ | | | | | LA14 |
| Average Female/Male Annual Gross Salary ratio | % | 69% | 83% | 86% | |

n/a: not available

1 For 2009 and 2010 data please refer to the footnotes published in the Sustainability Report 2010.

2 Data concerns Headquarters personnel, except 2010, which includes Todini's operating sites as well.

3 Comparative data has been restated due to a miscalculation occurred in the Sustainability Report 2010.

4 Data does not include Headquarters personnel because it is considered not material for the calculation of the rates.

5 Fatalities in 2011 refer totally to men and have all occurred in Africa. In addition to these ones there are three fatalities that are not included in the statistic because it is concerning a commuting accident. For more detail please refer to the paragraph 4.4 'Health and safety' sub-paragraph 'Injuries rates'.

6 Data concerns the aggregate percentages of permanent disabilities recognised to the injured workforce.

7 In the 2010 Sustainability Report 2009 and 2010 data of the sectors 'Roads and motorways' and 'Railways' were combined as 'Transport Infrastructures'.

8 Operating sites' data does not include sick days of personnel managed locally in the calculation of the rates.

9 Data does not include training hours provided to Todini operating sites' workforce, except e-learning training. Pro-capite hours are calculated on total headquarters personnel, Salini's operating sites personnel and Todini's operating sites personnel involved in e-learning.

10 Data does not include personnel managed locally. Nevertheless, the ratio can be considered indicative of the entire Group because these workers are almost entirely men.

Chapter 5

ENVIRONMENTAL PROTECTION

Despite the many economic and societal benefits of construction, the sector is regarded as having a large environmental impact – particularly in regards to resource consumption, habitat loss and waste and pollution to land, air and water. Salini is committed to mitigating our environmental impacts by applying international best practice in the management of these issues.

In this section...

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Appendix

GRI data and assurance report

Environmental protection
continued

5.1 Progress against commitments

| COMMITMENTS MADE IN SUSTAINABILITY REPORT 2010 | ACTIONS IN 2011 | PROGRESS |
|---|---|----------|
| Update the parent company Organisational Management and Control model to include the risks associated with environmental crime. | In 2011 the Organisational Management and Control mode was updated to include environmental crimes for the parent company and in March 2012 for Todini Costruzioni Generali S.p.A. | ✓ |
| Progressively extend the environmental management system (EMS) to all Group companies. | During the year the established EMS has been extended to Salini S.p.A. and Todini Costruzioni Generali S.p.A. – both of whom are now implementing it. | ➔ |
| Strengthen the Environmental organisational structure, increasing the number of dedicated staff at Headquarters and at operating sites. | During 2011 the environmental organisational structure has increased its manpower at Headquarters. A number of overseas projects are still to appoint additional Environmental Engineers. | ➔ |
| Enhance the management of specific environmental issues, such as rocks and soil, hazardous materials and waste. | These issues are addressed regularly. Salini Headquarters is also developing specific procedures to provide a guidance tool for project personnel. | ✓ |
| Arrange specific training courses at every operating site on key Environmental issues. | During the year training sessions have been delivered by Headquarters personnel during supporting site visits. | ✓ |

✓ Achieved
 ➔ In progress
 ✗ Not met/rescheduled

FOCUS ON:

Ecosystem mitigation activities and energy-saving initiatives



Salini aims to mitigate the environmental impacts of its projects by adopting proactive energy-saving solutions and restoring ecosystems affected by its activities.

One specific example of this relates to an energy-saving initiative at the Gibe III project, in Ethiopia. An energy saving system has been installed on the conveyor of the RCC (roller-compacted concrete) plant. The system uses special electronic devices capable of saving energy when the conveyor moves concrete from the batching plant to the dam. Tests conducted in 2011 showed that energy saving amounted to 47%. This rate is expected to grow further when the system is at full capacity.

Another example of ecosystem protection is in Sardinia (Italy) at a road construction site (Cagliari – Capo Boi). Through detailed analysis of the local ecosystem, Salini has carried out reforestation activities with native species and has covered physical structures (e.g. tunnel accesses, technological plants) with local materials. Our sensitive approach has also protected local fauna by establishing a faunal underpass and has minimised accident damage to fauna through the construction of protective fences. Other interventions include an irrigation system to optimise water consumption, in a region characterised by water scarcity.

5.2 Climate change

Climate change is now widely recognised as a major global environmental challenge. High consumption of fossil fuels is believed to be the primary cause of global warming, which in turn leads to increased unpredictable precipitation, rising sea levels, contamination of coastal freshwater reserves, increase of catastrophic floods, and spread of pests and diseases once limited to the tropics.

To limit the rise of global temperature to 2°C the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) estimate that it will be necessary to cut at least 50% of global GHG emissions by 2050, compared with 2005. Salini is implementing a programme of emissions reduction, particularly from our largest emissions source, direct fuel combustion (scope 1, according to the GHG Protocol).

Climate change and the construction sector

For the construction sector climate change poses significant challenges. The impact of more frequent natural disasters such as flooding, and new regulations for environmental protection are major risks affecting our industry. These risks, however, also represent new business opportunities, including requirements for new buildings and infrastructures which are resilient to a changing climate, as well as the growth in demand for large-scale renewable energy solutions such as hydroelectric dams.

Salini strictly monitors its climate change risks and opportunities and ensures its environmental management system is able to minimise risks and maximise opportunities where appropriate.

Measuring our carbon footprint

Salini is one of the first Italian construction companies to calculate and report its greenhouse gas emissions in line with the globally recognised GHG Protocol standard.

| CO ₂ emissions as per scope | Tonnes CO ₂ |
|---|------------------------|
| Scope 1: Direct emissions (from direct combustion of fuel) | 185,159 |
| Scope 2: Indirect emissions (from purchased electricity consumption) | 10,621 |
| Scope 3: Other indirect emissions (from business travel and goods shipment) | 26,905 |

Salini is committed to reducing its direct emissions by replacing periodically its plant, machinery and fleet with more efficient models. However, the main opportunity to reduce Salini's emissions comes from linking the Group's plants and facilities to power grids, thereby reducing the use of diesel generators. During 2011 many sites have been connected to power grids, with the result that emissions from diesel generators have been reduced by 5.5% compared to 2010.

During 2011 we extended our organisation-wide carbon footprint mapping to goods shipments. The Group is committed to maintain the highest rate possible of sea shipments (equal to 95% of total shipments in 2011), since this is the method with the lowest associated carbon-emissions.

Main climate change-related risks and opportunities at Salini

| Opportunities | Financial implications |
|--|--|
| Greater demand of renewable energy | Higher business opportunities in the field of hydropower constructions Greater revenues from Dams and hydroelectric plant activities. |
| 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. |
| 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. |
| Risks | Financial implications |
| 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. |
| 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). |
| New regulations in the raw materials supply-chain | Higher prices of raw materials and fossil fuels, due to effects of emission trading systems. |

Environmental protection continued

5.3 Biodiversity

Biodiversity and ecosystems protection is becoming the new frontier of environmental management, due to the deep impacts of biodiversity degradation on human society – including pollution, loss of access to clean water and food security. While restoring activities is a critical component of environmental management, conservation programmes represent the least costly option to protect ecosystems effectively.

Assessing biodiversity impacts

At Salini operating sites project impacts on ecosystems are analysed during the planning phase, according to ESIA procedures (see box), with the results taken into account in the construction process. The Group is committed to preserving and protecting biodiversity in areas surrounding its operating sites. We continually monitor potential impacts and work closely with local authorities to achieve legal or regulatory compliance. Local flora and fauna are protected by careful management of water, construction areas, quarries and landfill sites.

In recent years, the Gibe III project (Ethiopia) has been criticised about its potential environmental and social impacts. It should be noted that the ESIA study for this project has been carried out within the framework of local, national and international environmental regulations and all the relevant documentation can be consulted and downloaded at the official project website www.gibe3.com.et. In particular, the impact from the reservoir in term of population displacement will be negligible, because the impounded water will be confined within the gorge of the Omo river that is extremely unhealthy and virtually uninhabited. To the contrary, the Gibe III project will ensure renewable, clean energy, thereby enabling sustainable economic progress in one of the world's poorest areas.

Protected areas

In the reporting period, Salini has not carried out projects in protected areas and only five infrastructure projects (motorways) were located adjacent to protected areas. These projects are situated in Albania, Azerbaijan, Italy and Tunisia and represent a total area of around 12km².

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

Reclamation of affected areas

Salini is committed to reclaiming 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.

