



# **Salcef Group S.p.A.** **2021** **Sustainability report**

## **Consolidated non-financial statement**

pursuant to Legislative decree no. 254/2016

Approved by the board of directors on 16 March 2022  
Translation from the Italian which remains the definitive version





### **Salcef Group S.p.A.**

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# **Salcef Group**

# **2021 Sustainability report**

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Gilberto Salciccia  
*Chairman*

Valeriano Salciccia  
*CEO*



# Letter to the stakeholders

GRI 102-14 

## Dear stakeholders,

The 2021 Sustainability report is a step forward in the natural process of improving reporting on ESG topics and accountability to our stakeholders.

We are pleased to present a report which, for the first time, has been prepared in accordance with the core option of the GRI Standards and for which the materiality analysis directly involved both internal and external stakeholders.

In a situation still dominated by the social and economic effects of the pandemic, Salcef Group achieved robust results in 2021. The group grew strongly, thanks to both ongoing investments in machinery and the development of our human capital, as well as foreign acquisitions. The economic value distributed thus rose by 34%, resulting in a tangible social benefit for the communities in which we operate, thanks to our business model which is strongly focussed around local supplies (96% of the total).

In terms of the ESG performances discussed in this report, several improvements were made during the year, as certified by external bodies such as Ecovadis and MSCI, which improved the group's ratings during 2021. Among the aspects to which we would like to draw your attention is the 12% increase in Salcef Group's workforce, which rose to 1,409 people, including the onboarding of 115 under 30s (23% of total new hires) and an increase in the female component. As reflected by the materiality matrix, the health and safety of our employees is the lodestar of all our policies, which led to very positive results in 2021. The group's initiatives - which included the internally-designed "Cantiere Sicuro" (Safe Sites) training programme involving operating personnel and management - enabled a significant decrease in the injury metrics, with improvements in both the frequency rate and the severity rate. Training plays a vital role in ensuring ongoing improvement in these indices: more than 40,000 training hours were provided in 2021, including 50% dedicated to health and safety, with a 31% increase in hours per capita, up from 23.7 in 2020 to 31.1 in 2021. In terms of the environment, the consumption of electricity from renewable sources more than doubled to account for 16% of overall requirements. For the first time, the 2021 Sustainability report also includes disclosure on the indirect (Scope 3) emissions, the reporting of which is based on a detailed analysis of the group's transport and logistics system. The group's governance was also further bolstered with the adoption of the Salcef Group integrated policy, the ramping up of audits of both management systems and at work sites, and the progress on the organisation of the group's ERM system.

The European Year of Rail saw governments roll out major investment plans for sustainable mobility - rail in particular - in the key geographical areas in which Salcef operates. In Italy, Mission 3 of the six missions of the National Recovery and Resilience Plan was dedicated to Infrastructure for Sustainable Mobility, which was allocated €31 billion to be invested by 2026. The Bipartisan Infrastructure Deal in the United States also allocated more than €100 billion to the development of local and national railway transport.

Conscious of the role of sustainable mobility in combating climate change and in shaping a future where communities are linked by safe, fast and low-impact connections, Salcef Group will continue its commitment as a leading player in the development of infrastructure for sustainable mobility, bolstering reciprocal collaboration with all stakeholders, and where sustainability reporting which rises to the expectations and challenges of the future plays an important part.




Gilberto Salciccia  
Chairman



Valeriano Salciccia  
CEO

## Highlights

### PEOPLE

**+12%** Employees 



**43.902**

(+47,6%)

Training hours provided



**31,2**

(+31,8%)

Per capita training hours



**-41,5%**

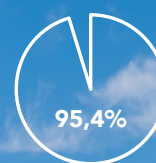
Injury frequency rate



**-6%**

Injury severity rate

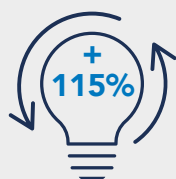
### EU TAXONOMY



of revenue from sustainable activities  
under the EU Taxonomy

## ENVIRONMENTAL IMPACT

Consumption of electricity  
from renewable sources



Water withdrawal from all  
areas with water stress

**-31,6%**

**99,9%**

Waste sent for recovery  
(97% in 2020)



#### Green certificates

During the year, Salcef Group S.p.A., Salcef S.p.A., Euro Ferroviaria S.r.l. and Coget Impianti S.r.l. received guarantees of origin attesting to the renewable origin of 182 MW of electricity purchased, accounting for approximately 5% of the total.

#### ISO 14001 certification for SRT S.r.l.

SRT S.r.l. was ISO 14001-certified in July 2021, taking the number of group companies with a certified environmental management system to six.



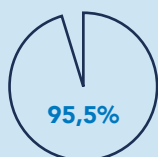
## RESPONSIBLE BUSINESS

**2.347** suppliers subject to qualification

## VALUE FOR THE COMMUNITY

Economic value distributed

€ **+33,6%**  
vs. 2020



of purchases from local suppliers



### "Cantiere Sicuro" (Safe sites)

Launched in 2021, the group's internal information campaign on safety at work sites involved some 200 group employees, including project managers, safety managers, site managers, site foremen and squad leaders of all business units in the construction sector. See the "[Cantiere Sicuro](#)" (Safe sites) paragraph for further information.

### Salcef for the Future

The first edition of the Salcef for the Future project in 2021 saw the recruitment of 14 young engineers. "[Salcef for the future](#)" is a pathway for the professional onboarding of young engineers with a view to cultivating the new generations in the railway infrastructure sector and to give them the opportunity to work on-site, thereby coming into direct contact with the group's operational management. See the Salcef for the Future paragraph for further information.

### Contributions and initiatives to support the not-for-profit sector

During the year, Salcef Group and its subsidiaries contributed to and took part in various major national (such as Telethon) and local (Caritas, Rome and the Community of Sant'Egidio) projects and initiatives in support of the most vulnerable and marginalised people. See the [Support of associations and the community](#) paragraph for further information.



## GOVERNANCE



**156** Audits performed  
(+136,4%)



### MBO

With the implementation of the MBO system for key management personnel, performance targets are communicated and assigned in various areas, including the environment, worker health and safety, social issues and governance. Based on the achievement of the targets, variable incentives are provided in the form of both cash and shares. Section [Performance management and MBO](#) provides further details.

### The Salcef Group Integrated Policy

The Salcef Group Integrated Policy was issued on 14 April 2021, formalising the group's commitment to quality, environmental protection and energy efficiency, health and safety, social responsibility and anti-corruption, in line with the Ten Principles of the UN Global Compact.

# Methodological note

GRI 102-45 GRI 102-46

GRI 102-50 GRI 102-51

GRI 102-52 GRI 102-53

GRI 102-54



The consolidated non-financial statement (the "non-financial statement" or "NFS") of Salcef Group S.p.A. ("Salcef", "Salcef Group" or the "group"), was prepared in accordance with articles 3 and 4 of Legislative decree no. 254/2016 (the "Decree"), which implemented Directive 2014/95/EU. It provides information relating to environmental, social and personnel issues, the respect for human rights and the fight against corruption, to the extent necessary to enable an understanding of the group's business, performance, results and impact. As required by Legislative decree no. 254/2016, it also discusses the main risks, generated or faced, arising from the above issues and the group's activities, its products, services or commercial relationships, including, where material, the supply and sub-supply chains, with a description of the related management methods.

The NFS has been prepared in accordance with the methodologies and principles of the GRI Sustainability Reporting Standards (core option), defined by the Global Reporting Initiative (the "GRI Standards").

The NFS contains an annex summarising the information related to the various matters treated (the GRI content index), to help locate the indicators and other quantitative and qualitative information presented within the report.

The reporting principles applied in the preparation of the non-financial statement are those of the GRI Standards: materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, reliability and clarity.

The indicators selected are those provided for by the GRI Standards. They represent the specific areas of sustainability analysed and are consistent with the operations of Salcef Group and the impacts thereof. These indicators were selected on the basis of a materiality analysis, as described in [Chapter 2. COMMITMENT TO SUSTAINABLE MOBILITY](#).

The materiality analysis was carried out in line with Legislative decree no. 254/2016 and the GRI Standards.

The GRI Standards enable companies to report on the most significant impacts of their operations and commercial relations on the economy, environment and people. These effects, which

are often financial (or which could have financial impacts over time) are of prime importance for sustainable development and for stakeholders and are at the core of sustainability reporting. Accordingly, these effects are also important for those interested in an organisation's financial results and its performance and ability to operate as a going concern. Sustainability reporting is therefore key to financial reporting and the value of an organisation. The data made available through sustainability reporting provides information for the identification of financial risks and opportunities related to an organisation's impacts and for its financial assessment.

For the purposes of the preparation of the non-financial statement, reference was also made to the European Commission Communication published in June 2019, "Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)", which supplements the recommendations of the Task Force on Climate-related Financial Disclosures - TCFD) of the Financial Stability Board. The recommendations of the TCFD are structured around four thematic areas: governance, strategy, risk management, and metrics and targets.

The reporting scope for the data and qualitative and quantitative information relates to the performance of the parent, Salcef Group S.p.A., and its subsidiaries as per the group's consolidated financial statements at 31 December 2021. Where quantitative information required the use of estimates, this is stated in the various sections of this report. Reference should be made to the group's consolidated financial statements for the information on events subsequent to 31 December 2021.

Comparative figures for the previous two years are presented to enable a comparison of the data over time and the assessment of the performance of Salcef Group's operations.

The NFS includes a reference to the disclosure required by article 8 of Regulation (EU) 2020/852, related to the EU Taxonomy for sustainable activities. The Taxonomy establishes the conditions an economic activity must meet in order to be considered sustainable. This disclosure is provided in [Chapter 2. COMMITMENT TO SUSTAINABLE MOBILITY, EU Taxonomy for sustainable activities](#) paragraph.





The process for the preparation of the NFS involved the managers of the various departments of the parent, Salcef Group S.p.A., and its Italian and foreign subsidiaries.

The non-financial statement was approved by the board of directors of Salcef Group S.p.A. on 16 March and KPMG S.p.A. performed a limited assurance engagement on the basis of the principles and indications contained in ISAE 3000 (International Standard on Assurance Engagements 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). KPMG S.p.A. is also the independent auditor appointed to carry out the statutory audit of the separate and consolidated financial

statements of Salcef Group S.p.A.. The independent auditors' report is presented at the end of this report.

The NFS is prepared annually and is published on the group's website, [www.salcef.com](http://www.salcef.com). Additional information in this regard can be requested from the following address: [sustainability@salcefgroup.com](mailto:sustainability@salcefgroup.com).





# Salcef group: integrated solutions for sustainable mobility

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About us

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Strategic guidelines

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Economic value generated and distributed







# About us

GRI 102-1 GRI 102-2  
GRI 102-3 GRI 102-4 GRI 102-5  
GRI 102-6 GRI 102-7  
GRI 102-10 GRI 203-1

Salcef Group is active in the design, construction and maintenance of systems for railway infrastructure and tram and metro networks in Italy and abroad. It builds infrastructure to connect geographical areas and facilitate the movement of goods

and people drawing on its specific know-how and equipment. The group provides specialist and integrated services deploying its cutting-edge expertise in structural, civil and technological components.

## Vision



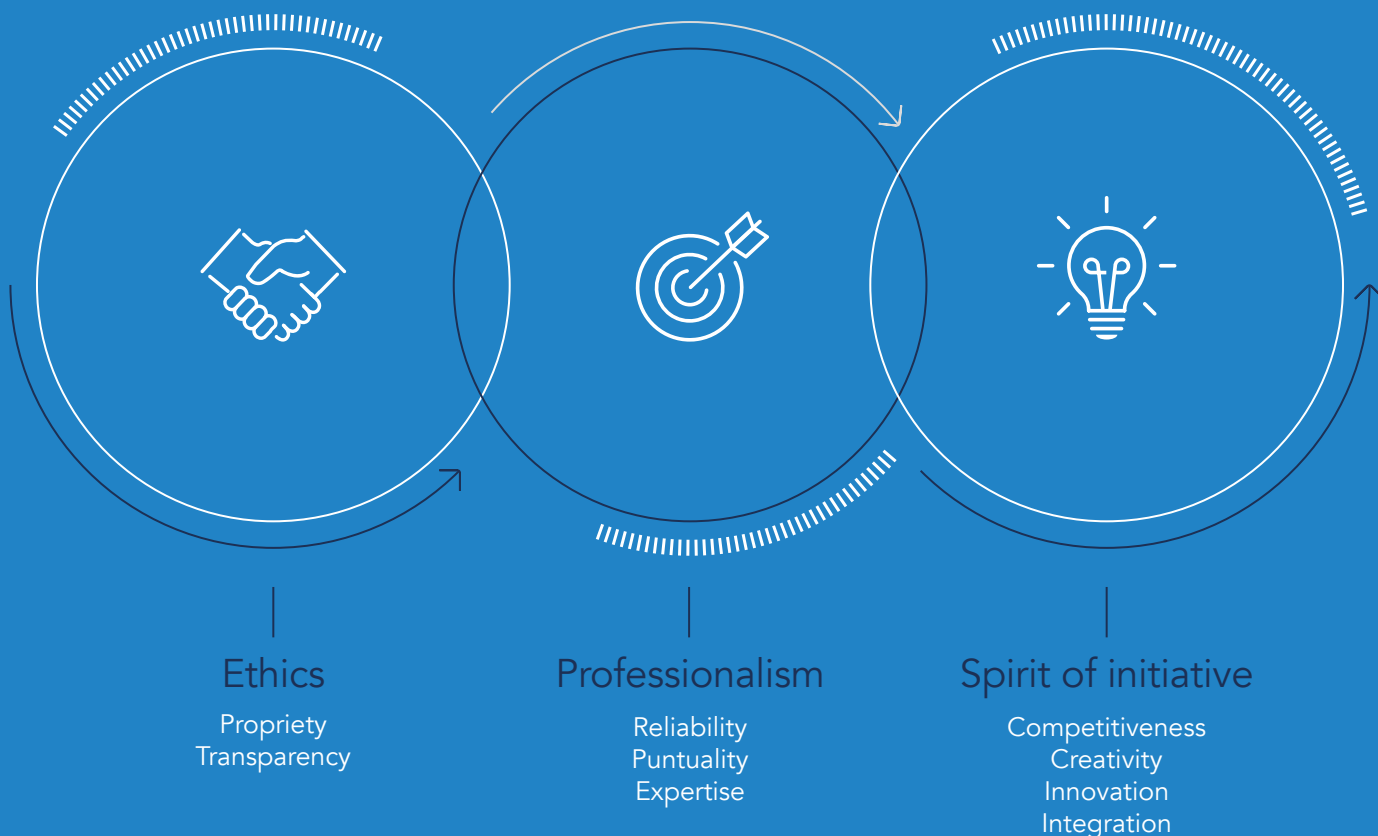
Our vision is to be a global leader in sustainable mobility, facilitating social and economic links between communities through modern, accessible and safe railway infrastructure.

## Mission



Our mission is to offer the global railway industry integrated, innovative and highly specialised solutions, harnessing our experience, expertise and the dedication that has set us apart for more than 70 years.

## Our values







### Ethics

### Fairness & transparency

Our governance system facilitates access to information on our companies and ensures the utmost compliance with regulations. We operate stringent control procedures for our work in both the public and private sectors.



### Professionalism

### Reliability & punctuality

We complete all our clients' projects, however difficult and complex. Once we have made a commitment, we guarantee punctuality and precision and we always meet our deadlines.



### Professionalism

### Expertise & competitiveness

We have always believed and invested in the expertise of our staff, as professionalism, experience and specialisation are the keys to achieving success in our market.



### Spirit of initiative



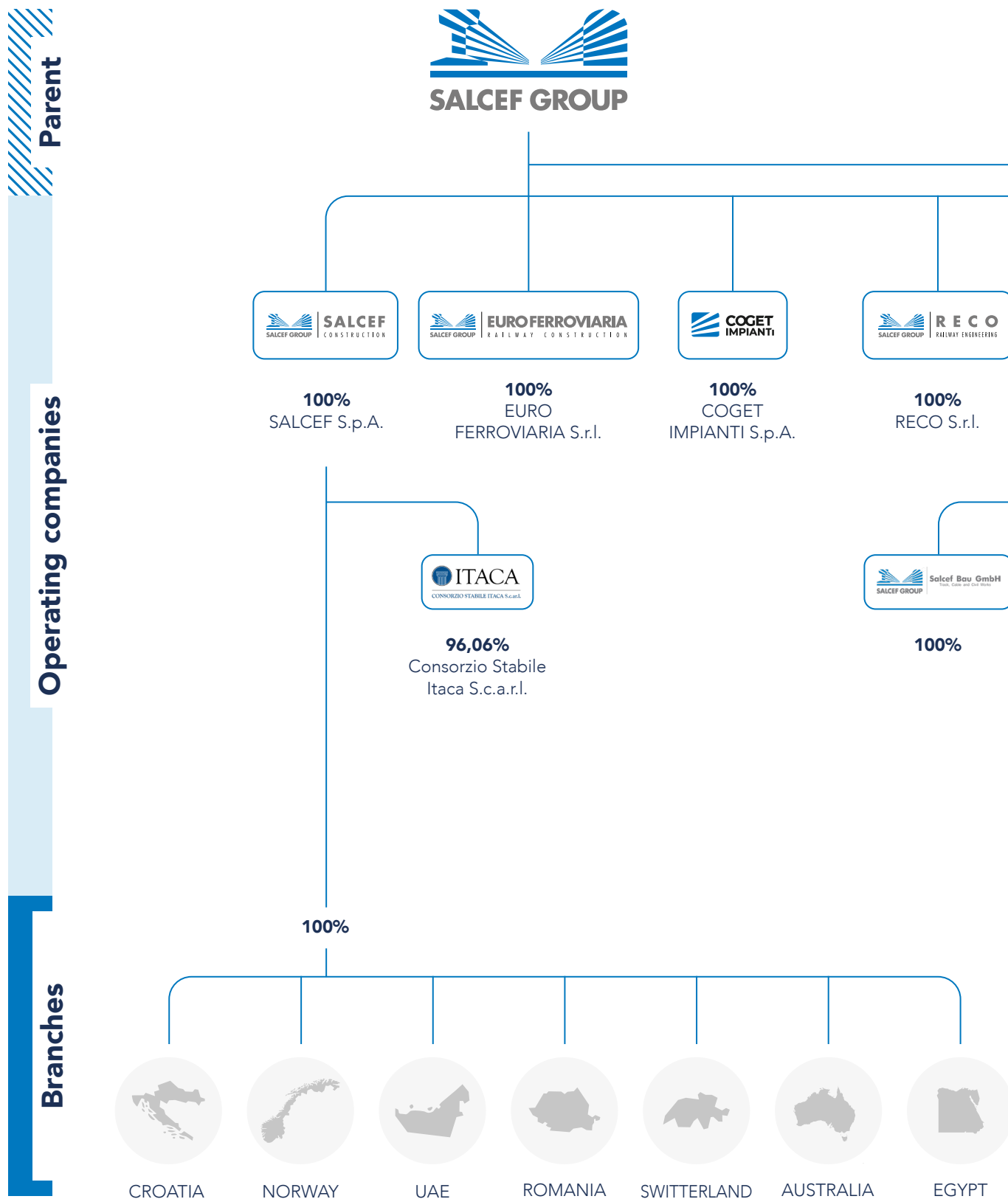
### Spirit of initiative

### Creativity & innovation

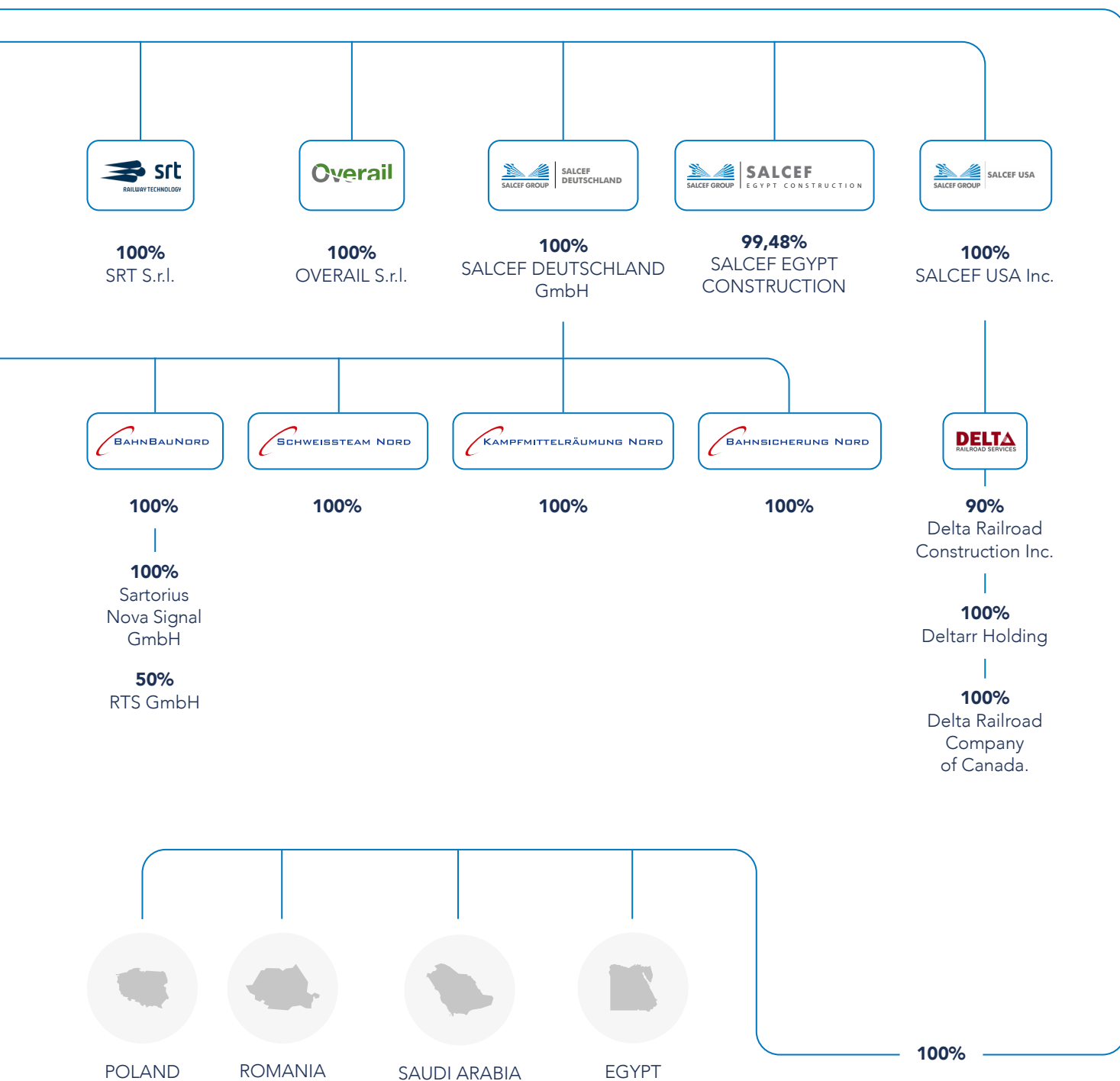
We continuously develop new technological solutions through continuous research.



## The group







Salcef Group is comprised of 11 operating companies and ten branches. It is located in 16 different countries, reflecting the group's international footprint which grows through expansion into new markets.

**Salcef Group S.p.A.** is the group's holding company and manages and coordinates the various subsidiaries and branches. The group's registered office is in Via di Pietralata, 140, Rome.

**Salcef S.p.A.** is the group's most important company in terms of revenue. Together with **Euro Ferroviaria S.r.l.**, it operates in the Italian railway and metro construction and maintenance sector. It has highly specialised workers and means and specific business units corresponding to its main sectors.

**Coget Impianti S.r.l.**, active in the energy transmission and telecommunications infrastructure sector since 1983, is specialised in the design, construction and maintenance of railway electrification systems and overhead and underground lines for the transmission and distribution of electricity at high, medium and low voltage.

**SRT S.r.l.** is involved in the design, production and maintenance of rolling stock. It has industrial facilities in Fano and Sant'Ippolito and it is also a maintenance centre certified by RFI, the manager of the Italian railway network.

**Overail S.r.l.** (formerly Vianini Industria) manages the Aprilia production facility and produces railway sleepers and prefabricated systems for urban transport.

**RECO S.r.l.** provides design and engineering services for the construction of railway infrastructure. It also plays a key role in the development of technological and industrial solutions working closely with the other group companies.

**Salcef USA Inc.**, set up in March 2020 with registered office in Delaware, coordinates the United States-based subsidiaries of the group to provide this market with railway line construction and renewal services.

**Delta Railroad Construction Inc.**, the parent of Delta Group, has been active in the USA and Canada in the construction and maintenance of railway systems and machinery since 1957. Salcef Group acquired Delta Railroad Construction Inc. in September 2020.

