

# Sustainability | 2016 Report

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we build value



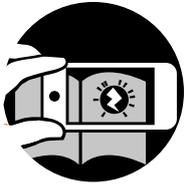
# Sustainability Report 2016



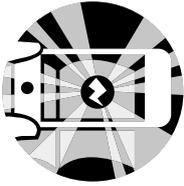
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## Letter to Stakeholders

In 2016, Salini Impregilo celebrated 110 years since the foundation of what is now a major global player in the large complex infrastructure sector.

During this long journey, we have helped write some of the most important pages of the history of infrastructure, through works that have played a key role in the growth of countries: dams in Africa, unique water projects like the Panama Canal, railways and metro systems that help reduce congestion in large cities and air pollution in some of the most populated cities in the world, road projects that shorten distances and facilitate economic and social integration between territories and communities, and the rescue of works that tell the history of man, such as saving the temples of Abu Simbel in Egypt.



Ours is a history of thousands of men and women on every continent, who share the same values of Solidity, Excellence, Respect, and Transparency, deliver increasingly innovative projects and constantly push the technical boundaries, in accordance with our clients' requirements, for the benefit of entire communities.

More than just a year of celebration, 2016 was also a year of new achievements. We met our business targets for a third consecutive year, with revenues in excess of €6.1 billion and a total backlog of €36.9 billion;

Lane Industries became part of the Group, significantly strengthening our presence in the United States; we inaugurated three important projects: the Panama Canal, the Stavros Niarchos Cultural Center in Athens, and the Gibe III hydropower project in Ethiopia.

At an international level, 2016 saw the launch of the 2030 Agenda for Sustainable Development, signed by the governments of the 193 UN member countries that committed to achieving 17 Sustainable Development Goals (SDGs) over the next 15 years. This is a wide-ranging

project that focuses the world's political agenda on people and the planet, assigning a key role to infrastructure, which has always been the backbone of societies.

Through our projects, we support our clients in pursuing numerous SDGs, including energy, water, the fight against climate change, sustainable cities, and resilient infrastructure. As much as 70% of our construction backlog relates to projects that contribute directly to the fight against climate change, with initiatives for renewable energy (hydroelectric) and sustainable transport (railways and metro systems).

For us, sustainability is not only in the works we build, but also in the way we build them. We support the United Nations' Global Compact and pledge to abide by and promote these principles in our specific area of activities, in accordance with the particulars received from our clients. The pages that follow broadly describe our Sustainability policies, practices, and performance. Here are just a few worth highlighting.

The health and safety of our employees remains our top priority. In 2016, we made further progress in implementing policy and procedures. We also improved the injury rate (-13% compared to 2015) for the third consecutive year, increasing staff training (+16%) and investments (+10%) in this area.

We continue to invest in people, both those who are already working with us, through training and development, and by attracting and developing the best candidates on the market. We further increased the training provided to the staff (+10%), completing the first edition of the Master's in International Construction Management at the Politecnico di Milano and launching the second edition. We also rose to the top of the "Best Employer of Choice" ranking of the companies most desired by recent graduates.

In our activities, we promote the principles of a circular economy, thereby contributing to fighting climate change and protecting the environment. In 2016, we increased the share of excavated material reused in our production processes (+1%) and the percentage of recycled waste (+6%), reducing the water intensity (-17%) and greenhouse gas emissions (-18%) of our operations. Our strategies and achievements earned us a place in the Climate "A List" of the Carbon Disclosure Project (CDP), which includes a small number of the best-performing companies in the world.

Above all, we create shared value for and with the communities that host us, respecting local cultures and

diversity. At the end of 2016, our projects employed over 59,000 direct and indirect staff, three quarters of whom were directly recruited from local communities. We met our procurement needs for goods and services almost exclusively at local level, with 85% of purchases made in the same markets where our projects are located (+10% compared to 2015). These two levers of local hiring and procurement are critical in activating the local economy, and contribute significantly to the economic and social growth of the countries in which we operate. In 2016, we developed a special calculation model, that we evocatively called "SEED", which allows us to quantify the contribution of our direct investments in a country (the seeds) to its economic and social development in terms of GDP, employment, labor income distribution and contribution to public administrations.

We want to remain among the market leaders, driven by a strong ambition: to contribute to the sustainable development of societies, implementing major infrastructure projects that last longer and improve the lives of current and future generations, starting right from the construction phase.

The invaluable commitment of all our people means we are confident that we will continue to achieve further successes and meet new targets, for the benefit of our shareholders, investors, clients, communities and all other stakeholders.

**Pietro Salini**  
*Chief Executive Officer*

A handwritten signature in black ink, appearing to be 'P. Salini', written in a cursive style.

# 1. The Salini Impregilo

## Group





Salini Impregilo is a leading global player in the construction of major infrastructure. It specializes in the water sector, where it has been recognized by the Engineering News-Record as the global leader for the third consecutive year, as well as in railways and metro systems, bridges, roads and motorways, large civil and industrial buildings, and airports. The Group has 110 years of experience on five continents, with design, engineering and construction operations in 50 countries and about 35,000 employees of over 100 different nationalities.

Salini Impregilo is a signatory to the United Nations' Global Compact and pursues sustainable development goals to create value for its stakeholders. It assists clients in strategic areas including energy and mobility, helping to drive development and wellbeing for current and future generations.

Its leadership status is reflected by ongoing projects that include the expansion of the new Panama Canal, the Grand Ethiopian Renaissance Dam, the Cityringen metro in Copenhagen, the new metro system in Riyadh, the Stavros Niarchos Cultural Center in Athens, and the new Gerald Desmond Bridge in Long Beach, USA.

At the end of 2016, the value of the Group's production reached €6.1 billion<sup>1</sup> (including Lane, the leader in the U.S. highway sector and a U.S. subsidiary of Salini Impregilo) and its backlog totalled €36.9 billion. Salini Impregilo is headquartered in Italy and is listed on the Milan Stock Exchange.

<sup>1</sup> The figure represents an operating value, thus different from the IFRS financial statements. Solely for operational purposes, the Group monitors the performance of the main economic variables, adjusting the IFRS accounting data of the Lane Group taking into account the results of non-controlled joint ventures, which are then consolidated on a proportional basis. The operating results represented in this way show the business performance of projects managed by Lane directly and through its non-controlling interests in joint ventures. These values are reconciled within the 2016 Annual Financial Report - Operating performance of the Group and of the Parent Company for 2016.

## Our business sectors

Salini Impregilo<sup>2</sup> operates in all areas of creating large complex infrastructure projects, such as renewable energy, water, transport and sustainable urban mobility, through Design, Engineering<sup>3</sup> and Construction activities.

Every infrastructure project is unique and represents what in other sectors would be called a “prototype.” This is why we are naturally predisposed to innovation, looking for design solutions that fully meet the needs of our clients, overcoming, where necessary, any technical limitations through the development of unprecedented construction technologies and methodologies.

To achieve this, we adopt a multidisciplinary and multi-stakeholder approach along the entire value chain, working closely with our clients, suppliers and partners, taking into account the needs of the other local stakeholders.

Sustainability is an essential element of our way of doing business and is integrated in our main management and operational processes. We follow high ethical standards in conducting business, monitoring issues related to health and safety on worksites, protecting the environment during the construction activities, and promoting the economic and social development of the countries in which we operate.

### Dams, hydroelectric plants

Water projects have always been a distinctive characteristic of the Group’s excellence, recognized by the ENR as a world leader in implementing infrastructure projects in the water sector<sup>4</sup>.

Over the last 110 years, Salini Impregilo has worked on over 257<sup>5</sup> dams and hydroelectric plants on 5 continents, for a total installed capacity of over 37,500 MW of low-cost clean energy, contributing to the sustainable development of entire nations.

The Group is a leader in the construction of complex hydraulic engineering projects, which include the expansion of the Panama Canal, considered the most important engineering work of the 21st century, the Grand Ethiopian Renaissance Dam in Ethiopia, which, when completed, will be the largest dam in Africa, and the Lake Mead hydraulic tunnel, a complex system for

2 The information contained in this report refers to the Salini Impregilo Group (the “Group” or “Salini Impregilo”), which includes Salini Impregilo S.p.A. and its subsidiaries and investees. The term “Company” is used when referring solely to the parent company Salini Impregilo S.p.A.

3 “Design and Engineering” refers to the engineering phase of the project, which follows the conception, feasibility study, and basic design phases carried out by the client. For more information on the development cycle of an infrastructure project, please refer to section 4.1.

4 Source: Ranking compiled by the Engineering News-Record (ENR), the main specialist publication of reference for the entire construction industry.

5 The data shown in this chapter, referring to the infrastructure developed by the Group, does not include the U.S. subsidiary Lane.

collecting and transporting water from one of the largest artificial lakes in the United States.

### **Motorways, roads and bridges**

Transport infrastructure, and particularly road networks, play an important role in the economic growth and social development of countries, as they improve accessibility and communication while promoting the development of economic activities.

Salini Impregilo has built over 51,660 km of roads and motorways, and 350 km of bridges and viaducts. Currently the Group is engaged in implementing several projects of varying scale and complexity. These projects range from the construction of the A1 Motorway in Poland to the Gerald Desmond Bridge in California, intended to improve the flow of traffic in one of the busiest ports in the United States. Once completed, the new Gerald Desmond Bridge will be one of the tallest bridges in the United States.

### **Railways and metro systems**

Through the construction of over 6,830 km of railways, 400 km of metro lines and 1,450 km of underground works, the Group has contributed effectively to the development of urban and extra-urban mobility, offering a viable alternative to road transport.

Rail transport today is an efficient, safe, and sustainable system, as well as a solution for reducing congestion in cities.

Salini Impregilo is currently active in implementing major metro and rail lines, contributing to better mobility for entire cities, such as the Red Line North in Doha (Qatar), one of the largest infrastructure developments in the Middle East, Line 3 of the Riyadh Metro (Saudi Arabia), and Cityringen, the new Copenhagen (Denmark) metro system.

### **Airports, civil and industrial buildings**

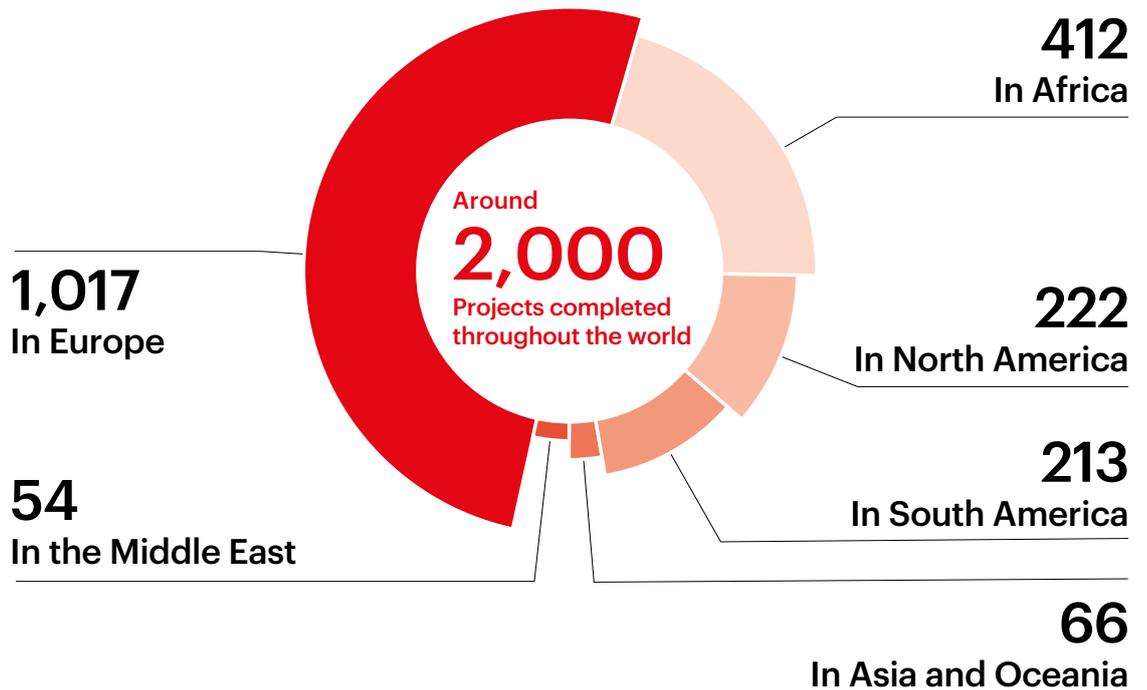
Working in partnership with prestigious architecture and design firms, Salini Impregilo continues to play a significant role in creating innovative and iconic buildings all over the world.

The Group boasts extensive experience in the construction of commercial and government buildings, cultural institutions, hospital complexes, and university campuses. The Group's latest examples of excellence include the construction of the Stavros Niarchos Cultural Center in Athens, sponsored by the Stavros Niarchos Foundation and designed by Renzo Piano. The project, which opened to the public in June 2016, has received a

LEED (Leadership in Energy and Environmental Design) Platinum certification.

Salini Impregilo also has extensive experience in the construction and modernization of airport infrastructures, both in Italy and abroad, with the design and construction of runways, airport terminals and control towers (Leonardo da Vinci International Airport and Milan Malpensa 2000), as well as large-scale hangars.

## Our track record



## Our Global Presence

**>50**  
Countries

**>100**  
Nationalities

Approx.  
**35,000**  
direct employees



**70%** of our construction backlog consists of projects that contribute to climate change mitigation<sup>6</sup>.

### Main KPIs

	Distributed economic value <sup>7</sup>	Local procurement	Direct employees
2016	5,525 € million	85%	34,440
2015	4,392 € million <sup>8</sup>	75%	30,598
2014	3,950 € million	58%	34,137
	Hours of training provided	Injury Rate	HSE expenses
2016	1,128,328 hours	0.65	82.6 € million
2015	1,022,475 hours	0.74	68.3 € million
2014	705,118 hours	0.86	36.9 € million
	Reutilized excavation material	Energy intensity <sup>9</sup>	Intensity of greenhouse gas emissions
2016	83%	1,660 GJ/€ million	115 t CO <sub>2e</sub> /€ million
2015	82%	1,882 GJ/€ million	140 t CO <sub>2e</sub> /€ million
2014	63%	2,157 GJ/€ million	163 t CO <sub>2e</sub> /€ million

<sup>6</sup> In terms of renewable energy (hydroelectric projects) and sustainable mobility (metro systems and railways).

<sup>7</sup> The figures below were prepared based on the IFRS financial statements.

<sup>8</sup> The economic data for 2015 has been restated in accordance with IFRS 5. These figures do not include Lane Industries, acquired on 4 January 2016.

<sup>9</sup> The normalization factor used for the intensity rates is represented by the revenues for the year.

# 1.1 2016 in short

## First Quarter

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**January** – The American Lane Industries joins the Salini Impregilo Group

**January** – Ulu Jelai (Malaysia) mentioned as a best case in the hydro sector according to “International Water Power and Dam Construction”

**February** – Salini Impregilo executives and managers meet for the 2016 Strategy Day “Leading our Growth”

**February** – Salini Impregilo enters the Top 20 ranking of the “Best Employer of Choice”

**February** – Salini Impregilo meets the strategic suppliers in the first Procurement Convention

**March** – Line 3 of the Riyadh Metro celebrated 15 million work hours without accidents

## Third Quarter

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**July** - The Stavros Niarchos Cultural Center of Athens wins the 2016 Global Best Project Award from ENR

**September** – Salini Impregilo celebrates 110 years of history with an event about infrastructure and with the exhibition “Beyond - Delivering the Future for the Past 110 Years”

**September** – Lake Mead (USA) wins the “Tunneling Achievement Award of the Year”

**September** – Salini Impregilo confirms its place as worldwide leader in the water sector in the ENR ranking

## Second Quarter

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**April** – Salini Impregilo and the Politecnico di Milano launch the first Master’s in “International Construction Management”

**April** – Salini Impregilo celebrates the World Day for Safety and Health at Work at its worksites

**May** – Salini Impregilo approves the 2016-2019 Business Plan and presents it to the international community

**May** – The Chief Executive Officer Pietro Salini receives the Guido Carli award

**June** – Inauguration of the Stavros Niarchos Cultural Center in Athens

**June** – Opening of the new Panama Canal

**June** – The Copenhagen Central Station worksite celebrates 365 days without accidents at work

## Fourth Quarter

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**November** – Salini Impregilo in the Top 10 of the 2016 Web ranking (6th place)

**November** – Salini Impregilo awarded at the 2016 CDP Climate Leadership Awards, entering the “A List”

**November** – The Beyond exhibition to mark 110 years of Salini Impregilo closes with 22,000 visitors, an industry record

**December** – The Gibe III hydropower project is inaugurated in Ethiopia

**December** – Salini Impregilo is mentioned among the best practices for labour rights in Qatar

## 1.2 The Sustainability Strategy



### Vision

We firmly believe that large infrastructure projects contribute to the creation of a better world for current and future generations, promoting balance between humans and their environment.

### Sustainability as a strategic tool for business

The environmental, social and economic challenges that the world faces require that all players involved – governments, supranational bodies, companies, consumers and civil society - rethink their decision-making, production, and consumption models. Recently-launched important international initiatives, such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change, move in this direction.

Infrastructure contributes significantly to these challenges, as it represents the backbone supporting the economic and social activities of every community, and is an essential prerequisite for growth.

Infrastructure projects are indispensable for local development, as they improve access to basic services, education and employment opportunities, reducing poverty and strengthening human capital and the quality of life for communities.

They also have a huge impact on achieving the goals of the fight against climate change, as they are associated with more than 60% of global emissions of greenhouse gases<sup>10</sup>. For this reason, the creation of resilient and climate-smart infrastructure is crucial to ensuring that the world adapts to the unfolding challenges brought about by climate change and other environmental impacts, protecting the most vulnerable communities and ensuring long-term sustainable growth.

For over 110 years Salini Impregilo has been developing and creating infrastructures that improve the potential of territories and the lives of their inhabitants.

Today Salini Impregilo has a strategy aimed at further strengthening its position in the global market for realizing infrastructure projects, from the energy sector to transport, which are expected to account for at least 60% of global resources allocated to infrastructure over the next 15 years<sup>11</sup>.

The diagram below summarizes the drivers of infrastructure investments promoted and realized by our clients in various markets according to the Global Commission on the Economy and Climate<sup>12</sup>.

<sup>10</sup> Source: The Sustainable Infrastructure Imperative, New Climate Economy – The Global Commission on the Economy and Climate, 2016

<sup>11</sup> Source: Is it time for an infrastructure push? The macroeconomic effects of public investment, World Economic Outlook – International Monetary Fund, 2014

<sup>12</sup> Source: The Sustainable Infrastructure Imperative, New Climate Economy – The Global Commission on the Economy and Climate, 2016

Type of economy	Drivers of the demand for infrastructure
Global	<ul style="list-style-type: none"> <li>- Rapid economic growth in emerging and developing countries</li> <li>- Public policies focused on achieving the goals set by the Paris Agreement on Climate Change and by the United Nations SDGs, requiring investments in new infrastructure projects and the modernization of existing ones</li> </ul>
Developing economies (low-income)	<ul style="list-style-type: none"> <li>- The need to expand the population's access to basic services: water, energy, mobility, housing, health</li> <li>- Improving the adaptation and resilience to climate change and other socio-environmental stresses</li> <li>- Improving local connectivity through physical and virtual infrastructure</li> </ul>
Emerging economies (middle-income)	<ul style="list-style-type: none"> <li>- Urban population growing rapidly</li> <li>- Expanding middle class with rising incomes</li> <li>- The need to ensure access to basic services for the new urban population / middle class</li> <li>- The further need to bridge the infrastructure deficit in urban areas and improve regional connectivity, with a focus on resilient and low-carbon infrastructures</li> </ul>
Advanced economies	<ul style="list-style-type: none"> <li>- The need to renovate or replace infrastructure that is obsolete and no longer meeting the needs of the population</li> <li>- Redesigning urban development models, correcting the distortions of the past that have led to congested cities, mainly due to private vehicles with their high resource consumption and high pollution</li> </ul>

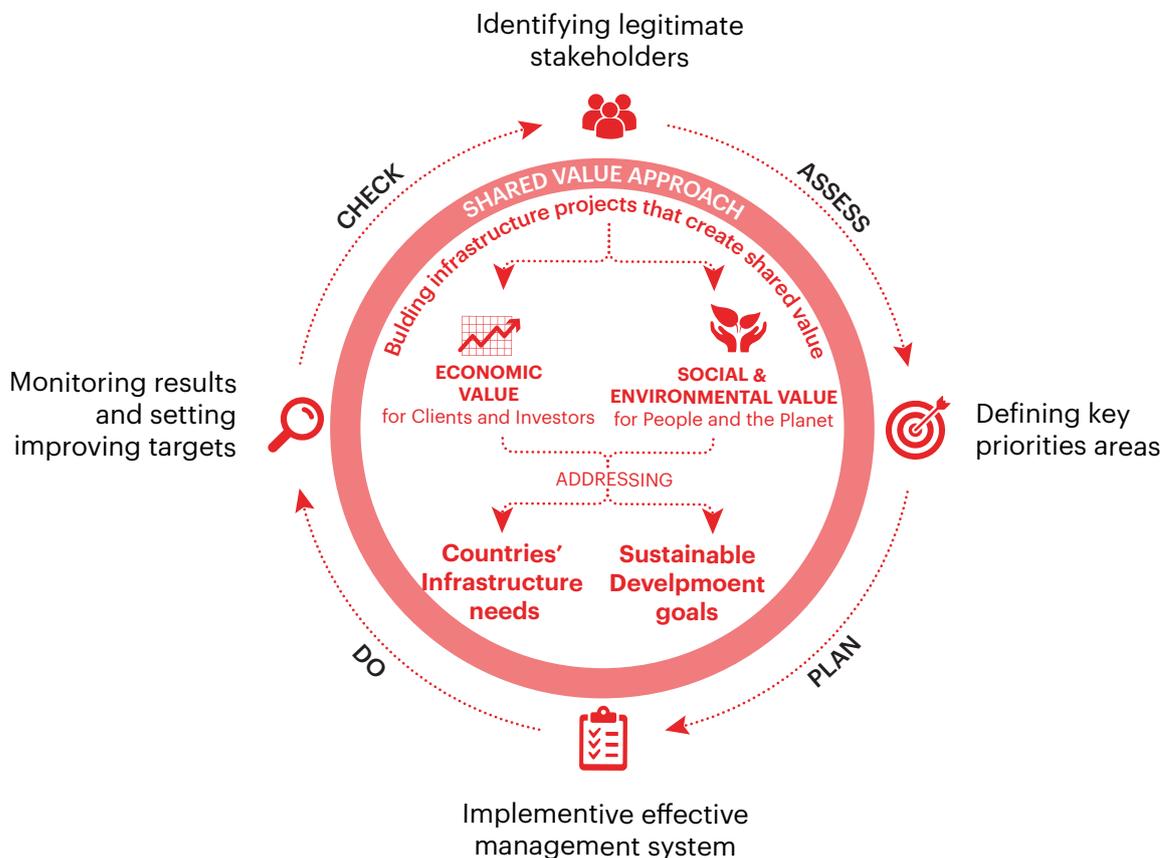
## The Sustainability Model

Over the years, Salini Impregilo has developed and refined a business model capable of combining the creation of economic value for its shareholders, investors and clients with the generation of value, while limiting the adverse social and environmental impact of our activities.

This **Shared Value** creation model represents the combination of business growth strategy and sustainability policies adopted by the Group, since it generates:

- **Economic Value**, through the implementation of infrastructure projects that meet the expectations of our clients and ensure a return for our shareholders and investors;
- **Social and Environmental Value**, contributing to the sustainable development of the areas where we work, by developing quality infrastructure that meets growing global challenges, mitigating the social and environmental impacts during construction phases.

The adoption of this Sustainability Model enables the Group to pursue its business goals while meeting the main needs of the countries where it operates. It helps bridge **infrastructure gaps** with innovative projects and solutions, and supports clients in achieving the **Sustainable Development Goals** launched by the United Nations.

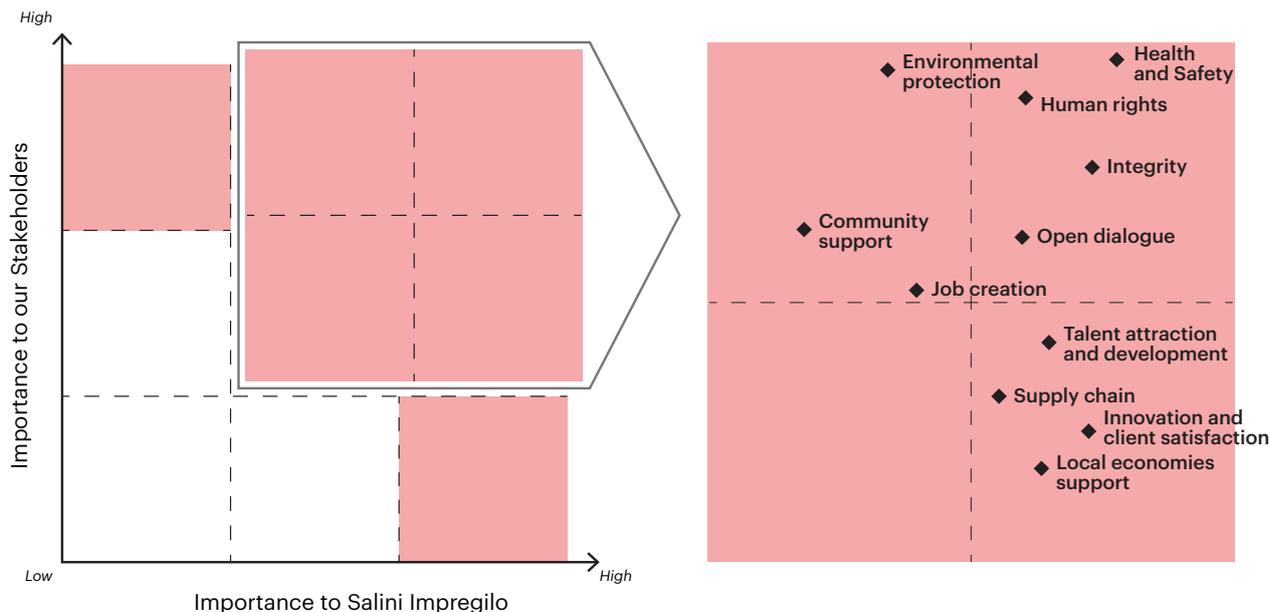


## Priority areas

Based on the corporate strategy and stakeholders' inputs, Salini Impregilo defines and periodically updates the priority areas on which to focus its Sustainability activities.

Through this process, known as the materiality analysis<sup>13</sup>, 11 priority areas have been identified, represented in the following matrix:

**Materiality Matrix 2016**



The following sections describe the policies, management methods, and the performance of each priority area.

The 11 areas are grouped into four sections, each corresponding to a corporate value: Solidity, Excellence, Respect and Transparency.

For the identified priority areas, the Group commits to define clear goals and to report their degree of achievement. The following are the results achieved in 2016 on the goals stated in the previous Sustainability Report, and the new goals for the future.

<sup>13</sup> For more information, see the Annex.



STATED GOALS FOR 2016	RESULTS ACHIEVED IN 2016 <sup>14</sup>	FUTURE GOALS
<b>Health and Safety</b>		
<ul style="list-style-type: none"> <li>- Launch of a structured leadership plan for health and safety aimed at improving injury rates by at least 3% in 2016</li> </ul>	<ul style="list-style-type: none"> <li>- A structured leadership plan for health and safety was launched in two pilot worksites<sup>15</sup></li> <li>- The injury rate (IR) improved by 13% compared to 2015</li> <li>- Investment in occupational health and safety increased by 10%</li> <li>- The number of training hours for employees in health and safety increased by 16%</li> </ul>	<ul style="list-style-type: none"> <li>- Continue the implementation of the leadership plan on health and safety designed to create safety leaders, strengthening the internal culture with the aim of encouraging proactive behaviour and improve injury rates by a further 3% in 2017</li> <li>- Launch a structured plan of internal and external communication to strengthen the strategic positioning of Salini Impregilo on health and safety issues</li> </ul>
<b>Attracting talent and staff development</b>		
<ul style="list-style-type: none"> <li>- Continue to invest in training to ensure the professional development of our employees</li> <li>- Launch the first edition of the 1st and 2nd level Master's in "International Construction Management", in collaboration with the Politecnico di Milano</li> <li>- Launch the new e-learning platform for the Group's employees</li> </ul>	<ul style="list-style-type: none"> <li>- More than 1 million hours of training provided to the staff</li> <li>- The first edition of the 1st and 2nd level Master's in "International Construction Management" was launched and is in progress. Enrolment is open for the second edition</li> <li>- The Salini Impregilo E-Learning Academy for employees has been launched</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to invest in training to ensure the professional development of our employees, by increasingly leveraging internal expertise and know-how and the most innovative methodologies</li> <li>- Promote the ongoing scouting and attraction of talent profiles, including through integrated communication plans</li> <li>- Continue to invest in external communication to attract talent</li> </ul>
<b>Support to local economies and supply chain</b>		
<ul style="list-style-type: none"> <li>- Support our local value chain, strengthening support and training activities</li> </ul>	<ul style="list-style-type: none"> <li>- The share of procurement from local suppliers increased by 10% compared to 2015</li> <li>- Indirect jobs (subcontractors etc.) at the Group's projects increased by more than 14,500 units compared to 2015</li> <li>- Over 89,000 hours of training provided to the staff of our subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to support our local value chain, strengthening support, communication, training and transparency activities</li> </ul>

<sup>14</sup> For more information about the scope of the data, see the Methodology Note.