Reclamation activities are mandatory or agreed with clients, and are 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). 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 appreciated by local communities and authorities, given that they obtain a direct benefit from Salini's presence beyond a project delivery.

In 2011 the Group reclaimed 77,639m² of former quarries and landfill areas, and carried out over 146,178m² of reforestation and topsoil restoration activities. Reforestation activities were undertaken using native plants grown in the nurseries at operating sites. Any restoration activity has concerned protected areas or areas of high biodiversity value.

MONITORING ACTIVITIES IN SENSITIVE AREAS

At the Jenikal-Salyan Road Project (Azerbaijan), which is located near a protected area, Todini adopts innovative solutions to control its vehicles and better protect the biodiversity. A remote traffic control system using a GPS device is installed on each vehicle, allowing monitoring of truck routes, material spillages and accidents.

| | Albania | Azerbaijan | Italy | Tunisia | Tunisia |
|--|--|---|---|---|-----------------------------|
| Project name | Levan-Dames | Jenikal-Salyan | Cagliari-Capo Boi | La Marsa | Stax-Gabes |
| Sector | Roads and motorways | Roads and motorways | Roads and motorways | Roads and motorways | Roads and motorways |
| Location | South-West Albania, Fier prefecture | South-East Azerbaijan | South Sardinia, in Quartu Sant'Elena area (adjacent to Cagliari) | North-East Tunisia, between Tunis and the coastal town of La Marsa | East Tunisia – city of Sfax |
| Environmental context | Agricultural area | Agricultural area | Coastal area | Urban area | Desertic area |
| Main activities carried out in the area | Construction of a motorway, with in situ excavation of quarries' materials | Construction of a motorway | Construction of a motorway and galleries, with use of existing quarries as landfills of rocks and soils | Construction of a motorway, without in situ excavation of quarries' materials | Construction of a motorway |
| Size of operating site | 1.2 Km ² | 4.18 Km ² | 0.7 Km ² | 0.04 Km ² | 6 Km ² |
| Position in relation to protected areas | Adjacent to protected areas | Adjacent 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 | National Park and Mud Volcano Nature Reserve (Durovdag Mud Volcano) | Settefratelli-Monte Gesis – regional park (under establishment) | Sebkhet Ariana – wetland zone of national importance | Réserve naturelle El Gonna |

FOCUS ON:

Environmental and Social Impact Assessment



The Environmental and Social Impact Assessment (ESIA) is an in-depth evaluation of a proposed project. It aims to assess the relationship between the proposed project and the environment to help decision makers determine whether and under what conditions the project will proceed.

Salini actively assists its clients to develop ESIA's, providing its engineering knowledge and expertise. ESIA's are developed taking 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). ESIA's are usually made available for public consultation by proponents, to provide the necessary information to interested parties.

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.

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) |

Environmental protection continued

5.4 Efficient use of natural resources

Salini's material flow²¹

| INPUT | |
|--|--------------------------|
| Major raw materials | |
| Concrete | 1,743,629 t |
| Asphalt | 1,241,813 t |
| Aggregates | 6,861,690 t |
| Cement | 199,099 t |
| Bitumen | 50,576 t |
| Metallic materials | 64,550 t |
| Reused materials | |
| Excavated rocks and soils reused within the projects | 3,783,176 m ³ |
| Energy | |
| Gasoline | 132,226 GJ |
| Diesel | 2,314,195 GJ |
| Natural gas | 153,536 GJ |
| Aviation gasoline | 5,392 GJ |
| Kerosene | 2,136 GJ |
| Electricity purchased | 85,632 GJ |
| Water | |
| River | 5,448,735 m ³ |
| Ground water | 725,666 m ³ |
| Municipal supply | 816,276 m ³ |
| Lake | 4,501 m ³ |
| GROUP ACTIVITIES | |
| Dams and hydroelectric plants | |
| Roads and motorways | |
| Railways | |
| Civil building construction | |
| OUTPUT | |
| Greenhouse gas (in terms of CO₂) | |
| From vehicles | 132,482 t |
| From electricity generators | 44,467 t |
| From purchased electricity | 10,621 t |
| From plants | 7,819 t |
| From corporate flights | 2,440 t |
| From goods shipping | 24,856 t |
| Waste | |
| Construction waste | 203,301 t |
| Excavation waste | 1,161,025 t |
| Demolition waste | 4,802 t |
| General waste | 8,694 t |
| Waste recycling | |
| Waste recycling and reused | 185,896 t |

²¹ Environmental data reported in this Report relates to the major Group's operating sites active at the end of 2011. Specifically, the data relates to 36 operating sites covering the 95% of total 2011 revenues from projects.

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 unnecessary use of materials, and to maximise the efficiency of material warehousing and operational functions.

Rocks and soil represent the primary material handled at construction sites and for this reason we consider as crucial to manage them properly. Salini has developed a specific system to classify and store rocks and soil excavated during its activities, in order to reuse them in the construction processes. In 2011 this method enabled the reuse of the 49% of the volume of the whole rocks and soil handled. The possibility of reusing these materials depends on the projects' needs and their qualitative features.

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. Other 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).

Numerous initiatives and projects take place at operating sites to save energy, including: replacing equipment with more efficient models; implementing energy saving lighting systems; switching technologies used at plants (e.g. from diesel to natural gas); installing energy recovery systems (as explained in the box at page 42).

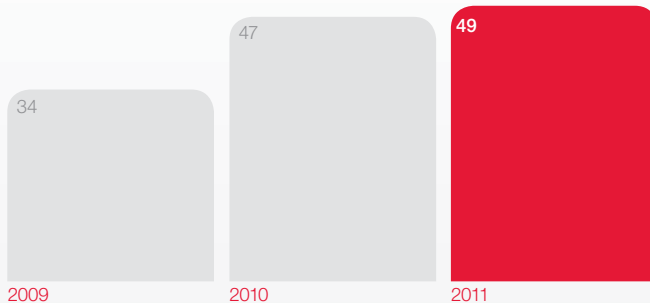
Water use

Salini uses a significant amount of water for its activities. Water is withdrawn from a variety of sources according to local availability and 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), as well as for non production uses (offices, canteens, houses and irrigation).

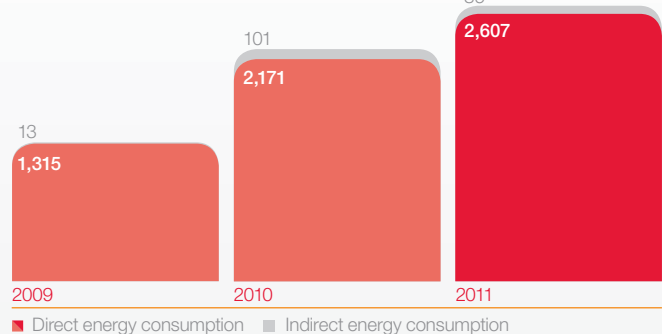
When setting up an operating site, the Group analyses local water availability in order to achieve a well-balanced mix of sources and to avoid significant stress on a single source. Thanks to this approach, no single water source has been significantly affected by Salini's activity in this reporting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

During 2011 water consumption from lakes were strongly reduced, due to completion of Beles Multipurpose project (Ethiopia), where Tana Lakes water was used.

Rocks and soil reused within the projects
%



Energy consumption
GJ/000



ASPHALT RECYCLING

Asphalt concrete represents the main resource used in road projects. In the Ukraine, Todini is rehabilitating several lots of the highway which links the capital city Kiev with the western city of Chop. 2.3 million tonnes of asphalt are expected to be laid down for the completion of the project. To minimise the impact on natural resources and reduce the amount of waste, Todini is recycling the pre-existing asphalt through special plants. In 2011, 18% of total asphalt produced came from recycling and at the end of project this rate will increase up to 26%.

ENERGY-SAVING SOLUTIONS

In most of the operating sites in Nigeria an energy-saving solution was put in place, creating a unique place where all the power units are unified with a parallel-machine system. The power units, before dislocated in various areas of the operating site, are now more efficient. In fact, this system allows to generate the same quantity of electricity with less fuel consumption.

22 According to EN9 Indicator Protocol of GRI-G3.1 a 'significant' withdrawal accounts for an average of 5% or more of the annual average volume of a given water body.

Environmental protection continued

5.5 Environmental protection

In line with the requirements of ISO 14001, practices to manage climate change, biodiversity impacts and natural resource use are periodically reviewed by the top management, who assign targets to ensure ongoing performance improvements.

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 TSS (Total 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 area, the domestic wastewater is discharged to public sewers, complying with the qualitative and quantitative limits provided by the sewer companies.