**Salcef Deutschland GmbH** is the German company acquired in May 2021 as Verwaltung und Beteiligung Nord GmbH and subsequently renamed Salcef Deutschland. Since December

2021, it coordinates the Germany-based subsidiaries of the group to provide this market with railway line construction and renewal services.

**Salcef Bau GmbH** is active on the German market in railway construction and maintenance, specialised in the development of civil works in the railway sector. Formerly H & M Bau, it is the long-standing supplier of Deutsche Bahn AG, part of Salcef Group since 2018.

**BahnBau Nord GmbH** is the German group with over 30 years experience in the railway transport network in Germany: construction of tracks and new turnouts and their repair, civil engineering, works on railway tracks and systems, welding works, detection of explosive devices, track safety works and assistance with shunting. The BahnBau GmbH Group comprises the following companies: **BahnBau Nord GmbH, Sartorius Nova Signal GmbH, RTS GmbH, Kampfmittel-räumung Nord GmbH, Bahnsicherung Nord GmbH** and **Schweißteam Nord GmbH**.

## The history of a key player in the railway sector

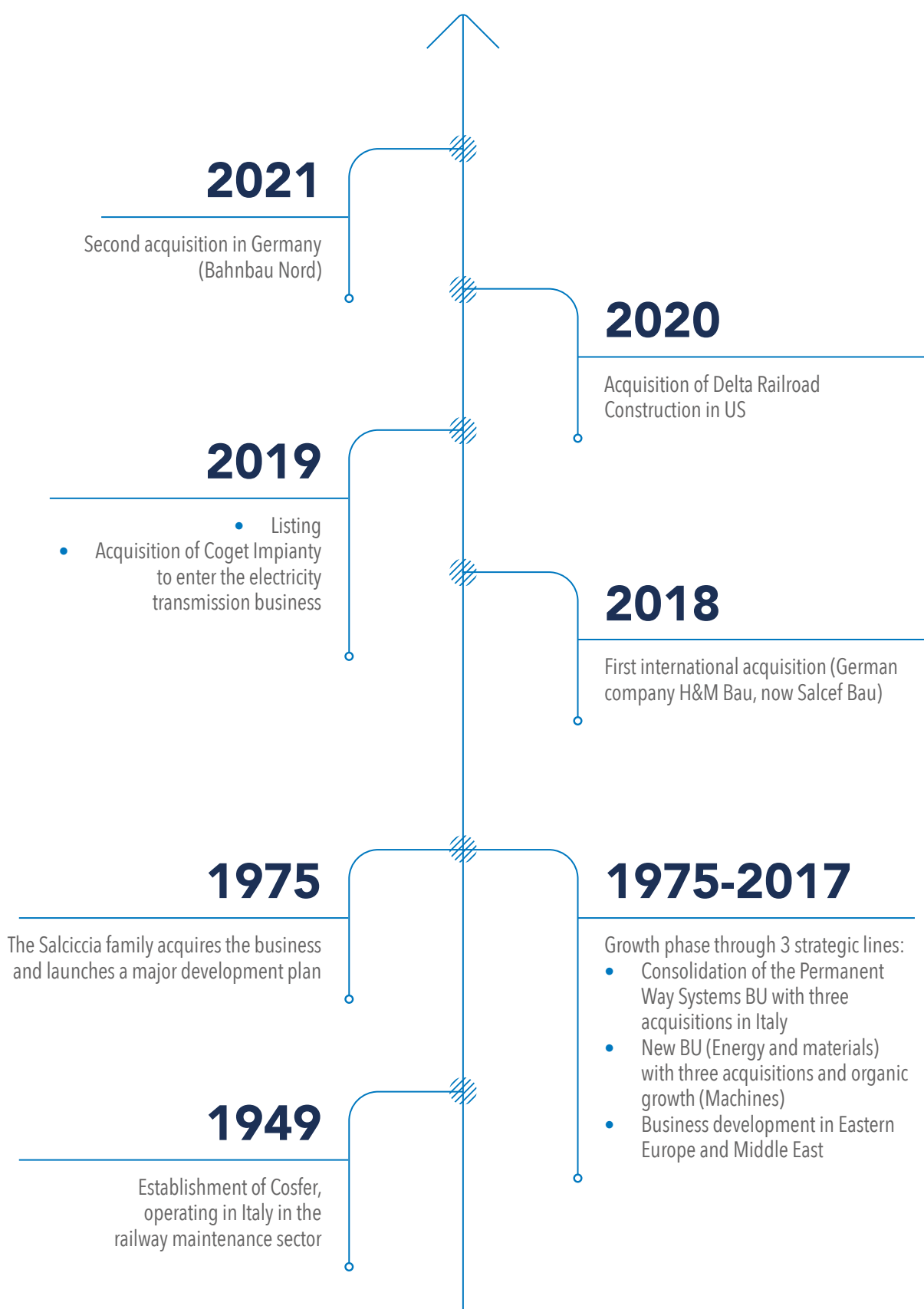
Salcef commenced its activity in the railway construction sector in Italy in 1949 and has always featured an organisational model which prioritises innovation and highly-specialised production processes. Over the decades, it has acquired a series of companies operating in the permanent way systems sector, expanding its reach and creating a structure able to build complex works.

Since the 1990's, the group has expanded its global footprint in the European, African and Middle Eastern markets to become known and respected in Italy and abroad.

Salcef's current corporate structure was adopted to respond to the challenges of the market and to offer a wide range of solutions. The group's strength lies in its specialised working methods, a dynamic industrial vision devoted to technological investment and development on the global stage.

## Share capital structure

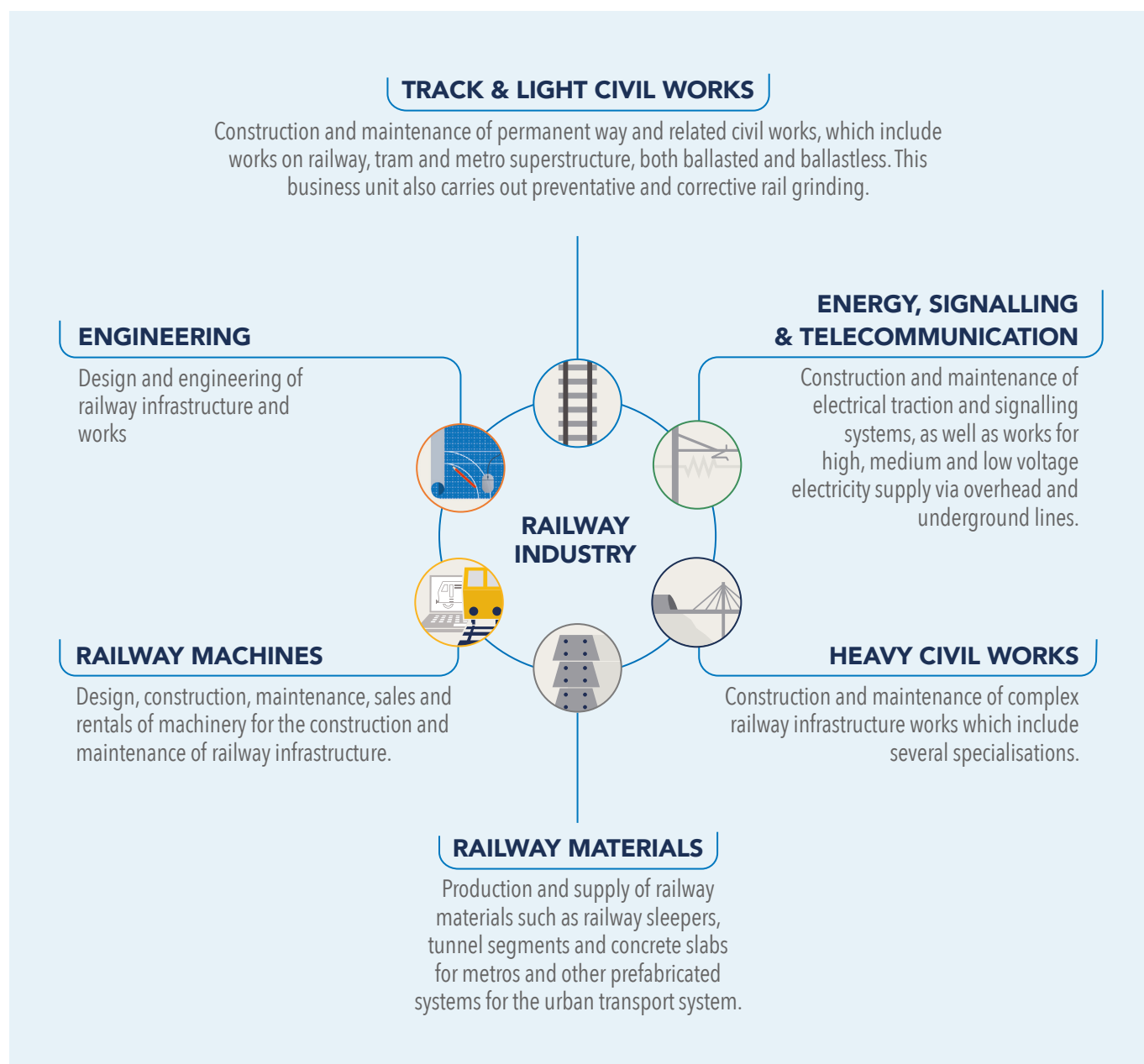
At 31 December 2021, the share capital of the parent, Salcef Group S.p.A., was €141,544,532.20, corresponding to 59,912,624 shares, of which 58,117,729 are ordinary shares, 153,851 are special shares (without voting rights) and 641,044 are performance shares. Finhold S.r.l. holds 54.25% of the share capital (64.97% of the voting rights) and the remainder is held by shareholders that own less than 5% of the share capital.





## Operating segments






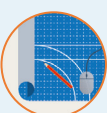
Salcef Group has six business units, which all report to the "Railway Industry" strategic business unit.



The table below shows the distribution of the business units across the main group companies.

This report also refers to the "General Services" business unit,

which is additional to the six described above. It covers all those activities that refer to all business units, such as administration, procurement, safety, quality, the environment, etc..

BUSINESS UNIT		Salcef Group S.p.A.	Salcef S.p.A.	Euro Ferroviaria S.r.l.	SRT S.r.l.	RECO S.r.l.	Overrail S.r.l.	Salcef Bau GmbH	Coget Impianti S.r.l.	Delta Railroad Construction Inc.	BahnBau Nord GmbH
	TRACK & LIGHT CIVIL WORKS	●	●	●				●		●	●
	ENERGY, SIGNALLING & TELECOM		●	●				●	●		
	HEAVY CIVIL WORKS		●					●			
	RAILWAY MATERIALS						●				
	RAILWAY MACHINES				●					●	
	ENGINEERING					●					

## Track & Light Civil Works

The TRACK & LIGHT CIVIL WORKS business unit is the group's core business. It operates in permanent way systems and on civil works in operation.



**779**

Headcount



**920**

Machines



**€ 314.3 Mln**

2021 Revenue

Its main activities are:

### Maintenance and renewal

Renewal of railway lines, with the partial or total replacement of the railway superstructure (tracks, sleepers and ballast).



**Up to  
1 km/day**

Track renewed



**> 8,000 km**

Track renewed over  
the last 20 years

Maintenance and renewal activities of 2021 mainly related to the roll-out of the three-year plan established by RFI S.p.A. (to complete the previous 2018-2020 plan and start the new 2021-2023 master agreements) in Italy and the renewal of the Cairo-Alexandria line in Egypt, with 350km of track and 380km of ballast renewed.

### Ballasted and ballastless track construction

Construction of ballasted track for high speed and standard speed, and tram and metro lines based on various different *ballastless* systems.



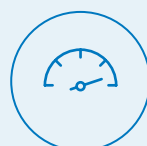
**Up to  
3 km/day**

New track



**2,500 km**

New track over  
the last 20 years



**> 340 km**

HS line

In 2021, 165 km of track was constructed, mainly as part of a project in the United Arab Emirates.

### Rail grinding

Rail and turnout grinding to maximise the average life of the infrastructure, thanks to the removal of irregularities and defects that could cause surface cracks on the tracks and, with time, lead to a fracture in the track. Salcef Group can count on a fleet of machines, built internally by **SRT**, ensuring high technological, production and safety standards. Two grinding trains entered service during 2021 (a Vulcano 34M and a Vulcano 10M). They are used on the Rome metro line, the Rome-Naples high-speed line and the Adriatic line, for a total of 350 km.



ACTIVITY	UNIT	2021
Track construction	km	165
Track levelling	km	660
Track/trackside subsystem renewal	km	350
Ballast renovation	km	380
Rail grinding	km	350
Thermal regulation of the track	km	1200
Exchange construction/renewal	no.	580

### Civil works in operation

Construction of small infrastructure works as part of complex railway projects.

### Energy, Signalling & Telecommunication

La Business Unit ENERGY, SIGNALLING & TELECOMMUNICATION svolge attività di manutenzione e costruzione nel settore della trazione elettrica, delle sottostazioni e del segnalamento ferroviario, su linee ferroviarie, metropolitane e tranviarie, oltre che delle opere per la distribuzione, con linee aeree e sotterranee, di energia ad alta, media e bassa tensione.



**219**

Headcount



**280**

Machines



**€ 57.8 Mln**

2021 Revenue

Major contracts were commenced in Italy during the year and the German business unit began operations.

Its main activities are:

#### Electrical traction

Design, construction, renewal and maintenance of various railway, metro and tram line electrification systems: overhead contact lines, third rail for urban mobility and electrical substations.



**> 1,000 km**

Renewed overhead contact line over the last 10 years

#### Signalling and telecommunication

Design, installation and maintenance of various types of signalling systems for the management and control of railway, tram and metro circulation.

#### Power transmission lines

Design, construction and maintenance of electricity transmission and supply systems, particularly high and very high voltage overhead and underground lines.



**80 km**

New HW overhead lines



**120 km**

Overhead lines  
undergoing  
maintenance



**60 km**

New underground  
lines

## Heavy Civil Works

The HEAVY CIVIL WORKS business unit designs and builds complex multi-disciplinary works in the railway sector, such as the construction of new railway lines, the doubling of existing lines, the construction of new systems at complex stations or the upgrade of railway nodes. These works usually also entail construction works, such as buildings and infrastructure, permanent way, electrical traction and signalling systems.



**36**

Headcount



**81**

Machines



**€ 21.6 Mln**

2021 Revenue



**55**

Stations



**37**

Bridges, overpasses  
underpasses



**12**

Tunnels

December 2021 saw the completion of the works on the new Olbia station, which is mainly comprised of a modern building bringing together transparent dynamic shapes and innovative materials. The station area comprises various buildings covered by 9,000m<sup>2</sup> of glass fibre reinforced concrete (GRFC), while the station platforms are over 200m long and there is a substantial 5,000m<sup>2</sup> yard. In addition to the station's permanent way systems and yard, Salcef Group carried out all stages of the works, from site remediation to the construction of reinforced concrete structures, to finishing works and urbanisation works in the surrounding areas.

## Railway Materials

The RAILWAY MATERIALS business unit designs, produces and sells railway materials: sleepers, prefabricated tunnel segments and other solutions in reinforced concrete for the railway superstructure.



**81**

Headcount



**1**  
Facility



**€ 36.1 Mln**  
2021 Revenue



**15 Mln**  
Sleepers  
produced



**500,000**  
Annual production  
capacity

Overail also develops ballastless track systems with the goal of developing railway superstructure offering **improved performance in terms of safety and comfort in operation**.

In 2021, 500,942 railway sleepers were produced, mainly the RFI230, RFI240 and RFI260 models.

### Overail's production facility

Overail ([overail.com](https://www.overail.com)) manages the Aprilia production facility, a manufacturing and research centre that is an example for the railway industry in terms of technological innovation and production capabilities. It is a technological factory developed according to the [Industry 4.0](#) model features, characterised by automation of the main production and control processes, and by a focus on environmental sustainability, which is a key aspect for the heavy manufacturing industry.

The Overail production facility includes several state-of-the-art production facilities and covers 284,721m<sup>2</sup>, occupying a strategic

position that allows easy access to all work sites in central Italy. Currently only 35% of the facility is used (around 21,000m<sup>2</sup>).

Since Salcef Group acquired Overail S.r.l. (formerly Vianini Industria S.r.l.) in September 2017, substantial improvements works and the upgrade and expansion of the production facility have been undertaken, including the installation of new production plants and logistics and maintenance warehouses for the group companies. The Aprilia facility also has an internal railway system which joins the Rome-Nettuno line, enabling efficient, intermodal and environmentally-sustainable logistics.

The Aprilia facility has a photovoltaic plant providing a total of 361 KWp and an estimated total production of 447MWh/year. It generated 366 MWh during 2021, 321 MWh of which was consumed by the facility. The energy produced by the photovoltaic plant covers 19% of the total annual energy requirements.

To ensure the quality of the concrete production, curb consumption and maintain plant efficiency, the Aprilia facility has a **water plant** to treat, store and monitor the **water used in the facility**: from the supply to the use in heaters, and from the production of concrete to the amenities and fire prevention systems. The plant has two filtration stations and features a system of sensors, gauges and flowmeters that enable the remote, real-time tracking and management of the volumes of water consumed by each user, and the quantities of both raw and treated water stored in the underground tanks.

## Railway Machines

The RAILWAY MACHINES business unit designs, builds, maintains and provides post-sales services for machines for the construction and maintenance of railway infrastructure.



**106**  
Headcount



**2**  
Facilities





**€ 10.4 Mln**  
2021 Revenue



**11**  
Patents



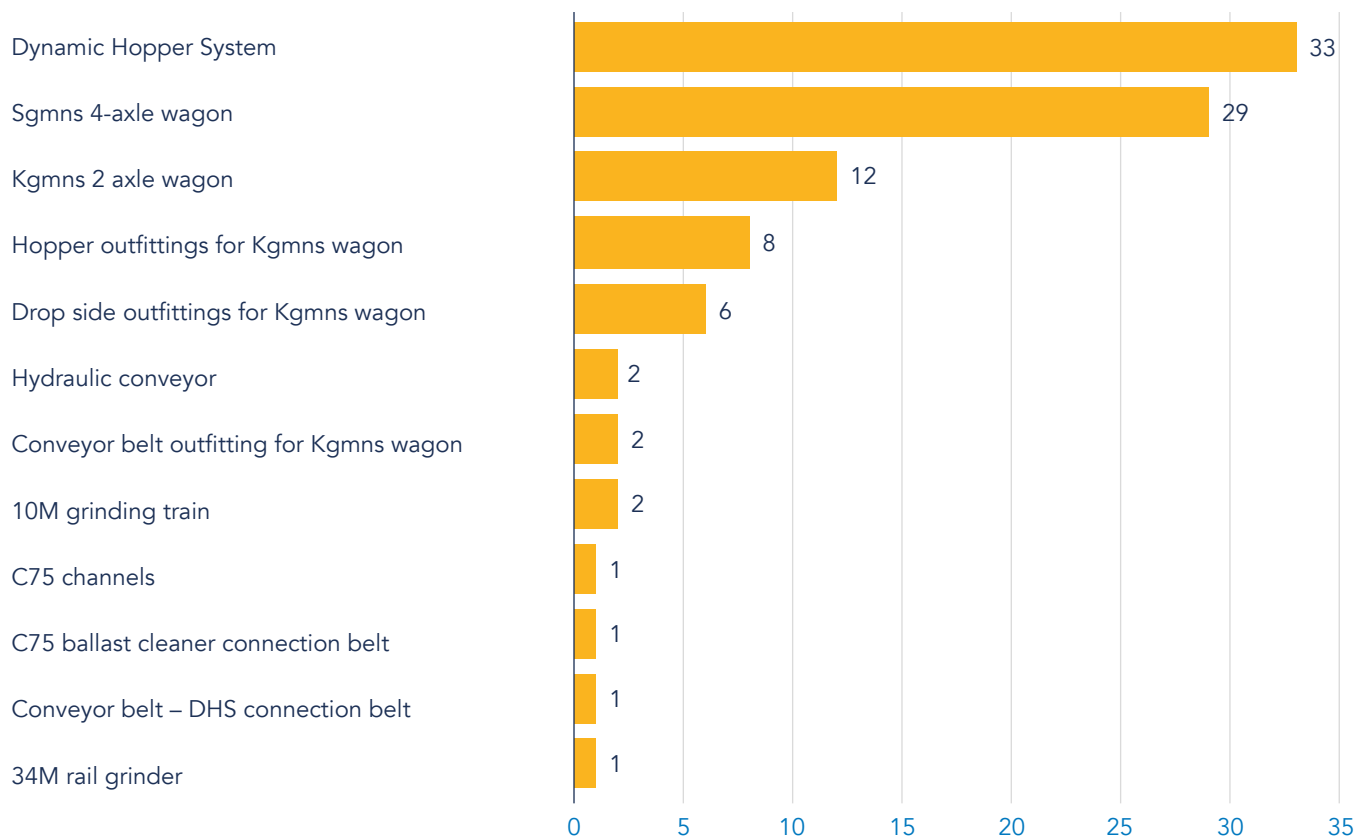
**18**  
Products offered

## The SRT production facilities

SRT's operating facility (see [srtfano.com](http://srtfano.com)) is a production facility. Its main production facility is located in Fano (Puglia) in central Italy, covering a surface area of approximately 13,900m<sup>2</sup>, of which 3,100m<sup>2</sup> is under cover. It is a research and production centre designed according to the [Industry 4.0](#) model, with interconnected, automated processes, efficient production and high quality and safety standards. The facility's position and its own railway yard linked to the Adriatic line mean it is in a strategic position for moving rolling stock. All of its warehouses have railway tracks and inspection pits and are equipped with state-of-the-art machinery and equipment, such as lathes, machining centres, column drills, mitre saws, lifters, overhead cranes and welding machines.

The Fano facility has a photovoltaic plant comprised of 768 260W panels providing an estimated total production of 243MWh/year. It generated 205 MWh during 2021, 203 MWh of which was consumed by the facility. The energy produced by the photovoltaic plant covers 27% of the total annual energy requirements.

## Produzione SRT - periodo 2021





The facility also has a plant for the treatment of water from rolling stock washing, which enables a reduction of sedimental solids of > 90% and total hydrocarbons < 5 mg/l.

SRT's second production facility was inaugurated in April 2021. The new structure has a covered surface area of some 5,500m<sup>2</sup>, and is located in the Sant'Ippolito (Puglia) industrial zone, complementing the original Fano facility. The new facility operations commenced with the installation of two production lines dedicated to the construction of new rolling stock, mainly railway wagons and grinding trains. The Sant'Ippolito facility also has new generation machinery and equipment (laser cutting machine, plasma cutting machine, press brakes, punching machines, calenders, overhead cranes, etc.).

The facility will generate a significant increase in the company's production capacity, which will be earmarked both to ramping up the machinery fleets of Salcef Group's operating companies and to the external market.

## Engineering

The group is also active in the design and engineering of railway works and structures through its ENGINEERING business unit. Operating through the subsidiary Reco, the Engineering business unit supports our customers and group companies from the early stages of drafting a project to identify the best solutions.