<sup>15</sup> For more information, please refer to the focus shown in section 4.2

STATED GOALS FOR 2016	RESULTS ACHIEVED IN 2016 <sup>14</sup>	FUTURE GOALS
<b>Environmental protection and circular economy</b>		
<ul style="list-style-type: none"> <li>- Continue to improve environmental performance, and develop a plan to improve efficiency in the use of resources aimed at reducing waste by 5% in three years, optimizing energy consumption and waste recycling</li> </ul>	<ul style="list-style-type: none"> <li>- The greenhouse gas emission rate was reduced<sup>16</sup> by 18% compared to 2015<sup>17</sup></li> <li>- The rate of water intensity was reduced by 17% compared to 2015</li> <li>- The rate of waste intensity was reduced by 19% compared to 2015<sup>18</sup></li> <li>- The reuse and recycling of waste was increased by 10% compared to 2015</li> <li>- The Group gained inclusion in the Climate "A List" list of the Carbon Disclosure Project (CDP)</li> </ul>	<ul style="list-style-type: none"> <li>- Optimize energy consumption and waste management, developing a plan to improve environmental performance aimed at continuing the reduction of waste by 5% in three years</li> <li>- Launch a plan of internal education and raising awareness of environmental issues</li> <li>- Develop an external communication plan regarding environmental issues</li> </ul>
<b>Open dialogue and support to communities</b>		
<ul style="list-style-type: none"> <li>- Continue activities to involve local stakeholders</li> <li>- Increase the dialogue with our global stakeholders</li> <li>- Support our communities through direct interventions and social programmes</li> </ul>	<ul style="list-style-type: none"> <li>- The main indicators of stakeholder involvement were improved, doubling the number of meetings with local communities, quadrupling the people involved in information campaigns carried out by the projects, +42% of people who visited the projects or other events organized by the Group</li> <li>- More than 13,000 free health interventions were provided by our worksite clinics to assist local communities in remote and rural areas</li> <li>- The reconstruction of a school was funded in the areas affected by the earthquake in Central Italy</li> </ul>	<ul style="list-style-type: none"> <li>- Continue activities to involve local stakeholders</li> <li>- Continue to increase the dialogue with our global stakeholders</li> <li>- Continue to support our communities through direct interventions and social programmes</li> </ul>

<sup>16</sup> The intensity index is calculated without taking into account all of the Scope 3 emissions, but rather only those generated from the Group's projects (i.e. arising from the activities of subcontractors), thus excluding those resulting from freight forwarding and staff travel.

<sup>17</sup> The normalization factor used for the intensity rates is represented by the revenues of the year.

<sup>18</sup> The calculation of the waste intensity rate does not include excavation waste, since it is closely related to the design choices defined by the clients, and there is little scope for influencing it during construction.

# 1.3 Awards and recognition

Salini Impregilo is regularly evaluated by several independent organizations for its programmes, practices and results. These are some of the awards and accolades received.



Salini Impregilo has been included in **the Climate “A List”** of the CDP, the international non-profit organization that manages the global platform for measuring the environmental performance of approximately 5,000 companies around the world, used by more than 800 investors representing more than a third of the capital invested in the world. The inclusion on the list of the most responsible companies in the world was recognized by the CDP and Borsa Italiana (Italian Stock Exchange) in the **2016 CDP Climate Leadership Awards**.



Salini Impregilo is among the best Italian companies for online communication. The website reaches **6th place in the 2016 Webranking**, a 6 point jump from 12th place, which it reached in 2015, bringing the Group website directly into the top 10.



The TBM (Tunnel Business Magazine) awarded S.A. Healy of the Salini Impregilo Group the **“Tunneling Achievement Award of the Year”** for the Lake Mead Intake No.3 project, already winner of the **NCE Tunneling & Underground Space Award** as Global Tunneling Project of the Year, and named one of the six best projects in the world at the **Asce Awards 2016** for the Outstanding Civil Engineering Achievement Award from the American Society of Civil Engineering.



Salini Impregilo entered the “Top 20” of the **“Best Employer of Choice”** ranking, with **“Best New Entry 2016”** among the most desirable companies to work for in Italy, according to the results of a survey conducted on a sample of 2,500 graduates.



Salini Impregilo entered the **Top 10 of the Open Corporation ranking**, the project promoted by Filcams-Cgil and co-funded by the European Commission, reaching third place in the Social Reporting Transparency Index, which recognizes companies with the best sustainability reports, and eighth place in the Total Transparency Index, which evaluates the overall transparency of companies. The Group also achieved the best placement among construction companies.



Salini Impregilo enters the ranking of the Swedish research firm Potential Park, joining the best Italian companies in the categories **“Social Media”** and **“Mobile Interaction”**, reaching respectively the 20th and 25th place.



## 2. We build Solidity



# We build infrastructure that lasts in time and promotes sustainable development for current and future generations

## 2.1 Salini Impregilo's contribution to global challenges

By adopting the United Nation's Agenda 2030 on the SDGs (Sustainable Development Goals) and the Paris Agreement on Climate Change, three ambitious goals were defined globally: restarting **economic growth**, providing **inclusive development**, and fighting **climate change**.

Infrastructure projects built in accordance with sustainability criteria play a crucial role in achieving these goals and Salini Impregilo is a key partner in the global infrastructure market for public and private clients involved in realizing their own objectives and in the development of localities and their associated economies.

## 2.2 The contribution to economic growth

The direct relationship between infrastructure investment and domestic demand activation (consumption) as a lever for **economic growth** is widely known. The availability of infrastructure (energy, transport, telecommunications, etc.) contributes significantly to the reduction of production costs and higher productivity of the economy. The International Monetary Fund (IMF) estimated that in advanced economies, an additional investment in infrastructure equal to 1% of GDP on average produces a 1.5% increase of GDP over four years<sup>19</sup>. In emerging and developing economies, where infrastructure is often inadequate, the benefit for productivity and growth is even greater.

Construction companies engaged in building infrastructure can further affect this dynamic with their

<sup>19</sup> Source: Is it time for an infrastructure push? The macroeconomic effects of public investment, World Economic Outlook – International Monetary Fund, 2014

corporate policies. Salini Impregilo is oriented towards maximizing the multiplier effect of infrastructure investments in the areas where it operates, through the use of local suppliers and labour, vocational training, capacity building, and the development of initiatives benefiting local communities.

### Employment created by the Group's projects

The Group adopts a strategy focused on using labour from areas where the projects are located, whenever available in the quantities and with the skills required for implementing them. In 2016, Salini Impregilo employed in its projects a total workforce of about 59,600 units, taking into account both direct and indirect staff<sup>20</sup>, a 44% increase compared to 2015.

During 2016, 75% of our 34,440 direct employees (+13% compared to 2015) was made up of local staff, mainly deployed in our projects in Africa, followed by Asia, the Middle East, Oceania and North America.

The creation of job opportunities by Salini Impregilo in the countries where it operates plays a crucial role, since it improves the skills and expertise of local staff, especially in developing and emerging countries, as well as creating wealth in terms of wages paid, activating the local economy and increasing tax revenues. In particular, wages and benefits paid in 2016 amounted to €886 million (+64% compared to 2015<sup>21</sup>).

The development of local staff is a priority for the Group, so that it may benefit from a skilled workforce for current and future projects<sup>22</sup>.

In addition to direct labour, using sub-contractors and other indirect employees (including technicians, consultants, temporary agency staff, etc.) contributes significantly to the employment created locally. In 2016, around 25,200 indirect workers were employed in our projects (more than double compared to 2015), 70% of whom were hired locally.

**75%**

Direct staff employed locally

**63%**

Managers hired locally

<sup>20</sup> Indirect employees include subcontractors' and temp agencies' personnel, and workers of other service providers employed at Group's sites.

<sup>21</sup> The income statement for 2015 was restated to comply with IFRS 5. These figures do not include Lane Industries, acquired on 4 January 2016.

<sup>22</sup> For more information, please refer to section 3.2.

## Local investments

The Group’s procurement strategy aims to meet needs at the local level as much as possible, based on the availability of required goods and services. This policy stems from the awareness that the “local purchases” factor is the main element for developing the local economy and to increase GDP, government revenues and disposable income.

In 2016, our connection with the local supply chain remained solid, with an average of 85% of purchases made from local suppliers. At the same time, our projects generated contracts with more than 4,500 new suppliers, of which 94% were local.

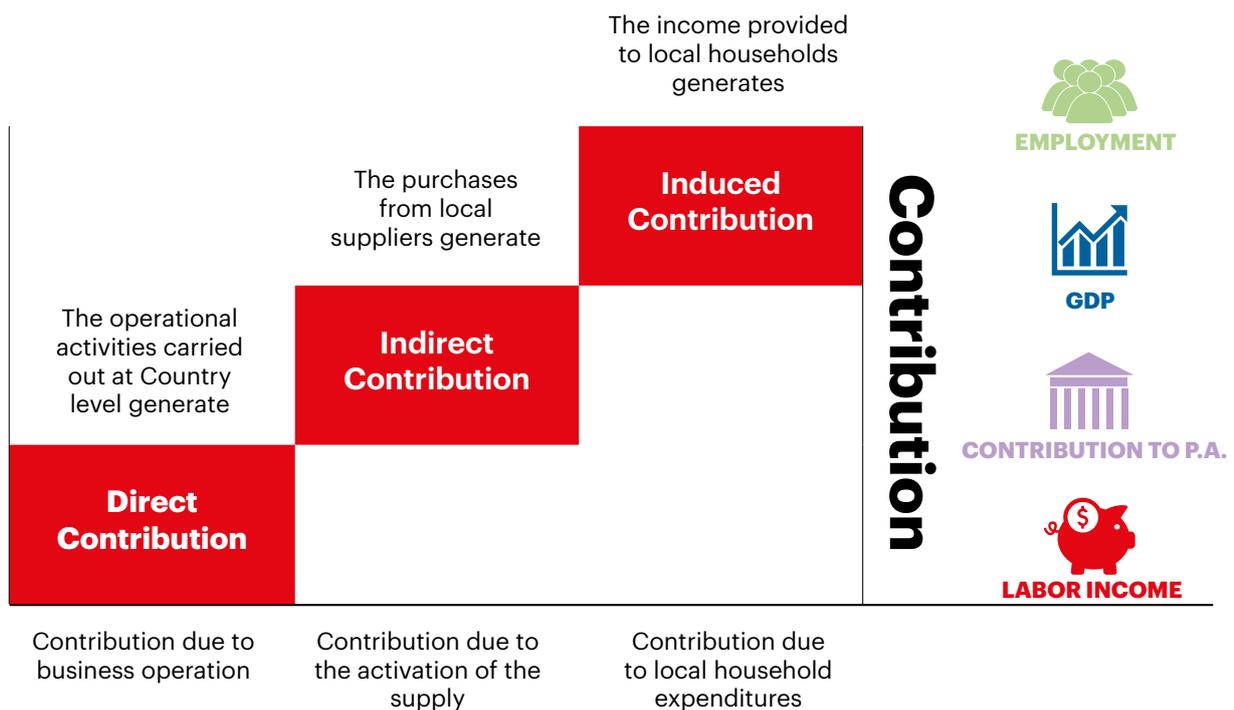
In monetary terms, the total economic value distributed to the supply chain amounted to €4.4 billion, consisting mainly of services (36% of the total), subcontracts (34%), and raw materials and goods (27%).

**85%**

Spending with local suppliers

## The Group’s global contribution to the development of local economies

The above statements only describe the direct and immediate contributions deriving from Salini Impregilo projects to local economies, but do not include all the additional indirect and related contributions that Salini Impregilo’s activities trigger in the countries where the Group operates.



In order to properly identify and quantify these contributions during 2016, the Group developed a special proprietary calculation model, called the SEED (Socio-Economic Effects Determination) Model, which calculates the total contribution (direct, indirect, and induced) of Salini Impregilo to the economic growth and social development of specific countries in terms of employment, GDP, revenue for the public administrations, and labor income distributed to households<sup>23</sup>.

In 2016, the model was tested in three pilot countries: Italy, Ethiopia and Panama<sup>24</sup>. The findings, summarised below, confirm that Salini Impregilo's local investment policies produce significant effects on the economies of the countries where the Group operates.

<b>SEED Model</b> Total contribution generated by Salini Impregilo's activities		 <b>EMPLOYMENT</b> People involved throughout the value chain	 <b>GDP</b> Difference between production value and intermediate costs	 <b>CONTRIBUTION TO P.A.</b> Income taxes, Duty fees, Social security charges, and Other taxes	 <b>LABOR INCOME</b> Wages and salaries, Provision for termination indemnities, Leaving Indemnity, and Other costs
<b>Italy</b>	<b>Total contribution</b>	15,116 Jobs	867 Mil € of GDP	220 Mil € of contribution to P.A.	433 Mil € of labor income
	<b>Multiplier</b>	8 Jobs for every employee of Salini Impregilo	29 € of GDP for every € created by Salini Impregilo	10 € of contribution to P.A. for every € paid by Salini Impregilo	3 € of income for every € of labor income paid by Salini Impregilo
<b>Ethiopia</b>	<b>Total contribution</b>	167,737 Jobs	712 Mil € of GDP	76 Mil € of contribution to P.A.	195 Mil € of labor income
	<b>Multiplier</b>	21 Jobs for every employee of Salini Impregilo	2 € of GDP for every € created by Salini Impregilo	2 € of contribution to P.A. for every € paid by Salini Impregilo	6 € of income for every € of labor income paid by Salini Impregilo
<b>Panama</b>	<b>Total contribution</b>	18,438 Jobs	472 Mil € of GDP	72 Mil € of contribution to P.A.	309 Mil € of labor income
	<b>Multiplier</b>	20 Jobs for every employee of Salini Impregilo	5 € of GDP for every € created by Salini Impregilo	2 € of contribution to P.A. for every € paid by Salini Impregilo	3 € of income for every € of labor income paid by Salini Impregilo

23 The SEED Model is based on the analysis of investments made locally by the Group and on the application to them of specific multipliers derived from the Social Accounting Matrices, published by internationally renowned research institutions.

24 Taking into consideration 2015 data.

The high multiplier of the GDP and the public administration revenues generated in Italy is mainly due to the significant use of Italian suppliers at the Group's overseas projects, and demonstrates quantitatively how the activities of the Group contribute to "exporting" national excellence and the "Made in Italy" brand.

The high employment multipliers recorded in Ethiopia and Panama are due to the large number of direct staff employed by the Group in these countries and the structure of the local economies, characterized by high labour intensity. In these countries, the overall contribution that the Group's projects bring to macroeconomic indicators (employment, GDP, revenue, wages<sup>25</sup>) appears significant.

The annex shows the complete data for the three analysed countries.

### Support for communities

In addition to the contribution it makes to local growth Salini Impregilo supports the communities where it operates through the promotion of a wide range of programmes and activities that benefit the local population and the environment, such as:

- Direct actions on the design and construction of infrastructures benefiting local communities (schools, medical facilities, government offices, aqueducts, roads and bridges);

Scope	Initiative	Country
Social	146	Australia, Ethiopia, Kazakhstan, Italy, Malaysia, Nigeria, Qatar, Ukraine, USA
Education and Culture	87	Australia, Ethiopia, Kazakhstan, Italy, Malaysia, Qatar, Saudi Arabia, USA
Sport and Environment	39	Italy, Saudi Arabia, Ukraine, USA

<sup>25</sup> Data showed refer to the total contribution of the projects in progress in the three pilot countries in 2015, regardless of Salini Impregilo's percentage. Italy includes the contribution generated by the corporate activities.

**Focus: Practical help to people affected by the earthquake of August 24 in central Italy**

Following the earthquake that hit central Italy on 24 August 2016, the Salini Impregilo Group decided to express in a practical way its solidarity with the population, donating a school in the earthquake zone, in Valfornace, Marche region.

During 2016, Salini Impregilo worked together with the Italian association responsible for Civil Defence and the representatives of local authorities to carry out the feasibility study of a school building for the children living in an area of the Marche region that no longer had a school. The building, whose cost was borne entirely by Salini Impregilo, covers a total area of

over 500 m<sup>2</sup> and can accommodate about 100 children and teenagers, with ten classrooms for the nursery, primary and secondary schools.

The Group also actively supported its staff by participating in an initiative by Confindustria and the national trade unions that launched an “Intervention Fund for the people of Central Italy”. This initiative gathered voluntary contributions from workers equal to an hour’s work, with a matching contribution from their employers. In this way employees were able to demonstrate their support for the earthquake victims at a very challenging time.

- Social initiatives and programmes, managed directly and in co-operation with other organisations, for social, cultural, sports, artistic, educational, and humanitarian purposes;
- Free access to some of our sites’ structures (e.g. clinics, training rooms, wells and roads) for the local communities living in rural areas not covered by basic services.

In 2014-2016, more than 270 initiatives were developed in favour of local communities, as shown in the diagram below, with a total investment of €4.6 million (about €1.6 million in 2016<sup>26</sup>).

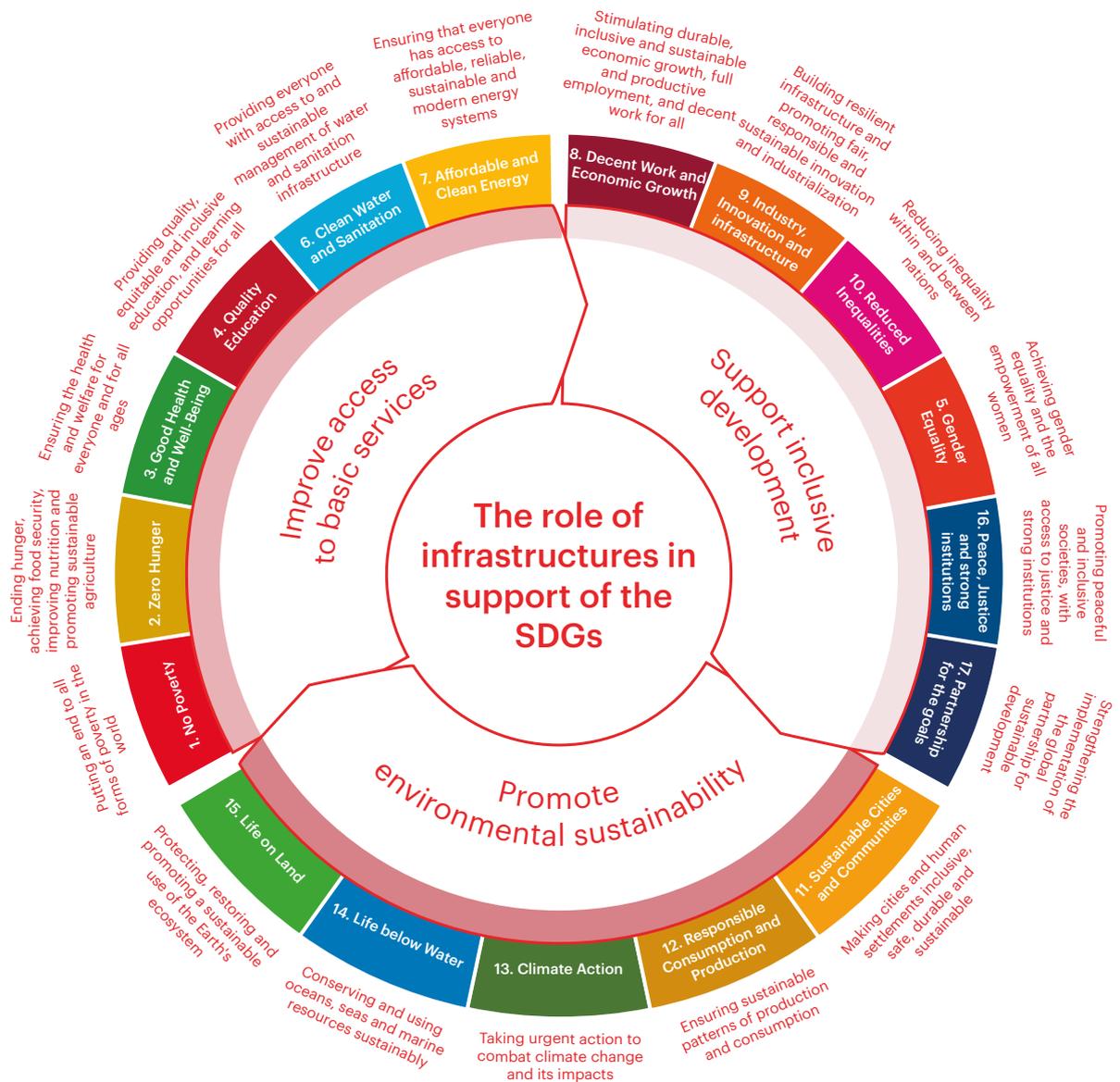
During our most significant initiatives in 2016, it should be noted that we provided more than 13,200 free healthcare interventions to local communities in rural and remote areas, directly provided by our worksite clinics.

26 This amount comprises direct costs only, and not the value created for local communities, nor the costs sustained for infrastructure developed by the Group for project-related needs (e.g. roads, bridges, water wells and basins) which remain available to communities after the project has been completed.

## 2.3 The contribution to inclusive and sustainable development

The United Nations' Sustainable Development Goals (SDGs) give an important role to infrastructure in the 2030 Agenda, recognizing the added value generated by the sector in terms of widening access to basic services, protection from extreme weather events, and stimulating economic growth and innovation.

The figure<sup>27</sup> shows in what way infrastructures support the achievement of the SDGs.



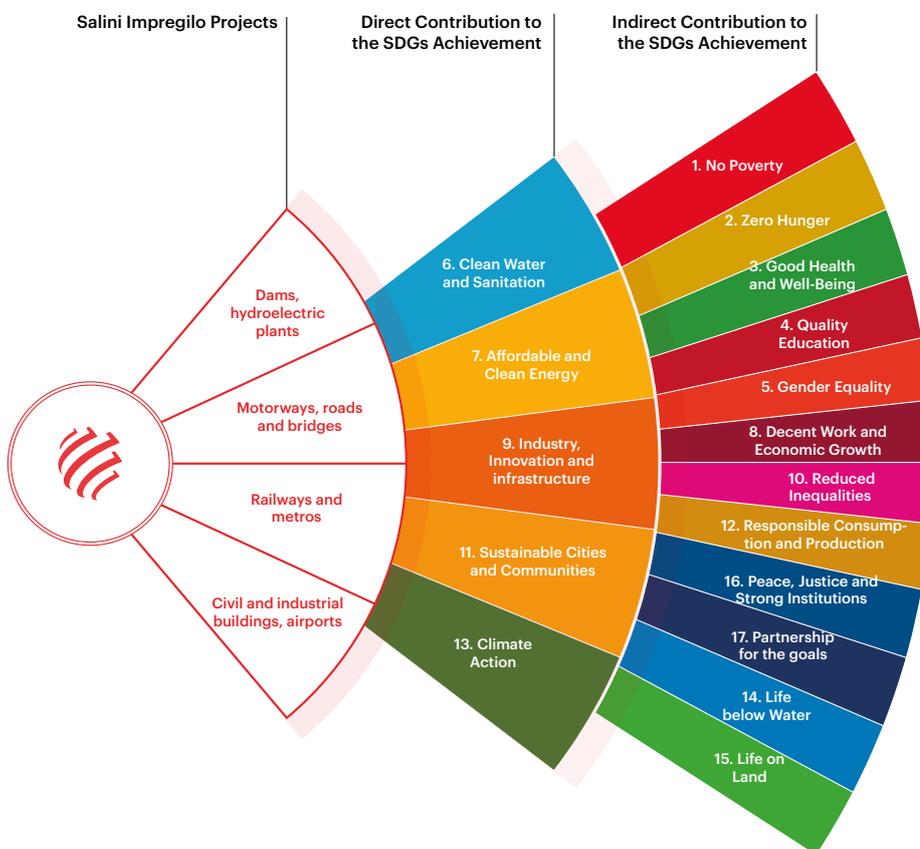
27 Source: Delivering on Sustainable Infrastructure for better development and better climate, The New Climate Economy - Bhattacharya et al., 2016 (readjustment)

The following figure shows the correlation between the projects undertaken by Salini Impregilo and achieving the SDGs.

With its projects, the Group creates basic infrastructure that directly contributes to the achievement of SDGs 6 (water management), 7 (sustainable energy for all), 9 (resilient infrastructure), 11 (sustainable cities), and 13 (fighting climate change).

Our projects are mainly aimed at developing local potential, fostering access to renewable natural resources such as water and hydroelectric power, people and vehicles travelling long distances, with road and rail projects, and within large urban centres, through sustainable mass transit systems (metro systems). Furthermore, Salini Impregilo implements projects aimed at improving public services, by developing hydraulic engineering infrastructure and civil and industrial construction.

In addition to the direct benefits on the SDGs, the Group's projects contribute indirectly to achieving further SDGs, such as goals 3 and 4 (respectively access to health and education), 8 (inclusive and sustainable economic growth), which in turn contribute to goals 1 (poverty), 2 (hunger and food safety), 5 and 10 (equality), 12 (sustainable production and consumption), 14 and 15 (protection of



marine and terrestrial ecosystems), as well as goals 16 and 17 (strengthening of institutions and cooperation).

On the issue of climate change (SDG 13), infrastructure not only determines the emission levels of companies<sup>28</sup> (renewable vs. fossil energy, public vs. private transport systems, efficiency vs. waste of resources), but is also critical in ensuring resilience and adaptation to increasingly frequent extreme natural events. For this reason, both emerging and advanced countries need to act quickly to strengthen existing infrastructure and adopt planning tools to help account for the effects of climate change in the development of new infrastructure projects.

Salini Impregilo supports numerous clients in the development of infrastructure projects that are in line with the targets set by the SDGs and that can withstand increasingly frequent extreme weather events, and contribute to the reduction of greenhouse gas emissions into the atmosphere.

Some of the focus points highlighted in this report describe in detail the benefits derived from the projects both completed and under completion in 2016.

## Focus: Salini Impregilo among the global leaders in the fight against climate change

As part of the 2016 CDP Climate Leadership Awards, Salini Impregilo was recognized among the most responsible companies in the world in terms of sustainability. It was recognized by CDP and Borsa Italiana for its strategy and actions taken to reduce greenhouse gas emissions and fighting climate change. This prestigious award includes the Group's inclusion in the Climate "A List" of the CDP, the international non-profit organization that manages the global platform for measuring the environmental performance of over 5,000 companies around the world and is used by over 800 investors representing \$100 thousand billion in assets.

Salini Impregilo supports its clients in the realization of projects that contribute to reducing global

greenhouse gas emissions, with hydroelectric plants that produce renewable energy, metro lines that reduce the use of private vehicles in favour of more sustainable mobility, and the many green building projects built by the Group that have received international recognition. One of the latest is the Stavros Niarchos Cultural Center in Athens, designed by Renzo Piano, which obtained the LEED Platinum certification and has recently been awarded the prestigious 2016 Global Best Project Award from ENR (Engineering News-Record), as well as the Sidney Northwest Metro project, which was recognised as "Leading" Infrastructure Sustainability Design by the ISCA (Infrastructure Sustainability Council of Australia) for its innovative design solutions developed to address climate change.

<sup>28</sup> As already mentioned in section 1.2, infrastructure projects are associated with more than 60% of global emissions of greenhouse gases



Related SDGs



## Renewable energy for development

Salini Impregilo is a world leader in the construction of infrastructure projects in the water sector, with over 257 dams and hydroelectric plants built and a corresponding installed power of 37,500 MW.

The International Energy Agency (IEA) forecasts that the installed hydroelectric capacity will continue to grow, reaching 2,000 GW by 2050, preventing the emission of 3 billion tonnes of CO2 a year from the use of fossil sources<sup>29</sup>.

The hydropower sector can generate reliable power at a lower cost than other sources, thereby contributing to the economic development of recipient countries with consequent benefits in terms of business opportunities, job creation, and social welfare.

In 2016, the Group was engaged in the construction of 11 hydropower projects located in 9 countries on 4 continents. In addition to the Gibe III project (Ethiopia), completed in late 2016, the other projects being implemented will, once completed, represent a total installed capacity of about 18,000 MW and an electrical output of 55,000 GWh per year, i.e. the amount of energy needed to meet the energy needs of 68 million people<sup>30</sup>.

### Main Group hydropower projects under construction in 2016

#### Nenskra, Georgia



**Installed capacity:**  
280 MW  
**Annual production:**  
1,219 GWh

**Objective:** providing energy in winter and maximising exports in the summer months

#### GERD, Ethiopia



**Installed capacity:**  
6,000 MW  
**Annual production:**  
15,692 GWh

**Objective:** tripling the energy availability in the country and contributing to exports



<sup>29</sup> Source: Technology roadmap: hydropower – International Energy Agency, 2012

<sup>30</sup> Data represents an estimation based on project's documentation.



### Gibe III, Ethiopia<sup>31</sup>



**Installed capacity:** 1,870 MW  
**Annual production:** 6,500 GWh  
**Objective:** increasing domestic production by 85% and intensifying exports to neighbouring countries

### Koysha, Ethiopia



**Installed capacity:** 2,160 MW  
**Annual production:** 6,460 GWh  
**Objective:** expanding access to energy in the country and transforming Ethiopia into Africa's energy hub

### Ulu Jelai, Malaysia



**Installed capacity:** 382 MW  
**Annual production:** 373 GWh  
**Annual emissions avoided:** 250,000 tonnes of CO<sub>2</sub>  
**Objective:** coping with peaks in demand by reducing the use of fossil fuels for electricity production

### Rogun, Tajikistan



**Installed capacity:** 3,600 MW  
**Annual production:** 13,100 GWh  
**Objective:** doubling the country's electricity production and reducing the energy deficit in the winter months

31 Project completed in 2016

## Focus: Gibe III, energy for development



With the doubling of the population expected by 2050 and about 620 million people who currently live without a reliable source of electricity, Africa has huge energy needs. To face this challenge, many African countries are developing large investment plans, aimed at using the available renewable resources efficiently, avoiding what has already been experienced by Western countries in recent decades as they fuelled their growth through the exploitation of fossil energy, causing significant environmental problems.

The energy produced from hydroelectric sources is amongst the most reliable technologies of this kind, as it ensures energy security that is not dependent on intermittent renewable sources (solar, wind), without taking water resources away from the environment and without emitting pollutants and/or climate-altering substances into the atmosphere.

The Ethiopian Gibe III stands out among the hydroelectric plants recently commissioned in Africa. Opened in late 2016, it is the most important plant in the country, with an installed capacity of 1,870 MW and an annual production of 6,500 GWh of electricity. The plant will increase the domestic production of electricity by over 85%.

The dam, standing at a height of 250 metres, is currently the tallest RCC (Rolled Compacted Concrete) structure in the world, all the more remarkable since it was built in a remote area with unique logistical and technical challenges. Gibe III, along with the Grand Ethiopian Renaissance Dam (GERD) project also under construction by Salini Impregilo, it reflects the country's ambitious goal to reach an installed capacity of 40,000 MW by 2035.

In the various stages of construction, the project employed about 20,000 people, the vast majority of them

Ethiopian nationals, along with professionals from 32 other countries worldwide.