Noise and vibration management

Noise and vibration issues are important both in terms of worker health and in 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.

To minimise 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 and performing any necessary restoration work once the excavation activity has been completed.

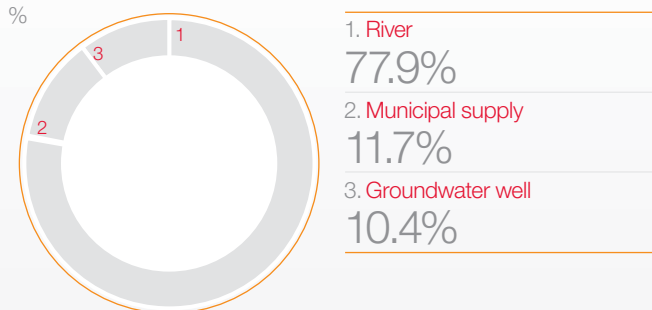
In the reporting period, Salini has successfully adopted for the first time in Italy an innovative technology, called compensation grouting, capable of addressing subsidence issues during excavation activities at Metro B1 project in Rome (Italy).

Disposal and recycling of waste

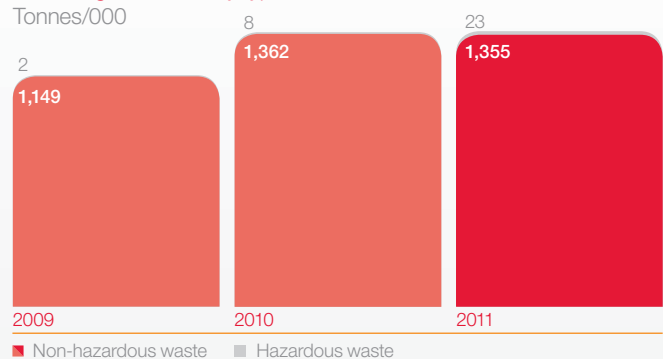
Large-scale construction works produce huge amounts of waste, primarily rocks and soil, construction and demolition waste, containers for construction materials, waste oil, filters, used tyres, lubricants and hydraulic fluids.

Waste management plans represent one of the most important elements of Salini's environmental management system. They are developed as part of the design phase of a construction project. The plans are set up to manage waste in a proper manner, complying with all applicable regulations. According to these plans, waste must be

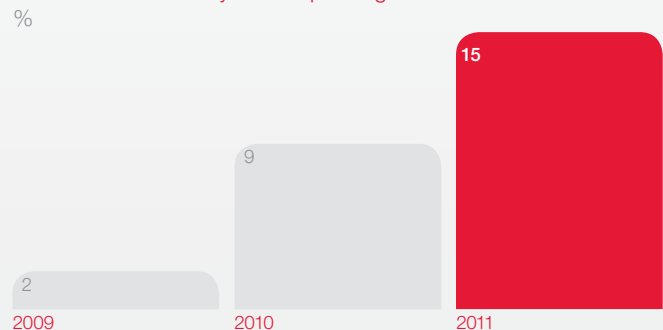
Total water withdrawal by source in 2011



Total weight of waste by type



Waste reused and recycled at operating sites



collected in specific areas and recycled wherever possible, while the remainder is sent to waste contractors with appropriate waste disposal facilities. In Africa, and to a lesser extent in other regions, some scrap materials (steel, wood) are donated to local communities.

Hazardous waste mainly consists of asphalt, bituminous products, waste water, oil and used batteries. These materials are sent to external waste contractors to recycle and/or dispose them appropriately.

Since 2008, when Salini started to monitor waste, the rate of waste reused and recycled has grown steadily. This represents the best indicator of the effectiveness of our actions in regards to waste management.

It should be noted that in June 2011 Public Prosecutor's Office of Florence (Italy) has charged Todini, the client and the other contractors involved in the Variante di Valico project (only for Tuscany area) with some environmental offences. The offences regard waste and water management in the period 2005–2010. At the moment the competent authorities has not sequestered any operating sites' area and, at the beginning of 2012, have required the remand for all the companies' representatives involved.

The Group's approach towards authorities' control activities is always of whole cooperation, aimed at determining actual course of events.

Environmental pollution

Salini carefully manages liquid materials to prevent environmental accidents, by implementing effective spill control measures to eliminate or contain any spill of chemicals, oils, fuels and hazardous waste. These measures aim to prevent adverse impacts on the environment and the sub-soil.

5.6 Future commitments

Salini has set itself the following sustainability targets for completion by 31 December 2012. We will report on our progress against these targets in our 2012 Sustainability Report.

WHAT

Environmental protection

WHY

Ensuring protection of natural resources and biodiversity, enhancing employees' awareness about environmental issues which in turn improves our risk management.

HOW

- Enhancement of waste and hazardous substances management throughout the development of corporate guidelines.
- Increase of number of audits carried out at project level.
- Constant evaluation and monitoring of project environmental resource adequacy.
- Define a professional development plan for Environmental personnel, both in terms of personal development and career advancement.

WATER RECYCLING SYSTEM



At Bujagali Hydro Power project (Uganda) and South West Road Projects (Kazakhstan) a special water treatment plant is active to allow the recycling and reusing of industrial water. These plants create a closed-loop system, capable of saving thousands of cubic metres of water every year.

Environmental protection continued

5.7 Performance data sheet

| Performance indicator | Unit | 2009 | 2010 | 2011 | GRI Reference |
|---|------|-----------|-----------|------------------|---------------|
| Materials used by category | | | | | EN1 |
| Non-renewable raw materials | | | | | |
| Cement | t | 148,398 | 183,078 | 199,099 | |
| Bentonite ¹ | t | 583 | 433 | 34 | |
| Bitumen ² | t | 921 | 52,711 | 50,576 | |
| Metallic material | t | 40,761 | 69,206 | 64,550 | |
| Aggregates ³ | t | 741,992 | 915,391 | 6,861,690 | |
| Total non-renewable raw materials | t | 932,656 | 1,220,818 | 7,175,949 | |
| Renewable raw materials | | | | | |
| Woody material ⁴ | t | 4,803 | 10,575 | 7,317 | |
| Total renewable raw materials | t | 4,803 | 10,575 | 7,317 | |
| Semi-manufactured goods produced internally | | | | | |
| Concrete | t | n/a | n/a | 478,242 | |
| Asphalt | t | n/a | n/a | 1,000,071 | |
| Total semi-manufactured goods produced internally | t | n/a | n/a | 1,478,313 | |
| Semi-manufactured goods or parts from external suppliers | | | | | |
| Prefabricated elements of reinforced concrete ¹ | t | 31,435 | 70,865 | 54,408 | |
| Ready-made concrete | t | 279,555 | 1,196,313 | 1,265,387 | |
| Ready-made asphalt | t | 2,332 | 106,126 | 241,743 | |
| Others ⁵ | t | – | 5,094 | 550 | |
| Total semi-manufactured goods or parts from external suppliers | t | 313,322 | 1,378,399 | 1,562,088 | |
| Associated process materials | | | | | |
| Lubricant – Motor oil | l | 436,165 | 569,476 | 523,979 | |
| Lubricant – Hydraulic oil | l | 357,775 | 492,159 | 426,599 | |
| Lubricant – Grease | Kg | 94,531 | 62,774 | 77,247 | |
| Tyres | no. | 16,212 | 17,217 | 19,171 | |
| Accumulators | no. | n/a | n/a | 5,554 | |
| Explosives | t | 359 | 1,277 | 1,000 | |
| Waste materials reused | | | | | EN2 |
| Rocks and soils from excavation | % | 34% | 47% | 49% | |
| Direct energy consumption by primary energy source | | | | | EN3 |
| Non-renewable energy sources | | | | | |
| Gasoline for traction | GJ | 22,541 | 99,784 | 132,226 | |
| Diesel for traction | GJ | 742,833 | 1,415,804 | 1,700,833 | |
| Diesel for electricity generation | GJ | 543,022 | 649,123 | 613,363 | |
| Kerosene | GJ | 31 | 731 | 2,136 | |
| Natural gas ⁶ | GJ | 0 | 77 | 153,536 | |
| Aviation gasoline | GJ | 6,092 | 5,172 | 5,392 | |
| Total non-renewable energy sources | GJ | 1,314,520 | 2,170,692 | 2,607,486 | |
| Renewable energy sources | | | | | |
| Total renewable energy sources | GJ | – | – | – | |
| Total direct energy consumption | GJ | 1,314,520 | 2,170,692 | 2,607,486 | |