Specific teams respond to the specialised services required within railway projects (civil works, permanent way systems,

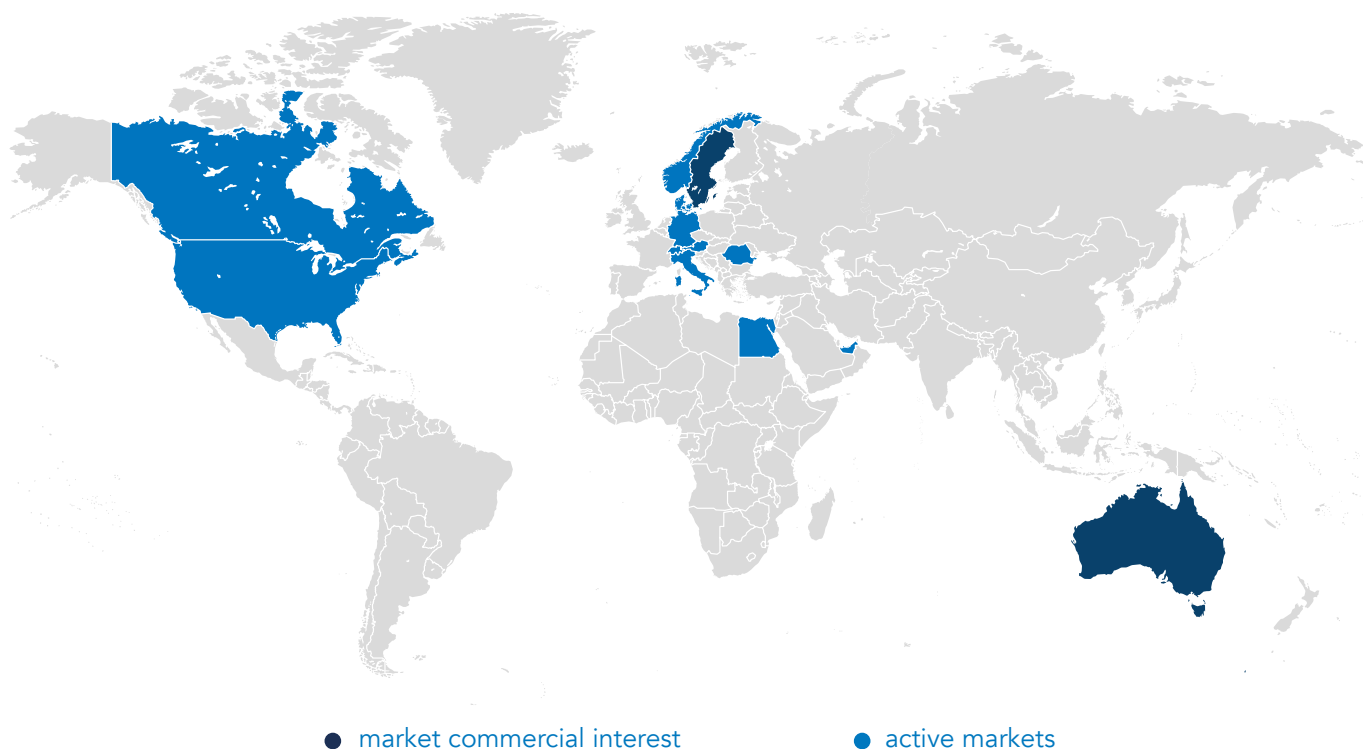
energy and signalling) and assist customers in identifying solutions and preparing technical plans. The group manages all aspects of the design of permanent way systems, electrical traction and infrastructure works, contributing to the drawing up of constructive projects, the upgrade of infrastructure and the integration, renewal and maintenance of railway and metro networks in Italy and abroad.

Specifically, the group offers all services related to the area of civil engineering and transport, including: pre-feasibility and feasibility studies, preliminary, executive and as-built design, topographic surveys and project management and engineering consulting. The business unit harnesses the expertise of engineers, surveyors and technical personnel with extensive sector experience, as well as external consultants.

## Geographical footprint and markets served

The group has a footprint in four continents: its main market is Western Europe, led by Italy and Germany, although the group is also present in Eastern Europe, the Middle East (UAE, Saudi Arabia and India) and Africa (Egypt), as well as in the US and Canada.

A branch was opened in Australia in 2021 with the aim of strengthening the group's sales network and to be present in one of the traditionally most interesting markets for the railway transport sector.



(€'000)

REVENUE BY GEOGRAPHICAL SEGMENT	2019		2020		2021	
	Revenue	%	Revenue	%	Revenue	%
Italy	254,726	87.3%	271,900	79.9%	319,353	72.6%
EU (excluding Italy)	20,534	7.0%	46,046	13.5%	38,881	8.8%
Non-EU	11,997	4.1%	20,238	5.9%	76,319	17.3%
<b>Total by geographical segment</b>	<b>287,257</b>	<b>98.5%</b>	<b>338,184</b>	<b>99.4%</b>	<b>434,552</b>	<b>98.7%</b>
Other revenue	4,368	1.5%	2,101	0.6%	5,589	1.3%
<b>Total</b>	<b>291,625</b>	<b>100.0%</b>	<b>340,285</b>	<b>100.0%</b>	<b>440,141</b>	<b>100.0%</b>

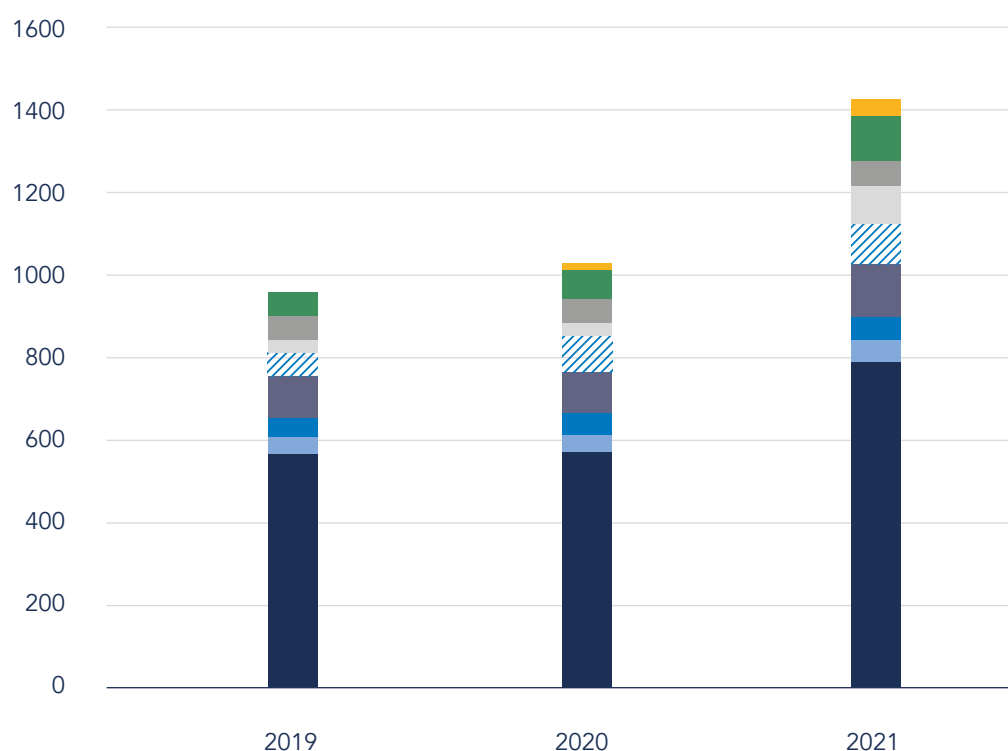


## Machinery and equipment

Salcef Group has highly specialised, highly efficient production machinery in order to carry out all manner of works on tracks, overhead contact lines, and also in its production facilities.

In its largest categories of machinery and equipment, the group went from 951 items in 2019 to over 1,400 in 2021.

### Machinery and equipment by year



M - Factory equipment	0	15	39
L - Fittings for railway wagons	57	72	108
I - Road machines	57	58	61
F - Mobile and work site equipment	30	32	91
E - Lifting equipment	59	89	100
D - Earthmoving equipment	99	97	128
C - Lifting and laying systems	46	53	54
B - Road-rail stock	41	42	54
A - Rolling stock	562	570	788



The rolling stock alone of 2021 is analysed below:

TYPE	Number
<b>A - Rolling stock</b>	<b>788</b>
A.01-Locomotor	67
A.02-Tamping machines	31
A.03-Ballast regulators	26
A.04-Welding machine	5
A.05-Multi-purpose self-powered trolley	5
A.06-Dynamic track stabiliser	5
A.07-Ballast cleaning machine	10
A.08-Track laying and renewal trains	6
A.09-Hopper wagon	185
A.10-Flat wagon	168
A.11-Concrete mixing wagon	4
A.13-Box wagon	22
A.14-Track vehicle	42
A.15-Draisine	15
A.16-Overhead wiring wagon	5
A.17-Stringing wagon	6
A.18-Trailer	45
A.19-Recovery trailer	4
A.20-Motorised turntable ladder	40
A.21-Reel unwinder trailer	2
A.22-Multi-purpose wagon	92
A.24-Grinding train	2
A.25-Ballast remover	1
<b>Total</b>	<b>788</b>

## Industry 4.0

Industry 4.0 saw the roll-out of the latest technological innovations, including cyber-physical systems, wireless communication, the Internet of Things, digitisation, robotics and advanced sensors. In this context, machines are able to connect to other machines or logistical systems.

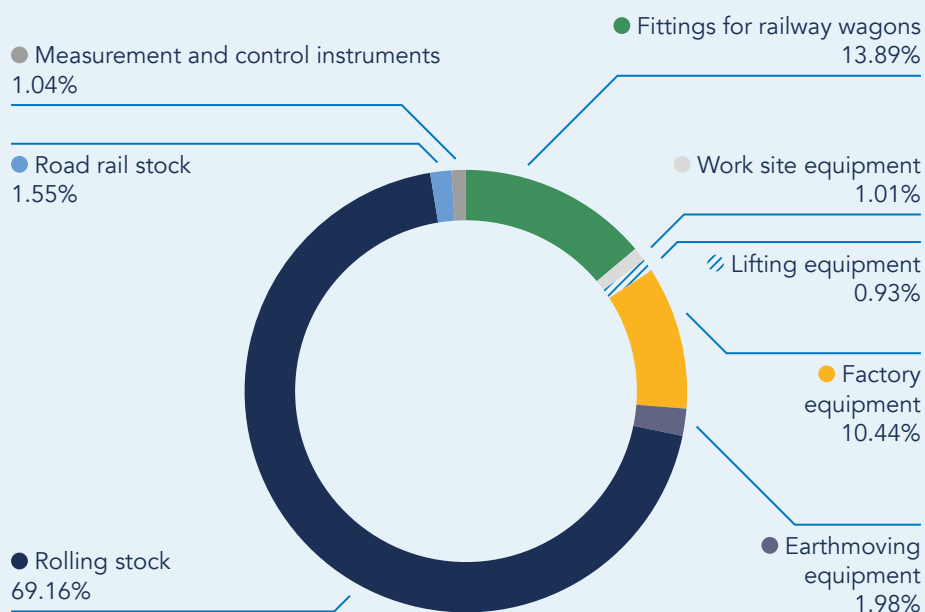
The Italian government has promoted and incentivised investments in Industry 4.0 machinery and technology since 2017. Salcef Group immediately signed up to these initiatives, investing tens of millions of euros each year in new machinery and innovative systems.

Over the last three-year period (2019-2021), Salcef Group has invested **€46.3** million in Industry 4.0 next generation machinery and investments in innovation continue in 2022.

The various categories of Industry 4.0 machinery are summarised in the following graph:

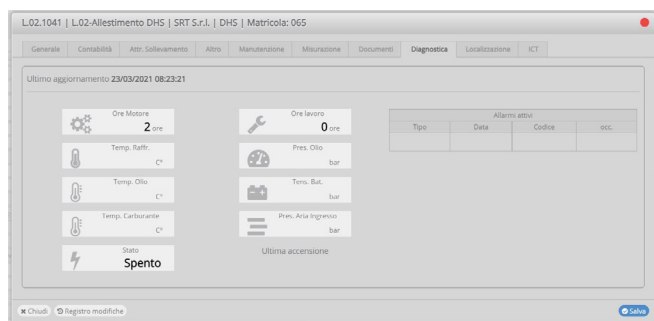
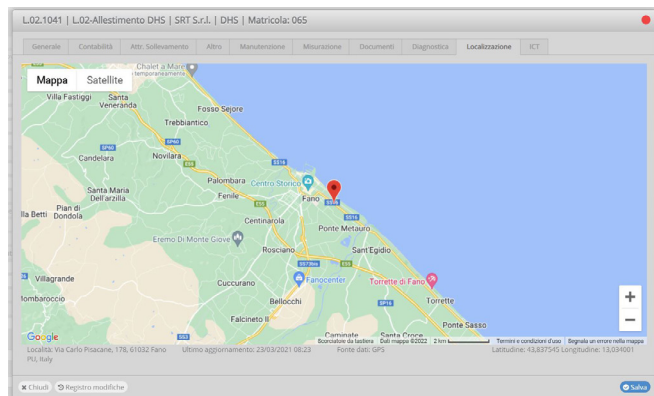


Industry 4.0 machinery purchased in the 2019-2021 three year period [%]





Industry 4.0 machinery is linked or, rather, interconnected, with Salcef Group's "My Salcef" management system which facilitates the exchange of information such as instructions, part programs, production, diagnostic and maintenance data, geolocation, alarms, etc.



The interconnection of the machines with the group management system offers greater control over production, enabling decisions to be made based on objective, actual data, as well as improving quality, safety and environmental performance.

## Engine development

Salcef Group invests in the renewal, modernisation and upgrade of its fleet of machines, mainly on road and rail machinery, classed as non-road mobile machinery (NRMM). The term NRMM is used in the European standards on emissions from engines not principally used on public roads. The definition includes both off-road and railway vehicles. The European standards for diesel engines not used on roads are in line with the US EPA standards and include increasingly rigorous levels from Stage I – V. The Stage V standards were gradually introduced from 2018 with full application from 2021. The adoption of new, more restrictive stages is always implemented by power range.

For details see: [https://ec.europa.eu/growth/sectors/automotive/environment-protection/non-road-mobile-machinery\\_en](https://ec.europa.eu/growth/sectors/automotive/environment-protection/non-road-mobile-machinery_en)

From 2019 to 2021, the investments in Industry 4.0 and innovation include 66 new non-road mobile machines (NRMM), included in the categories of rolling stock, road-rail stock, fittings for railway wagons, earthmoving equipment and some lifting equipment (see the pie graph in section [Industry 4.0](#)); these are all equipped with Stage IIIB and Stage V engines and, comparing them with the obsolete machines they replace, offer significant benefit in terms of consumption and atmospheric emissions.

The efficiency and improvement of the machines fleet includes the renovation and upgrade of the existing assets and Salcef Group has various programs to modernise its older machines. This include updating the original engines with new, more efficient and low consumption engines to improve environmental performance and extend the life cycle of the machinery.



## The SRT product portfolio

The group is constantly optimising and expanding its fleet, designing and building new machinery such as 2-axle and 4-axle high-tech wagons, and motor trolleys equipped with a wide range of interchangeable fittings to optimise the use of its fleet and reduce costs.

The following image gives an overview of the main products and further details are available at <https://www.srtfano.com/prodotti-srt/>

Modular platform



### GRINDING TRAINS



#### SGMNS SERIES (4-AXLE)

DHS  
HOPPER  
SLEEPER TRANSPORT  
DROP SIDES  
FRANTOIO



#### KGMNS SERIES (2-AXLE)

DHS  
HOPPER  
CONCRETE MIXER  
DROP SIDES  
FAN  
UNDERBRIDGE CRANE



#### SRT 407 SERIES

SELF-POWERED TROLLEY  
UNDERBRIDGE CRANE



#### LIGHT EQUIPMENT

MOTORISED TROLLEY  
CONCRETE DISPENSER  
TRACK POSITIONING  
JIG

# Strategic guidelines

GRI 102-15 

The group's strategy is mainly based on certain key principles:

- Strengthening the competitive position;
- Expanding the business lines;
- Investments in high-tech product development.

## Strengthening the competitive position – external growth

Salcef Group has been active in Europe, North Africa and the Middle East for over ten years and has ramped up its operations in certain Western European countries in recent years, particularly in Germany, with the acquisition of Salcef Bau, and in Norway, with the set-up of a branch for the performance of a contract for the three-year extraordinary track maintenance.

Considering the barriers to entrance in Eastern European countries and the United States due to the highly regulated legislative context, the group aims at consolidating its position by acquiring local companies operating in the sector and having the necessary authorisations and certifications required in each country. As part of its expansion strategy, it acquired 100% of the German group, BahnBau Nord, with registered offices in Henstedt-Ulzburg, in May 2021. This transaction enabled the group to expand its footprint in the German market, particularly in the north of the country.

Also in view of the substantial government investment plans in its main strategic markets, the group will look to strengthen its competitive positioning through acquisitions of and/or combinations with companies active in railway maintenance and technology.

## Expanding the business lines

The group plans to develop its operations in business sectors that are technically similar to its current ones, but with different customers and markets. In this respect, the plant engineering sector is a focus for the construction and maintenance of electricity grids for the bodies that manage electricity distribution, both in Italy and abroad, mainly Eastern European countries.

## Investments in high-tech product development

As part of its [Industry 4.0](#) incentive plan, the group has commenced – mainly through the group company, SRT – innovative projects aimed at enabling the use of technologically advanced solutions for the outfitting of new machinery to be used for the maintenance of railway plant and the management of railway traffic safety on railway and urban networks. In this regard, the group has completed the upgrade of its Fano production facility for the development of new products, including the grinding train used to remove defects from the running plane of the tracks to improve the wheels' contact surface and reduce noise and vibrations.

## Investments in high performance railway machinery

Salcef Group's business plan includes a purchase and production programme for new machinery and extraordinary maintenance works in addition to ordinary maintenance, in order to improve efficiency, productivity and environmental performance. The new and renewed machinery will bolster the current work teams and will mainly be used to renew the tracks in both Italy and in the foreign countries where the group is present.

# Economic value generated and distributed

GRI 103-2  
GRI 201-1  
GRI 201-4

Salcef Group recognised revenue totalling €440 million in 2021, a sharp rise (+29.3%) on 2020, mainly due to the consolidation of the recently-acquired companies (Delta Railroad Construction in the United States and BahnBau Nord Group in Germany) and strong organic growth.

The growth in volumes saw a corresponding increase in EBITDA, which rose to €97.3 million (+23.3%) and in EBIT, which came to €68.2 million (+16.9%).

The adjusted profit for the year was €52.2 million (+25.3%). The adjustments include the €9.7 million change in the fair value of the warrants and the recognition of the tax expense (€3.1 million) deriving from the release of the deferred tax assets recognised at 31 December 2020.

The net financial position at 31 December 2021 was €114.5 million and, as well as from the cash flows generated by the business, it includes €74.6 million from the conversion of warrants during the year and €32 million from the capital increase reserved for qualified investors and approved by the board of directors on 30 September 2021.

At year end, the group's order backlog totalled €1.2 billion, double that of the previous year end and among the highest ever recorded. It includes permanent way systems construction,

maintenance and renewal work (66.68%), infrastructure works (13.14%), energy sector works (15.01%), sleepers and prefabricated products production (4.53%), and work on machinery (0.64%).

## Subsidies and grants from the public administration

Salcef S.p.A. and Euro Ferroviaria S.r.l. have tax assets for investments in property, plant and equipment under Industry 4.0 (pursuant to Law no. 178/2020) of €1,343 million and €1,424 million, respectively, in relation to the investments made in 2021. These assets will be recognised and used as from 2022.

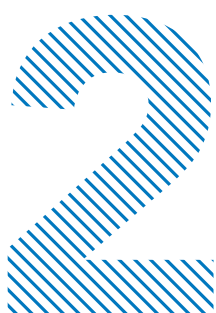
Moreover, Coget Impianti S.r.l. and SRT S.r.l. have tax assets for sanitisation and the purchase of protective equipment (pursuant to article 32 of Law decree no. 73/2021) of €2,938 and €2,213, respectively. These tax assets are already recognised and will be used to offset taxes and duties payable, via the F24 model.

(€'000)

ECONOMIC VALUE	2019	2020	2021
<b>Economic value generated</b>	<b>291,625</b>	<b>340,285</b>	<b>440,141</b>
Operating costs	(187,270)	(211,302)	(278,247)
Human resources - Personnel expense	(55,457)	(70,657)	(93,726)
Net financial expense	(6,422)	(18,144)	(7,834)
Public administration	(14,815)	1,093	(20,992)
Shareholders - Dividends distributed*	(30,000)	(16,904)	(21,314)
<b>Economic value distributed</b>	<b>(263,964)</b>	<b>(315,914)</b>	<b>(422,113)</b>
<b>Economic value withheld</b>	<b>(2,339)</b>	<b>24,371</b>	<b>18,028</b>

\* Considering intragroup eliminations





# **Commitment to sustainable mobility**

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Commitment to sustainable mobility

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Materiality analysis

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# Commitment to sustainable mobility

GRI 102-2 GRI 102-3 GRI 102-6  
GRI 102-15 GRI 102-16  
GRI 103-2 GRI 203-1

## The reference context – Transport systems and sustainable mobility

Mobility is a fundamental human need and essential to prosperity but the current paradigm for mobility is not sustainable. Car trips cause millions of deaths each year, a substantial amount of greenhouse gas emissions is linked to transport and congestion causes heavy financial losses. The global mobility system is undergoing significant transformation as new technologies enable innovative transport options and policy makers pursue a more intelligent, clean and inclusive mobility (World Economic Forum [Strategic Intelligence \(weforum.org\)](https://www.weforum.org/publications/strategic-intelligence)).

The transport system is fundamental to people, businesses and global supply chains. The sector is essential for sustainable development and has the potential to improve the lives of billions of people, meeting the needs of the people and businesses of today and the expectations of future generations. Transport enables us to access the things we need: work, markets and products, social interaction, cultural activities and education.

**Sustainable mobility** is a safe, inexpensive, fair, accessible and efficient system that can help mitigate the effects of climate change and adaptation, by reducing emissions and all other environmental impacts.

Salcef's business model and operations make it an important player in this context where the strategies and policies adopted by governments, nationally and internationally play an important role.

## Transport and climate change

Source: [Transportation Report 2021\\_FullReport\\_Digital.pdf \(un.org\)](https://www.un.org/transportation-report-2021-full-report-digital.pdf)

### Emissions

According to IEA (International Energy Agency) data, the transport sector was responsible for 24% of the direct CO<sub>2</sub> emissions deriving from fuel combustion in 2020 (IEA website: Transport-improving the sustainability of passenger and freight transport. 2020 / [Transport – Topics - IEA](https://www.iea.org/transport-topics)). It also accounted for 57% of global demand for oil and 28% of total energy consumption (IEA. Global

Energy Review 2020. The impacts of COVID-19 on global energy demand and CO<sub>2</sub> emissions. 2020: [Oil – Global Energy Review 2020 – Analysis - IEA](https://www.iea.org/oil-global-energy-review-2020-analysis)).

## Impact of climate change and extreme weather events

Transport emissions contribute to climate change but transport systems are also highly vulnerable to the effects of climate change, such as extreme weather events and natural disasters, with impacts that increase the potential of significant human and economic losses. These impacts include: accelerated coastal erosion, flooding, floods/surges affecting ports and coastal roads, limitation of access to docks and tourist ports, and deterioration of the condition and structural integrity of road pavements, bridges and railway tracks. When mobility is compromised, freight transport and supply chains are disrupted, including for vital products such as food and medicines, and people may not be able to access their work, healthcare and other basic services.

## Italy / NRRP – National Recovery and Resilience Plan

The NRRP is part of Next Generation EU, the economic recovery plan for member states. The plan is guided by transversal priorities (the new generations, gender parity and the gap between citizens) and has **6 Missions** corresponding to the six pillars of Next Generation EU, including **Infrastructure for sustainable mobility** for the construction of a modern and accessible railway network and to improve mobility for citizens and freight.



**Transform Italy's transport network to create more modern and sustainable roads, railways, ports and airports within 5 years.**



**€ 25.40 billion**

Total allocated to the Missione



**13.26%**

of the total NRRP amount

Infrastrutture per una mobilità sostenibile - Missioni - Italia Domani

INVESTMENTS		Goal
High-speed railway – Northern and Southern Italy	High-speed railway connection with Southern Italy for passengers and freight.	Build 274 km of high-speed railway on the Naples-Bari, Salerno-Reggio Calabria and Palermo-Catania lines to reduce travel times and increase the rail transport capacity to Southern Italy. All works will be integrated with regional transport systems which perform a key role in managing demand for local mobility.
	High-speed railway lines	Improve railway connections in northern Italy to bolster intermodal transport services and establish effective links with the port system. The construction of 180 km of high-speed lines on the Brescia-Verona-Vicenza, Liguria-Alpi and Verona-Brenner sections will lead to an increase in rail traffic and facilitate the modal transfer from road to rail in the event of disruptions to the road systems, including in cross-border trade.
	Diagonal connections	The aim of the investment is to bolster the transversal railway transport from the Adriatic Sea and from the Ionian Sea to the Tyrrhenian Sea to improve the speed, frequency and capacity of diagonal railway lines, thus reducing travel times for passengers and freight.
Railway network	Development of the European Rail Traffic Management System (ERTMS)	The goal of the investment is to upgrade railway transport safety and signalling systems, expanding the European Rail Traffic Management System (ERTMS) which is currently limited to a few stations. This will ensure greater safety, capacity and maintenance in the areas it covers.
	Strengthening of metro railway nodes and key national connections	The aim is to improve mobility in large cities and medium-sized urban areas with fast, comfortable medium-range travel services, including the creation of “fast regional” connections. The goal is to make rail transport more convenient and thus competitive than using a private car, increasing the accessibility and exchange between rail and metro stations.
	Strengthening regional lines	The aim of the investment is to bolster the railway network at various critical points in southern Italy, connect ports and airports, increase competitiveness and connections with the intermodal logistics system and improve railway accessibility in various areas.
	Strengthening, electrification and greater resilience of railway in southern Italy	The aim of the investment is to bolster the railway network at various critical points in southern Italy, connect ports and airports, increase competitiveness and connections with the intermodal logistics system and improve railway accessibility in various areas.
	Upgrade of railway stations in southern Italy	The goal of this investment is to redevelop railway stations in southern Italy to improve the functioning of their buildings, the quality of the services provided, energy efficiency and the development of rail-road intermodality, thereby driving down the environmental impact.