Gibe III has been designed and built with great care in terms of the effects on local communities, in order to mitigate its impacts and enhance its benefits. The creation of the reservoir will develop fishing, diversifying not only the local economy but also the inhabitants' nutrition, with positive effects on their health. In addition, the system regulates water flows, providing the downstream communities with much more water than they used to obtain during the dry season, and avoiding the flooding that habitually affected the valley during the rainy season.

The project has been criticized by some NGOs that feared Gibe III could have an impact on the traditional agriculture practised by some of the lower Omo valley communities and reduce the levels of Lake Turkana. In this regard, it should be noted that these risks were properly identified by the client during the project's Social and Environmental Impact Evaluation, and Salini Impregilo provided its technical support to develop special exhaust valves inside the dam, properly sized to recreate in a controlled and non-destructive manner the river's periodic flooding, which allow the communities to continue practising their traditional agriculture methods.

The client, responsible for managing the plant, put these valves into operation during 2016, after an extensive consultation process with local communities. With regard to the levels of Lake Turkana, the publicly available satellite data<sup>32</sup> demonstrates that even while filling the reservoir, the lake always remained above the long-term average level (related to the last 25 years). For more information, please see the section 5.3 - "The dialogue with local communities."

<sup>32</sup> The data on the lake's level is published and updated in near real-time by the website of the United States Department of Agriculture, Foreign Agricultural Service.



In addition, these projects will help prevent greenhouse gas emissions of over 16 million tonnes per year, equivalent to the amount of emissions from 3.5 million cars.

## Hydraulic engineering for the environment

### Related SDGs



In addition to hydroelectric uses, which do not take away water or alter the quality of water bodies, rivers, canals, lakes and seas, have always been used as sources of livelihood, transport routes and the final collectors of human activities. In particular, the massive discharge of urban and industrial waste into water bodies is often a cause of pollution and health risks for all living beings.

UN Water estimates that 80% of the world's water effluent is not appropriately treated before being re-released into the environment, and urban centres are the major source of water pollution, followed by industrial plants and chemicals used in agriculture<sup>33</sup>.

Both developing and advanced countries are increasingly focusing on this issue, since it is estimated that water pollution will represent a major cause of water scarcity in the near future, along with climate change.

Salini Impregilo is also active in this field, creating infrastructure projects that allow the collection, conveying and treatment of wastewater from large urban centres, improving the quality of the water of the receiving water bodies (usually rivers or seas), reducing pollution and providing water resources for new uses, such as irrigation.

In recent years, the Group has been involved in several projects of this type, from the US to Latin America and the Middle East.

Hydraulic engineering projects also include port infrastructure and waterways, where Salini Impregilo has recently been involved with the project to expand the Panama Canal, regarded as one of the most ambitious project of the century.

<sup>33</sup> Source: [www.unwater.org](http://www.unwater.org) - "Thematic Factsheets" section

## Main hydraulic engineering projects of the Group



### Riachuelo, Argentina



**Objective:** rehabilitation of the Riachuelo river basin affected by industrial activities (paper mills and tanneries) and civil effluents, through a system for the collection and treatment of wastewater

### Abu Hamour, Qatar



**Objective:** reducing the amount of surface rainwater and related soil subsidence problems and pumping costs, by means of a water collection and underground conveyer system

### Dugway Storage, USA



**Objective:** reducing the level of environmental pollution of Lake Erie by an underground system for collecting, conveying and treating wastewater and stormwater

### Anacostia Tunnel, USA



**Objective:** preventing pollution of the Anacostia River that occurs during periods of intense rainfall, using a separate conveyer system for wastewater and stormwater



## Lake Mead, USA



**Objective:** increasing the water supply for drinking and domestic use to the city of Las Vegas, through a complex underground system of collection and transport of water from Lake Mead

## Expansion of the Panama Canal



**Objective:** increasing global maritime commercial traffic through the development of a canal that allows the passage of larger tonnage vessels (known as Post Panamax)

## Focus: The protection of water in major US cities

Many major Western cities, which have developed over the past centuries, are now home to a growing population, putting a strain on infrastructure and basic services.

The city of Cleveland, in the United States, for example, dumps about 16.6 billion litres of wastewater into Lake Erie each year, also without raining events - an amount greater than that permitted by the Clean Water Act. In addition, during the summer rains, the rainwater tends to clog the sewer system, forcing the city to divert it together with the wastewater into Lake Erie, in order to prevent flooding of roads and damage to treatment plants.

However, this practice results in the contamination of the lake's water, with problems for aquatic wildlife and public health, so much so that the city's beaches are usually closed for several days.

For this reason, the Clean Lake Project was launched in 2011, as part of a broader effort to store, manage and treat wastewater and reduce the pollution levels in the lake. The investment, which will be amortised over the next 25 years, plans to reduce the annual volume of sewage poured into the lake by 1.8 billion litres. According to the Northeast Ohio Regional Sewer District, the local water authority, this means that over 98% of rainwater and wastewater that now ends up in the combined sewer system will be treated and made safe.

The project, one of the city's largest infrastructure projects, includes the construction of eight tunnels and the

modernization of three treatment plants. The Dugway Storage Tunnel is part of the project and involves the construction of a tunnel that will allow the catchment and storage of 214 million gallons of stormwater and its subsequent transfer to the Easterly Sewage Treatment Plant.

The construction, which will be completed in 2020, is entrusted to a joint venture that includes Salini Impregilo and S.A. Healy, a subsidiary of Lane Construction, a company that is also part of the Salini Impregilo Group.

This is the latest in a series of projects implemented by the Group and focused on environmental protection. For example, the Anacostia River Tunnel is under construction in Washington DC, to allow the Capital of the United States to reduce the wastewater that flows into its rivers. The project, part of the ambitious "Clean Rivers Project" launched by the Water and Sewer Authority (DC Water) of the District of Columbia, involves the construction of a hydraulic tunnel running mostly under the Anacostia, a tributary of the Potomac river in Washington. The tunnel will channel wastewater and stormwater separately, to avoid polluting the rivers during the floods (Combined Sewer Overflows or "CSO") that occur during periods of heavy rainfall.

Once the project is completed in 2025, at an estimated cost of \$2.7 billion, DC Water estimates that the volume of wastewater in the rivers will be reduced by 96%, from 4.8 billion litres in 2008 to 185 million litres.



## Focus: The New Panama Canal, an example of technological and environmental excellence



Inaugurated on 26 June 2016, the New Panama Canal, one of the most complex and ambitious engineering projects in the world, completed by Grupo Unidos por el Canal, an international joint venture which saw Salini Impregilo engaged as strategic partner.

The new Canal allows the passage of Post-Panamax ships, sea giants almost 366 metres long and almost 49 metres wide with a draught of about 15 metres, able to carry more than 12,000 containers, increasing commercial traffic in response to the developments and continued expansion of the sea shipping market.

The passage of larger ships aims to attract the international trade routes, raising the business turnover of the canal from the current \$2.5 billion to \$6 billion annually.

In addition to being an example of technological excellence and a source of income for the country and its inhabitants, this impressive and complex facility also has a high environmental value.

While allowing Panama to maintain its role as major hub of world maritime trade, this project obviates the need for Post-Panamax ships to circumnavigate the South American continent, significantly reducing fuel consumption and the associated greenhouse gas emissions. It has been estimated that opening the New Canal will result in a reduction of approximately 160 million tonnes of CO<sub>2</sub> in the first 10 years of operation<sup>34</sup>.

The passage of Post-Panamax ships will triple the cargo in transit through

the canal, increasing from 5,000 to 12,600 TEUs (6-metre equivalent unit containers).

The new Panama Canal has a system of 16 gates designed ad hoc (eight on the Atlantic side and eight on the Pacific), weighing between 2,500 and 4,000 tonnes each and up to 33 metres tall. Opening and closing them, accompanied by filling and emptying the special water reservoirs created alongside the Canal, lifts the vessels up to the level of Lake Gatun and subsequently lowers them back to sea level. To enter Lake Gatun, ships are lifted 27 metres, and the same process is repeated in reverse when they exit. The movements of the gates are an extraordinary example of mechanics and technology, because every manoeuvre that allows the passage of ships must be performed with pinpoint accuracy, and each lock only has five minutes to accomplish it.

The studies conducted from the very beginning of the project design phase made it possible to develop the project's sustainability strategy in order to mitigate the impacts on the territory, the environment, and the population. Particular attention was given to the issue of reducing the consumption of water from Lake Gatun, which occurs during the ships' transit stages.

A new system was developed for this purpose, known as Water Saving Basins, which allows the recovery and partial reuse of the water from Lake Gatun through the introduction of auxiliary basins. This has resulted in a water savings of 60%, and a transit which previously used around 500 million litres of water now requires around 200 million litres.

<sup>34</sup> Source: Panama Canal Authority, website <https://www.pancanal.com/eng/pr/press-releases/2016/10/26/pr611.html>



COSCO SHIPPING PANAMA

PANAMA R.P. CERRO SANTIAGO

0900

## Sustainable mobility for cities

Cities are facing major changes, with more and more people moving into urban areas, particularly in Africa and Asia. This rapid growth requires continuous investment in infrastructure, particularly for mobility, and in order to address the growing pollution that plagues urban centres. It is estimated that every year over one billion people are exposed to air pollution, with significant consequences for the health of urban populations.

Over 90% of air pollution in cities around the world is due to emissions from vehicles, primarily due to the high number of older vehicles, coupled with poor maintenance, inadequate infrastructure, and poor fuel quality<sup>35</sup>.

Mobility infrastructure not only facilitates the movement of people and goods, but also gives access to education, employment opportunities, and social services for the most vulnerable social groups of the urban population, who usually live in the suburbs.

Salini Impregilo is active in this market, with eight metro systems under construction on four continents, which will provide sustainable mobility to more than 3 million people every day, thereby reducing the use of private vehicles and the associated emissions.

In addition to metro systems, we are also creating urban road projects that contribute to the reduction of traffic in densely populated areas, thus improving environmental conditions.

### 70%

Share of the construction backlog consisting of projects that contribute to climate change mitigation<sup>36</sup>

## Related SDGs



<sup>35</sup> It is estimated that urban air pollution is linked to up to one million premature deaths and one million pre-natal deaths each year, while urban air pollution costs approximately 2% of the GDP in developed countries and 5% in developing countries. Source: United Nations Environment Programme

<sup>36</sup> In terms of renewable energy (hydroelectric projects) and sustainable mobility (metro systems and railways).

## Main metro projects of the Group



### Riyadh Metro Line 3, Saudi Arabia



**Length:** 41 km  
**Stations:** 22

**Objective:** creating the longest line of the new public transport system in Riyadh, with a capacity of 5,000 passengers/hour in each direction

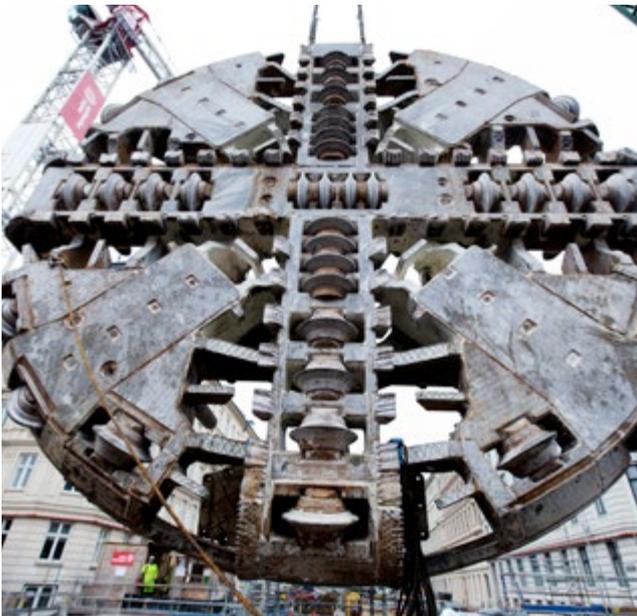
### Sydney Metro Northwest, Australia



**Length:** 4,3 km  
**Stations:** 2

**Objective:** building the surface portion of the greatest ongoing project in Sydney, which involves the construction of the longest cable-stayed bridge in Australia

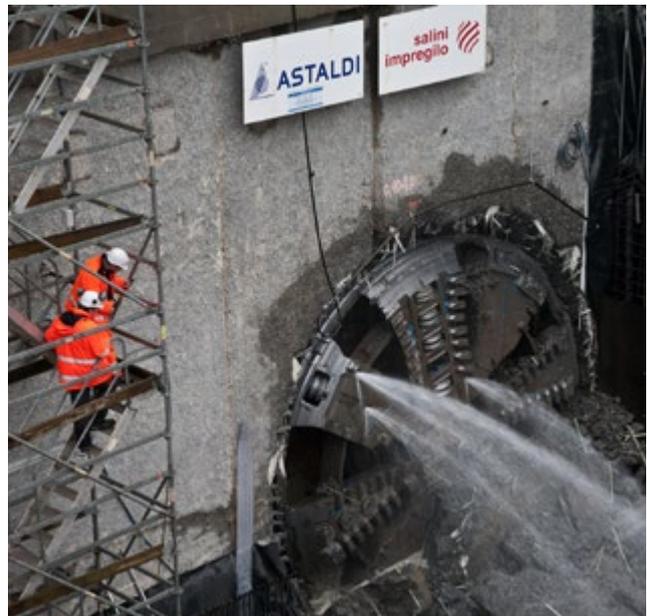
### Cityringen Copenhagen, Denmark



**Length:** 30 km  
**Stations:** 17

**Objective:** creating the first automated line in the country, active 24 hours a day, which will give mobility to 130 million passengers a year

### Milan Metro Line 4, Italy



**Length:** 15 km  
**Stations:** 21

**Objective:** creating a new fast and automated public link running East to Southwest, with a capacity of 24,000 passengers/hour in each direction

### Lima Metro Lines 2 and 4, Peru



**Length:** 35 km  
**Stations:** 35

**Objective:** meeting the demands of citizens for a greater enjoyment of the city, contributing to the reduction of air pollution levels

### Doha Metro Red Line North, Qatar



**Length:** 12 km  
**Stations:** 7

**Objective:** creating a modern metro system in line with the country's Vision 2030, with a capacity of 280,000 passengers per day by 2021

## Focus: Metro Riyadh, leader in environmental sustainability and safety at work



Through the creation of more than 400 km of metro lines, Salini Impregilo has contributed through the years to the development of urban mobility in many cities, improving their citizens' quality of life and who thus benefit from fast and efficient links, reducing traffic congestion and air pollution.

It continues to do so today in many parts of the world, including Riyadh, where the Group leads the ArRiyadh New Mobility (ANM) consortium engaged in the construction of the metro system's Line 3. This is the longest and most important line of the Saudi capital's new metro network project, commissioned by the ArRiyadh Development Authority, worth about \$23.5 billion, with six lines that will cross the city along 176 km.

Line 3 runs for about 42 km from East to West across the city, and consists of a surface line, concrete viaducts, tunnels, and 22 technologically advanced stations, built while implementing mitigation measures to reduce the construction's environmental impact.

In particular, the Western Station and Downtown Station will undergo LEED certification for their design and construction. The LEED standard

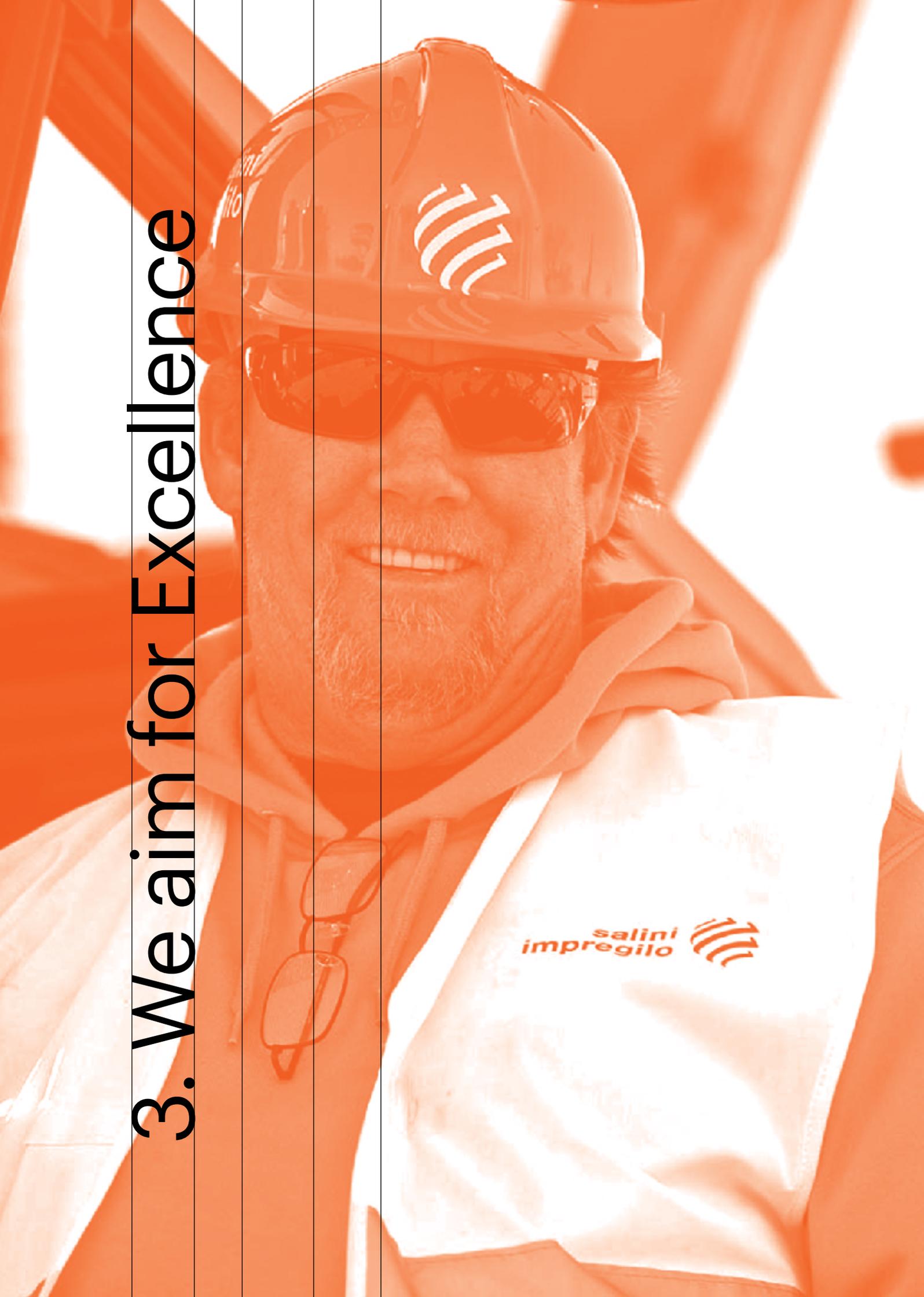
is the energy and sustainability certification standard most widely used in the world, a system that evaluates sustainable infrastructure recognizing the achievement of certain credits in the different areas of sustainability upon achieving particular requirements.

In addition to the eco-sustainable design and construction, the project has made its mark locally due to the strong attention paid to the issue of health and safety. An initiative called the Golden Rules was launched during 2016, establishing 12 golden rules aimed at reinforcing and spreading the culture of safety and preventing accidents at work. Through specific actions for raising awareness and training workers, the accident rates have seen a significant improvement, leading to the completion of 15 million hours worked without accidents as of March 2016; a very important record for the Group.

The validity and effectiveness of this initiative is underlined by the fact that it was taken as an example and implemented by other companies engaged in the construction of the Riyadh metro system, in order to improve the levels of safety on the worksite.



# 3. We aim for Excellence



# We believe in competence and skill, in work that is well done and capable of exceeding the client's expectations.

## 3.1 Innovation in the service of new needs

Salini Impregilo aspires to consolidate its role as a player that contributes to the advancement and progress of the infrastructure sector, working closely with the entire value chain to ensure continuous innovation and client satisfaction.

### Constant innovation

Constant innovation is essential to success in the large infrastructure sector.

In addition to making technological advances in materials, components and manufacturing processes, we study all our projects taking into account the requirements of environmental protection, staff safety, and the protection of the interests of local communities which emerge from the social and environmental impact studies undertaken by our clients, while ensuring the commercial viability of the initiative.

For every business initiative, we develop ad hoc project proposals that are based on a careful analysis of client needs, the most advanced technical solutions applicable, and the social and environmental context.

We also develop long term partnerships with strategic partners, such as industry professionals and engineering firms, as well as the most innovative suppliers and technology developers.

Overall, this allows us to gain important international contracts awarded on the basis of strict criteria, which include not only the quality of work, the costs of implementation, management and financing, but also the innovations proposed to improve safety and reduce the social and environmental impact.

## Innovation for sustainable design

The infrastructure sector, which employs large amounts of natural resources, has great potential for improving efficiency in resource consumption and reducing the environmental impacts of its activities.

Salini Impregilo has adopted a number of sustainable design and construction programmes in multiple projects worldwide. These programmes allow environmental considerations to be integrated during the project development, improving performance throughout the infrastructure's life cycle.

### Related SDGs



This approach includes three main stages:



During 2016 the Group adopted the following eco-design and eco-building programmes for some of its projects:



Leadership in Energy and Environmental Design (LEED), an initiative by the United States Green Buildings Council, is one of the largest voluntary programmes of independent green building verification. LEED is based on a system of indicators that measure the eco-sustainability of solutions in the design, construction, management and maintenance of buildings along the entire supply chain. The system includes four rating levels: Certified, Silver, Gold and Platinum.



Global Sustainability Assessment System (GSAS) is the first integrated system for assessing the sustainability of Middle East construction activities, covering both environmental and social issues along the entire life cycle of each project. It includes a certification system based on rating levels ranging from one to six stars.



Infrastructure Sustainability (IS) is the only rating system in Australia that evaluates the sustainability of infrastructures during their design, construction and operation. IS assesses the sustainability (which includes environmental, social, economic and governance issues) of infrastructure projects through their entire life cycle and assigns an independent certification that includes three rating levels: Commended, Excellent, Leading.

In 2016, we completed the new Stavros Niarchos Foundation Cultural Center in Athens, Greece, which achieved a LEED Platinum certification. In addition, we continued the construction of the Red Line North in Doha, Qatar, which aims to achieve the GSA certification with a 4 star rating, two stations of the Line 3 project of the Riyadh Metro in Saudi Arabia pursuing the LEED certification, and the Northwest Metro project in Sydney, Australia, which in

2015 was awarded the IS Leading rating for climate change adaptation and sustainable design.

Salini Impregilo is also gradually increasing the adoption of the Building Information Modeling system (BIM) on its own projects<sup>37</sup>. The use of BIM enables the production of virtual models of projects, providing important support in planning, design, construction all the way to operation and maintenance.

This technology also enables the improvement of sustainable design and construction techniques, providing immediate projections and information on how decisions made at the design stage can affect the performance of infrastructure projects throughout their life cycle.

### Quality throughout the supply chain

Salini Impregilo has adopted a certified quality management system for all business activities, in accordance with ISO 9001, from the design phase to managing the construction activities. The Group assigns roles and responsibilities to staff with appropriate skills and training, and it follows the project entirely in all its phases, managing the organisational, operational, decision-making and internal control aspects of the activities.

This process is an integral part of the Project Management System and ensures that major infrastructure projects are executed in accordance with the highest international standards.

> 142,000

Completed quality controls

> 3,800

Meeting with Clients on Quality and HSE issues

<sup>37</sup> At the beginning of 2017, the Technical Department of the company was reorganized with the institution of a department dedicated to the spread of the process BIM, in order to better support the development of the company and the operational excellence of the projects.

## Focus: The Stavros Niarchos Cultural Center is awarded the Global Best Project Award



Designed by Renzo Piano and built by Salini Impregilo, the Cultural Center of the Stavros Niarchos Foundation of Athens was awarded the 2016 Global Best Project Award in the cultural/worship category assigned by the Engineering News-Record (ENR). According to the leading US construction industry magazine, the work distinguished itself for its design and production excellence among 23 projects from 15 different countries.

The Center is one of the largest facilities in Europe dedicated to the performing arts, and home to the Greek National Opera and the National Library. Funded by the Stavros Niarchos Foundation, it was built by the consortium led by Salini Impregilo, also involving the Greek company Terna.

“The jury evaluated projects from many countries and examined safety, innovation and construction quality, paying particular attention to the diversity of the teams and their collaboration, also considering the benefits to the local community

and/or the construction industry”, said ENR, announcing the award.

Built on the grounds of the old Athens hippodrome, in the Kallithea district, facing the sea, the Center extends across an artificial hill topped by a 170,000 metre landscaped park with 1,500 trees and 200,000 shrubs that came from all over Europe. However, the great innovation of the Center is its ability to combine art with technical excellence. One of the clearest examples of this combination is the Canopy, a 10,000 square metre hanging shell that dominates the centre, using highly sophisticated technology to move according to wind pressure and variations in temperature. The upper surface of the Canopy is entirely covered with photovoltaic panels, which make the Center independent in terms of energy. The strict compliance with the principles of sustainability has allowed the Center to obtain a LEED (Leadership in Energy and Environmental Design) Platinum certification, the highest possible.





## Focus: A STEP forward for the environment in Abu Dhabi

Abu Dhabi's constant increase in population and visitors has led local governments to work on identifying programmes to meet the city's growing needs, while mitigating the environmental impacts resulting from the considerable human pressure, adopting ad hoc solutions for the local context.

One of the main problems caused by the urbanisation of Abu Dhabi concerns the conveyance and treatment of sewage. To overcome this problem, the city centre was equipped with a system of pumping stations used to convey the water to treatment facilities.

Over time, these systems have become inadequate for the city's needs and unsustainable from an environmental point of view (high energy consumption, unpleasant odours, visual impact). In order to solve this problem, the STEP (Strategic Tunnel Enhancement Programme) National Programme was developed.

STEP included the construction of a tunnel about 40 km long, 80 metres deep (the equivalent of a 25-floor building), whose function is to collect by gravity the wastewater of Abu Dhabi's island and mainland through mini-tunnels linked with the existing structures and channel it to a treatment plant located outside the city.

Salini Impregilo participated in the project, winning two of the three lots planned for the entire programme, and building 25 km of the tunnel with an excavation diameter of approximately 7 metres and 10 access shafts with depths ranging from 40 to 80 metres, with sophisticated mechanized excavation technologies (five TBMs employed simultaneously), never used before in Abu Dhabi.

The project will bring significant long-term environmental improvements for the city of Abu Dhabi, which is now able to manage its wastewater more efficiently and safely. 34 old pumping stations will be gradually removed thanks to the new gravity-fed system, reconvertng the areas and improving the citizens' quality of life. (Periodic overflows of the system caused bad odours). In addition, after being treated, the water conveyed by STEP will be reused for irrigation purposes in the city's parks, helping to lower urban temperatures and, consequently, energy consumption due to air conditioning systems. FAO estimates that urban parks can reduce temperatures from 2 to 8°C and energy consumption related to air conditioning systems by 30%.

The construction of the Abu Dhabi Deep Sewer Tunnel, one of the deepest hydraulic tunnels in the world, was also the subject of a recent National Geographic documentary.

## 3.2 Developing our people

Our people are a key asset for our corporate development and success. Technical and managerial skills, as well as the experience gained on projects worldwide, are decisive in ensuring excellence throughout our operations and in achieving the Group's goals.

The priorities towards our people are:

- Improving the staff's skills through training and development programmes, to consolidate and transfer skills among our employees;
- Improving and aligning everyone to a single corporate culture that enhances their sense of belonging and their adherence to the Group's values;
- Attracting and cultivating talented people, with a focus on graduates and young professionals through employer branding programmes and partnerships with top educational institutions. In this way, we aim to train a new class of employees capable of ensuring business continuity.

At the end of 2016, Salini Impregilo employed 34,440 direct employees worldwide<sup>38</sup>, 32% of whom are under 30 and 9% are women (35% at the Corporate level). Most of our employees are located in Africa, followed by Asia, the Middle East, Oceania and North America.

### Enhancing in-house capabilities and expertise

Salini Impregilo supports the creation of a work environment that values individual capabilities and nurtures the potential of our employees, allowing them to develop the key skills that the business requires.

Ongoing training is important for our employees and for the future of the Group. For this reason, we define and implement an annual Training Plan, with the aim of consolidating and developing the key skills we need to excel in terms of professional standards, performance and results. This Plan is based on an analysis of training needs, highlighting training gaps and identifying the most appropriate type of training in order to bridge them.

Salini Impregilo also invests in the professional development of the individual regions where it operates, in order to have trained staff available for local projects in progress and for future initiatives.

In 2016, we provided over 248,000 training hours for Group managers and staff (excluding manual workers), both at our corporate facilities and at the worksites, a major increase compared to the 147,000 hours provided in 2015.

<sup>38</sup> Indirect employees include subcontractors' and temporary agencies' personnel, and workers of other service providers employed at Group's sites.

### **Fostering the culture of learning**

The company's Learning Academy experiment, launched by Salini Impregilo in 2015, continued in 2016, with the objective of promoting a new training model capable of strengthening the existing skills and expertise and sharing knowledge across the organization.

2016 was characterized by training initiatives on Leadership, Knowledge Sharing, and technical and operational topics.

Particular emphasis was placed on management training with "*From Player to Coach*", which involved managers at the international level on issues of management and the evaluation of employees, with classroom and webinar sessions. The training initiative has supported the company's Performance Management Programme, facilitating the sharing of a common approach to supporting the growth and professional development of its employees.

The core of the Academy is its faculty, the in-house body of carefully selected teachers, duly trained with workshops called "Train the trainers", to help improve the effectiveness of our training methods and the transmission of corporate knowledge. The in-house faculty members are all involved as lecturers in the Master's in International Construction Management, provided in collaboration with the Politecnico di Milano and aimed at new graduates.

The Learning Academy complements our existing training programmes, such as the induction on corporate policies and procedures for all new employees, courses on legal and regulatory issues, dedicated training and sharing courses regarding specific duties assigned to certain employees, and language learning programmes. As for the technical and regulatory training, for example, the update programme on the code for new public contracts under Italian legislation, which took place in the second half of 2016, involved a large number of managers and business professionals.

All these training activities take place both at the worksites and at the headquarters, through peer-to-peer training, e-learning platforms, and blended training methods.

### **E-learning Academy**

The Salini Impregilo E-learning Academy, was launched in the second half of 2016. The digital platform is the Group's main international training hub, allowing people to get the training that interests them, with a

view to self-development, overcoming geographical and logistical barriers.