| Performance indicator | Unit | 2009 | 2010 | 2011 | GRI Reference |
|--|------|--------|---------|---------------|---------------|
| Indirect energy consumption from external suppliers | | | | | EN4 |
| Electricity purchased from non-renewables sources | GJ | 10,586 | 83,470 | 73,782 | |
| Electricity purchased from renewables sources | GJ | 2,005 | 17,491 | 11,850 | |
| Total purchased electricity | GJ | 12,591 | 100,961 | 85,632 | |

| | | | | | |
|---|----------------|------------|------------|------------------|-----|
| Total water withdrawal by source | | | | | EN8 |
| Groundwater well ⁷ | m ³ | 236,450 | 476,719 | 725,666 | |
| River ⁸ | m ³ | 10,136,290 | 11,030,636 | 5,448,735 | |
| Lake ⁹ | m ³ | 5,549,796 | 2,462,424 | 4,501 | |
| Municipal supply | m ³ | 317,991 | 712,447 | 816,276 | |
| Total | m ³ | 16,240,527 | 14,682,227 | 6,995,178 | |

| | | | | | |
|--------------------------------------|----------------|------------|------------|------------------|-----|
| Total water withdrawal by use | | | | | EN8 |
| Production use | m ³ | 14,045,468 | 13,058,776 | 5,561,308 | |
| Civil use | m ³ | 2,195,059 | 1,623,451 | 1,433,870 | |
| Total | m ³ | 16,240,527 | 14,682,227 | 6,995,178 | |

| | | | | | |
|---|---|------|------|-------------|------|
| Position of operating sites in relation to protected areas | | | | | EN11 |
| In the area | % | – | – | – | |
| Adjacent to the area | % | – | 14% | 14% | |
| Containing portions of the area | % | – | – | – | |
| Not involved in the area (neither adjacent to) | % | 100% | 86% | 86% | |
| Total | % | 100% | 100% | 100% | |

| | | | | | |
|--|-------------------|--------|---------|----------------|------|
| Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions by primary energy source | | | | | EN16 |
| Gasoline for traction | t CO ₂ | 1,565 | 6,926 | 9,178 | |
| Diesel for traction | t CO ₂ | 53,853 | 102,641 | 123,304 | |
| Diesel for electricity generation | t CO ₂ | 39,367 | 47,059 | 44,467 | |
| Kerosene | t CO ₂ | 2 | 53 | 155 | |
| Natural gas | t CO ₂ | 0 | 4 | 7,664 | |
| Aviation gasoline | t CO ₂ | 441 | 375 | 391 | |
| Indirect purchased electricity | t CO ₂ | 1,781 | 11,830 | 10,621 | |
| Total direct and indirect greenhouse gas emissions | t CO ₂ | 97,009 | 168,887 | 195,780 | |

| | | | | | |
|--|-------------------|-------|-------|---------------|------|
| Other indirect greenhouse gas emissions by source (Scope 3) | | | | | EN17 |
| Business travels ¹⁰ | t CO ₂ | 2,955 | 4,177 | 2,049 | |
| Shipping of goods at working sites | t CO ₂ | n/a | n/a | 24,856 | |

| | | | | | |
|--------------------------------|----------------|------------|------------|------------------|------|
| Total wastewater by use | | | | | EN21 |
| Production use | m ³ | 13,822,870 | 12,784,158 | 5,375,411 | |
| Civil use | m ³ | 2,195,059 | 1,623,451 | 1,433,870 | |
| Total | m ³ | 16,017,929 | 14,407,610 | 6,809,281 | |

| | | | | | |
|--|----------------|------------|------------|------------------|------|
| Total wastewater by destination | | | | | EN21 |
| Sewers | m ³ | 210,150 | 331,532 | 533,784 | |
| Lands/surface waters | m ³ | 15,807,779 | 14,076,077 | 6,275,497 | |
| Total | m ³ | 16,017,929 | 14,407,610 | 6,809,281 | |

Environmental protection continued

| Performance indicator | Unit | 2009 | 2010 | 2011 | GRI Reference |
|--|------|-----------|-----------|------------------|---------------|
| Total weight of waste by type | | | | | EN22 |
| Non-hazardous waste | | | | | |
| Cement ¹¹ | t | 426 | 9,613 | 26,659 | |
| Metallic materials | t | 923 | 4,057 | 2,876 | |
| Wood | t | 551 | 1,728 | 1,056 | |
| Construction mixed waste ¹¹ | t | 55,786 | 105,627 | 151,121 | |
| Subtotal – Non-hazardous construction waste | t | 57,686 | 121,025 | 181,712 | |
| Demolition mixed waste | t | – | – | 4,802 | |
| Subtotal – Non-hazardous demolition waste | t | – | – | 4,802 | |
| Rocks, soils and cutting materials | t | 1,089,119 | 1,233,509 | 1,159,949 | |
| Other waste from excavation activity | t | – | – | 1,076 | |
| Subtotal – Non-hazardous excavation waste | t | 1,089,119 | 1,233,509 | 1,161,025 | |
| Frazzled tyres | t | 1,145 | 1,205 | 1,216 | |
| Urban mixed waste | t | 350 | 545 | 537 | |
| Others non-hazardous waste | t | 717 | 5,397 | 5,750 | |
| Subtotal – Non-hazardous general waste | t | 2,212 | 7,147 | 7,503 | |
| Subtotal – Non-hazardous waste | t | 1,149,017 | 1,361,681 | 1,355,042 | |
| Hazardous waste | | | | | |
| Asphalt, tar and bituminous products ¹² | t | 12 | 4,045 | 14,586 | |
| Waste resulting from the treatment of wastewater | t | 616 | 2,252 | 2,944 | |
| Soil and other contaminated waste ¹³ | t | 159 | 51 | 4,051 | |
| Paint, additives and solvents | t | 47 | 493 | 8 | |
| Subtotal – Hazardous construction waste | t | 835 | 6,841 | 21,589 | |
| Oil's scraps | t | 714 | 875 | 856 | |
| Batteries and accumulators | t | 161 | 322 | 259 | |
| Others hazardous waste | t | 269 | 309 | 76 | |
| Subtotal – Hazardous general waste | t | 1,144 | 1,507 | 1,191 | |
| Subtotal – Hazardous waste | t | 1,979 | 8,348 | 22,780 | |
| Total weight of waste | t | 1,150,995 | 1,370,028 | 1,377,822 | |
| Total weight of waste by disposal method | | | | | EN22 |
| Incineration | t | 98 | 67 | 16 | |
| Recycling/Reuse | t | 13,007 | 79,118 | 185,896 | |
| Landfill | t | 676,819 | 817,862 | 1,092,479 | |
| Temporary on-site storage ¹⁴ | t | 461,072 | 472,982 | 99,352 | |
| Unknown destination | t | – | – | 79 | |
| Total | t | 1,150,995 | 1,370,028 | 1,377,822 | |

| Performance indicator | Unit | 2009 | 2010 | 2011 | GRI Reference |
|---|----------------|------|------|-----------|---------------|
| Significant spills of chemicals and oils | | | | | EN23 |
| Spills < 5 litres | no. | 21 | 21 | 57 | |
| Spills between 5 and 100 litres | no. | 7 | 21 | 15 | |
| Spills > 100 litres | no. | 1 | 35 | 9 | |
| Contaminated material removed | m ³ | 15 | 41 | 27 | |

| | | | | | |
|---|----------------|---|---|---------------|------|
| Land involved in remediation activity¹⁵ | | | | | CRE5 |
| Land remediated ¹⁶ | m ² | – | – | 80,639 | |
| Land in need of remediation | m ² | – | – | 10,513 | |
| Land potentially contaminated but not yet analysed | m ² | – | – | – | |

| | | | | | |
|--|----------|---|-----|-----------|------|
| Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations | | | | | EN28 |
| Significant fines ¹⁷ | no. | – | 3 | 19 | |
| | euro/000 | – | 387 | 73 | |
| Non-monetary sanctions ¹⁸ | no. | – | – | 1 | |

| | | | | | |
|--|----------|-------|--------|---------------|------|
| Total HSE protection expenditures and investments by type | | | | | EN30 |
| Health and Safety protection costs | euro/000 | 570 | 1,546 | 1,591 | |
| Waste management, emission treatment and remediation costs | euro/000 | 4,825 | 7,708 | 8,828 | |
| Prevention and HSE management costs | euro/000 | 766 | 2,581 | 2,569 | |
| Total HSE expenditures and investments | euro/000 | 6,160 | 11,835 | 12,988 | |