## European Union – Green Deal

The transport sector contributes around 5% to the EU's GDP and employs over 10 million people in Europe. At the same time, transport carries significant costs in terms of greenhouse gas emissions and pollutant emissions, noise, road accidents and congestion. The transport sector accounts for 25% of the greenhouse gas emissions of European Union countries.

The European target is to achieve a 90% decrease in the emission of climate-changing gases by 2050. Urban mobility is responsible

for 23% of the European transport emissions. 70% of European citizens live in cities and this percentage will rise to 84% by 2050. The number of fatal accidents lined to transport will be near zero in all EU countries by 2050. Today, 38% of fatal accidents occur in cities and 70% relate to the most vulnerable road users (such as children and cyclists). [[I trasporti e il Green Deal | Commissione europea \(europa.eu\)](#)].



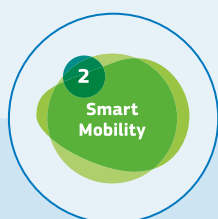
## Mobility strategy



### SUSTAINABLE MOBILITY

Reduce the dependence on fossil fuels

- High-speed railway traffic will double by 2030.
- Railway freight traffic will double by 2050.



### SMART MOBILITY

- Integrated electronic ticketing will facilitate seamless multimodal passenger transport by 2030. Freight transport documentation will be paperless.

## SUSTAINABLE & SMART MOBILITY STRATEGY



### RESILIENT MOBILITY

Build a strong and resilient market:

- Investments in transport infrastructure in all EU member states.
- A trans-european multimodal transport network will be fully operational by 2050 for sustainable and smart transport with high-speed connections.

Create a fair and equitable mobility system for all:

- accessible and convenient mobility in all regions and for all passengers;
- improve the conditions of transport workers.

Ensure the highest standards of safety and protection in European transport:

- the number of deaths from all modes of transport in the EU will be close to zero by 2050.

In support of the transition to a cleaner, greener and more intelligent mobility and in line with the targets of the [European Green Deal](#), the European Commission has adopted four proposals that have the goal of modernising the EU transport system: increasing connection and moving more passengers and freight to rail and inland waterways, promoting the roll-out of

charging points, alternative refuelling infrastructure and new digital technologies, with a greater focus on sustainable urban mobility, and making it easier to choose different transport options within an efficient multimodal transport systems. These proposals will put the transport sector on the path to reducing its emissions by 90%.



# *The* **INFRASTRUCTURE INVESTMENT and JOBS ACT**

## USA - Infrastructure Investment and Jobs Act

The Infrastructure and Investment and Jobs Act (Nov2021) was approved in November 2021. It provides for investments of USD1,300 billion in infrastructure to modernise roads, bridges, transport, railway, ports, airports, broadband and infrastructure for drinking and waste water. The aim of the investments, which should be made during the current administration, is to help build more liveable communities, reducing transport sector emissions and improving water and air quality. The plan includes USD550 billion for new infrastructure, including:

- USD66 billion for passenger and freight railway transport.
- USD39 billion for public transport.

**Safe, efficient and climate-friendly alternatives for the movement of people and freight:** works for railway transport involving maintenance (upgrade of tracks in the Northeast corridor and expansion of the railway service - including high-speed - in other areas of the country. This is the largest investment in passenger railway transport since the creation of Amtrak. Passenger rail in the United States lags behind the rest of the world in terms of reliability, speed and coverage. This measure gives rail a central role in economic strategies and transport.

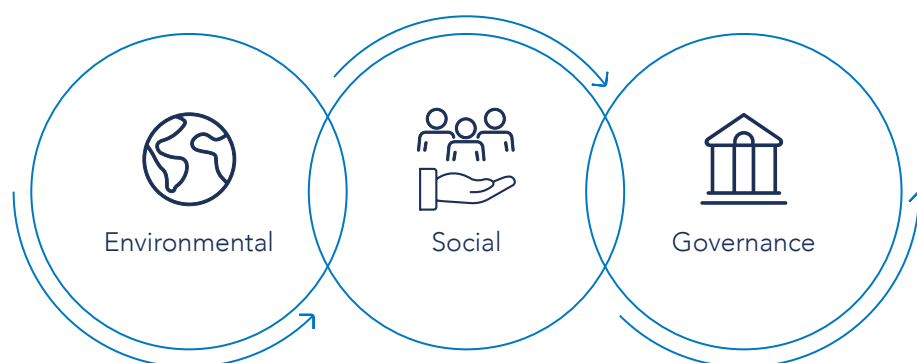


## Salcef's commitment

### Salcef's ESG policy

Salcef Group's business development model makes the principles of sustainability, transparency and quality its own. The model sets out concrete commitments and specific management and organisational structures with the goal of creating shared

value for all stakeholders, for the people, communities and local areas, while respecting the environment. Salcef has an ESG policy with guidelines to ensure its operations are consistent with the **E**nvironmental, **S**ocial and **G**overnance commitments.



#### Environmental factors:

reduction of CO<sub>2</sub> emissions; decrease in air and water pollution; optimisation of energy consumption and waste reduction.



#### Social factors:

respect for human rights; exclusion of any discriminatory practice, support for equal opportunities, better occupational health and safety; and greater attention to protecting sensitive data.



#### Governance factors:

adoption of fairer management remuneration policies; increased control procedures; promotion of conduct inspired by compliance with the law and ethics; control of the implementation of legislation regarding corporate liability and anti-corruption; compliance with independence criteria for the board of directors; and a focus on regulation in the markets of operation.



## Salcef Group and the SDGs

Businesses are required to commit to the pursuit of financial and economic targets that also generate positive impacts in environmental and social terms.

### WE SUPPORT



Salcef is a signatory of the **United Nations Global Compact** and bases its system of values on the ten principles of this charter.



Salcef's approach to sustainability as a business driver is reflected in its commitments to the **Sustainable Development Goals (SDGs)**, an integral part of the United Nations 2030 Agenda.

In the 2030 Agenda, sustainable transport is part of various SDGs and goals, particularly those related to safety, health, energy, economic growth, infrastructure, cities and human settlements. The importance of transport for climate action is recognised: the transport sector will play a particularly important role in

the reaching of agreements between countries, given that one quarter of global greenhouse gas emissions linked to energy comes from transport and these emissions are expected to rise substantially in coming years.

Salcef is involved in the construction and improvement of infrastructure for sustainable mobility, which enables the reduction of the sector's environmental impacts (a more efficient use of natural resources, cleaner and innovative technologies, and mitigation of the impacts of climate change) and helps generate positive social impacts (on life and relationships between people).
























Salcef's role and commitment in relation to the SDGs is presented and prioritised across various interconnected levels:





- **Sustainable transport** - SDGs directly related to sustainable transport through goals and targets: SDG 3 (Good health and well-being - SDG Target 3.6 on road safety), SDG 9 (Industry, innovation and infrastructure - SDG Target 9.1 on infrastructure), SDG 11 (Sustainable cities and communities - SDG Target 11.2 on access to safe, affordable, accessible and sustainable transport systems for all and the expansion of public transport). [The global indicator framework, developed by the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs), created by the United Nations Statistical Commission, is used to monitor sector progress globally].
- **Business model** - SDGs that directly reflect the impacts of Salcef's business model: SDG 7 (Affordable and clean energy), SDG 13 (Climate action) and SDG 12 (Responsible consumption and production).
- **Organisational model and preliminary conditions** - Commitments to SDGs that simultaneously represent conditions that promote the achievement of targets linked to the business model and sector: SDG 8 (Decent work and economic growth) and SDG 10 (Reduced inequalities).



## Salcef's commitments and role in relation to the SDGs

Sustainable transport	SDG	SDG Target [Abstract]
		<b>Ensure healthy lives and promote well-being for all at all ages</b> 3.6 - Halve the number of global deaths and injuries from road traffic accidents.
		<b>Build resilient infrastructure, promote sustainable industrialization and foster innovation</b> 9.1 - Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.4 - Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. 9.a - Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support.
		<b>Make cities and human settlements inclusive, safe, resilient and sustainable</b> 11.2 - Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport.
Salcef's business model		<b>Ensure access to affordable, reliable, sustainable and modern energy for all</b> 7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix.
		<b>Take urgent action to combat climate change and its impacts</b> 13.2 - Integrate climate change measures into national policies, strategies and planning.
		<b>Ensure sustainable consumption and production patterns</b> 12.2 - Achieve the sustainable management and efficient use of natural resources 12.a - Support developing countries to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production.
Organisational model and preliminary conditions		<b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</b> 8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.8 - Protect labour rights and promote safe and secure working environments for all workers.
		<b>Reduce inequality within and among countries</b> 10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 10.3 Ensure equal opportunity and reduce inequalities of outcome.

Commitment Strategic lines of action - Salcef's actions	SDG							
	3 SALUTE E BENESSERE	9 INDUSTRIA, INNOVAZIONE E INFRASTRUTTURE	11 CITTÀ E COMUNITÀ SOSTENIBILI	7 ENERGIA PULITA E ACCESSIBILE	13 LOTTA CONTRO IL CAMBIAMENTO CLIMATICO	12 CONSUMO E PRODUZIONE RESPONSABILI	8 LAVORO DECENTO E CRESCITA ECONOMICA	10 RIDURRE LE DISUGLIANZE
Develop technologies for integrated and sustainable mobility.								
Invest in research into new services and products.								
Promote a culture of quality, environmental protection and safety, training, communication and supplier engagement.								
Quality of works, products and machinery								
Pursue business sustainability by reducing the impacts of operations and the use of new technologies.								
Digitisation of all business processes.								
Safeguard the health and well-being of the people that work at Salcef Group								
Assess the risks related to business operations, the reduction of risks, and the prevention of occupational disease and accidents at work.								
Full compliance with applicable legal requirements and other international regulations and standards on quality, environment and occupational health and safety								

SDG	Specific ESG Policy actions
 <b>13 LOTTA CONTRO IL CAMBIAMENTO CLIMATICO</b>	<ul style="list-style-type: none"> <li>Electricity: Reduce energy consumption – Energy efficiency and use of renewables.</li> <li>Fuel: a) machines: efficiency and emissions reduction; b) cars: introduction of hybrid or electric cars into the fleet.</li> </ul>
 <b>12 CONSUMO E PRODUZIONE RESPONSABILI</b>	<ul style="list-style-type: none"> <li>Reduction of waste generated: training and monitoring of the management of waste and improved performance.</li> </ul>
 <b>8 LAVORO DECENTO E CRESCITA ECONOMICA</b>	<ul style="list-style-type: none"> <li>Improved occupational health and safety.</li> <li>Innovation of equipment and machinery.</li> </ul>
 <b>10 RIDURRE LE DISUGLIANZE</b>	<ul style="list-style-type: none"> <li>Respect for human rights; exclusion of any discriminatory practice, support for equal opportunities;</li> </ul>

## Salcef e i rating ESG

### EcoVadis

All Salcef Group's Italian operating companies are registered on the EcoVadis platform. This independent and internationally accredited body provides assessments on the corporate social responsibility of companies operating in over 160 countries and more than 200 sectors. It also plays an important role in supplier evaluation for RFI, Salcef Group's main customer.

In the 2021 scorecards, Salcef Group's six companies subject to analysis scored two platinum medals – the maximum rating, corresponding to the top 1% of the best companies in the sector – and four gold medals – corresponding to the top 5% of the best companies in the sector.

Every company also improved on their 2020 scores and, in five out of six cases, also the medal awarded.



### MSCI

Salcef was awarded a BBB rating by MSCI on 28 December 2021, an improvement on its previous BB rating. MSCI ESG Research provides research, ratings and in-depth analyses on commercial practices linked to the environment, social and governance for thousands of companies worldwide.



## EU Taxonomy for sustainable activities

### EU Taxonomy: objectives and regulation

In order to meet climate and energy targets and direct investments towards sustainable projects and activities, the European Union has adopted a common language and definition of what is sustainable. For this purpose, the European Commission has created a harmonised classification system for economic activities – the EU Taxonomy – for the [action plan on financing sustainable growth](#).

[Regulation \(EU\) 2020/852 on the Taxonomy](#) which came into force on 12 July 2020, establishes the criteria that an economic activity must meet in order to qualify as sustainable from an environmental and social point of view, according to a framework that should be fully finalised by 2022.

The Taxonomy currently establishes six environmental objectives:

1. Climate change mitigation.
2. Climate change adaptation.
3. The sustainable use and protection of water and marine resources.
4. The transition to a circular economy.
5. Pollution prevention and control.
6. The protection and restoration of biodiversity and ecosystems.

The Delegated regulation (act) of the European Commission of 6 July 2021, supplementing Regulation (EU) 2020/852, specifying the content and presentation of information to be disclosed by undertakings concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

The Delegated regulation (EU) 2021/2139 of the European Commission of 4 June 2021, supplementing Regulation (EU) 2020/852 approved in December 2021 by the European Parliament and the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.



## Disclosure regarding the EU Taxonomy (Article 8 of the Regulation)

### Disclosure required for 2021 (climate objectives)

Under the provisions of the Taxonomy regulations in force at the date of this 2021 NFS, companies must disclose the percentage of eligible activities as relates to the first two environmental objectives (**climate change mitigation and adaptation**) for the following indicators: Turnover - Capex - Opex.

Eligible activities are those **activities included in the current Taxonomy**, irrespective of whether they meet any or all of the technical screening criteria of the Taxonomy. As from the 2022 reporting, disclosure will be provided on the alignment of the activities with the technical criteria.

### Reporting standards

For the purposes of the disclosure pursuant to article 8 of Regulation (EU) 2020/852 on the Taxonomy, turnover, capex and opex are defined as follows. Reference should be made to the consolidated financial statements for more specific information

on the reporting standards:

- *Turnover* – Revenue from products and services
- *Capex* – Increases in property, plant and equipment and intangible assets, including capitalised research and development costs, before any fair value adjustments and gross of amortisation/depreciation and impairment losses.
- *Opex* – Uncapitalised research and development costs, building renovation costs, short-term lease contract expense, maintenance and repairs and other indirect costs for the regular maintenance of group assets, plant and equipment.




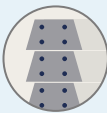

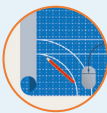
### Salcef Group: eligible assets

To qualify as eligible, an economic activity must meet certain criteria: a) generate or have the aim of generating revenue with third parties; b) be included in the descriptions/list of activities referred to in the regulation and delegated regulations; and c) have associated applicable technical screening criteria.

The determination of whether an economic activity is eligible or not for Salcef Group takes into account the complexity and uncertainties in relation to the application of the current provisions of the Taxonomy. These interpretations are expected to evolve over time, as the relevant regulation is published (the remaining four environmental and social objectives), and depending on the case and reporting practices.



## key performance indicators (KPIs)

SALCEF GROUP BUSINESS UNIT		% Revenue - Salcef Group	Eligible activities under the EU Taxonomy		% of turnover which is Taxonomy-eligible		
			Sector	Economic activities	Turnover	Capex	Opex
	TRACK & LIGHT CIVIL WORKS	71.4%	6 Transport	6.14 Infrastructure for rail transport	100%	100%	100%
	ENERGY, SIGNALLING & TELECOM	13.1%			65%	95%	72%
	HEAVY CIVIL WORKS	4.9%			100%	100%	100%
	RAILWAY MATERIALS	8.2%			100%	100%	100%
	RAILWAY MACHINES	2.4%			100%	100%	100%
	ENGINEERING	0.0%*			100%	100%	100%
		100%					

\* All activities of this business unit support the group and are therefore eliminated at consolidated level.



### Railway transport infrastructures

Construction, upgrade, management and maintenance of railway and metros, as well as of bridges and tunnels, stations, terminals, railway service systems and traffic management and safety systems, including the services of architects and engineering, project drawing up, building inspection and surveying and mapping and similar services, as well as the performance of physical and chemical tests or other types of analytical tests of all types of materials and products.

When the technical screening criteria (for the purposes of the 2022 reporting) are checked and applied, it is possible that a smaller amount of activities meet the substantial contribution criteria set out in the Taxonomy. It is likewise reasonable to assume that the portion of activities that will be Taxonomy-eligible will then increase in subsequent years in relation to the process of improving the products and actions in order to reduce Salcef's environmental impact.



## Individually eligible capex/opex items

Under the relevant regulations, other expenses related to the procurement of goods and services linked to economic activities other than those eligible under the Taxonomy may be included as eligible capex and opex, if these purchases contribute to emission reductions and if the economic activity of the supplier is Taxonomy-eligible.

*Capex* – There were no significant investments in 2021 that qualifying under the above definition.

*Opex* – Salcef Group does not currently have the information available to identify any Taxonomy-eligible purchases. Collecting this information requires a prior assessment of the activities of the suppliers, which could not be done for 2021.





# Materiality analysis

GRI 102-40 GRI 102-42  
GRI 102-43 GRI 102-44 GRI 102-47  
GRI 102-49 GRI 103-1

## Material topics

Material topics are defined by the GRI Standards as the effects (impacts) that an organisation has or could have on the economy, the environment, and people as a result of its operations and trading relationships. Impacts may be actual or potential, positive or negative, short or long-term, intentional or non-intentional, and reversible or irreversible.

For the purposes of the preparation of the NFS, the material topics to be reported are identified in relation to their priority and the materiality of the associated impact. The materiality analysis takes into account the dynamic nature of business operations and how it influences the business model, strategy, systems of relationships and decision-making.

In its proposal for new Corporate Sustainability Reporting Directive (CSRD) of April 2021 and in the previous guidelines published in June 2019 on climate change disclosure (Non-Financial Reporting Directive - Directive 95/2014), the European Commission supplemented the definition of material topics, introducing the double materiality perspective. Under this approach, material topics are

- a. aspects that could have significant impacts on an entity's development performance and, consequently, financial value (financial materiality);
- b. areas and topics of a social and environmental nature on which the entity has a material impact through its operations (impact materiality). The two aspects of materiality are interconnected.

## Stakeholders: role and engagement

Stakeholders are individuals or groups that have an interest (expression of values), expectations in relation to a business or that could be affected by their operations. Stakeholders may not always have a direct relationship with the business or may live at a distance.

Businesses form and develop relationships with their stakeholders over time, via a suite of instruments, with the aim of strengthening relationships and this translates into an improved ability to generate and distribute value over time. Stakeholder involvement and engagement is essential and is aimed at understanding their interests, expectations and needs. This approach encourages an effective and responsible decision-making process, appropriate strategic planning and the achievement of business targets.

Salcef's stakeholders have been identified taking into account the group's sector, business model and existing system of relationships, as well as its geographical footprint. The suite of instruments through which Salcef manages its relationships with its stakeholders is shown below. The instruments are differentiated for the various stakeholder categories and include the activities carried out as part of the process for the preparation of this 2021 NFS.

Stakeholder	Engagement activity Projects – Initiatives – Relationships
 <b>Shareholders</b>	Shareholders' meeting – board of directors – press releases – website – financial statements.
 <b>Financial community</b>	Shareholders' meeting – press releases – website – financial statements – IR conferences/roadshows. → 2021 NFS: Survey / panel of selected investors on ESG topics (impacts and material topics)
 <b>Banks and insurance companies</b>	Dedicated meetings and regular events – financial statements.
 <b>Workers and trade unions</b>	Training programmes and events – career growth and development programmes – welfare initiatives – ERP – performance assessment – newsletters and internal communication – multimedia sharing and communication channels (instant messaging, video calls and video streaming) – website and social channels – corporate climate surveys – regular meetings with trade union and other representatives. → NFS: Survey / climate, Salcef values and material topics
 <b>Suppliers</b>	Technical/commercial meetings and visits – social media – events, trade fairs and other marketing activities – audits and inspections – supplier qualification and evaluation platforms – correspondence. → NFS: Survey / panel of selected suppliers (impacts and material topics)
 <b>Companies and trade associations</b>	Technical/commercial meetings and visits – social media – events, trade fairs and other marketing activities – assessment tools and questionnaires – website – bidding on tenders.
 <b>Customers</b>	Technical/commercial meetings and visits – social media – publications – events, trade fairs and other marketing activities – assessment tools and questionnaires – audits and inspections – coordination and planning meetings – correspondence – website – supplier pre-qualification/qualification and evaluation – participation in expressions of interest – bidding on tenders. → 2021 NFS: Survey / panel of selected customers (impacts and material topics)
 <b>Institutions and control bodies</b>	Technical meetings and visits – audits and inspections – correspondence
 <b>Society and local communities</b>	Meetings with local community representatives – joint projects with universities – career days, events and fairs – visits to the company – website – social media.
 <b>The media</b>	Press releases – social media – website – publications – events, fairs and other marketing activities – interviews and specialist analysis.





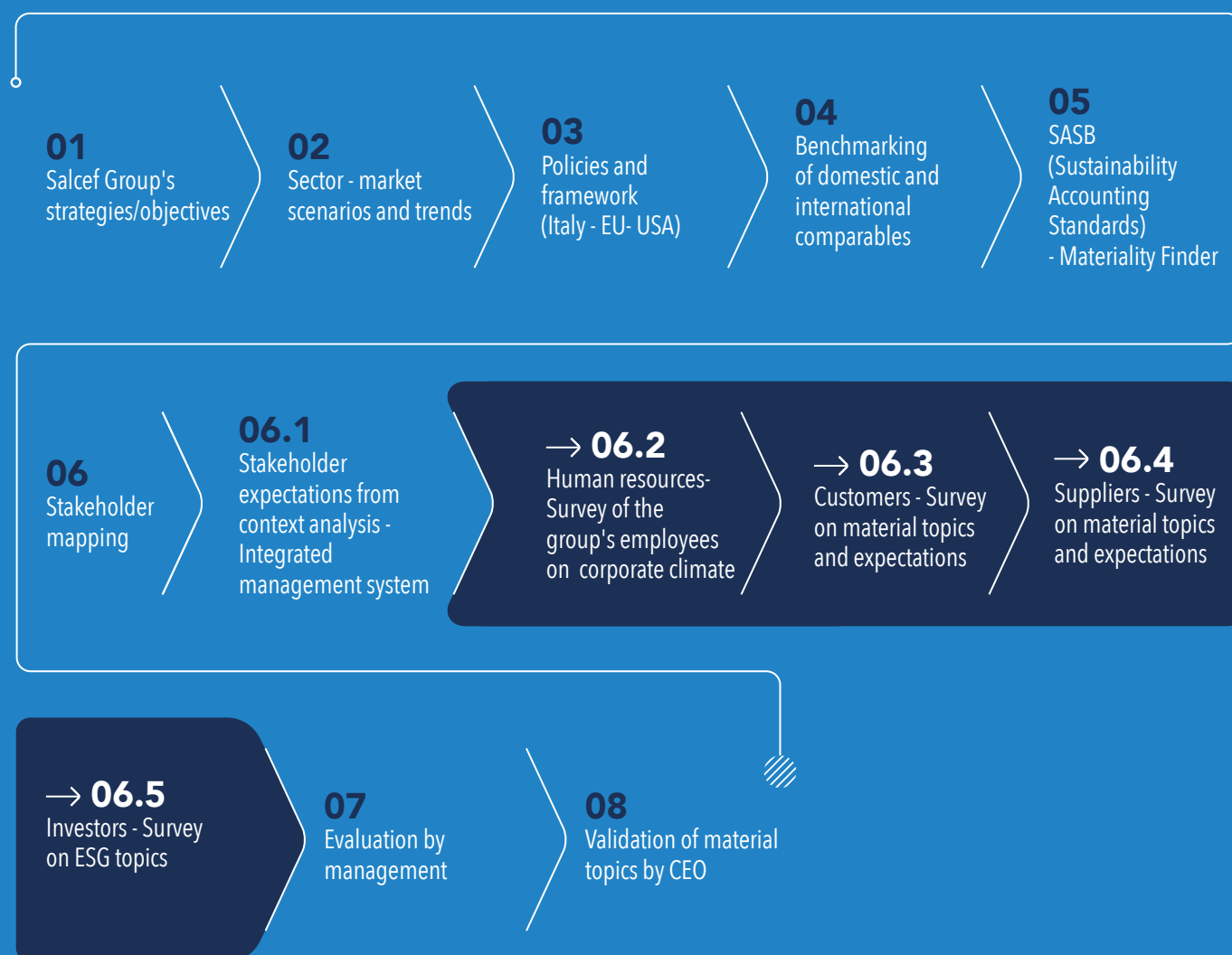


## Identification and evaluation of Salcef's material topics

### The analysis and due diligence process

The materiality analysis to identify and evaluate the material topics has been developed and expanded compared to the previous year and features specific activities that directly involve some of Salcef's key stakeholders. The due diligence activities

focus on identifying Salcef's financial, environmental and social impacts, taking into account those aspects that could have a significant effect on the group's value and stakeholder interests.



- Other strategic and recurring activities to identify and evaluate the material topics and indirect stakeholder engagement.
- Direct involvement of the stakeholders in the evaluation of the material topics.