The new online training environment includes different learning pathways, and uses innovative learning methods, such as training bites and video tutorials used to explain key business processes in a clear and immediate way.

The main topical areas of the e-learning platform are:

- “*Orientation programme*”, the company’s induction for new employees that includes training on issues of Health and Safety, Organisation, Management and Control Model, Code of Ethics, and an Anti-corruption Model, promoting patterns of behaviour in line with the corporate culture and values;
- “*Discovering...*”, an innovative way to learn quickly the core business processes for the main procedures through video tutorials;
- “*In the classroom with...*”, which hosts training courses conducted by the Company faculty and in-house lecturers on topics regarding our business. These include the business accounting system, insurance and risk management, and the lessons of the Master’s in “International Construction Management”, created in collaboration with the Politecnico di Milano;
- “*Management training*”, which includes training bites to enhance skills for problem-solving, negotiation, time management, communication, and other key skills for performing their work effectively and for professional and personal development.

The platform was designed so that it can always accommodate new content, with the aim of contributing to the development of the skills of our Group’s people, enhancing and sharing knowledge.

### **Development of local capabilities and expertise**

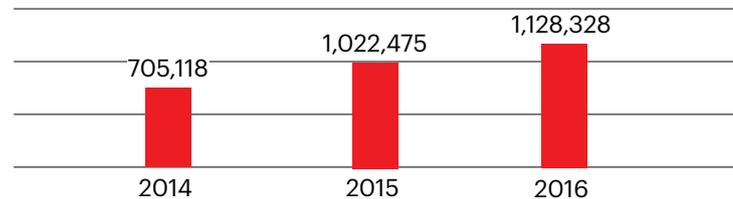
In order to ensure appropriate level of working practices in all of our operations it is necessary that our entire workforce, including unskilled workers, receive the appropriate training in order to perform their duties in accordance with the Group’s technical, quality, environmental, and health and safety standards.

To achieve this, our worksites provide extensive training programmes for the local workforce. These programmes are defined on the basis of appropriate grids that identify the requirements and associated training needs for each role. All employees are obliged to participate in the specific training activities identified for their role and needs, through classroom training, coaching, mentoring, and on-the-job training.

In 2016, we provided over 879,000 hours of training to our workers worldwide, averaging about 33 hours per capita.

In 2016, considering all employees (managers, staff and workers), total training provided reached more than 1 million hours, 10% more than in 2015.

#### Training provided to direct workforce



#### Spreading values and strengthening corporate culture

During 2016, we carried out a range of activities to strengthen our employees' sense of belonging and their adherence to the values of the Group.

In particular, 10 integrated internal communication plans have been launched in order to support change management, informing the Group's people of new procedures and employee services, facilitating their adoption, reaching a target audience of approximately 20,000 people.

In addition, to mark World Safety at Work Day, a series of initiatives were organised at many of the Group's work sites, aimed at promoting the culture of safety at work and to encourage proactive behaviour by employees (see section 4.2).

#### Attracting and nurturing talent

2016 saw the training and development programme for 100 young graduates, Tomorrow's Builders, selected and chosen in 2015 among the best talents from Italian Engineering Colleges. This is coupled with new dedicated programmes designed to combine existing technical skills with the energy brought by new talent acquired through the labour market.

#### Supporting new graduates in making a career in the infrastructure sector

In 2016, we developed our collaboration with the Politecnico di Milano, an outstanding academic partner for the specialised training and the inclusion of new graduates into the labour market was.

In April we launched the first edition of the "Master's in International Construction Management", first and second level, which is currently in progress. Also in 2016

we opened registration for the second edition, to be held in 2017-2018.

The course is designed to attract Italian and international students interested in pursuing a career in the infrastructure sector. The course also allows participants to acquire specific skills from the infrastructure sector and from Salini Impregilo, by participating in on-the-job training and mentoring alongside other Group employees.

The new Master's also presents an important opportunity for internal knowledge sharing, while our employees can access all course materials through the "Salini Impregilo E-learning Academy" digital platform.

### **Attracting the best students**

Through corporate promotions aimed at attracting the most talented new graduates, students and new secondary school graduates, we aim to build fruitful relationships with potential employees.

Salini Impregilo's employer branding and talent attraction plan in the major national and international universities continued in 2016. It consists of a broad spectrum of activities aimed at selection, career guidance, and mentoring on career paths in the construction industry: strategic agreements with the leading national and international universities, initiatives for involving students and new graduates such as career days, recruiting days, topical workshops at the university, worksite presentations and visits, with a strong focus on communication via corporate digital and social channels, on university websites, and on major online job boards, which allow a direct and constant dialogue with potential candidates.



## Focus: A strategic alliance with the Politecnico di Milano



After the 2014 communication campaign “The courage of working to build the future” and the 2015 initiative “Tomorrow’s Builders”, in 2016 Salini Impregilo launched the first international University Master’s for major infrastructure projects.

The Master’s was developed by combining Salini Impregilo’s executive and managerial expertise with the teaching experience of the Politecnico di Milano. The aim of the “International Construction Management” Postgraduate Master’s, Level I and II, is to prepare young engineers from universities around the world for an international career in project management in the complex infrastructure sector, through a process of technical and managerial training.

The Master’s is entirely in English, and was designed by Salini Impregilo along with the Politecnico di Milano with an innovative formula that provides classroom lectures by professors of the Politecnico and Salini Impregilo experts, combined with a 6-month internship at the Group, both in Italy and abroad, under the guidance of a Salini Impregilo tutor. The on-the-job experience is the basis for formulating the final thesis.

The classroom training focuses on two main modules, “Project Management Basics” and “From tender to Project Execution”, where students are guided to discover all the operational and technical issues that characterise the construction of a major infrastructure.

*“The collaboration with the Politecnico di Milano is the beginning of a new era for Salini Impregilo”,* said Pietro Salini at the event launching the Master’s. *“We want to share our unique*

*knowledge with young graduates, with whom to build a better future for present and future generations. Knowledge and know-how is what allows companies to be flexible and face market challenges. We believe that training and attracting young talent from the best universities in the world is one of the levers to be used to continue growing and producing the best results”.*

In addition to offering teaching and training at the company, Salini Impregilo has also offered scholarships to support some students in participating in the Master’s. Special attention is given to the selection process in terms of diversity: 33% of the participants to the 2016-2017 Master’s are international students, and 13% are women.

Having completed the classroom phase, the students of the Master’s current edition are engaged in a period of on-the-job training in various business functions, in Italy and abroad. Here is some of feedback about their experiences:

*“The opportunity to learn from professionals who shared with us their experiences in the construction of complex major infrastructure projects has been a great source of inspiration.”*

*“This experience is a way to acquire knowledge through the exchanges with colleagues, and a multinational environment where one can carry out various mind-opening activities.”*

*“The training period is a unique opportunity to fully understand and interact with the activities and goals of Salini Impregilo.”*

*“A challenging and exciting experience that makes us grow.”*



salini  
impregio

POLITECNICO  
DI MILANO

LAUNCH EVENT  
14 aprile 2016

MASTER IN "INTERNATIONAL  
CONSTRUCTION MANAGEMENT"

Politecnico di Milano  
Aula Magna

**Focus: Digitisation as a tool for attracting talent and managing the selection processes**

The digitisation of the Group's Recruiting & Selection process has been one of the key goals of 2016. The company has designed and implemented a new online selection system, developed with the Success Factors SAP system, one of the best international digital platforms in the

field of Human Capital Management.

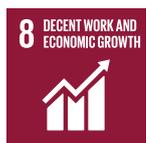
The new tool provides candidates with an easier and more immediate application experience, and allows the Group to manage more efficiently and effectively the management and selection of the applications coming from the labour market.

**Focus: Salini Impregilo Best Employer of Choice**

In 2016, Salini Impregilo entered the "Top 20" of the "Best Employer of Choice" list (the list of Italian employers considered most desirable by new graduates compiled by Cesop Communication since 2002) and won the "Best New Entry 2016" award, with an overall ranking of 11, as the only construction sector company.

In 2017, the Group further improved its positioning, climbing up the rankings by 7 places and reaching 4th position in the overall ranking and 2nd place in the ranking of most desired workplace in Italy among graduates from technical and scientific colleges.

## Related SDGs



## 3.3 A solid supply chain

Creating, strengthening and maintaining a solid supply chain is critical to the success of our projects.

### Promoting responsible purchasing

In order to ensure the alignment of quality and performance levels around the world, the Group requires its partners to comply with special rules and regulations, including ethical, social and environmental principles and the respect for human rights.

In operating throughout the world, we pay great attention to the management of the supply chain. Our local and headquarters purchasing departments manage the entire procurement process, also performing inspection visits at the suppliers' premises, where deemed necessary, and handling shipping and customs procedures.

In the course of 2016, the process for opening new supplier registrations was centralised. Today, before any new supplier is used, it must be validated at the corporate level, performing the appropriate unique identification tests within the company management system.

Several areas of compliance are checked as part of the supplier assessment, particularly as regards compliance with legal requirements, and technical, ethical, quality and HSE standards, as well as compliance with the specific requirements of the project.

Special attention is paid to subcontracting, since this can generate potentially significant socio-environmental impacts within our supply chain. For this reason, subcontracts are subject to the same rules and procedures that we apply to our direct workforce worldwide.

For supply contracts related to suppliers and subcontractors, we require compliance with the Group's Code of Ethics and Anti-Corruption Model, and specifically the contractual clauses in the field of Sustainability/HSE. Special contract termination clauses are applied if the supplier acts in conflict with these provisions.

We evaluate key and strategic suppliers, both during the identification phase and while executing the contracts. We also use an internal performance evaluation system to confirm or withdraw companies from the supplier register for subsequent dealings with the Company.

### Supporting and monitoring suppliers

Sharing our know-how and expertise with local suppliers and subcontractors allows us to develop strong partnerships and promote their growth and technical development.

**Focus:  
The importance  
of partnerships**



Expertise, uniqueness, passion, innovation; these key words are at the root of the partnerships between Salini Impregilo and its suppliers.

As part of the innovation process that we are pursuing, the first Procurement Convention was organized in 2016, also aided by the new models of partnership with suppliers.

It was the first meeting held globally by a construction company, and it was attended by Salini Impregilo's top management, which gave the suppliers an outlined of the Group's goals, ambitions, and needs.

A series of Innovation Days were organized after the convention,

as events dedicated to sharing knowledge and experience between the Group and the selected suppliers. Organized by the Procurement Department, the initiative was aimed at launching a new strategic partnership with the Group's preferred suppliers in their new role as strategic partners.

On the day dedicated to them, all suppliers have the opportunity to present their company, describe their main activities and business lines, focusing on their organizational structures, new technologies, innovative products and projects they can offer to the construction industry.

The Group's subcontractors are required to carry out their activities in accordance with work methods (the so-called Method Statement) that are shared and agreed with the contract management, thus ensuring the same standards of quality and protection of the environment, health and safety as the work carried out directly by the Group<sup>39</sup>.

In 2016, we provided our subcontractors with over 89,000 hours of training on quality, environment, and health and safety.

Furthermore, our worksite Quality and HSE departments regularly monitor the subcontractors, ensuring the application of the same protection standards and the same performance applied to the work carried out directly by our employees. The monitoring carried out in 2016 made it possible to detect non-compliance with environmental, safety and quality standards on the work performed respectively by 24%, 44% and 27% of the subcontractors, and appropriate corrective actions were then defined.

In 2016, over 3,100 formal meetings were held with subcontractors at our worksites, addressing these issues and this awareness-raising activity contributed to an improvement in their safety performance of about 50%, where the injury rate (IR)<sup>40</sup> fell from 0.60 in 2015 to 0.31 in

39 For more information about these standards, please refer to the sections 4.2 (health and safety), 4.3 (human rights) and 4.4 (environment).

40 The Injury Rate (IR) represents the number of injuries that occur per 100 employees, and is calculated as a ratio of the total number of injuries with a prognosis exceeding 3 days occurring in the period (including deaths) to the total number of hours worked, multiplied by 200,000.

2016, and the lost day rate (LDR)<sup>41</sup> fell from 16.61 in 2015 to 7.99 in 2016.

Subcontractors and service providers are also subject to checks on their compliance with regulatory obligations in terms of wages, social security and insurance of their workers employed at our worksites.

Subcontractors can use the same worksite reporting procedures that our direct workforce uses to report any grievances and suggestions to the management.

> 89,000

Hours of training provided to the staff of our subcontractors

<sup>41</sup> The Lost Day Rate (LDR) represents the number of working days lost per 100 employees and is calculated as the ratio of the total number of days lost (related to injuries with a prognosis exceeding 3 days) to the total of hours worked, multiplied by 200,000. The Lost Day Rate (LDR) reported refers to the total workforce (direct employees and subcontractor staff).

# 4. We assure Respect



# We respect people, diversity, and the environment.

## 4.1 The management of social and environmental issues

For Salini Impregilo, adopting high protection standards for social and environmental issues is a priority and allows the Group to stand out in the global infrastructure market.

### Social and environmental issues in an infrastructure’s development process

The development of infrastructure projects involves several entities. Depending on the roles and responsibilities assigned to them by the applicable regulations, they participate in the identification, planning, evaluation, approval, development and management of the infrastructure projects.

Social and environmental issues are taken into consideration from the early stages of infrastructure development, as shown in the figure below.

## Phase 1 PROJECT'S IDENTIFICATION, PLANNING AND APPROVAL

	Stakeholder involved	Action	Outputs
ACTIVITIES	<b>Project proponent</b>	<ul style="list-style-type: none"> <li>- Identify the initiative, select the project’s area, prepares a feasibility study to be submitted to the competent authorities</li> </ul>	Identification of the environmental and social, direct and indirect, temporary and permanent impacts, and related mitigation measures to be implemented during the next phases
	<b>Competent authorities in charge of impact evaluation (usually the Environmental Protection Agencies)</b>	<ul style="list-style-type: none"> <li>- Evaluate if the project requires an Environmental and Social Impact Assessment (ESIA), if so the next steps are the following</li> </ul>	
	<b>Project proponent</b>	<ul style="list-style-type: none"> <li>- Assesses the potential impacts deriving from the project and identifies mitigation and compensation measures, also through public consultation with affected stakeholders and communities</li> <li>- Defines a public consultation plan</li> </ul>	
	<b>Competent authorities in charge of impact evaluation (usually the Environmental Protection Agencies)</b>	<ul style="list-style-type: none"> <li>- Review the ESIA process (including the consultation activities) providing comments for necessary revisions</li> <li>- Make the ESIA available for comments to the public</li> <li>- Approves the ESIA</li> </ul>	
	<b>Project proponent</b>	<ul style="list-style-type: none"> <li>- Launches a tender to select a contractor / more contractors (if the project is broken down in lots)*</li> <li>- Assigns the contract for construction works</li> <li>- Prepares an Environmental and Social Management Plan (ESMP) consistent with the ESIA’s requirements, to manage the project’s impact both during construction and operations’ phases</li> <li>- Obtains the other approvals provided for by the applicable law</li> </ul>	

**CONSTRUCTION Phase 2**

Stakeholder involved	Action	Outputs
<b>Project proponent</b>	<ul style="list-style-type: none"> <li>- Notifies local communities of construction activities</li> <li>- Proceed with land purchases, clearing lands, resettlements (if needed), etc.</li> <li>- Assigns the project area to the selected contractor/s</li> <li>- Implements the public consultation plan (including a grievance mechanism)</li> </ul>	Implementation of the mitigation measures of the temporary (short-term) impacts deriving from the construction impacts
<b>Selected contractor/s</b>	<ul style="list-style-type: none"> <li>- Carry out the design activities (if included in the contract) taking into account both the ESIA and the ESMP's requirements</li> <li>- Prepare specific management plans in compliance with the ESMP to mitigate the impacts associated with the construction activities (pollution, safety, traffic, worker's conditions, etc.) including grievance mechanisms to collect concerns related to the construction works</li> <li>- Start construction activities</li> </ul>	
<b>Competent authorities</b>	<ul style="list-style-type: none"> <li>- Regularly monitor the respect of the approved ESIA's requirements during the project's implementation</li> </ul>	
<b>Selected contractor/s</b>	<ul style="list-style-type: none"> <li>- Once the construction is completed, hand over the project's areas to the proponent</li> </ul>	

**OPERATIONS Phase 3**

<b>Project proponent</b>	<ul style="list-style-type: none"> <li>- Start the project's operations</li> <li>- Implements the ESMP to mitigate the impacts associated with the operation's phase</li> <li>- Continues to disclose, consult and report to affected communities</li> <li>- Continues to manage the grievance mechanism during all the operational phase</li> </ul>	Implementation of the mitigation measures of the permanent (medium-long term), direct and indirect impacts deriving from the operation's phase
<b>Competent authorities</b>	<ul style="list-style-type: none"> <li>- Regularly monitor the respect of the approved ESIA's requirements along the project's operation</li> </ul>	

\* The ESIA is usually part of the document attached to the contract concluded between the client and the contractor

Project proponents may be public bodies (eg. government agencies, state-owned companies) or private entities, and these are the clients of Salini Impregilo, which mainly operates as contractor.

As shown in the figure, the project proponent is responsible for most of the fulfilments required for the project's development. In particular, the proponent is responsible for identifying the areas on which to develop the project, feasibility studies, environmental and social impact assessments, consultations with the affected communities, defining the impact prevention

and mitigation measures, and obtaining all permits and authorizations required by applicable regulations.

Contractors such as Salini Impregilo join the project development process only after the decision-making phase is concluded, since they are solely responsible for implementing the project, or part of it if the proponent has divided the construction into several lots.

After the project is awarded, the contractor develops its own project management system with which to implement the requirements laid down by the ESIA (Environmental and Social Impact Assessment) and the ESMP (Social and Environmental Management Plan), or, in their absence, the provisions of the applicable regulations and the contract.

The management system adopted by the contractor is aimed at the proper prevention and mitigation of impacts resulting from the contracted operations, while the other impacts are the sole responsibility of the proponent.

### The social and environmental aspects of construction activities

In the projects it undertakes, Salini Impregilo implements a management system for the prevention and mitigation of social and environmental impacts from its construction activity, typically grouped into the following categories:

<b>Impacts on the workforce and supply chain</b>	<ul style="list-style-type: none"> <li>- Working conditions</li> <li>- Health and Safety</li> <li>- Workers' rights</li> </ul>	The management of these issues is described in sections 4.2 and 4.3
<b>Impacts on local communities</b>	<ul style="list-style-type: none"> <li>- Traffic, noise, dust, accidents</li> <li>- Safety of neighbouring communities</li> <li>- Rights of neighbouring communities</li> </ul>	The management of these issues is described in sections 4.3 and 4.4
<b>Environmental impacts</b>	<ul style="list-style-type: none"> <li>- Consumption of natural resources (raw materials, water, energy)</li> <li>- Production of waste, effluents, emissions</li> <li>- Flora, fauna, landscape</li> </ul>	The management of these issues is described in section 4.4

The Project Management System implemented by the Group in each individual contract ensures that the processes comply with company standards and applicable regulations, and any specific requirements expressed by the clients, local authorities, and financial institutions, if any. The following sections describe the standards adopted by Salini Impregilo in managing social and environmental issues.

## 4.2 Occupational Health and Safety

Salini Impregilo recognizes the fundamental importance of occupational health and safety, and ensures the protection and welfare of its employees and third parties in all activities, both in the offices and at the worksites.

In this context, the Group's main goal is minimizing or eliminating the risk of accidents through the adoption of a health and safety system extended to all operations.

### Effective safety management

The effective management of occupational health and safety is ensured at every worksite by a dedicated staff engaged in the risk assessment, planning and implementation of health and safety measures, the active involvement of all direct staff and subcontractors through information and training activities, as well as the operational monitoring of the construction work.

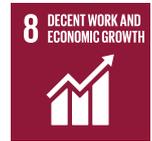
By adopting the Occupational Health and Safety Management System certified to the BS OHSAS 18001 standard, Salini Impregilo has achieved significant results over the years, including an increased safety awareness by employees, a significant reduction in accidents at work and the prevention of occupational diseases, with a consequent reduction in insurance and compliance costs.

Salini Impregilo requires everyone working at its worksites to comply with its safety standards. Immediately after being hired, all staff receive an initial training (the Induction) on the applicable policies and procedures, followed by specific training courses based on their assigned duties. In the same way as direct employees, the subcontractors' staff participate in induction and information activities.

The Corporate QEHS (Quality, Environment, Health and Safety) Department conducts regular audits on the compliance with safety procedures at the Group's worksites, evaluating the degree of application of the corporate standards.

Every year, top management reviews the suitability, adequacy and effectiveness of the management systems, evaluating strengths and weaknesses, identifying the necessary corrective actions to ensure a continuous performance improvement.

### Related SDGs



## Focus: The development of a new Leadership for Occupational Health and Safety



International studies, such as those conducted by the European Agency for Safety and Health at Work, reveal a close correlation between accidents at work, the behaviour of the employees or organizations in general, and the exercise of leadership.

Based on this evidence, in late 2015 Salini Impregilo launched an awareness and education programme designed to develop a heightened culture of awareness in terms of health and safety. The goal is to make workers an active part in a cultural change to put safety at the heart of everyone's daily work. The programme was developed according to a cascading path: starting with the development and training of leaders who are credible and respected in the field of safety, the aim is to influence the behaviour of the entire organization through an internal communication and training plan that gradually reaches all key resources.

During 2016, the programme was tested on two pilot projects: the Cityringen metro in Copenhagen (Denmark), where the Group is building a new circular line in the city centre with 34 km of tunnels and 17 new stations, and the Metro Northwest project in Sydney (Australia), where the "Sydney NorthWest Metro" and other related civil works are being built.

The programme included three main phases:

- 1) High-impact training workshops, aimed at transforming the contract managers into "Health and Safety Leaders";
- 2) Cascading events, also with a high communication impact (through

the use of multimedia materials), provided by the managers trained in the previous stage and addressed to the project's workers;

- 3) Mini-workshops aimed at improving the effectiveness of the workers' interventions in the workplace in the event of hazardous situations, making them an active part of the cultural change that considers safety as a shared asset.

The Cityringen project hosted 10 workshops for 150 managers, over 25 cascading events that involved more than 600 workers, and a phase 3 mini-workshop. The Sydney Metro Northwest project held a workshop for 10 managers, 4 cascading events for 60 operational roles, and a Phase 3 mini-workshop. The results were soon visible: the Copenhagen project reached 365 days without accidents in two worksites.

The World Day for Safety and Health at Work, promoted by the International Labour Organization, was celebrated on 28 April 2016, to raise awareness among workers about the importance of occupational health and safety. The same day saw the launch of an extensive involvement programme, involving the Group's projects in organizing events dedicated to discussing health and safety issues, sharing best practices, and the discussion and preparation of proposals for possible improvements.

The event, organized with the aim of identifying true "Health and Safety Leaders", was attended by employees from 20 projects worldwide, involving some 3,000 workers.

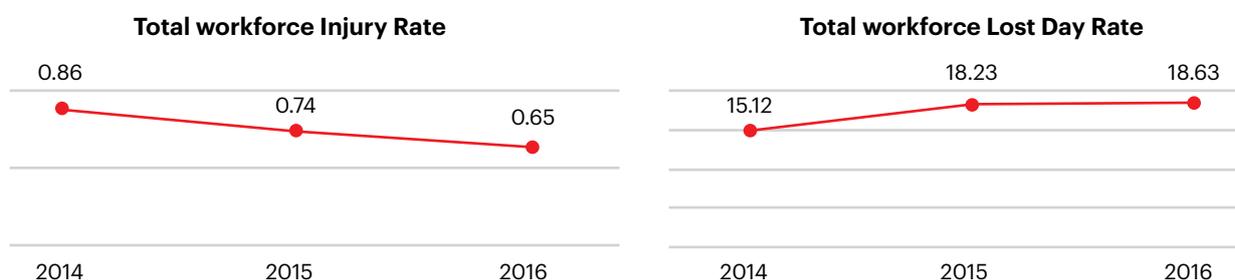
## Safety performance

In 2016, we continued to promote the importance of occupational health and safety, investing in training and staff awareness. During this period, we provided over 735,000 hours of health and safety training for our direct staff (+16% compared to 2015), and over 83,000 hours for our subcontractors' staff. During the year, we trained more than 2,300 people in first aid and 5,500 in emergency response and fire safety.

In this period, our worksites hosted over 3,600 technical meetings on health and safety, of which about 1,000 were with our clients and 2,600 with our business partners.

In addition, during this period we continued our constant performance monitoring, with over 3,400 inspections and more than 80 audits carried out by corporate departments and external control bodies, such as clients, funders, local authorities, and certification bodies.

In 2016, the Injury Rate (IR)<sup>42</sup> amounted to 0.65<sup>43</sup>, highlighting a further decrease compared to 2015 (-13%), while the Lost Day Rate (LDR)<sup>44</sup> was 18.63, almost unchanged compared to 2015<sup>45</sup>.



**-13%**

Injury Rate compared to 2015

- 42 The Injury Rate (IR) represents the number of injuries that occur per 100 employees, and is calculated as a ratio of the total number of injuries with a prognosis exceeding 3 days occurring in the period (including deaths) to the total number of hours worked, multiplied by 200,000. The reported Injury Rate (IR) relates to the total workforce (direct employees and subcontractor staff).
- 43 A useful benchmark is the IR value of 1.00, published by the US Bureau of Labour Statistics (BLS) for the "Heavy and civil engineering construction" sector for 2015 (index for cases of accidents with lost days of work).
- 44 The Lost Day Rate (LDR) represents the number of working days lost per 100 employees and is calculated as the ratio of the total number of days lost (related to injuries with a prognosis exceeding 3 days) to the total of hours worked, multiplied by 200,000. The Lost Day Rate (LDR) reported refers to the total workforce (direct employees and subcontractor staff).
- 45 The accident indexes relating only to direct employees in 2016 were 0.82 (IR) and 24.35 (LDR). The accident indexes relating to subcontractors are provided in section 3.3.

## Protection of workers' health

Salini Impregilo ensures the protection of workers' health in the workplace through a dedicated Company Health Service, which defines the procedures for health monitoring and prevention and the health surveillance programmes. It also carries out information campaigns and periodic inspections of the worksites, in order to verify the workplace conditions and the implementation of existing legislation.

The medical facilities available at the Group's worksites (where no suitable local facilities are available) offer medical assistance and ambulance service 24/7 to all direct and indirect employees, including their families residing at the worksite accommodation. In remote areas not served by public health facilities, the Group also provides health care to the local population for all acute or severe problems.

Our worksite doctors regularly provide training to local staff, also carrying out information and awareness campaigns for local communities on issues of hygiene, healthy lifestyles, prevention of endemic diseases (such as malaria), and sexually transmitted infections (including HIV and hepatitis). In 2016, there were over 150 training sessions on these issues, involving about 9,500 people (5,300 in 2015).

In addition, our worksite clinics regularly monitor the cleanliness of accommodation and canteens, conducting periodic drinking water analyses and parasite control campaigns.

In 2016, Salini Impregilo employed about 160 doctors and nurses around the world, who in that period conducted more than 145,000 medical consults, treated 109,000 cases, carried out 11,200 medical check-ups and more than 53,700 laboratory tests.

### > 162,000

Health care interventions provided to direct and indirect staff

### > 13,200

Free health care interventions provided to the staff of local communities

## 4.3 Respect for human rights

Salini Impregilo recognizes the importance of human rights and is committed to ensuring that they are respected while carrying out its activities. The Group supports the rights enshrined in the International Bill of Human Rights and the International Labour Organization conventions.

In line with the provisions of the Guiding Principles on Business & Human Rights of the United Nations, in 2016 the Group conducted a complete mapping of the human rights impacts potentially arising from its activities. This mapping led to the definition of an action plan that will be implemented from 2017, aimed at formalizing the good management practices that have already been adopted by the Group in the countries where it operates, and to further improve the level of protection.

During 2016, the Group participated in various national and international events in the field of human rights, such as the United Nations' Forum on Business and Human Rights, held in Geneva, and the consultations carried out by the Italian Ministry of Foreign Affairs and International Cooperation to develop the National Action Plan on business and human rights. Furthermore, Salini Impregilo is a permanent member of the human rights working group of the Global Compact Network Italy.

### Equal opportunities and worker protection

The Group is committed to providing its workforce with favourable working conditions and respect for each worker's dignity, without discrimination of gender, origin, religion, age, political orientation, sexual orientation, disability or other characteristics protected by applicable laws in the countries in which the Group operates. Equal opportunities are guaranteed in all phases of staff management (recruitment, training, evaluation, termination) and in all areas (working conditions, salaries, career paths). In particular, all employees have the same rights and conditions for equal work.

Salini Impregilo firmly prohibits child labour, and regardless of the locally applicable regulations, worldwide it only employs persons who have reached 18 years of age. To this end, especially in countries where forged identity documents are particularly widespread (typically in Africa), the Group has adopted special protections to check, often with the help of local authorities, the authenticity of candidates' documents.

The Group also prohibits any form of forced or compulsory labour. For this reason, particular attention is paid to the management of migrant workers and the employment agencies used for their recruitment. The issue of migrant workers is only relevant for the Group

### Related SDGs



in countries where the local workforce is not sufficient and/or appropriate for the tasks at hand. These countries include Saudi Arabia, the UAE, Qatar, and Malaysia.

In these countries, the Group ensures that candidates are fully informed of the contractual terms and the working conditions in their own language, before leaving their country of origin. In addition, expenses for recruitment, travel, visas, medical examinations etc. are borne entirely by the Group. Migrant workers are guaranteed the option of changing jobs and leaving the country of destination. The workers' identity documents are never taken, except with their consent and solely for safekeeping. The Group requires that employment agencies respect these principles by means of specific contractual clauses, on pain of termination of the contracts.

Salini Impregilo maintains an open attitude towards workers' freedom of association and collective bargaining, ensuring the absence of discrimination against union members and workers' representatives. In countries where trade union rights are restricted by law<sup>46</sup>, the Group seeks to provide workers with legal alternative systems of dialogue with the management, eg. by interfacing with the committees formed at the worksite accommodations to discuss issues of common interest with the workers' representatives.

The Group scrupulously complies with minimum wage levels where they apply. Additionally, it provides the workers with systems to communicate any problems and complaints to the management (the grievance mechanism).

Demonstrating Salini Impregilo's commitment to the respect for the workers' human rights, in 2014 the Group signed a Framework Agreement with the national and international construction sector unions (BWI - Building and Wood Workers' International) aimed at jointly affirming and promoting the value of respecting fundamental principles and rights in labour relations.

