

A close-up photograph of two construction workers wearing red hard hats. The worker in the foreground is a man with dark hair and a light beard, looking off to the side. The worker in the background is a man with dark skin, smiling. Both are wearing high-visibility safety vests. The background is blurred, suggesting a construction site.

**salini**  
COSTRUTTORI

BUILDING VALUES  
WORLDWIDE

Sustainability Report 2012



# Contents

<b>CEO introduction</b>	<b>02</b>	<b>Environmental protection</b>	<b>48</b>
<b>Salini at a glance</b>	<b>04</b>	5.1 Progress against commitments	50
<b>About Salini</b>	<b>06</b>	5.2 Climate change	50
1.1 2012 at a glance	08	5.3 Biodiversity	52
1.2 Strategy for business and sustainability	09	5.4 Efficient use of natural resources	54
1.3 Governance structure	10	5.5 Environmental protection	57
1.4 Business Model	11	5.6 Future commitments	59
1.5 Creating and distributing stakeholders value	12	5.7 Performance data sheet	60
<b>Managing sustainability</b>	<b>14</b>	<b>Appendix</b>	<b>64</b>
2.1 Progress against commitments	16	6.1 Membership	64
2.2 Managing sustainability risks to enhance business opportunities	16	6.2 Sustainability risks and opportunities at Salini's operating sites	64
2.3 Integrating sustainability into Salini's business	17	6.3 Methodological Note	68
2.4 Future commitments	19	6.4 Glossary	71
<b>Local development</b>	<b>20</b>	<b>GRI data and assurance report</b>	
3.1 Progress against commitments	22	<b>GRI Application Level Check Statement</b>	<b>72</b>
3.2 Job creation	24	<b>GRI and UN Global Compact Tables</b>	<b>74</b>
3.3 Supporting local supply chains	25	<b>Third-party Assurance Report</b>	<b>84</b>
3.4 Enhancing local wealth	26	<b>Information and contacts</b>	<b>87</b>
3.5 Business integrity worldwide	28		
3.6 Future commitments	29		
3.7 Performance data sheet	30		
<b>Care for our people</b>	<b>32</b>		
4.1 Progress against commitments	34		
4.2 Focusing on people	35		
4.3 Development of human resources	35		
4.4 Occupational health and safety	38		
4.5 Human rights	41		
4.6 Security at operating sites	42		
4.7 Local personnel management	42		
4.8 Future commitments	43		
4.9 Performance data sheet	44		

# Chief Executive Officer's introduction

Pietro Salini



**Dear Stakeholders,**

This has been a truly momentous year for the Salini Costruttori Group. As Salini Impregilo, we are better placed than ever before to ensure that sustainability continues to inform every decision we make and lies at the heart of every project in which we are involved.

I am delighted to present our fourth sustainability report, prepared in compliance with the GRI G3.1 guidelines to level A+ and assured by KPMG.

## **Sustainability: at the heart of our Group**

Sustainability is at the centre of everything we do. It is an important agenda item at every Board meeting, a key component in every strategic decision and a major consideration in how we approach and implement each project.

From huge hydroelectric projects in remote parts of Africa to metro systems in Europe and South America, and roads in Eastern Europe, we are proud to be the natural partner of choice for clients looking for innovative solutions, excellent project management and a can-do approach to business. In our view, meeting client needs and creating value for our shareholders is inseparable from building value for our employees and the communities in which we operate.

Many of our projects address some of the key issues facing the world today: climate change and energy security, resource scarcity and poverty, efficient and inexpensive transport, and economic growth. With our help, governments and other clients are building physical infrastructures that will improve the ways in which the world manages natural resources and ecosystems. At the same time, these projects are helping countries increase their prosperity by providing urban mobility solutions and infrastructures to improve access.

Our role is to provide solutions to a range of critical sustainability challenges – and when we do this successfully, it leads directly to an improved financial performance. The dam and hydroelectric power sector is a clear example of how our expertise and experience is bringing opportunities, health and prosperity to communities whilst also generating significant revenue for the Salini Costruttori Group.

## Excellent progress

The following pages contain many examples of the progress we have made on a wide range of key sustainability issues. These are just some of the highlights:

- Continued to deliver positive economic impact on the countries where we operate, with local personnel representing 88% of Salini Costruttori Group staff – the equivalent of 17,258 full-time employees. We also spent €1,060 million on locally-based providers of goods and services;
- Delivered 106 infrastructure development and community support projects, primarily in Africa;
- 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;
- Improved the injury rate at our operating sites of 25% in comparison with 2011;
- Improved our focus on Health and Safety increasing H&S investments over the last three years from €3,236 million to €4,762 million (+47%);
- Increased the recycling rate of total waste generated to 36%;
- Reclaimed 333,500m<sup>2</sup> of former quarries and landfill areas, carried out over 78,000m<sup>2</sup> of reforestation and 3,879,773m<sup>2</sup> of topsoil restoration.

## Looking ahead

As the Salini Impregilo integration process continues, I look forward to not only maintaining but increasing our focus on sustainability. We are a major force in the global construction sector and we will use our strength, skills and influence to build projects that make a real difference to communities everywhere.

Of course, none of this will be possible without our people. Through the merger, our numbers nearly doubled to around 32,000 employees. I thank each and every one of them for the vital role they continue to play in making sure that Salini Impregilo becomes an even more sustainable business, year-on-year.



**Pietro Salini CEO**  
Salini Costruttori S.p.A.

# Salini at a glance

## PRESENTING SALINI...



## ...AND THE GOVERNANCE STRUCTURE



## OUR STRATEGIC OBJECTIVES...



### Salini Group

Salini is a private industrial Group of international dimensions, specialising in the construction of major works throughout the world

### Four areas of expertise p. 06

- Dams and hydroelectric plants
- Roads and motorways
- Railways
- Public building construction

Ranked as one of the foremost players in the construction of hydro-electric power plants

### Global presence p. 07

Over 50 countries across four continents, employing people representing over 80 different nationalities

Operates primarily in Africa where works in portfolio represent 58.1% in 2012

### Main 2012 KPIs p. 08

Revenue	€1,850 million
Backlog	€9.6 billion
Workforce no.	19,531

### Our values

- Excellence
- Respect
- Innovation
- Integrity
- Transparency
- Co-prosperity

### Governance p. 10

Salini voluntarily adopts a corporate governance model consistent with the main Italian governance principles, including the Code of Conduct for Listed Companies stated by the Italian Stock Exchange and the recommendations issued by the Italian Commission for Stock Market and Companies (CONSOB).

Board of Directors composition:

- 9 members
- 6 non-executive Directors
- 4 independent Directors

### UN Global Compact p. 17

Salini is among the signatories of the UN Global Compact, the world's largest strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles relating to:

- human rights
- labour
- the environment
- anti-corruption

### National Champion Project p. 09

The project, launched in 2012, allowed Salini to become a shareholder of Impregilo and join its management with the aim of integrating the two main Italian construction companies to create the more competitive group with the creditworthiness to compete in the world construction markets, giving rise to material key benefits:

- global footprint
- scale to compete with the major global players
- solid financial structure
- concrete commercial and operating cost synergies
- sustainable, long-term value creation for all stakeholders

### Sustainability strategy p. 09

We focus our effort to maximise benefits for local stakeholders, working on six priority areas:

- job creation
- people care
- local procurement
- capacity building
- environmental protection
- communities investments

## ...ARE AT THE BASE OF OUR PERFORMANCE...



## ...IN ORDER TO DELIVER VALUE TO OUR STAKEHOLDERS

Financial performance	p. 12
Revenue	€1,850 million
EBTDA	€187 million
EBIT	€92 million
Net profit attributable to the Group	€316 million
Net profit/Revenue	17.1%
Workforce productivity (turnover/workforce)	€94,695

Local development	p. 20
Job creation (workforce variation)	no. 4,023
Local workforce	88%
Local supply	72%
Community expenditure	€1.7 million

Care for our people	p. 32
Training provided	101,893 hours
Workforce operating in OHSAS 18001 certified sites	76%
Injury rate	IR 2.22
Lost Day rate	LDR 19.83
Health & Safety expenditure	€4.8 million

Environmental protection	p. 48
Workforce operating in ISO 14001 certified sites	90%
Environmental expenditure	€6.1 million
Greenhouse gas intensity (emissions/turnover)	t CO <sub>2</sub> /M€150
Rocks and soil reused	32%
Waste recycled/reused	36%

### Four main groups of stakeholders p. 13

#### Core Business activities:

- Clients
- Employees and staff
- Shareholders

#### Supply Chain:

- Business partners
- Suppliers, contractors and subcontractors
- Investors

#### Community interactions:

- Local communities
- Public Administrations
- NGOs

#### Public Policy and Advocacy:

- Trade associations
- Governments
- Media

### Economic value distributed p. 12

To supply chain	€1,460 million
To personnel	€197.2 million
To shareholders	€12.9 million
To lenders	€150.2 million
To government	€36.6 million
To local community	€1.7 million

# Chapter 1

## ABOUT SALINI

The Salini Costruttori Group<sup>1</sup> 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.

Sustainable development is an inherent feature of the Company's business given that our key areas of expertise – such as helping source renewable energy, providing efficient mobility solutions to decongest metropolitan areas, creating territorial infrastructures to access and enhance strategic areas – create long-term sustainable value for communities that provide grounding for further economic development.

### In this section...

1.1 2012 at a glance	08
1.2 Strategy for business and sustainability	09
1.3 Governance structure	10
1.4 Business Model	11
1.5 Creating and distributing stakeholders value	12

## FOUR 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 over three continents, Africa, Asia and Europe. New works are currently underway which will provide almost 8,282 MW<sup>2</sup> of clean, affordable energy on completion. Salini currently operates dams and hydroelectric plants in Sub-Saharan Africa and in Southeast Asia.

### ROADS AND MOTORWAYS



The expansion of road networks is essential for economic growth and social development. A range of studies<sup>3</sup> show a positive relationship between investment in infrastructure and good economic outcomes. Salini operates in many difficult environments across the world that makes construction of roads and motorways extremely challenging. Salini's main road and motorway construction operations are in Central Asia, Europe and Africa.

### 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, mostly because of the growing need for people to commute into cities as they become increasingly more populated. Salini is playing an active role in developing urban transport infrastructures across Europe, such as the B1 Metro line in Rome, the Cityringen Metro for Copenhagen and the Köseköy-Gebze section of the Ankara Istanbul High Speed Railway Project.

### PUBLIC BUILDING CONSTRUCTION

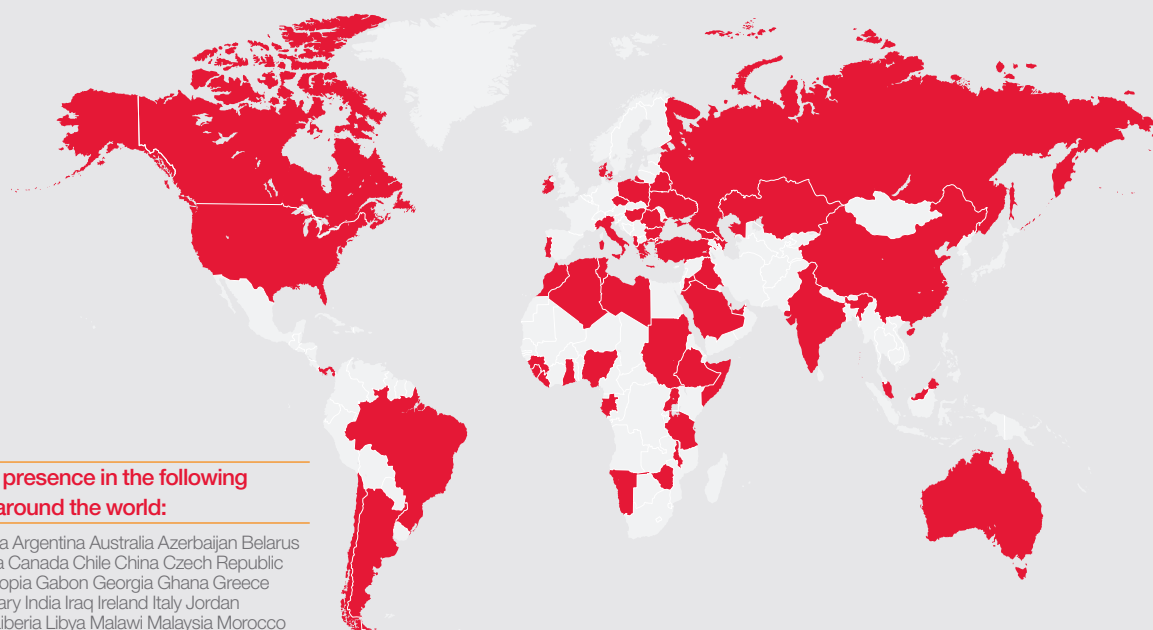


Salini continues to play a significant role in the creation of innovative, iconic civil buildings around the world by working in partnership with many renowned architecture and design practices. Our significant undertakings include the construction of hospital complexes, university campuses, government buildings and other structures, which meet a practical social need or that provide a key cultural focus within a community. Main projects are now in progress in Sub-Saharan Africa, including the Millennium Tower Cultural Centre in Nigeria.



## GLOBAL PRESENCE

We operate in over 50 countries across four continents, employing about 20,000 people representing over 80 different nationalities.

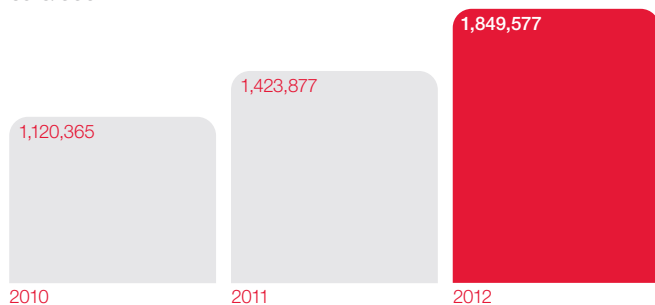


### We have a presence in the following countries around the world:

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

### Revenue\*

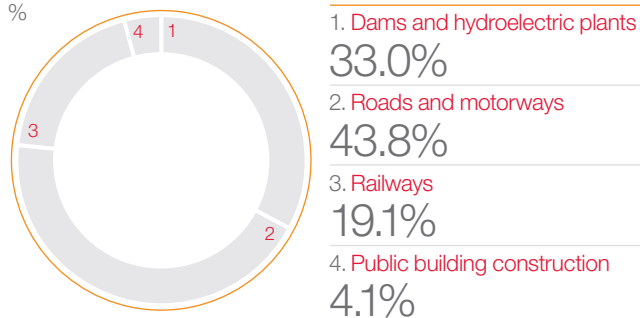
euro/000



\* Data includes operating revenue and other income.

### Operating revenue 2012 by main sectors

%



# +30%

The increase of revenues in 2012 compared to 2011

1 The Group is composed by Salini Costruttori S.p.A. and the companies that it controls directly or indirectly. Salini S.p.A., Impregilo S.p.A. and Todini Costruzioni Generali S.p.A. are the main subsidiaries with operational activities. The term 'Salini' and 'the Company' is used in the report to indicate the entire Group, the term 'Todini' indicates only Todini's activities.  
2 At the end of 2012 the hydroelectric projects underway were Grand Ethiopian Renaissance Dam (6,000 MW) and Gibe III (1,870 MW) in Ethiopia, Ulu Jelai (382 MW) in Malaysia and Gurara Dam (30 MW) in Nigeria.  
3 i.e. 'Towards a Green Economy – Pathways to Sustainable Development and Poverty Eradication', UNEP, 2011.

## About Salini continued

### 1.1 2012 at a glance

2012 represented a turning point for the Salini Costruttori Group in its long story of success, in fact the Salini Costruttori Group achieved its strongest financial results to date and consolidated its strategic position thanks to the launch of the National Champion Project (see below).

In 2012, the Group posted a pre-tax profit of €357.9 million (€74.7 million in 2011) and a net profit of €324.4 million (€40.1 million in 2011), with a production revenue of €1,849.6 million (€1,423.9 million in 2011). The Salini Costruttori Group's five year projected revenue reached €9.6 billion<sup>4</sup>. These results confirm the strength of Salini's Business Model as well as its capacity to seize opportunities in international markets and carry out complex infrastructure projects.

Despite the continuing instability of the global economy, the Salini Costruttori Group has performed in line with its subsidiaries' business plans. As a result of the growth in operations and activity, Salini reached its highest workforce numbers in 2012 of 19,531 employees (15,508 in 2011).

Over the course of the year the Salini Costruttori Group has continued to expand its presence in high potential markets, establishing new subsidiaries and branches in Australia, Canada, France, India, Kurdistan, Panama, Qatar, Russia, Singapore, Turkey and USA. Furthermore, in the first few months of 2013, Salini was awarded new projects in Ukraine, Georgia and Poland (relating to road and motorway construction), Namibia (which will include dam and hydroelectric plant construction) and Chile (relating to railway construction). This confirms the strength of the Group's strategy and Business Model going forward.

### 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, as well as contributing to economic development through urban mobility solutions, we believe that Salini can help provide solutions to a range of sustainability challenges, including:

**Transition to a low carbon economy** – Investment in the energy, water, transport and building sectors has been highlighted by the United Nations Environmental Programme (UNEP) as fundamental to achieving a low-carbon and resource-efficient future. Salini is contributing to this transition by building hydroelectric plants in Africa and Asia, as well as roads, railways and underground projects in Africa, Asia and Europe.

### Demonstrating compatibility of economic growth and sustainability

– Under the 'green economy' paradigm, economic growth and socio-environmental sustainability are viewed not as incompatible, but as mutually reinforcing. Commentators suggest that the path towards a green economy can create jobs and sustainable growth, while avoiding risks such as the effects of climate change, water scarcity and the loss of ecosystem services<sup>5</sup>.

**Poverty alleviation** – There is growing awareness of the inextricable link between poverty alleviation and infrastructure improvement. This is particularly true of in low income countries, where ecosystem goods and services (such as water and biodiversity) are a vital resource for rural communities. Improved infrastructure can also provide a safety-net against natural disasters and economic shocks. For example, hydroelectric plants, while producing clean energy at affordable costs, allow for river flow control which can help avoid floods.

**Energy security** – Access to energy (or 'energy poverty') 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.

Thanks to its vision, approach and track record of delivery, Salini has a major role to play in addressing these challenges at an international level – supported by the hard work, dedication and goodwill of clients, workers, business partners, public administrations and communities.

### 2012 Work in hand %



1. Dams and hydroelectric plants	50.8%
2. Roads and motorways	6.8%
3. Railways	31.7%
4. Public building construction	10.7%



1. Africa	58.1%
2. Asia	7.5%
3. Europe	34.4%

## 1.2 Strategy for business and sustainability

### National Champion Project

Beyond the internal growth fuelled by the Salini Costruttori Group's competencies and strong commercial capabilities, Salini has established a development strategy focusing on acquisition. In order to reach a dimension comparable to the other international big players in the construction sector and to better compete in global infrastructure market, Salini focuses on obtaining new subsidiaries for its portfolio.

With this vision in mind, Salini, in September 2011, began investing in Impregilo S.p.A., a leading player in the design and construction of large-scale infrastructures in Italy and internationally and, in 2012, launched the National Champion Project, which enabled the Salini Costruttori Group to become a relevant shareholder of Impregilo and join its Board of Directors. The overall aim of the project was to merge the two companies to build a bigger, more competitive company which has the creditworthiness to compete on mega projects characterised by technological complexity and higher added value.

The project represents a unique growth opportunity for both groups (Salini and Impregilo) due to their complementary capabilities and the markets in which they operate. The National Champion Project will help to create:

1. A global footprint, due to a widespread presence of both groups in their respective areas of operation;
2. Scale to compete with the major global players, achieving more opportunities in terms of dimension and complexity of the awarded projects;
3. Solid financial structure, distinguished by a solid credit rating;
4. Concrete commercial and operating cost synergies, bringing together competencies and capabilities to increase efficiency in resource management;
5. Sustainable, long-term value creation for all stakeholders through a significant growth in revenue and net profits.

In particular:

- with effect from 1 January 2012, Salini Costruttori contributed in kind to Salini S.p.A. the infrastructure construction business unit of Salini Costruttori, including all associated contracts entered into directly or indirectly by the Group in Italy and abroad, as well as Salini Costruttori's stake in Impregilo;
- in the course of 2012, Salini increased its strategic investment in Impregilo to approximately 29.8% of Impregilo's ordinary share capital;
- in April 2012, Salini requested and obtained the calling of a shareholders meeting of Impregilo in order to resolve upon the revocation of the board of directors in office. In such context, the Issuer undertook proxy solicitation to garner support of other shareholders;
- on the meeting held on 12 and 17 July 2012, Impregilo's shareholders resolved upon the approval of Salini's motion and by a majority of the votes elected the Salini slate of 14 directors, while the fifteenth board member was elected from the voting minority shareholders' slate;
- in September 2012, Salini Costruttori and Impregilo entered into a strategic agreement to collaborate in marketing and operations. As the board of directors of the two companies acknowledged that, in the infrastructure construction business, which is a global business,

the dimension of companies has become a major determinant of competitiveness, the scope of the agreement was to realise the significant potential synergies that would arise, including increased commercial coverage, broader technical expertise, increased operating efficiencies and improved competitiveness for large mega-projects;

- between February and May 2013, Salini launched and completed a voluntary public tender offer for all outstanding ordinary shares of Impregilo. After the final settlement of the tender offer Salini gained the majority of Impregilo ordinary shares.

The resounding success of this transaction, conducted in a difficult economic context, has opened the way for the merger between the two groups. This will create one of the most important European groups in the construction sector.

### Sustainability strategy

Operating in a wide variety of contexts and geographical areas means the Salini Costruttori 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 is addressing this challenge by working towards a united vision that focuses on the value of our people, care for the environment, and principles of social responsibility and 'good citizenship'.

In brief, our sustainability strategy aims to creating shared value for our stakeholders. Our priorities are:

1. Maximising employment opportunities for people living in the projects' areas;
2. Nurturing human resources, attracting and developing talented people, because of their importance for our future growth;
3. Improving the professional skills and competencies of people hired in our project areas;
4. Providing opportunities for economic development for the goods and services providers based in our host countries;
5. Ensuring strict adherence to environmental standards that are in line with legislation and ISO 14001;
6. Meeting the needs of local communities through a wide range of social programmes and activities.

### SALINI WINS THE ITALIAN M&A AWARD

In April 2013, Salini was awarded for its acquisition of Impregilo at the IX edition of the M&A Award, organised each year by KPMG Italy and Fineurop Soditic.

Impregilo is a global player in the construction of large-scale infrastructures, operating in over 30 countries on five continents, with 11,890 employees, 2012 revenue of €2,281 million and an order backlog of €10.6 billion.

The National Champion Project was considered by the jury panel as 'an operation that makes Salini Group the first Italian General Contractor specialised in the construction of major works and one of the foremost worldwide players in the construction of hydroelectric power plants'.

4 Considering a constant level of revenue equal to those registered in the 2012 Income statement.

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

## About Salini continued

### 1.3 Governance structure

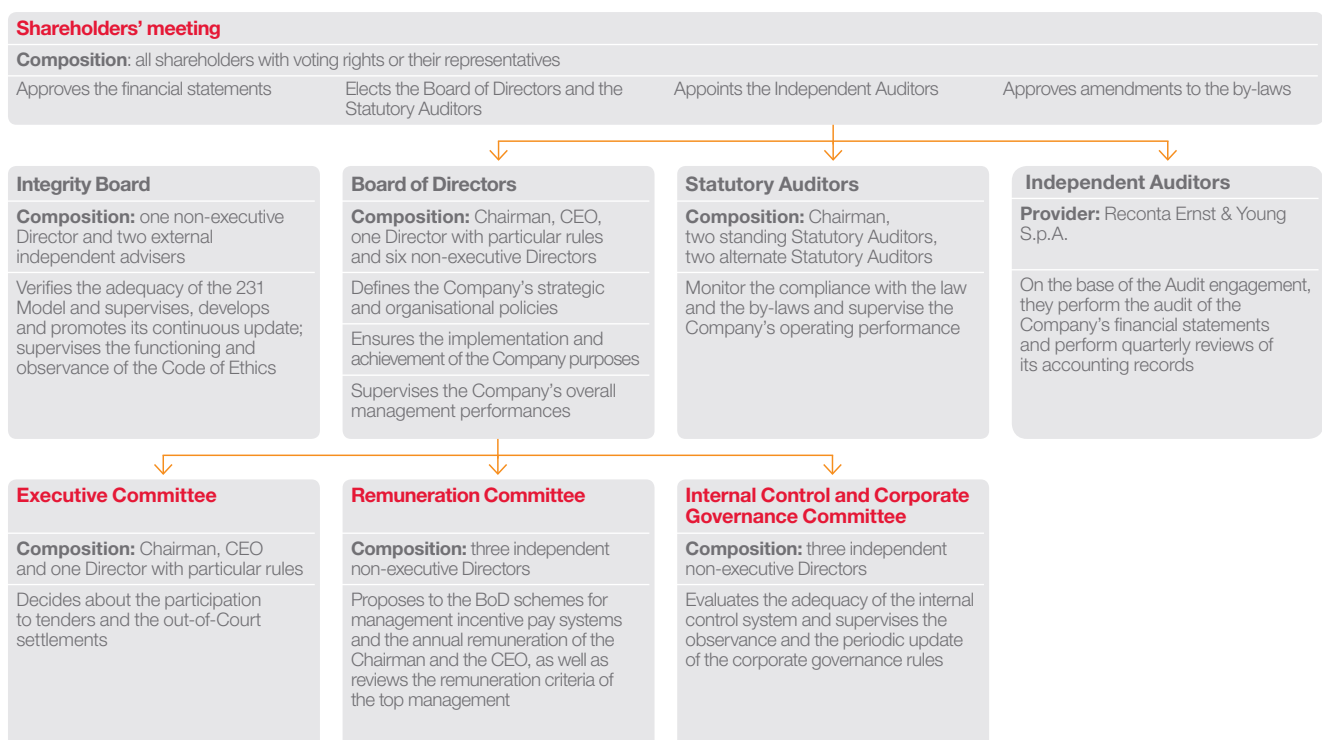
Salini voluntarily adopts a corporate governance model which is consistent with the main Italian governance principles. This includes the Code of Conduct for Listed Companies stated by the Italian Stock Exchange (Borsa Italiana S.p.A., July 2002) and the recommendations issued by the Italian Commission for Stock Market and Companies (CONSOB). We are also guided by other recognised best practice frameworks, such as the Public Company Accounting Reform and Investor Protection Act US of 2002 (also known as 'Sarbanes-Oxley Act', July 2002) and 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 governance structure is shown below.

In 2012 the Board of Directors has been renewed with the appointment of two new members. As a result the Board of Directors is now composed of nine members, wherein six are non-executive and four are independent members. Moreover, the Statutory Auditors' mandate expired in the period so their members were reappointed.