**Analysis of the SASB – Sustainability Accounting Standards – [SASB Materiality Finder](#)** – This tool is provided by the SASB, the Sustainability Accounting Standards Board, the United States sustainability standard setter. Specific to industry and material topic and with a database of companies listed on the main international stock markets, the materiality finder enables the identification of industry topics that could impact a company's financial conditions or operating performances. The key aim of the analysis was to check the consistency between the material topics identified and the findings of the SASB materiality finder. The analysis focussed on the following sectors: a) Infrastructure - engineering and construction services (main sector); b) Resource transformation - industrial machinery and goods (secondary sector); c) Rail transportation (non-core/post-Salcef processes).

**Human resources** – Internal survey of the corporate climate, covering the material topics for the purposes of the NFS. For further information see [The working environment: survey of the corporate climate](#).

**Customers** – Survey to gauge the materiality of Salcef's material topics from the customer's perspective. The survey involved a representative sample of the customer portfolio.

**Suppliers** – Survey of a sample of the key suppliers to gauge the materiality of the material topics.

**Investors** – The engagement process involved Salcef's main investors, who were asked to evaluate the material topics.

**Evaluation by senior management** – This involved the chairman and the CEO as parties able to evaluate the material topics and their impacts from a strategic perspective and considering the results of the ongoing engagement with key stakeholders for the various activities.

## Results of the materiality analysis

The material topics identified are summarised in the table below: topics are grouped by area/scope of current and/or potential impact, showing the underlying reasons for their materiality and the connection to the areas referred to in Legislative decree no. 254/2016 which governs the preparation of the non-financial statement. The same table references the specific indicators (GRI Standards) used in the reporting, detailed in [GRI Content Index](#) an integral part of this document.

The scope of impact of the various material topics identified differs, as reflected in the grouping of the topics by area and in the description, but they often impact a wide range of Salcef's stakeholders. Indeed, the impacts of the topics are identified by Salcef Group via engagement with its various internal and external stakeholders.



AREA/MATERIAL TOPIC	Impacts and underlying reasons/materiality	Areas as per Legislative decree no. 254/2016	GRI Standards Topic-specific standards
<b>Governance</b>			
<b>Business ethics and integrity and compliance</b>	Business ethics and integrity/Corporate governance requires compliance with principles and the implementation of a Code of ethics, as well as legislative compliance and integrity. These preconditions ensure sound business operation such to enable the generation of value for all stakeholders in the short, medium and long term.	Fight against active and passive corruption Respect for human rights	GRI 205: Anti-corruption GRI 206: Anti-competitive behavior GRI 027: Tax GRI 307: Environmental compliance GRI 419: Socioeconomic compliance
<b>Economic</b>			
<b>Financial performance</b>	Economic sustainability and financial soundness are essential to business operation and to ensuring the appropriate distribution of the economic value generated for stakeholders (above all employees and suppliers). The creation of value for the company is therefore the ability to ensure a company's financial soundness over time.	Social	GRI 201 Economic performance
<b>Engagement with and development of the local area/suppliers and local communities</b>	Development of the local area through the works carried out is integral to the business model in terms of a) the distribution of value generated (involvement of local suppliers) and b) relationships with the community and its involvement.	Social	GRI 413: Local communities
<b>Business model/Products and services</b>			
<b>Investments - innovation and digitisation</b>	The ability to invest and innovate is not only an economic driver, but also environmental and social. The design and development of new solutions and technologies, together with the progressive digitisation of services, also facilitates the achievement of environmental and social objections and the generation of positive impacts.	Social Environmental	GRI 203: Indirect economic impacts
<b>Product and service quality and safety</b>	This topic is linked to the ability to produce products and offer services of a high quality and reliability and that guarantee safety for the direct and end customers. These important conditions define the relationship with customers, which includes the level of customer satisfaction and the ability to respond adequately and swiftly to the related requests and needs.	Social	GRI 416 - Customer health and safety
<b>Sustainable mobility Environmental and social impact of products and services</b>	The impact of products and services is linked to: a) the environmental and social impact for the development of products/work sites; b) the ability to develop and propose solutions that generate a positive environmental and social impact along the value chain (direct customers and end users)/benefits of a sustainable mobility system.	Social Environmental	Topic covered by GRI 102 General disclosures
<b>Responsible/sustainable supply chain management</b>	Sustainable supply chain management: governance and supplier selection and evaluation based on social and environmental parameters/indicators. For an organisation to have a sustainable profile, its supply chain management must comply with consistent principles, via mechanisms and instruments that, over time, ensure not only monitoring of the supply chain but a sustainability partnership. These instruments include the adoption of policies, monitoring activities and reward mechanisms in the tendering procedure (selection, evaluation and choice of purchases of products and services).	Respect for human rights Social Environmental	GRI 308: Supplier environmental assessment GRI 414 - Supplier social assessment



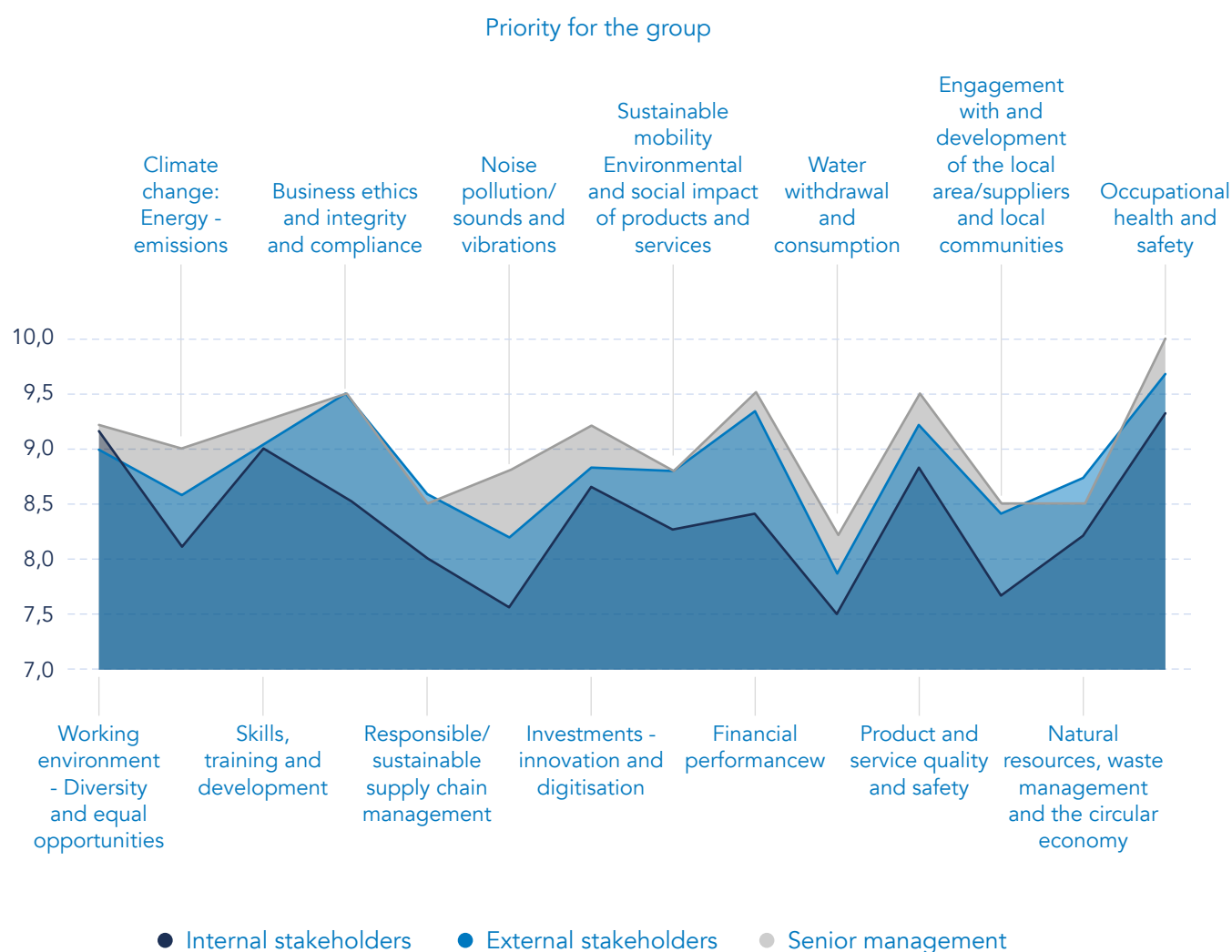
AREA/MATERIAL TOPIC	Impacts and underlying reasons/materiality	Areas as per Legislative decree no. 254/2016	GRI Standards Topic-specific standards
<b>Climate change: Energy - emissions</b>	Aspects linked to the energy profile of the production infrastructure and operations: optimisation of energy consumption/energy efficiency/reduction of CO <sub>2</sub> emissions. These are significant because of the consequences that a company's energy profile and emissions have on the objectives of containing/mitigating the negative effects of climate change. At the same time, climate change requires organisations to equip themselves with an infrastructure that can adapt to the effects of climate change.	Environmental	GRI 302 - Energy GRI 305: Emissions
<b>Water withdrawal and consumption</b>	This topic relates to the materiality of the effects linked to the use (withdrawals) and consumption of water resources (withdrawals for industrial uses/water withdrawals in areas with water stress/consumption of water for the production of items/projects and actions for the reuse of process water and wastewater treatment).	Environmental	GRI 303: Water and effluents
<b>Natural resources, waste management and the circular economy</b>	Refers to the type and characteristics of purchases of raw materials/semi-finished products/components and percentages of recycled input materials. It includes aspects related to waste management: efficiency and legislative compliance and, above all, the importance of policies and approaches and objectives in reducing the quantity of waste generated by industrial processes.	Environmental	GRI 301: Materials GRI 306: Waste
<b>Noise pollution/sounds and vibrations</b>	This topic has both internal and external impacts. The management/abatement of noise and vibrations is managed within operations via specific protocols and procedures. The external impact relates to the work site works carried out/the community affected and are subject to specific regulation and the adoption of limitation instruments.	Environmental Social	GRI 307: Environmental compliance
<b>Human resources</b>			
<b>Skills, training and development</b>	The management and development of an organisation is heavily dependent on its people and their expertise. The ability to attract and retain talent, to develop professional growth pathways, and to enrich expertise are indicators of an organisation's value and help bolster its identity and purpose, the corporate culture, the level of engagement and sense of belonging. An organisation's ability to stand the test of time and have people able to support the creation of value requires investment in its people in the form of training programmes that enhance and improve skills and have a positive impact.	Personnel Respect for human rights	GRI 401: Employment GRI 404: Training and education
<b>Working environment - Diversity and equal opportunities</b>	These aspects include topics related to equal opportunities in access to work and professional pathways and the protection and enhancement of diversity of the nationality, gender, age and culture of the people that work in an organisation. The topic is also linked to the development of the corporate welfare system and work management and organisation (remote working) as tools to achieve a work-life balance and a further guarantee of equal opportunities.	Personnel Respect for human rights	GRI 405: Diversity and equal opportunity
<b>Occupational health and safety</b>	The management of a company, its people and infrastructure makes it necessary to constantly monitor sensitive processes, particularly as relates to the prevention of accidents and occupational diseases for all personnel and other parties involved, including suppliers/contractors. This approach enables a constant improvement in health and safety in all workplaces, minimising risks and thus ensuring optimal working conditions.	Personnel Respect for human rights Social	GRI 403: Occupational health and safety

As stated above, the materiality analysis carried out for the preparation of Salcef's 2021 sustainability report/NFS is based on greater involvement of internal and external stakeholders. Compared to the material topics disclosed and reported in the 2020 non-financial statement, the analyses did not highlight significant differences. We note the following:

- the contents of some topics have been redefined;
- the priority topics are in line with the findings of the analysis carried out in 2020.

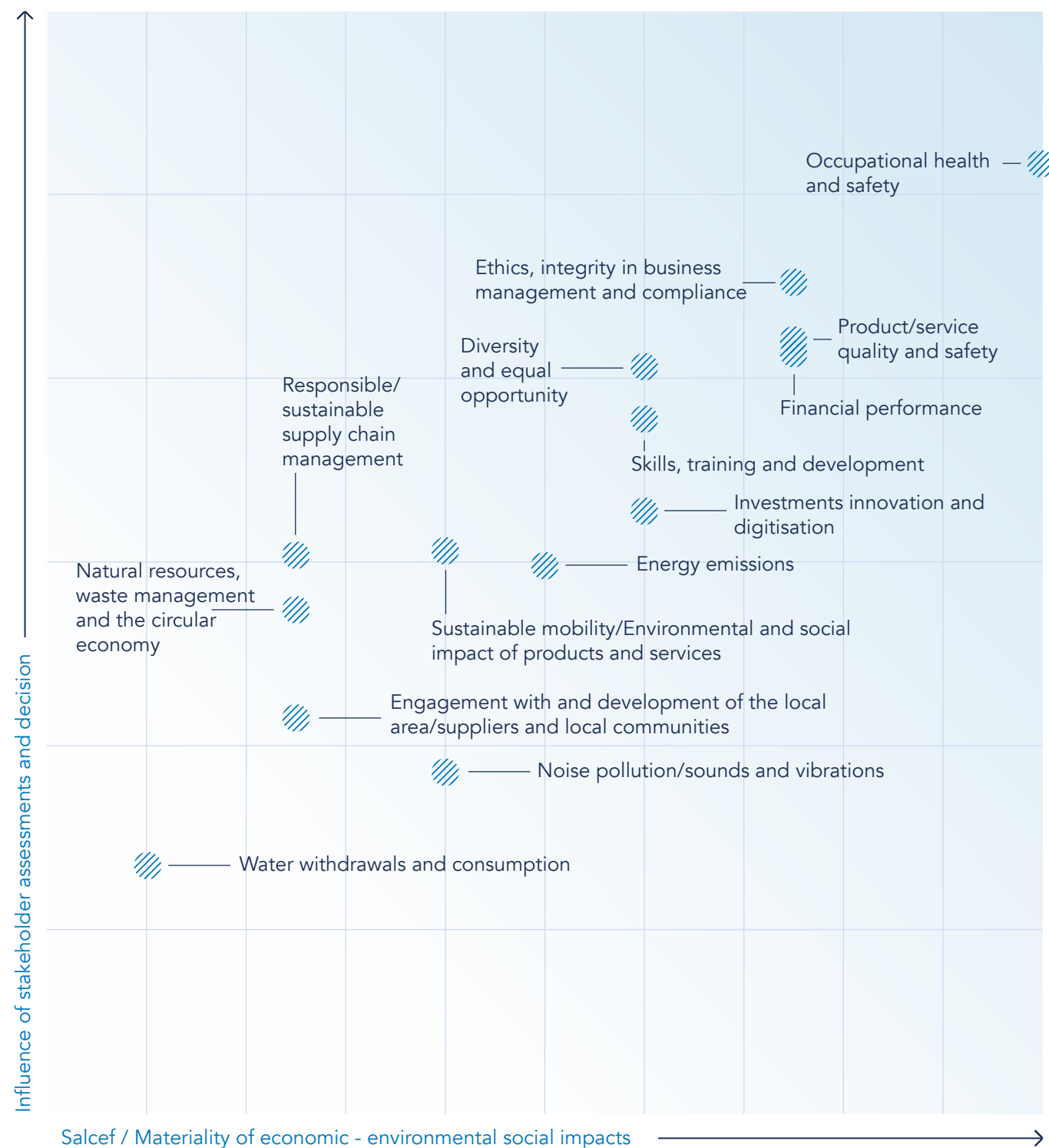
There was substantial alignment first of all in the evaluations received from internal and external stakeholders and, second, a more "linear" distribution of the issues on the materiality matrix.

## Internal and external stakeholders



The materiality matrix, shown below, summarises and provides an overview of the topics in relation to their economic, environmental and social impact and stakeholder assessments and interests:

## Materiality matrix





# 3

## Governance

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Corporate governance

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Quality, safety and environmental impacts

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The control model and the effectiveness of the policies

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Risk management

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Legislative compliance

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# Corporate governance

Salcef's corporate governance structure is based on a traditional organisational model and is comprised of the following company bodies:

- The shareholders' meeting (resolves on the issues provided for by the law and the company's by-laws);
- The board of directors (responsible for the management of the company);
- The board of statutory auditors (entrusted with a supervisory function).

KPMG S.p.A. was appointed to perform the statutory audit by the shareholders in their meeting of 5 October 2020. The engagement ends with the approval of the financial statements at 31 December 2028.

On 6 October 2020, the board of directors resolved to adopt Borsa Italiana's Corporate Governance Code (available on [www.borsaitaliana.it](http://www.borsaitaliana.it)).

## Company bodies and committees

The board of directors, comprised of nine members, was appointed by the shareholders in their meeting of 14 October 2019. It was supplemented for the 2019-2021 three-year period on 5 October 2020, with the appointment of Gilberto Salciccia as chairman.

### Board of directors

#### BOARD OF DIRECTORS

Gilberto Salciccia	Chairman of the board of directors
Valeriano Salciccia	CEO
Alessandro Di Paolo	Director
Giovanni Cavallini	Director
Attilio Francesco Arietti	Director
Germano Maiolini	Director
Bruno Pavesi	Independent director
Valeria Conti	Independent director
Emilia Piselli	Independent director

The board of directors is vested with the broadest powers for the ordinary and extraordinary management of the company. The directors are assigned all powers necessary for the implementation and achievement of the business purposes other than those reserved exclusively to the shareholders by law or the by-laws.

The chairman of the board of directors has unlimited representation powers for the company and is also assigned the organisation and management of company structures, as well as the definition of the guidelines and operating strategies for the other Salcef Group companies. Specifically: a) definition of strategic guidelines for new investments and activities to ensure company assets are operating efficiently; b) definition of the operating plan for Salcef Group's investments; c) research and development and other activities which are aimed at increasing and diversifying Salcef Group's products and services offer over the medium to long-term, including the roll-out of design activities and the research for new patents and production systems.

The chief executive officer (CEO) is assigned general representation powers, management of personnel and employment relationships, administrative management, contracts and financial management.

#### BOARD OF DIRECTORS

Women		Men		Total	
No.	%	No.	%	No.	%
2	22.2%	7	77.8%	9	100.0%

#### DIVERSITY (GENDER – AGE GROUP)

Less than 30 years of age		Between 30 and 50 years of age		Over 50 years of age	
No.	%	No.	%	No.	%
-	-	3	33.3%	6	66.7%

Compliance with the diversity criteria set out in the Borsa Italiana Corporate Governance Code (Principle 2.P.4), which requires at least one third of the board of directors to be comprised of directors of the less represented gender will be achieved in 2022. Collegio Sindacale



#### BOARD OF STATUTORY AUDITORS

Daniela Lambardi	Chairwoman
Giovanni Bacicalupi	Standing auditor
Roberto Schiesari	Standing auditor

## Committees

Salcef's corporate governance provides for the following committees, which are comprised of members of the board of directors:

- **Remuneration and appointment committee** (3 members): has carries out preliminary functions and advises the board of directors on the determination of the fees of directors assigned special duties, as well as in relation to

personnel remuneration and loyalty policies. The committee is comprised of Emilia Piselli (chairwoman); Bruno Pavesi and Attilio Francesco Arietti.

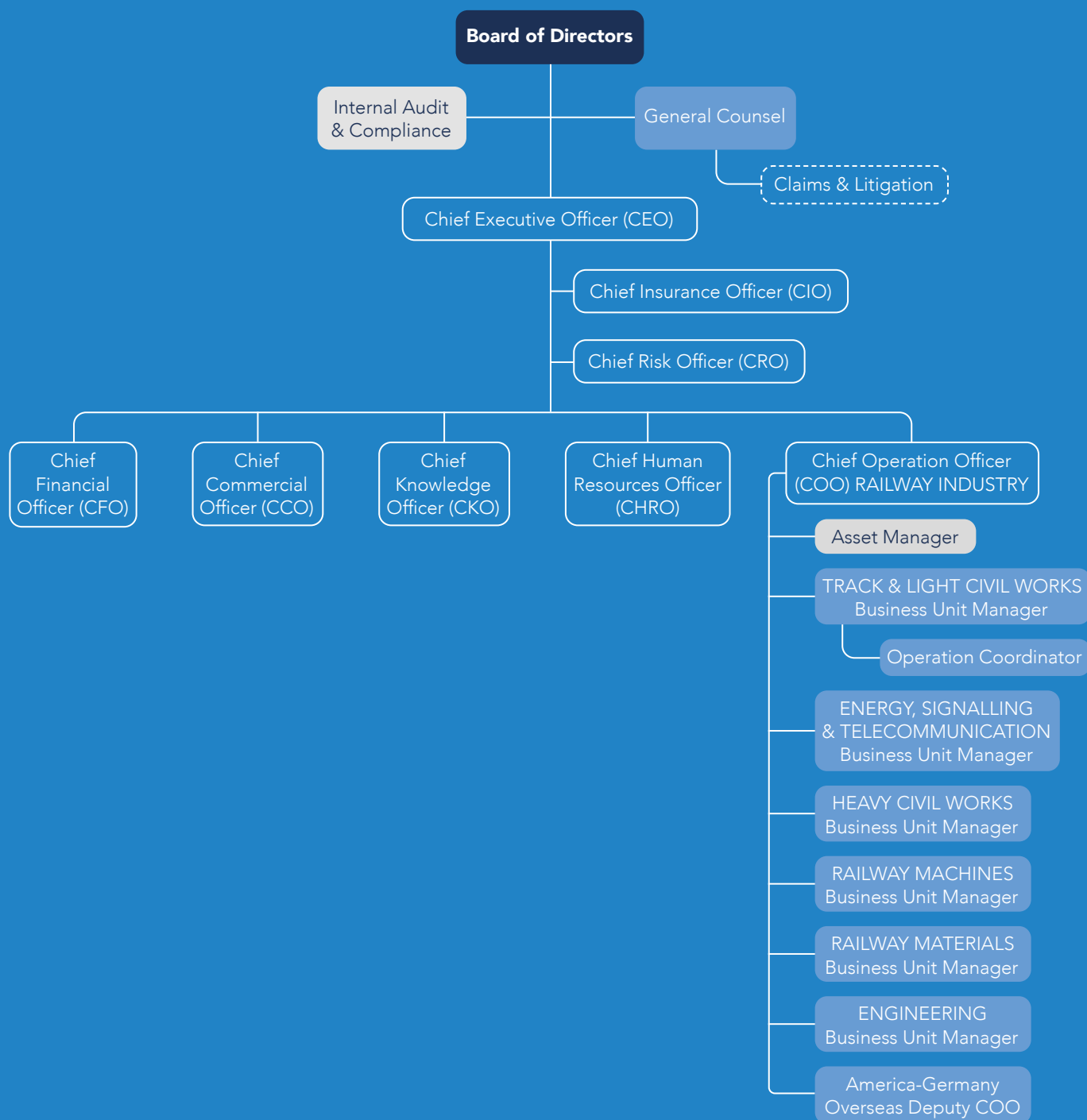
- **Audit and risk committee** (3 members): supports the board of directors in assessments and decisions in relation to risks and the internal control system. The committee is comprised of Valeria Conti (chairwoman); Emilia Piselli and Bruno Pavesi.
- **Related parties committee**: carries out the functions provided for by the regulation governing related party transactions adopted by Consob (the Italian commission for listed companies and the stock exchange) with resolution no. 17221 of 12 March 2010, as amended, also taking into account the instructions and guidelines for the application of the related party transactions regulation provided by Consob with communication no. DEM/10078683 of 24 September 2010. The committee is comprised of Bruno Pavesi (Chairman); Emilia Piselli and Valeria Conti.



## Organisational structure

The organisational structure of Salcef Group S.p.A. was developed with a view to optimising not only the processes for the provision of centralised services but also to ensure the management and coordination function between the parent and the subsidiaries, ensuring the best conditions for the performance of the core businesses of the subsidiaries.

The organisational model is therefore heavily focussed on “management and coordination”, with the aim of providing governance of the group and the subsidiaries, as well as defining the company organisation, process management and resource management.



The organisational structure has four central business units and one operating business unit:

- **Railway industry operating unit:** responsible for the update, development and management of activities related to the group's business, as well as the development of the organisation's technical and scientific expertise. This unit comprises the asset manager and the business unit managers, which coordinate the group's operating activities through the operating managers of the subsidiaries. The unit is headed up by the railway industry chief operating officer.
- **Finance central unit:** responsible for administrative and financial management and management control. The unit is headed up by the chief financial officer (CFO).
- **Commercial central unit:** responsible for the commercial development of the group's business activities, including marketing, pre-qualification, external communication the promotion of the group's brand. The unit is headed up by the chief commercial officer (CCO).
- **Knowledge central unit:** responsible for the coordination, update and development of integrated management systems in compliance with legislative and technical standards. The integrated management systems include health and safety, environment, quality and privacy and ICT. This unit includes the parent's procurement office which coordinates and defines the systems to ensure effective and efficient procurement within the group. The unit is headed up by the chief knowledge officer (CKO).
- **Human resources central unit:** responsible for the coordination, training and development of human resources. The unit is headed up by the chief human resources officer (CHRO).