In addition, in 2016 the Business & Human Rights Resources Centre (BHRRC) non-governmental organization analysed the policies and practices adopted by international construction companies engaged in the Middle East, identifying those of Salini Impregilo among the best practices of reference.

The Group requires that the subcontractors employed by its projects comply with the same principles described above. Furthermore, in 2016 the supplier qualification procedures were revised to include labour and human rights as part of the evaluation criteria.

<sup>46</sup> Saudi Arabia, the United Arab Emirates, and Qatar are relevant for the Group.

**Focus: Salini Impregilo  
best practices  
for workers' rights**

Salini Impregilo is recognized among the companies that stand out for their commitment, performance, and disclosure in terms of respect for the rights of migrant workers in Qatar. This is what emerges from the report "A wall of silence", published by Business & Human Rights Business Centre, which invited 100 of the main companies involved in infrastructure construction to respond to a questionnaire on their ongoing activities in the Middle East.

Among the Italian companies, Salini Impregilo appears to be the only one to have responded positively to the NGO's request for transparency, taking concrete actions for their workers, and it is mentioned in several passages of the report as a worldwide example of best practices.

The report expresses particular praise for the Group's commitment to promoting and disseminating best practices at the international level, for example through the involvement of the international construction union, BWI, with which the Company has been collaborating for a long time. In addition to signing a Framework Agreement for the protection of workers' rights, the Company hosted a BWI delegation in Qatar to show specifically how our commitments are transformed into real action.

Moreover, the report praises the practices adopted by the Group in managing its relationships with recruitment agencies, aimed at reducing the risk of worker exploitation, as well as its activities to involve migrant workers at the camps in Qatar.



## Focus: Ensuring inclusion and diversity at the worksite

Diversity is an asset for organizations, because different viewpoints lead to better decisions and performance. Diversity management in many companies is often dealt with only in terms of gender or race, although the issue deserves much more attention.

Salini Impregilo, with its long experience of projects in over 50 countries around the world, has made diversity (cultural, religious, gender, age, origin, opinions, etc.) a source of strength, employing tens of thousands of workers with different histories and cultures.

Today, the Group's worksites bring together people of over 100 nationalities, pooling unique outlooks and professionalisms. Everywhere in the world, Salini Impregilo promotes respect among colleagues and the best use of individual resources and in contexts where the differences are particularly pronounced, it develops specific Inclusion and Equal Opportunities programmes.

A case in point is the United States, where the subsidiary Lane Industries has developed a comprehensive system to manage these issues, starting from the establishment of a dedicated unit at the Company's headquarters. Two special policies have been adopted, one on Equal Opportunities and the other on harassment in the workplace, involving precise commitments to be followed by the management, the supervisors, and all the workers at the projects, plants, and corporate offices.

On the issue of Equal Opportunities, Lane guarantees to all applicants

and employees an equal treatment in recruitment, employment, career advancement, transfer, termination of employment, as well as remuneration, selection for training, development programmes, and social and welfare initiatives.

To implement these commitments, an action plan has been defined to provide information activities at all levels, including job advertisements (which are also transmitted to the representative organizations of women and minorities), direct employees (who receive a specific training session), and subcontractors (who must commit contractually to developing their own action plans for promoting equal opportunities).

In addition, a detailed process has been implemented to monitor the composition of the labour force at the various worksites (to check the progress and the achievement of the predetermined diversity target) and monitor behaviour, by means of a system that allows anyone (candidate, worker, subcontractor) to report cases of suspected or confirmed non-compliance with the policies. The system is strengthened by a plan of visits that the dedicated central unit carries out at corporate sites, aimed at determining the level of compliance and the achievement of targets set in the annual plan.

Thanks to this approach, the issue of equal opportunities is separated from individuals prejudices (often unconscious) to become a structured system on a par with other important issues, such as occupational health and safety.



## The protection of local communities

Salini Impregilo is committed to respecting the rights of communities directly affected by its operations.

To this end, the project management systems used by the Group includes plans dedicated to managing any activities that may have impacts on the communities and on their rights as identified in the projects' Social and Environmental Impact Assessments.

The main issues managed in this area concern the safety of the community (eg. public safety associated with the movement of worksite vehicles and hazardous activities, such as excavation by blasting), health (through the adoption of health protocols to mitigate the spread of diseases associated with the presence of the new workforce in the project's area), the environment (through the protection of natural resources used by communities, such as water, protecting soil from erosion, adopting timely accident management procedures), cultural and archaeological heritage (through the appropriate management of archaeological finds).

Another important issue worth highlighting is the management of security, understood as the protection of corporate assets and staff safety. This aspect is managed at the Group's worksites by common agreement with clients and local authorities, using both internal staff and external specialized companies and, where necessary, public security forces. Those in charge of project security ensure that all staff involved in security activities are aware of the Group's policies and the ethical principles to be observed while performing their duties.

### Related SDGs



## 4.4 Environmental protection

Salini Impregilo's track record attests to the Group's commitment to reducing environmental impacts resulting from construction activities and offering maximum transparency to its stakeholders regarding environmental issues, mitigation activities, and the achieved performance.

In 2016, the Group was entered in the Climate "A List" of the CDP (Carbon Disclosure Project), a rating assigned to the world's leading companies in terms of fighting climate change.

The Award, which recognizes the Group's constant attention to Sustainability in the projects it implements worldwide, is yet another important international recognition received in this period.

The most recent ones include the 2016 Global Best Project Award, awarded by ENR (Engineering News-Record) to the Stavros Niarchos Cultural Center in

Athens, which had already been awarded a LEED Platinum certification, and the “Leading” Infrastructure Sustainability Design awarded by ISCA (Infrastructure Sustainability Council of Australia) to the Sydney Metro Northwest project for its innovative design solutions developed to address climate change.

## Ecological footprint

The main environmental data for 2016 is shown below. For more details, please refer to section 6.2.

<b>Inputs</b>	<b>Raw materials used</b>	<b>27,000,759 t</b>		
	Aggregate and sand	68%		
	Ready-mixed concrete	14%		
	Metallic materials	11%		
	Cement	4%		
	Other	3%		
	<b>Water withdrawals</b>	<b>33,262,962 m<sup>3</sup></b>	}	<b>-17%</b> Water intensity rate <sup>47</sup>
From rivers	89%	<b>-12%</b> Energy intensity rate		
	From other sources	11%		
	<b>Energy use</b>	<b>10,166,890 GJ</b>		
	Diesel	69%		
	Natural gas	19%		
	Other sources	12%		
<b>Construction activity</b>	Concrete	5,150,442 m <sup>3</sup>	}	<b>+1%</b> Recycled and reused excavated material
	Asphalt	1,227,232 t		
	Earth moving	11,783,842 m <sup>3</sup>		
<b>Production facilities*</b>	Asphalt	<b>5,845,797 t</b>	}	<b>+2%</b> , Asphalt produced in WMA mode <sup>48</sup>
	Aggregate	1,119,256 t		
<b>Outputs</b>	<b>Waste</b>	<b>5,959,241 t</b>		<b>-19%</b> Waste intensity rate <sup>49</sup>
	Non-hazardous	99.5%		
	Hazardous	0.5%		
	<b>Greenhouse gas emissions</b>	<b>728,179 t</b>	}	<b>-18%</b> Greenhouse gas emissions intensity rate <sup>50</sup>
	Scope 1	73%		
	Scope 2	6%		
	Scope 3	21%		

\* Data related to Lane Industries (USA)

47 The normalization factor used for the intensity rates is represented by the revenues for the year.

48 The increase in the share of asphalt produced in WMA mode (Warm Mix Asphalt), i.e. with a lower than conventional temperature, refers to the production facilities of the subsidiary Lane Industries (USA). This production method makes it possible to achieve energy savings and consequent reductions in atmospheric emissions.

49 The calculation of the waste intensity rate does not include excavation waste, since it is closely related to the design choices defined by the clients, and can scarcely be influenced during construction.

50 The intensity index is calculated without taking into account all of the Scope 3 emissions, but only those generated from the Group's projects (i.e. arising from the activities of subcontractors), thus excluding those resulting from freight forwarding and staff travel.

## Environmental management systems

Salini Impregilo manages the environmental aspects of its activities through an Environmental Management System certified in accordance with ISO 14001 standards.

The following table summarizes the main activities carried out at each stage of the system, based on the Life Cycle approach.

<b>Assessment and mitigation of risks</b>	<p>During the start-up phase of each contract, the Environment team undertakes a detailed evaluation of the potential environmental risks posed by the construction activities according to the impacts identified in the Social and Environmental Impact Evaluation, in accordance with the applicable regulations and the tendering contract. Following the assessment, each significant environmental aspect (eg. water, soil, waste) is the subject of a specific Management Plan, which regulates the management activities (to prevent and mitigate the impacts) and monitoring measures (aimed at verifying their effectiveness).</p>	<p><b>&gt; 13,000</b> Completed environmental monitoring activities</p>
<b>Training and awareness-raising</b>	<p>In order to ensure the correct implementation of the Environmental Management Plans, each worksite plans and implements training activities for all staff involved in operations with potential environmental impacts, including any subcontractor staff. In addition, upon recruitment, all staff receive an initial training (Induction) regarding the Group's environmental policies and procedures, and awareness-raising campaigns on specific topics (eg. waste, spills, chemicals, etc.) are carried out regularly, also involving subcontractors.</p>	<p><b>&gt; 84,000</b> Hours of environmental training provided to the workforce</p>
<b>Monitoring environmental issues</b>	<p>Our project environmental departments, supported by the Corporate QEHS Department, perform monitoring activities provided by the Environmental Management Plans, through programmes of periodic control and audit on the direct activities and on those carried out by subcontractors. In case of non-compliance, the project's environmental departments coordinate with the other departments concerned to define specific corrective actions, as well as any plans improve processes and/or performance. Our project environmental departments are also involved in qualifying suppliers, to verify that the environmental requirements are met by subcontractors and suppliers of certain materials (eg. hazardous materials or materials used in projects subject to certifications such as LEED).</p>	<p><b>97</b> Completed audits</p> <p><b>&gt; 380</b> New supplier analysed on environmental aspects</p>
<b>Review of the management systems</b>	<p>For each project, the management periodically reviews the achieved environmental performance, the management system's strengths and weaknesses, setting targets for the next period in order to ensure continuous performance improvement. At the Group level too, Salini Impregilo management, with support from the QEHS Department, regularly reviews performance and sets new environmental targets.</p>	<p><b>9</b> Revisions to the environmental management system carried out at the Group's worksites</p>

## Efficient use of resources

Salini Impregilo works constantly to improve its production processes in order to reduce natural resource consumption and waste production.

Whenever possible, the Group implements the principles of the circular economy, which consist in converting the processing waste into reusable or economically exploitable materials. In our worksites, this is done by careful selection and collection procedures (eg. for excavation materials, metals, wood, waste oils, tyres, batteries) or by adopting appropriate manufacturing processes (eg. for the treatment of contaminated water and land aimed at their reuse).

The following table summarizes the main operational activities carried out to reduce the ecological footprint of our projects.

<b>Raw materials</b>	<p>The Group's main strategies to improve efficiency in the use of raw materials are:</p> <ul style="list-style-type: none"> <li>- The inclusion of environmental issues at the design stage, to develop design solutions that promote reduced consumption of raw materials;</li> <li>- The use, where possible, of low environmental impact products and materials (eg. recycled, recyclable, non-hazardous materials);</li> <li>- The recovery, recycling and reuse of waste materials (eg. uncontaminated excavation soil, process water, metals, wood).</li> </ul>	<p><b>83%</b> Reused excavation materials</p> <p><b>23%</b> Recycled asphalt used in manufacturing plants<sup>51</sup></p>
<b>Energy and greenhouse gas emissions</b>	<p>Salini Impregilo implements a policy aimed at reducing energy consumption and associated greenhouse gas emissions through the development of many initiatives, including:</p> <ul style="list-style-type: none"> <li>- Connection of the worksite plants and facilities to local power grids in order to reduce the production of electricity using diesel generators;</li> <li>- Replacement of equipment and vehicles with more efficient models, both in terms of energy use (eg. substitution of diesel plants with gas plants) and in terms of specific consumption (eg. buying more efficient vehicles);</li> <li>- Careful planning of the vehicle fleet's periodic maintenance;</li> <li>- Development of systems for recovering energy from production plants and installation of energy-saving lighting systems;</li> <li>- Awareness-raising and training of employees on behaviours and procedures aimed at saving energy.</li> </ul> <p>The subsidiary Lane Industries (USA) follows a policy aimed at increasing the environmental efficiency of</p>	<p><b>-18%</b> Greenhouse gas emissions intensity rate compared to 2015</p> <p><b>39%</b> Asphalt produced in WMA mode</p> <p><b>97%</b> Goods shipped by sea</p>

<sup>51</sup> Data referring to the Lane Industries (USA) plants

its asphalt production facilities by using recycled asphalt in the production cycle, as well as increasing the share of asphalt produced in WMA mode (Warm Mix Asphalt), i.e. with a lower than conventional temperature, thus reducing energy consumption and associated emissions.

In addition to direct consumption and emissions, the Group is also committed to reducing, wherever possible, indirect emissions arising from its ancillary activities, such as transport and staff travel.

In this regard, when certain goods are not available on the local market, the Group prefers shipments by sea for the transport of materials and machinery, as it is the means of transport with the lowest associated emissions.

The central offices in Italy reimburse staff for local public transport passes, in order to encourage their use. In recent years, the Group has equipped its offices and worksites with video conferencing systems that have limited the number of business trips to those made for strictly operational reasons. Corporate travel policies also favour rail travel over air travel, and public transport over taxis. For information about car pooling and public transport policies at worksites, see the following section "Mitigation of inconveniences arising from worksites" ("Traffic and Transportation").

The targets in this field and the associated results are reported annually with the CDP (Carbon Disclosure Project) questionnaire, which can be referenced for further information.

## Water

We are committed to ensuring that each worksite enacts strict water management in all phases of the water cycle, from identifying needs and sources of supply to creating treatment networks for water flowing in and flowing out, including control plans and emergency response procedures. Closed-circuit water systems are built whenever possible, so as to recycle and reuse industrial waters, eg. at crushing plants, concrete mixing plants, and machinery washing stations. The wastewater is collected in treatment plants, and before being released into the environment, it is subjected to quality controls, ensuring compliance with local laws and other applicable standards.

**5%**  
Recycled  
and reused water

**> 1,700**  
Completed water  
analysis campaigns

**Waste**

Salini Impregilo adopts the following strategy on waste:

- Prevention, i.e. the analysis of the activities that generate waste in order to identify improvements to the processes capable of eliminating or reducing the generated waste;
- Reuse, i.e. the reutilization of waste materials in their original state for other project needs (eg. use of excavated soil for environmental restoration);
- Recycling and recovery, i.e. the conversion of waste materials into energy or other materials that can be used both in the worksite (eg. excavation rocks transformed into aggregates) and outside (eg. recycling of tyres, oils and batteries by specialized entities);
- Responsible treatment and disposal, i.e. neutralizing and destroying waste, also by specialized external parties.

This strategy is applied in each project by preparing specific management plans. Particular attention is paid to building adequate waste storage areas, verifying the qualifications of external entities involved in its transportation and disposal, and the training of employees and subcontractors involved in waste management.

Of the approximately 5.9 million cubic metres of waste produced by the Group in 2016, 95% of it consists of excavation materials, which depend on the characteristics of the projects, and given that these are defined by the clients, they cannot be influenced by the Group. However, Salini Impregilo adopts a strategy aimed at reusing as much waste as possible (which in most cases is inert) in the projects themselves, as embankments or aggregate (compatibly with the project's requirements).

**-19%**

Waste intensity rate

**99.5%**

Non-hazardous waste

**55%**

Waste diverted from landfill

**Soil**

Salini Impregilo closely monitors and protects its worksites in order to prevent potential damage to the soil and subsoil. Special containment tanks, water collection networks and waterproofing systems are created when the worksite is established, while carrying out specific evaluations of the environmental risk arising from the use of chemical products, oils, fuels, and hazardous materials which may come into contact with soil and groundwater. Our worksites have active environmental emergency plans in place, which allow employees to address and manage effectively cases of environmental accidents and soil pollution.

Construction activities also entail significant earth-moving operations (eg. excavation, earthworks) that involve erosion risks caused by weather conditions (eg. rain, wind). In order to mitigate these risks, we develop specific soil protection plans, involving the creation of soil consolidation and rainwater conveyance systems, coupled with covering land affected by the works (eg. embankments) and planting trees at the end of the operation.

**6.7 Million m<sup>2</sup>**

Land affected by erosion protection activities

## Focus: Innovation for the environment

Once complete, the 64 km of the new Brenner railway connecting Munich to Verona will be the longest underground rail link in the world. The “Isarco underpass” construction lot, awarded to a consortium led by Salini Impregilo, is the far southern part of the Brenner Base Tunnel, the central element of the works.

The construction of some of the tunnel’s sections involves soil consolidation by means of jet grouting technology. The process consists in creating columns of consolidated soil using a high-pressure jet of a mixture of water and cement, injected once the ground has been drilled. This jet causes the disintegration, fracturing and simultaneous mixing of the soil, and results in the drilling wastewater leaking at the surface, from the drilling hole. This wastewater consists mostly of the injected cement mixture itself.

With the methods traditionally used for this type of process, the wastewater is collected in tanks and, after it has solidified naturally, it is removed and managed as waste.

In order to reduce the amount of waste generated from jet grouting activities, an alternative management drilling wastewater system has been developed at the “Isarco underpass” worksite, which consists in subjecting the material to mechanical dehydration by means of a plate filter press. This method involves sending the drilling effluent to the mechanical pressing system as soon as it is produced, separating the solid portion of the sludge from the liquid. The liquid part is reused in the production process to prepare the jet grouting cement mixtures, while the solid part is a residue of the production cycle.

This method provides a more effective separation of the liquid part contained in the drilling mud compared to what can be achieved with the traditional technique, thereby reducing the amount of waste. In addition to reducing the quantity of waste produced by the process, reusing the recovered water also reduces water consumption.

### Mitigation of inconveniences arising from the worksites

Infrastructure improves people’s daily lives, but the construction phase may create some inconveniences, especially if the worksites are located in urban areas.

Salini Impregilo is committed to minimizing the inconveniences caused to local communities, particularly in terms of noise, dust and traffic. It is also committed to taking every precaution to protect natural habitats, in terms of biodiversity and environmental restoration at the end of construction.

### Dust and air quality

The construction sector, unlike other industrial sectors, does not produce significant air pollution. The main sources of air emissions are linked to the dispersion of dust produced by different activities: excavation, earthworks, movement of heavy vehicles on unpaved roads, crushing of excavated rocks and demolitions. Additional sources of air pollution are attributable to the emissions of worksite vehicles. Salini Impregilo adopts management methods to minimize:

- The dispersion of dust by constantly wetting any unpaved roads, creating systems that dampen the aggregates at the crushing plants, using special air filters at the cement storage silos and at the asphalt production plants, and covering trucks transporting powdery materials;
- The emissions from worksite vehicles through periodic maintenance schedules, the installation of filters, and the use of environmentally friendly vehicles.

**> 195,000**

Pollution controls carried out on plants and equipment

### Noise and vibrations

Before starting any new activity, we assess the potential impacts of noise and vibrations, determining what steps to take to safeguard the health and safety of workers (eg. through the use of personal protective equipment) and the surrounding environment (eg. consolidating the structures and using soundproofing systems).

The areas with the greatest noise impact are then screened with sound barriers, both fixed and mobile, made of artificial or natural materials (rows of trees), capable of absorbing noise. Especially in areas with high population densities, we perform specific geomorphological studies of the soil before starting any activity, to understand how vibrations could reverberate in the ground, in order to identify the best operational technologies to use. Furthermore, noise and vibration levels are constantly measured during the activity, by means of suitable instruments installed near sensitive areas (eg. buildings, urban parks, offices), in order to verify the effectiveness of the mitigation measures, and intervene where necessary.

**> 970**

Completed noise and vibration measurement campaigns

### Traffic and transportation

Each project develops and implements a dedicated Traffic Management Plan. Based on the specific risks due to the location of the worksite and to sensitive receptors (eg. The presence of residential areas, schools, hospitals, etc.), the Plan defines the vehicle traffic rules both inside and outside the worksite, as well as the measures to reduce any inconvenience to local traffic and protect the safety of pedestrians.

**> 7.8 Million**

Hours worked by worksite vehicles

**> 370,000**

Routine maintenance carried out on the vehicles

The staff operating the work equipment and the vehicles transporting goods and passengers are carefully selected and undergo special training on safety procedures, as well as being subject to periodic alcohol and drug testing. Vehicle traffic is monitored by special worksite Transportation Department teams, assisted in some projects by GPS tracking systems that monitor speed, fuel consumption, and abnormal behaviour by drivers. To reduce vehicle traffic and the associated emissions, our worksites also adopt staff mobility management programmes, in order to optimize transfers between work areas, canteens, and accommodations. These include the use of collective transport (buses) for workers and carpooling for the staff employed at the worksite offices.

For more information about the policies on transporting goods to the worksites and staff transportation, see the previous section “Efficient use of resources” (Energy and greenhouse gas emissions).

## Biodiversity

The Environmental Management Plans developed by our projects mitigate the impact of our projects on the environment, protecting the flora and fauna through careful management of the water, work areas, quarries, and the areas for the storage and disposal of the excavation waste materials.

In the case of worksites located in protected or high biodiversity areas, Salini Impregilo complements the monitoring and mitigation procedures with specific analyses of the risks of interference between the construction activity and any protected species. Because construction activities have a limited duration, any impacts on biodiversity are temporary. For this reason, the goal of a responsible biodiversity management is to protect any plant species that are protected or have a high biodiversity value, and momentarily remove the fauna at risk during the works, in order to avoid the risk of injury. To this end, special worksite Environmental Department teams inspect the affected areas before starting any new activities, cataloguing any protected species. The wildlife is then removed by specialized veterinarians or transferred to safe or protected areas (eg. natural parks), with which the Group concludes appropriate agreements.

All staff additionally receive special training on the procedures to follow in case of any protected species sightings and on the prohibitions to be respected (relating to hunting, capture, disturbance or damage, including nests and eggs). Finally, the staff of the worksite Environmental Department monitor the works and restore the pre-existing conditions at the end of activities.

The local flora (endemic and/or protected) is also protected by means of suitable management protocols. In addition to protecting these species during the works, particular attention is paid during worksite decommissioning and environmental restoration (see below).

**2%**

Project areas located in protected areas

**> 570,000 m<sup>2</sup>**

Areas restored with topsoil

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**Environmental  
remediations  
and  
reclamations**

Once construction is completed, Salini Impregilo handles the restoration of all the areas affected by plants, installations, quarries and landfill sites, in order to bring them back to their original conditions. The restoration also facilitates natural revegetation, preventing soil erosion and improving land stability. Any soil remediation required by contract or necessary due to finding previous contamination are agreed with the clients and carried out according to the requirements established by the local authorities. Finally, the Group also carries out reforestation after completing the construction works, typically using native species grown in nurseries specially created at the project locations or purchased locally.

**> 490,000 m<sup>2</sup>**

Areas affected  
by reforestation

**> 32,000**

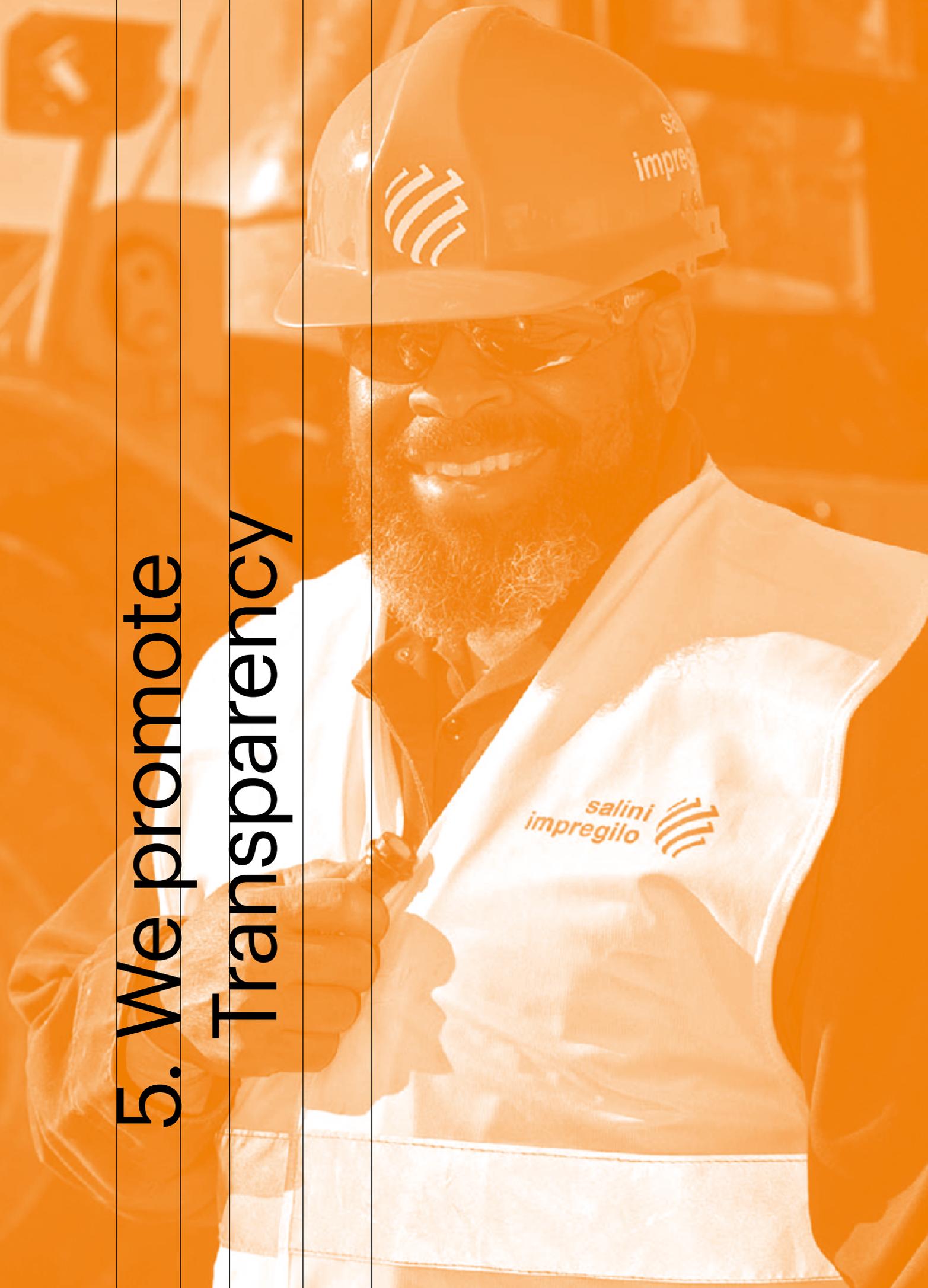
Trees planted

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5. We promote

Transparency



# We promote ethical, open and transparent conduct with all our stakeholders.

## 5.1 Our Governance

Salini Impregilo is committed to conducting its business in an efficient manner, ensuring the highest level of transparency towards its stakeholders. This commitment starts with the corporate governance system, which is aligned with the highest international standards and best practices.

In particular, the corporate governance structure adopted by Salini Impregilo is based on the recommendations contained in the “Code of Conduct” approved in March 2006, as amended most recently on 9 July 2015 by the Committee for Corporate Governance and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime, and Confindustria, publicly available on the Corporate Governance Committee’s website<sup>52</sup>.

Salini Impregilo has adopted an Internal Control and Risk Management System consisting of a set of rules, procedures, and organisational structures designed to enable the sound and appropriate business management of the company, in line with the established goals, through an effective process of identification, measurement, management, and monitoring of the main risks.

This System is based on standards that require business activities be based on applicable internal and external rules, so that they may be traced and documented; that the allocation and exercise of powers as part of a decision-making process be matched to the positions of responsibility and/or with the critical significance and/or materiality of the underlying transactions; that those parties which take or implement decisions, those that record transactions, and those that are required to audit such transactions as provided for by law and the procedures set forth by the internal control system be

<sup>52</sup> Available at the page <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf>

different parties; and that confidentiality and compliance with the privacy legislation be ensured.

At the end of 2016, the Company's Board of Directors was composed of fifteen members (including four women), ten of whom satisfy the requirements of independence, representing 66.6% of the Board.

The Board of Directors has established the following three committees among its members:

- Control and Risk Committee;
- Remuneration and Appointments Committee;
- Committee for Related-Party Transactions.

The Board of Directors also appointed an Integrity Board that ensures the adequacy and the effective implementation of Model 231, in compliance with Italian Legislative Decree no. 231/2001.

The Board, with the support of the Control and Risk Committee composed of five independent directors, is responsible for the supervision of any Sustainability issues. At the end of 2016, the Corporate Social Responsibility (CSR) Department was also established, reporting directly to the Chief Executive Officer, with the task of defining and ensuring the implementation of CSR measures in compliance with international best practices<sup>53</sup>.

Investor Relations ensures constant relations with investors and rating agencies regarding the Group's strategies and results, calling on the support of the CSR Department for relations with investors and SRI analysts. The most frequently used channels for the exchange of information in this dialogue mainly consist in institutional events (public presentations), one-to-one meetings, and web channels.

The Communication Department liaises with all stakeholders, both internal and external, on an ongoing basis as well as fulfilling the legal obligations for listed companies. It activates all channels continuously, with an integrated communication process aimed at satisfying the stakeholders' need for information and dialogue.

In 2016, Salini Impregilo revived a Performance Management programme for approximately 120 senior employees, with the aim of strengthening our results-oriented culture. The programme is structured in phases of goal setting and performance evaluation, and includes three categories of goals (company performance, department / section performance, organisational behaviour), in line with the top management's goals. All departments must strive to meet their specific goals, including those related to Sustainability.

<sup>53</sup> Previously, the Sustainability Unit reported directly to the Director of Compliance, who reported directly to the Chief Executive Officer.

## The integration of Sustainability

To ensure an effective implementation of the Sustainability approach and priorities within the organisation, Salini Impregilo has developed an integrated framework that includes specific policies and management and control systems, in line with the main international standards and guidelines.