The Company's Investor Relations Office maintains an ongoing dialogue with shareholders and the market to ensure comprehensive distribution of information on our activities.

In 2012 all the operating Group companies have been transferred from the parent company Salini Costruttori S.p.A. to Salini S.p.A., a new company totally owned by Salini Costruttori S.p.A. established in late 2011. The investment of Impregilo is also owned by Salini S.p.A.



## 1.4 Business Model

Seventy years of experience in the construction of roads, motorways, railways, dams, hydroelectric plants, tunnel, aqueducts, civil and industrial buildings worldwide have enabled Salini to develop a strong Business Model, in which sustainable development plays a key role.

### Business Model components

We operate across the entire construction value chain, from designing and planning to building and delivery. We use the best resources available to ensure our clients are satisfied and to create value for all our stakeholders.

### Strategic resources

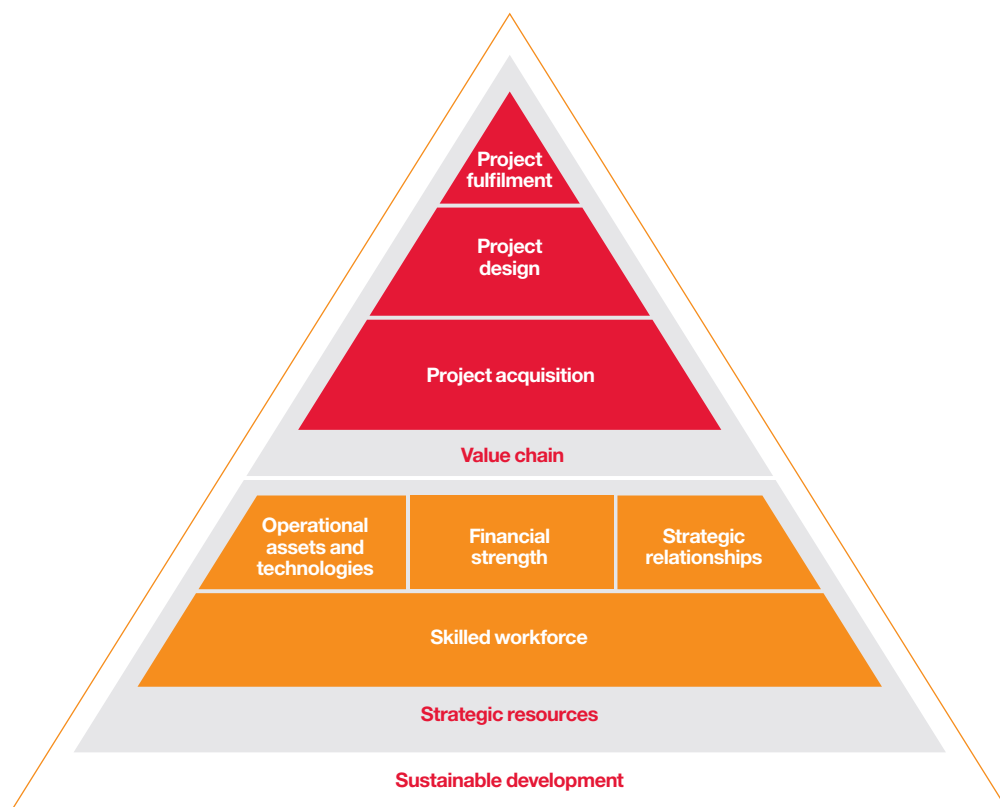
- **Skilled workforce:** we consider human resources as the foundation for future growth and recognise the skills of our workforce as playing a significant role in the achievement of the Salini Costruttori Group's objectives.
- **Operational assets and technologies:** we are committed to deploy the latest and most efficient plant, machinery and equipment and adopt processes and technologies to ensure the best results in each of our areas of expertise.
- **Financial strength:** we ensure that all cash flows, assets, investments and expenses are controlled to retain a competitive position in the global marketplace. One of our main strengths is a solid financial structure and low debt load (the amount of debt or leverage that a company is carrying on its books).
- **Strategic relationships:** we maintain strategic relationships with our clients by sharing experience, knowledge and identifying business opportunities that go beyond the execution of a single project.

### Value chain in three phases:

- **Project acquisition:** we work to maintain a high degree of flexibility to enhance the Group's presence in emerging markets. This involves 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).
- **Project design:** we develop projects based on close partnerships with the world's most renowned professionals and engineering companies to produce bespoke project proposals, in line with our clients' expectations.
- **Project fulfilment:** we adopt advanced technologies and construction methods we ensure high quality, safety and sustainability performance. We also pay great attention to projects schedules and fulfilling our clients' needs. This attitude has allowed us to earn and maintain a strong reputation as a client-centric business.

### Sustainable development

Although we adopt sustainability principles across our value chain, our ability to deliver sustainability is most evident during the 'project fulfilment' phase. This report shows our complex approach towards sustainable business, strictly based on a specific risk management model as explained at section 2.2.

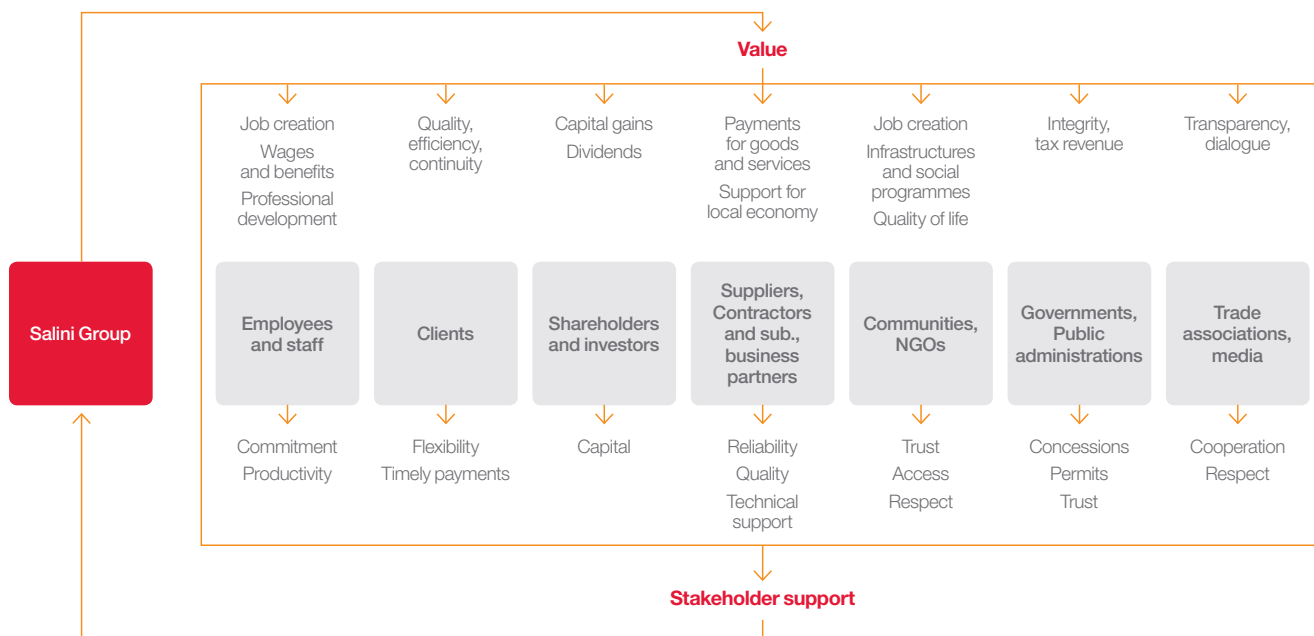


## About Salini continued

### 1.5 Creating and distributing stakeholders value

As described above, our business model allows us to create value for a wide range of stakeholders and gives us the opportunity to operate and grow on the markets where we operate, which we refer to as our 'social license to operate'. The following diagram shows how the Group creates value for stakeholders and obtains advantages from them.

The value we create for stakeholders can be divided into tangible and intangible benefits. The first category is related to the remuneration paid to the various stakeholder groups and can be reported by deducting the economic value generated and the distribution method (see table below).



### Economic value generated and distributed

(euro/000)	2010	2011	2012
Operating revenue	1,084,849	1,389,703	<b>1,779,494</b>
Other income	35,516	34,174	<b>70,082</b>
Financial income	97,983	72,968	<b>416,294</b>
<b>Total economic value generated</b>	<b>1,218,348</b>	<b>1,496,845</b>	<b>2,265,870</b>
Operating expenses	798,617	1,084,260	<b>1,460,015</b>
Personnel expense	158,899	163,001	<b>197,161</b>
Payments to shareholders	10,829	12,995	<b>12,995</b>
Bank interest expense	91,353	89,648	<b>150,253</b>
Taxes	25,102	37,021	<b>36,580</b>
Community investments	2,885	793	<b>1,712</b>
<b>Total economic distributed value</b>	<b>1,087,685</b>	<b>1,387,718</b>	<b>1,858,716</b>
Amortisation, depreciation and adjustments	76,772	82,048	<b>95,708</b>
Self-financing and reserves	53,891	27,079	<b>311,446</b>
<b>Total economic value withheld</b>	<b>130,663</b>	<b>109,127</b>	<b>407,154</b>

2012<sup>6</sup> saw sustained growth in the economic value generated and distributed to the various stakeholders of the Group.

The majority of economic value distributed to stakeholders is represented within our operating expenses of €1,460 million and is composed mainly of payment to contractors and subcontractors (for services), as well as other providers of goods and services, and payment to suppliers (for materials). After this, personnel expense represented an expenditure of €197.2 million and included wages, social security contribution, leaving entitlement and additional expenses such as staff training.

Bank interest expenses were equal to €150.2 million in 2012. Payments to government through taxes<sup>7</sup> represented €36.6 million. Dividends proposed to be distributed to shareholders were approximately €13 million.

Our community investment expenditure amounted to €1.7<sup>8</sup> million. This figure includes direct donations and voluntary services made available to local communities in the period, such as the direct construction of social infrastructures (such as 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 positively impact local communities. These include the free use of the Salini Costruttori Group's medical clinics, wells and access roads and facilities. These initiatives clearly display the Group philosophy of sharing its assets with our host communities. Further details on this can be found in section 4.4.

### Stakeholder dialogue and engagement

Dialogue and transparency are key elements of our sustainability strategy. We encourage relationships and engagement with various stakeholders, both at a corporate and local level with the aim of understanding their views, integrating them into the Group's activities and create long-term value for them. Thanks to this approach, Salini holds excellent relationships with clients, institutions, employees, suppliers, communities and other third parties.

Our engagement practices are flexible, diversified and vary according to differing interests and needs. At a corporate level, our key stakeholders include investors, clients, governments and media. At an operating level, engagement practices relate to a project's features and key stakeholders include employees, 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.

Stakeholders						
Employees and Staff	Clients	Shareholders and Investors	Suppliers, Contractors, Subcontractors and Business partners	Local communities and NGOs	Public Administrations	Governments, Trade associations and Media
<b>Communication channels</b>						
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
<b>Issues of interest</b>						
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

6 Economic value generated and distributed has been calculated based on the 2012 Consolidated Financial Statements, prepared in compliance with the International Financial Reporting Standards (IFRS), 2010 and 2011 data has been restated with the same criteria.

7 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.

8 The increase of 2012 data with respect to 2011 is due to assets donation in Algiers Inter-city collector for the completion of the project and to various donations from the Ethiopian branch.

## 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 and develop new opportunities. The Salini Costruttori Group is committed to maintaining the highest sustainability standards, in accordance with major international guidelines and best practice frameworks.






## In this section...




2.1 Progress against commitments	16
2.2 Managing sustainability risks to enhance business opportunities	16
2.3 Integrating sustainability into Salini's business	17
2.4 Future commitments	19



## Managing sustainability continued

### 2.1 Progress against commitments

2011 COMMITMENTS	ACTIONS IN 2012	PROGRESS
Carry out specific audits about sustainability issues.	In 2012, the Company conducted sustainability specific audits at five operating sites (two in Italy, two in Ethiopia and one in Ukraine), aimed at verifying sustainability data provided for the Report, as well as checking the implementation levels of the Global Compact's principles.	
Combine sustainability reporting from operating sites with the HSE periodic reporting, also defining a set of Sustainability KPIs in order to better measure performance achieved.	In 2012, the Sustainability Office has collaborated with the HSE Department in developing a common reporting procedure to cover to all the Group's operating sites. The project is still ongoing.	
Establish an internal Sustainability Committee which supervises the implementation of the Sustainability Strategy and defines plans and specific activities.	In 2012, the main Company Divisions held several meetings to discuss the Group's sustainability priorities and future activities. However, it was agreed that activities aimed at establishing the Sustainability Committee would be postponed until the completion of the National Champion Project.	
Introduce specific sustainability issues in the induction training courses for newly hired employees.	In the year, we have continued to train new employees on ethics, business integrity and health and safety issues, and we have introduced a mandatory e-learning course focusing on the environment protection.	
Implement an audit plan at every operating site in order to carry out HSE audits on subcontractors.	During the year, all sites have included specific checks on subcontractors' activities in their HSE monitoring plans (audits and inspections).	

 Achieved    In progress    Not met/rescheduled

### 2.2 Managing sustainability risks to enhance business opportunities

Salini believes that effective sustainability management should mitigate operational, financial and reputational risks, while presenting opportunities capable of sustaining the business' objectives into opportunities capable of supporting the achievement of business' objectives.

We have conducted a deep analysis of our sustainability risks and opportunities identifying the major positive and negative impacts on our business. For the identified topics we have defined proper control and mitigation measures (for risks) or enhancement activities (for opportunities), as well as we have identified the benefits for us and for our stakeholders deriving from the proper management of such risks and opportunities.

A comprehensive table of our sustainability risks and opportunities is available at section 6.

#### SOUTHEAST EUROPE BUSINESS FORUM

In November 2012, Salini was invited to participate in the Southeast Europe Business Forum in Istanbul, the conference on the development perspectives in the Balkans for infrastructure and transport projects.

At the event, Salini presented its long-term experience in carrying out important projects in the Balkans, financed by international institutions such as the World Bank and European Bank for Reconstruction and Development. Many representatives from prominent institutions in Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Montenegro, Romania, Serbia and Turkey were in attendance.

Salini is proud to play a role in realising new important transport projects in this area, which promote mobility and contribute to economic development and trade.

<b>Corporate Code</b>	<b>Code of Ethics</b>			
<b>External Principles embraced</b>	<b>UN Global Compact</b>			
	Human Rights	Labour	Environment	Anti-corruption
<b>Corporate Policies</b>	<b>Sustainability Policy</b>			
	Human Resources Management Policy	Occupational Health and Safety Policy	Quality Assurance Policy	Environmental Protection Policy
<b>Management and Control Systems</b>	<b>Internal Control System</b>			
	Health and Safety Management System (OHSAS 18001)	Environmental Management System (ISO 14001)	Quality Management System (ISO 9001)	Organisational Management and Control Model
<b>Reporting system</b>	<b>Sustainability Report</b>			

## 2.3 Integrating sustainability into Salini's business

To ensure a effective management of sustainability risks and opportunities, Salini has revised its policies and procedures over the past few years, establishing an integrated sustainability framework, in line with major international standards and guidelines.

This framework, shown in the diagram above, is periodically reviewed in order to incorporate emerging practices and new standards.

The key elements of the framework are briefly described below, with the exception of the Code of Ethics, the Internal Control System and the Organisational Management and Control Model, which are described in the section 3.5.

### UN Global Compact



Since 2010, Salini has been a signatory of the UN Global Compact, the world's largest strategic policy initiative for businesses 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 continues to be committed in implementing the principles in its day-to-day 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 Salini Costruttori Group's performance in each category<sup>9</sup>.

### Corporate policies

The Group adopts 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.

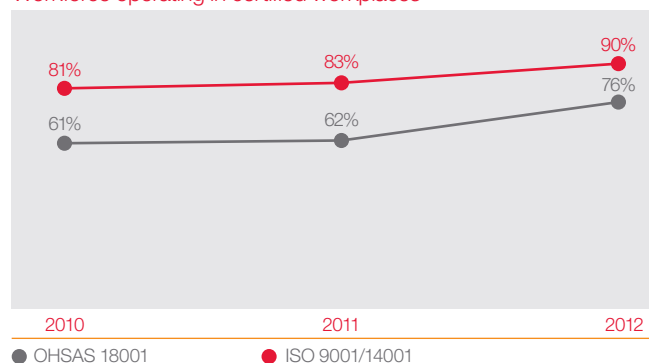
An overarching Sustainability Policy describes the Group's position in contributing towards sustainable development by operating with integrity and fairness, ensuring human resources protection and development, guaranteeing environmental protection, building strong and lasting relationships with institutions and communities, and contributing to economic growth and social progress.

### Management systems and certifications

To meet 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 ISO 9001, ISO 14001, BS OHSAS 18001 standards. It also supports the CEO in defining policies and targets for these issues.

The Salini Costruttori Group is involved in extending its certifications to all major operating companies. In 2012, ISO 9001, ISO 14001 and BS OHSAS 18001 certifications were renewed by Salini S.p.A. and Todini Costruzioni Generali S.p.A.<sup>10</sup>, to cover 90% of the workforce for Quality and Environmental certifications, and 76% for Health and Safety. However, it should also be noted that the procedures of these management systems apply to all our Group Companies and sites, even if they are not yet covered by certification.

### Workforce operating in certified workplaces



<sup>9</sup> In accordance with 'Making The Connection – Using GRI's G3 Guidelines for the COP', United Nations Global Compact Office, May 2007.

<sup>10</sup> Salini S.p.A. is certified against ISO 9001, ISO 14001 and OHSAS 18001 standards, Todini Costruzioni Generali S.p.A. is certified in accordance with ISO 9001 and ISO 14001 standards.

## Managing sustainability continued

### Sustainability reporting system

In order to track progress made on sustainability targets and to set further goals, Salini has implemented a dedicated reporting system for collecting and processing data from operating sites and corporate divisions. Gathered data include performance on HSE, human resources, suppliers, finance, production, legal, corporate governance and relationships with stakeholders. The Sustainability office at headquarters provides for maintaining the reporting system aligned with the highest international standards, elaborating analyses and KPIs for the management, proposing future objectives and producing the annual Sustainability Report.

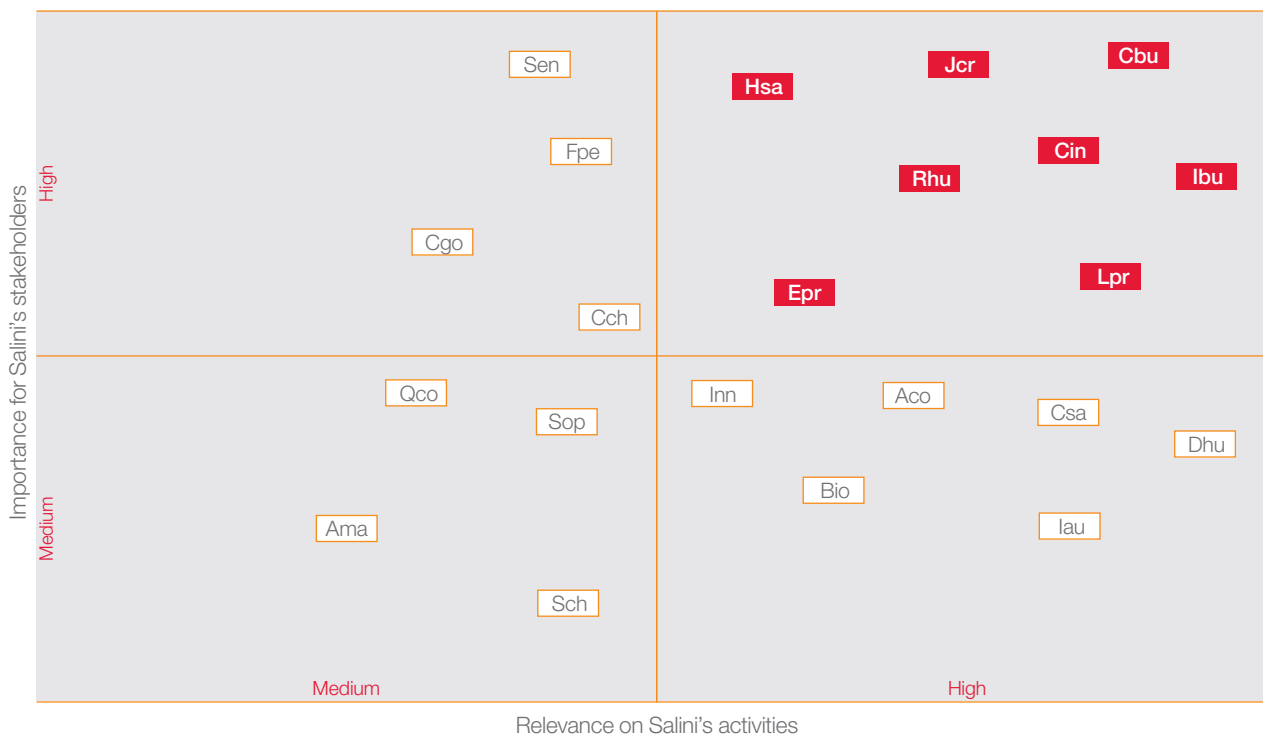
To identify and prioritise which issues we include in the Sustainability Report, we carry out an annual materiality analysis, in accordance with the GRI guidelines. This process allows Salini to identify and address issues of greatest concern to our stakeholders. It is important to note that the most relevant issues (highlighted in red on the graph) coincide with the sustainability risks and opportunities described above. More detail on the materiality analysis process can be found in the Methodological Note.

In 2012, the Group aligned its sustainability reporting system with GRI's new 'Construction and Real Estate Sector Supplement'. As a result, all the relevant material KPIs are now provided in this report.

During the year, we have made additional progress in obtaining the full coverage of some performance indicators, such as training hours at Todini's operating sites, absenteeism of local workers and subcontractors screened on human rights. These achievements demonstrate our commitment towards sustainability as a key element of our risk management system.

Moreover, in 2012, we developed a set of KPIs for each of our sustainability area (available in local development, people and environment sections) and in this report we have focused our analysis on sectorial performance, reaching a fuller representation of our activities based on a sounder materiality process.

### Materiality matrix



Aco	Anti-corruption
Ama	Assurance of management systems
Bio	Biodiversity
Cbu	Capacity building
Cch	Climate change
Cgo	Corporate Governance
Cin	Community investments
Csa	Clients' satisfaction

Dhu	Development of human resources
Epr	Environmental protection
Fpe	Financial performance
Hsa	Health and Safety
Inn	Innovation
Ibu	Integrity in business management
lau	Internal audit
Lpr	Local procurement

Jcr	Job creation
Qco	Quality control
Rhu	Respect of human rights
Sop	Security at operating sites
Sen	Stakeholder engagement
Sch	Supply chain monitoring

## 2.4 Future commitments

Salini has set the following sustainability targets for completion by 31 December 2013. We will report on our progress with respect to these targets in our 2013 Sustainability Report.

### WHAT

Sustainability management

### WHY

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

### HOW

- Complete the integration of periodic sustainability and HSE reporting systems to adopt at operating sites
- Improve sustainability reporting data accuracy through appropriate training activities at main operating sites
- Start to integrate Impregilo operations into Salini's sustainability practices

### FOCUS ON:

Salini wins the Uganda Responsible Investment (URI) Award again



For the second consecutive year Salini was named the best Hydropower construction company of the year at the 2013 URI Awards. In addition in 2013 Salini was also awarded as the Best Responsible Investor of the year for its commitment to promoting and upholding International best practices and standards, productive Corporate Social Responsibility, environmental protection, employment of Ugandans, quality of services offered and anti-corruption mechanism which enabled Salini to complete the construction of Bujagali Hydropower project with no cases of corruption or human right abuses.

## 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, through job creation, local skills enhancement, local supplier growth, increased revenues for governments and voluntary contributions for local communities.








For these reasons, Salini Costruttori Group plays a key role in the development of countries where the Group operates, in line with the Group's mission.

### In this section...

3.1 Progress against commitments	22
3.2 Job creation	24
3.3 Supporting local supply chains	25
3.4 Enhancing local wealth	26
3.5 Business integrity worldwide	28
3.6 Future commitments	29
3.7 Performance data sheet	30

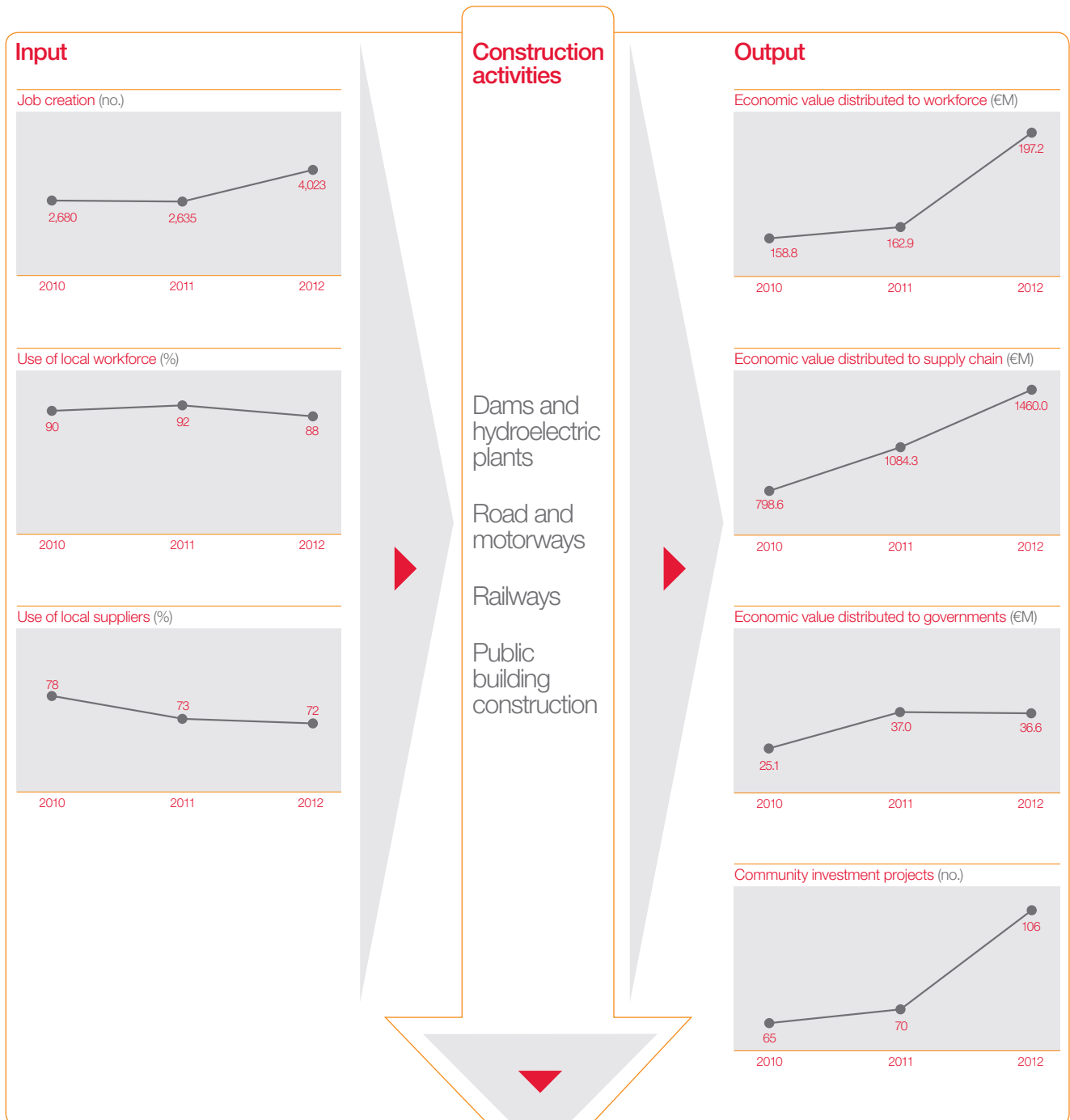
Local development  
continued

3.1 Progress against commitments

COMMITMENTS MADE IN SUSTAINABILITY REPORT 2011	ACTIONS IN 2012	PROGRESS
Adopt organisational models and establish Integrity Boards for the most relevant Group companies.	In 2012, CMT (Denmark) has adopted the organisational model. Salini Costruttori, Salini S.p.A. and Zeis (real estate) have updated their own Organisational Models while Todini has updated its Code of Ethics.	
Continue implementation of a model to calculate the social benefits of Salini projects in local communities.	During the year we have carried on with developing a calculation model aimed at quantifying economic impacts deriving from our activities in terms of total economic output and job creation. The project is ongoing and it will be tested on a representative country.	
Finalise human rights assessment tool in cooperation with Global Compact Network Italy members.	In 2012, Salini proposed the creation of a human rights assessment tool tailored on its own activities and processes. In early 2013 we have started to discuss the tool among a restricted number of Global Compact Network Italy members, in order to agree a common assessment tool.	
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.	At Gibe III in Ethiopia we hired a local specialist to arrange sustainability activities in coordination with the HSE site department. During the period a new HIV/AIDS prevention programme has been developed, while an analysis of the local communities' needs has just started.	
 Achieved  In progress  Not met/rescheduled		



Below are the main KPIs related to our contribution to local development, in terms of involvement of local resources and distribution of economic value to local stakeholders.