In addition to the above units, the company's organisational model also includes the following roles which report to the CEO or directly to the board of directors:

- **Chief Risk Officer (CRO):** responsible for the analysis and management of business risks and the identification and resolution of critical issues that could damage the organisation's business.
- **Chief Insurance Officer (CIO):** responsible for the definition of guidelines, coordination and monitoring for all activities regarding the group's insurance portfolios.
- **Internal audit and compliance:** supports the organisation in monitoring, audit and supervision pursuant to Legislative decree no. 231/01. It also carries out compliance functions for the prevention of corruption pursuant to the requirements of ISO 37001. Further details are available under [Internal audit](#).
- **General counsel:** coordinates the legal activities.

## Organisational, management and control model pursuant to Legislative decree no. 231/2001

Salcef Group has adopted an "Organisational, management and control model" (the "model" or "231 model") pursuant to Legislative decree no. 231/01, which introduced administrative liability for companies into Italian legislation. The model takes into account Salcef's organisational and operational characteristics and is periodically updated. Pursuant to the relevant legislation, a supervisory body has been set up to monitor the operation of and compliance with the model and to ensure it is updated. The model is available on the website [CG Salcef - Company documents](#).

The model is comprised of a general part and special parts. The general part describes the essential components of the model, particularly as relates to the supervisory body, personnel training and the dissemination of the model within the company and external to the company, the disciplinary system and the measures adopted in the event of failure to comply with the provisions of the model.

The special parts are dedicated to the various types of crimes and administrative offences deemed a possible risk for Salcef Group. Each special part contains reference to the individual crimes referred to in Legislative decree no. 231/2001, the general rules of conduct to be adopted in all areas potentially at risk of crimes and other areas identified at risk of crimes. For each area at risk of crime, the sensitive activities, the possible ways in which the crime could be committed or conduct that facilitates the commission thereof, as well as the preventative control principles, are identified.

## Code of ethics

Salcef is determined to ensure maximum integrity in how it conducts its business and related company activities, and to protect its image and reputation. The code of ethics is an integral part of the model and sets out the ethical principles and values Salcef follows in carrying out its business, and which it expects all employees and, more generally, all parties that collaborate with it in the pursuit of its company mission, to rigorously observe.

Salcef Group bases all actions, operations, relationships and transactions carried out in the various company activities on the principles of the code of ethics. The code of ethics applies to all those with representative, executive or management functions, or that, even de facto, carry out management and control activities of Salcef, or that cooperate and collaborate with it, in any capacity,



in the pursuit of its business objectives, all employees without exception, collaborators and any party with business relations with Salcef. Specifically, Salcef's directors are required to comply with the principles of the code of ethics when setting business objectives, proposing investments and carrying out projects, and in any decision or action related to Salcef's management.

Salcef complies with the following principles in the pursuit of its objectives:

[Compliance with the law and the rules of conduct](#)  
[Equality and impartiality](#)  
[Integrity, honesty, transparency and reliability](#)  
[Loyalty, propriety and good faith](#)  
[Confidentiality and protection of company know-how](#)  
[Value of the individual and of human resources](#)  
[Environmental protection and safety](#)

Salcef Group has set up a **whistleblowing** channel which protects the identity of the whistleblower using IT and cryptographic techniques. This channel can be accessed by completing the relevant form on the home page of the MySalcef system. Reports are handled by the internal audit and compliance manager, who is the only person authorised to access this information. No reports have been received through the whistleblowing channel to date.

Through its subsidiary Salcef S.p.A., Salcef Group has joined the initiative of the Italian competition authority (AGCM), obtaining the Legality rating which was last renewed in February 2022 and which expires in February 2024.

## Anti-corruption measures

The risks of active and passive corruption can significantly compromise the reputation and impact of a company and have major impacts on its business. For Salcef Group, it is essential and strategic - also considering the profile of its clientele - to have tools, policies and systems able to combat all potential risks of this type. Specifically, Salcef's anti-corruption system includes the following:

- Code of ethics
- 231 model
- ISO 37001 management system

The **ISO 37001**-certified anti-bribery management system has been operational since 20 January 2020. It applies to all group companies, processes, procedures and operations. The most significant risks related to corruption are reported in the subsequent [Risk management](#) paragraph.

The system of anti-corruption policies and procedures is assessed and approved by the board of directors of the parent, Salcef Group S.p.A. and is communicated and disseminated to the directors, managers and employees of the group companies.

As reported in the [Training and development](#) paragraph, specific training modules are held on anti-corruption and the 231 model. The supplier qualification and selection procedures ([Qualification and check of requirements](#) paragraph) provide for specific communication procedures and acceptance of the group's policies.

Like in previous reporting periods, there were no episodes reported of active or passive corruption involving Salcef Group directors or employees.

## Management systems

Over time, the group has built up its management system in compliance with international quality (ISO 9001:2015), environmental (ISO 14001:2015), occupational health and safety (ISO 45001:2018), anti-bribery (ISO 37001:2016), social accountability (SA 8000:2014), energy (ISO 50001:2018) and road traffic safety (ISO 39001:2016) management standards, and sector best practices. The management systems applied and their bridging to the material topics is summarised below.

MANAGEMENT SYSTEM	Description	Material topics references
ISO 9001	The quality management system applied to the company processes and organisation with a view to improving effectiveness and efficiency in creating products and providing services, as well as gaining and increasing customer satisfaction.	<ul style="list-style-type: none"> <li>Product and service quality and safety</li> <li>Financial performance</li> <li>Management, training and development of human resources</li> <li>Working environment</li> <li>Engagement with and development of the local area/local communities</li> </ul>
ISO 14001	Management system to control the environmental impacts of operations and for the systematic pursuit of consistent, effective and, above all, sustainable, improvement thereof.	<ul style="list-style-type: none"> <li>Climate change: Energy – emissions</li> <li>Sustainable resource management and the circular economy</li> <li>Water withdrawal and consumption</li> <li>Management of noise and vibrations</li> <li>Management, training and development of human resources</li> <li>Environmental and social impact of products and services</li> </ul>
ISO 45001	Occupational health and safety management system establishing the minimum standards of best practice for the protection of workers. It also establishes a framework for the improvement of safety, the reduction of risks in the workplace and the improvement of worker health and well-being, thereby enabling an improvement in health and safety performance.	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Management of noise and vibrations</li> <li>Working environment</li> <li>Management, training and development of human resources</li> <li>Product and service quality and safety</li> </ul>
ISO 50001	Management system with the objective of the systematic pursuit of continuous improvement in energy performance, including energy efficiency and energy consumption and use.	<ul style="list-style-type: none"> <li>Climate change: Energy – emissions</li> <li>Sustainable resource management and the circular economy</li> <li>Environmental and social impact of products and services</li> </ul>
ISO 37001	Management system that supports the organisation in the fight against corruption, engendering a culture of integrity, transparency and compliance. The standard offers an important aid in implementing effective measures for preventing and tackling corruption.	<ul style="list-style-type: none"> <li>Ethics and integrity in business operations</li> <li>Management, training and development of human resources</li> <li>Responsible/sustainable supply chain management</li> </ul>
SA 8000	Social accountability (or CSR: corporate social responsibility) system with the aim of improving working conditions. This management system relates to: respect for human rights and the rights of workers, safeguards against child labour, and the protection of the health and safety of workers.	<ul style="list-style-type: none"> <li>Ethics and integrity in business operations</li> <li>Management of noise and vibrations</li> <li>Management, training and development of human resources</li> <li>Working environment</li> <li>Occupational health and safety</li> <li>Environmental and social impact of products and services</li> <li>Responsible/sustainable supply chain management</li> <li>Engagement with and development of the local area/local communities</li> </ul>
ECM	Management system pursuant to Regulation (EU) 779/2019 (formerly Regulation (EU) 445/2011) with the aim of improving access to the railway transport services market by establishing common principles for the management, regulation and supervision of railway safety. Specifically, it establishes the training, expertise and organisational requirements of the entities in charge of maintenance (ECMs).	<ul style="list-style-type: none"> <li>Management, training and development of human resources</li> <li>Product and service quality and safety</li> </ul>
ISO 39001	Management system for the planning, implementation and improvement of road safety and the reduction of the risk of road accidents.	<ul style="list-style-type: none"> <li>Management, training and development of human resources</li> <li>Working environment</li> <li>Occupational health and safety</li> </ul>

The following table summarises the management system certifications obtained by the group companies:

Società	ISO 9001	ISO 14001	ISO 45001	ISO 50001	ISO 37001	SA 8000	ECM	ISO 39001
Salcef Group S.p.A.	✓	✓	✓					
Euro Ferroviaria S.r.l.	✓	✓	✓			✓		
Salcef S.p.A.	✓	✓	✓		✓	✓		✓
Reco S.r.l.	✓							
SRT S.r.l.	✓	✓	✓				✓	
Overail S.r.l.	✓	✓	✓			✓		
Coget Impianti S.r.l.	✓	✓	✓	✓	✓	✓		
Delta Railroad Construction *	✓							
Bahnbau Nord GmbH	✓		✓					

\* The Delta Railroad Construction certification refers only to Quality Track Equipment, a subsidiary of Delta Railroad Construction, Inc.

## Participation in external initiatives and memberships

### Endorsement of codes of conducts and principles

#### WE SUPPORT



Salcef Group S.p.A. joined the Global Compact in 2020, the United Nations initiative conceived to encourage companies worldwide to adopt and issue sustainable policies in compliance with corporate social responsibility. Salcef Group committed to supporting and implementing the ten principles of the UN Global Compact, related to human rights working conditions, the environment and anti-corruption. Salcef's commitment is to incorporate these principles into its strategies, culture and everyday actions. For further information, see Salcef Group's participant page at <https://unglobalcompact.org/what-is-gc/participants/141744>



## Associations - Memberships

Through its companies, Salcef Group participates in various trade associations, as shown in the following table:

Trade associations	Salcef Group S.p.A.	Salcef S.p.A.	Euro Ferroviaria S.r.l.	Overail S.r.l.	Coget Impianti S.r.l.
Associazione Nazionale Imprese Armamento Ferroviario (ANIAF)					
ANIE Federazione					
Collegio Ingegneri Ferroviari Italian (CIFI)					
Confindustria Brescia					
UNINDUSTRIA					

A brief description of the individual trade associations follows.

### Associazione Nazionale Imprese Armamento Ferroviario (ANIAF)

Associazione Nazionale Imprese Armamento Ferroviario (the Italian association for permanent way companies), set up in 1997, represents the most important companies specialised in track construction and its ordinary and extraordinary maintenance. For further details, refer to the association's website and the page dedicated to the member companies: <https://www.aniaf.it/associati/>.

### ANIE Federazione

ANIE Federazione is one of the largest Confindustria trade associations by importance, size and representation. ANIE has 1,500 member companies from the electrotechnical and electronic sector.

The member companies are suppliers of cutting-edge technological systems and solutions and are an expression of Made in Italy technological excellence, the result of substantial annual investments in research and innovation. The ANIE sectors account for 30% of annual private research and innovation

spending in Italy. For further details refer to the association's website and the page dedicated to the member companies: <https://anie.it/aziende>.

### Collegio Ingegneri Ferroviari Italian (CIFI)


The Collegio degli Ingegneri Ferroviari Italian (C.I.F.I., the Italian railway engineers board), founded in 1899, is one of the oldest and most important technical and professional associations in Italy.

It counts around 2,200 individual members and over 130 industrial and transport companies, as well as universities. CIFI's activities are mainly of a cultural nature and to provide moral support to the profession. Further details are available on the association's website: <http://www.cifi.it/>.

### Confindustria Brescia and UNINDUSTRIA

These Confindustria branches for Brescia and Lazio represent and protect local entrepreneurs and companies and offer a granular external representation and an integrated system of relations with local stakeholders. For further details see the associations' websites: <https://www.confindustriabrescia.it/> e <https://www.un-industry.it/>.

# Quality, safety and environmental impacts

GRI 103-2   
GRI 416-1

In its more than 70 years of operation, Salcef has carried out hundreds of projects worldwide, to ensure **safe railway operation, create new connections and contribute to sustainable urban mobility**. Salcef has built railway infrastructure in numerous different contexts, from the Arabian desert to the icy north, with each project presenting its own technical and methodological challenge and the chance to consolidate the group's position on the international market.

Quality, respect for the environment, health and social responsibility are fundamental for business operation. In the firm belief that these factors offer added value to the customer, the work itself and to those who use it, Salcef is committed to its objectives of protecting the environment, maximum technical efficiency, legal compliance, optimising the rational use of resources and energy and identifying all risks for people and the local areas.

The group's international nature has also led to an in-depth knowledge of the railway sector's regulations abroad, as well as in Italy and Europe, resulting in increased know-how and offering ways to improve and innovate to make the management model even more solid. Further details are available in the [Legislative compliance](#) paragraph.

## The integrated policy

Salcef is committed to providing its customers with unrivalled services and the promotion of a culture of quality, respect for the environment and safety, as well as the design, construction and maintenance of works related to the construction and maintenance of railway, tram and metro lines and related civil works, with the supply of the related components, as well as machinery, machines and rolling stock for the construction, renewal and maintenance of infrastructure and the design and production of prefabricated systems for railway infrastructure.

For Salcef Group, environmental protection is a fundamental value for the community and is compatible with company development. Salcef Group is therefore committed to operating in compliance with relevant legislation in its offices and at work sites, applying the best available technologies, in order to facilitate and design activities that enhance natural resources,

preserve the environmental and promote initiatives for widespread environmental protection. The group also takes into account the needs of the local communities in which it operates (the areas near the work sites) and contributes to their economic, social and civil development.

Accordingly, the continuous improvement of internal management processes, and operating in compliance with the provisions of the integrated quality, environmental and occupational health and safety systems pursuant to UNI ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, is fundamental.

## Environmental impact of products and services

Salcef's integrated policy and, specifically, the ISO 14001 environmental management system which is part thereof, is designed to ensure **full compliance with applicable legal provisions** and other regulations and international standards regarding the environment, in the pursuit of continuous improvement.

In this context, compliance with environmental regulatory provisions in its operations in the various countries in which it operates is therefore a priority, in order to minimise the environmental impact of products and services (products for infrastructure and the supply of railway services).

The risks related to compliance with environmental regulations and for the use of potentially hazardous substances that could cause environmental and/or other violations of current legislation are identified and managed via a system providing for:

- A system of company proxies which establish duties, responsibility and powers for those charged with the management of environmental issues.
- Training for all personnel on legislative issues and specific to their role.
- Alignment of all company procedures and conduct with the principles of such legislation.
- Scheduled regular checks that the procedures are correctly applied and of the training level of personnel, as well as of the internal disciplinary system.

- The implementation of controls over the compliance with environmental legislation of suppliers and major sub-contractors.
- Monitoring that the procedures of the integrated management system and any additional specific procedures for the contract (quality, environmental or other management plans) are correctly applied.

From a different perspective, the activities managed by Salcef which play an important role in the transition to an extensive Sustainable mobility model generate positive impacts both of an environmental and social nature (see Chapter [1. SALCEF GROUP: INTEGRATED SOLUTIONS FOR SUSTAINABLE MOBILITY](#) and the [Commitment to sustainable mobility](#) paragraph).





# The control model and the effectiveness of the policies

GRI 103-3 

## Internal audit

Salcef's control model provides for an internal audit department. The internal audit manager checks, both on an ongoing basis and in relation to specific requirements and in compliance with international standards, the operation and the suitability of the internal control and risk management system, via an audit plan approved by the board of directors, based on a structured process of analyses and prioritisation of the key risks.

The objective of the internal audit activity is to assess the effectiveness of the policies adopted by the Salcef Group in the various significant areas and to identify improvements.

The internal audit department also prepares regular reports providing information on its activities, the way in which it manages the risks and compliance with the plans established for their containment and control, as part of the audit plan, the reliability of the information systems, including the accounting systems. The internal audit manager is not responsible for any operating area and reports to the board of directors.

## Assessment of the policies

The group monitors the effectiveness of its policies, procedures and management systems via internal audits. Specifically, there are three types of audits:

- **Central and management audits:** checks aimed at assessing the central and transversal group processes, checking the correct application of the procedures, information flows and the integrated management system, as well as compliance with the organisational, management and control system pursuant to Legislative decree no. 231/01. The audits are conducted by the parent's internal audit and compliance department which also relies on the support of other central departments and external consultants.
- **Audits of management systems:** audits to check the proper implementation of the management systems applied.
- **Operational audits on work sites and facilities:** audits to check the proper functioning of the operating processes, particularly as relates to safety, the environment and quality. They are mainly conducted by the relevant company's HSE department.

the following graph shows all types of audits performed in the 2019-2021 three-year period:



## Central and management audits

These audits related to the topics summarised in the table:

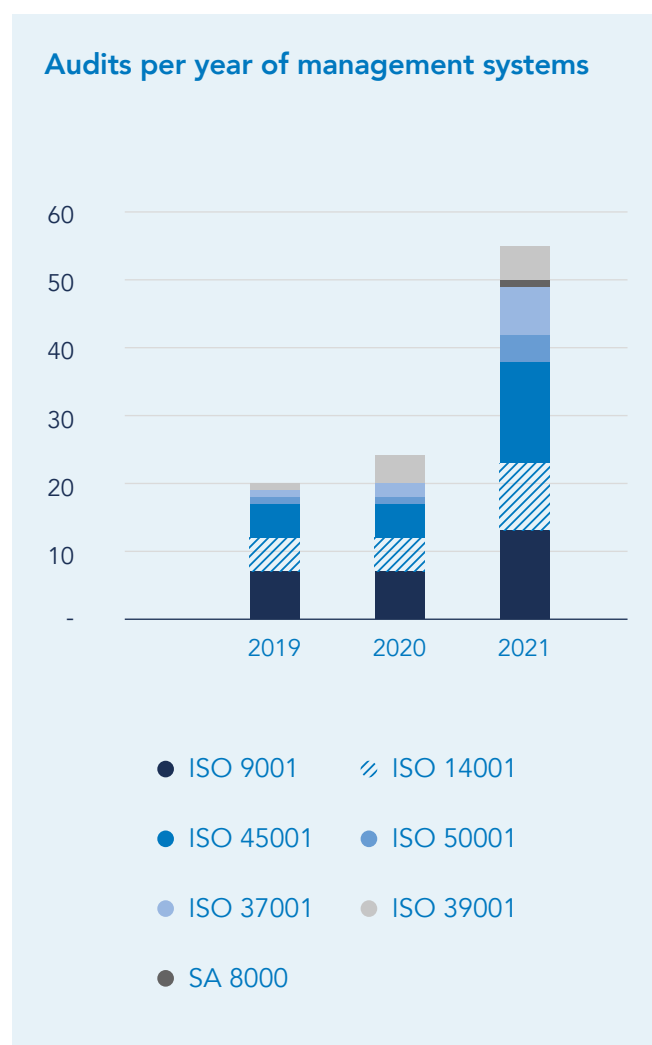
CENTRAL AND MANAGEMENT AUDITS	2019	2020	2021
SG safety management			
SG management consultancy	■*		■*
Procurement management	■*	■*	■
Treasury management			
Financial statements closure			■
Infragroup contracts			
Tender and sales management	■*	■	■*
SG sponsorships and contributions		■	
Contract management	■		■*
Contract management – Environmental aspects	■		
Wages and contributions	■	■*	
Gifts and entertainment		■	■*
Keeping of the insider trading register		■	■

\* Follow-up audits

There were five instances of non-compliance and three new requirements or opportunities for improvement in 2021.

## Audits of management systems

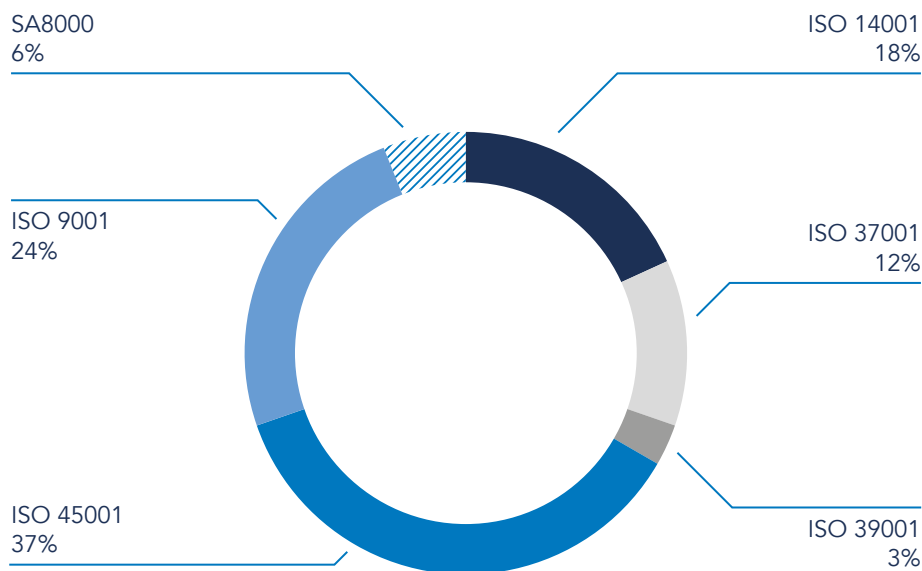
Audits were carried out on all management systems implemented in the Salcef Group companies in 2021. The following graph shows the management systems audits conducted in the last three-year period:



A total of 55 audits were carried out on management systems. This was a significant increase over the previous year and is mainly due to new certifications obtained by group companies (such as the ISO 14001 and ISO 45001 certifications by SRT S.r.l.).

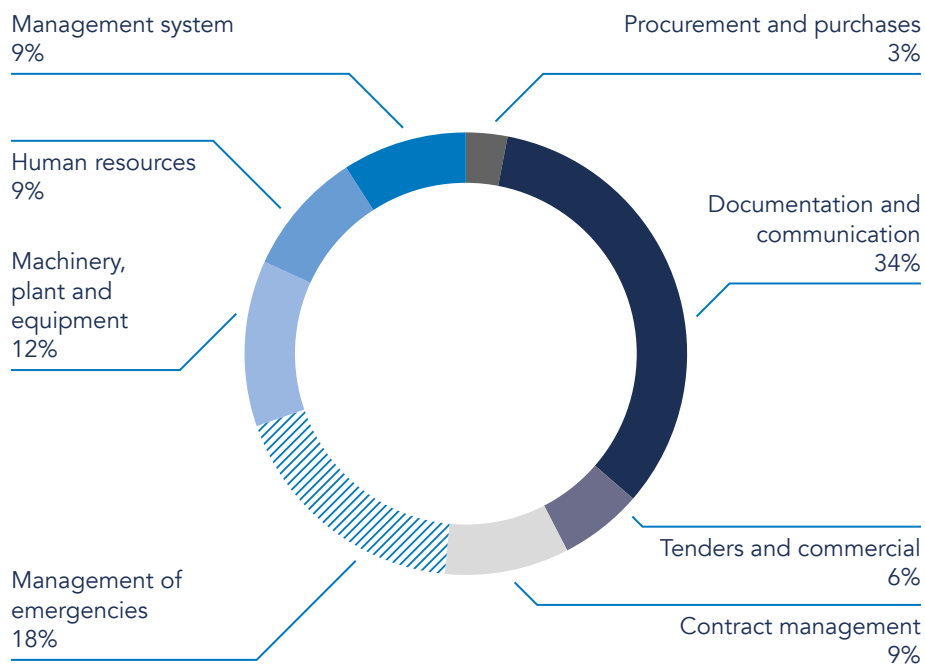
There were two instances of non-compliance and 31 observations were made on the following management systems in 2021:

## Instances of non compliance and observations 2021



The instances of non-compliance and observations of 2021 on the management systems mainly related to aspects linked to "documentation and communication" and "management of emergencies".

## Type of non compliance and observation 2021



All these cases will be subject to a corrective action plan to be resolved during the year, with an overall improvement on the group's management systems.