n/a: not available

- 1 The decrease in 2011 is related to the completion of works at Beles Multipurpose project (Ethiopia) and the completion of activities with bentonite's consumption at La Marsa project (Tunisia).
- 2 2010 data has been restated due to a miscalculation in the Sustainability Report 2010.
- 3 2011 data comes from the site management accounting system, while 2009–2010 data are estimates based on rocks and soils.
- 4 The decrease in 2011 is related to the use of precast forms for concrete placing instead woody materials at Levan Dames project (Albania).
- 5 The decrease in 2011 is related to the completion of main activities at Variante di Valico project (Italy).
- 6 The increase in 2011 is related to the consumption at a new road project in Ucraina (M06 Road Contract 1 and 2).
- 7 The increase in 2011 is related to the water consumptions at Gibe III (Ethiopia), South-West Road project (Kazakhstan) and new projects in Nigeria.
- 8 The decrease in 2011 is related to the completion of works at Gurara dam (Nigeria) and Bumbuna dam (Sierra Leone).
- 9 The decrease in 2011 is related to the completion of works at Beles Multipurpose project (Ethiopia), where Tana Lake's water was used.
- 10 In 2011 data has been provided by the Group's travel services external provider, while 2009 and 2010 data has been calculated internally based on estimates.
- 11 The increase in 2011 is related to the works at the MetroB1 project (Rome), where have been carried out excavation of galleries and walls near the stations, with production of construction mixed waste.
- 12 The increase in 2011 is related to an activity of asphalt filing carried out at Bouira Motorway (Algeria), due to pavement imperfections. These waste have been reused in road restoration activities by the local administration.
- 13 The increase in 2011 is related to the excavation activities at Copenhagen Cityringen project (Denmark), where have been found contaminated soils, that have been subsequently reclaimed.
- 14 The main material temporary stocked on-site is represented by rocks, soils and cutting materials. The reduction in 2011 is related to a greater reuse of these materials during the year.
- 15 This indicator is provided by the 'Construction and Real Estate Sector Supplement', issued by GRI in 2011. This report already includes some of these indicators, which shall be reported by 2013.
- 16 Data relates to soils affected by potentially contaminant activities (jet grouting), spills of chemicals and plants with spills eventuality (e.g. water purification systems, asphalt plants).
- 17 The fines levied are related to the exploitation of some quarries in Kazakhstan before receiving permissions. Local legislation provide for more than 700 days for the issue of these permissions.
- 18 The fine levied is related to a missing permission for the wastewater at Metro B1 project (Italy). This permission, properly required to the authorities, was issued at the beginning of 2012.

Chapter 6

APPENDIX

In this section...

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6.1 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 Italia

6.2 Methodological Note

The Sustainability Report as of 31 December 2011 (hereinafter also referred to as the 'Sustainability Report 2011' or the 'Report') aims to provide reliable, complete, well-balanced, accurate and comparable information regarding Salini's values, strategies and performance during the reporting period.

Reporting cycle

The Sustainability Report is published annually on the responsibility of the Board of Directors of the Company.

Adherence to best practice standards

The Sustainability Report 2011 of the Salini Costruttori Group has been prepared in accordance with the updated version of the 'Sustainability Reporting Guidelines (version G3.1)' issued by Global Reporting Initiative (GRI) in 2011. 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.

Third-party assurance

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

Scope of the Report

The Sustainability Report 2011 contains an overview of the initiatives and activities carried out by the Group in 2011, as well as the performance data from the period 2009–2011. The information provided in the Report refers to Salini Costruttori S.p.A. and the consolidated companies.

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

- financial and social data (except injury rates) refers to the scope of the 2011 Consolidated Financial Statements;
- corporate governance data and information refers to the holding company Salini Costruttori S.p.A.;
- environmental data refers to a scope established based on the materiality of the operating sites during the 2011. Specifically, the report refers to 36 major operating sites on the basis of 2011 revenues, achieving a coverage of 95% of 2011 total revenue from projects. The operating sites excluded from the scope are considered as not material, both taken individually and as a whole;
- injury rates refer to the scope as per environmental data plus Beles Multipurpose Project (Ethiopia).

Comparative data (2009 and 2010) corresponds to the data reported in the Sustainability Report 2010, with the exception of the following:

- 2010 rate of employee turnover by gender has been re-stated;
- 2010 bitumen consumption has been re-stated;
- 2009 and 2010 materials used by category have been re-aggregated to reflect a new classification.

In setting the scope of environmental data, starting from the 22 operating sites reported in the Sustainability Report 2010, one site has been excluded (Beles Multipurpose Project) because its 2011 revenue was not material. Shown in the next page is the list of operating sites included in the scope of the environmental data for the 2011 report.

Appendix
continued

| Number | Country | Company | Sector | Project name |
|--------|--------------|---|-------------------------------|--|
| 1 | Albania | Todini Costruzioni Generali S.p.A. | Roads and motorways | Levan-Dames* |
| 2 | Algeria | Todini Costruzioni Generali S.p.A. | Roads and motorways | Bouira |
| 3 | Algeria | Todini Costruzioni Generali S.p.A. | Dams and Hydroelectric plants | Algiers Inter-city collector* |
| 4 | Azerbaijan | Todini Costruzioni Generali S.p.A. | Roads and motorways | Baku-Samachi* |
| 5 | Azerbaijan | Todini Costruzioni Generali S.p.A. | Roads and motorways | Baku-Samur* |
| 6 | Azerbaijan | Todini Costruzioni Generali S.p.A. | Roads and motorways | Jenikan-Salyand |
| 7 | Azerbaijan | Todini Costruzioni Generali S.p.A. | Roads and motorways | Kurdamir-Ujar (lots 1–2)* |
| 8 | Denmark | Salini Costruttori S.p.A. | Railways | CMT Copenhagen (Cityringen) |
| 9 | Ethiopia | Salini Costruttori S.p.A. | Dams and Hydroelectric plants | Gibe III* |
| 10 | Ethiopia | Salini Costruttori S.p.A. | Dams and Hydroelectric plants | Grand Ethiopian Renaissance Dam (GERD) |
| 11 | Georgia | Todini Costruzioni Generali S.p.A. | Roads and motorways | Liavkhvi Bridge Luisi Road Section |
| 12 | Italy | Metro B1 S.c.a.r.l./RI.MA.TI. S.c.a.r.l. | Railways | Metro B1* |
| 13 | Italy | Todini Costruzioni Generali S.p.A. | Roads and motorways | Variante di Valico (Lots 9–11)* |
| 14 | Italy | Todini Costruzioni Generali S.p.A. | Roads and motorways | Cagliari-Capo Boi* |
| 15 | Italy | Todini Costruzioni Generali S.p.A. | Dams and Hydroelectric plants | Fiume Samo |
| 16 | Italy | Todini Costruzioni Generali S.p.A. | Railways | MetroCampania – Secondigliano Alifana* |
| 17 | Italy | Zeis S.p.A. | Civil building construction | Terni/Corso del Popolo* |
| 18 | Kazakhstan | Salini Costruttori S.p.A. | Roads and motorways | South-West Roads projects (lots 1–5)* |
| 19 | Kazakhstan | Todini Costruzioni Generali S.p.A. | Roads and motorways | South-West Roads projects (lots 9–14)* |
| 20 | Malaysia | Salini Malaysia SDN | Dams and Hydroelectric plants | Ulu Jelai Hydroelectric project |
| 21 | Nigeria | Salini Nigeria Ltd. | Roads and motorways | District 1 |
| 22 | Nigeria | Salini Nigeria Ltd. | Dams and Hydroelectric plants | Gurara Dam* |
| 23 | Nigeria | Salini Nigeria Ltd. | Roads and motorways | Idu Industrial Area* |
| 24 | Nigeria | Salini Nigeria Ltd. | Roads and motorways | Inner Southern Expressway (ISEX) |
| 25 | Nigeria | Salini Nigeria Ltd. | Civil building construction | Millennium Tower – Cultural Centre* |
| 26 | Nigeria | Salini Nigeria Ltd. | Roads and motorways | Suleja |
| 27 | Sierra Leone | Bumbuna Power Gen. Co. Ltd. | Dams and Hydroelectric plants | Bumbuna (O&M)* |
| 28 | Sierra Leone | Salini Costruttori S.p.A. | Roads and motorways | Rehabilitation of urban roads |
| 29 | Tunisia | Todini Costruzioni Generali S.p.A. | Roads and motorways | La Marsa* |
| 30 | Tunisia | Todini Costruzioni Generali S.p.A. | Roads and motorways | Sfax-Gabes (lots 1–2) |
| 31 | UAE | Salini Costruttori S.p.A. | Roads and motorways | Dubai parallel roads 881 2C |
| 32 | UAE | Salini Costruttori S.p.A. | Roads and motorways | Dubai Ras al Khor* |
| 33 | Uganda | Salini Costruttori S.p.A. | Dams and Hydroelectric plants | Bujagali Hydro Power* |
| 34 | Ukraine | Todini Costruzioni Generali S.p.A. | Roads and motorways | Kiev-Chop* |
| 35 | Ukraine | Todini Costruzioni Generali S.p.A. | Roads and motorways | M06 Road Contract 1–2 |
| 36 | Zimbabwe | Salini Costruttori S.p.A. (in JV with Impregilo) | Dams and Hydroelectric plants | Mukorsi Dam |

* Projects already reported in the Sustainability Report 2010.