Sector contribution to the major local development impacts in 2012	Job creation	Local workforce	Local supply	Community investments
Dams and hydroelectric plants	+55%	70%	20%	47%
Road and motorways	-8%	27%	56%	47%
Railways	+16%	1%	23%	6%
Public building construction	-	2%	1%	-

As shown in the table above, two-thirds of our local workforce are employed in hydroelectric projects, just over a quarter of local employees working on road and motorway projects. The hydroelectric sector is also the main sector in terms of job creation in 2012, while the roads sector is the major user of local suppliers. Most community investments concerned the hydroelectric and roads sectors.

## Local development continued

### 3.2 Job creation

The first measure of Salini's contribution to local growth is the number of jobs created in host countries. The Salini Costruttori Group adopts a strategy focused on using local workforce in areas where projects are located. In 2012, we reached the record level of a direct workforce consisting of 19,531 employees. This is an increase of 4,023 employees compared to 2011 (+26%). Moreover, indirect workforce (subcontractors) amounted to 9,227 employees, bringing total employment to 28,758.

#### Direct hiring of local personnel

In the year, 88% of Group staff consisted of local employees – the equivalent of 17,258 full-time employees (14,197 in 2011). Within our African continent operations, local personnel make up some 13,803 employees, followed by our Asian operations (2,638 employees) and European ones (785 employees).<sup>11</sup> The chart shows the percentage of local workforce by our areas of expertise.

Only in Ethiopia, thanks to Salini projects like Gilgel Gibe II, Gibe III, Beles Multipurpose project and GERDP (Grand Ethiopian Renaissance Dam Project), in the last years have been created 20,000 jobs mostly comprising of individuals from local communities. All these projects established an important relationship with the local administrations, supporting them through several social programmes like construction of new roads, water supply, schools, hospital, bridges, administrative offices, HIV & Malaria prevention programmes and health assistance; strongly contributing in the development of social and economic aspects of the areas involved in our projects.

Although management roles in operational sites are primarily covered by expatriate Italian employees, the Group is involved in training local talented people, in order to create an international management class who are able to move our projects on around the world.

#### Indirect job creation

In addition to the direct workforce, the construction industry makes regular use of subcontractors for certain activities, which contributes significantly to the amount of job created at a local level. In 2012, the amount of works subcontracted was equal to 12% of total backlog, that as said before represented in terms of employment further 9,227 jobs.

As shown in the chart, roads projects employ most of our indirect workforce, followed by the hydroelectric and railway sectors. In terms of their distribution, 51% of these individuals were employed in our Asian continent operations, 32% in Africa and 17% in Europe.

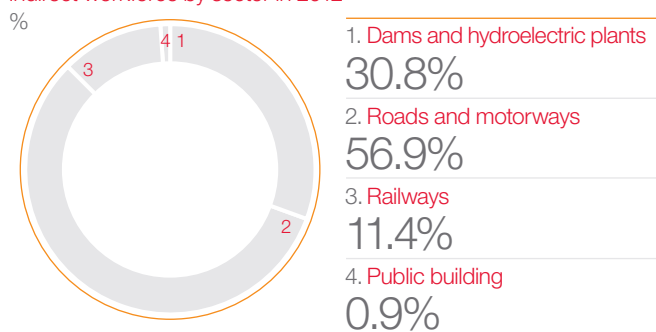
#### Developing local skills and expertise

Beyond the salaries paid and the contribution we make to local economies, job creation plays an important role in enhancing the capabilities of developing countries, thanks to the provision of skills training, health surveillance and the high employment standards. For these issues please refer to section 4 Care for our people.

#### Local workforce by sector



#### Indirect workforce by sector in 2012



<sup>11</sup> One local person is employed in America.

### 3.3 Supporting local supply chains

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

#### Local supply chain spend

In 2012, Salini's links with local providers of goods and services – i.e. suppliers, contractors and subcontractors in the countries where our projects are based – remained strong. Indeed, in 2012 the percentage of spending on local-based providers of goods and services averaged 72%. In monetary terms, the total amount of Salini's spend on locally-based providers was €1,060 million<sup>12</sup>, of which €524 million was spent in Europe, €313 million in Asia and €223 million in Africa.

The potential to procure goods and services from local businesses depends primarily on the capacity of local providers to ensure supply in the quantities and qualities necessary for the implementation of each project. This explains the variation in local spend in dams and hydroelectric plants sector, operating mostly in Africa, in comparison with the others, as shown in the graph on local spending by sector.

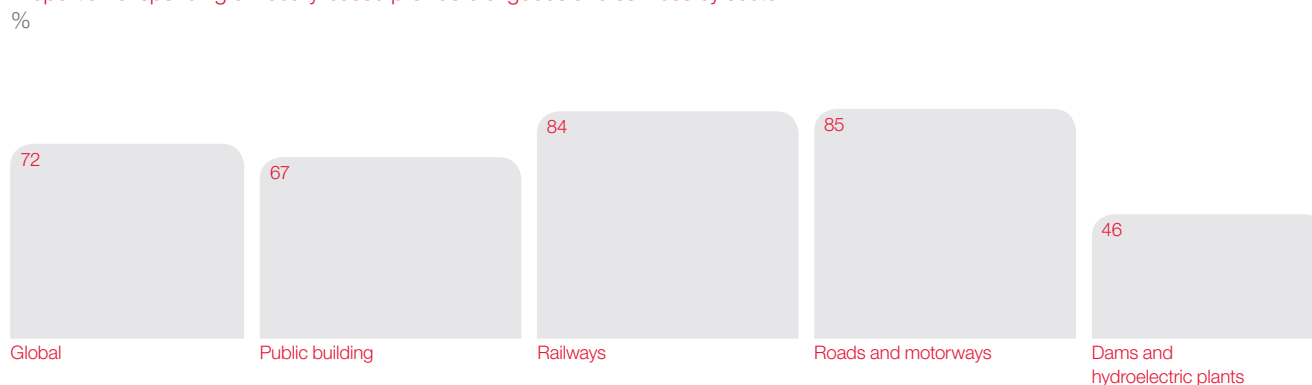
In terms of subcontractors, in 2012 we used 317 firms, 292 of which were based in the home country of operation.

#### 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 Salini Costruttori 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 ensure 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 complying with 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 as 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 a serious breach of contract and may be penalized with cancellation of the contract.

Proportion of spending on locally-based providers of goods and services by sector



<sup>12</sup> Data include only the supplies for operational sites, excluding headquarters and other offices.

## Local development continued

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. The Group also periodically checks the compliance of subcontractors and service providers in legal obligations related to wages, social security and insurance for all their workers employed within our sites. In 2012 these activities were conducted on 75% of total subcontractors' workforce. This effort demonstrates our commitment to sharing our knowledge and skills with local suppliers and subcontractors in order to develop strong partnerships and promote their growth and technical improvement.

### 3.4 Enhancing local wealth

The Salini Costruttori Group aims to create opportunities for the countries in which it operates, respecting local cultures, needs, 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. In instances 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;
- 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 legislative and contractual requirements.

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 appropriate solutions to meet local needs.

#### Community investment

Salini's attention to the needs of local communities is achieved 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 2012, Salini carried out 106 projects of this kind (70 in 2011), 16 of which were related to infrastructure investments and 90 to social programmes.

Community investments	Unit	Africa	Asia	Europe	Total
Infrastructure development projects	no.	13	2	1	16
Social support programmes	no.	38	26	26	90
<b>Total</b>	<b>no.</b>	<b>51</b>	<b>28</b>	<b>27</b>	<b>106</b>

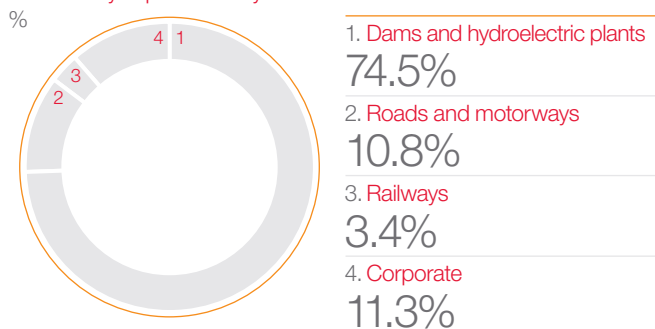
### PROMPT CONTACT REASSURES NEIGHBOURS IN COPENHAGEN

Salini is the leading company of the joint venture CMT – Copenhagen Metro Team – which is constructing 15km of dual tunnel and 17 underground metro stations in the city centre of Copenhagen.

Constructing in densely populated urban areas is challenging, not only for technical reasons, but also in attempting to avoid disrupting neighbours near our construction sites with unexpected noise or traffic.

As a responsible contractor, we stay in close contact with the neighbours throughout the construction process and inform them as soon as we know about extraordinary activities. To better manage these situations, we have implemented a web-based messaging system able to reach and reassure thousands of neighbours within seconds. This helps us to prevent misunderstandings and insecurity in the local community.

#### Community expenditure by sector in 2012



Our expenditure totalled € 1.7 million during the year (€5.4 million in the last three years). The majority of community expenditure made by Salini in 2012 went to Africa, followed by Europe and Asia. In the reporting period, data on these community operations shows that most expenditure related to the Group's work is in the dams and hydroelectric plant sector, followed by roads and by initiatives carried out at corporate level.

Because of the high rate of poverty and corruption in many countries in which Salini operates, the Group prefers to provide direct support to local communities, instead of giving money through charitable donations. The only monetary donations made are granted to well-recognised associations, foundations and religious bodies primarily involved in social welfare. We also offer sponsorships to support cultural and sport initiatives.

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. These are made available for the community once the project has been completed. On the GERD project (Ethiopia), for example, we have rehabilitated a local road. Whilst this will permit our vehicles to safely reach the site during the raining season, the €199,000 activity (not considered in the above total expenditure) will also enable local communities to use the completely renewed road all year round.

During the delivery of projects, local communities can also access some of our sites' facilities, such as on-site clinics, training rooms, wells, roads and bridges. These facilities have the ability to improve the quality of life for many local people – especially for those living in rural areas not served by hospitals. In 2012 GERD's site clinics have provided 2,520 free healthcare interventions to people from the local communities surrounding our project affected areas.

### Resettlement of local community

In all its operations, Salini obtains project areas directly from clients, who are responsible for any resettlement activities. Generally, the main projects that lead to resettlement are the hydroelectric ones, due to the reservoirs' size. Minor concerns come from roads and railways projects where displacement, if needed, involve limited areas.

In recent years in Ethiopia and Zimbabwe Salini has participated in projects where the clients had to carry out relocation activities.

At Gibe III (Ethiopia) impacts on the local community were fairly limited. On the basis of the client's information<sup>13</sup>, 47 houses and 355 land properties were involved in resettlement activities. These were mainly located at the client's camp area, in the reservoir's area and near the new Chida-Sodo road. No houses were present in the reservoir's area, because it is located in a narrow valley with steep slopes. In this instance, all displaced agricultural plots were relocated by the client near the new basin area. Houses were moved a few hundred metres from their original position without having a radical impact on local people's lives.

At Mukorsi Dam (Zimbabwe), relocation activities will involve 508 families. Also in this case, the whole process is managed by the client, through the Ministry of Housing, who assigned new agricultural plots downstream of the dam to 191 families in 2012. Additional relocations will be made over the next few years. As compensation, affected people receive money, agricultural plots and, where possible, new houses. Because among affected people there were two families with disabled women, we have decided to help them offering the construction of two new houses (80 square metres each) with also some minor monetary contributions. The project has been successfully executed and the families of the two disabled women have presently occupied the new houses.

## COMMUNITY INITIATIVES AT GIBE III

Gibe III in Ethiopia is a strong example of Salini's positive approach towards generating value for local communities. The project, besides the creation of jobs and contribution to the local economy, marks an important opportunity for social development of the area as a result of our work.

In recent years Salini has constructed new roads and bridges that have improved accessibility in the region, and have helped to facilitate trade and exchanges. Moreover, we have reclaimed lands now cultivated by local people and have built groundwater wells and water distribution facilities in areas previously without access.

We also improved the quality of life in the community through the construction of schools, churches, clinics and other public buildings. We have also installed a TLC tower to connect the entire area to the national mobile network.

Our approach is fully supported by local people. Our strong relations with them demonstrate the success of our CSR and community strategy.



13 In particular, the Environmental and Social Impact Assessment, the Environmental and Social Management Plan and the Resettlement Action Plan of the project.

## Local development continued

### 3.5 Business integrity worldwide

Salini conducts its business in accordance with the principles laid out in its corporate Code of Ethics. This includes principles relating to legitimacy, fairness, transparency and verifiability.

#### 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 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.

#### Managing business integrity

The Code of Ethics, the Integrity Board and the Organisational Management and Control Model represent the three elements listed in the Italian Legislative Decree no. 231/2001, which has introduced into the Italian legal system a corporate administrative liability deriving from crimes committed by employees. Salini has been committed to compliance with this law since its adoption and now ensures its application and continuous updating not only for the operations carried out in Italy, but also for branches and companies worldwide.

Following the reorganisation process carried out in 2012, a new Integrity Board has been appointed for Salini S.p.A., and a Code of Ethics and an Organisational Model have been adopted. Due to the Group's investment in Impregilo (listed company), the Organisational Models of Salini Costruttori S.p.A. and Salini S.p.A. has been updated to include market abuse crimes.

In late 2012, a new project was launched, aimed at implementing an Anti-Corruption Model to extend protection for the Group and its personnel from potential corruption conducts beyond the compliance with the Decree 231. The model will be developed in 2013.

#### Internal Control System

In order to identify, minimise and manage business risks our Internal Control System plays a key role. It is the central element of the Corporate Governance System<sup>14</sup>. Every year, the Internal Audit Division draws up an audit and monitoring plan based on potential risks and gaps detected through the risk assessment and compliance analysis process concerning the Italian Legislative Decree no. 231/2001. In 2012 the Internal Audit Division carried out 40 audits at headquarters and across operating sites (compared to 29 audits conducted in 2011).

The Salini Costruttori Group pays close attention to the business processes exposed to corruption risks and the Internal Audit Division focuses its activities on targeting these areas. In 2012, 31 of the 40 audits conducted focused on corruption risks, covering all operating sites and branches outside Italy. It has to be underlined the absence of cases of corruption identified through internal audits and checks by judicial authorities.

### THE INTEGRITY BOARD

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

### INTERNAL AUDIT ACTIVITIES

In recent years the Internal Audit Division has increased its efforts to ensure the efficiency and effectiveness of Internal Control System, through the following activities:

- Financial audits on treasury management aimed at mitigating fraud risks;
- Operational audits on subcontractors management;
- Supporting the Finance Department in aligning their first and second level controls over financial resource management;
- Analysing the economic impacts of corporate processes on financial accounts.

In 2012 the Internal Audit Division launched a special project to develop an Accounting Manual to be used at headquarters and at operating sites. The Manual will be released in 2013.

<sup>14</sup> 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).

### 3.6 Future commitments

Salini has set the following sustainability targets for completion by 31 December 2013. We will report on our progress with respect to these targets in our 2013 Sustainability Report.

#### 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 license to operate.

#### HOW

- Test the human rights assessment tool on some representative operating sites
- Develop a new workplace HIV/AIDS prevention & control plan at Gibe III (in Ethiopia) based on a strict collaboration between Salini, the client and the representatives of the local communities
- Create a water supply line for a village and an health centre near the Gibe III site that will offer healthcare to nearly 200,000 people from the surrounding villages
- Build a soccer field for villages surrounding the Ulu Jelai worksite (in Malaysia) and involve local schools in an educational project on renewable energy

#### WHAT

Business integrity

#### WHY

Ensuring the highest ethical standards in business conduct.

#### HOW

- Launch the new Anti-Corruption Model to protect company and personnel from potential corruption conduct
- Adopt the Accounting Manual both at headquarters and at operating sites
- Update the risk analysis of Salini Costruttori S.p.A., Salini S.p.A., Todini and Zeis and consequently update their Organisational Models
- Continue to implement Organisational Models for other main Group companies (Salini Nigeria, Salini Malaysia, Salini Hydro)

### ENGAGEMENT WITH INDIGENOUS GROUPS IN MALAYSIA



In Malaysia, Salini is constructing the Ulu Jelai Hydroelectric Plant. The 372 MW plant is located in the District of Cameron Highlands, Pahang State and is surrounded by 12 Orang Asli's villages housing an indigenous community.

Salini has established good relations with these particular communities, engaging them regularly on several issues – from keeping them up to date on potential impacting activities (such as the use of local water sources), to offering them job opportunities at the worksite. In addition, we have established a formal mechanism to collect any concerns from Orang Asli and have implemented a development programme which consists of local road improvements, electricity supply and sport facilities construction. Further activities will be carried out over the coming years.

Local development  
continued

### 3.7 Performance data sheet

Performance indicator	Unit	2010	2011	2012	GRI Reference
<b>Proportion of spending on locally-based suppliers by category</b>					EC6
<b>Africa<sup>1</sup></b>					
Materials	%	56%	44%	<b>52%</b>	
Subcontracts, consultings and shipments	%	58%	67%	<b>46%</b>	
Leasing and rentals	%	23%	23%	<b>23%</b>	
Assets used in operations	%	37%	43%	<b>50%</b>	
Total local supplies in Africa	%	53%	53%	<b>47%</b>	
<b>Asia<sup>1</sup></b>					
Materials	%	84%	91%	<b>89%</b>	
Subcontracts, consultings and shipments	%	87%	85%	<b>84%</b>	
Leasing and rentals	%	36%	64%	<b>83%</b>	
Assets used in operations	%	92%	78%	<b>50%</b>	
Total local supplies in Asia	%	84%	84%	<b>84%</b>	
<b>Europe<sup>1</sup></b>					
Materials	%	100%	99%	<b>100%</b>	
Subcontracts, consultings and shipments	%	99%	80%	<b>100%</b>	
Leasing and rentals	%	83%	85%	<b>100%</b>	
Assets used in operations	%	100%	99%	<b>100%</b>	
Total local supplies in Europe	%	99%	86%	<b>100%</b>	
<b>Total<sup>1</sup></b>					
Materials	%	76%	67%	<b>76%</b>	
Subcontracts, consultings and shipments	%	85%	78%	<b>71%</b>	
Leasing and rentals	%	45%	57%	<b>64%</b>	
Assets used in operations	%	76%	69%	<b>59%</b>	
Total local supplies	%	78%	73%	<b>72%</b>	



Performance indicator	Unit	2010	2011	2012	GRI Reference
<b>Workforce from local communities</b> EC7					
<b>Employees hired from the local communities</b>					
Africa	no.	9,031	11,676	<b>13,803</b>	
	%	95%	96%	<b>96%</b>	
Asia <sup>2</sup>	no.	1,285	1,259	<b>2,638</b>	
	%	63%	69%	<b>65%</b>	
Europe	no.	1,242	1,262	<b>816</b>	
	%	95%	85%	<b>80%</b>	
Total employees from local community	no.	11,558	14,197	<b>17,258</b>	
	%	90%	92%	<b>88%</b>	
<b>Subcontractors hired from the local communities</b>					
Africa	no.	n/a	n/a	<b>2,808</b>	
	%	n/a	n/a	<b>94%</b>	
Asia	no.	n/a	n/a	<b>4,506</b>	
	%	n/a	n/a	<b>96%</b>	
Europe	no.	n/a	n/a	<b>1,405</b>	
	%	n/a	n/a	<b>90%</b>	
Total subcontractors from local communities	no.	n/a	n/a	<b>8,719</b>	
	%	n/a	n/a	<b>94%</b>	
<b>Total workforce hired from the local communities</b>					
Africa	no.	n/a	n/a	<b>16,611</b>	
	%	n/a	n/a	<b>95%</b>	
Asia	no.	n/a	n/a	<b>7,144</b>	
	%	n/a	n/a	<b>82%</b>	
Europe	no.	n/a	n/a	<b>2,221</b>	
	%	n/a	n/a	<b>86%</b>	
Total workforce from local communities	no.	n/a	n/a	<b>25,977</b>	
	%	n/a	n/a	<b>90%</b>	
<b>Community expenditure by region</b> EC8					
Africa <sup>3</sup>	euro/000	2,105	599	<b>1,324</b>	
Asia	euro/000	51	53	<b>158</b>	
Europe	euro/000	729	141	<b>230</b>	
Total	euro/000	2,885	793	<b>1,712</b>	
<b>Fines for non-compliance with laws and regulations</b> PR9					
Fines received <sup>4</sup>	no.	–	–	<b>27</b>	
Amount of fines <sup>4</sup>	euro/000	–	–	<b>83</b>	

n/a: not available

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

2 The low rate in comparison with other regions is due to the Group's activities carried out in UAE (Dubai), where there is an insufficient availability of local workers. For this reason, the Group has to hire non-local workers.

3 2010 data was affected by a non-recurrent event, related to the celebration for the 50th anniversary of the Nigeria's independence, promoted and organised by Salini Nigeria Ltd.

4 The majority of the fines (20 on 27, equal to €59,206) were received by the Dubai's authorities for non-compliance with local regulations related to the activities carried out at a road project, i.e. protections from the operations and signals of road deviations.

# Chapter 4



# CARE FOR OUR PEOPLE

Salini believes that its human resources are fundamentally important to future growth, as they make a significant contribution to achieving Salini Costruttori Group objectives.

## In this section...

4.1 Progress against commitments	34
4.2 Focusing on people	35
4.3 Development of human resources	35
4.4 Occupational health and safety	38
4.5 Human rights	41
4.6 Security at operating sites	42
4.7 Local personnel management	42
4.8 Future commitments	43
4.9 Performance data sheet	44

Care for our people  
continued

4.1 Progress against commitments

COMMITMENTS MADE IN SUSTAINABILITY REPORT 2011	ACTIONS IN 2012	PROGRESS
Extend the e-learning tools to the operating sites not covered yet, with the progressive addition of other topics.	During the year e-learning has been extended to safety issues for executives at headquarters and at all operating sites. Moreover training on Ethics and Organisational Model has been provided for all newly hired staff.	
Finalise the mapping of employee competencies and the Human Resources management system, with the adoption of an MbO system.	The project is ongoing. However the adoption of an MbO system has been postponed until the completion of the National Champion Project.	
Establish the new centralised security management system for the entire Group, in order to guarantee sites and personnel's protection, ensuring respect for human rights.	In 2012 a corporate service entirely dedicated to security was established within the Human Resources Division in order to manage security issues across the Group.	
Strengthen the OHS organisational structure, increasing the number of dedicated staff at headquarters and at operating sites and monitoring OHS resources adequacy.	In 2012 the HSE Department at the headquarters has been strengthened by the addition of two new HSE engineers, while all the projects have reached an adequate HSE organisation.	
Reduce the Injury Rate of 10% in comparison with 2011 rate.	The IR in 2012 was 2.22, with a reduction of 25% in comparison with 2011 rate.	
Develop, plan and arrange specific training sessions on management responsibilities and safety matters as per Italian law.	A training programme has been established relying on a Third Party Training Company. In 2012 the first sessions were performed to the Gibe III personnel (over a period of four weeks). In 2013 the project will continue on other projects already identified.	
Increase number of audits carried out at project level.	Although the numbers of audits have increased, at a project level, inspections are still preferred to the audit.	
Improve safety standards when working at height through the development of a corporate guideline.	In 2012 the HSE Department drafted two safety procedures about confined spaces and working at height. These will be issued in 2013.	
Define a professional development plan for OHS personnel, both in terms of personal development and career advancement.	Although the process is not regulated by a procedure, the activity is carried out in an informal manner. The formalisation of this process has been postponed for other priorities.	

Achieved   In progress   Not met/rescheduled

## 4.2 Focusing on people

### Salini Group employee profile

At the end of 2012 the Salini Costruttori Group employed 19,531 people worldwide, 43% of which were under 30 years old and 48% were between 30 and 50. In comparison with 2011 levels, our workforce increased by 4,023 employees (+26%). The majority of our workforce is based in Africa, at 74% of our total workforce.

Site workers represent the greatest percentage of employees (16,648). Worker numbers fluctuate according to the stage of projects and the duration of contracts, which are mostly fixed-term contracts. Headquarter personnel are almost fully permanent contracts<sup>15</sup>.

### Human resource management policy

Equal opportunities, non-discrimination, physical and moral integrity, fairness, honesty and professional enhancement guide the Group in its human resources management approach. To manage the complex processes of personnel recruitment, management and development in an organised and structured manner, the Group implemented a dedicated Human Resource Management policy in 2007 which was updated again 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 key Italian and foreign universities to attract graduates.