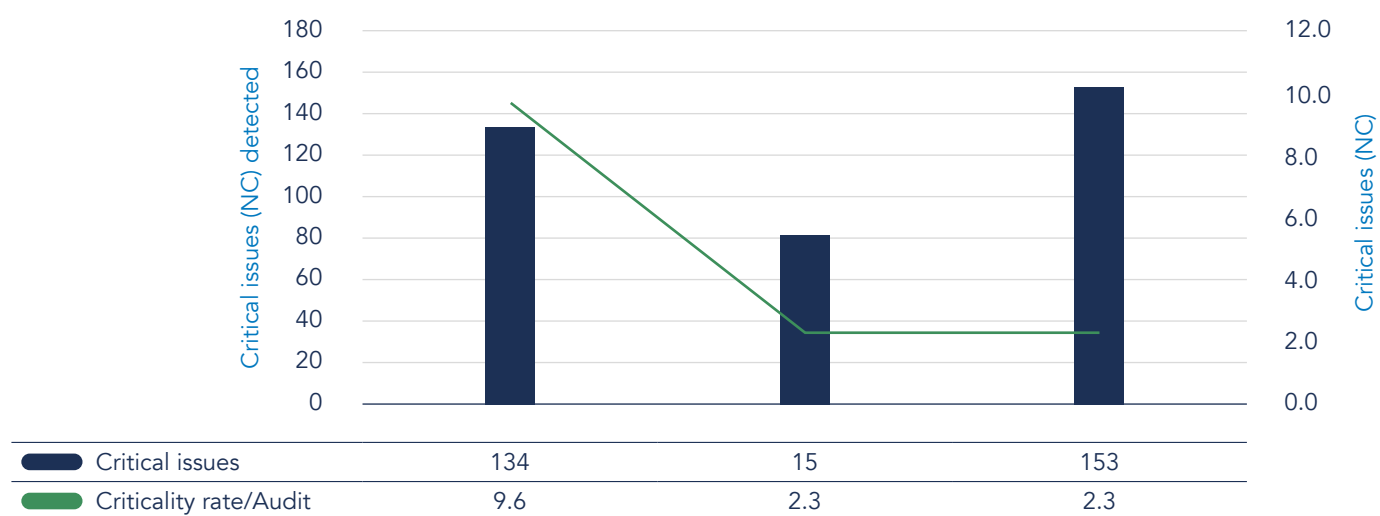


## Operational audits on work sites and facilities

Operational audits are a control of key importance for the group as they check that all the procedures and the organisation put in place for the performance of the business activities are actually complied with.

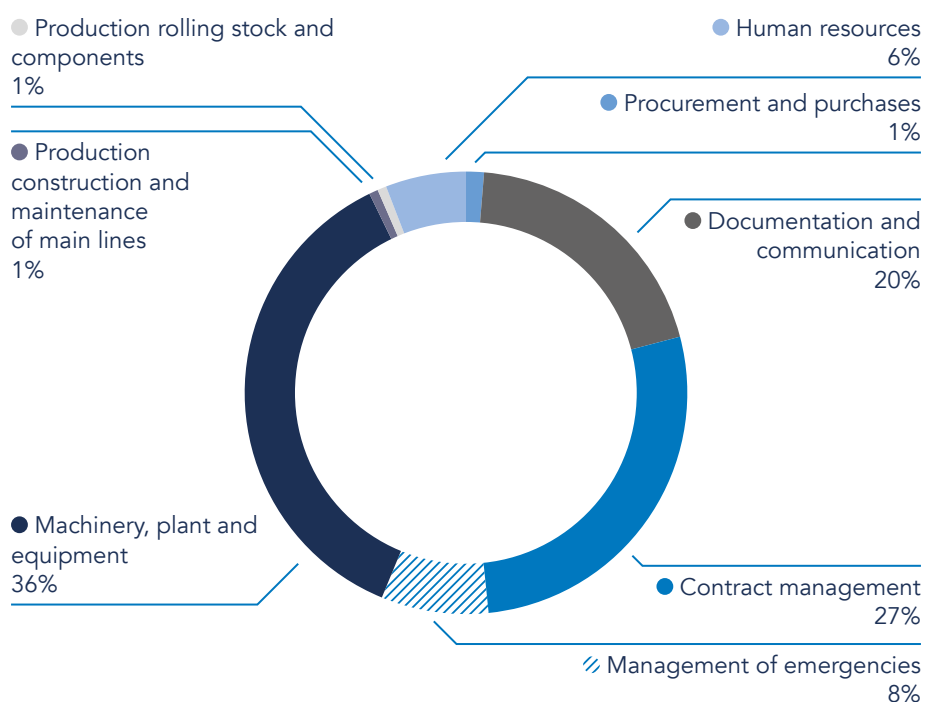
The planning and performance of the operational audits has been standardised over time and all the corrective actions taken have gradually improved the process, with a consequent decrease in the critical issues identified, as shown in the following graph:

### Operational audit on work sites and facilities - Critically (NC)



For 2021, the 153 instances of non-compliance identified have now been resolved or are nearly resolved. They mainly related to aspects linked to contract management, machinery, equipment and systems and documentation and communication.

### Operational audits on work sites and facilities Type of NC 2021



## Social performance team

Salcef has set up a **Social performance team**, as required by the SA 8000 – Social responsibility standard, with the task of:

- helping to assess risks and identify and assign priorities to the areas of actual or potential non-compliance with SA 8000:2014 and ISO 45001:2018;
- propose improvement actions for the risks identified to management;
- monitoring the activities in the workplace, checking compliance, the implementation of the planned actions and the effectiveness of the approaches taken;
- working with other group departments to examine, define, analyse and/or resolve any instances of non-compliance with SA 8000:2014 and ISO 45001:2018;
- facilitating the regular internal audits and preparing reports for management on the results and the benefits of the actions taken;
- organising regular meetings to review progress and to identify any actions for the more effective application of SA 8000:2014 and ISO 45001:2018.

The social performance team also carries out the duties of the Safety committee, pursuant to ISO 45001:2018 – Occupational health and safety management system.



# Risk management

GRI 102-11   
GRI 102-15

## Enterprise risk management

Salcef Group has adopted an **Enterprise risk management (ERM)** system suitable for its structure to ensure the effective and efficient identification, measurement, management and monitoring of the main risks that could compromise the group's ability to implement strategies and achieve its objectives. The analysis of the group processes resulted in a map of company activities and their relationships, which is associated with a list of possible risks and opportunities that can be ranked by importance based on their probability and impact.

The aim of Salcef's enterprise risk management is to incorporate risk management activities into the organisation's processes and culture, with the gradual implementation and continuous improvement of the process. This approach means both that risk management issues are swiftly brought to the attention of the board of directors and management and that the risk management process is adapted to the structure of the organisation, which is constantly evolving.

In operation, Salcef manages the risks management process in four stages, in line with the principles of the CoSo ERM Framework: a) identification; b) assessment; c) response/management and mitigation; d) update and improvement of processes.

## ERM goals

- Greater awareness in strategic decision-making, taking due account of the current and future risks as part of an organised and comprehensive vision;
- Promote the dissemination of risk management in company processes to ensure consistent risk management and control methodologies and tools;
- Develop a shared language on risks and disseminate a risk management culture as part of an integrated approach consistent with the group's underlying mission, vision and values;
- Provide a uniform approach to the identification of events that could impact the company's operations;
- Ensure business continuity, coordinating the risk owners and the other parties involved in the process.

## Risk model

Salcef's **risk model** is designed to:

- Assist in the identification of risks;
- Ensure uniform language;
- Provide a snapshot of the risk portfolio.

## Main departments involved

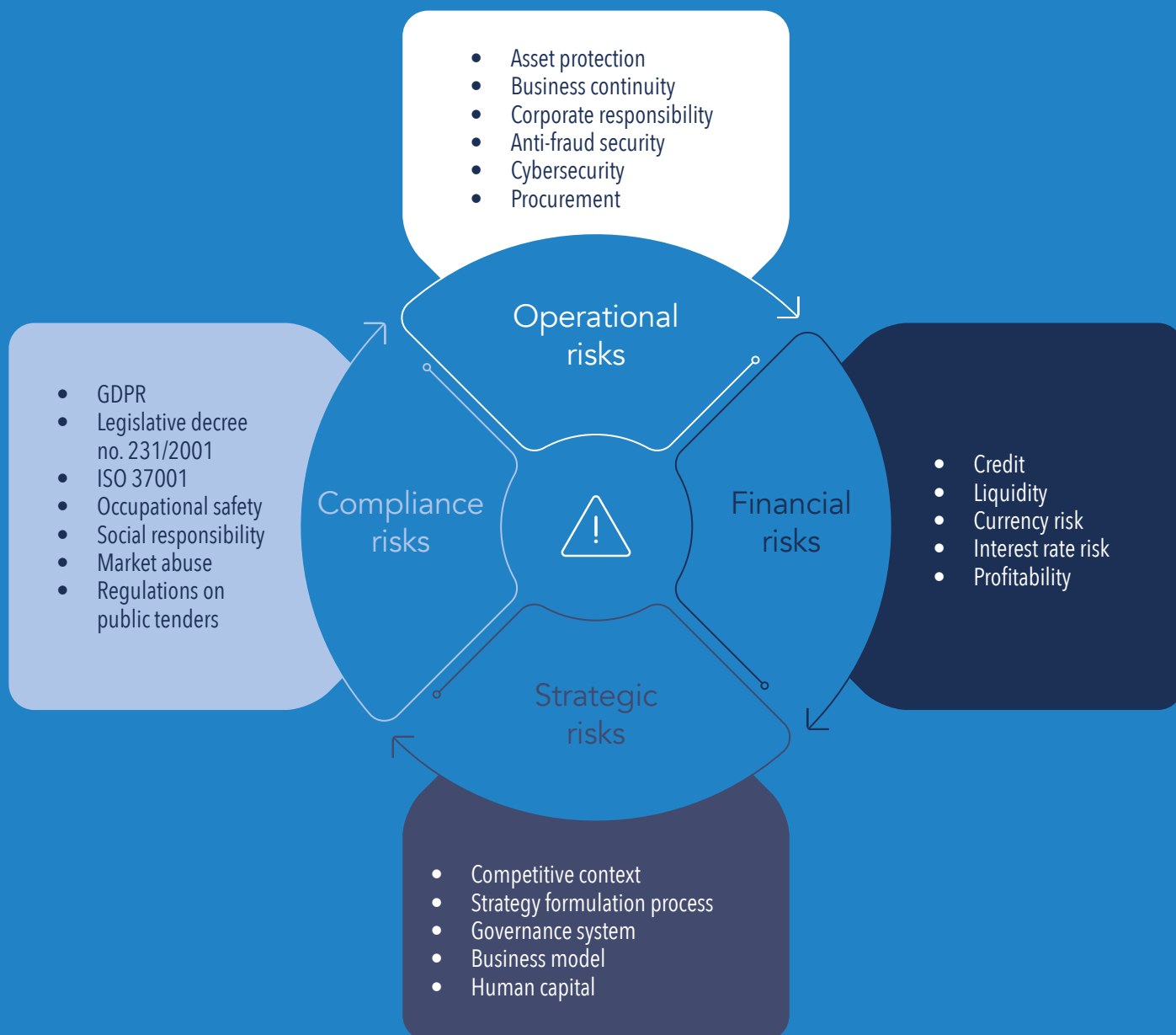
In organisational terms, the main parties involved in Salcef's risk management system are:

- **Risk owner:** responsible for the process impacted by the risk, in charge of identifying the actions to be taken to mitigate the risk and for its monitoring. This involves all the main department of Salcef Group.
- **Chief risk officer (CRO):** designs and supports the implementation of the risk management system, stimulating the development of relevant methodologies and operating tools and coordinating the parties involved in the risk management process;
- **Audit and risk committee:** comprised of non-executive directors, both internal and external to the group, most of whom are independent. It supports the board of directors in their assessments and decisions related to the internal control and risk management system. It checks the adequacy and effectiveness of this system in relation to the characteristics of the company and its risk profile.



## Risks and their management

The following graph shows the risks identified as material by Salcef's ERM system grouped by area and category.



For these risks, the related management methods are summarised, including through referent to other parts of this report and/or documentation available on Salcef's website. The table also shows the underlying material topics reported in this NFS.

Considering Salcef's business model and industry, the risk management system and the overall control model assign a

materiality level to compliance risks, particularly those related to the material topic of ethics and integrity in business operations, an area strategic and central to Salcef's governance.

Moreover, by their very nature, environmental risks are transversal with respect to the underlying material topics detailed in the table.

In the area of risks related to competition, the ERM analysis showed significant opportunities related to the development and introduction of new technologies and work tools, linked to

the technological evolution. Salcef's research and development activities are therefore heavily focussed in this direction.

RISK SCOPE/CATEGORY	Related material topic	Summary of management approach
<b>Strategic risks</b>		
<b>Human capital</b> <b>Training and expertise</b> Risks arising from Salcef Group having inadequate internal expertise necessary to properly develop and manage its business operations.	Management, training and development of human resources Working environment	Definition of the organisation of the group, enhancing human resources by defining personnel management policies in relation to remuneration, training and satisfaction (see <a href="#">Personnel management, enhancement and development policies</a> ). Definition of the criteria personnel must meet for the allocation or roles, functions and duties. Check and supervision of internal movements and changes of role and function.
<b>Competitive context</b> Concentration of revenue  Risks related to the concentration of revenue and the investment policies in the public sector of the main customers. The group's largest customer (RFI) accounts for more than 70% of consolidated revenue. Moreover, the group's backlog is mainly concentrated in Italy and, therefore, the group's financial performance and cash flows are linked to the trend of the Italian economy.	Financial performance	<ul style="list-style-type: none"> <li>The investment plans of customers - mainly RFI in Italy - depend on the development policies and intention of central institutions (government, local authorities, etc.) to fund maintenance/renewal activities and the construction of new infrastructure. To contain the concentration of revenue risk, it is advantageous to increase the diversification of customers, products offered and the countries in which the group has a footprint.</li> </ul>
<b>Macroeconomic context</b> Risks arising from changes to the Italian and global macroeconomic context, due to events that can substantially change economic, financial and industrial variables, such as the Covid-19 pandemic.	Financial performance Investments and innovation/digitisation	<ul style="list-style-type: none"> <li>Constant monitoring of the Italian and international macroeconomic context/identify potential negative trends and adjust the group's development and investment plan accordingly. (see <a href="#">Strategic guidelines</a>)</li> </ul>

RISK SCOPE/CATEGORY	Related material topic	Summary of management approach
<b>Compliance risks</b>		
<b>Legislative decree no. 231/2001 - ISO 37001</b> Risk that a group company and/or a director or employee thereof are involved in proceedings for crimes committed in violation of Legislative decree no. 231/2001 and anti-corruption legislation which could lead to the application of penalties against these parties (both natural and legal persons) with negative impacts on the group's reputation and exclusion from calls for tender and/or qualifications systems for public contracts.	Ethics and integrity in business operations	<ul style="list-style-type: none"> <li>• Training of all personnel to the extent necessary, in order to raise awareness of the organisational model, the special parts and the Code of ethics, and of the principles underlying the group's anti-corruption policy (see <a href="#">Training and development</a>)</li> <li>• In-depth training for management on the group's culture of ethics and integrity. Scheduled regular checks that the procedures are correctly applied and of the training level of personnel (see <a href="#">The control model and the effectiveness of the policies</a>)</li> <li>• Specific checks carried out at the request of the board of directors, the CEO, the board of statutory auditors and the supervisory body.</li> <li>• Alignment of all company procedures and conduct with the principles of such legislation.</li> </ul>
Non-compliance with anti-corruption regulations and the code of ethics and conduct. Penalties for failure to comply with Legislative decree no. 231/2001 and/or anti-corruption regulations.	Ethics and integrity in business operations	<ul style="list-style-type: none"> <li>• Due diligence procedures on third parties in line with the provisions of the organisational model and anti-corruption policy.</li> <li>• Monitoring and regular reporting by department heads.</li> <li>• Scheduling and implementation of compliance training and information initiatives (see <a href="#">Training and development</a>)</li> <li>• Assessment of the performance of group managers also in terms of compliance with the established rules and regulations.</li> <li>• Check of the correct application of the procedures related to Legislative decree no. 231/2001 and anti-corruption. Implementation and update of existing procedures with IA&amp;C/internal audits. (see <a href="#">Central and management audits</a>)</li> <li>• Check that the corrective or improvement actions identified by management have been implemented.</li> </ul>
Commercial relationships with business partners or suppliers not properly vetted in advance.	Ethics and integrity in business operations Responsible/sustainable supply chain management	<ul style="list-style-type: none"> <li>• Systematic training of the relevant group departments for the performance of the activities. Check that the regulations and due diligence procedures have been properly applied (see <a href="#">The control model and the effectiveness of the policies</a>)</li> </ul>
<b>Regulations governing public tenders</b> Risks arising from non-compliance with legislation governing public contracts and the qualification systems in place for specific customers (e.g., RFI), as well as other regulations (anti-trust, privacy, etc.).	Ethics and integrity in business operations	<ul style="list-style-type: none"> <li>• Adoption of group procedures incorporating all legislative and regulatory requirements of Italian law governing public tenders, as well as regulations governing customer qualification systems as well as other applicable laws and regulations (see <a href="#">Legislative compliance</a>)</li> </ul>



RISK SCOPE/CATEGORY	Related material topic	Summary of management approach
<b>Occupational safety</b> Risks related to Covid-19 infection (restrictions on movement, employees unavailable due to Covid-19, etc.).	Occupational health and safety	<ul style="list-style-type: none"> <li>Definition of specific protocols to ensure business continuity.</li> <li>Support in defining and checking the correct application of protocols to minimise the risk of infection and spread among workers (see <a href="#">Covid-19: impacts on the organisation and measures adopted</a>).</li> </ul>
Risks of work-related injuries due to non-compliance with group regulations.	Occupational health and safety	<ul style="list-style-type: none"> <li>Supervising the management of work-related injuries and the process for handling them (e.g., reporting to the relevant bodies, insurance companies, etc.).</li> <li>Check that the provisions, procedures and protocols for the prevention of work-related injuries have been correctly applied (see <a href="#">Occupational health and safety</a>).</li> </ul>
Compliance risks related to occupational health and safety legislation (offices, work sites, etc.), including the risk of infection with Covid-19 (restrictions on movement, employees unavailable due to Covid-19, etc.).  Potential criminal, civil or labour proceedings, with consequences in terms of financial position, financial result and reputation, as well as the application of penalties pursuant to the legislation contained in Legislative decree no. 231/2001.	Ethics and integrity in business operations	<ul style="list-style-type: none"> <li>A system of company proxies which establish duties, responsibility and powers for those charged with the management of occupational safety issues.</li> <li>Training for all personnel on legislative issues and specific to their role (see <a href="#">Training and development</a>).</li> <li>Alignment of all company procedures and conduct with the principles of such legislation.</li> <li>Scheduled regular checks that the procedures are correctly applied and of the training level of personnel, as well as the internal disciplinary system (see <a href="#">The control model and the effectiveness of the policies</a>).</li> <li>The implementation of controls over the compliance with safety legislation of suppliers and major sub-contractors (see <a href="#">Supply chain</a>).</li> <li>Specific focus on the application of protocols to minimise the risk of infection and spread among workers of Covid-19 (see <a href="#">Covid-19: impacts on the organisation and measures adopted</a>).</li> </ul>

RISK SCOPE/CATEGORY	Related material topic	Summary of management approach
<b>Environmental</b> Risks related to compliance with environmental regulations and for the use of potentially hazardous substances that could cause environmental and/or other violations of current legislation.	Ethics and integrity in business operations Investments and innovation/digitisation Climate change: Energy - emissions Sustainable resource management and the circular economy Water withdrawal and consumption Management of noise and vibrations Product and service quality and safety Environmental and social impact of products and services Responsible/sustainable supply chain management Engagement with and development of the local area/local communities	<ul style="list-style-type: none"> <li>Adoption of the ISO 14001 environmental management system (see <a href="#">Sustainable management of resources</a>).</li> <li>A system of company proxies which establish duties, responsibility and powers for those charged with the management of environmental issues.</li> <li>Training for all personnel on legislative issues and specific to their role (see <a href="#">Training and development</a>).</li> <li>Alignment of all company procedures and conduct with the principles of such legislation.</li> <li>The implementation of controls over the compliance with environmental legislation of suppliers and major sub-contractors (see <a href="#">Supply chain</a>).</li> <li>Scheduled regular checks that the procedures are correctly applied and of the training level of personnel, as well as the internal disciplinary system (see <a href="#">The control model and the effectiveness of the policies</a>).</li> </ul>
<b>Operational risks</b>		
Company liability/Liability in the event of an accident in the workplace	Occupational health and safety	<ul style="list-style-type: none"> <li>Check that the specific policies for direct and indirect risks are properly implemented and that there is a suitable system of proxies and powers.</li> <li>Monitoring that the procedures of the integrated management system and any additional specific procedures for the contract (quality, environmental or other management plans) are correctly applied.</li> <li>Implementation of the non-compliance reporting tool through the MySalcef system.</li> </ul>
<b>Financial risks</b>		
Liquidity	Financial performance	<ul style="list-style-type: none"> <li>Definition and implementation of the group's business plan and the consequent industrial, financial statements, financial and administrative policies.</li> </ul>

## The precautionary principle

Introduced in 1992 at the United National Conference on Environment and Development (United Nations Principle 15 of The Rio Declaration on Environment and Development) to protect the environment and biodiversity and transposed and adopted by various levels of government and in consumer protection and health practices, the principle states that: "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation".

The application of the precautionary principle entails, as part of the risk management strategy, the prior assessment of potential negative effects of an environmental or social nature that could derive from the decisions and/or strategic choices related to products and processes. If a risk of serious or irreversible damage is identified, the group shall evaluate the adoption of suitable and effective measures, including in relation to benefits and costs, aimed at preventing and/or mitigating the negative impacts. Salcef's risk identification, assessment and management system takes this principle into account.

# Legislative compliance

GRI 206-1 GRI 207-1 GRI 207-2  
GRI 207-3 GRI 2017-4 GRI 307-1  
GRI 416-2 GRI 419-1

The group operates in compliance with the applicable legislative provisions in force in its various areas of operation.

## Compliance with environmental regulations

Salcef Group companies are subject to environmental permits to carry out their operations. The group pursues a sustainable business model at its work sites and facilities, aiming to reduce its environmental impact in all its forms, particularly by decreasing emissions, eliminating waste and properly managing waste.

Given the types of projects and services it provides, Salcef Group is subject to all environmental regulations. With specific reference to Italy, these include:

- Legislative decree no. 152 of 3 April 2006 (the "Environmental code"): the environmental regulations in Italy. This code governs the procedures to obtain environmental permits and includes regulations about soil conservation, the protection of waters against pollution, waste management, water discharges, reclamation of contaminated sites, protection of the air and the reduction of atmospheric emissions.
- Presidential decree no. 59 of 13 March 2013: governs the single environmental authorisation (for plants not covered by the integrated environmental authorisation), and simplifies the administrative environmental fulfilments for small and medium-sized companies.
- Ministerial decree of 6 September 1994: regulatory and technical guidelines on ending the use of asbestos and, specifically, the risk assessment, control, maintenance and reclamation of material containing asbestos in buildings.
- Royal decree no. 1775 of 11 December 1933: consolidated text of the legal provisions governing water and electrical systems (derivations and the use of public waters).
- Regulation (EC) no. 1907/2006 (the REACH regulation): for the proper management of chemical substances (evaluation and registration); Regulation (EC) no. 1272/2008 of 16 December 2008: classification, labelling and packaging of substances and mixtures.
- UNI EN ISO 14001:2015: specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance.

The group companies and their operations are subject to environmental and occupational health and safety regulations. Among others, such regulations govern the release of polluting materials into water, the air and the soil, the use, storage and disposal of dangerous substances and waste, and the reclamation of any contaminated areas. In this context, Salcef operates under environmental authorisations subject to periodic (five-yearly) renewal, which contain provisions, including of a technical nature, that must be complied with. The group companies that hold the relevant authorisations are: Overail S.r.l. for the Aprilia industrial facility, SRT S.r.l. for the Fano (Puglia) industrial facility, Coget Impianti S.r.l. for the Rovato and Corteno Golgi industrial facilities.

The work site activities carried out by the group companies are authorised on a case-by-case basis with temporary permits required by the applicable legislation.

## The asbestos risk

Salcef has long been active in relation to the risk presented by materials containing asbestos at its facilities. In this regard, all activities at the Overail industrial facility for the removal and maintenance of the materials containing asbestos, underway since 2007, were completed on 28 May 2020. For SRT, the asbestos reclamation activities were completed in 2019. At the date of this report, no Salcef Group industrial facilities have asbestos.

## Underground tanks

As the presence of underground tanks generally increases the risk of contamination of soil and underground water, also pursuant to Legislative decree no. 152/2006, these installations are closely monitored and limited by the group.

At the date of preparation of this report, only Overail has underground tanks at its Aprilia production facility.



## Penalties and/or disputes in relation to environmental matters

At the date of preparation of this report, there are no disputes of an environmental nature that have given rise to significant penalties for non-compliance with environmental laws, legislation or regulations.

## Non-compliance with social and economic laws and regulations

At the date of this report, there were no cases of violations of laws and/or regulations of a social and economic nature. No such penalties were received in 2021 and there are no significant proceedings underway.

## Human rights

The topic of human rights is an essential part of the processes linked to the supply chain, human resource management and related potential problems. Reference should be made to the paragraphs of this report dedicated to the analysis of supplier relations ([Supply chain](#)) and human resource management ([Human resources](#)).