In 2015 Salini Impregilo adopted a new Sustainability Policy, defining the 10 principles that should underlie the behaviour of all employees and all operational divisions, along with the principles established by the Code of Ethics.

Salini Impregilo is also a signatory to the United Nations Global Compact, the world's largest sustainability initiative, which engages companies to align their operations and strategies with ten universally accepted principles on human rights, labour, environment and anti-corruption.

The Group has strengthened its commitment to human rights and workers' rights through an International Framework Agreement signed in 2014 with the national and international construction trade unions.

Salini Impregilo also voluntarily adopted an Integrated Management System in compliance with the international standards ISO 9001 (quality), ISO 14001 (environment), and OHSAS 18001 (health and safety), certified by an independent external body.

Furthermore, in 2014 Salini Impregilo adopted an Anti-Corruption Compliance System, strengthening the prevention and control structure ensured by company procedures and Model 231 required by Italian law (see below).

Sustainability is organised internally with a distributed model, requiring each corporate department to integrate any Sustainability issues under its responsibility into its processes and activities. The main departments involved are Human Resources, Procurement, QHSE (Quality, Health, Safety and Environment), Engineering, Compliance, Communication, and Investor Relations.

The CSR Department coordinates the Corporate Sustainability activities, defining and ensuring the implementation of the Sustainability Plan, preparing the Sustainability Report, and supporting the CEO in ensuring the Company's constant compliance with the CSR best practices. The CSR Department also reports regularly to the Control and Risk Committee on the progress of the corporate Sustainability programmes.

This Sustainability Report is approved by the Board of Directors after review by the Control and Risk Committee.

**Focus: Salini Impregilo best construction company in the Top 10 of the Open Corporation rankings**

Salini Impregilo was ranked first among construction companies globally in terms of transparency and Sustainability. The Group entered the Top 10 of the Open Corporation ranking, the innovative project promoted by Filcams-Cgil and co-funded by the European Commission, reaching third place in the Social Reporting Transparency Index, which recognises companies with the best sustainability reports, and eighth place in the Total Transparency Index, which evaluates the overall transparency of companies.

Open Corporation is the first ranking created by trade unions, aiming to make multinational companies more transparent, inclusive, and accessible to any employee. The project involved 50 multinational companies globally, in all economic sectors, evaluating and comparing them on issues related to working conditions, financial and fiscal transparency, environmental protection policies, and other issues of Sustainability.

**5.2 Integrity in business**

To Salini Impregilo, combining business values with principles of ethics and integrity is integral to the way it operates. In order to transmit these values to our employees and embody them in their behaviour, we have implemented a Compliance System consisting of policies, procedures, models, organizational structures, and control activities.

Moreover, the system is designed to ensure compliance with applicable competition laws, prevent anti-competitive practices and the risk of corruption, and maintain high levels of integrity in all our interactions with public authorities.

A whistleblowing system completes the Compliance system, allowing employees to report in a totally anonymous manner any suspected or confirmed violations, ensuring their protection against any form of retaliation, discrimination or penalisation.

Codes, policies, procedures and Models are published on the company's intranet in the Group's official languages, thus making them available to all Salini Impregilo employees. In addition, extensive internal communication is provided, as email announcements or dedicated newsletters, regarding updates to the Compliance System documents. Communication campaigns are also addressed to the Company's governance and control bodies.

As mentioned in Section 3.2, the Company has launched an induction process that is mandatory for all newly hired employees, which includes a training course

dedicated to the Code of Ethics, the Organisational, Management and Control Model under Italian Legislative Decree 231/01, and the Anti-Corruption Model. The course is delivered through an online platform and requires passing a comprehension test.

## Code of Ethics

Our commitment to operating with integrity is unequivocally defined in the Code of Ethics. For each corporate value, it identifies the guiding principles of our behaviours, which include honesty, fairness, integrity, impartiality, confidentiality, protection of human dignity and physical integrity, environmental protection, and respect for local communities.

The Code is a reference for our employees and for anyone involved in pursuing the corporate mission or the goals of the Group. These principles also provide guidelines for the behaviour of managers, employees, and anyone who works with the Salini Impregilo Group.

All new hires sign the Code of Ethics, and all contracts signed with partners, suppliers, service providers, consultants, etc., include an obligation of compliance with the Code.

## Organization, Management and Control Model

Salini Impregilo adopted an organization, management and control model (known as Model 231), aimed at:

- Preventing the commission of offences under Italian Legislative Decree 231/01;
- Defining and incorporating a corporate culture based on respect and transparency;
- Raising awareness among employees and stakeholders.

The Model operates by monitoring any operations subject to the risk of administrative liability of legal persons, introducing specific control tools that are referenced and made operational within the company's procedures.

The Model contains measures to ensure that the activities comply with the laws referred to in Italian Legislative Decree 231/01 and to detect and mitigate potential risks of non-compliance.

An independent control body, the Integrity Board, monitors the effective implementation and compliance with the Model by means of checks carried out with support from the Compliance function. The Company has made available to employees an email and physical mail address to report any alleged violations of the

Model, ensuring reporting anonymity and protection from any form of retaliation. To date, there have been no reports leading to the identification of irregularities in the Model's application.

## Anti-Corruption Compliance System

In order to strengthen the provisions of the Code of Ethics and fully integrate the tenth principle of the Global Compact into the organization, Salini Impregilo has developed its own Anti-Corruption System consisting of the following tools: (i) Anti-Corruption Model, approved by the Board of Directors on 16 June 2014, which established the principle of zero tolerance for corruption; (ii) Anti-Corruption Policy; (iii) Guidelines and procedures that define the roles and responsibilities of those involved and the operating procedures of the control processes and procedures.

Salini Impregilo's Anti-corruption System is monitored by the Compliance function based on risk indicators that take into account external and internal factors relevant to the Company's purpose, including: (i) scale, structure and system of delegation of powers of the Company; (ii) places and sectors in which the Company operates or plans to operate, with particular reference to the country corruption indexes; (iii) nature, scale and complexity of the Company's activities and operations; (iv) entities controlled by the Company.

Risk analysis is conducted on all legal entities within the Group's scope, with particular attention to organisations that manage operational projects over which Salini Impregilo has control or joint control. The Anti-Corruption Model forms an element of the Company's Internal Control System and is aimed at strengthening certain prevention protocols, in order to minimize the risk of active or passive corruption and ensure compliance with the principles introduced by anti-corruption laws and international best practices.

The procedures designated to support the Anti-Corruption Model include the Guidelines devoted to the Assessment of Relevant Third Parties and the Management of Benefits to Third Parties. In particular, with regard to the management of gifts, the Company has established predefined economic thresholds for giving gifts to third parties<sup>54</sup>. Additionally, in the case of sponsorship and donation programmes, the Company has defined a specific authorization process to monitor the initiatives and to assess their consistency with the Code of Conduct.

<sup>54</sup> Gifts of modest value are intended if they singularly do not exceed the amount of €150 or, in case of more gifts toward the same person, the total value of €600.

The Anti-Corruption Legal Support Unit, established within the Compliance Department, is responsible for providing assistance and advice on anti-corruption issues, as well as monitoring the implementation and effectiveness of the Model.

Violating the principles and provisions of the Anti-Corruption Model, or failing to report suspected or confirmed violations, represents a serious breach of contract for employees and contractors. In these cases, Salini Impregilo adopts the measures set forth by the legislation and the existing contracts, including conservative enforcements, dismissal, interruption of the contract, claims for damages, etc. Alongside the whistleblowing system mentioned above, the Company has provided a postal and email address for employees and third parties to report violations of the Anti-Corruption Model. To date, no reports of irregularities have been received through these channels.

In order to strengthen awareness, proper knowledge, and understanding of the Model, Salini Impregilo provides an anti-corruption training programme that is mandatory for all employees, calibrated on the basis of the job title and position of individual employees and their degree of involvement in those activities considered to be sensitive. The employees of Offices and construction projects under way in Italy received dedicated training immediately upon the system's entry into force, and, starting from 2017, a new training campaign will be launched through a web platform that will extend the training to Salini Impregilo employees seconded to overseas projects.

Moreover, all contracts with third parties now include specific clauses requiring compliance with the principles contained in Salini Impregilo's Code of Ethics and Anti-Corruption Model.

## 5.3 Open dialogue with stakeholders

An organisation such as Salini Impregilo, with activities and projects around the world, manages thousands of daily interactions with its stakeholders.

This is why we have established a structured approach for identifying our stakeholders, assessing their expectations, and defining the most appropriate dialogue methods. The following diagram summarises the types of relationships in place with the main stakeholders of the Group.

Stakeholder	Level of interaction		Area of interest					Duration of the relationship			
	International	Local	Economic	Governance	Social	Environmental	Community	Long term	Medium term	Duration of the project	Ad-hoc
<b>Employees &amp; Trade Unions</b>	✓	✓	✓		✓			✓		✓	✓
<b>Shareholders &amp; Investors</b>	✓		✓	✓	✓	✓	✓	✓	✓		✓
<b>Clients &amp; Potential Clients</b>	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
<b>Suppliers, Contractors, Subcontractors &amp; Partners</b>	✓	✓	✓		✓	✓		✓	✓	✓	✓
<b>Local Communities &amp; NGOs</b>	✓	✓	✓		✓	✓	✓	✓		✓	✓
<b>Governments &amp; Public Administrations</b>		✓	✓	✓	✓	✓	✓	✓		✓	
<b>Trade Associations &amp; the Media</b>	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓

Our dialogue and engagement practices are diversified and flexible, in response to the different characteristics and needs of our stakeholders.

At the corporate level, key stakeholders include investors, clients, current and potential employees, partners, public administrations, the media, and the general public. The dialogue with them is primarily concerned with development goals and strategies, the achieved results, and the corporate structure.

At the operational level, the main engagement activities relate to the characteristics of each specific project. Our key stakeholders in this context include partners, employees, local communities, suppliers, contractors and sub-contractors, clients, local authorities and organizations such as trade unions and NGOs (Non-Governmental Organizations).

As in previous years, in 2016 we carried out a number of dialogue and engagement activities with our

stakeholders. The main ones are summarized in the figure below:

		Engagement activities in 2016	Delta compared to 2015 <sup>55</sup>
Local and global stakeholders of Salini Impregilo	<p><b>Face-to-face communication channels</b></p> <p>Meetings, presentations, focus groups, workshops, interviews, consultations, career days, public events</p>	<p>&gt;6,200 people involved in about 400 meetings with local communities and their representatives</p> <p>&gt;42,300 people hosted at our projects during 740 open-door events</p> <p>&gt;262,200 people involved in over 160 campaigns of information on our projects</p>	<p>+108% involved people</p> <p>+42% open-door events</p> <p>+387% involved people</p>
	<p><b>Digital communication channels</b></p> <p>Company website, interactive reports, intranets, magazines, webinars, surveys, social media</p>	<p>&gt;8,5 million views on Group digital platforms<sup>56</sup></p>	

The communications system of the Group at the Corporate level is distinguished by its strong identity and transparency, principally via its digital channels: the corporate web site [www.salini-impregilo.com](http://www.salini-impregilo.com), the main social media (LinkedIn, Instagram, Twitter and Youtube), the corporate magazine We Build Value, the company intranet @work, and numerous web-based products, created ad hoc.

Furthermore, in terms of transparency and dialogue with stakeholders, in 2016 the live communication models were applied on various occasions, such as the launch of iconic projects (Panama Canal, Stavros Niachos Foundation Cultural Center, etc.) or corporate events, eg. The launch of the exhibition Beyond – Delivering the Future for the Past 110 years.

In this period, additionally, Salini Impregilo set out on a path of innovation in its use of communications media in the construction sector making its major infrastructure projects and the people who work on them the subject of a rich and complete storytelling, able to relate the stories of epic works, along with the differences in cultures and territories, all enriched by the dialogue with users through an ecosystem of integrated communication on offline and online channels.

<sup>55</sup> For more information about the scope of data, please refer to the Methodological Note.

<sup>56</sup> Data refer to the visualization of the Group website, Online Reporting, Social Channels, Minisites and Intranet.

## Focus: 110 years on display



In 2016, the Group celebrated its first 110 years in business with an initiative dedicated to its stakeholders to promote culture about large infrastructure projects.

With a wide range of initiatives, Salini Impregilo told the story of the infrastructure projects and their contribution to the evolution of countries and populations, through the major works built by the Group worldwide, with a triple action: information for institutions, investors, opinion leaders and the media, education for the general public, and engagement for employees.

At the end of September 2016, the conference "Present and future of the world's infrastructures" launched the infrastructure celebration plan, with a debate on the role of infrastructure in the world and the tools to be activated to improve development-related investment. The conference was attended by the main Italian institutions and international opinion leaders (the Prime Minister of Italy, the Governor of the Lombardy Region, top managers of major public and private companies in Italy, Italian and international banks, professors from universities around the world and journalists).

During the conference, the main products created for stakeholders were presented, in particular the book "110 years of future" published by Rizzoli, the video documentary by journalist Giovanni Minoli on the history of the Group, a commemorative stamp issued by Poste Italiane following approval from the Ministry of Economic Development, and a dedicated website<sup>57</sup>.

The event launched the exhibition "Beyond - Delivering the Future for the Past 110 Years" at the Triennale of Milan, which was inaugurated by the Mayor of Milan and hosted the exhibition from September to November 2016<sup>58</sup>.

For the first time, the world's great engineering was narrated as a work of art in an immersive and multi-sensory multimedia exhibition: the huge infrastructure projects created over more than a century by Salini Impregilo (bridges, dams, buildings, metro systems, railways and roads), were the undisputed protagonists of an exhibition that attracted the attention of a wide and varied audience. Following its inauguration, the exhibition saw a growing and constant flow of the public, institutions, industry experts, architects, trade associations, journalists, students from schools whose teachers chose the event as an opportunity for training and education, and families with children who participated in creative workshops.

The 22,000 visitors, with peaks of over a thousand visitors a day, and nearly two thousand on the last day, expressed their appreciation for this innovative initiative. The data on public access to the Exhibition, analysed by an independent research agency, showed a high rate of participation and interaction, with "a strong level of appreciation and satisfaction for the installations. The initiative was rewarded with an 80% approval by its audience, higher than the benchmark of reference. The interactive installations and the solid emotional engagement that the Exhibition succeeded in generating in the public are the two main drivers

<sup>57</sup> Available at page <https://110years.salini-impregilo.com/en/>

<sup>58</sup> Available at page <http://www.triennale.org/en/mostra/beyond-delivering-the-future-for-the-past-110-years/>



for the rating. The Exhibition can be credited with building, for the first time in the world, a sound positive reputation around the role of Major Infrastructure Projects.”

Organized into eight themed rooms, the visitors were led on an exploration of unique works, such as the New Panama Canal, dams and hydroelectric plants that produce clean energy such as the dams in China, Ethiopia, Argentina and Colombia; they walked along the

roads and bridges that created the backbone of huge countries like the United States; they travelled inside metro systems and along railways that connect cities sustainably and move people and goods, such as the Paris, New York and Riyadh metro systems; they visited iconic buildings, complementing the beauty of places beyond anyone’s imagination, such as the Stavros Niarchos Cultural Center in Athens, the Auditorium in Rome, or the Great Mosque in Abu Dhabi.

## Information and employee engagement

Interactions between the Company and its employees take place almost continuously, both in a structured and informal way. The Group has adopted an approach aimed at ensuring an open dialogue between management and staff through hierarchical and inter-functional reporting, the relations with trade unions, and social events and initiatives, both at corporate and operational level.

Salini Impregilo employees have the opportunity to be constantly informed about the main issues related to the life of the Group, the progress of the projects, the performance of the business plan, new contracts and tenders, through the global intranet @work, the main channel of internal communication, which makes available documents and tools and enables a real-time debate within professional communities, through the use of social media features.

During significant events, the Group also organises webinars to allow employees to participate live (presentation of the business plan, opening of the Beyond exhibition, inauguration of the Panama Canal and the Stavros Niarchos Foundation Cultural Center in Athens).

Moreover, meetings reserved for employees and their representatives are regularly held in the workplaces, whether offices or worksites. The trade unions have dedicated channels for interacting with management, at the individual worksite/office level, the country level, and internationally, through relations with the international union, BWI (Building and Wood Workers’ International), with which Salini Impregilo signed a framework agreement in 2014.

Corporate employees also have another structured discussion opportunity at their performance assessment, as well as many opportunities for sharing and reflection, such as the events organised to mark the achievement of certain project milestones and initiatives to celebrate special days, such as the World Day for Safety and Health at Work, which in 2016 saw over 20 projects implement awareness-raising initiatives involving about 3,000 employees<sup>59</sup>.

Relations with potential employees are described in section 3.2 - "Attracting and nurturing talent."

## Focus: "Leading our Growth - Salini Impregilo Strategy Day 2016"

To share the Group's strategies and growth plans, the first **Salini Impregilo Strategy Day** was organized in February 2016, reserved for about 100 top managers from the Company.

The event "**Leading our Growth**" consisted of a strategy meeting between Top Management and key figures of the Group, to present the new identity pillars (vision, mission and values), communicate the drivers of change and the levers of value creation, and share proactively ideas and proposals for the 2016-2019 Business Plan, presented in London in May 2016.

The event included moments of top-down work, with the Top Management in plenary session presenting strategies and new organizational models, and working groups composed of the managers present, who drafted and presented bottom-up to the Top management proposals for strategic activities to improve the Group's market positioning in the territories where it operates, in addition to the organizational processes, in order to better meet the expectations of different categories of stakeholders.

The day was marked by the following sessions:

**1. Strategic Vision and Our Future:** sharing of strategies, values and new

strategic processes for the business model;

**2. Strategic Models and Processes for Growth:** sharing of organizational models and processes to support growth;

**3. Networking:** round-table talks on values and actions to be implemented with key stakeholders to improve market positioning;

**4. Brainstorming and Closing Remarks:** presentation to Top Management of the working groups' results, summary of the messages emerged from the day, call to action addressed to the attendees.

The call to action that closed the day initiated an internal cascading process by the attendees to all their first and second lines. In this way, each manager became an advocate for sharing the key message that emerged from the event with some 500 people between corporate and worksites. Special toolkits were also used to collect further suggestions for improvement received from the people involved in the cascading process, the first carried out in the Group. The majority of suggestions regarded interaction activities with the stakeholders of the territories where Salini Impregilo operates.

<sup>59</sup> For more information, please refer to the focus shown in section 4.2.

## Dialogue with shareholders and investors

As described in section 4.1, the Group's Investor Relations handles the relations with shareholders, investors, analysts and rating agencies, in compliance with the principles of transparency established by law and by the codes of conduct.

The channels of dialogue include presentations of business results, road shows, conference calls with top management and participating in primary broker conferences. The financial reports, press releases, presentations, and recordings of conference calls are promptly published on the Company's website and remain available to the public.

In addition, analysts and other stakeholders may contact the Company directly through the channels indicated in the Investor Relations, Media, and Sustainability sections.

2016 saw an increased interest from analysts and investors in issues of Sustainability, and they contacted the Company to request information on corporate policies and specific projects.

In October 2016, as part of the 2016 CDP Climate Leadership Awards sponsored by Borsa Italiana, Salini Impregilo was also recognized as one of the most responsible companies in the world in the fight against climate change, with the inclusion in the prestigious Climate "A List".

## Focus on client needs

As described in section 3.1, Salini Impregilo is totally focused on the development of design solutions that meet client expectations. Doing so requires stable and in-depth relations, and after the client defines the initiative, these are established during the commercial phase (pre-qualification), intensify during the proposal preparation (tender and/or offer), and become ongoing during the project's implementation.

The dialogue with clients involves numerous company counterparts, and they vary according to the different business phases. The scouting for initiatives to participate in mainly involves the corporate structures, which interact with potential clients for pre-qualification activities. The next phase, where the offers need to be prepared and submitted, sees greater involvement of engineers and technicians working at both a corporate and local level. Finally, once the contract has been won, the relations with clients are managed by the project team specially formed for the purpose, with the support of the corporate departments.

In the life cycle of a project, the dialogue between Salini Impregilo and its clients encompasses 360 degrees, from purely technical and operational issues to managing social, environmental and worker protection issues, and the relations with local communities, etc.

### **Relations with suppliers**

Section 3.3, which includes more information, details the collaboration and development activities undertaken by Salini Impregilo with its suppliers and subcontractors.

The first relationship that is established between Salini Impregilo and suppliers regards their selection stage. In 2016, the Group contacted tens of thousands of potential suppliers, and 4,500 new suppliers were selected and awarded supply contracts.

In addition to worksite activities related to supply management and other support initiatives, such as coordination meetings and training activities, it is important to also highlight some of the corporate-level dialogue initiatives carried out during 2016.

Among them, we note the first Procurement Convention held in February 2016, which involved the company's Top Management and represented an important opportunity for interacting with the Group's suppliers, aimed at developing new partnership models and innovation processes.

This event was followed by the Innovation Days, each of which was dedicated to a single supplier, to share experiences related to new technologies, innovative products, processes, and other topics of common interest<sup>60</sup>.

### **The dialogue with local communities**

Salini Impregilo considers the communities living in the areas surrounding its projects one of the most sensitive stakeholder groups, together with workers. Depending on the context, these may be affected by the Group's activities more severely than other stakeholders, with inconveniences associated with noise, dust and traffic, or simply needing to receive adequate information about the works that involve their local area.

Transparency is therefore a key driver for the Group, accompanied by an approach to local communities guided by the principles of fairness and respect for local cultures and traditions.

Contractual agreements between Salini Impregilo and its clients require in most cases that relations with

<sup>60</sup> For more information, please refer to the focus shown in section 3.3.

local communities be managed jointly, usually with a leadership role assumed by the client and a supporting role provided by Salini Impregilo. Based on these agreements, the communication channels to be used in the worksite are defined, be they physical (e.g. office for relations with the public) or technological, in the form of dedicated phone lines, websites, email addresses, etc.

These channels allow the project to maintain a direct contact with local communities, providing information and gathering any feedback. The comments and feedback received are analysed by the project's management and addressed according to specific procedures (grievance mechanisms).

Working continuously in co-operation with its clients, Salini Impregilo develops and implements comprehensive communication campaigns to inform the local population about the projects' progress, while also planning worksite visits, special events and social initiatives.

In 2016 we organised meetings, information campaigns and open door events that were attended by more than 310,000 local stakeholders.

Furthermore, as part of its CSR policies, Salini Impregilo also interacts directly with communities to define and implement social and philanthropic initiatives. For a thorough description of these initiatives, please refer to section 2.2.

The Group is committed to maintaining an open dialogue with civil society and, to that end, it interacts with NGOs representing the interests of the community or other public interests (e.g. environment, human rights, etc.). During 2016, the NGO Survival International submitted to the Italian National Contact Point (NCP) of the OECD a specific application against Salini Impregilo for an alleged failure to comply with the "OECD Guidelines for Multinational Enterprises" in relation to construction of the Gibe III hydropower project in Ethiopia.

The OECD Guidelines are recommendations to multinational enterprises of OECD countries containing non-binding standards and principles aimed at ensuring responsible business practices in line with international law and the laws applicable in the countries in which the multinationals operate. Salini Impregilo complies with the OECD Guidelines, in line with its adherence to the United Nations Global Compact.

The application submitted by Survival concerned the alleged failure to respect the rights of some community residents approximately 300 to 500 km downstream of the Gibe III project, whose natural resources would be reduced due to its construction. The OECD Guidelines specify that a company's obligations concerning human rights depend on the type of business and the role they play. Salini Impregilo, as contractor for the construction

of the Gibe III project, believes that it has fully complied with the rights of the communities affected by its direct activities, and that it has carried out the additional activities required by the guidelines towards its partners.

In 2016, the Group gave full support to the Italian NCP engaged in the managing the instance, which is expected to come to a conclusion in the first half of 2017.

## Media relations

The Group has established an ongoing and transparent dialogue with the major national and international media. Relations with the media are handled by the Communication Department, daily and extensively, or on special occasions dedicated to individual media, such as requests for interviews with Top Management, ad hoc presentations, or media reports on the Group's projects.

The [www.salini-impregilo.com](http://www.salini-impregilo.com) website, the social media channels and the Corporate Magazine We Build Value, with its new App launched in 2016, are the Group's main online communication channels, to ensure transparent and consistent communication not only with the media, but also with anyone interested in issues related to the world of infrastructure in a broader sense, as a fundamental tool in the development of the global economy.

In this light, the Corporate Magazine We Build Value is presented as a tool that goes beyond the Group's actions and addresses in an original and exclusive way the megatrends that drive development in the global infrastructure sector, together with the key projects that define its benefits across five continents. Exclusive interviews with We Build Value granted by winners of the Nobel Prize for Economics, teachers from top international universities, and experienced engineers in the industry help interpret the industry's megatrends.

**Focus: Salini Impregilo among the best Italian companies for online communication**

The Salini Impregilo website won 6th place in the 2016 Webranking, rising by as much as 6 points from the 12th place it achieved in 2015, bringing the Group's website directly into the top 10. The research, conducted by the Swedish Comprend and conducted in Italy by the specialist firm Lundquist, assessed the quality of the online communication of 110 Italian listed companies.

Transparency and dialogue with stakeholders continue to be key points of the evaluation. This achievement is a new success for the website, which in 2015 was awarded "Best Improver", and it demonstrates Salini Impregilo's commitment and ability to communicate online with

its stakeholders in a clear, effective, continuous and particularly distinctive manner.

The award is in line with the integrated digital communication strategy and new digital tools that Salini Impregilo has chosen for communicating globally about its major infrastructure projects in a distinctive manner. During 2016, the Group organized the event "Communicating the major infrastructure projects. Salini Impregilo: Change-maker of digital communication", where it presented the latest innovations in terms of digital communication: from the revamping of the Group's website and the We Build Value magazine to the launch of the magazine's App and the innovative content on the Group's Intranet.



**We** BUILD VALUE  
Online magazine

11:42

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**FOREGROUND** 19/04/2017

# INVESTMENT: U.S. COMPANIES DOING THEIR PART

Exclusive interview with Robert Shiller



**ATLAS** 19/04/2017

# U.S. RAIL KEEPS CHUGGING ALONG



# 6. Appendix



Salini Impregilo was the first Italian company in the construction industry to produce and publish an Environmental Report in 2002, and it was the first to publish a Sustainability Report prepared according to the guidelines of the Global Reporting Initiative in 2009.

We continue to ensure that our reporting meets the highest standards, in line with our path of transparency and accountability. This Sustainability Report is prepared based on the guidelines of the Global Reporting Initiative (GRI-G4).

## 6.1 Materiality analysis

The G4 guidelines place particular emphasis on the concept of materiality, requiring organizations to focus their reports only on significant economic, social and environmental impact, maintaining an open dialogue with their internal and external stakeholders.

In order to indentify the topics relevant to Salini Impregilo and define the Report's content, we have developed a specific process that complies with the G4 guidelines, summarized below:

- **Internal identification** of the potential Sustainability topics relevant for our industry, by analysing peers, Sustainability rating agencies, industry studies and the media;
- **Internal prioritization** of the topics identified by the Group's management, through a process of consultation with key corporate functions, including human resources, quality and HSE managers, procurement, production managers, the technical department, the legal department, and investor relations managers, etc.;
- **External prioritization** of the topics identified with the main stakeholders of the Group, through interactions during the reporting period (i.e. topics most frequently requested by clients in the pre-qualifying and tender stages, the topics most frequently requested by analysts and investors through questionnaires and interviews, the topics addressed with the trade unions) and an online survey sent to a sample of stakeholders that included employees, investors, clients, suppliers, sustainability experts and NGOs;
- **Final approval** of the definitive list of priority issues by the company management.

## Material issues

Below is the list of material issues identified through the materiality analysis and their scopes. The full list of projects in which the issues are material is available in the Methodology Note.

Material issues included in the Report	Related material issues of the GRI G4	Significance inside the organization	Significance outside the organization
<b>Solidity</b>			
<b>Creating new jobs</b>	Presence in the market	Corporate and major projects	Subcontractors and service providers at the major projects*
<b>Support to the local economies</b>	Economic Performance, Investment, Indirect economic impacts	Corporate and major projects	Subcontractors and service providers at the major projects*
<b>Support to the communities</b>	Local communities	Major projects	-
<b>Excellence</b>			
<b>Innovation and client satisfaction</b>	-	Corporate and major projects	Partners, suppliers, subcontractors* and consultants
<b>Talent attraction and development</b>	Work, Training and Education, Diversity and Equal Opportunities	Corporate and major projects	-
<b>Supply Chain</b>	Procurement procedures, Assessment of Supplier Impacts on the Environment, Labour Practices, Human Rights and Society	Corporate and major projects	Suppliers and subcontractors at the major projects*

Material issues included in the Report	Related material issues of the GRI G4	Significance inside the organization	Significance outside the organization
<b>Transparency</b>			
<b>Integrity</b>	Ethics and Integrity, Public Policy, Anti-Competitive Behaviour, Anti-Corruption, Compliance, Assessment of supplier impact on Society	Corporate and local branches	Third parties defined by the Code of Ethics and the Anti-Corruption System
<b>Open dialogue</b>	Stakeholder engagement, Local communities	Corporate and major projects	Clients and subcontractors at the major projects*
<b>Respect</b>			
<b>Occupational health and safety</b>	Occupational health and safety, Assessment of supplier impact on labour practices and human rights	Major projects	Subcontractors at the major projects*
<b>Human Rights</b>	Employee/management relations, Non-discrimination, Freedom of association and collective bargaining, Staff protection procedures, Child labour, Forced labour, Pay equality between men and women, Indigenous rights, Assessment, Grievance mechanisms for impacts on labour practices and human rights	Major projects	Subcontractors and service providers (eg. employment agencies, security companies) at the major projects*
<b>Environmental protection</b>	Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste, Soil degradation, Soil contamination and remediation, Transportation, Compliance, General, Grievance mechanisms for environmental impacts	Major projects	Subcontractors at the major projects*

\* The Group requires that all its subcontractors and service providers provide data on their social and environmental performance. However, depending on the geographical area in question, such data is not always available.

## Sustainability challenges and opportunities

To provide a broader view of the materiality analysis, the following table shows the main Sustainability risks and potential opportunities related to the Group, broken down by our four areas of engagement.