### 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 TCN<sup>16</sup> 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 deeply committed to the professional growth and enhanced knowledge and awareness of its employees, particularly regarding health, safety, human rights and anti-corruption policies and procedures). The well-balanced mix of young people and qualified staff ensures that our pool of 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 dedicated training courses that provide theoretical and practical training, which helps to create a sense of identity and Group belonging.

An office dedicated to organisational development issues was established in 2009 to define a structured system for tailoring training and development activities. Training needs are identified through a gap analysis of employees' current competencies and those required for each organisational position. However, to support personal development on specific issues of general importance, we launched our e-learning programme in 2010. The programme aims to reach out to the developmental needs of employees around the world in a more targeted efficient manner.

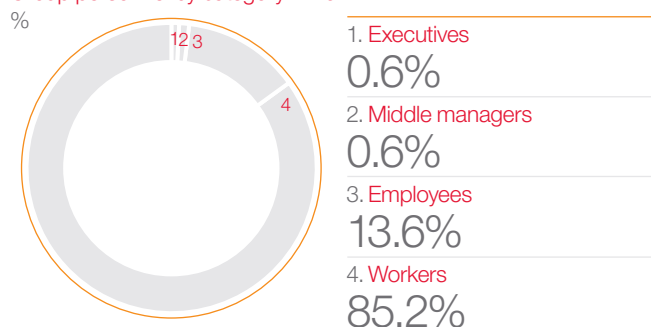
In 2012, we improved our reporting system, collecting training data from all sites and reaching a complete coverage of our workers – included Todini employees. During the year, we provided 101,893 training hours (compared to 32,085 hours in 2011<sup>17</sup>). This data shows our significant commitment towards HSE and specialised training, respectively representing 52.5% and 37.9% of total global training hours.

As well as covering these areas, training is also delivered on languages, administration, the Code of Ethics and Organisational Model (Legislative Decree no. 231/2001), and privacy.

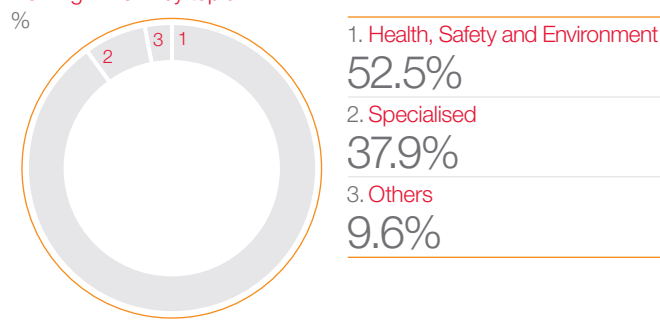
Most training hours were delivered at road projects (47% of the total) and hydropower ones (40% of the total). The hydroelectric and roads sectors represent 98% of total worked man-hours in 2012.

Beyond training of direct personnel employed in construction activities in 2012, we also conducted a specialised training programme for 11 local engineers at our Bumbuna project in Sierra Leone. The six month programme was aimed at teaching the engineers issues about the functioning of an hydroelectric plant. At the end of the course all 11 engineers were employed in the power house – the heart of the hydroelectric plant where water is converted into energy.

Group personnel by category in 2012



Training in 2012 by topic



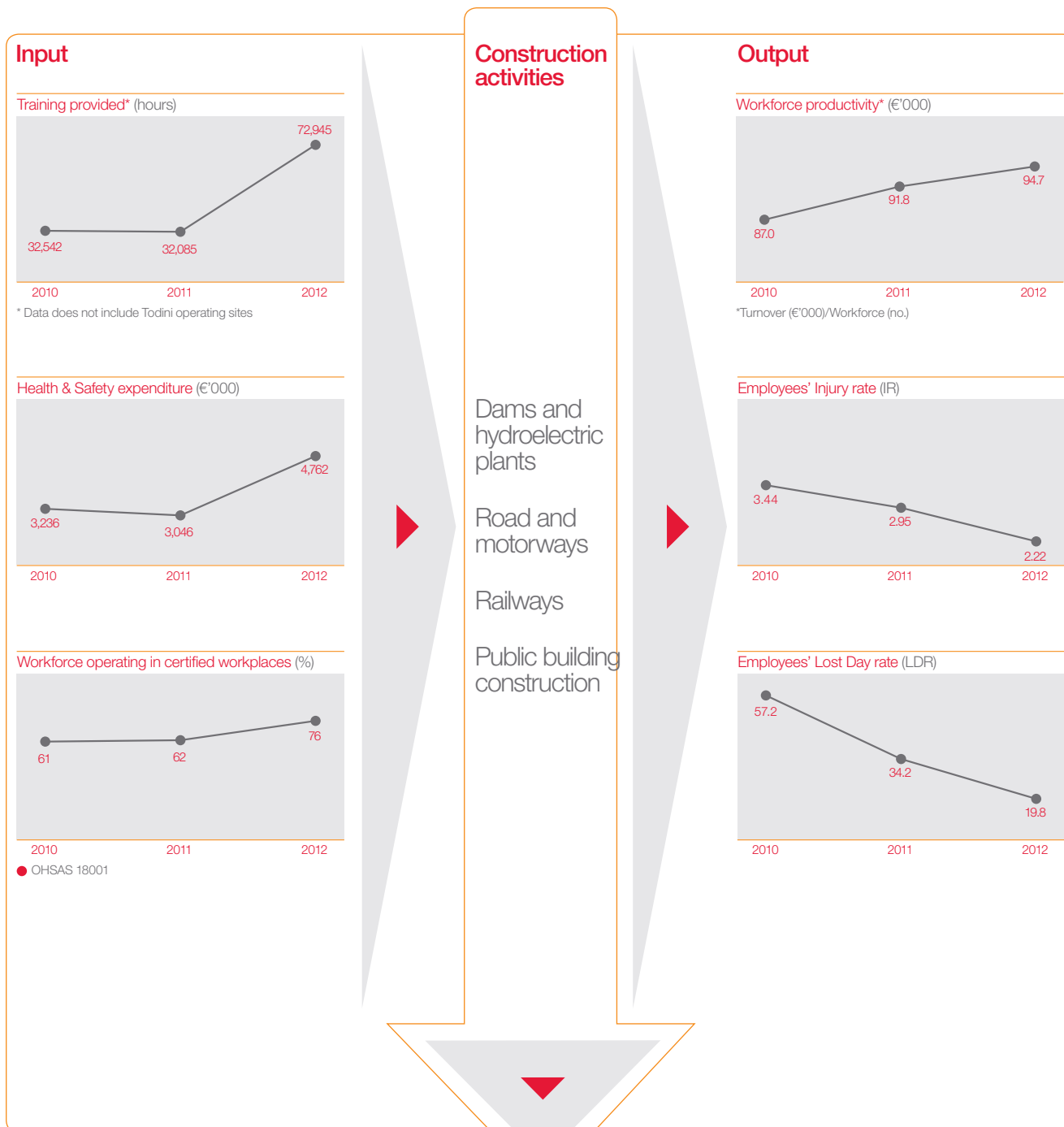
<sup>15</sup> The number of fixed-term contracts at headquarters is irrelevant in respect to the total workforce and is reported in the Content Index (LA1 Indicator).

<sup>16</sup> 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).

<sup>17</sup> 2011 data included training hours provided at headquarters and at the main Salini's operating sites. Todini sites were not included.

## Care for our people continued

Shown next are a series of KPIs which provide an indication of how we measure care of our people. Data is represented as trends over the last three years and also shows the breakdown of performance by sector.



Sector contribution to the major impacts on people care in 2012	Training provided	H&S expenditure	Workforce operating in certified workplaces	Injury rate	Lost Day rate	Worked hours
Dams and hydroelectric plants	40%	39%	99%	1.37	18.27	68%
Road and motorways	48%	47%	30%	4.04	20.11	30%
Railways	12%	13%	100%	4.49	177.41	1%
Public building construction	–	1%	–	2.42	6.66	1%

In 2012, our key indicators registered strong performance, reaching even higher outcomes for hours of training provided, Health & Safety expenditure, workforce productivity and OHSAS 18001 certified workplaces, while the Injury and Lost day rates have registered a sharp decrease.

### Performance management system

Another key pillar of the HR Development System is Salini's Performance management system, which measures and evaluates competencies, performance objectives, behaviours and potential for further development of Group employees according to their role in a defined period. The system is in place for all 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 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 and 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. Salini's policies comply with statutory and regulatory requirements for the payment of wages and benefits. The remuneration system is composed of a fixed salary, supported by a variable bonus (una tantum) which relates to the individual and/or corporate performance.

In addition, Salini offers various benefits to 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 Salini Costruttori Group is 100% compliant in the payment of minimum wages required by relevant authorities around the world.

### 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 is being tackled at our headquarters in Rome, where women currently represent 33.5% of the total workforce.

In contrast, at our operating site level, the vast majority of workers are men, due to the characteristic of the construction sector.

For what concerns the issue of equal compensation, in 2012 the ratio between actual remuneration paid to women and men employed by Salini was equal to 99.9%<sup>18</sup>. This represents a 17% decrease in wage disparity compared with 2011<sup>19</sup>. As is shown in the chart 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, because of their often long-term experience within the construction sector.

### Welfare at operating sites

Salini is aware that operating in remote areas and in challenging socio-environmental contexts represents a huge challenge for its personnel, especially for expatriates. In order to offer to our employees adequate living conditions and reduce the inconveniences of working far from home, we pay great attention to designing and building suitable accommodation.

Our commitment focuses predominantly on our operating sites located in rural areas, far away from towns, such as our projects in Ethiopia. In these locations our sites include one or more camps for workers and their families, equipped with canteens, hospitals, fitness centres and athletics fields, markets, bars, internet connections, etc.

Our aim is to make these villages as comfortable as much as possible, in order to accommodate personnel and their families. Our dedicated Village Chiefs are in charge of managing camps and arranging social activities for residents and guests as well.

### Female/Male salary ratio in 2012



<sup>18</sup> 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 salaries is equal to 1.

<sup>19</sup> 2011 data was restated in 83%. All the employee categories have been included in the calculation.

## Care for our people continued

### 4.4 Occupational health and safety

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

#### Health and safety policy

The Salini Costruttori Group's main health and safety objectives are eliminating or reducing to a minimum the risk of accidents 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. 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 firstly recognised in 2009 by OHSAS 18001 certification and successfully renewed in 2012<sup>20</sup>. 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.

#### Health & Safety expenditure

In order to achieve the mentioned objectives during 2012 the Salini Costruttori Group has continued to emphasise the importance of health and safety by increasing the health and safety investments. In the last three years H&S investments grew from €3,236 million to € 4,762 million (+47%). The chart shows mix of investment across the two sectors with the highest investments. The majority of Personal Protective Equipment (PPE) and other safety equipment expenditure in dams and hydroelectric plants sector were made in Ethiopia while H&S management expenditure in roads projects were carried out in Italy and United Arab Emirates.

#### HSE audits

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

In the last three years we have conducted 182 HSE audit<sup>21</sup>. In 2012, 72 HSE audits took place. This included 50 audits and 22 missions for technical support. The majority of audits were carried out in our hydropower and road projects, at 34% and 46% respectively.

The percentage of the organisation, in terms of employees, verified to be operating in compliance with the health and safety management system (OHSAS 18001 standard) has been 41% in internally conducted audits and 32% for externally conducted audits performed by certification bodies. In terms of subcontractors' employees the percentages have been respectively equals to 11% and 8%.

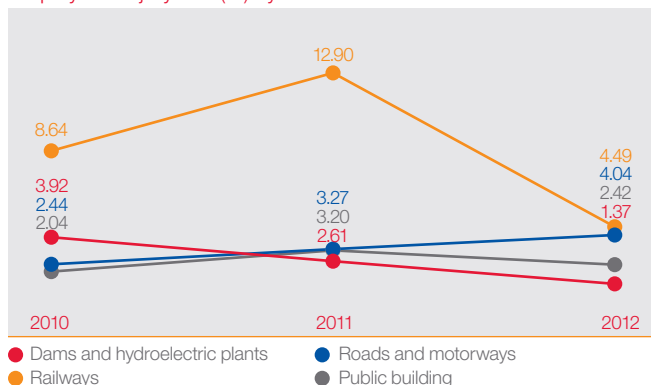
For what concerns the environmental management system, the percentage of employees internally and externally verified to be compliant with the ISO 14001 standard has been respectively equal to 40% and 23% (25% and 11% in terms of subcontractor employees).

#### Injuries rates<sup>22</sup>

In 2012 the Injury Rate (IR<sup>23</sup>) was equal to 2.22 and the Lost Day Rate (LDR<sup>24</sup>) was equal to 19.83. Both the rates saw a decrease in respect to 2011, as a consequence of more worked hours (+39%) and less lost days due to injuries with temporary disability (-19%) in the period.

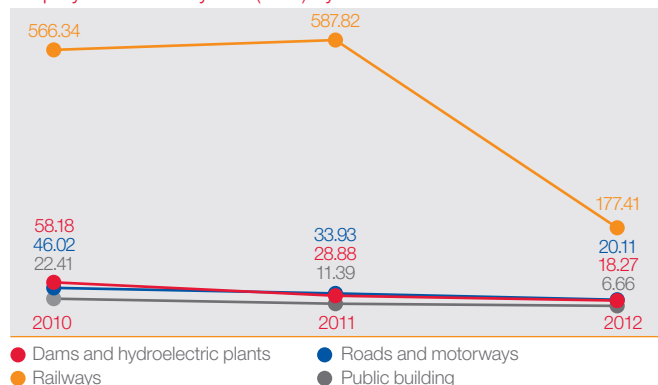
The charts showing our Injury rate and the Lost Day rate show the trend for all the sectors in which we operate. In analysing safety performance, it is important to note that the hydroelectric and roads sectors represent 98% of employees' total worked man-hours, so the higher rates in the railways sector are to be considered as less material (representing only 1% of total worked hours).

Employees' Injury rate (IR) by sector\*



\* Total number of injuries (fatalities included)/total hours worked \* 200,000

Employees' Lost Day rate (LDR) by sector\*



\* Total number of lost days (only injuries with temporary disability)/total hours worked \* 200,000

20 The certification is obtained by Salini S.p.A.

21 2011 data was restated in order to add 20 missions aimed to provide technical support performed during the year.

22 2010 and 2011 rates were restated in respect to those published in the 2011 Sustainability Report to reflect the methodology provided for by the 'ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases', in accordance with the GRI Guidelines, LA7 Indicator Protocol. See the Methodological Note for further information.

23 IR represents the number of injuries occurred each 100 employees and it is calculated as a rate between the total number of injuries occurred in the period (fatalities included) and the total hours worked, then multiplied by 200,000. The complete formula is indicated in the Glossary (6.3).

24 LDR represents the number of lost days lost each 100 employees and it is calculated as a rate between the total number of lost days (only injuries with temporary disability) and total hours worked, then multiplied by 200,000. The complete formula is indicated in the Glossary (6.3).



**FOCUS ON:**

**A new primary school at Gibe III**



In 2012 we inaugurated a site school at our Gibe III project, in Ethiopia. The primary school, which serves children living at the site camp, is composed of a classroom, a laboratory and a recreation ground. The school is currently attended by nine children of different nationalities and lessons are taught in Italian and English by an experienced teacher.

The educational programme is agreed with the National Italian School of Addis Ababa and in the near future we will expand our collaboration with this school, cooperating on collaborative projects, such as lessons of Salini engineers at Addis Ababa school and site visits by teachers and students at the Gibe III project.

All the rates decreased in the year, except the IR for the roads and motorways sector which registered an increase in injuries, due to the increased number of ongoing projects.

In our operations, injuries occur mainly at concrete working areas, followed by workshops, plants, earthmoving and carpentry. Complications with moving parts and machinery represents the main cause of injuries, followed by slipping, crashing, falling from heights, road accidents and general injuries.

We are committed to providing safe working conditions across all our operations and we are firmly dedicated to reducing health and safety risks.

**Subcontractor training and monitoring**

In order to ensure compliance with Salini's procedures, the Group adopts a collaborative approach in working with subcontractors. At operating sites, subcontractors are required to respect the Group's policies and procedures, to attend induction training on HSE issues and to participate to tool boxes and weekly/monthly HSE meetings.

In addition, Salini HSE departments perform regular inspections and audits on subcontractor's activities at site level, monitoring safety conditions, HSE performance and carrying out investigations on incidents occurred. In the reporting period no subcontractor accidents were attributable to Salini.

In 2012 we standardised the flow of information on the subcontractors' safety performance between our operating sites and the headquarters, and now receive all accident and process data for our subcontractors. This process enables us to assess and analyse complete performance statistics.

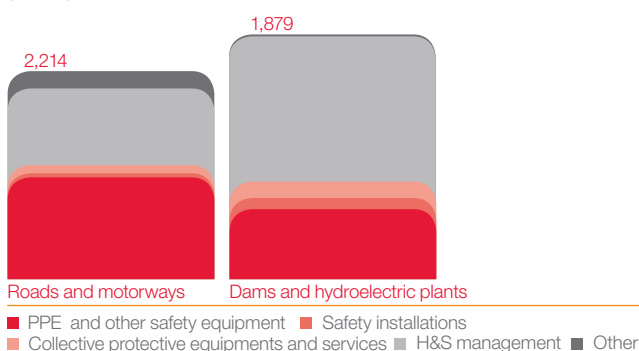
In 2012 our global subcontractors IR was 0.97 while the LDR was equal to 8.46. Rates broken down by regions are available at section 4.9. It should be noted that in the public building sector no accidents involving subcontractors' workers occurred during the year.

**Representation and agreements on HSE**

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

Salini applies current Italian legislation in all its worldwide operations, electing worker safety representatives (RWS) at all our operating sites for both European and local workers. These representatives also play an advisory role on the Group's policy for managing workers' health and safety risks. The RWS are often trade union representatives. Salini recognises the continuing importance of engaging with trade unions on HSE issues.

**H&S expenditure categories by sector in 2012**  
(€'000)



**FIRST VOCATIONAL TRAINING COURSE IN THAILAND**

Salini has developed a broad training programme aimed at creating a breeding ground for specialising human resources to be employed at Salini's operating sites outside Italy.

In 2012 the first dedicated course was conducted in Thailand for mechanics and diagnostic technicians. After careful selection, 15 young apprentices participated in the course held by long-term professionals, alternating theoretical and applied lessons.

Thailand was chosen for this first programme due to the high professionalism of local people in the specific field, as proven by the positive experience in employing Thais in many Salini's projects.

## Care for our people continued

### DRIVERS' TRAINING IN GIBE III



At the Gibe III site, a structured training programme has been established for local drivers. The training is carried out by both internal HSE and Transport Divisions and external specialised companies. **Internal training** is conducted in line with the operating site's training plan. The **external training**, which has received the support of the Ethiopian Transport Authority (ETA), provides for theory (in class with audio-visual support) and driving modules. After each course, in order to test the learning, specific questionnaires are submitted to each attendant.

In 2012, drivers have been involved in theory courses for 1,712 hours and driving lessons for 640 hours. In addition to this programme, in the near future a specialised external trainer will work with the Transport Division in order to strengthen the entire programme.

### 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 our operating sites outside of Italy, medical facilities are in place 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 proposed by the World Health Organization.

Activities carried out by Salini do not expose personnel to high risk of specific diseases and any occupational disease has occurred in the reporting period, both to our employees and to the subcontractors' workforce. 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 and adheres to this legislation.

**FOCUS ON:**

**Taking care of employees and their families' health**



Salini believes that health is a fundamental right for all people, not just our employees, and has put in place a service to support the daily needs of employees and their families, worldwide.

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).

**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 Salini Costruttori 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 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 agreement<sup>25</sup>, which ensures equal rights and treatment. 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 our employees.

The minimum notice period for communicating significant changes in Salini's activities is a legally fixed period, recognised in the collective and local negotiation contracts of reference<sup>26</sup>.

Additionally, in 2012 Salini created a human rights assessment tool tailored to its own activities and processes. As of early 2013 we have started to discuss the tool among a number of UN Global Compact Network Italy members, in order to agree a common assessment tool.

**Incidents of discrimination**

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

About Salini  
Managing sustainability  
Local development  
Care for our people  
Environmental protection  
Appendix  
GRI data and assurance report

<sup>25</sup> If local legislation does not provide for national collective agreements, bargaining is undertaken at the operating site between the Company and the unions.  
<sup>26</sup> In Italy, the minimum notice period ranges from one week (for workers with seniority of 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.

## Care for our people continued

### 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 necessary, implements dedicated plans to properly protect sites. Security managers, in collaboration with the client, hold periodic meetings with local communities to create a climate of mutual trust at our 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.

Many of our projects are considered as sensitive assets by governments and local authorities and are therefore protected by them. Worksites are sometimes monitored and protected by the local military and police, as well as our own caretaker and internal security. Security managers at our operating sites are committed to training security personnel in respect of both employees' and local communities' human rights.

In 2012 a Corporate Security service was established within the Human Resources Division with the aim of developing, implementing and managing the Group's corporate security vision, strategy and programmes. Rather than being purely defensive and reactive, the new corporate security service is intended to be proactive and work on a co-operative cross function basis with the Company's core business.

At an operation level the Corporate Security service will provide guidance and advice to site management on security related matters, and assist our security staff at our operating sites in identifying, developing, implementing and maintaining security processes to reduce security risks, respond to security incidents and limit exposure to liability in all areas of physical and personal risk.

In order to establish appropriate standard and risk controls, the Human Resources Division has launched a project to develop a Security Management Procedure to be used and complied with at operating sites. The procedure will be published in 2013.

### 4.7 Local personnel management

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

#### Recruitment of local personnel

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

For permanent workers, recruitment is carried out with the support of local agencies (for medium to low vacancies), advertisements in local newspapers and at local universities (for medium to high 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 employment laws, local Human Resources offices check applicant documents with the help of local lawyers. This enables us to prevent and detect possible fraud mainly related to the age of applicants. Salini does not hire young workers<sup>27</sup>, 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 to pay all wages directly to the employees.

#### Employee representation

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

## 4.8 Future commitments

Salini has set the following sustainability targets for completion by 31 December 2013. We will report on our progress against these targets in our 2013 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

- Implement a training programme on anti-corruption aimed at covering all Group staff.
- Develop a Security Management Procedure in order to establish appropriate standards and risk controls.
- Obtain the official school status at the Gibe III's site school (in Ethiopia) from the Italian government to allow our personnel's children to regularly attend primary school.

### WHAT

#### Occupational Health and Safety

### WHY

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

### HOW

- Reduce Injury Rates by 10% compared to 2012 levels.
- Develop, plan and arrange dedicated training sessions relating to project management responsibilities, risk assessment processes and determining controls, covering at least 40% of existing projects.
- Improve the flow of the incident investigation reports from operating sites to headquarters
- Improve safety standards through the development of a corporate guideline.
- Improve KPI analysis and reporting of Todini projects.
- Increase evidence of management commitment by recording DPO/HSE jointly audits.