Other exceptions to the boundary are specified directly in the Report, particularly in the Performance data sheets' footnotes and 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 shown below.

Safety indicators

Safety indicators are calculated in accordance with an internal procedure used for recording, investigating and reporting accidents, aligned with the UNI (Italian organisation for unification) Guideline no. 7249–2007. Specifically, safety indicators take into account all the work-related injuries (and fatalities) that may have affected employees temporarily or permanently, such that they are unfit to carry out their regular job for any day/shift following the occurrence of an injury. Minor injuries are not included.

Lost days are calculated from the day after the occurrence of an accident and include the number of calendar days until the injured person can return to work.

For specific calculation formulas, see the glossary.

Commuting injuries and subcontractor 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 Company 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 specific volume have been performed.

Direct energy used

Calculations on consumption of direct energy are based on:

- factors provided by GRI-G3.1 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-G3.1 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 municipal supply 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

Calculation 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 (2011 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting) for goods shipment.

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 of Italy, data regarding 'used tyres' 'batteries and accumulators' and 'oil scraps' was estimated. For the first two categories, calculations were made by multiplying the number of tyres/batteries replaced during the year by the average weight of a used tyre/battery. A specific average weight was assigned to each tyre/battery category (for passengers, transport and work vehicles).

The calculation for oil scraps was made by multiplying the tonnes of oil used in each year by a standard factor, (i.e. for 1 tonne of oil used, 900 Kg became waste), adhering to the precautionary principle.

In Italy disposal methods have been determined according to the classification provided by law of each waste category. Outside of Italy, methods have been determined according to the specific contracts stipulated with the external waste contractors.

For more information

To speak to us about our approach to sustainability or for suggestions on how we can improve our sustainability reporting, please email:

sustainability@salini.it

Appendix continued

6.3 Glossary

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 (such as laws and regulations) 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 management and the Board of Directors.

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.

INJURY FREQUENCY RATE (IR)

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

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

where:

LTI = total number of accidents with temporary incapacity

FTL = total number of fatalities

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 risks, 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 organisations ability to provide products and services that meet the requirements of the law, of clients and the organisation itself.

LOCAL

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

- communities living near project 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 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 economic benefits. This technology takes advantage of the low cement content typical of the RCC method, which provides 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:

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

where:

gT = total days of temporary incapacity (LWD)

gP = total conventional days of permanent invalidity
(1 = 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. Relevant stakeholders include: clients, suppliers, lenders, 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' appeared 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, which enables the complete mechanisation of the excavation process, including finishing of tunnels and installation of safety structures. The use of TBMs enables a large increase in excavation speed, compared with the speed achieved by using the traditional Drilling and Blasting (D&B) method (excavation with the use of explosives).

Chapter 7

GRI APPLICATION LEVEL CHECK STATEMENT

In this section...

GRI Application Level Check Statement 61



Statement GRI Application Level Check

GRI hereby states that **Salini Costruttori Group** has presented its report "Sustainability Report 2011" 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 G3.1 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 G3.1 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, 19 June 2012

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

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **Salini Costruttori Group** has submitted (part of) 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 13 June 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Chapter 8

GRI AND UN GLOBAL COMPACT TABLES

In this section...

| | |
|---|----|
| GRI G3.1 Content Index | 62 |
| Global Compact principles – GRI indicators cross reference table | 71 |

GRI G3.1 Content Index

Profile

Disclosure* Status Cross-reference/Direct answer

STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and analysis

| | | |
|-----|---|--|
| 1.1 | ● | p. 5 (strategic priorities), p. 11 (main challenges and targets), p. 10, 20, 28 and 42 (main achievements), p. 17, 24, 35 and 49 (future commitments). |
| 1.2 | ● | p. 12-13. Salini has not formalised mid-term objectives and goals related to key sustainability risks and opportunities. |

2. Organisational profile

| | | |
|------|---|--|
| 2.1 | ● | p. 2 |
| 2.2 | ● | p. 2-3 |
| 2.3 | ● | For the Group's organisation chart see http://www.salini.it/en/gruppo/organigramma/ . For the Group's structure see p. 71-72 of the Consolidated Financial Statement 2011 http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2011/ |
| 2.4 | ● | Rome, Italy |
| 2.5 | ● | p. 3 (countries where Salini operates), p. 56 (countries covered in the report) |
| 2.6 | ● | Salini Costruttori S.p.A. is the holding company of the Group and is a non-listed stock company. For the other subsidiary companies see p. 71-72 of the Consolidated Financial Statement 2011 http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2011/ |
| 2.7 | ● | p. 2-3. 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 | ● | Inside front cover (main KPIs), p. 3 and 5 (main economic results). See also p. 9-10 of the Consolidated Financial Statement 2011 (main capital ratios) http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2011/ . At 31 December 2011 the Group had a capital stock equal to €62.4 million. |
| 2.9 | ● | See p. 58 of the Consolidated Financial Statement 2011 http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2011/ |
| 2.10 | ● | p. 16 |

3. Report parameters

| | | |
|------|---|--|
| 3.1 | ● | 2011 calendar year |
| 3.2 | ● | The Sustainability Report 2010 was published in October 2011 |
| 3.3 | ● | Annual |
| 3.4 | ● | sustainability@salini.it |
| 3.5 | ● | p. 14 |
| 3.6 | ● | p. 55-56 |
| 3.7 | ● | p. 55-56. Other exceptions to the boundary are specified directly in the Report, particularly in the Performance data sheets' footnotes. |
| 3.8 | ● | p. 55-56 |
| 3.9 | ● | p. 57 |
| 3.10 | ● | p. 55 |
| 3.11 | ● | p. 55-56 |
| 3.12 | ● | p. 62-71 |
| 3.13 | ● | p. 55 |

GRI data and assurance report continued

Profile

Disclosure* Status Cross-reference/Direct answer

4. Governance, commitments, and engagement

| | | |
|------|---|--|
| 4.1 | ● | p. 4. The Board of Directors of Salini Costruttori S.p.A. is composed by 7 members, of which 1 woman (14%). 43% of his members are between 30 and 50 years old, 57% are over 50 years old. Any member belongs to minority groups. |
| 4.2 | ● | The Chair is the legal representative of the Company, act on behalf of the Company in engaging with Public Authorities and participates in the Executive Committee. |
| 4.3 | ● | 4 members of the BoD are both independents and non-executives (3 men and 1 woman). Directors are considered as independents if they don't have, directly or indirectly: – any economic relation with the Company, its executive directors and its main shareholders; – any share in the Company or in its controlled companies; – any strict family connection with the executive directors. Directors can be considered as independent also if they have economic relations with the Company, provided that their professional activities are useful for the Company. |
| 4.4 | ● | p. 4 (Mechanisms for shareholders and the financial community). Direct communication system between employees and BoD are not in place. |
| 4.5 | ● | p. 30. Currently there is no mechanism to connect the remuneration system to environmental and social performance. |
| 4.6 | ● | Before each BoD's decision, their members have to declare if they have conflicts of interest. If so, the decision is taken without their vote and with the positive advises of the Statutory Auditors and of the Internal Control and Corporate Governance Committee. |
| 4.7 | ● | 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 | ● | p. 11 (Mission), p. 24 (Code of Ethics) |
| 4.9 | ● | p. 12-13 (management of economic, environmental, and social performance). The Quality and HSE performance are reviewed annually. |
| 4.10 | ● | Currently systems in place for evaluating performance of the members of the BoD do not take into consideration environmental and social topics. |
| 4.11 | ● | p. 12 |
| 4.12 | ● | p. 4 (codes related to the corporate governance), p. 12 (Global Compact) |
| 4.13 | ● | p. 55 |
| 4.14 | ● | p. 15 |
| 4.15 | ● | p. 14-15 |
| 4.16 | ● | p. 14-15 (general approach and engagement activities), p. 4 (financial community engagement), p. 22 (subcontractors' engagement), p. 22-23 (communities' engagement), p. 45 (engagement regarding impact assessments) |
| 4.17 | ● | p. 15 (summary of general topics), p. 44 (community concerns) |