Scope	Topics	Potential risks	Potential opportunities
<b>Solidity</b>	Job creation	Difficulty in finding specialized local workforce; lack of qualified local suppliers; poorly managed HSE; reputational risks of non-compliance in relationships with communities.	Lower logistics and Customs costs due to the use of local suppliers; availability of skilled workers and suppliers for future projects through capacity building and vocational training; generating tangible benefits for local economies resulting from the creation of direct and indirect employment, tax contributions, and development of social initiatives for the communities.
	Support to local economies		
	Support for communities		
<b>Excellence</b>	Innovation and client satisfaction	Loss of competitiveness due to the inability to meet the growing demand for innovative and sustainable construction solutions; difficulties in implementing projects according to the standard of excellence due to a failure to develop the staff; lower productivity and deteriorated working environment due to insufficient investments in training; operational and reputational risks arising from non-compliance in managing the supply chain.	Client and community satisfaction deriving from the use of best available technologies and know-how; increased staff productivity and lower costs of recruiting due to the availability of motivated and trained staff, with greater capability to cover vacant positions with internal resources; ability to involve suppliers and partners in the development of projects.
	Talent attraction and development		
	Supply Chain		

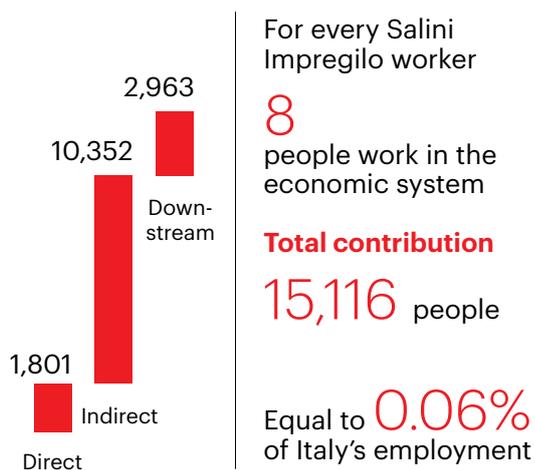
Scope	Topics	Potential risks	Potential opportunities
<b>Transparency</b>	Corporate Governance	Reputational risks arising from non-compliance; loss of confidence by investors and the authorities; opposition from local communities resulting in delays and increased costs.	Lower reputational and financial risks arising from the implemented compliance system; broad “license to operate” granted by local and global stakeholders in response to the Group’s efforts to involve all project stakeholders; development of a climate of mutual trust and local consensus; lower risks of disputes, with consequent benefits in terms of regularity of the works and staff safety.
	Integrity		
	Open dialogue		
<b>Respect</b>	Occupational Health and Safety	Increased absenteeism and staff insurance and welfare costs due to a high number of injuries and non-compliances related to labour issues; environmental impacts resulting from inadequate assessments and/or ineffective management and control plans; conflicts with local communities arising from the inconveniences caused and from damage to existing infrastructure and private property.	Higher staff productivity due to staff welfare; reduced absenteeism and insurance and welfare costs; ability to acquire projects that require high standards in terms of H&S; lower environmental impact ensured by rigorous assessment, management and control procedures; reduced risks of delays in the works caused by environmental problems or conflicts with local communities; lower risk of litigation; better reputation.
	Human Rights		
	Environmental protection		

## SEED Model

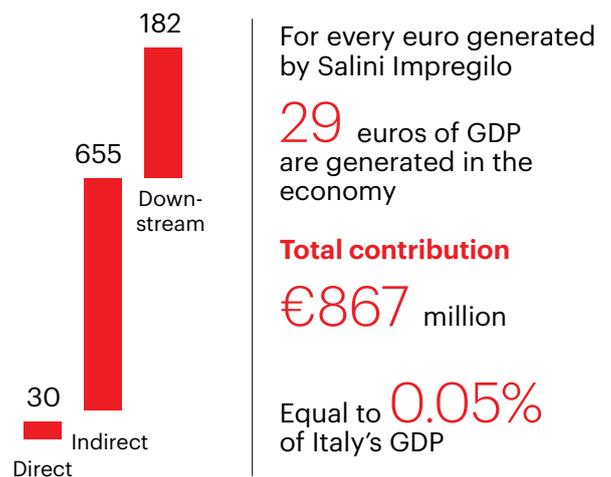
Below are the complete figures on the contributions generated by Salini Impregilo projects on Italy, Ethiopia and Panama in 2015. The figures refer to the total contribution of projects in progress in those three countries, regardless of Salini Impregilo's share of involvement.

### Italy

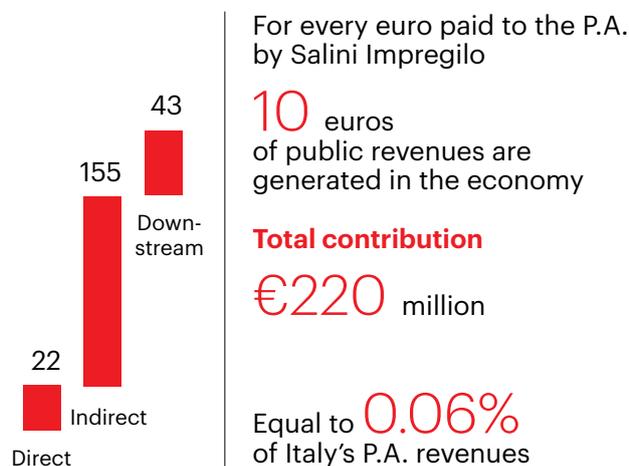
#### Contribution to employment



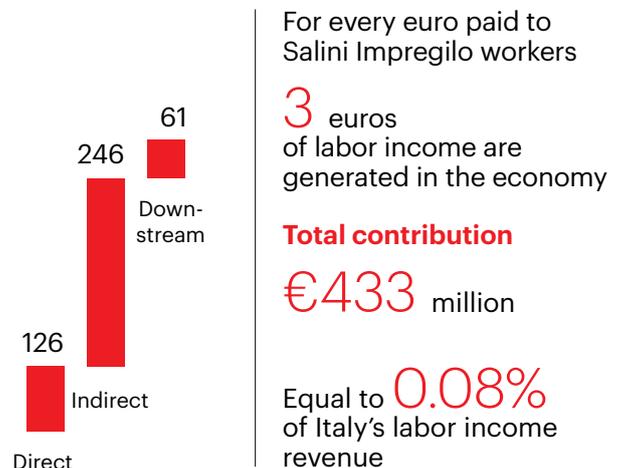
#### GDP generated in the economy



#### Contribution to P.A.

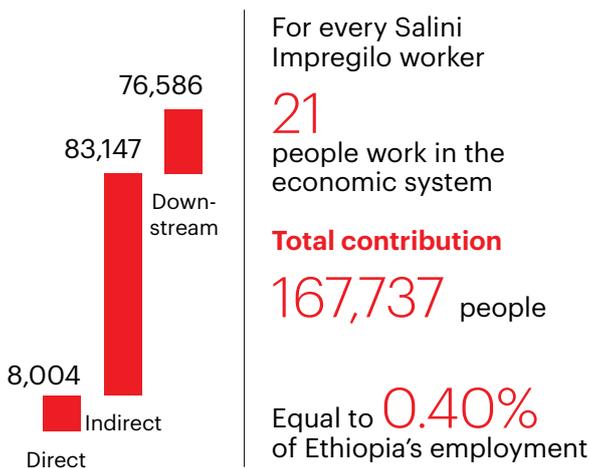


#### Generated labor income

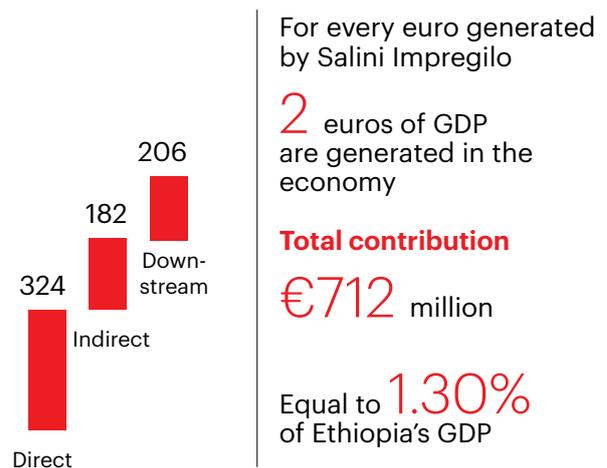


## Ethiopia

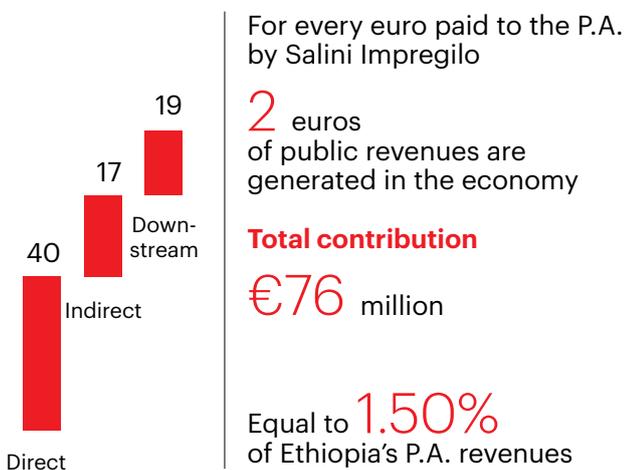
### Contribution to employment



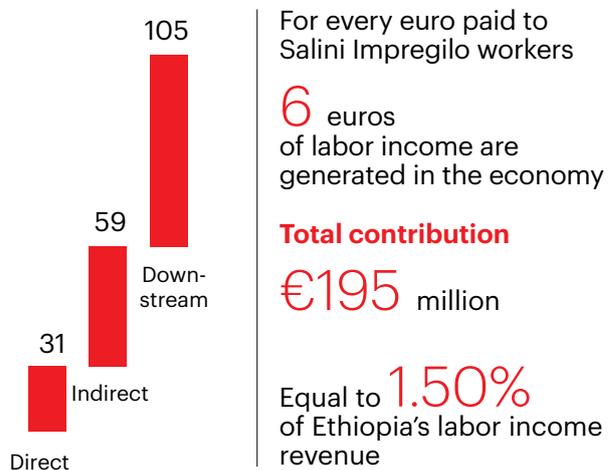
### GDP generated in the economy



### Contribution to P.A.

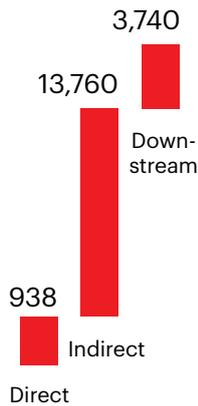


### Generated labor income



## Panama

### Contribution to employment



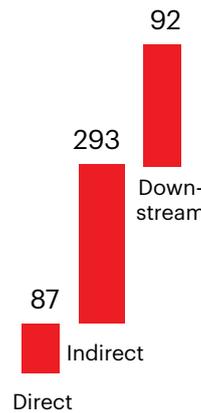
For every Salini Impregilo worker

**20** people work in the economic system

**Total contribution**  
**18,438** people

Equal to **1.10%** of Panama's employment

### GDP generated in the economy



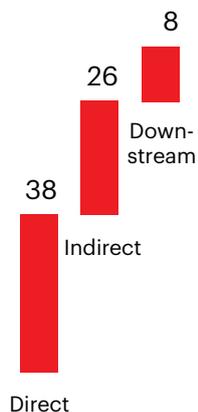
For every euro generated by Salini Impregilo

**5** euros of GDP are generated in the economy

**Total contribution**  
**€472** million

Equal to **1%** of Panama's GDP

### Contribution to P.A.



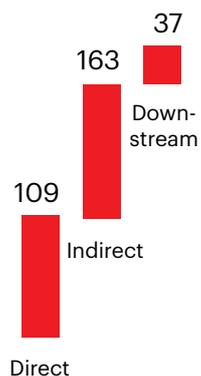
For every euro paid to the P.A. by Salini Impregilo

**2** euros of public revenues are generated in the economy

**Total contribution**  
**€72** million

Equal to **1.75%** of Panama's P.A. revenues

### Generated labor income



For every euro paid to Salini Impregilo workers

**3** euros of labor income are generated in the economy

**Total contribution**  
**€309** million

Equal to **2.44%** of Panama's labor income revenue



## 6.2 Performance data

### ECONOMIC KPIS

Direct economic value generated and distributed <sup>61</sup>	Unit	2014	2015*	2016	G4-EC1
Direct economic value generated	€ M	4,244	4,789	5,953	
Operating costs <sup>62</sup>	€ M	3,253	3,660	4,375	
Employee wages and benefits	€ M	512	539	886	
Payments to providers of capital	€ M	158	142	181	
Payments to government	€ M	27	51	84	
Economic value distributed	€ M	3,950	4,392	5,525	
Economic value retained	€ M	294	397	428	

Direct employees hired from the local community	Unit	2014	2015	2016
Africa	%	96%	93%	95%
Central and South America	%	96%	91%	93%
North America	%	96%	77%	99%
Europe	%	88%	76%	78%
Middle East, Asia and Oceania	%	46%	21%	13%
Total	%	86%	71%	75%

Indirect employees hired from the local community <sup>63</sup>	Unit	2014	2015	2016
Africa	%	97%	96%	97%
Central and South America	%	92%	87%	98%
North America	%	100%	-	-
Europe	%	69%	58%	79%
Middle East, Asia and Oceania	%	46%	95%	17%
Total	%	74%	82%	70%

Proportion of spending on local suppliers	Unit	2014	2015	2016	G4-EC9
Africa	%	40%	56%	41%	
Central and South America	%	49%	64%	88%	
North America	%	99%	100%	100%	
Europe	%	97%	84%	79%	
Middle East, Asia and Oceania	%	68%	86%	93%	
Total	%	58%	75%	85%	

### SOCIAL KPIS

Direct employees <sup>64</sup>	Unit	2014	2015	2016	G4-10
Africa	no.	18,839	15,242	15,072	
Central and South America	no.	4,454	2,927	3,080	
North America	no.	299	71	4,626	
Europe	no.	3,634	4,025	3,848	
Middle East, Asia and Oceania	no.	6,911	8,333	7,814	
Total	no.	34,137	30,598	34,440	

Indirect employees <sup>63</sup>	Unit	2014	2015	2016	G4-10
Africa	no.	2,108	2,493	2,950	
Central and South America	no.	5,455	3,453	7,325	
North America	no.	58	-	-	
Europe	no.	4,857	3,129	8,048	
Middle East, Asia and Oceania	no.	4,270	1,628	6,856	
Total	no.	16,748	10,703	25,179	

Total workforce (direct and indirect employees) <sup>63</sup>	Unit	2014	2015	2016	G4-10
Africa	no.	20,947	17,735	18,022	
Central and South America	no.	9,909	6,380	10,405	
North America	no.	357	71	4,626	
Europe	no.	8,491	7,154	11,896	
Middle East, Asia and Oceania	no.	11,181	9,961	14,670	
Total	no.	50,885	41,301	59,619	

Direct employees by category	Unit	2014	2015	2016	G4-LA12
Manager	%	1%	1%	1%	
Staff	%	20%	22%	21%	
Workers	%	79%	77%	78%	

Direct employees by age group	Unit	2014	2015	2016	G4-LA12
Under 30 years old	%	44%	41%	32%	
30-50 years old	%	47%	49%	54%	
Over 50 years old	%	9%	10%	14%	

Direct employees by gender	Unit	2014	2015	2016	G4-LA12
Women	%	8%	10%	9%	
Men	%	92%	90%	91%	

Total training hours provided to direct employees	Unit	2014	2015	2016	G4-LA9
Manager	hours	7,822	31,783	80,217	
Staff	hours	109,096	116,076	168,672	
Workers	hours	588,201	874,616	879,440	
Total	hours	705,118	1,022,475	1,128,328	

Average per capita hours of training provided to direct employees	Unit	2014	2015	2016	G4-LA9
Manager	hours	18	111	222	
Staff	hours	16	17	23	
Workers	hours	22	37	33	
Average	hours	21	33	33	

Total workforce injury rate by region	Unit	2014	2015	2016	G4-LA6
Global	IR	0.86	0.74	0.65	
Africa	IR	0.94	0.93	0.75	
Central and South America	IR	1.06	0.61	1.55	
North America	IR	-	-	0.27	
Europe	IR	1.48	2.05	1.83	
Middle East, Asia and Oceania	IR	0.16	0.19	0.07	

Total workforce lost day rate by region	Unit	2014	2015	2016	G4-LA6
Global	LDR	15.12	18.23	18.63	
Africa	LDR	13.21	18.85	20.46	
Central and South America	LDR	20.28	7.51	22.07	
North America	LDR	-	-	11.16	
Europe	LDR	31.58	76.69	64.15	
Middle East, Asia and Oceania	LDR	5.36	5.67	4.53	

Health and Safety expenses	Unit	2014	2015	2016	
Health and Safety protection expenses	€ M	11.7	18.9	15.8	
Health and Safety prevention and management expenses	€ M	10.7	15.8	22.5	
Total	€ M	22.4	34.8	38.3	

Community support initiatives	Unit	2014	2015	2016	G4-EC7
Infrastructure investments	no.	8	3	18	
Social programmes	no.	48	41	154	
Total	no.	56	44	172	

Community investments	Unit	2014	2015	2016	G4-EC7
Pro-bono	€ M	2.1	1.3	1.4	
In-kind	€ M	0.4	0.0	0.2	
Total	€ M	2.5	1.3	1.6	

## ENVIRONMENTAL KPIs

Materials used	Unit	2014	2015	2016	G4-EN1
Aggregates	t	23,219,469	74,139,346	18,414,529	
Bitumen	t	181,996	34,638	320,777	
Cement	t	1,424,483	1,099,083	1,144,950	
Reinforcing bars	t	465,760	1,300,379	2,788,974	
Precast concrete	t	351,434	320,694	470,314	
Ready-made asphalt	t	479,268	537,609	393,524	
Ready-made concrete	t	1,891,966	1,997,621	3,467,691	
Total non-renewable materials	t	28,014,377	79,429,370	27,000,759	
Materials intensity (aggregates excluded)	t/€ M	1,143	1,116	1,402	

Energy consumption	Unit	2014	2015	2016	G4-EN3/ EN4
Diesel	GJ	8,358,798	8,122,721	7,024,685	
Gasoline	GJ	112,078	213,530	387,590	
Kerosene	GJ	12,700	3,474	2,560	
Natural gas	GJ	66,655	89,849	1,891,943	
Electricity	GJ	496,683	413,566	537,674	
Electricity from renewable sources	GJ	1,256	75,584	322,438	
Total energy consumption	GJ	9,048,170	8,918,723	10,166,890	
Energy intensity	GJ/€ M	2,157	1,882	1,660	

Total water withdrawal	Unit	2014	2015	2016	G4-EN8
Ground water	m <sup>3</sup>	1,625,909	2,789,941	1,795,148	
River	m <sup>3</sup>	14,149,383	21,931,473	29,673,371	
Lake	m <sup>3</sup>	10,598,380	5,694,071	184,384	
Sea	m <sup>3</sup>	-	339	-	
Municipal water supplies	m <sup>3</sup>	680,072	753,563	1,610,059	
Total	m <sup>3</sup>	27,053,744	31,169,387	33,262,962	
Water intensity	m <sup>3</sup> /€ M	6,450	6,577	5,431	

Direct (Scope 1) and indirect (Scope 2 and 3) greenhouse gas (GHG) emissions	Unit	2014	2015	2016	G4- EN15/16/17
Direct GHG emissions (Scope 1)	t CO <sub>2</sub> <sub>e</sub>	473,619	526,032	534,974	
Energy indirect GHG emissions (Scope 2)	t CO <sub>2</sub> <sub>e</sub>	47,520	34,509	40,858	
Other indirect GHG emissions (Scope 3)	t CO <sub>2</sub> <sub>e</sub>	194,796	129,667	152,347	
Total GHG emissions	t CO <sub>2</sub> <sub>e</sub>	715,935	690,208	728,179	
GHG emissions intensity <sup>65</sup>	t CO <sub>2</sub> <sub>e</sub> /€ M	163	140	115	

Other significant air emissions from stationary sources (power stations)	Unit	2014	2015	2016	G4-EN21
NOx	t	3,086	3,162	1,624	
CO	t	230	235	658	
HC	t	22	22	11	
PM	t	31	32	126	
SO <sub>2</sub> **	t			31	
VOC**	t			95	
HAP**	t			21	

Total waste by activity	Unit	2014	2015	2016	G4-EN23
Construction and demolition waste	t	236,061	229,268	210,486	
Excavation waste	t	4,031,917	5,775,752	5,668,545	
General and other waste	t	19,207	49,060	80,210	
Total non-hazardous and hazardous waste	t	4,287,186	6,054,080	5,959,241	
Waste intensity (excavation waste excluded)	t/€ M	61	59	47	

Total waste by disposal method	Unit	2014	2015	2016	G4-EN23
Recovery, reuse and recycling	t	2,351,633	2,982,962	3,286,927	
Incineration	t	159	1,784	5,906	
Landfill	t	1,935,394	3,069,334	2,666,407	
Total non-hazardous and hazardous waste	t	4,287,186	6,054,080	5,959,241	

Total waste by type	Unit	2014	2015	2016	G4-EN23
Non-hazardous waste	t	4,101,342	5,964,885	5,929,856	
Hazardous waste	t	185,844	359,195	29,385	
Total non-hazardous and hazardous waste	t	4,287,186	6,054,080	5,959,241	

Waste diverted from landfill	Unit	2014	2015	2016	G4-EN23
Waste recycled and reused	%	55%	49%	55%	

Environmental expenses	Unit	2014	2015	2016	G4-EN31
Waste management, emission treatment and remediation costs	€ M	4.7	18.9	26.5	
Environmental prevention and management expenses	€ M	9.7	14.6	17.7	
Total	€ M	14.5	33.5	44.3	

NB. The 2016 includes the U.S. subsidiary Lane Industries, acquired on 4 January 2016.

61. The figures shown were prepared based on the IFRS financial statements.

62. The figure includes community investments. For further details, please refer to G4-EC7.

63. Indirect employees include subcontractors' and temporary agencies' personnel, and workers of other service providers employed at Group's sites.

64. The decrease of direct employees in 2015, in comparison with 2014, is due to the physiologic lag between the demobilization of some large projects and the mobilization of personnel in new-awarded projects, as well as due to the retirement of employees from projects located in geopolitical unstable areas, in order to safeguard their safety.

65. The intensity index is calculated without taking into account all of the Scope 3 emissions, but rather only those generated from the Group's projects (i.e. arising from the activities of subcontractors), thus excluding those resulting from freight forwarding and staff travel.

\* Economic data for 2015 has been restated in accordance with IFRS 5. This data does not include Lane Industries, acquired on 4 January 2016.

\*\* Emissions related to SO<sub>2</sub>, VOC and HAP are produced by asphalt production plants of the subsidiary Lane Industries (USA), acquired on 4 January 2016.

## 6.3 Methodology note

The Sustainability Report at 31 December 2016 (hereinafter the “2016 Sustainability Report” or “Report”) aims to provide reliable, complete, balanced, accurate and comparable information concerning the values, strategies and performance achieved by Salini Impregilo during the reporting period.

### Reporting cycle

The Sustainability Report is prepared annually and approved by the Board of Directors of Salini Impregilo S.p.A.

### Applied standards

The 2016 Sustainability Report of the Salini Impregilo Group was prepared in accordance with the “Comprehensive” option of the “GRI G4 Sustainability Reporting Guidelines” and the “Construction and Real Estate Sector Disclosures” published by the GRI - Global Reporting Initiative in 2013 and early 2014, respectively. Responding to the Comprehensive option, we chose to report all the indexes related to the 11 identified material issues.

In addition, the Report contains references to the 10 principles of the Global Compact, reporting the actions and systems implemented by the Group to incorporate these principles as part of the corporate strategy and operations.

### Independent external verification

To ensure the reliability of the information contained in the Report and improve the reporting processes, Deloitte & Touche S.p.A. was appointed to audit the Report. The independent auditors’ report is incorporated at the end of this document.

### Scope of the Report

The Sustainability Report 2016 contains a description of the main initiatives and activities undertaken by Salini Impregilo Group in 2016, the performance data for the 2014- 2016 period, and the significant events that affected the Group in the first half of 2017.

The information contained in this report refers to the Salini Impregilo Group (the “Group” or “Salini Impregilo”), which includes Salini Impregilo S.p.A. and its subsidiaries

and investees. The term “Company” is used when referring solely to the parent company Salini Impregilo S.p.A.

Unless otherwise specified in the text and/or in the GRI Content Index, the scope of the report follows the following criteria:

- The economic, financial, and workforce data refers to the scope of the 2016 Consolidated Financial Statements of the Salini Impregilo Group, except for the data on local purchases;
- The data and information relating to Corporate Governance refer to Salini Impregilo S.p.A.;
- The environmental and social data (excluding the workforce data and including the local purchases data) refer to a scope of major projects (listed below) defined by applying the two following criteria:
  - The “Operational control” principle, which identifies all active projects with any of the following characteristics:
    - *direct contract*;
    - *contract managed by a consortium/JV/ATI in which Salini Impregilo is a leading partner.*
  - “Significance” principle, which selects among the projects identified by the previous principle those with significant production activities in the period, in terms of revenue and man-hours worked.

Projects excluded from the scope are considered not relevant for the purposes of this document.

Any specific limitations to the scope are indicated directly in the Report, in particular in the GRI Content Index.

Compared to the 2015 Sustainability Report, the scope of this report includes, for the first time, the activities of Lane Industries, which joined the Salini Impregilo Group in January 2016. In addition to being active in the construction industry, Lane Industries also owns and manages asphalt, concrete, and aggregate production plants. The scope of Lane Industries follows the principles set out above, and it also includes production facilities and contracts in which Lane is not the JV leader (in which case the data is included pro-rata).

In consideration of the foregoing and of the variability of the scope resulting from the type of business, the comparison between the 2016 data and the previous periods may not always be relevant.

It should also be noted that the injury data included in this Sustainability Report refer to a wider scope than the one covered by the Salini Impregilo Group’s Quality Environment and Safety Management System, which

applies to projects where the decision-making roles in these systems are entrusted to Salini Impregilo (eg. RQAS).

Below is the list of projects included in the reporting scope of the Sustainability Report. For more information on the projects, visit our website [www.salini-impregilo.com](http://www.salini-impregilo.com).

Country	Project name	Scope	Company
Argentina	Riachuelo environmental recovery project*	Dams, hydroelectric plants	Impregilo S.p.A. – S.A. HEALY Company UTE
Australia	NW Rail Link*	Railways and metro systems	Impregilo Salini Joint Venture
Colombia	Ruta del Sol*	Motorways, roads and bridges	Constructora Ariguani S.a.s
Denmark	CMT Copenhagen (Cityringen)*	Railways and metro systems	Copenhagen Metro Team
Ethiopia	Gibe III*	Dams, hydroelectric plants	Salini Impregilo S.p.A.
Ethiopia	Grand Ethiopian Renaissance Dam (GERD)*	Dams, hydroelectric plants	Salini Impregilo S.p.A.
Ethiopia <sup>66</sup>	Koysha	Dams, hydroelectric plants	Salini Impregilo S.p.A.
Greece	Stavros Niarchos Cultural Center*	Airports, civil and industrial buildings	Impregilo-Terna SNFCC JV
Italy	Isarco underpass	Railways and metro systems	Isarco s.c.a.r.l
Italy	COCIV (Milan - Genoa High speed/ High capacity rail)*	Railways and metro systems	Consorzio Cociv
Malaysia	Ulu Jelai hydroelectric project*	Dams, hydroelectric plants	TM Salini Consortium
Namibia	Diga di Neckartal*	Dams, hydroelectric plants	Salini Impregilo S.p.A.
Panama <sup>67</sup>	Expansion of the Panama Canal (Third set of locks)*	Dams, hydroelectric plants	Grupo Unidos Por El Canal S.A.
Poland	S3 Nowa Sol-Legnica	Motorways, roads and bridges	Impregilo Salini Joint Venture
Poland	S7Chęciny-Jedrzejew	Motorways, roads and bridges	Impregilo Salini Joint Venture
Poland	S8 Marki-Radzymin	Motorways, roads and bridges	Impregilo Salini Joint Venture

Country	Project name	Scope	Company
Qatar	Abu Hamour hydroelectric project*	Dams, hydroelectric plants	Salini Impregilo S.p.A.
Qatar	Red Line North – Doha*	Railways and metro systems	ISG J.V.
Qatar	Al Bayt Stadium	Airports, civil and industrial buildings	Galfar - Salini Impregilo S.p.A. - Cimolai
Romania	Highway Lugoj- Deva*	Motorways, roads and bridges	Salini Impregilo S.p.A.
Saudi Arabia	Riyadh Metro, Line 3*	Railways and metro systems	Civil Works J.V.
Slovakia	Lietavska Lucka-Visnove-Dubna Skala	Motorways, roads and bridges	Salini Impregilo - Duha Joint Venture
Tunisia	Autostrada Oued Zarga-Boussalem*	Motorways, roads and bridges	Todini Costruzioni Generali S.p.A.
Tunisia	Autostrada Sfax-Gabes*	Motorways, roads and bridges	Todini Costruzioni Generali S.p.A.
Ucraina	Strada M03 Kiev – Kharkiv*	Motorways, roads and bridges	Todini Costruzioni Generali S.p.A.
USA	Lane Industries construction projects in the USA and the Middle East; Lane Industries manufacturing facilities in the USA	-	Lane Industries Incorporated
Venezuela	Rail line and stations Puerto Cabello - Contuy Ferrocarriles*	Railways and metro systems	Salini Impregilo S.p.A.
Zimbabwe <sup>66</sup>	Mukorsi Dam	Dams, hydroelectric plants	Impregilo Salini Joint Venture

\* Projects already included in the 2015 Sustainability Report.

66 Projects in their starting or closing phases during the period, for which only the injury data was considered, since the other issues were not significant.

67 Project delivered in June 2016, with much of the construction work completed in 2015. Therefore, in 2016 the only data taken into consideration regarded staff (including injuries), the environment, quality, and economic and financial figures, since the other issues were not significant.

## Methods of calculation

The data and information included in the report are derived from the company's information system used for the management and accounting of the Group and from a Sustainability reporting system specifically implemented to meet the GRI requirements. Some information and data is taken from public sources.

The data was processed using precise calculations and, where specifically indicated, using estimates. Below are the methods for determining the main indicators.

### Injury rates

The injury rates are calculated as determined by the "ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases", as set forth in the GRI Guidelines.

The reported rates are expressed as the number of occurred injuries (IR) and the related number of lost days (LDR) for every 100 employees.