## 4.9 Performance data sheet

Performance indicator	Unit	2010	2011	2012	GRI Reference
<b>Total personnel by category</b>					LA1
Executives	no.	85	101	<b>114</b>	
Middle managers	no.	88	106	<b>120</b>	
Employees	no.	1,778	2,268	<b>2,649</b>	
Workers	no.	10,922	13,033	<b>16,648</b>	
Total <sup>1</sup>	no.	12,873	15,508	<b>19,531</b>	

<b>Total personnel by region</b>					LA1
Africa	no.	9,794	12,210	<b>14,433</b>	
America	no.	2	3	<b>7</b>	
Asia	no.	2,036	1,812	<b>4,070</b>	
Europe	no.	1,041	1,483	<b>1,021</b>	
Total <sup>1</sup>	no.	12,873	15,508	<b>19,531</b>	

<b>Total personnel by workplace</b>					LA1
Italian headquarters	%	2%	2%	<b>1%</b>	
Italian Operating sites	%	5%	3%	<b>1%</b>	
Foreign Operating sites (personnel managed centrally)	%	5%	9%	<b>5%</b>	
Foreign Operating sites (personnel managed locally)	%	88%	87%	<b>93%</b>	
Total	%	100%	100%	<b>100%</b>	

<b>Total women personnel by category</b>					LA1
Executives	%	n/a	6%	<b>4%</b>	
Middle managers	%	n/a	17%	<b>8%</b>	
Employees	%	n/a	33%	<b>33%</b>	
Workers	%	n/a	4%	<b>4%</b>	
Total	%	8%	8%	<b>8%</b>	

<b>Total women personnel by workplace</b>					LA1
Italian headquarters	%	35%	33%	<b>33%</b>	
Operating sites	%	n/a	8%	<b>8%</b>	

<b>Total personnel by age group</b>					LA13
<b>Italian headquarters</b>					
<30 years	%	7%	13%	<b>11%</b>	
30–50 years	%	69%	63%	<b>66%</b>	
>50 years	%	24%	24%	<b>24%</b>	
<b>African Operating sites</b>					
<30 years	%	n/a	41%	<b>47%</b>	
30–50 years	%	n/a	50%	<b>45%</b>	
>50 years	%	n/a	9%	<b>8%</b>	
<b>Asian Operating sites</b>					
<30 years	%	n/a	32%	<b>36%</b>	
30–50 years	%	n/a	51%	<b>54%</b>	
>50 years	%	n/a	17%	<b>10%</b>	
<b>European Operating sites</b>					
<30 years	%	n/a	27%	<b>21%</b>	
30–50 years	%	n/a	52%	<b>54%</b>	
>50 years	%	n/a	21%	<b>25%</b>	

Performance indicator	Unit	2010	2011	2012	GRI Reference
<b>Total personnel by educational qualification</b>					
<b>Italian headquarters</b>					
Compulsory education	%	2%	2%	<b>1%</b>	
High school	%	48%	43%	<b>40%</b>	
University	%	50%	55%	<b>59%</b>	
<b>Operating sites</b>					
Compulsory education	%	n/a	61%	<b>63%</b>	
High school	%	n/a	34%	<b>31%</b>	
University	%	n/a	5%	<b>6%</b>	
<b>Employees hired by category</b> LA2					
Executives	no.	4	8	<b>2</b>	
Middle managers	no.	4	8	<b>6</b>	
Employees	no.	52	38	<b>41</b>	
Workers	no.	73	–	<b>–</b>	
Total <sup>2</sup>	no.	133	54	<b>49</b>	
<b>Hired personnel turnover</b> LA2					
<b>By gender</b>					
Men	%	n/a	15.1%	<b>6.2%</b>	
Women	%	n/a	7.6%	<b>11.6%</b>	
<b>By age group</b>					
<30 years	%	n/a	8.0%	<b>4.7%</b>	
30–50 years	%	n/a	13.4%	<b>11.3%</b>	
>50 years	%	n/a	1.3%	<b>1.8%</b>	
Total rate of hired personnel turnover <sup>2</sup>	%	4.9%	22.7%	<b>17.8%</b>	
<b>Employees left by reason</b> LA2					
Resignations	no.	118	9	<b>6</b>	
Retirements	no.	4	1	<b>2</b>	
Contract expiries	no.	5	2	<b>1</b>	
Deaths/inabilities to work	no.	–	2	<b>2</b>	
Dismissals due to project phases	no.	117	8	<b>–</b>	
Dismissals due to disciplinary causes	no.	–	–	<b>–</b>	
Relocations	no.	–	10	<b>–</b>	
Resolutions by mutual consent	no.	5	2	<b>–</b>	
Total <sup>2</sup>	no.	249	34	<b>11</b>	
<b>Leaving personnel turnover</b> LA2					
<b>By gender</b>					
Men	%	3.8%	3.0%	<b>2.2%</b>	
Women	%	0.5%	0.8%	<b>1.8%</b>	
<b>By age group</b>					
<30 years	%	0.4%	–	<b>0.4%</b>	
30–50 years	%	3.4%	1.7%	<b>2.2%</b>	
>50 years	%	0.4%	2.1%	<b>1.4%</b>	
Total rate of leaving personnel turnover <sup>2</sup>	%	4.3%	3.8%	<b>4.0%</b>	

Care for our people  
continued

Performance indicator	Unit	2010	2011	2012	GRI Reference
<b>Employees injuries rates</b> LA7					
Hours worked (WMH)	hours	40,155,891	35,072,813	<b>48,876,905</b>	
Fatalities (FTL) <sup>3</sup>	no.	5	4	<b>9</b>	
Injuries with permanent disability <sup>4</sup>	no.	–	1.16	<b>0.71</b>	
Injuries with temporary disability (LTI)	no.	685	513	<b>533</b>	
Lost working days (LWD)	dd	11,492	6,006	<b>4,847</b>	
Near miss <sup>5</sup>	no.	67	73	<b>40</b>	
Injury rate (IR) <sup>6</sup>		3.44	2.95	<b>2.22</b>	
Lost Day rate (LDR) <sup>6</sup>		57.24	34.25	<b>19.83</b>	

<b>Employees Injury rates by region<sup>6</sup></b> LA7					
Africa	IR	3.65	3.10	<b>2.40</b>	
	LDR	49.33	26.13	<b>18.96</b>	
Asia	IR	0.45	0.27	<b>1.37</b>	
	LDR	13.78	4.77	<b>10.23</b>	
Europe	IR	8.13	6.95	<b>2.95</b>	
	LDR	317.89	226.06	<b>81.12</b>	

<b>Subcontractors injuries rates<sup>4</sup></b> LA7					
Hours worked (WMH)	hours	n/a	n/a	<b>18,873,558</b>	
Fatalities (FTL)	no.	n/a	n/a	<b>3</b>	
Injuries with permanent disability <sup>4</sup>	no.	n/a	n/a	<b>–</b>	
Injuries with temporary disability (LTI)	no.	n/a	n/a	<b>89</b>	
Lost working days (LWD)	dd	n/a	n/a	<b>768</b>	
Near miss <sup>5</sup>	no.	n/a	n/a	<b>11</b>	
Injury rate (IR)		n/a	n/a	<b>0.97</b>	
Lost Day rate (LDR) <sup>7</sup>		n/a	n/a	<b>8.46</b>	

<b>Subcontractors Injury rates by region</b> LA7					
Africa	IR	n/a	n/a	<b>1.40</b>	
	LDR	n/a	n/a	<b>11.00</b>	
Asia	IR	n/a	n/a	<b>0.13</b>	
	LDR	n/a	n/a	<b>0.20</b>	
Europe	IR	n/a	n/a	<b>2.23</b>	
	LDR <sup>7</sup>	n/a	n/a	<b>25.78</b>	

<b>Total Injury rates<sup>8</sup></b> LA7					
Injury rate (IR)	IR	3.44	2.95	<b>1.87</b>	
Lost Day rate (LDR) <sup>7</sup>	LDR	57.24	34.25	<b>16.75</b>	

<b>Absentee Rate (AR) by workplace</b> LA7					
Operating sites – Salini employees	%	n/a	1%	<b>1%</b>	
Operating sites – Subcontractors <sup>9</sup>	%	n/a	n/a	<b>0%</b>	
Italian headquarters	%	8%	5%	<b>2%</b>	
Global absentee rate	%	n/a	1%	<b>1%</b>	

<b>Total training hours by employee category<sup>10</sup></b> LA10					
Executives	hours	276	655	<b>1,941</b>	
Middle managers	hours	297	624	<b>21,211</b>	
Employees	hours	1,464	2,989	<b>27,063</b>	
Workers	hours	30,505	27,817	<b>51,678</b>	
Total number of training hours	hours	32,542	32,085	<b>101,893</b>	

<b>Average pro-capite hours of training by employee category<sup>10</sup></b> LA10					
Executives	pro-capite hours	4.5	7.6	<b>17.0</b>	
Middle managers	pro-capite hours	4.7	7.0	<b>176.8</b>	
Employees	pro-capite hours	1.2	1.8	<b>10.2</b>	
Workers	pro-capite hours	3.4	2.6	<b>3.1</b>	
Average number of hours of training per employee	pro-capite hours	3.2	2.6	<b>5.2</b>	



Performance indicator	Unit	2010	2011	2012	GRI Reference
<b>Total Training hours by topic<sup>10</sup></b>					LA10
Corporate Management and Quality	hours	196	419	<b>1,385</b>	
Health, Safety and Environment	hours	31,310	28,639	<b>53,457</b>	
Code of Ethics, D. 231, Privacy	hours	110	250	<b>2,060</b>	
Languages	hours	250	2,203	<b>2,381</b>	
Administration	hours	212	294	<b>3,965</b>	
Specialised	hours	464	280	<b>38,644</b>	
Total	hours	32,542	32,085	<b>101,893</b>	

<b>Female/Male salary ratio<sup>11</sup></b>					LA14
Average Female/Male Annual Gross Salary ratio	%	83.0%	83.0%	<b>99.9%</b>	

<b>Subcontractors workforce by region</b>					LA1
Africa	no.	n/a	n/a	<b>2,987</b>	
Asia	no.	n/a	n/a	<b>4,671</b>	
Europe	no.	n/a	n/a	<b>1,569</b>	
Total		n/a	n/a	<b>9,227</b>	

<b>Total workforce by region<sup>8</sup></b>					LA1
Africa	no.	n/a	n/a	<b>17,420</b>	
America	no.	n/a	n/a	<b>7</b>	
Asia	no.	n/a	n/a	<b>8,741</b>	
Europe	no.	n/a	n/a	<b>2,590</b>	
Total	no.	n/a	n/a	<b>28,758</b>	

n/a: not available

1 The increase in 2012 is mainly due to the new hired workers at Gibe III and Grand Ethiopian Renaissance projects in Ethiopia.

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

3 Fatalities in 2012 refer totally to men. 8 have occurred in Africa and 1 in Azerbaijan. For more details please refer to the paragraph 4.4 'Occupational Health and safety' sub-paragraph 'Injuries rates'.

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

5 Data collection for the near miss is in an experimental phase.

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

7 Data does not include CMT Cityringen operating site.

8 Data considers employees and subcontractors.

9 Data does not include sick days of personnel in the calculation of the rates.

10 In 2012 data on training hours include all the operating sites, while 2010 and 2011 data do not cover Todini sites and some Salini ones.

11 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. Calculation is made on the basis of the gross wages paid, rather than minimum wages required by law. 2011 data has been restated due to a miscalculation occurred in the Sustainability Report 2011.

## Chapter 5



# ENVIRONMENTAL PROTECTION

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

## In this section...

5.1 Progress against commitments	50
5.2 Climate change	50
5.3 Biodiversity	52
5.4 Efficient use of natural resources	54
5.5 Environmental protection	57
5.6 Future commitments	59
5.7 Performance data sheet	60

## Environmental protection continued

### 5.1 Progress against commitments

COMMITMENTS MADE IN SUSTAINABILITY REPORT 2011	ACTIONS IN 2012	PROGRESS
Progressively extend the environmental management system (EMS) to all Group companies.	In 2012 all the main operating sites have established an EMS.	
Strengthen the Environmental organisational structure, increasing the number of dedicated staff at headquarters and at operating sites.	In 2012 the HSE Department at the headquarters has been strengthened with new HSE resources, while all the projects have reached an appropriate HSE organisation.	
Enhancement of waste and hazardous substances management throughout the development of corporate guidelines.	In 2012 the HSE Department drafted two environmental procedures about Hazardous substances management and Waste management, which will be issued in 2013. These procedures are aimed at standardising the management activities already in place at our operating sites.	
Increase of number of audits carried out at project level.	All sites have increased HSE monitoring activities during the period, even though inspections are still preferred to the audits.	
Constant evaluation and monitoring of project environmental resource adequacy.	The monitoring process is ongoing. Resources are presently adequate.	
Define a professional development plan for Environmental personnel, both in terms of personal development and career advancement.	In the year the HSE department has implemented an internal process to ensure professional development of HSE personnel.	

Achieved   In progress   Not met/rescheduled

### 5.2 Climate change

Climate change is 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 unpredictability of precipitation, rising sea levels, contamination of coastal freshwater reserves, as well as an 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.

#### 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. In particular, in next future natural disasters will pose at risks existing infrastructures. But this aspect poses also new business opportunities for our industry, including research and development for new buildings and infrastructures which are resilient to a changing climate. Furthermore, the growth in demand for large-scale renewable energy solutions such as hydroelectric dams will contribute to boost our business' opportunities.

For these reasons, we can play a role in combatting climate change through our projects, more than reducing our own GHG emissions. Unlike other industries, activities for reducing emissions are limited in the construction industry, often due to the operational contexts in which we operate (e.g. projects located in remote areas without access to electricity and the need to ship huge amount of materials) and dynamism of site structures over time, that pose challenges for

standardisation of reduction objectives. We therefore focus our efforts on combatting climate change through our projects, such as providing more renewable sources of energy through our hydroelectric plants.

Salini strictly monitors climate change risks and opportunities and the environmental management system is set to track and minimise risks and maximise opportunities where appropriate.

#### Measuring our carbon footprint

Salini was one of the first Italian construction companies to calculate and report its greenhouse gas emissions using the international GHG Protocol standard.

As is shown in the graph on page 51<sup>28</sup>, our main emissions' sources are represented by fuels directly used to power plants and machinery at our sites (Scope 1), followed by indirect emissions from business travel and goods shipments (Scope 3). Hydroelectric and Roads are the sectors with the highest GHG emission intensity, mainly due to the large consumption of fossil fuels to power machinery and produce on-site electricity.

Salini is committed to reducing its direct emissions by periodically replacing its plants, machinery and fleets with more efficient models. However, the main opportunity to reduce our Scope 1 emissions comes from linking the Group's plants and facilities to power grid and thereby reducing the use of diesel generators.

In 2012, we connected our Gibe III site in Ethiopia to the national power grid, with the result that we avoided about 12,189 tonnes of CO<sub>2</sub> emissions, equivalent to about 20% of total emissions of the site. The same has been planned at GERDP (Grand Ethiopia Renaissance Dam project) where the construction of a transmission line connecting the project to the national grid is in progress.

**FOCUS ON:**

Breathing a new lease of life into Uganda



In 2012 the Bujagali Hydroelectric dam opened, signifying a monumental change for Uganda's power generation. The project represents the largest public-private investment ever undertaken in Africa, structured as a partnership owned by Sithe Global of the USA, Industrial Promotion Services of Kenya (which is owned by the Aga Khan Fund for Economic Development) and the government of Uganda. The project was financed by the International Finance Corporation (World Bank Group), the European Investment Bank, African Development Bank and other lenders.

The plant has the power capacity of 250 MW. This provides the 50% of Uganda's total energy demand and significantly contributes to the sustainable development of the Country.

As a signatory of the UN Global Compact, in developing this important project Salini focuses its effort on maximising returns for the community, seeking viable ways to contribute to the achievement of the Millennium Development Goals (MDGs)<sup>29</sup> in the area.

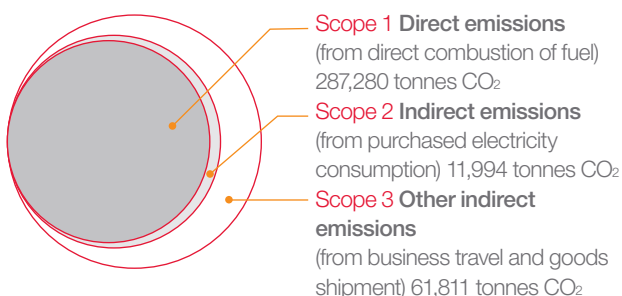
First of all, Bujagali resulted in significantly improved community services for nearby villages, including water supply, education and health facilities (MDGs 4-5-6). The project has also had positive

impacts on the environment, thanks to a certified reduction in GHG emissions equal to 858,173 metric tonnes of CO<sub>2</sub> equivalent per annum (MDG 7), as recognised by the United Nations Framework Convention on Climate Change that included the project into CDMs' register (Clean Development Mechanisms).

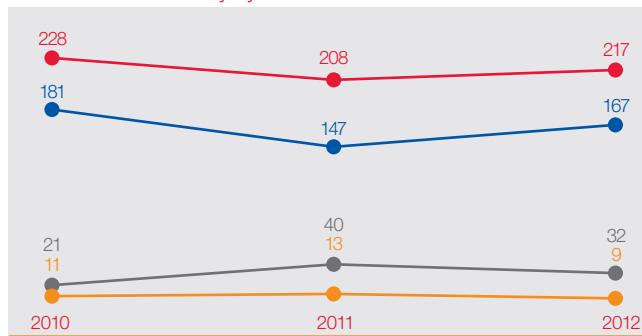
In addition to this, the Bujagali project created nearly 2,000 new jobs during the peak of its construction, mostly comprising of individuals from local communities. We have ensured them high working standard conditions (MDG 1) and health control, mainly for what concerns the prevention of Hiv/Aids and malaria (MDG 6). More we offered free medical assistance to our employees' family members and supported the local communities through several social programmes, primarily in the education (MDG 2), health and sport sectors.

Finally, as local villagers will continue to benefit from the social facilities built during the project's implementation, all the Country is starting to experiment a new economic era, with raising business opportunities for local and international enterprises made possible by reliable electricity and lowering energy costs, with direct positive impacts in terms of job creation (MDG 1) and social well-being.

**CO<sub>2</sub> emissions as per scope**



**GHG emission intensity by sectors\***



\* GHG emissions (t CO<sub>2</sub> eq) / Turnover (€ million)

28 The chart on CO<sub>2</sub> emissions as per scope refers to the total Group's emissions in 2012 (Salini and subcontractors), while the chart on GHG emission intensity by sectors refers only to Salini's emissions. This is because we started monitoring subcontractors' emissions in 2012 and to show comparable data we have not inserted them in this chart.  
29 Further information about MDGs are available at <http://www.undp.org/content/undp/en/home/mdgoverview/>

About Salini

Managing sustainability

Local development

Care for our people

Environmental protection

Appendix

GRI data and assurance report

## Environmental protection continued

For Scope 3 emissions, the Group is committed to sourcing as much local goods and materials as possible (in 2012 72% of our total supplier spend was with local businesses) and maintaining the highest rate possible of sea shipments (98% of our total shipments in 2012 were through sea freight shipment), since this is the method with the lowest associated carbon-emissions.

### 5.3 Biodiversity

The protection of biodiversity and ecosystems is becoming the new frontier of environmental management, due to the deep impacts of biodiversity degradation on human society. This includes ecosystem pollution, loss of access to clean water and food security. While reclamation is a critical component of environmental management, conservation programmes represent the least costly option to provide effective protection for ecosystems.

#### Assessing biodiversity impacts

The potential impacts our projects are set to have on the environment, ecosystem and local communities are assessed by our clients during the planning phase, according to ESIA procedures (see box). Salini takes into account ESIA results to develop detailed Environmental and Social Management Plans aimed at ensuring impacts' mitigation during construction activities. The Salini Costruttori Group is strongly committed to preserving and protecting biodiversity in areas surrounding its operating sites. We continually monitor working activity 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 (in Ethiopia) has been criticised for 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](http://www.gibe3.com.et). In addition to what said in the section 3.4, the impact from the reservoir relating to population displacement will be negligible, because the impounded water will be confined within the gorge of the 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.

### 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 surrounding environment to help decision-makers determine whether or under what conditions the project will proceed.

ESIAs are developed by proponents who take into account the relevant local and international regulations, as well as the environmental and social requirements of international financial institutions (such as the World Bank – International Finance Corporation). ESIAs are usually made available for public consultation by proponents, to provide the necessary information to interested parties.

On the basis that 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 the construction and operational phases of the project, to ensure compliance with all the socio-environmental requirements identified in the ESIA.

	Albania	Azerbaijan	Italy	Denmark	Tunisia
<b>Project name</b>	Levan-Dames	Jenikan-Salyand	Cagliari-Capo Boi	Cityringen Copenhagen	Sfax-Gabes
<b>Sector</b>	Roads and motorways	Roads and motorways	Roads and motorways	Underground railways	Roads and motorways
<b>Location</b>	South-West Albania, Fier prefecture	South-East Azerbaijan	South Sardinia, in Quartu Sant'Elena area (adjacent to Cagliari)	Copenhagen, city centre	East Tunisia – city of Sfax
<b>Environmental context</b>	Agricultural area	Agricultural area	Coastal area	Urban area	Desertic area
<b>Main activities carried out in the area</b>	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 circular metro line with about 17 km of tunnels and 17 stations	Construction of a motorway
<b>Size of operating site</b>	1.2 km <sup>2</sup>	3.4 km <sup>2</sup>	0.7 km <sup>2</sup>	0.4 km <sup>2</sup>	6 km <sup>2</sup>
<b>Position in relation to protected areas</b>	Adjacent to protected areas	Adjacent to protected areas	Adjacent to protected areas	Located inside protected areas	Adjacent to protected areas
<b>Name and typology of protected areas</b>	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)	Fælledparken, Gammel Strand, Nørrebroparken (areas identified in local legislation), Copenhagen Inner Lakes ('Natura 2000' site)	Réserve naturelle El Gonna

### Protected areas

In the reporting period, Salini has carried out just one project (Cityringen, in Denmark) in protected areas while other four roads projects were located adjacent to protected areas. These projects cover an area of around 12 km<sup>2</sup>, representing about the 4% of the total area of the Group projects.

In Denmark, where we are building the new Copenhagen's circular metro line, six of our work sites involve protected areas. Fortunately in only two of them construction activities have been evaluated as having potential impacts on habitats (relating to superficial water and groundwater), so there we adopt special mitigation measures. The involved protected areas are Gammel Strand and Copenhagen Inner Lakes. The Copenhagen Inner Lakes is the most environmentally sensitive area and there we work according to the provisions of a special permit issued by the authorities. In this area we have installed silt curtains to mitigate potential dirty/contaminated water to the lakes outside our work area and periodically we perform underwater inspections to verify silt curtains effectiveness and collect water samples. Quarterly we report on the lake status to the authorities. In the period we have also replanted some specific plants in the lake for protecting those species and other living organisms.

With respect to the roads projects located near protected areas, the environmental impact assessments carried out have not identified any significant impacts on the environment or biodiversity.

### Reclamation of affected areas

Salini is committed to reclaiming all areas affected by plants, facilities, quarries and landfills during or after the completion of 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 state.

Reclamation activities are agreed with clients, and are planned by Salini in partnership with local authorities and communities. Here we aim to understanding the needs of those stakeholders for the areas future use (e.g. farming, grazing). Where possible, Salini arranges the handover 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.

In 2012 the Group reclaimed 333,500m<sup>2</sup> of former quarries and landfill areas (77,639m<sup>2</sup> in 2011), carried out over 78,000m<sup>2</sup> of reforestation and 3,879,773m<sup>2</sup> of topsoil restoration (146,178m<sup>2</sup> in 2011). Reforestation activities has been undertaken mainly in Albania, where we planted over 30,000 acacia trees. We are committed to using native plants for reclamation and in some projects have nurseries for growing plants. An example is represented by Beles Multipurpose project (Ethiopia), where before the handing over of the project areas to the client we reclaimed some temporary exploited areas by planting 75,000 different native trees cultivated at our sites. In 2012 our restoration activities have concerned protected areas or areas of high biodiversity value.

## SOIL EROSION PROTECTION ACTIVITIES



In Malaysia Salini is constructing a 372 MW hydropower plant (the Ulu Jelai project) that intends to meet the increasing Malaysian peak electricity demand, improve energy security and reduce carbon emissions.

The project is located in a rainforest area with about 4,000 mm of rainwater per year. In those conditions earthmoving activities are exposed to great soil stability risks, that Salini minimise thanks to the development of a proper plan aimed at protecting soil from erosion and controlling sediments, based on site specific drainage and soil consolidation systems.

First of all, these systems are applied to the site roads, which are paved with draining materials for safe access in all weather. Great attention is also paid to slope cutting activities. Slopes are installed with a net of drain channels that convey the rainwater in silt fences and check dams, which allow to retain sediments avoiding their dispersion in the river basin. These drainage systems are regularly maintained and sediments collected are removed until the slope is completely stabilised.

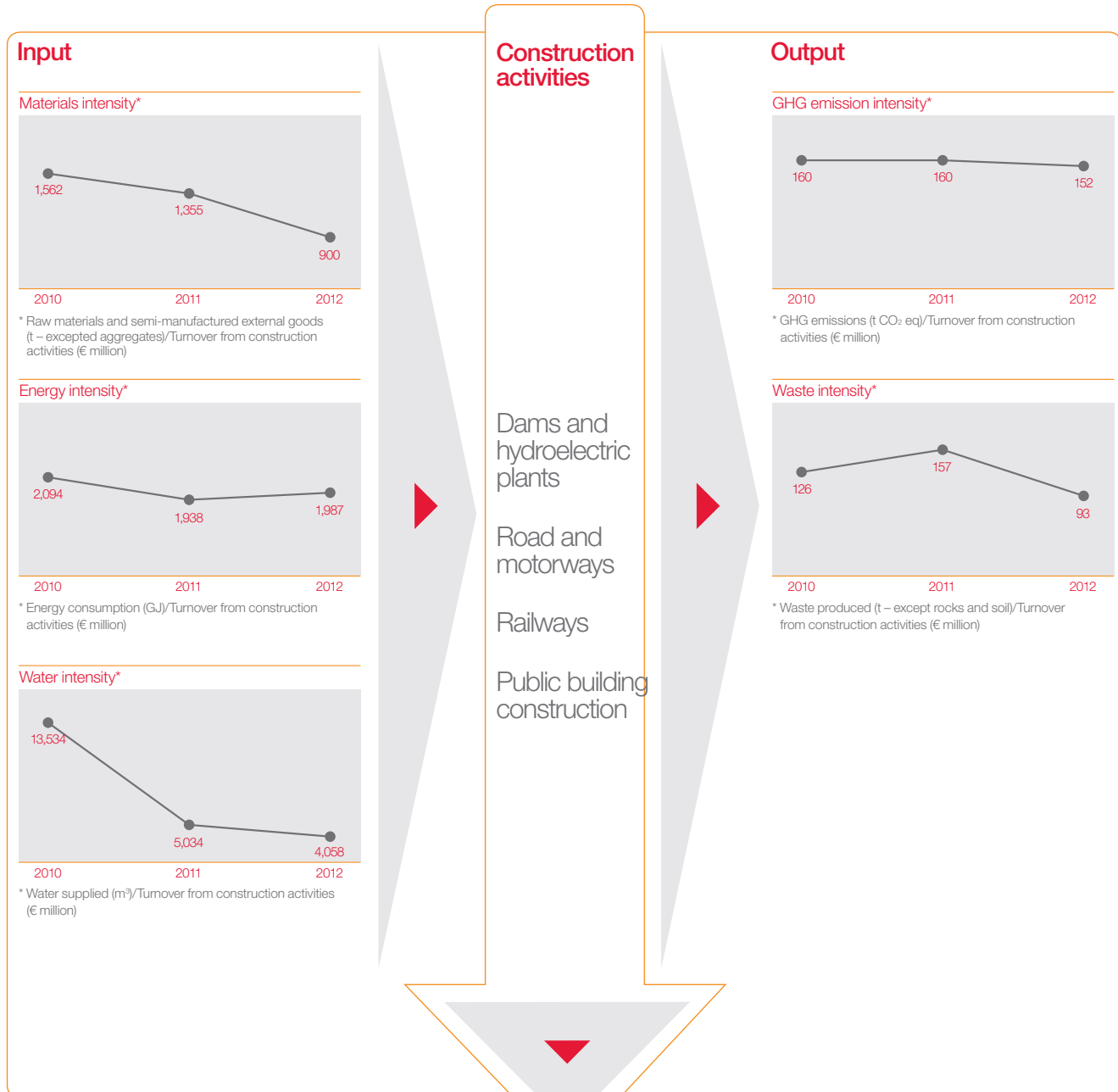
Another example of innovative technique used at Ulu Jelai is the use of 'fibromat', a biodegradable coconut sheet placed on the slope immediately after cutting and seeding activities. This technique immediately protects the slope and safeguards the seed from the water runoff, offering permanent protection and a faster environment reclamation. We calculate that using this method, the autochthon flora (bamboos, bananas, mangos, etc.) is able to grow spontaneously on the restored slopes in only 3-5 years after the completion of the work.

## Environmental protection continued

### 5.4 Efficient use of natural resources

In line with the new commitment of the Salini Costruttori Group in focusing its sustainability reporting on sound materiality analysis, in this section we describe our environmental impacts in relation to total and sectorial turnover. We also focus our disclosure on our most significant sectors of operation.

Salini's key efficiency indicators<sup>30</sup>



Sector contribution to the major environmental impacts in 2012	Materials used	Energy consumption	Water supply	GHG emissions	Waste generated
Dams and hydroelectric plants	16.4%	46.9%	67.1%	48.2%	12.1%
Road and motorways	64.8%	51.2%	31.7%	49.7%	71.3%
Railways	18.2%	1.1%	0.9%	1.2%	16.4%
Public building construction	0.6%	0.8%	0.3%	0.9%	0.2%

In 2012 our key efficiency indicators registered good performance, maintaining past levels for energy and emissions and reaching higher efficiency for the others (materials, water and waste). We focus our narrative reporting on these efficiency on the areas of our business with the greatest environmental impact – namely dams and hydroelectric plants, roads and motorways and railways.



### Use of materials

Materials is an essential component of the construction industry. Considering all materials used at our sites, hydropower and road projects represent the sectors with the highest consumption of materials, while if we do not consider aggregates, most use is seen in roads and railways. Cement, aggregates and metal materials are the main resources used in our hydroelectric projects, while bitumen, cement and aggregates are the main ones used in our road projects. These materials are used mainly to produce in-house asphalt (2.1 million tonnes in 2012) and concrete (2.9 million tonnes in 2012), in addition to ready-made concrete and asphalt<sup>31</sup>.