| G3 DMA* | Status | Cross-reference/Direct answer |
|--|--------|---|
| STANDARD DISCLOSURES PART II: Disclosures on management approach (DMAs) | | |
| DMA EC | ● | |
| Economic performance | ● | p. 3 (main results), p. 5 (strategies and challenges), p. 43 (new opportunities) |
| Market presence | ● | p. 3 |
| Indirect economic impacts | ● | p. 20 (job creation and local supply), p. 23 (investments for communities) |
| DMA EN | ● | |
| Materials | ● | p. 47 |
| Energy | ● | p. 47 |
| Water | ● | p. 47 |
| Biodiversity | ● | p. 44-45 |
| Emissions, effluents and waste | ● | p. 43 (emissions), p. 48-49 (waste and effluents) |
| Products and services | ● | p. 45 |
| Compliance | ● | p. 45 |
| Transport | ● | p. 43 |
| Overall | ● | p. 13 |
| DMA LA | ● | |
| Employment | ● | p. 29 |
| Labour/management relations | ● | p. 32, 35 |
| Occupational health and safety | ● | p. 31-32 |
| Training and education | ● | p. 29-30 |
| Diversity and equal opportunity | ● | p. 31 |
| Equal remuneration for women and men | ● | p. 31 |
| DMA HR | ● | |
| Investment and procurement practices | ● | p. 22 (procurement practices) p. 34 (investments) |
| Non-discrimination | ● | p. 34 |
| Freedom of association and collective bargaining | ● | p. 34 |
| Child labour | ● | p. 35 |
| Prevention of forced and compulsory labour | ● | p. 35 |
| Security practices | ● | p. 34 |
| Indigenous rights | ● | p. 34-35 |
| Assessment | ● | p. 34 |
| Remediation | ● | p. 34 |
| DMA SO | ● | |
| Local communities | ● | p. 22-23 |
| Corruption | ● | p. 24 |
| Public policy | ● | See p. 17-18 of the Code of Ethics, http://www.salini.it/en/corporate-governance/codice-etico/ |
| Anti-competitive behaviour | ● | See p. 16-17 of the Code of Ethics, http://www.salini.it/en/corporate-governance/codice-etico/ |
| Compliance | ● | See p. 8-9 of the Code of Ethics, http://www.salini.it/en/corporate-governance/codice-etico/ |
| DMA PR | ● | |
| Customer health and safety | ● | p. 45 |
| Product and service labelling | ○ | The indicator is not applicable because Salini does not produce goods and services that require labelling |
| Marketing communications | ● | In the field of marketing communications, Salini ensures accuracy, clarity and integrity of the communications released to the stakeholders. |
| Customer privacy | ● | Salini guarantees the confidentiality of the information in its possession managing them in compliance with strict standards. A Programmatic Document on Security is drafted every year to regulate the matter. |
| Compliance | ● | See Quality assurance policy, http://www.salini.it/en/sostenibilita/politiche-aziendali/ |

GRI data and assurance report continued

Performance

| Indicator* | Status | Cross-reference/Direct answer | Other information |
|------------|--------|-------------------------------|-------------------|
|------------|--------|-------------------------------|-------------------|

STANDARD DISCLOSURES PART III: Performance indicators

Economic

Economic performance

| | | | |
|-----|---|---|--|
| EC1 | ● | p. 6 | |
| EC2 | ● | p. 43 (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 | ● | Group has not identified specific resources covering obligations deriving from leaving indemnity's award. | |
| EC4 | ● | In 2011 Salini has received a tax deduction of €573,293 related to a measure named "Economic Growth Aid" granted by the Italian Tax Authority to companies which have increased their assets. In 2009 financial assistance from governments was equal to €387,000 while in 2010 amounted to €4,649,000. | |

Market presence

| | | | |
|-----|---|---|--|
| EC6 | ▸ | p. 21 (total data), p. 25 (detailed data) | Data reported does not include purchases of goods and services not related to operating sites, because Salini business is focused on projects. Therefore purchases not related to the projects made by the Group are considered as not material. |
| EC7 | ● | p. 21 (total data), p. 25 (detailed data) | |

Indirect economic impacts

| | | | |
|-----|---|----------|--|
| EC8 | ● | p. 22-23 | |
|-----|---|----------|--|

| Performance Indicator* | Status | Cross-reference/Direct answer | Other information |
|---------------------------------------|--------|---|---|
| Environmental | | | |
| Materials | | | |
| EN1 | ● | p. 46 (major categories data), p. 50 (detailed data) | |
| EN2 | ● | p. 50 | |
| Energy | | | |
| EN3 | ● | p. 47 (total data), p. 50 (detailed data) | |
| EN4 | ● | p. 47 (total data), p. 51 (detailed data) | |
| EN7 | ● | p. 42, 47 | |
| Water | | | |
| EN8 | ● | p. 48 (total data), p. 51 (detailed data) | |
| EN9 | ● | p. 47 | |
| Biodiversity | | | |
| EN11 | ● | p. 44 (description and specific data), p. 51 (general data) | |
| EN12 | ● | p. 44 | |
| EN13 | ● | p. 44 | |
| EN14 | ● | p. 44-45 | |
| Emissions, effluents and waste | | | |
| EN16 | ● | p. 43 (total data), p. 51 (detailed data) | |
| EN17 | ● | p. 43 (total data), p. 51 (detailed data) | |
| EN18 | ▶ | p. 42, 47 | Data reported does not include the quantification of achieved reductions, because they are not available. The reporting system will be improved in order to allow the collection of these data starting from 2013. |
| EN19 | ○ | | These 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 | ○ | | These data are not reported because NOx, SOx, and other air emissions generated by the Group are mainly widespread emissions. During 2011 an analysis carried out on sites' diesel generators proved the non-significance of these emissions, so the issue is considered as not material for Salini. |
| EN21 | ● | p. 51 | |
| EN22 | ● | p. 48 (total data), p. 52 (detailed data), p. 57 (calculation method) | |
| EN23 | ● | p. 53 | |
| Products and services | | | |
| EN26 | ▶ | p. 44 (environmental restorations), p. 48 (mitigations of noise and vibrations impacts) | Data reported does not include the quantification of achieved mitigations, because this aspect is considered as not applicable to Salini. In fact, 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 | ○ | | The indicator is not applicable because Salini does not sell goods that require packaging. |
| Compliance | | | |
| EN28 | ● | p. 53 | |
| Transport | | | |
| EN29 | ● | p. 43 | |
| Overall | | | |
| EN30 | ● | p. 13 (total data), p. 53 (detailed data) | |

GRI data and assurance report continued

Performance

Indicator* Status Cross-reference/Direct answer

Other information

Social: Labour practices and decent work

Employment

| | | |
|------|--|--|
| LA1 | <p>● p. 29 (total data), p. 36 (detailed data). In 2011, total workforce was equal to 15,508 employees (1,296 women and 14,212 men). For what concerns the employment contracts, at headquarters 92% of the total workforce had permanent contracts (218 people, of which 67 women and 151 men), while the remaining 8% (20 people, of which 11 women and 9 men) had temporary ones. At operating sites 100% of workforce had temporary contracts (15,270 people, of which 1,218 women and 14,052 men). Only 2 people (2 women at headquarters) had part-time contracts and they were permanent one. Supervised workers are not present, while self-employed workers do not perform substantial portion of the Salini's works.</p> | <p>Reported data on workforce by region is not broken down by gender because at operating sites personnel are almost entirely men. For this reason this data is considered as not material.</p> |
| LA2 | <p>● p. 37-38</p> | <p>Reported data does not include personnel working at the operating sites and rate of employee turnover by region, because this 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, starting from 2013.</p> |
| LA15 | <p>● All employees are entitled to parental leave (1,296 women and 14,212 men), also if the issue is relevant mainly for women. In 2011 four female employees at headquarters took parental leave and in the same year they returned to work after parental leave ended. Next year we will report about their employment status 12 months after their return to work.</p> | <p>Reported data does not include personnel managed locally, because they are almost entirely men. For this reason this aspect is considered as not material.</p> |