In particular, the IR is calculated as the ratio between the total number of injuries with a prognosis exceeding three days occurring during the period (including deaths) and total hours worked, multiplied by 200,000. The LDR is the ratio between the total number of days lost (related to injuries with prognosis exceeding three days) and the total number of hours worked, multiplied by 200,000. The lost work days are calculated considering the calendar days.

The IR and LDR indexes are shown both in reference to the total workforce and separately for direct staff (section 4.2) and subcontractors (section 3.3).

The calculation of the injury rates excludes commuting injuries. They do, however, include any injuries occurring to independent contractors (eg. consultants). Since they are not linked to the typical activities of the construction sector, any injuries occurring in the operating sites involving staff of the service providers (eg. canteen catering company), at the headquarters, and at the branches are not considered relevant and are therefore not included in the injury rates.

### HSE expenses

Expenses related to reported Health, Safety and the Environment refer to:

- Expenses for the protection of Occupational Health and Safety (OHS), which include personal protective equipment, safety facilities (eg. fire protection systems, electrical grounding), the emergency management vehicles and services (eg. emergency equipment, ambulances, first

- aid facilities, emergency team, etc.), the OHS monitoring activities (eg. laboratories, instruments, measurements, etc.), and the health care expenses (eg. clinic management, medical staff, medicines);
- Expenses for environmental protection, including the environmental protection systems (eg. wastewater treatment plants), equipment (eg. emergency kits, absorbent materials, anti-overflow systems, etc.) and environmental emergency response services (eg. provided by external companies through framework agreements), waste management, environmental restoration and remediation, and environmental monitoring (eg. laboratories, instruments, measurements, etc.);
  - OSH and Environmental management costs, including internal staff dedicated to HSE management systems, external advice, and training costs.

### **Energy used**

The calculations of the direct internal and external (i.e. subcontractors) energy consumption are based on conversion factors provided by the Intergovernmental Panel on Climate Change (2006 IPCC Guidelines for National Greenhouse Gas Inventories).

### **Water withdrawals, discharges, and reus**

The data on water not taken from aqueducts, not purchased from other sources (eg. tankers), and not measured by meters (including discharged and reused water) is calculated from the hours of operation of the pumps used for withdrawals and their hourly flow.

The wastewater is estimated as a percentage of the total water withdrawn, taking into account the specific use of water (industrial or domestic).

Rainwater, even if it is collected, is not calculated because it is not considered significant. The Group does not use wastewater from other organizations.

### **Greenhouse gas emission**

The calculations of the Group's emissions are based on:

- The emission factors provided by the Intergovernmental Panel on Climate Change (2006 IPCC Guidelines for National Greenhouse Gas Inventories) for direct energy consumption;
- The emission factors provided by the International Energy Agency (CO<sub>2</sub> Emissions from Fuel Combustion, 2013 edition, 2011 figures) for indirect energy consumption;

- The emission factors provided by the IPCC (AR4 Fourth Assessment Report - 100yr) to convert CH<sub>4</sub> and N<sub>2</sub>O into CO<sub>2</sub> equivalent;
- 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 transport of materials and machinery.

### **Waste**

The data on waste production is gathered in accordance with the Construction Waste Measurement Protocol published by ENCORD (European Network of Construction Companies for Research and Development) in May 2013.

For EU projects, the information about methods of disposal (i.e. the destination of the waste) are derived from the classification provided by law for each category of waste. For non-EU projects, the methods are derived from the contracts with external waste disposal companies.

### **For more information**

For more information on our approach to Sustainability or to submit suggestions, please write to the following email: [sustainability@salini-impregilo.com](mailto:sustainability@salini-impregilo.com)

## 6.4 GRI Content Index

Disclosure on Standards, DMA, and Indicators	Page Number (or link) The page numbers refer to the paragraph that includes the information required by the indicator	Identified omissions
<b>STANDARDS DISCLOSURE - GENERAL SECTION</b>		
<b>STRATEGY AND ANALYSIS</b>		
G4-1	p. 5	Not applicable
G4-2	p. 15, 115	Not applicable
<b>ORGANIZATIONAL PROFILE</b>		
G4-3	Salini Impregilo S.p.A.	Not applicable
G4-4	p. 9	Not applicable
G4-5	Milan, Italy	Not applicable
G4-6	p. 9 (Countries in which the Group operates), p. 129 (list of projects included in the reporting scope of the Report)	Not applicable
G4-7	Salini Impregilo S.p.A. is a public limited company listed on the Italian Stock Exchange and subject to the direction and coordination of Salini Costruttori S.p.A.	Not applicable
G4-8	p. 9 (geographical breakdown and sectors served). Salini Impregilo works with a diverse range of clients: mainly government agencies, local governments and large utility companies, major private companies and industry organizations.	Not applicable
G4-9	p. 9. For net sales and total capitalization, see the 2016 Annual Report, section Financial highlights. ( <a href="https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html">https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html</a> )	Not applicable
G4-10	p. 124. As regards employment contracts, 89% of staff has a permanent contract, while the remaining 11% has a fixed-term contract. As for the types of employment, part-time contracts are not considered significant in the Group since almost all of the staff has a full-time contract.	Not applicable
G4-11	All employees are covered by some form of collective bargaining. In addition, 46% of the direct labour force is covered by specific construction collective agreements.	Not applicable
G4-12	p. 67	Not applicable
G4-13	For this information, see the Report on Corporate Governance and the Ownership Structure, which refers to 2016 ( <a href="https://www.salini-impregilo.com/en/governance/corporate-governance-report.html">https://www.salini-impregilo.com/en/governance/corporate-governance-report.html</a> )	Not applicable
G4-14	p. 83	Not applicable
G4-15	p. 95 (UN Global Compact)	Not applicable
G4-16	The Group belongs to the following associations: Assonime, Fondazione Global Compact Network Italia, IGI-Istituto Grandi Infrastrutture, Assafrica e Mediterraneo, ITCOLD, Unindustria.	Not applicable

IDENTIFIED MATERIAL ISSUES AND SCOPES		
G4-17	For a list of companies included in the 2016 Annual Report, please refer to that report, section List of companies included in the consolidation scope ( <a href="https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html">https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html</a> ). For the companies included in this Report, see p. 129	Not applicable
G4-18	p. 115 (process for defining the content of the Report) p. 115 (scope of the issues)	Not applicable
G4-19	p. 15, 115 (material issues for Salini Impregilo and related material topics according to the GRI G4)	Not applicable
G4-20	p. 115	Not applicable
G4-21	p. 115	Not applicable
G4-22	p. 124	Not applicable
G4-23	p. 129	Not applicable
STAKEHOLDER ENGAGEMENT		
G4-24	p. 102	Not applicable
G4-25	p. 102	Not applicable
G4-26	p. 102	Not applicable
G4-27	p. 102	Not applicable
PROFILE OF THE REPORT		
G4-28	Calendar Year 2016	Not applicable
G4-29	April 2016	Not applicable
G4-30	Annual	Not applicable
G4-31	sustainability@salini-impregilo.com	Not applicable
G4-32	Salini Impregilo has chosen the "Comprehensive" option for this Report. P. 136 (GRI Content Index), p. 146 (Independent Auditors' Report)	Not applicable
G4-33	p. 129	Not applicable
GOVERNANCE		
G4-34	p. 95	Not applicable
G4-35	p. 95	
G4-36	Roles and responsibilities within the organization were defined for issues related to human resources, HSE, compliance, and anti-corruption.	

G4-37	The Supervisory Board collects any reports received directly from internal and external stakeholders in relation to the implementation of the Model pursuant to Italian Legislative Decree 231/01, regularly informing the Board of Directors.	
G4-38	p. 95. For further information, please refer to our website ( <a href="https://www.salini-impregilo.com/en/governance/board-committees/board-of-directors.html">https://www.salini-impregilo.com/en/governance/board-committees/board-of-directors.html</a> )	
G4-39	The Chairman of the Board of Directors holds no executive roles.	
G4-40	p. 95. For more information, see the Report on Corporate Governance and the Ownership Structure, which refers to 2016, paragraph 4.1	
G4-41	( <a href="https://www.salini-impregilo.com/en/governance/corporate-governance-report.html">https://www.salini-impregilo.com/en/governance/corporate-governance-report.html</a> )	
G4-42	The company mission, the strategies, policies, and goals are approved by the Board of Directors, usually based on the proposals of the Top Management.	
G4-43	p. 95	
G4-44	Please refer to the 2017 Remuneration Report ( <a href="https://www.salini-impregilo.com/en/governance/corporate-governance-report.html">https://www.salini-impregilo.com/en/governance/corporate-governance-report.html</a> )	
G4-45	p. 95. The implementing agents of the Internal Control and Risk Management System are the Board of Directors, the Control and Risk Committee, the CEO, the Board of Statutory Auditors, the Independent Auditors, the Supervisory Board, the Head of Internal Audit, and the Managers of the functions charged with the "second level" controls. For more information, see the Report on Corporate Governance and the Ownership Structure, which refers to 2016, chapter 4	
G4-46	( <a href="https://www.salini-impregilo.com/en/governance/corporate-governance-report.html">https://www.salini-impregilo.com/en/governance/corporate-governance-report.html</a> )	
G4-47		
G4-48	The Sustainability Report is approved by the Board of Directors. The coverage of the material issues is verified by the company management, as explained on p. 115.	
G4-49	Please refer to the G4-37 and G4-50 indicators.	
G4-50	Any potentially critical situations are communicated regularly to the Board of Directors by the Supervisory Board in relation to implementing the Model pursuant to Italian Legislative Decree 231/01. The most significant ones are listed in the 2016 Annual Report, section Main risk factors and uncertainties ( <a href="https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html">https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html</a> )	
G4-51		
G4-52	For more information, please refer to the 2017 Remuneration Report ( <a href="https://www.salini-impregilo.com/en/governance/corporate-governance-report.html">https://www.salini-impregilo.com/en/governance/corporate-governance-report.html</a> )	
G4-53		
G4-54	In 2016, the ratio of the maximum wages paid to the median wages in the significant countries were: 3.6 times in Saudi Arabia; 2.5 times in Denmark; 7.7 times in Ethiopia; 11.8 times in Italy; 3 times in Qatar, and 2.6 times in Venezuela.	
G4-55	In 2016, the percentage differences between the ratios of the maximum wages paid to the median wages in the significant countries were as follows: -6% in Saudi Arabia, -4% in Denmark, +119% in Ethiopia, -5% in Italy, +4% in Qatar, and -12% in Venezuela.	
ETHICS AND INTEGRITY		
G4-56	p. 98	Not applicable
G4-57	p. 98	
G4-58	p. 98	
<b>STANDARDS DISCLOSURE - SPECIFIC SECTIONS</b>		
<b>CATEGORY: ECONOMIC</b>		
<b>MATERIAL ISSUE: ECONOMIC PERFORMANCE</b>		
G4-DMA	p. 15 (materiality matrix), p. 115 (materiality analysis). Please refer to the 2016 Annual Report ( <a href="https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html">https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html</a> )	

G4-EC1	p. 124
G4-EC2	p. 124
G4-EC3	Please refer to the 2016 Annual Report, paragraph Employee Benefits
G4-EC4	( <a href="https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html">https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html</a> )
MATERIAL ISSUE: PRESENCE ON THE MARKETS	
G4-DMA	p. 15 (materiality matrix), p. 25, p. 115 (materiality analysis)
G4-EC5	On average, the entry-level wages compared to the local minimums are +21% at the Group level, +41% on projects in Central and South America, +21% on projects in North America, +7% on European projects, and +33% on projects in the Middle East, Asia and Oceania.
G4-EC6	p. 25. On average, the management hired from local communities was 85% in Europe, 92% in North America, 8% in Central and South America, while it was 0% in Africa and in the Middle East, Asia and Oceania.
MATERIAL ISSUE: INDIRECT ECONOMIC IMPACTS	
G4-DMA	p. 15 (materiality matrix), p. 25, p. 115 (materiality analysis)
G4-EC7	p. 25
G4-EC8	p. 25
MATERIAL ISSUE: PROCUREMENT PRACTICES	
G4-DMA	p. 15 (materiality matrix), p. 25 (local investments), p. 115 (materiality analysis)
G4-EC9	p. 124
<b>CATEGORY: ENVIRONMENTAL</b>	
MATERIAL ISSUE: MATERIALS	
G4-DMA	p. 15 (materiality matrix), p. 25 (challenges), 31 (inclusive and sustainable development), p. 83 (environmental management), p. 115 (materiality analysis)
G4-EN1	p. 124
G4-EN2	p. 83
MATERIAL ISSUE: ENERGY	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN3	p. 124. The methods and conversion factors used are listed in the Methodology Note, p. 129.
G4-EN4	
CRE1	The energy intensity of buildings is not shown, as it is not applicable to Salini Impregilo, which is only active in the infrastructure sector, while the indicator refers to the Real Estate sector (management and occupation of buildings)
G4-EN5	p. 124. The energy intensity ratio is calculated by taking the total energy consumption both inside and outside the Group (numerator) and the operating revenue (denominator).
G4-EN6	p. 83. Diesel was the energy source that had the greatest drop in consumption. The total reduction was equal to 548,798 GJ.
G4-EN7	p. 83
MATERIAL ISSUE: WATER	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 155 (materiality analysis)
G4-EN8	p. 124

G4-EN9	Only one water source was significantly affected by the Group's withdrawals in the period. It is a well outside of a protected area, located in an area where there are no endemic or protected species, and it is not used by local communities.
G4-EN10	p. 83
CRE2	The water intensity of buildings is not shown, as it is not applicable to Salini Impregilo, which is only active in the infrastructure sector, while the indicator refers to the Real Estate sector (management and occupation of buildings)
MATERIAL ISSUE: BIODIVERSITY	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN11	In 2016, the total of the areas affected by the projects covered 663.3 million m <sup>2</sup> , of which 2% located in protected areas, 3.5% adjacent to protected areas and the remaining 94.5% was not affected by protected areas.
G4-EN12	p. 83
G4-EN13	p. 83
G4-EN14	36% of the sites included in the Report contain endemic and protected species. In managing our activities within these sites, we ensure the protection of 16 species included in the IUCN Red List and 31 species included in other national and international protection lists.
MATERIAL ISSUE: EMISSIONS	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN15	
G4-EN16	p. 124. The methods and conversion factors used are listed in the Methodology Note, p. 129.
G4-EN17	
CRE3	The intensity of greenhouse gas emissions from buildings is not shown, as it is not applicable to Salini Impregilo, which is only active in the infrastructure sector, while the indicator refers to the Real Estate sector (management and occupation of buildings.)
CRE4	p. 124. The intensity rate of greenhouse gas emissions is calculated considering the emissions of greenhouse gases resulting from fuels, electricity, and subcontractor activities (Scope 1, 2 and part of 3 - numerator) and operating revenue (denominator).
G4-EN18	
G4-EN19	The implemented energy savings initiatives have reduced greenhouse gas emissions by 40,451 tonnes of CO <sub>2</sub> e.
G4-EN20	The emissions of ozone depleting substances (ODS) are not reported since this standard is not applicable to Salini Impregilo, given that substances harmful to the ozone layer are not used in the main processes, but only for auxiliary services (not significant), such as air-conditioning systems in offices and some of the lodgings.
G4-EN21	p. 124. Emissions from worksites are calculated on the basis of diesel fuel used for the production of electricity and specific emission factors of the generators most used by the Group. Emissions from the Lane Industries production plants are site-specific.
MATERIAL ISSUE: EFFLUENTS AND WASTE	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN22	In 2016, 29.1 million m <sup>3</sup> of wastewater was discharged, of which 89% into rivers, 5% in the soil/subsoil, 5% in the sewage system, and 1% into lakes.
G4-EN23	p. 124
G4-EN24	In 2016, there were five spills for a total of about 0.3 m <sup>3</sup> of spilled material.
G4-EN25	In 2016, 5 tonnes of hazardous waste were transported outside their countries of production, all originating from Greece.

G4-EN26	Three water sources were significantly affected by the Group's discharges during that period, including three rivers. These all are located in protected areas and are affected by the presence of endemic or protected species, while none are used by local communities.
CRE5	In 2016, an area of 10,982 m <sup>2</sup> was remediated, while an area of 444,444 m <sup>2</sup> underwent analysis (not yet remediated) and a potentially contaminated area of 3,200 m <sup>2</sup> was identified (not yet subjected to analysis).
MATERIAL ISSUE: COMPLIANCE	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN29	In 2016, we received 7,125 non-monetary sanctions for environmental issues (7,120 of which were received by the Cociv consortium in Italy) and monetary penalties totalling 37,000 euros.
MATERIAL ISSUE: TRANSPORT	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN30	p. 83. The emissions of greenhouse gases related to transport amounted to 477,809 tonnes of CO <sub>2</sub> e, of which 335,910 tonnes resulted from direct transport activities (Scope 1) and 141,899 tonnes from transport operations carried out by subcontractors, business travel, and the transport of goods and materials (Scope 3).
MATERIAL ISSUE: GENERAL	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN31	p. 124
MATERIAL ISSUE: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN32	8% of new suppliers were analysed regarding environmental issues.
G4-EN33	p. 67. During the period, 1% of subcontracting contracts were terminated in advance for environmental non-compliance. Apart from the impacts of subcontractor activities, other less significant environmental impacts derive from the production of purchased cement. We cannot intervene on this point, due to the production processes for that material.
MATERIAL ISSUE: ENVIRONMENTAL COMPLAINT SYSTEMS	
G4-DMA	p. 15 (materiality matrix), p. 83, p. 115 (materiality analysis)
G4-EN34	During the period, 155 environmental complaints were received, 143 of which were resolved in the year. In addition, 12 complaints received in previous years were resolved in 2016.
<b>CATEGORY: SOCIAL</b>	
<b>SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK</b>	
MATERIAL ISSUE: EMPLOYMENT	
G4-DMA	p. 15 (materiality matrix), p. 58, p. 115 (materiality analysis)
G4-LA1	In 2016, there were 9,711 new hires (28% of total employees), of which 3,870 were under age 30, 5,153 between 30 and 50, and 688 over 50 (792 women and 8,919 men). The incoming turnover rate amounted to 59% in Central America and South America, 32% in Africa, 28% in the Middle East, Asia and Oceania, 18% in Europe, and 6% in North America. During the same period, 14,251 employees left the Group (41% of total employees). However, this figure is not material since worksite staff varies throughout the year according to the working stages. A more balanced view is instead provided by employees who resigned. In 2016, these were 3,270 (9% of total employees), of which 1,303 under 30, 1,636 between 30 and 50, and 331 above 50 (267 women and 3,003 men). The outgoing turnover rate is 14% in North America, 11% in Europe, 9% in the Middle East, Asia and Oceania, and 8% in Africa and Central America and South America.

G4-LA2	In Salini Impregilo, only the headquarters use part-time and temporary employees. They enjoy the same benefits granted to full-time and permanent contract employees.
G4-LA3	Parental leave is significant only at the headquarters, since the worksite staff is made up almost exclusively of men. All the staff working at the headquarters has the right to take parental leave (573 employees, including 200 women and 373 men). Of these, sixteen women and one man took the leave in 2016, seven women and a man returned to work at the end of the parental leave, and three women were still employed twelve months after returning to work.
MATERIAL ISSUE: INDUSTRIAL RELATIONS	
G4-DMA	p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)
G4-LA4	The minimum notice for communicating significant operational changes in Salini Impregilo is a fixed period, recognized by collective bargaining agreements and by the relevant local laws. It varies from two to twelve weeks for executives, from one to twelve for staff, and from one to nine for workers.
MATERIAL ISSUE: OCCUPATIONAL HEALTH AND SAFETY	
G4-DMA	p. 15 (materiality matrix), p. 74, p. 115 (materiality analysis)
G4-LA5	In the period, the direct staff of 39% of the projects was represented in formal health and safety committees or joint HSE committees, composed of management and workers' representatives.
G4-LA6	p. 67, 74, 124. In 2016, the main types of injuries that occurred were bruises, wounds and sprains. Hands, head and trunk were the most affected parts of the body. Most injuries were caused by materials and other substances, work environments, equipment and devices. Despite the rigorous activities of risk assessment and operational control, during the period there were eleven fatalities (one occurring to a subcontractor). The absenteeism rate was 1% (2.4% in Europe, 1.5% in Central America and South America, 1.5% in Africa, 0.5% in North America and 0.2% in Middle East, Asia and Oceania). The rate of occupational diseases is 0.20.
CRE6	The organization operates in accordance with a health and safety management system verified internally and externally, in accordance with the OHSAS 18001 standard.
G4-LA7	The activities carried out by Salini Impregilo expose staff to common health risks in the construction sector, i.e. back problems, musculoskeletal disorders, hearing loss, and respiratory diseases.
G4-LA8	The International Framework Agreement signed in 2014 with the National and International Construction Trade Unions also covers health and safety issues for all workers in the world. In addition, the direct employees of 21% of the projects are also covered by specific worksite agreements with local trade unions regarding health and safety issues. Those agreements also govern issues such as the use of personal protective equipment and the right to refuse dangerous work (100% of the total), training and periodic inspections (83% of the total), compliance mechanisms and KPIs (33% of the total).
MATERIAL ISSUE: TRAINING AND EDUCATION	
G4-DMA	p. 15 (materiality matrix), p. 58, p. 115 (materiality analysis)
G4-LA9	p. 124. Because in operating sites the staff is mostly male, the breakdown of training hours by gender is not considered significant.
G4-LA10	p. 58, 74
G4-LA11	p. 95. In the period, as part of the Performance Management program, 21% of the corporate personnel received a performance evaluation.
MATERIAL ISSUE: DIVERSITY AND EQUAL OPPORTUNITIES	
G4-DMA	p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)
G4-LA12	p. 95 (composition of the governance system). For this information see the Report on Corporate Governance and the Ownership Structure, which refers to 2016, paragraph 4.2 ( <a href="https://www.salini-impregilo.com/en/governance/corporate-governance-report.html">https://www.salini-impregilo.com/en/governance/corporate-governance-report.html</a> ); p. 124 (breakdown of the employees).

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MATERIAL ISSUE: REMUNERATION EQUALITY BETWEEN MEN AND WOMEN

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-LA13 In 2016, at the headquarters, the remuneration ratio between women and men was 75% for managers and 85% for staff. There were no manual workers at the headquarters.

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MATERIAL ISSUE: GRIEVANCE SYSTEM LABOUR PRACTICES

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G4-DMA p. 15 (materiality matrix), p. 67, p. 115 (materiality analysis)

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G4-LA14 20% of new suppliers were analysed in relation to labour practices and human rights (especially health and safety).

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G4-LA15 p. 67. In 2016, 32% of subcontractors monitored on issues relating to labour practices and human rights received non-compliances and improvement actions were agreed with them, while 1.03% of contracts was terminated in advance.

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MATERIAL ISSUE: LABOUR PRACTICES GRIEVANCE MECHANISM

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-LA16 In the period we received 295 grievances related to labour practices and human rights (269 of them related to health and safety), of which 239 were resolved during the year. In addition, 41 grievances received in the previous periods were resolved in 2016.

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**SUB-CATEGORY: HUMAN RIGHTS**


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MATERIAL ISSUE: INVESTMENTS

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G4-DMA p. 15 (matrice di materialità), p. 67, p. 78, p. 115 (analisi di materialità)

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G4-HR1 During the period there were no significant investment agreements and/or contracts (eg. new acquisitions). As regards relations with clients, issues relating to human rights are included in the social and environmental impact assessments of projects, which normally form an integral part of the contracts.

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G4-HR2 The entire staff receives an induction training upon recruitment on issues related to ethics, including respect for human rights. In 2016, about 4,700 hours of training were provided on these issues.

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MATERIAL ISSUE: NON-DISCRIMINATION

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-HR3 In 2016, we did not record any cases of discrimination.

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MATERIAL ISSUE: RESPECT FOR FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-HR4 p. 78

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MATERIAL ISSUE: CHILD LABOUR

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-HR5 p. 78

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MATERIAL ISSUE: FORCED OR COMPULSORY LABOUR

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-HR6 p. 78

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MATERIAL ISSUE: SAFETY PRACTICES

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G4-DMA p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)

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G4-HR7 p. 78

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MATERIAL ISSUE: INDIGENOUS RIGHTS	
G4-DMA	p. 15 (materiality matrix), p. 102, p. 115 (materiality analysis)
G4-HR8	p. 102
MATERIAL ISSUE: ASSESSMENT	
G4-DMA	p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)
G4-HR9	p. 115
MATERIAL ISSUE: SUPPLIER HUMAN RIGHTS ASSESSMENT	
G4-DMA	p. 15 (materiality matrix), p. 67, p. 115 (materiality analysis)
G4-HR10	20% of new suppliers were analysed in relation to labour practices and human rights (especially health and safety).
G4-HR11	Please refer to indicator G4-LA15
MATERIAL ISSUE: HUMAN RIGHTS GRIEVANCE SYSTEMS	
G4-DMA	p. 15 (materiality matrix), p. 78, p. 115 (materiality analysis)
G4-HR12	Please refer to indicator G4-LA16
SUB-CATEGORY: SOCIETY	
MATERIAL ISSUE: LOCAL COMMUNITIES	
G4-DMA	p. 15 (materiality matrix), p. 25, p. 78, p. 115 (materiality analysis)
G4-SO1	In carrying out our activities, we take care of our local communities, striving to minimize any adverse impacts on them. For 36% of our projects, the social impact assessments are part of the contractual requirements. In addition, 43% of our projects have specific reporting systems for local communities, 25% have community consultation processes, 32% have prepared formalized plans for stakeholder engagement, and 18% have defined community development programmes.
G4-SO2	Our main impacts on local communities involve noise, dust and traffic (frequent), the use of natural resources potentially used by communities (eg. water), and potential soil contamination arising from working activities (rare).
CRE7	Resident transfer plans were implemented in four projects. These plans affected 1,094 people, including 974 in Italy, 100 in Poland, and 20 in the United States.
MATERIAL ISSUE: ANTI-CORRUPTION	
G4-DMA	p. 15 (materiality matrix), p. 98, p. 115 (materiality analysis)
G4-SO3	p. 98
G4-SO4	p. 98
G4-SO5	Please refer to the 2016 Annual Report, section Main risk factors and uncertainties ( <a href="https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html">https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html</a> )
MATERIAL ISSUE: PUBLIC POLICY	
G4-DMA	p. 15 (materiality matrix), p. 115 (materiality analysis). As stated in our Code of Ethics, the Group does not make direct or indirect contributions to political parties, political movements and committees, trade unions or political organizations, or to their representatives.
G4-SO6	The Code of Ethics prohibits both direct and indirect contributions to political parties and trade union organizations.

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MATERIAL ISSUE: ANTI-COMPETITIVE BEHAVIOUR

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G4-DMA p. 15 (materiality matrix), p. 98, p. 115 (materiality analysis)

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G4-SO7 Please refer to the 2016 Annual Report, section Main risk factors and uncertainties  
(<https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html>)

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MATERIAL ISSUE: COMPLIANCE

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G4-DMA p. 15 (materiality matrix), p. 98, p. 115 (materiality analysis)

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G4-SO8 Please refer to the 2016 Annual Report, section Main risk factors and uncertainties  
(<https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html>)

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MATERIAL ISSUE: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

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G4-DMA p. 15 (materiality matrix), p. 67, p. 115 (materiality analysis)

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G4-SO9 All of our sites carry out an assessment of new suppliers with regard to their reputation and financial solidity. In addition, in accordance with the performed risk analyses, the possible presence in the reference lists/blacklists was verified for 41% of new suppliers.

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G4-SO10 All suppliers are assessed for potential impacts on society during the prequalification process. Our potential impacts in the supply chain mainly stem from our subcontractors. For this reason, they are subject to the same rules applied to the staff and to direct activities.

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MATERIAL ISSUE: GRIEVANCE SYSTEMS FOR IMPACTS ON SOCIETY

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G4-DMA p. 15 (materiality matrix), p. 98, p. 115 (materiality analysis)

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G4-SO11 276 grievances were recorded for potential impacts on society, of which 234 were resolved during the period. In addition, 27 grievances received in the previous periods were resolved in 2016. These figures do not include the Ruta del Sol (Colombia) project, whose grievances management system does not allow reporting precisely the received grievances by motivation. However, the main grievances received by the project related to alleged damage to private property.

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**SUB-CATEGORY: PRODUCT RESPONSIBILITY**


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MATERIAL ISSUE: COMPLIANCE

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G4-DMA p. 15 (materiality matrix), p. 98, p. 115 (materiality analysis)

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G4-PR9 Please refer to the 2016 Annual Report, section Main risk factors and uncertainties  
(<https://www.salini-impregilo.com/en/investor-relations/results/financial-reports.html>)

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## 6.5 Independent Auditors' Report

# Deloitte.

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### INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT

#### To the Board of Directors of Salini Impregilo S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of the Salini Impregilo Group (the "Group") as of December 31, 2016.

#### *Directors' responsibility on the Sustainability Report*

The Directors are responsible for the preparation of the Sustainability Report in accordance with the "G4 Sustainability Reporting Guidelines" and the "Construction and Real Estate Sector Disclosures" issued in 2013 and 2014 by GRI – Global Reporting Initiative, as stated in the paragraph "Methodology note" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the Salini Impregilo Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

#### *Auditors' responsibility*

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

The procedures performed on the Sustainability Report included inquiries, primarily with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

These procedures consisted in verifying its compliance with the principles for defining report content and quality set out in the "G4 Sustainability Reporting Guidelines", and are summarized as follows:

- comparing the economic and financial information and data included in the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2016, on which another auditor issued the report pursuant to articles 14 and 16 of Legislative Decree no. 39 of January 27, 2010, dated April 5, 2017;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Parma Roma Torino Treviso Verona

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- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
  - interviews and discussions with the management of Salini Impregilo S.p.A. and with the personnel of Isarco S.c.a r.l., Civil Works J.V. e Lane Industries Incorporated to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
  - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the Chief Executive Officer of Salini Impregilo S.p.A., on the compliance of the Sustainability Report with the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

#### *Conclusion*

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Salini Impregilo Group as of December 31, 2016 is not prepared, in all material respects, in accordance with the "*G4 Sustainability Reporting Guidelines*" and the "*Construction and Real Estate Sector Disclosures*" issued in 2013 and 2014 by *GRI – Global Reporting Initiative*, as stated in the paragraph "Methodology note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
 Partner

Milan, Italy  
 April 12, 2017

*This report has been translated into the English language solely for the convenience of international readers.*



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