Salini is committed to reducing the material intensity of its projects and to increasing the efficiency of the resources used. To achieve this goal we act in two different stages: during the tender process our technical department prepares the best proposal for reducing the use and the handling of materials, obtaining minor costs and less environmental impacts. During the project implementation our Cost Control offices at operating sites constantly undertake analysis of resource consumption as the work advances, in order to ensure the budget's respect and prevent unnecessary use of materials, and to maximise the efficiency of material warehousing and operational functions. In the last three years the Group has achieved a continuous improvement in material intensity, with a total decrease of 34%.

We achieved these reductions through recycling materials such as asphalt in road rehabilitation projects. For instance Todini has completed the rehabilitation of part of the highway which links the capital city Kiev with the western city of Chop (Ukraine), recycling the 26% of the pre-existing asphalt (equal to about 600,000 tonnes) through special plants, allowing us also to reduce the amount of waste.

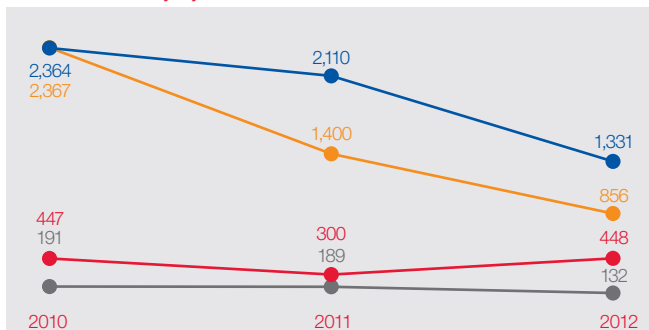
Besides the raw materials used, rocks and soil represent the primary material handled at construction sites and for this reason we consider as crucial to manage them properly. Salini classifies and stores rocks and soil excavated during its activities, in order to reuse them in the construction processes depending on the projects' needs and their qualitative features. In 2012, we reused the 32% (by volume) of the whole rocks and soil handled.

### Energy use and GHG emissions

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 fuels used by the Group are natural gas, coal oil and aviation gasoline.

Hydropower projects, located mainly in remote areas of Africa, use primarily diesel fuel to power plants and vehicles, due to the lack of electric grids and gas pipelines. Road projects have a more balanced energy mix, using diesel and gasoline mainly for vehicles, while electricity and natural gas is generally used to power plants. The latter has registered a strong increase in 2012, due to the asphalt plants consumption in Ukraine.

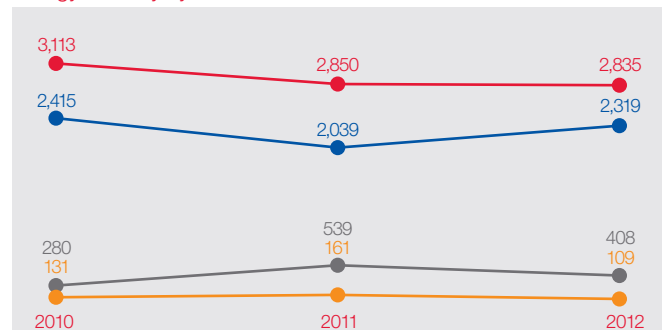
### Materials intensity by sectors\*



● Dams and hydroelectric plants ● Roads and motorways  
● Railways ● Public building

\* Raw materials and semi-manufactured external goods (t-excepted aggregates)/Turnover (€ million)

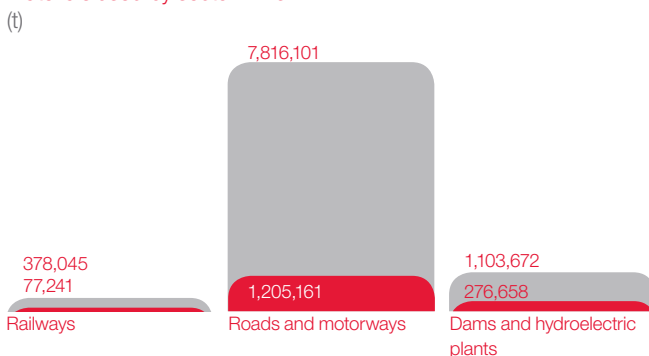
### Energy intensity by sectors\*



● Dams and hydroelectric plants ● Roads and motorways  
● Railways ● Public building

\* Energy consumption (GJ)/Turnover (€ million)

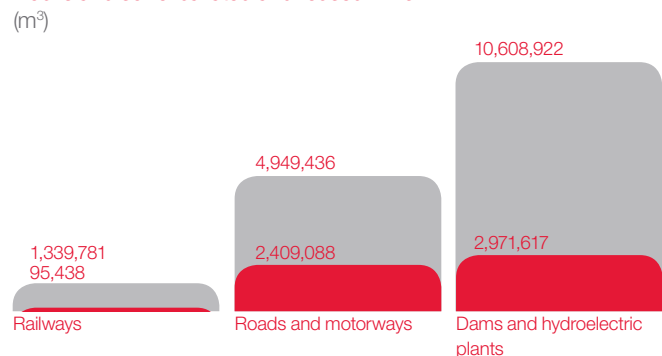
### Materials used by sector in 2012\*



■ Raw materials and semi-manufactured external goods ■ Aggregates

\* Data include also subcontractors' activities

### Rocks and soil excavated and reused in 2012\*



■ Reused ■ Excavated

\* Data include also subcontractors' activities

30 Environmental data reported in this Report relates to the major Group's operating sites active at the end of 2012. Specifically, ratios relate to 28 operating sites covering the 96% of total 2012 revenue on the total operating construction revenue. In accordance with the CRE Sector Supplement, in 2012 data also includes subcontractors' performance. To avoid the misrepresentation of trends, in describing trends, data relates only to Salini (5.4), while charts for 2012 only and data reported in section 5.7 also include subcontractors.

31 These ready-mix products are used primarily at road and railways projects in Europe, due to their market availability.

## Environmental protection continued

### ENERGY-SAVING SOLUTIONS

At the Gibe III project in Ethiopia, as well as connecting the site to the electric grid, Salini has also developed an energy-saving system associated to the conveyor of the RCC (roller-compacted concrete) plant. The system consists in special devices which can produce electricity when the conveyor moves concrete from the batching plant to the dam. In 2012 the system produced 2,616,333 kWh of electricity, allowing us to avoid about 1,830 tonnes of CO<sub>2</sub> emissions from diesel generators with a net saving of about €118,000.

In Sierra Leone, Salini has connected the workers camp to our hydroelectric plant that is rehabilitating, replacing diesel generators and obtaining a 70% of CO<sub>2</sub> emissions, passing from 250 tonnes in 2011 to just 75 tonnes in 2012.

In our Nigerian operating sites, the Group has unified all the power units with a parallel-machine system. The power units, before dislocated in various areas of the operating site, are now more efficient allowing to generate the same amount of electricity with less fuel consumption.

Energy supply represents a significant consumption of natural resources and it is the main source of our GHG emissions. We are therefore committed to finding viable solutions to save energy at our sites. The main opportunity to reduce our emissions comes from linking the plants and facilities to power grids, like Gibe III (completed in 2012) and GERDP (in progress) in Ethiopia.

Moreover, energy-saving initiatives adopted at our sites include replacing equipment with more efficient models; implementing energy saving lighting systems, switching technologies used at plants (for example from diesel to natural gas) and installing energy recovery systems (see case study).

GHG emission intensity is linked directly with energy intensity, so the trends are very similar. The emissions mix for our highest impact sector shows that 30% of total emissions for our hydroelectric projects come from business travel and goods shipment (Scope 3 emissions). To reduce emissions and shipping costs, we are committed to using sea shipment as much as possible since it is the lowest carbon intensive method available. In 2012 we shipped around 192,000 tonnes of goods, 98% of which were shipped by sea mainly in Africa.

### Water use

Salini uses a significant amount of water for its activities. Water is withdrawn primarily from rivers and wells according to local availability, and in 2012 about 80% of total supply was consumed in production processes (crushing plants, concrete batching plants, washing of plants and machinery, wetting of tracks and site areas to reduce dust). The remaining water consumption can be attributed to non-production uses (offices, canteens, houses and irrigation).

In 2012, about two-thirds of our water consumption was in hydropower projects, mainly in Africa. 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.

In order to reduce water consumption, special water treatment plants are active at our operating sites to recycle and reuse industrial water. These plants create a closed-loop system, capable of saving thousands of cubic metres of water every year. In addition, to strictly monitor water supply trends and avoid unnecessary consumption, in 2012 we have started to install water meters at all our main operating sites<sup>32</sup>.

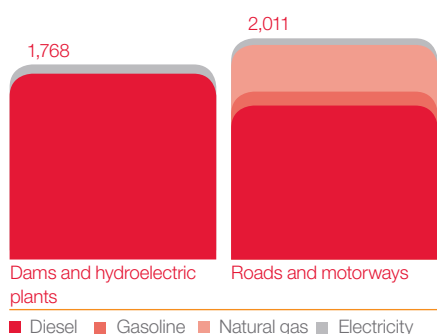
### Disposal and recycling of waste

Large-scale construction works produce huge amounts of waste, primarily excavated material, construction and demolition waste, muds from wastewater treatment, used tyres, waste oil, filters, lubricants and hydraulic fluids.

The greatest quantity of excavated material (mainly rocks and soil not reusable at the site) are generated and disposed of at our hydroelectric projects. Railways represent the second largest source of excavated material waste. These materials are disposed in specific areas selected by the clients and reclaimed for new purposes. A good example of this activity is represented by the Beles Multipurpose project (Ethiopia), where in the 2011/2012 period we disposed the mucking material not reusable in the project in two disposal areas. These areas have been reclaimed covering them with black cotton soil, installing draining systems to collect rainwater and planting native plants to avoid erosion. These areas have been donated to local communities that now cultivate them.

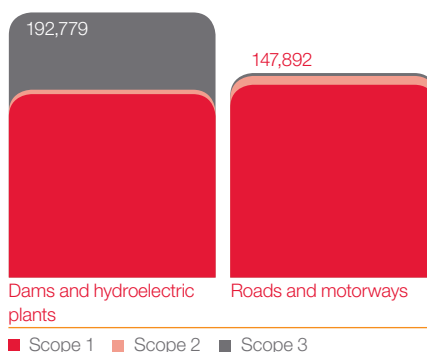
Developing waste management plans is one of the most important elements of our environmental management system. The plans are set up to manage waste in a proper manner, complying with all applicable regulations and best practices. According to these plans, construction waste must be segregated and collected in specific areas and recycled wherever possible, while the remainder is sent via authorised transport companies to approved waste disposal facilities. In Africa, and to a lesser extent in other regions, some scrap materials such as steel and wood are donated to local communities.

Energy mix by sector in 2012\*  
(000'GJ)



\* Data include also subcontractors' activities

GHG emissions by scope and sector in 2012\*  
(tonnes)



\* Data include also subcontractors' activities

32 Data provided about water supply are estimated as described in the Methodological note.

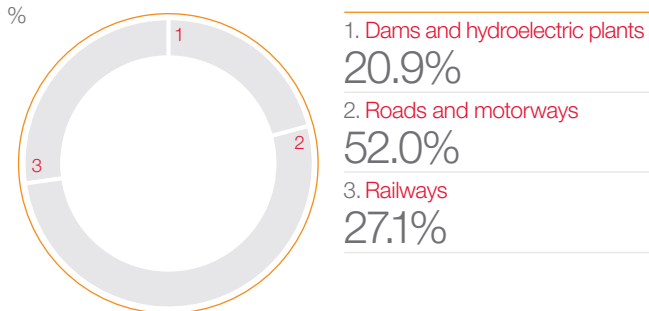
Hazardous waste mainly consists of oil and used batteries, and come from our mechanical workshops. These materials are sent to waste contractors to recycle and/or dispose appropriately.

Waste recycling rate represents the best indicator of the effectiveness of our actions in regards to waste management. Since 2008 when we first started to monitor waste, the rate of waste reused and recycled has improved steadily. Excluding excavated materials, in 2012 we have reached a recycling rate equal to 36% of whole waste generated (32% in 2011). The most recycled materials, both on-site and off-site, are the scraps of concrete and cement, followed by metal materials, muds, used tyres, exhausted oils and plastic.

### 5.5 Environmental protection

In line with the requirements of ISO 14001, our operating sites have specific arrangements in place to ensure the compliance with legal, contractual and corporate requirements for environmental protection.

Recycled waste by sector in 2012\*



\* Data include also subcontractors' activities

We invest significant resources at corporate and operating site level to protect the environment. In 2012 Salini spent about €6.1 million in environmental protection activities, mainly for waste treatment and disposal, environmental management systems, monitoring activities and environmental protection plants (e.g. wastewater treatments systems).

Our site environmental departments, also supported by external agencies and HSE Department at headquarters, conduct regular audits on construction sites and subcontractors to check compliance with applicable environmental policies and procedures.

Environmental performance is periodically reviewed by Salini's top management, who assign targets to ensure ongoing performance improvements.

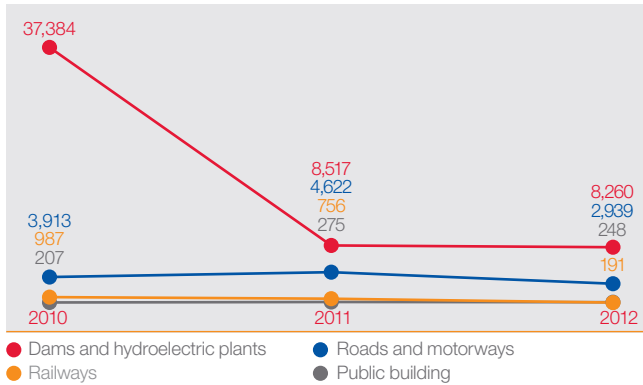
#### INVOLVING LOCAL COMMUNITY IN WATER USAGE

Salini is aware that in some areas water represents a basic asset for sustaining the life of local communities. For this reason, the Group pays a great attention when assessing and selecting water sources for its sites.

We involve community representatives to understand about the respective needs and to find solutions that allow us to withdraw adequate water quantities without detrimentally affecting local inhabitants and the surrounding environment.

In addition, we collaborate with our clients to improve communities' water facilities, building or rehabilitating groundwater wells, water pipelines and irrigation grids.

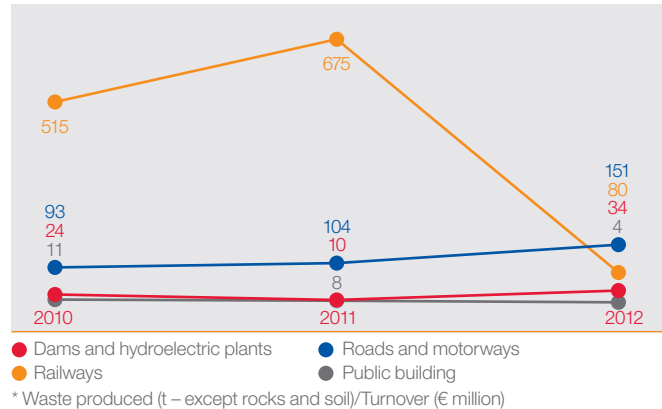
Water intensity by sectors\*



\* Water supplied (m<sup>3</sup>)/Turnover (€ million)

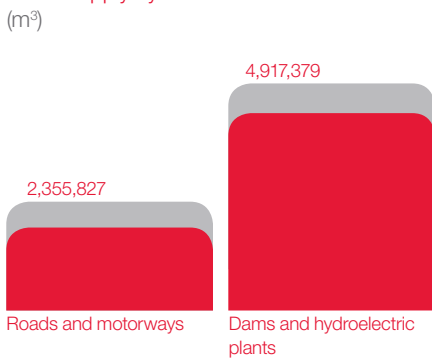
High water intensity in hydroelectric sector in 2010 was due to Beles project in Ethiopia, completed in late 2010.

Waste intensity by sectors\*



\* Waste produced (t - except rocks and soil)/Turnover (€ million)

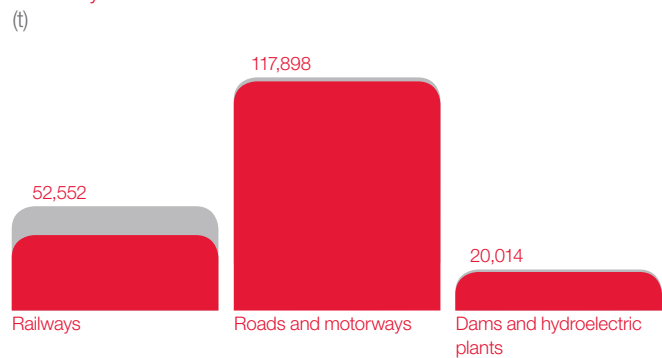
Water supply by use and sector in 2012\*



■ Production ■ Civil

\* Data include also subcontractors' activities

Waste by sector in 2012\*



■ Non-hazardous ■ Hazardous

\* Data include also subcontractors' activities

## Environmental protection continued

### Water management

Salini carefully controls and treats its wastewater to minimise negative impacts on the environment and local communities. Plants, mechanical workshops and machinery washing stations are the main sources of wastewater. Wastewater is collected in settling tanks and treatment facilities, where sediments and oils are filtered out. Our HSE departments, in collaboration with site laboratories and external agencies perform regular analyses before release of wastewater to the environment, to ensure the compliance with ISO and contractual standards. In particular, we check Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) to ensure that statutory limits are complied with. We also check that our wastewater does not contain any contaminant that could be harmful to the environment or local communities.

### ENVIRONMENTAL TRAINING

At the Gibe III project, the HSE Department constantly performs training sessions aimed at instructing all personnel employed on environmental issues, such as soil pollution control, waste segregation, air emissions and dust control plan, hazardous material handling and storage.

Water that is intended for domestic use is filtered and purified in special treatment facilities available at all operating sites. After use, 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, in compliance with the qualitative and quantitative limits set by the sewer companies.

### Noise and vibration management

Noise and vibration can be significant aspects for the environment and local communities. As part of our environmental management systems, prior to starting activities we carry out an assessment of the potential impacts deriving from the planned activities. With this information we determine preventive and protective measures so that impacts can be reduced to acceptable levels (for example by consolidating structures and using acoustic barriers).

The main noise and vibration impacts come from excavation and blasting activities. Other noise sources include fixed plants (crushing, batching and asphalt) as well as diesel generators. Beyond acoustic barriers installation and the use of new models of generators, we pay close attention to the management practices adopted at worksites. For example we perform noisy activities only in daytime hours, avoiding using explosive charges in sensitive areas, ensure regular maintenance of plants and machinery, educate drivers awareness about appropriate use of vehicle engines. During all our activities, noise and vibration measurements are continuously undertaken to verify the effectiveness of mitigation measures. Where required, further improvements are carried out.

### FOCUS ON:

#### Eco-friendly materials use at Cityringen project



At Cityringen project in Copenhagen (Denmark) the use of chemicals and products which may come into contact with soil and/or groundwater if not managed properly, is a significant issue. We have developed a special procedure aimed at substituting hazardous materials with more eco-friendly ones.

During the Preliminary Design Phase all chemicals which will be used in the project are screened against legal and contractual requirements. For non-compliant products substitutes must be identified. Among products resulted as compliant a second screening is conducted, in order to select the least dangerous materials and chemical products from an environmental point of view, with respect to technical and economical aspects. The Final List of Products is included in the package to be submitted for the approval to the authorities.

The same process is undertaken for all oils, lubricants, greases and other materials to be used in all activities at site.

### Traffic and commuting management

The 28 operating sites included in this report cover an area of about 260 km<sup>2</sup> and include about 4,700 vehicles and a workforce of about 19,000 employees as well as about 9,000 subcontractors workers. Organising this many people and vehicles require a significant coordination effort, especially to ensure the safety of our people and reduced environmental impacts.

For this reason we have in place specific traffic management plans at each site, that specify general rules of circulation, road sign installation and delimited pedestrian passages. Traffic control is ensured by flagmen teams and local police, drivers receive regular training on safety rules and are periodically subject to alcohol and drug tests. Moreover, in some sites speed is monitored through GPS systems installed on our vehicles.

Besides air emissions from vehicles, that we mitigate through regular maintenance, on-site traffic cause also great dust emissions, due to unpaved tracks. To mitigate this impact special water tanks continuously wet site areas during all work shifts. In addition, to reduce traffic and environmental pollution our operating sites have commuting programmes in place aimed to optimise people transfer between accommodations, work areas and canteens. Commuting is carried out through company buses (for workers) and car-pooling (for employees working at sites' offices).

### Environmental pollution

Salini carefully manages liquid materials to prevent environmental accidents, by implementing effective spill control measures which eliminate or contain any spills of chemicals, oils, fuels and hazardous material. Environmental emergency plans are in place at our sites to manage both environmental accidents and cases of polluted soil. Procedures require an immediate stop of works so that we can evaluate the impact, decide on appropriate mitigation measures and notify the authorities. Contaminated soil, subsoil, water or groundwater are sampled before and after mitigation activities to ensure complete remediation.

## 5.6 Future commitments

Salini has set the following sustainability targets for completion by 31 December 2013. We will report on our progress against these targets in our 2013 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.
- Constant evaluation and monitoring of project environmental resources availability.
- Improve KPI analysis and reporting by Todini projects.
- Increase management commitment by performing Production Division/HSE Department jointly audits.

## Environmental protection continued

### 5.7 Performance data sheet

Performance indicator	Unit	2010	2011	2012	2012	GRI Ref.
		Only Salini data (subcontractors excluded)			Total data	
<b>Materials used by category</b>						EN1
<b>Non-renewable raw materials</b>						
Cement <sup>1</sup>	t	183,078	199,099	<b>289,760</b>	<b>297,623</b>	
Additives <sup>2</sup>	t	–	34	<b>3,537</b>	<b>3,889</b>	
Bitumen <sup>2</sup>	t	52,711	50,576	<b>112,011</b>	<b>118,702</b>	
Aggregates <sup>3</sup>	t	915,391	6,861,690	<b>8,391,508</b>	<b>9,034,023</b>	
Metallic material	t	69,206	64,550	<b>47,726</b>	<b>55,358</b>	
Total non-renewable raw materials	t	1,220,818	7,175,949	<b>8,844,542</b>	<b>9,509,594</b>	
<b>Renewable raw materials</b>						
Woody material	t	10,575	7,317	<b>11,217</b>	<b>11,425</b>	
Total renewable raw materials	t	10,575	7,317	<b>11,217</b>	<b>11,425</b>	
<b>Semi-manufactured goods produced internally</b>						
Concrete <sup>1</sup>	t	n/a	478,242	<b>2,906,237</b>	<b>2,950,803</b>	
Asphalt <sup>2</sup>	t	n/a	1,000,071	<b>2,117,115</b>	<b>2,127,419</b>	
Total semi-manufactured goods produced internally	t	n/a	1,478,313	<b>5,023,352</b>	<b>5,078,222</b>	
<b>Semi-manufactured goods or parts from external suppliers</b>						
Prefabricated elements of reinforced concrete	t	70,865	54,408	<b>51,582</b>	<b>91,529</b>	
Ready-made concrete <sup>4</sup>	t	1,196,313	1,265,387	<b>640,936</b>	<b>714,441</b>	
Ready-made asphalt <sup>5</sup>	t	106,126	241,743	<b>445,154</b>	<b>576,533</b>	
Others	t	5,094	550	–	–	
Total semi-manufactured goods or parts from external suppliers	t	1,378,399	1,562,088	<b>1,137,673</b>	<b>1,382,503</b>	
<b>Associated process materials</b>						
Lubricant – Motor oil	l	569,476	523,979	<b>689,681</b>	–	
Lubricant – Hydraulic oil	l	492,159	426,599	<b>625,859</b>	–	
Lubricant – Grease	Kg	62,774	77,247	<b>95,278</b>	–	
Tyres	no.	17,217	19,171	<b>24,191</b>	–	
Accumulators	no.	n/a	5,554	<b>3,663</b>	–	
Explosives <sup>6</sup>	t	1,277	1,000	<b>2,401</b>	–	
<b>Waste materials reused</b>						EN2
Rocks and soils from excavation	%	47%	49%	<b>40%</b>	<b>32%</b>	
<b>Direct energy consumption by primary energy source</b>						EN3
<b>Non-renewable energy sources</b>						
Diesel for electricity generation	GJ	649,123	613,363	<b>688,853</b>	<b>692,614</b>	
Diesel for vehicles and machineries <sup>7</sup>	GJ	1,415,804	1,700,833	<b>2,119,642</b>	<b>2,542,093</b>	
Gasoline for vehicles and machineries	GJ	99,784	132,226	<b>144,345</b>	<b>150,691</b>	
Kerosene	GJ	731	2,136	<b>2,729</b>	<b>10,066</b>	
Natural gas <sup>8</sup>	GJ	77	153,536	<b>424,251</b>	<b>439,102</b>	
Aviation gasoline	GJ	5,172	5,392	<b>8,360</b>	<b>8,360</b>	
Total non-renewable energy sources	GJ	2,170,692	2,607,486	<b>3,388,180</b>	<b>3,842,926</b>	
	kWh	602,969,954	724,301,737	<b>941,161,116</b>	<b>1,067,479,422</b>	
<b>Renewable energy sources</b>						
Total renewable energy sources	GJ/kWh	–	–	–	–	
Total direct energy consumption	GJ	2,170,692	2,607,486	<b>3,388,180</b>	<b>3,842,926</b>	
	kWh	602,969,954	724,301,737	<b>941,161,116</b>	<b>1,067,479,422</b>	