Labour/management relations

| | |
|-----|---------|
| LA4 | ● p. 34 |
| LA5 | ● p. 34 |

Occupational health and safety

| | | |
|-----|--|--|
| LA6 | <p>● p. 32</p> | <p>Reported data does not include the percentage of workers represented.</p> |
| LA7 | <p>● p. 32 (general injuries rates), p. 38 (detailed data). Injuries and absenteeism rates are calculated as indicated at p. 54 (Methodological note). Rates by gender are not reported because sites' personnel are almost entirely men. According to GRI's Indicator Protocols, these rates in 2011 are: IR 3.404; LDR 349.222; AR 4,498. In 2011 occupational diseases rate is equal to zero.</p> | <p>Data on absenteeism does not include sickness days of personnel managed locally, because it 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, starting from 2013.</p> |
| LA8 | ● p. 33 | |
| LA9 | ● p. 32 | |

Training and education

| | | |
|------|---|---|
| LA10 | <p>● p. 30 (total data), p. 38-39 (detailed data). Training hours by gender are not reported because personnel are almost entirely men.</p> | <p>Reported data does not include Todini personnel working at operating sites because it is managed at the operating site level and was not possible to extract it directly from the central information system. This system will be improved in order to collect this data, not available at the moment, starting from 2013.</p> |
|------|---|---|

| Performance Indicator* | Status | Cross-reference/Direct answer | Other information |
|---|--------|---|---|
| LA11 | ● | p. 29-30 (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. | |
| Diversity and equal opportunity | | | |
| LA13 | ● | p. 36 (detailed data). People belonging to minority groups are not significant within the workforce. | |
| Equal remuneration for women and men | | | |
| LA14 | ▶ | p. 31 (total data), p. 39 (detailed data) | Data does not include personnel managed locally, because they are almost entirely men. For this reason this data is considered as not material. |
| Social: Human rights | | | |
| Investment and procurement practices | | | |
| HR1 | ● | p. 34-35/For 100% of construction projects launched by the Group, evaluations including human rights aspects of personnel and local communities have been carried out. | |
| HR2 | ▶ | p. 22/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. | Reported data does not include percentage of subcontractors that have undergone screening on human rights, because this aspect is managed at the operating site level and was not possible to extract it directly from the central information system. This system will be improved in order to collect this data, not available at the moment, starting from 2013. |
| HR3 | ● | In 2011 were provided 250 hours of training on Ethics, by covering 0.6% of total workforce. | |
| Non-discrimination | | | |
| HR4 | ● | p. 34 | |
| Freedom of association and collective bargaining | | | |
| HR5 | ● | p. 34 | |
| Child labour | | | |
| HR6 | ● | p. 34-35 | |
| Forced and compulsory labour | | | |
| HR7 | ● | p. 34-35 | |
| Security practices | | | |
| HR8 | ▶ | p. 34 | Data does not include percentage of personnel trained on human rights' subject, because this data is managed at the operating site level and was not possible to extract it directly from the central information system. This system will be improved in order to collect this data, not available at the moment, starting from 2013. |
| Indigenous rights | | | |
| HR9 | ● | p. 34-35 | |
| Assessment | | | |
| HR10 | ● | p. 34 | |
| Remediation | | | |
| HR11 | ● | p. 34 | |

About Salini

Managing sustainability

Local development

Care for our people

Environmental protection

Appendix

GRI data and assurance report

GRI data and assurance report continued

Performance

| Indicator* | Status | Cross-reference/Direct answer | Other information |
|------------|--------|-------------------------------|-------------------|
|------------|--------|-------------------------------|-------------------|

Social: Society

Local communities

| | | | |
|-----|---|--|--|
| SO1 | ● | In 2011 33% of operations were covered by impact assessments, 42% by development programs and 61% had activated communication channels with local communities. 47% of operations have organised meetings with local communities. | |
|-----|---|--|--|

| | | | |
|-----|---|-------|--|
| SO9 | ● | p. 45 | |
|-----|---|-------|--|

| | | | |
|------|---|-------|--|
| SO10 | ● | p. 45 | |
|------|---|-------|--|

Corruption

| | | | |
|-----|---|---|--|
| SO2 | ● | In 2011, 15 audits (42 in the period 2009–2011) were performed on business processes exposed to corruption risks, covering 80% of them. | |
|-----|---|---|--|

| | | | |
|-----|---|--|--|
| SO3 | ● | Percentage of workforce who received anti-corruption training in 2009 was equal to 41% (management) and 1% (non-management); in 2010 13% (management) and 0.1% (non-management); in 2011 11.6% (management) and 0.5% (non-management). Management includes executives and middle managers, non-management includes employees and workers | |
|-----|---|--|--|

| | | | |
|-----|---|--|--|
| SO4 | ● | In reporting period none case of corruption has been identified. | |
|-----|---|--|--|

Public policy

| | | | |
|-----|---|---|--|
| SO5 | ● | 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/en/corporate-governance/codice-etico/ . | |
|-----|---|---|--|

Compliance

| | | | |
|-----|---|--|--|
| SO8 | ● | In 2011 the Group was subjected to a tax assessment in Italy. For more information see the Consolidated Financial Statement 2011, pp. 114, http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2011/ . | |
|-----|---|--|--|

| Performance Indicator* | Status | Cross-reference/Direct answer | Other information |
|---------------------------------------|--------|---|--|
| Social: Product responsibility | | | |
| Customer health and safety | | | |
| PR1 | ● | p. 45 | |
| Product and service labelling | | | |
| PR3 | ○ | | The indicator is not applicable to Salini because products and services sold by the Group (major works) do not require the release of information. |
| PR5 | ▶ | p. 7 | Reported data does not include results of surveys measuring customer satisfaction, because synthetic indicators 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. |
| Marketing communications | | | |
| PR6 | ● | The Group does not adopt code and/or standard related to marketing activities. | |
| PR7 | ● | Salini has never received claims for violation of laws or regulations related to marketing or communications. | |
| Customer privacy | | | |
| PR8 | ● | In the reporting period there were no claims relating to breaches of privacy or loss of customers' data. | |
| Compliance | | | |
| PR9 | ● | 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. | |

* For the complete description of indicators please refer to <http://www.globalreporting.org/resourcelibrary/G3-1-Index-and-Checklist.xls>

Global Compact principles – GRI indicators cross reference table

| Issue areas | GC principles | Relevant GRI indicators |
|-----------------|---|--|
| Human rights | Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights. | EC5, LA4, LA6–9, LA13–14, HR1–9, SO5, PR1–2, PR8 |
| | Principle 2 – Businesses should make sure that they are not complicit in human rights abuses. | HR1–9, SO5 |
| Labour | Principle 3 – Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining. | LA4–5, HR1–3, HR5, SO5 |
| | Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labour. | HR1–3, HR7, SO5 |
| | Principle 5 – Businesses should uphold the effective abolition of child labour. | HR1–3, HR6, SO5 |
| | Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation. | EC7, LA2, LA13–14, HR1–4, SO5 |
| Environment | Principle 7 – Businesses should support a precautionary approach to environmental challenges. | EC2, EN18, EN28, EN30, SO5 |
| | Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility. | EN1–30, SO5, PR3–4 |
| | Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies. | EN2, EN5–7, EN10, EN18, EN26–27, EN30, SO5 |
| Anti-corruption | Principle 10 – Businesses should work against corruption in all forms, including extortion and bribery. | SO2–6 |

Chapter 9

THIRD-PARTY ASSURANCE REPORT

In this section...

Third-party Assurance Report

73

Limited assurance report on the sustainability report

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

- 1 We have reviewed the 2011 sustainability report of the Salini Costruttori Group (the “Group”). The parent’s directors are responsible for the preparation of the sustainability report in accordance with the updated version of the Sustainability Reporting Guidelines (version 3.1) issued in 2011 by GRI - Global Reporting Initiative, as 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. 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 “Generating and distributing value to stakeholders” 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 2011, on which other auditors issued their report dated 7 June 2012 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 Gibe III Project and the Grand Ethiopian Renaissance Dam (GERD) sites in Ethiopia, the Cagliari-Capo Boi and the Metro B1 sites in



Italy and the M06 Road Contract 1 and 2 site in Ukraine 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 collect, 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 26 July 2011.

- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2011 sustainability report of the Salini Costruttori Group is not prepared, in all material respects, in accordance with the updated version of the Sustainability Reporting Guidelines (version 3.1) issued in 2011 by GRI - Global Reporting Initiative, as set out in the “Methodological Note” section of the sustainability report.

Rome, 14 June 2012

KPMG S.p.A.

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