Performance indicator	Unit	2010	2011	2012	2012	GRI Ref.
		Only Salini data (subcontractors excluded)			Total data	
<b>Direct energy consumption by sector</b> EN3						
Dams and hydroelectric plants	GJ	1,042,350	1,213,416	<b>1,583,981</b>	<b>1,691,610</b>	
Roads and motorways	GJ	1,087,685	1,335,288	<b>1,754,107</b>	<b>1,951,928</b>	
Railways	GJ	12,992	24,799	<b>20,743</b>	<b>170,040</b>	
Civil building construction	GJ	27,665	33,982	<b>29,348</b>	<b>29,348</b>	
Total direct energy consumption	GJ	2,170,692	2,607,486	<b>3,388,180</b>	<b>3,842,926</b>	
	kWh	602,969,954	724,301,737	<b>941,161,116</b>	<b>1,067,479,422</b>	
<b>Indirect energy consumption from external suppliers</b> EN4						
Electricity purchased from non-renewables sources	GJ	83,470	73,782	<b>72,843</b>	<b>77,927</b>	
Electricity purchased from renewables sources <sup>9</sup>	GJ	17,491	11,850	<b>80,744</b>	<b>82,483</b>	
Total purchased electricity	GJ	100,961	85,632	<b>153,587</b>	<b>160,410</b>	
	kWh	28,044,637	23,786,694	<b>42,663,122</b>	<b>44,558,349</b>	
<b>Indirect energy consumption by sector</b> EN4						
Dams and hydroelectric plants	GJ	7,378	4,975	<b>79,322</b>	<b>79,327</b>	
Roads and motorways	GJ	81,859	67,280	<b>54,683</b>	<b>59,533</b>	
Railways	GJ	7,973	8,930	<b>16,149</b>	<b>18,118</b>	
Civil building construction	GJ	1,277	1,387	<b>423</b>	<b>423</b>	
headquarters		2,473	3,060	<b>3,010</b>	<b>3,010</b>	
Total purchased electricity	GJ	100,961	85,632	<b>153,587</b>	<b>160,410</b>	
	kWh	28,044,637	23,786,694	<b>42,663,122</b>	<b>44,558,349</b>	
<b>Total water withdrawal by source</b> EN8						
Groundwater well <sup>10</sup>	m <sup>3</sup>	476,719	725,666	<b>1,160,578</b>	<b>1,184,016</b>	
River	m <sup>3</sup>	11,030,636	5,448,735	<b>5,916,064</b>	<b>5,986,064</b>	
Lake	m <sup>3</sup>	2,462,424	4,501	-	-	
Sea <sup>11</sup>	m <sup>3</sup>	-	-	<b>9,065</b>	<b>12,301</b>	
Municipal supply <sup>12</sup>	m <sup>3</sup>	712,447	816,276	<b>135,869</b>	<b>262,383</b>	
Total	m <sup>3</sup>	14,682,227	6,995,178	<b>7,221,576</b>	<b>7,444,764</b>	
<b>Total water withdrawal by use</b> EN8						
Production use	m <sup>3</sup>	13,058,776	5,561,308	<b>6,020,091</b>	<b>6,238,038</b>	
Civil use	m <sup>3</sup>	1,623,451	1,433,870	<b>1,201,485</b>	<b>1,206,726</b>	
Total	m <sup>3</sup>	14,682,227	6,995,178	<b>7,221,576</b>	<b>7,444,764</b>	
<b>Total water withdrawal by region</b> EN8						
Africa <sup>13</sup>	m <sup>3</sup>	13,060,071	5,415,446	<b>6,485,029</b>	<b>6,556,679</b>	
Asia <sup>14</sup>	m <sup>3</sup>	446,308	611,982	<b>333,500</b>	<b>388,736</b>	
Europe <sup>15</sup>	m <sup>3</sup>	1,175,849	967,750	<b>403,047</b>	<b>499,349</b>	
Total	m <sup>3</sup>	14,682,227	6,995,178	<b>7,221,576</b>	<b>7,444,764</b>	
<b>Position of operating sites in relation to protected areas<sup>16</sup></b> EN11						
In the area	%	-	-	<b>0.03%</b>	-	
Adjacent to the area	%	1.14%	4.12%	<b>4.17%</b>	-	
Containing portions of the area	%	-	-	-	-	
Not involved in the area (neither adjacent to)	%	98.86%	95.88%	<b>95.80%</b>	-	
Total	%	100.00%	100.00%	<b>100.00%</b>	-	
<b>Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions by primary energy source</b> EN16						
Gasoline for traction	t CO <sub>2</sub>	47,059	44,467	<b>54,109</b>	<b>54,405</b>	
Diesel for traction <sup>7</sup>	t CO <sub>2</sub>	102,641	123,304	<b>166,498</b>	<b>199,681</b>	
Diesel for electricity generation	t CO <sub>2</sub>	6,926	9,178	<b>10,030</b>	<b>10,471</b>	
Kerosene	t CO <sub>2</sub>	53	155	<b>198</b>	<b>732</b>	
Natural gas <sup>8</sup>	t CO <sub>2</sub>	4	7,664	<b>20,663</b>	<b>21,387</b>	
Aviation gasoline	t CO <sub>2</sub>	375	391	<b>606</b>	<b>606</b>	
Indirect purchased electricity	t CO <sub>2</sub>	11,830	10,621	<b>11,407</b>	<b>11,994</b>	
Total direct and indirect greenhouse gas emissions	t CO <sub>2</sub>	168,887	195,780	<b>263,511</b>	<b>299,274</b>	

## Environmental protection continued

Performance indicator	Unit	2010	2011	2012	2012	GRI Ref.
		Only Salini data (subcontractors excluded)			Total data	
<b>Other indirect greenhouse gas emissions by source (Scope 3)</b> EN17						
Business travels	t CO <sub>2</sub>	4,177	2,049	<b>2,369</b>	-	
Shipping of goods at working sites <sup>17</sup>	t CO <sub>2</sub>	10,277	23,753	<b>59,442</b>	-	
Total other indirect greenhouse gas emissions	t CO <sub>2</sub>	14,453	25,802	<b>61,811</b>	-	
<b>Total wastewater by use</b> EN21						
Production use	m <sup>3</sup>	12,784,158	5,375,411	<b>5,585,451</b>	<b>5,791,604</b>	
Civil use	m <sup>3</sup>	1,623,451	1,433,870	<b>1,201,485</b>	<b>1,206,726</b>	
Total	m <sup>3</sup>	14,407,610	6,809,281	<b>6,786,936</b>	<b>6,998,330</b>	
<b>Total wastewater by destination</b> EN21						
Sewers	m <sup>3</sup>	331,532	533,784	<b>189,597</b>	<b>267,347</b>	
Lands/surface waters	m <sup>3</sup>	14,076,077	6,275,497	<b>6,597,339</b>	<b>6,730,983</b>	
Total	m <sup>3</sup>	14,407,610	6,809,281	<b>6,786,936</b>	<b>6,998,330</b>	
<b>Total weight of waste by type</b> EN22						
<b>Non-hazardous waste</b>						
Mixture of cement, concrete, bricks <sup>18</sup>	t	115,240	182,582	<b>115,135</b>	<b>126,166</b>	
Metallic materials	t	4,057	2,876	<b>2,246</b>	<b>2,331</b>	
Wood	t	1,728	1,056	<b>507</b>	<b>517</b>	
Subtotal – Non-hazardous construction and demolition waste	t	121,025	186,514	<b>117,888</b>	<b>129,014</b>	
Rocks, soils and cutting materials <sup>19</sup>	t	1,233,509	1,159,949	<b>6,130,659</b>	<b>6,730,604</b>	
Other waste from excavation activity	t	-	1,076	-	-	
Subtotal – Non-hazardous excavation waste	t	1,233,509	1,161,025	<b>6,130,659</b>	<b>6,730,604</b>	
Frazzled tyres <sup>20</sup>	t	1,205	1,216	<b>1,960</b>	<b>1,960</b>	
Urban mixed waste <sup>21</sup>	t	545	537	<b>22,702</b>	<b>22,842</b>	
Non hazardous muds resulting from the treatment of wastewater <sup>22</sup>	t	2,185	2,856	<b>4,851</b>	<b>9,936</b>	
Others non-hazardous waste	t	5,397	5,750	<b>7,951</b>	<b>8,241</b>	
Subtotal – Non-hazardous general waste	t	9,331	10,359	<b>37,465</b>	<b>42,980</b>	
Subtotal – Non-hazardous waste	t	1,361,681	1,355,042	<b>6,286,012</b>	<b>6,902,597</b>	
<b>Hazardous waste</b>						
Asphalt, tar and bituminous products <sup>23</sup>	t	4,045	14,586	<b>1,204</b>	<b>1,207</b>	
Mixed waste containing hazardous materials	t	n/a	n/a	<b>6,340</b>	<b>6,340</b>	
Subtotal – Hazardous construction waste	t	4,045	14,586	<b>7,544</b>	<b>7,547</b>	
Soil and other contaminated waste <sup>24</sup>	t	51	4,051	<b>22</b>	<b>8,842</b>	
Subtotal – Hazardous excavation waste	t	51	4,051	<b>22</b>	<b>8,842</b>	
Oil's scraps <sup>20</sup>	t	875	856	<b>1,161</b>	<b>1,180</b>	
Batteries and accumulators <sup>20</sup>	t	322	259	<b>169</b>	<b>169</b>	
Hazardous muds resulting from the treatment of wastewater <sup>22</sup>	t	67	88	<b>305</b>	<b>305</b>	
Paint, additives and solvents	t	493	8	<b>136</b>	<b>136</b>	
Others hazardous waste	t	309	76	<b>594</b>	<b>600</b>	
Subtotal – Hazardous general waste	t	2,067	1,286	<b>2,366</b>	<b>2,391</b>	
Subtotal – Hazardous waste	t	8,347	22,780	<b>9,932</b>	<b>18,779</b>	
Total weight of waste	t	1,370,028	1,377,822	<b>6,295,944</b>	<b>6,921,376</b>	



Performance indicator	Unit	2010	2011	2012	2012	GRI Ref.
		Only Salini data (subcontractors excluded)			Total data	
<b>Total weight of waste by disposal method</b>						EN22
<b>Non-hazardous waste</b>						
Incineration	t	65	16	50	147	
Reuse and recycling	t	77,981	170,415	51,548	67,985	
Landfills/Dump sites	t	811,180	1,085,401	6,234,358	6,834,409	
Temporary on-site storage <sup>25</sup>	t	472,454	99,211	57	57	
Total	t	1,361,681	1,355,043	6,286,012	6,902,597	
<b>Hazardous waste</b>						
Incineration	t	2	–	98	100	
Reuse and recycling	t	1,137	15,481	1,106	1,123	
Landfills/Dump sites	t	6,682	7,078	8,526	17,353	
Temporary on-site storage <sup>25</sup>	t	528	220	202	202	
Total	t	8,348	22,780	9,932	18,779	
<b>Significant spills of chemicals and oils</b>						EN23
Significant spills of chemicals and oils	no.	77	81	26	73	
Total spilled quantity	l	n/a	n/a	1,615	2,695	
<b>Land involved in remediation activity</b>						CRE5
Land remediated <sup>26</sup>	m <sup>2</sup>	–	80,639	–	–	
Land in need of remediation	m <sup>2</sup>	–	10,513	–	–	
Land potentially contaminated but not yet analysed	m <sup>2</sup>	–	–	–	–	
<b>Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations</b>						EN28
Significant fines	no.	3	19	9	–	
	euro/000	387	73	44	–	
Non-monetary sanctions	no.	–	1	1	–	
<b>Total HSE protection expenditures and investments by type</b>						EN30
Health and Safety protection costs	euro/000	1,546	1,591	2,060	–	
Waste management, emission treatment and remediation costs <sup>27</sup>	euro/000	7,708	8,828	4,440	–	
Prevention and HSE management costs <sup>28</sup>	euro/000	2,581	2,569	4,404	–	
Total HSE expenditures and investments	euro/000	11,835	12,988	10,903	–	

- The increase in 2012 is mainly due to the consumption at the Gibe III project in Ethiopia, where in the period the building of the main dam has started.
- The increase in 2012 is mainly due to the consumption at the SWRP project in Kazakhstan and at the M06 Road project in Ukraine, where works have been hastened for the 2012 European Football Championship.
- The increase in 2012 is mainly due to the consumption at the Jenikan-Salyand project in Azerbaijan and at the M06 Road project in Ukraine.
- The decrease in 2012 is mainly due to the completion of works at the Variante di Valico project in Italy.
- The increase in 2012 is mainly due to the consumption at the M06 Road project in Ukraine.
- The increase in 2012 is mainly due to the consumption at the GERD project in Ethiopia, that in the period has reached the operating speed for the excavation of the main dam.
- The increase in 2012 is mainly due to the consumptions at the GERD (Ethiopia), the M06 Road (Ukraine) and the Ulu Jelai (Malaysia) projects.
- The increase in 2012 is mainly due to the consumption at the M06 Road project in Ukraine, where works have been hastened for the 2012 European Football Championship.
- The increase in 2012 is mainly due to the consumptions at the Gibe III in Ethiopia, that in the period has been connected to the national electric grid (Ethiopia's energy system consists in about 90% of electricity coming from hydropower source).
- The increase in 2012 is mainly due to the consumptions at the Gibe III (Ethiopia) and the M06 Road (Ukraine) projects.
- The consumption of sea water in 2012 is due to the supply of desalinated water at our projects in Dubai (UAE).
- The decrease in 2012 is mainly due to the completion of works at the Levan Dames (Albania) and the Metro B1 (Italy) projects, as well as to minor consumption at SWRP (Kazakhstan) project.
- The increase in 2012 is mainly due to the consumptions at the Gibe III and the GERD projects in Ethiopia. In particular, in the year the Gibe III project started the full production of RCC (Rolled-Compacted Concrete) for the main dam, with huge use of water from wells and river.
- The decrease in 2012 is mainly due to minor consumption at the SWRP (Kazakhstan) project.
- The decrease in 2012 is mainly due to the completion of works at the Levan Dames project in Albania.
- Reported data have been calculated as the ratio of areas' size affected by protected areas in comparison with the total managed area. 2010 and 2011 data have been restated according to this calculation method.
- 2011 data has been restated due to a miscalculation in the 2011 Sustainability Report. 2010 data has been presented for the first time in this report (not reported in the previous ones). The increase in 2012 is mainly due to the goods shipped at Ethiopian projects (Gibe III and GERD).
- This category is presented in this report for the first time. 2010 and 2011 data consider 'cement' and 'construction mixed waste' reported in the 2011 Sustainability Report.
- The huge increase in 2012 is mainly due to the excavation activities carried out at the Ulu Jelai project (Malaysia) both to prepare the dam's foundations and to open a quarry to be used for the aggregate's production.
- Data has been estimated based on the consumptions of virgin materials, as explained in the Methodological Note.
- The significant increase in 2012 is mainly due to the waste produced at Dubai projects (UAE), that have started again activities in the period after some years of stop.
- 2010 and 2011 data have been restated to better show the subdivision between hazardous and non-hazardous waste (in previous Sustainability reports these data were included solely in hazardous waste).
- 2011 data relates to an activity of asphalt filling carried out at the Bouira Motorway (Algeria), due to pavement imperfections. The project was finished in 2011.
- The increase in 2012 is mainly related to the excavation activities at the Copenhagen Cityringsen project (Denmark), where contaminated soils was found and subsequently reclaimed.
- 2011 data has been restated to include waste classified as 'unknown destination' in the 2011 Sustainability Report. Change is due to a new classification in the reporting system.
- 2011 data was related to soil affected by potentially contaminant activities (jet grouting), spills of chemicals and plants with spills eventuality (e.g. water purification systems, asphalt plants) produced at the Bujagali (Uganda) and the Bouira (Algeria) projects, both completed in 2011.
- The decrease in 2012 is mainly due to the completion of works at the Metro B1 project in Italy, where the excavated soil was treated as waste with consequent higher disposal costs.
- 2012 data is not comparable with the previous years because it includes also the remuneration of the HSE staff (not included in previous years).

# Chapter 6

## APPENDIX

### 6.1 Membership

- Comitato Leonardo – (Italian Quality Committee) (chairman)
- Istituto Grandi Infrastrutture (Large Infrastructure Institute) (Steering Committee member)
- Associazione Grandi Imprese (Large company Association) (member)
- Chamber of Commerce Tunisia-Italy (member)
- Global Compact Network Italia (member)
- Italian Committee on Large Dams (member)
- National Industrial Safety Council of Nigeria (member)

### 6.2 Sustainability risks and opportunities at Salini's operating sites

At our operating sites, risks and opportunities related to sustainability issues can be divided in the following categories:

- pure risks;
- risks that can be turned into opportunities;
- pure opportunities.

The tables below show how the Group manages each risk and opportunity and how the company and local communities benefit from our activities. In this representation we focus on to our operating sites located in developing countries. In our view, this approach represents the best way to adopt the precautionary principle in the management of issues related to economic, social and environmental sustainability.

The first category includes pure risks, that are mitigated through proper activities aimed at reducing potential extra costs and ensuring our 'social license to operate'.

#### In this section...

6.1 Membership	64
6.2 Sustainability risks and opportunities at Salini's operating sites	64
6.3 Methodological Note	68
6.4 Glossary	71

Category	Pure risks		Activities	Objectives	
	Type <sup>33</sup>		Control and mitigation activities	Company benefits	Benefits for society
Environmental concerns	Natural resources scarcity, more stringent environmental regulation and more frequent extreme weather phenomena	O, F, R	<ul style="list-style-type: none"> <li>– Adoption of international standards for environmental management (ISO 14001), with particular attention to the local constraints due to natural resources availability (water, rocks and soil, etc.);</li> <li>– Adoption of local environmental legislation (e.g. emission trading systems, taxes on water consumption, fossil fuels, etc.) and climate conditions.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced consumption and related costs during project implementation;</li> <li>– Better planning of compliance costs due to environmental regulations;</li> <li>– Lower costs deriving from damages to assets.</li> </ul>	<ul style="list-style-type: none"> <li>– Lowered impacts on local communities deriving from natural resources' usage and from extreme weather phenomena's effects.</li> </ul>
	Ineffective environmental and social assessment studies and related management plans prepared by client	O, F, R	<ul style="list-style-type: none"> <li>– Adoption of international standards for local environmental and social impact management (World Bank/IFC, UN Global Compact);</li> <li>– Supporting clients in the preparation of the management documentation.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced risks of project delay, fines, litigation and damage to reputation.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced risk of adverse impacts on communities.</li> </ul>
Business transparency	Lack of transparency in public procurement contracts and widespread corruption practices	F, R	<ul style="list-style-type: none"> <li>– Ensuring a binding Code of Ethics for all parties;</li> <li>– Adoption of a specific management and control system aimed at monitoring compliance with the Code;</li> <li>– Ensuring an Internal audit system in place;</li> <li>– Providing training for staff involved in sensitive tasks.</li> </ul>	<ul style="list-style-type: none"> <li>– Enhanced relationship with government, regulatory bodies and third-party organisations.</li> </ul>	<ul style="list-style-type: none"> <li>– Increased chance of successful delivery of public projects.</li> </ul>
Community concerns	Design modifications required during project implementation caused by community activism against siting or routing	O, F, R	<ul style="list-style-type: none"> <li>– Arrangement of meetings with local communities to explain the project, collect concerns and understand local needs and expectations;</li> <li>– Alignment of temporary civil works (e.g. access roads, bridges, water abstraction) with infrastructure priorities of affected communities;</li> <li>– Continuous community liaison to monitor and resolve possible problems.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced risks of project delay and extra costs due to design modifications;</li> <li>– Greater local community acceptance.</li> </ul>	<ul style="list-style-type: none"> <li>– Creating a climate of mutual trust;</li> <li>– Meeting the basic needs of local communities.</li> </ul>

33 O: operational F: financial R: reputational

Appendix  
continued

The second category includes risks that can be turned into opportunities. These are managed through activities which aim to enhance opportunities that support our social licence to grow in host countries.

Category	Activities	Benefits			
Risks that can be turned into opportunities	Key management activities	Company benefits			
Type		Benefits for society			
Use of local workers	Unskilled local labour	O, F, R	<ul style="list-style-type: none"> <li>– Adoption of labour-based methods for all suitable works;</li> <li>– Prioritising local recruitment;</li> <li>– Offering vocational and on-the-job competency development programmes for all workers;</li> <li>– Close collaboration with local universities, governmental labour institutions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced costs (ILO studies show that labour-based methods achieve cost savings of between 10%–30% over equipment intensive methods of construction);</li> <li>– Ensuring the availability of a skilled local workforce for future projects with advantages over competitors;</li> <li>– Enhanced relationships with local communities and governments.</li> </ul>	<ul style="list-style-type: none"> <li>– Job creation for local people (ILO studies have shown that labour-based approaches create between three and five times more employment over equipment intensive methods of construction);</li> <li>– Additional income and skills capacity for the local economy.</li> </ul>
	Accidents and injuries due to low capability of local labour	O, F, R	<ul style="list-style-type: none"> <li>– Adoption of international standards for health and safety (OHSAS 18001) to prevent injuries in both the directly-employed and subcontractor workforce;</li> <li>– Provision of HSE training courses and of safety equipment for all workers.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced regulatory risks;</li> <li>– Reduced insurance and legal costs;</li> <li>– Enhanced reputation among institutions, investors and media.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced accidents and injuries involving local workers;</li> <li>– Reduced risk of lost income</li> <li>– Enhanced livelihoods for workers and their families.</li> </ul>
	Wage levels in excess of market norms leading to labour drain from staple local industries (agriculture, livestock, etc.)	R	<ul style="list-style-type: none"> <li>– Preference for sourcing either from suppliers resident in the area of operations, or who themselves source from land owned by residents living in the project area;</li> <li>– Collaborate with NGO and/or local authorities to develop community sourcing opportunities into viable micro-enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>– Greater local community acceptance;</li> <li>– Advantage over competitors.</li> </ul>	<ul style="list-style-type: none"> <li>– Additional income to support local economies and sustain staple industries;</li> <li>– Contribution to increase the skills base of the local economy.</li> </ul>
Local suppliers	Low capacity of local business system (suppliers of materials and services, subcontractors and financial institutions)	O, F	<ul style="list-style-type: none"> <li>– Preference for local enterprises linked to strong supporting activities aimed at spread good practices and improve quality and HSE performances of suppliers and subcontractors; assist local financial institutions in building their capacity to manage more complex clients; building capacity of employed enterprises to improve their competitiveness in the marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>– Better control over the local supply chain;</li> <li>– Advantages over competitors;</li> <li>– Access to suitable suppliers, also for future projects;</li> <li>– More reliable local financial services provider;</li> <li>– Enhanced relationship with government, regulatory bodies and third-party organisations.</li> </ul>	<ul style="list-style-type: none"> <li>– Additional income to local economy;</li> <li>– Further employment generation due to the use of local suppliers and subcontractors;</li> <li>– Improved competitiveness of local enterprises in the marketplace;</li> <li>– Increased capacity of local financial institutions to manage big clients more efficiently.</li> </ul>
	Local community concerns over construction activities depleting local infrastructures (e.g. deterioration of roads) or bulk use of natural resources (e.g. water usage)	O, F, R	<ul style="list-style-type: none"> <li>– Adoption of international standards for quality (ISO 9001), environment (ISO 14001) and social impact management (UN Global Compact);</li> <li>– Evaluation of local community needs through stakeholders engagement activities; implementation of local infrastructure projects of community-wide benefit linked to the presence of site (e.g. schools, hospitals, sport facilities, road improvements, etc.)</li> <li>– Implementation of social educational, health and recreational initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>– Create a climate of mutual trust and greater local stakeholders acceptance;</li> <li>– Reduced risks of project delay;</li> <li>– Reputational advantages over competitors.</li> </ul>	<ul style="list-style-type: none"> <li>– Minimisation adverse impacts on local communities;</li> <li>– Meeting basic needs of local communities through public utility infrastructures and services;</li> <li>– Tangible benefits from the presence of the Company.</li> </ul>
Relationships with local communities					

The last table describes how sustainability generates new opportunities in the construction sector and how we act to develop them.

Category		Activities	Benefits		
Opportunities	Type	Enhancement activities	Company benefits	Benefits for society	
Climate change	Greater demand of renewable energy and infrastructures capable to resist to a harsher climate	O, F, R	<ul style="list-style-type: none"> <li>– New investments in renewable energy solutions;</li> <li>– Entering new markets thanks to know-how and expertise built on hydropower;</li> <li>– R&amp;D investments to develop new solutions for adapting the infrastructures' features to the new climate context.</li> </ul>	<ul style="list-style-type: none"> <li>– Greater revenues from dams and hydroelectric plants and road rehabilitation;</li> <li>– Reputational advantages over competitors relating to track record and capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>– Availability of cheaper, clean and renewable energy sources;</li> <li>– Safer public infrastructures (bridges, roads, etc.) capable to resist to extreme weather conditions.</li> </ul>
	Increased likelihood of awarding new contracts in tenders with high sustainability criteria	F, R	<ul style="list-style-type: none"> <li>– Maintaining the leadership in sustainability management through adoption of the most recent international standards and best practices.</li> </ul>	<ul style="list-style-type: none"> <li>– Increased contracts awarded in markets with high sustainability standards, resulting in incremented backlog and greater revenues;</li> <li>– Advantages over competitors not focused on sustainability;</li> <li>– Enhanced reputation among stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced risk of adverse impacts on communities;</li> <li>– Increased income and skill base of the local economy;</li> <li>– Better relationships through increased transparency.</li> </ul>

Sustainability

About Salini

Managing sustainability

Local development

Care for our people

Environmental protection

Appendix

66  
67

GRI data and assurance report

### 6.3 Methodological Note

The Sustainability Report as of 31 December 2012 (hereinafter also referred to as the '2012 Sustainability Report' or the 'Report') aims to provide reliable, complete, well-balanced, accurate and comparable information regarding Salini's values, strategies and performances during the reporting period.

#### Reporting cycle

The Sustainability Report is published annually on the responsibility of the Board of Directors of Salini Costruttori S.p.A.

#### Adherence to best practice standards

The Sustainability Report for the year ended 31 December 2012 of the Salini Costruttori Group has been prepared in accordance with the 'Sustainability Reporting Guidelines & Construction and Real Estate Sector Supplement' issued in 2011 by Global Reporting Initiative (GRI) and based on the G3.1 Sustainability Reporting Guidelines. 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 these principles in the corporate strategy and day-to-day activities of the Company.

#### Materiality analysis

In order to define the content of the Sustainability Report, the Group conducts a materiality analysis. Sustainability topics have been analysed according to two main factors – the relevance of issues in the construction industry and their importance for Salini and for its stakeholders. The analysis has been carried out taking into account both internal and external context:

- Internal context: Salini's corporate values, strategy and management systems adopted by the Group (such as the Code of Ethics, Corporate Policies, Organisational Management and Control Model, HSE and Quality management systems);
- External context: main sustainability frameworks of reference (such as the GRI-G3.1, Global Compact, ISO 26000, Dow Jones Sustainability Indexes) and requirements of the major international institutions for the construction industry (such as the UN, World Bank, NGOs, etc.).

The importance of issues for Salini and for its stakeholders has been defined by management through an analysis based on a three-level scale of assessment: low, medium and high. The materiality matrix is shown in section 2.3.

#### 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 2012 Sustainability Report contains an overview of the initiatives and activities carried out by the Group in 2012, as well as the performance data from the period 2010–2012. 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 follows:

- Financial data (except spending on local suppliers) and social data (except injury rates and training hours) relates to the scope of the 2012 Consolidated Financial Statements;
- Corporate governance data and information relates to the holding company Salini Costruttori S.p.A.;
- Environmental data (plus spending on local suppliers, injury rates and training hours) refers to a scope established based on the materiality of the operating sites in 2012. Specifically, operating sites included in the report have been identified on the basis of their revenues at 30 June 2011 and their workforce at 30 September 2011. The 28 operating sites selected have met both the two following criteria: site's revenues greater than 0.1% of total revenues and site's workforce greater than 0.1% of total workforce. In this way, 2012 environmental data (plus spending on local suppliers, injury rates and training hours) achieves a coverage of 96% of 2012 total revenue.

Comparative data (2010 and 2011) corresponds to the data reported in the 2011 Sustainability Report, with the exception of the following which have been re-stated due to miscalculations or to reflect new classifications:

- 2010 and 2011 economic value generated and distributed (EC1);
- 2011 female/male salary ratio (LA14);
- 2010 and 2011 injury rates and lost day rates (LA7);
- 2010 and 2011 proportion of sites affected by protected areas (EN11);
- 2011 indirect GHG emissions from shipping activities (EN17);
- 2010 and 2011 mixture of cement, concrete, bricks waste (EN22);
- 2010 and 2011 muds resulting from the treatment of wastewater (EN22);
- 2011 temporary on-site storage waste (EN22);
- 2010 and 2011 waste by disposal method (EN22).

More detailed explanations about changes are provided in the text.

In setting the scope of environmental data, starting from the 36 operating sites reported in the 2011 Sustainability Report, 12 sites have been excluded<sup>34</sup> because the work was completed or because their 2012 revenue was not material, while four new projects have been included. Shown right is the list of operating sites included in the scope of the environmental data for the 2012 report.

<sup>34</sup> Bouira (Algeria), Algiers Inter-city collector (Algeria), Baku-Samachi (Azerbaijan), Baku-Samur (Azerbaijan), Kurdamir-Ujar (Azerbaijan), Liavkhvi Bridge Luisi Road section (Georgia), Fiume Sarno (Italy), Metrocampania – Secondigliano Alifana (Italy), Terni – Corso del Popolo (Italy), La Marsa (Tunisia), Dubai Ras al Khor (UAE), Kiev-Chop (Ukraine).

Number	Country	Company		Project Name
1	Albania	Todini Costruzioni Generali S.p.A.	Roads and motorways	Levan-Dames*
2	Azerbaijan	Todini Costruzioni Generali S.p.A.	Roads and motorways	Jenikan-Salyand*
3	Belarus	Todini Costruzioni Generali S.p.A.	Roads and motorways	M5 Minsk-Gomel road upgrading
4	Denmark	Salini Costruttori S.p.A.	Railways	CMT Copenhagen (Cityringen)*
5	Ethiopia	Salini Costruttori S.p.A.	Dams and hydroelectric plants	Gibe III*
6	Ethiopia	Salini Costruttori S.p.A.	Dams and hydroelectric plants	Grand Ethiopian Renaissance Dam (GERD)*
7	Georgia	Todini Costruzioni Generali S.p.A.	Roads and motorways	Kutaisi bypass
8	Italy	Metro B1 S.c.a.r.l. / Rl.MA.TI. S.c.a.r.l.	Railways	Metro B1*
9	Italy	Todini Costruzioni Generali S.p.A.	Roads and motorways	Variante di Valico (lots 9–11)*
10	Italy	Todini Costruzioni Generali S.p.A.	Roads and motorways	Cagliari-Capo Boi*
11	Kazakhstan	Salini Costruttori S.p.A.	Roads and motorways	South-West Roads projects (lots 1–5)*
12	Kazakhstan	Todini Costruzioni Generali S.p.A.	Roads and motorways	South-West Roads projects (lots 9–14)*
13	Malaysia	Salini Malaysia SDN	Dams and hydroelectric plants	Ulu Jelai Hydroelectric project*
14	Nigeria	Salini Nigeria Ltd.	Roads and motorways	District 1*
15	Nigeria	Salini Nigeria Ltd.	Dams and hydroelectric plants	Gurara Dam*
16	Nigeria	Salini Nigeria Ltd.	Roads and motorways	Idu Industrial Area*
17	Nigeria	Salini Nigeria Ltd.	Roads and motorways	Inner Southern Expressway (ISEX)*
18	Nigeria	Salini Nigeria Ltd.	Civil building construction	Millennium Tower – Cultural Centre*
19	Nigeria	Salini Nigeria Ltd.	Roads and motorways	Suleja*
20	Sierra Leone	Bumbuna Power Gen. Co. Ltd.	Dams and hydroelectric plants	Bumbuna (O&M)*
21	Sierra Leone	Salini Costruttori S.p.A.	Roads and motorways	Rehabilitation of urban roads*
22	Tunisia	Todini Costruzioni Generali S.p.A.	Roads and motorways	Sfax-Gabes (lots 1–2)*
23	Turkey	Salini Costruttori S.p.A.	Railways	Köseköy-Gebze section of high speed rail project
24	UAE	Salini Costruttori S.p.A.	Roads and motorways	Dubai parallel roads 881 2C*
25	UAE	Todini Costruzioni Generali S.p.A.	Roads and motorways	Dubai 881 3A
26	Uganda	Salini Costruttori S.p.A.	Dams and hydroelectric plants	Bujagali Hydro Power*
27	Ukraine	Todini Costruzioni Generali S.p.A.	Roads and motorways	M06 Road Contract 1–2*
28	Zimbabwe	Salini Costruttori S.p.A. (in JV with Impregilo)	Dams and hydroelectric plants	Mukorsi Dam*

\* Projects already reported in the Sustainability Report 2011.

Other exceptions to the scope 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 are 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.

Reported data 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

In Sustainability Report 2012 safety indicators are calculated in accordance with the 'ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases' using the formulas provided for by the GRI Guidelines' LA7 Indicator Protocol, while in Sustainability Report 2011 they were calculated in accordance with an internal procedure<sup>35</sup>. Comparative data (2010 and 2011), as reported in the 2011 Sustainability Report, has been restated in this Sustainability Report according to the methodology stated above<sup>36</sup> and further explained below.

Using this new calculation method, the rates reported in the present report are expressed as the number of injuries occurred (IR) and the related lost days (LDR) for each 100 employees, while the rates reported in the 2011 Sustainability Report reflected the number of injuries occurred (IR) and the related lost days (LDR<sup>37</sup>) for each 1 million worked hours.

In particular, the Injury rate (IR) reported in this report takes 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.

<sup>35</sup> See the 2011 Sustainability Report, Glossary, for the formulas used.

<sup>36</sup> The rates calculated according to the methodology used in the 2011 Sustainability Report are: Employees' IR – 17.18 (in 2010), 14.74 (in 2011), 11.09 (in 2012); Employees' LDR – 1,220.05 (in 2010), 1,274.23 (in 2011), 1,589.14 (in 2012).

<sup>37</sup> The LDR included, for each fatality, a conventional number of lost days (7,500) and, for permanent disabilities, a number of lost days calculated as the percentage of disability multiplied by 7,500 (100% of disability is equal to 7,500 lost days).

## Appendix continued

Lost Day rate (LDR) reported in this report takes into account the total number of the days that could not be worked as a consequence of injuries with temporary disability (fatalities and permanent disability 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 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 weight 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 the specific production mix of each country, as recorded by the International Energy Agency (2009 statistics).

### Water withdrawal and discharge

Water that is not withdrawn from aqueducts nor bought via tanks is estimated on the working hours of the draining pumps used and the capacity of these pumps. In 2012 our main sites have been equipped with water meters in order to start measuring water supply more accurately.

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 Salini Costruttori Group does not use wastewater from other organisations.

### Greenhouse gas emissions

Calculation of the Group's greenhouse gas emissions is 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 the shipment of goods.

### 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' were 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 performed by multiplying the tonnes of oil used in each year by a standard factor (i.e. for 1 tonne of oil used, 900 Kg was 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](mailto:sustainability@salini.it)



## 6.4 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 RATE (IR)

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

$$IR = \frac{(\text{no. LTI} + \text{no. FTL}) \times 200,000}{\text{Total worked man-hours}}$$

where:

LTI = total number of accidents with temporary incapacity

FTL = total number of fatalities

200,000 = 50 working weeks @ 40 hours per 100 employees

### 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).

### LOST DAY RATE (LDR)

Index to assess the severity of accidents in terms of days lost as consequence of injuries with temporary incapacity of workers. It is calculated as follows:

$$LDR = \frac{gT \times 200,000}{\text{Total worked man-hours}}$$

gT = total days of temporary incapacity (LWD)

200,000 = 50 working weeks @ 40 hours per 100 employees

### 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.

### 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: customers, suppliers, lenders (banks and shareholders), employees, but also external interest groups such as residents of neighbouring areas or local interest groups.

### SUSTAINABLE DEVELOPMENT

Development that meets present needs without compromising the needs of future generations. The term 'sustainable development' 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



## Statement GRI Application Level Check

GRI hereby states that **Salini Costruttori Group** has presented its report "Sustainability Report 2012" 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. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

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

Amsterdam, 17 June 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

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](http://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 5 June 2013. 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	75
Global Compact principles – GRI indicators cross reference table	83

## 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. 2-3 (strategic priorities), p. 8-9 (main challenges and targets), p. 16, 22, 34 and 50 (main achievements), p. 19, 29, 43 and 59 (future commitments).
1.2	●	p. 16 (general description), p. 64-67 (specific risks and opportunities). Salini has not formalised mid-term objectives and goals related to key risks and opportunities.

#### 2. Organisational profile

2.1	●	p. 7
2.2	●	p. 6 (main sectors of activity), p. 25 (use of outsourcing).
2.3	●	For the Group's organisation chart see <a href="http://www.salini.it/en/gruppo/organigramma/">http://www.salini.it/en/gruppo/organigramma/</a> . For the Group's structure see p. 146-147 of the Consolidated Financial Statement 2012 <a href="http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/">http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/</a>
2.4	●	Rome, Italy.
2.5	●	p. 7 (countries where Salini operates), p. 69 (countries covered in the report).
2.6	●	Salini Costruttori S.p.A. is the holding company of the Group and is an unlisted stock company. For the other subsidiary companies see p. 146-147 of the Consolidated Financial Statement 2012 <a href="http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/">http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/</a>
2.7	●	p. 6-7. The 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	●	p. 4-5 (main KPIs and economic results), p. 59 (size of managed areas). See also p. 10-11 of the Consolidated Financial Statement 2012 (main capital ratios) <a href="http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/">http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/</a> . At 31 December 2012 the Group had a capital stock equal to €62.4 million.
2.9	●	p. 8-9
2.10	●	p. 9, 19

#### 3. Report parameters

3.1	●	2012 calendar year.
3.2	●	The Sustainability Report 2011 was published in June 2012.
3.3	●	Annual.
3.4	●	<a href="mailto:sustainability@salini.it">sustainability@salini.it</a>
3.5	●	p. 18, 68
3.6	●	p. 68-69
3.7	●	p. 68-69. Other exceptions to the scope are specified directly in the Report, particularly in the Performance data sheet notes.
3.8	●	p. 68-69
3.9	●	p. 69-70
3.10	●	p. 68
3.11	●	p. 68-69
3.12	●	p. 74-83
3.13	●	p. 68

## GRI data and assurance report continued

### Profile

Disclosure\*    Status    Cross-reference/Direct answer

#### 4. Governance, commitments, and engagement

4.1	●	p. 10. The Board of Directors of Salini Costruttori S.p.A. is composed of nine members, of which one woman (11%). 33% of the members are between 30 and 50 years old, 67% are over 50 years old. No member belongs to minority groups. Currently there is not a committee directly in charge of the social and environmental issues.
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	●	Six members of the BoD are non-executives (five men and one woman) and four of them are also independents (all men). Directors are considered as independents if they don't have, directly or indirectly: <ul style="list-style-type: none"> <li>– any business relationships with the Company, its Executive Directors and its main shareholders;</li> <li>– any share in the Company or in its controlled companies;</li> <li>– any strict family connection with the Executive Directors.</li> </ul> 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. 10 (Mechanisms for shareholders and the financial community). Moreover, Italian law and the Group's Shareholders meetings regulation provide for proper mechanism for enabling minority shareholders to express opinions to the BoD. Direct communication systems between employees and BoD are not in place.
4.5	●	p. 37. 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. 4 (Mission), p. 17 (corporate policies), p. 28 (Code of Ethics).
4.9	●	p. 17-18 (HSE management and sustainability reporting), p. 28 (Internal control system). HSE performance and risk assessment are reviewed annually.
4.10	●	Currently the systems in place for evaluating performance of the members of the BoD do not take into consideration environmental and social topics.
4.11	●	p. 64
4.12	●	p. 10 (codes related to the corporate governance), p. 17 (Global Compact).
4.13	●	p. 64
4.14	●	p. 12 (list of stakeholders), p. 13 (engagement practices).
4.15	●	p. 12-13
4.16	●	p. 12-13 (general approach and engagement activities), p. 10 (financial community engagement), p. 25 (subcontractors' engagement), p. 26-27 (community engagement), p. 52 (engagement regarding impact assessments).
4.17	●	p. 13 (summary of general topics), p. 29 (community concerns).

Profile Disclosure*	Status	Cross-reference/Direct answer
<b>STANDARD DISCLOSURES PART II: Disclosures on management approach (DMAs)</b>		
<b>DMA EC</b>		
Economic performance	●	p. 7 (main results), p. 9 (strategies and challenges), p. 67 (new opportunities).
Market presence	●	p. 6-7
Indirect economic impacts	●	p. 24-25 (job creation and local supply), p. 26-27 (investments for communities).
<b>DMA EN</b>		
Materials	●	p. 55 (general information), p. 25 (procurement practices), p. 58 (eco-friendly materials use).
Energy	●	p. 55-56
Water	●	p. 56
Biodiversity	●	p. 52-53
Emissions, effluents and waste	●	p. 50-51 (emissions), p. 56-57 (waste and effluents).
Land degradation, contamination and remediation	●	p. 53 (reclamation activities), p. 59 (environmental accidents).
Products and services	●	p. 52
Compliance	●	p. 52
Transport	●	p. 52
Overall		p. 57
<b>DMA LA</b>		
Employment	●	p. 35 (general information), p. 42 (temporary workers).
Labour/management relations	●	p. 42
Occupational health and safety	●	p. 38-39 (Group's employees), p. 39 (subcontractors).
Training and education	●	p. 35 (general information), p. 24 (developing local skills).
Diversity and equal opportunity	●	p. 37
Equal remuneration for women and men	●	p. 37
<b>DMA HR</b>		
Investment and procurement practices	●	p. 25 (procurement practices), p. 41 (investments).
Non-discrimination	●	p. 41
Freedom of association and collective bargaining	●	p. 41
Child labour	●	p. 41
Prevention of forced and compulsory labour	●	p. 42
Security practices	●	p. 42
Indigenous rights	●	p. 29 (engagement activities), p. 41 (incidents of discrimination).
Assessment	●	p. 41
Remediation	●	p. 41
<b>DMA SO</b>		
Local communities	●	p. 26-27
Corruption	●	p. 28
Public policy	●	See p. 17-18 of the Code of Ethics, <a href="http://www.salini.it/en/corporate-governance/codice-etico/">http://www.salini.it/en/corporate-governance/codice-etico/</a>
Anti-competitive behaviour	●	See p. 16-17 of the Code of Ethics, <a href="http://www.salini.it/en/corporate-governance/codice-etico/">http://www.salini.it/en/corporate-governance/codice-etico/</a>
Compliance	●	See p. 8-9 of the Code of Ethics, <a href="http://www.salini.it/en/corporate-governance/codice-etico/">http://www.salini.it/en/corporate-governance/codice-etico/</a>
<b>DMA PR</b>		
Customer health and safety	●	p. 52
Product and service labelling	○	This aspect 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, <a href="http://www.salini.it/en/sostenibilita/politiche-aziendali/">http://www.salini.it/en/sostenibilita/politiche-aziendali/</a>

## 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. 12	
EC2	●	p. 64-67 (risks and opportunities for the business). Currently management has not performed quantitative estimates of the financial implications due to sustainability issues.	
EC3	●	See p. 89-90 of the Consolidated Financial Statement 2012 <a href="http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/">http://www.salini.it/en/investor-relations/bilanci-e-relazioni/2012/</a>	
EC4	●	In 2012 Salini has received a tax deduction of about €400,000 (estimated) related to a measure named 'Economic Growth Aid' granted by the Italian Tax Authority to companies which have increased their assets. In 2010 financial assistance from governments was equal to €4,649,000 while in 2011, it amounted to €573,293.	

##### Market presence

EC5	○		
EC6	▶	p. 25 (total data), p. 30 (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. 24 (total data), p. 31 (detailed data).	

##### Indirect economic impacts

EC8	●	p. 26-27	
EC9	○		

##### Environmental

##### Materials

EN1	●	p. 55 (total data), p. 60 (detailed data).	
EN2	●	p. 55	

##### Energy

EN3	●	p. 55-56 (total data), p. 60-61 (detailed data).	
EN4	●	p. 55-56 (total data), p. 60-61 (detailed data).	
CRE1	●	Building energy intensity is material for the headquarters in Rome (Italy) as well. In 2012 it was equal to 3,040 kWh/person/year (3,571 kWh/person/year in 2011 and 3,151 kWh/person/year in 2010).	
EN5	●	p. 56	
EN6	●	p. 56	
EN7	○		

##### Water

EN8	●	p. 56 (total data), p. 61 (detailed data).	
EN9	○		
EN10	○		
CRE2	●	Building water intensity is material also for the headquarters in Rome (Italy). 2012 data is equal to 80 litres/person/year.	

##### Biodiversity

EN11	●	p. 52 (description and specific data), p. 61 (general data).	
EN12	●	p. 53	
EN13	●	p. 53	
EN14	●	p. 52-53	
EN15	○		



Performance

Indicator*	Status	Cross-reference/Direct answer	Other information
<b>Emissions, effluents and waste</b>			
EN16	●	p. 51 (total data), p. 61 (detailed data).	
EN17	●	p. 51 (total data), p. 62 (detailed data).	
CRE3	●	Building GHG emission intensity is material for the headquarters in Rome (Italy) as well. In 2012 it was equal to 1,211 kg CO <sub>2</sub> /person/year (1,423 kg CO <sub>2</sub> /person/year in 2011 and 1,256 kg CO <sub>2</sub> /person/year in 2010).	
CRE4	●	p. 51	
EN18	▶	p. 50 (reduction of direct GHG emissions), p. 56 (reduction from renewable energy generation).	
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 NO <sub>x</sub> , SO <sub>x</sub> , 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 not material.
EN21	●	p. 62 (detailed data). All the withdrawal waters are treated according to methods described in the text (p. 70), except water used for wetting site areas and tracks.	
EN22	●	p. 57 (total data), p. 62-63 (detailed data), p. 70 (calculation method).	
EN23	●	p. 63	
EN24	○		
EN25	○		
<b>Land degradation, contamination and remediation</b>			
CRE5	●	p. 63	
<b>Products and services</b>			
EN26	▶	p. 53 (environmental reclamations), p. 58 (environmental training), p. 58 (eco-friendly materials, 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	○		This indicator is not applicable because Salini does not sell goods that require packaging.
<b>Compliance</b>			
EN28	●	p. 63	
<b>Transport</b>			
EN29	●	p. 50-51	
<b>Overall</b>			
EN30	●	p. 57 (total data), p. 63 (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. 34 (total data), p. 44, 47 (detailed data). In 2012, total workforce was equal to 19,531 employees (1,574 women and 17,957 men). With respect to the employment contracts, at headquarters 89% of employees had permanent contracts (245 people, of which 79 women and 166 men), while the remaining 11% (30 people, of which 13 women and 17 men) had temporary ones. At operating sites 100% of employees had temporary contracts (19,256 people, of which 1,482 women and 17,774 men). Only two people (two women at headquarters) had part-time contracts and they were permanent. At operating sites all workforce (employees and subcontractors) has full-time contracts. Self-employed workers do not perform a substantial portion of the Salini's work.	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.
LA2	▶	p. 45	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 yet possible extract them directly from the central information system. We are improving our reporting system in order to collect this data, not available at the moment, starting from 2014.
LA3	○		
LA15	▶	All employees are entitled to parental leave (1,574 women and 17,957 men), even if this mainly applies to women. In 2012 four female employees at headquarters took parental leave and in the same year three of them returned to work after parental leave ended. With respect to the four female employees returned to work after parental leave in 2011, all of them were still employed 12 months after their return to work.	Reported data does not include personnel managed locally, because they are almost entirely men. For this reason this aspect is considered as not material.

##### Labour/management relations

LA4	●	p. 41	
LA5	●	p. 41	

##### Occupational health and safety

LA6	▶	p. 38-39	Reported data does not include the percentage of workers represented.
LA7	▶	p. 38 (general injuries rates), p. 46 (occupational diseases), p. 46 (detailed data). Injuries and absenteeism rates are calculated as indicated at p. 69-70 (Methodological note). In 2012, there were 580 commuting injuries at operating sites.	Reported data does not include rates by gender, because personnel are almost entirely men. For this reason this aspect is considered as not material.
CRE6	●	p. 38	
LA8	●	p. 41	
LA9	●	p. 39	

##### Training and education

LA10	▶	p. 35 (Salini data), p. 46-47 (detailed total data).	Reported data does not include training hours by gender, because personnel are almost entirely men. For this reason this aspect is considered as not material.
LA11	●	p. 35 (skills management). Concerning the management of career endings and the support of continued employability, the Group – in addition to the instruments provided by law – develops individual exit plans with the employees which are leaving the Company. These plans take into account personal needs and company ones. In 2012 no sabbatical periods were requested by personnel.	
LA12	○		

Performance

Indicator*	Status	Cross-reference/Direct answer	Other information
<b>Diversity and equal opportunity</b>			
LA13	●	p. 44 (detailed data). For the composition of BoD by age group see 4.1. People belonging to minority groups are immaterial within the workforce.	
<b>Equal remuneration for women and men</b>			
LA14	▶	p. 37 (detailed data), p. 47 (total data).	Reported data does not include personnel managed locally, because they are almost entirely men. For this reason this aspect is considered as not material.

**Social: Human rights**

**Investment and procurement practices**

HR1	●	p. 41/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. 25/All supply contracts include the acceptance of the Code of Ethics and, consequently, also of human rights clauses. In the year, no contracts with significant suppliers, contractors and other business partners were either declined or imposed performance conditions, or were subject to other actions as a result of human rights screening.	
HR3	●	p. 47 (training hours on Ethics). In 2012 13% of total workforce was involved in training.	

**Non-discrimination**

HR4	●	p. 41	
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**Freedom of association and collective bargaining**

HR5	●	p. 41	
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**Child labour**

HR6	●	p. 41	
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**Forced and compulsory labour**

HR7	●	p. 41	
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**Security practices**

HR8	●	p. 42. All security personnel operating at our sites is trained by us or by their employers (if external personnel) on our Ethics rules.	
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**Indigenous rights**

HR9	●	p. 41	
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**Assessment**

HR10	●	p. 41/All operations have been subject to impact assessments at the start of the project. Furthermore, we are implementing a specific human rights assessment tool to apply periodically to our sites.	
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**Remediation**

HR11	●	No grievances related to human rights were received in the reporting period.	
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## GRI data and assurance report continued

### Performance

Indicator*	Status	Cross-reference/Direct answer	Other information
<b>Social: Society</b>			
<b>Local communities</b>			
SO1	●	In 2012 54% of operations were covered by impact assessments, 54% by development programmes and 71% had activated communication channels with local communities. 57% of operations have organised meetings with local communities. Salini ensures continuative engagement with local communities during all the constructions' stages, while engagement in pre-construction stages (e.g. planning) and post-construction ones (e.g. management) are ensured by clients.	
SO9	●	p. 26-27	
SO10	●	p. 27 (communications with communities).	
CRE7	●	p. 27	
<b>Corruption</b>			
SO2	●	p. 28	
SO3	●	The percentage of workforce who received anti-corruption training in 2010 was equal to 13% (management) and 0.1% (non-management); in 2011 11.6% (management) and 0.5% (non-management); in 2012 11.1% (management) and 0.4% (non-management). Management includes executives and middle managers, non-management includes employees and workers.	
SO4	●	There were no cases of corruption reported in the year.	
<b>Public policy</b>			
SO5	●	In the reporting period, the Group has not directly participated in public policy development and lobbying activities. These activities are governed by the Code of Ethics. (p. 18), <a href="http://www.salini.it/en/corporate-governance/codice-etico/">http://www.salini.it/en/corporate-governance/codice-etico/</a>	
SO6	●	In the reporting period, the Group's Board of Directors has not approved any contributions to political parties, politicians or related institutions.	
<b>Anti-competitive behaviour</b>			
SO7	○		
<b>Compliance</b>			
SO8	●	Besides the information reported in the EN28 and PR9 indicators, the Group has not received others administrative or judicial fines for non-compliance with laws and regulations.	

Performance Indicator*	Status	Cross-reference/Direct answer	Other information
<b>Social: Product responsibility</b>			
<b>Customer health and safety</b>			
PR1	●	p. 52	
PR2	○		
<b>Product and service labelling</b>			
PR3	○		Because the products and services sold by the Group (major works) do not require the release of information, this indicator is considered as not applicable.
CRE8	●	Any sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment have been achieved in the reporting period.	
PR4	○		
PR5	○		
<b>Marketing communications</b>			
PR6	●	The Group does not adopt codes and/or standards related to marketing activities.	
PR7	●	Salini has never received claims for the violation of laws or regulations related to marketing or communications.	
<b>Customer privacy</b>			
PR8	●	In the reporting period there were no claims relating to breaches of privacy or loss of customers' data.	
<b>Compliance</b>			
PR9	●	p. 31	

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

## Global Compact principles – GRI indicators cross reference table

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

Source: 'Making the Connection – Using GRI's G3 Guidelines for the COP', United Nations Global Compact Office, May 2007

## Chapter 9

# THIRD-PARTY ASSURANCE REPORT

In this section...

Third-party Assurance Report

85

**KPMG S.p.A.**  
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## Limited assurance report on the sustainability report

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

- 1 We have reviewed the sustainability report for the year ended 31 December 2012 of the Salini Costruttori Group (the "Group"). The parent's directors are responsible for the preparation of the sustainability report in accordance with the "Sustainability Reporting Guidelines & Construction and Real Estate Sector Supplement" 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 (and, therefore, less assurance than in a reasonable assurance engagement) 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 "Creating and distributing stakeholders value" 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 2012, on which other auditors issued their report dated 11 June 2013 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 Jenikan-Salyand site in Azerbaijan, the CMT Copenhagen Cityringen site in Denmark, the Metro B1 site in Italy and the Ulu Jelai Hydroelectric project site in Malaysia to gather information on the information technology, accounting and reporting systems used in preparing the



sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;

- sample-based analysis of documentation supporting the preparation of the sustainability report to obtain evidence of processes, their adequacy, and that the internal control system correctly manages data and information in relation to the objectives described in the sustainability report;
- analysing the compliance of the qualitative information included in the sustainability report with the guidelines referred to in paragraph 1 of this report and their 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 does not enable us to obtain assurance that we would become aware of all significant matters and events that might 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 14 June 2012.

- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the sustainability report for the year ended 31 December 2012 of the Salini Costruttori Group is not prepared, in all material respects, in accordance with the "Sustainability Reporting Guidelines & Construction and Real Estate Sector Supplement" issued in 2011 by GRI - Global Reporting Initiative, as set out in the "Methodological Note" section of the sustainability report.

Rome, 12 June 2013

KPMG S.p.A.

Benedetto Gamucci  
Director of Audit



# Information and contacts

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