## The impact of products and services on health and safety

In the reporting period, there were no cases of non-compliance with legislation, regulations or voluntary codes governing the impact of products and services on health and safety.

## Cybersecurity and privacy legislation

In conducting its operations, the group processes personal data, including of a special nature, related to individuals (employees, customers, suppliers, etc.). Accordingly, it is required to comply with the provisions of the GDPR and any other national and/or EU privacy provisions, including, where applicable, those laid down by the Data protection authority.

The group has implemented its own privacy structure pursuant to the provisions of the GDPR, adopting the documentation required by such legislation (e.g., privacy notice, appointment of external data protection officers, designation of persons authorised to process data, etc.).

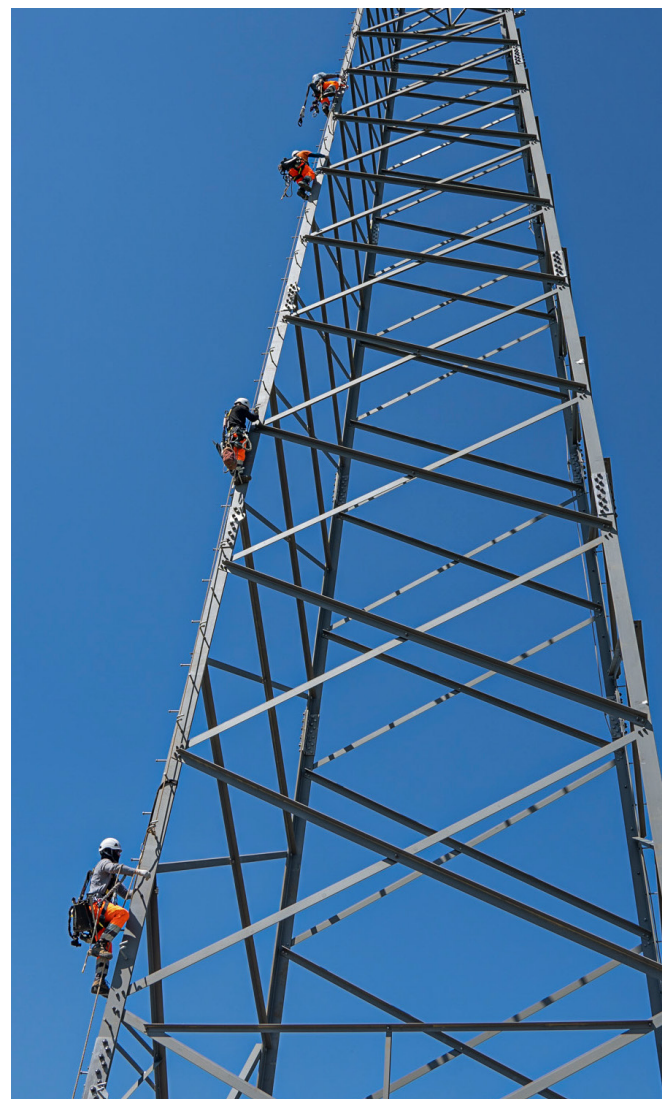
## Anti-trust procedures

During the reporting period, there were no episodes and/or commencement of proceedings or legal action against Salcef Group in relation to violations of free competition, monopolistic practices or anti-trust.

## Tax transparency

### Tax transparency

L'approccio alla fiscalità del Gruppo Salcef è conforme alle disposizioni contenute nel "Codice Etico e di Comportamento" adottato dal Gruppo. Il Gruppo Salcef non ha definito una specifica strategia fiscale.



Salcef Group's approach to taxation complies with the provisions of the group's Code of ethics and conduct adopted by the group. The group has not defined a specific tax strategy.

Salcef Group's management bases its conduct on the principles of honesty and lawfulness and on compliance, also in the approach to taxation, with relevant legislation and regulatory provisions in force in the countries in which the group operates. Under no circumstances does Salcef Group pursue or achieve its goals in violation of tax laws.

Salcef Group's objective in relation to taxation is to fulfil its tax obligations (both formal and substantive) completely, correctly and in due time, to minimise the tax risks related to the application of legislative and regulatory provisions governing taxes in force in all countries in which the group operates, including in relation to cases where there are interpretative doubts.

## Tax governance, control, and risk management

Salcef Group has a low tax risk. In determining the tax treatment of a particular transaction or activity, it makes reasonable, well-founded and reasoned tax choices and interpretations.

Given the size and complexity of the group's operations, risks may arise in relation to the interpretation of complex tax legislation. These risks are identified and analysed internally and with the support of qualified tax advisors, for each country in which the group operates.

Salcef Group is supervised by a board of statutory auditors and subject to audit by independent auditors.

## Relations with tax authorities (stakeholder)

In line with the provisions of the Code of ethics and conduct adopted by the group, Salcef Group ensures compliance with the applicable laws and the principles of transparency, honesty and correctness in relations with the tax authorities in the countries in which it operates. Relations with the tax authorities are handled exclusively by the relevant company departments.

The group does not improperly influence, including through third parties, the decisions of the tax authorities of the countries in which it operates. Rather, it aims to maintain open and constructive relations with all relevant tax authorities and to resolve any dispute in a collaborative manner, including through the use of instruments to settle the dispute.

In the event of particular uncertainty as to the tax treatment applicable to significant issues, Salcef Group evaluates whether to avail of instruments to understand the position of the relevant tax authorities in advance.

Salcef Group is not presently subject to the country-by-country reporting rules referred to in article 1.145/6 of Law no. 208 of 28 December 2015 and Council Directive (EU) 2016/881 of 25 May 2016, amending Council Directive 2011/16, as well as the related implementing provisions.

## Tax reporting

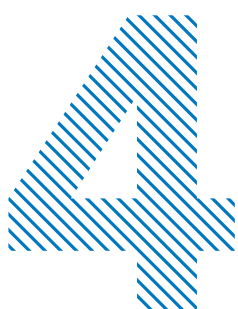
Salcef Group is not presently subject to the country-by-country reporting rules referred to in article 1.145/6 of Law no. 208 of 28 December 2015 and Council Directive (EU) 2016/881 of 25 May 2016, amending Council Directive 2011/16, as well as the related implementing provisions.

The group's presence in countries other than Italy is exclusively linked to operating and industrial needs.

Specifically, in those markets where there is a robust tradition and local industry in the railway infrastructure sector and which offer solid future prospects, the group considers setting up subsidiaries with the basis and structure to ensure its organisational and production autonomy (like in Germany and the United States). In markets that do not yet have these features, the group operates via branches which manage the specific contracts.

Taxation for 2021 totalled €21.0 million, 94% of which related to countries of the European Union and the remaining 6% to other countries. These percentages are consistent with the proportion of revenue generated in the two areas (82% and 18%, respectively) and is based on the nominal rate (29%) of the tax jurisdiction which accounts for the greatest portion, Italy, which is higher than the average rate applied in the other jurisdictions. Also in terms of the human resources employed (**86%** and **14%**, respectively), the breakdown is consistent with the tax effects in the two areas.

Moreover, as the group's operations outside of Italy, Germany and the United States involve the execution of individual contracts, taxation can vary significantly over time.



## **Responsible business with and for the local area**

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Customer relations

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Supply chain

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Development of the local area and communities







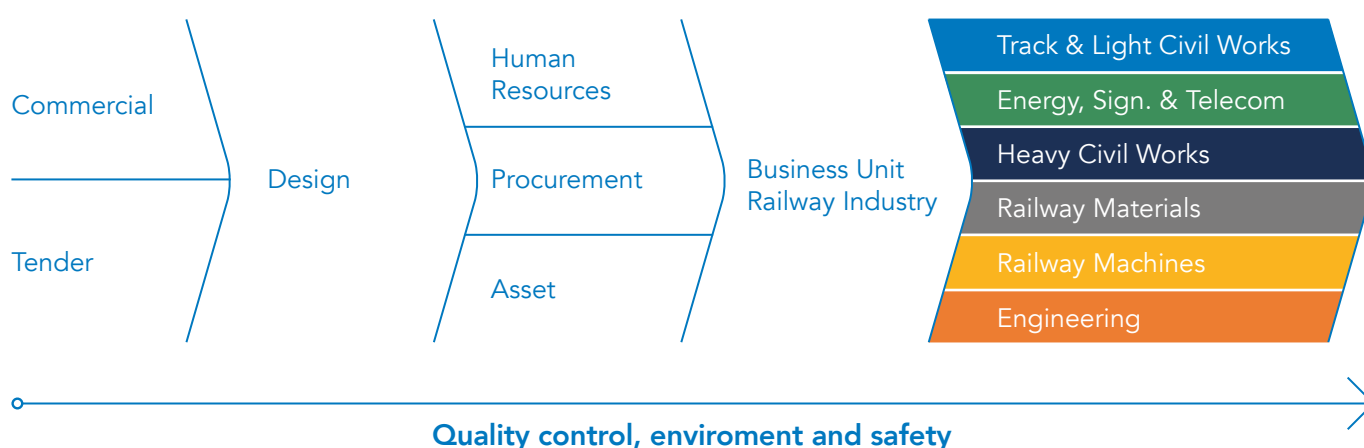
# Customer relations

GRI 102-2 GRI 102-6 GRI 102-7

Through its **Railway industry strategic business unit (SBU)**, Salcef Group coordinates the strategies, processes, resources and technologies of its various business units. The Railway Industry SBU is divided into six operating business units. These **six business units**, defined by type of activity, correspond to the operating departments set up in one or more of the group companies, involved in one or more specific business areas, under the centralised control and coordination of the parent, Salcef Group.

## The business model

Group operations mainly comprise the participation in bids or tenders, according to the following model:



The model developed by Salcef Group enables it to supervise all stages of the process in order to ensure a high level of control and compliance with quality standards. Group activities involve the programming of costs and production times and are organised to optimise the internal production capacity of work sites and facilities. The model's starting point is commercial development, with activities linked to the sales and marketing process for the acquisition of new contracts via the participation in tenders. It ends with the specific production activities of the work site and facility of each business unit.

The commercial and tender stages include the bidding in calls for tender for long-term contracts and the agreement of contracts for the production of railway stock and materials for third party customers. The aim of the critical analysis of the market is to identify those opportunities that match the group's operating capacity and the consequent design and drawing up of a proposal with the support of the tender department.

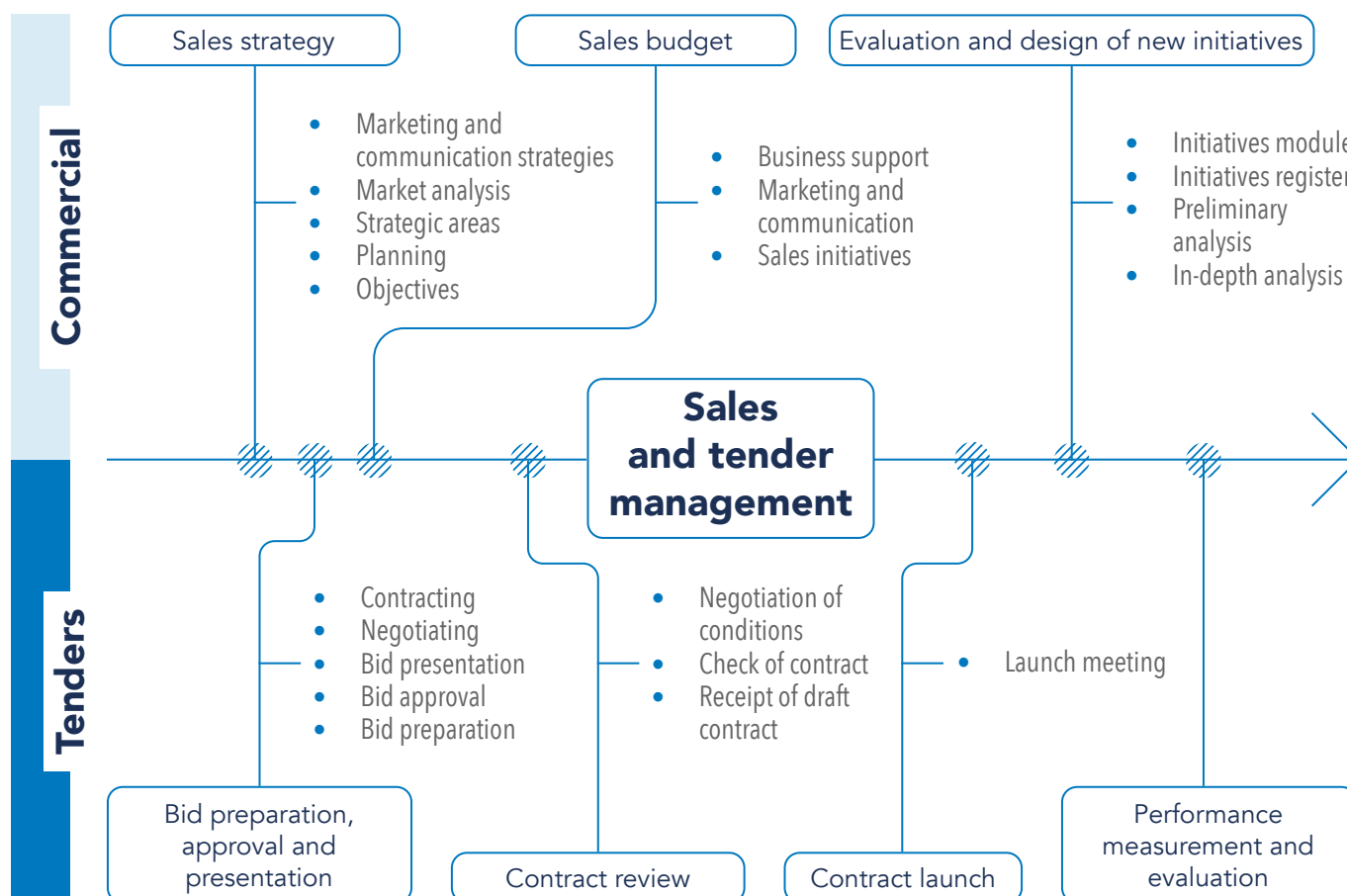
## The ethics of commercial relations

In line with its fundamental values and in the knowledge that each customer has different needs and expectations, Salcef Group bases its relations with all customers, be they private or public, on stringent compliance with the legislative provisions in force and internal procedures, and the principles of integrity, honesty, correctness, respect and reciprocal trust, as well as professionalism, independence and fairness.

The personnel responsible for negotiating with and managing contractual relations with the public administration ascertains the veracity and correctness of the statements given, particularly in relation to the information related to meeting the requirements, costs and other financial information. Moreover, it is prohibited to provide services or benefits of any kind to commercial partners that are not suitably justified in the context of the relationship.

## The commercial process

The management of commercial activities requires specific expertise and actions, as shown in the following:



## The types of customers and projects

Customer loyalty to the group and the quality of the services, considering the characteristics of the activities performed, can be assessed by **identifying the number of renewals/ consecutive awarding of a specific framework agreement or contract**. Since 2006, RFI has awarded the group the framework agreement for the ordinary maintenance contracts for the "Central Lot" of the national railway network six times, at each three-year renewal.

RFI, Salcef's main customer, accounted for 69.1% of the group's revenue in the 2019-2021 three-year period. Confirming the high concentration of revenue with just a few customers, the top five customers in the same three-year period accounted for approximately 79.8% of the group's total turnover.

In the last 20 years, the group has laid over 2,000 kilometres of new railway lines (with a maximum production of two kilometres a day) and renewed approximately 7,000 kilometres of railway tracks. It has also carried out numerous civil and systems works for the construction or modernisation of railway stations, railway tunnels, bridges, underpasses, overpasses and other minor works. Salcef has built railway infrastructure in numerous different contexts, from the Arabian desert to the icy north, with each project presenting its own technical and methodological challenge and the chance to consolidate the group's position on the international market.

For details of the group's activities and latest projects, see the [Operating segments](#) paragraph and the section dedicated to projects available on the group's website: <https://www.salcef.com/it/progetti/>

## Sector certifications – Technical qualifications

The group's activities are largely concentrated in the public sector and it is therefore exposed to changes in the relevant legislative context in Italy and abroad, for instance: regulations governing public works, tax and environmental legislation, public safety, building and town planning.

As well as holding certifications of a general nature (i.e., ISO 14001:2015 for the environment and ISO 45001:2018 for safety), the group has sector-specific certifications. The group companies involved in construction activities in Italy (Salcef S.p.A., Euro Ferroviaria S.r.l. and Coget Impianti S.p.A.) hold the SOA certificate, which is mandatory to bid in calls for tender for the performance of public works, and are registered in the suppliers' lists of the main customers that manage railway infrastructure and for urban transport.

Salcef's main sector-specific technical qualifications are listed below:

- **RFI SQ\_001** - Works on electric traction and energy systems
- **RFI SQ\_003** - Engineering services
- **RFI SQ\_004** - Works on permanent way systems
- **RFI SQ\_005** - Railway signalling systems
- **RFI SQ\_011** - Civil works on operating lines
- **RFI SQ\_012** - Maintenance of machines
- **RFI SQ\_013** - Technological systems for emergencies in railway tunnels
- **Deutsche Bahn AG** - Supplier management system
- **Zertifizierung Bau certification** - Monitoring of sewer pipes for third parties
- **Terna S.p.A.** - Works on 150Kv and 380Kv power lines (LELE02-04)
- **Terna S.p.A.** - High-voltage cable laying works (LELE04)
- **Achilles Utilities Nordics & Central Europe** - Supplier qualification system
- **Entity in charge of maintenance** - Directive 2004/49/EC and Regulation (EU) no. 445/2011





# Supply chain

GRI 102-9 GRI 102-10  
GRI 103-2 GRI 103-3 GRI 204-1  
GRI 308-1 GRI 406-1 GRI 414-1

Considering the nature of the activities performed and the markets in which it operates, the group relies on a large number of sub-suppliers for the provision of services related to the contracts acquired. Numerous employees and collaborators of sub-contractor companies operate every day at the group's various work sites. In line with its Code of ethics, Salcef Group manages its relations with suppliers fairly, correctly, professionally, and by encouraging long-term collaboration and solid and long-standing relationships of trust. The selection of suppliers and the determination of the terms of purchase for goods and services is based on objective and impartial assessments of quality, price and the assurances provided.

## The principles

- Every Salcef Group\* supplier first undergoes qualification on the basis of their product categories. This may include a range of checks, from documentation and reputation to financial and economic aspects. Supplier qualification is carried out exclusively by the parent's procurement department.
- Supplier relations are handled through the general purchase conditions. These are standard throughout the entire Salcef Group in order to ensure consistent treatment of the group's various suppliers and companies.
- Each group company has a dedicated purchasing department.
- The parent's purchasing department coordinates the various purchasing departments of the subsidiaries and monitors their performance, ensuring uniform and suitable quality levels.
- The group companies do not practice or approve of any form of "reciprocity" with suppliers. The goods/services that the company needs are selected and purchased exclusively on the basis of their price and quality.
- Any negotiations with a current or potential supplier refer exclusively to the goods and services subject to negotiation.
- The purchasing process is fully integrated into the group's MySalcef ERP system, from the request stage through approval, to the agreement of the contract and related acceptance and subsequent evaluation. This ensures compliance with group procedures and the transparency of the approval process.

- Those in charge of the purchase of goods and services are independent of the production departments and the person making the request and can therefore not be subject to any form of pressure by suppliers.

The assumption of commitments and the management of relations with current and potential suppliers takes place in compliance with the company's directives on conflict of interest and business operation.

Salcef Group has also decided to comply with the safety, environmental and corporate social responsibility requirements of the relevant international standards. This is not only to be an example for the duty to respect health and safety, the environment and the human rights of workers, but also in order to promote them with its partners and suppliers. To this end, the following documentation has been issued and made available to all relevant parties:

- Salcef Group's Integrated Policy;
- Salcef Group's Code of ethics and conduct;
- Organisational, management and control model pursuant to Legislative decree no. 231/2001;
- Suppliers code of conduct;
- Regulation governing Salcef Group's supplier qualification system.
- The final objective is to encourage a chain reaction of compliance with the standards by partners, suppliers and sub-suppliers, influencing conduct and increasing the ethical-social quality. Salcef Group therefore requires all its suppliers to consistently comply with the ethical, transparency, legality, safety and social and environmental responsibility requirements. These documents are always available and may be consulted on the group's website (<https://cg.salcef.com/en/documenti-societari-2/>).

\* With the exception of specific categories of suppliers that do not impact the business or its operations, such as those related to personnel management (hotels, restaurants, travel, etc.).

## Suppliers' code of conduct and regulation governing the supplier qualification system

Salcef Group's management intends to encourage the professional growth of all employees, in compliance with Italian and international laws (ILO) and human rights (UN). The group requires that all suppliers of its supply chain comply with these social responsibility principles. Specifically:

- Respect for the liberty and dignity of employees, including the prevention of abuse;
- Prohibition of child labour;
- Prohibition of forced labour;
- Respect for employee health and safety;
- Respect for the right to freedom of association and collective bargaining;
- Ban on any form of discrimination, including exclusion or preference based on race, sex, age, religion, political opinion, nationality or social class;
- Compliance with legislation governing disciplinary measures, wages, working hours and equal pay between the sexes for the same task.

The group has specific contractual clauses to ensure that the employees of any third parties with which the group collaborates (suppliers, consultants, etc.) in the manner and with the limitations established by the company procedures governing the decision-making process, are legally employed in terms of residence permit, expressly requiring a commitment to comply with Salcef Group's Organisational, management and control model and Code of ethics and conduct, and with the fundamental principles contained in the SA 8000 standard on corporate social responsibility. There were no episodes of discrimination in 2021.

To ensure the social responsibility policy is implemented in relation to suppliers, group management selects and evaluates suppliers based on their ability to satisfy the requirements of the SA 8000 standard. All critical suppliers are also required to formally accept and comply with the above principles by filling in a questionnaire.

### Critical suppliers

Salcef Group considers critical those suppliers with the greatest impact on performance and the results of operations, both in terms of financial and reputation outcomes and as regards ESG and CSR. The evaluation is based on an analysis and monitoring of suppliers' product categories. At the qualification stage, each

supplier selects at least one product category and if one of these is critical, then the supplier will be deemed critical.

The product categories classified as critical are described below for each supply type:

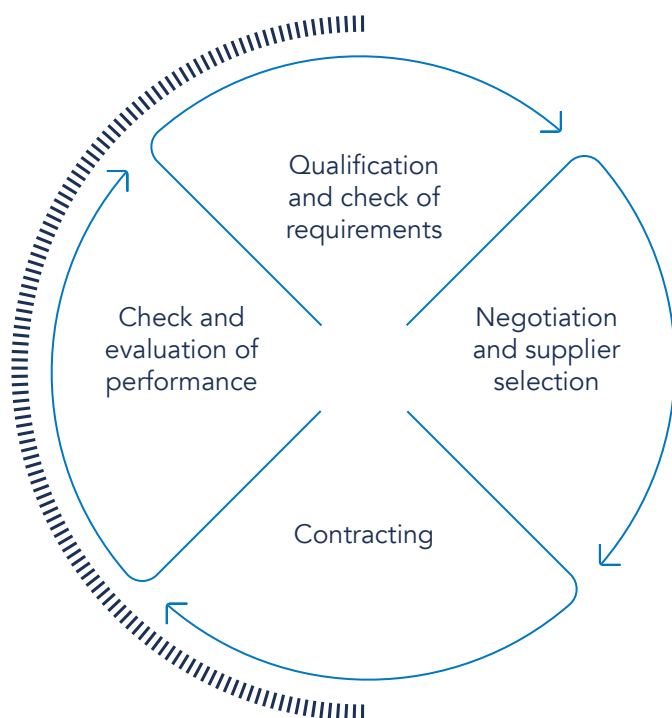
- **Supplies:** critical suppliers are those that provide Salcef Group with key materials related to its business sectors, such as permanent way systems (e.g., railway ballast, concrete sleepers, rails, etc.), electric traction (e.g., metal carpentry for electric power lines and electric traction, electric transformation stations and substations, contact lines, etc.), civil works (e.g., iron, concrete, cement and composites, items in concrete, steel items, etc.) and the main materials related to the group's manufacturing activities (e.g., metal carpentry for machines and equipment, components, spare parts and accessories for railway machines, components for goods produced, etc.);
- **Works/sub-contracts:** these are the most delicate type of supplies as suppliers carry out works on behalf of the group and, therefore, their organisation and output have a direct impact on customer satisfaction and the group's image. Accordingly, all suppliers that offer this type of service are considered critical. They include suppliers that operate in the railway field in the supply of works on permanent way systems, the production of electrical traction systems, the production of railway signalling systems and the performance of civil and other works on the railway infrastructure.
- **Services:** critical services suppliers are those that carry out activities with an impact in the ESG field, on business and on the sensitive anti-mafia matters. They include transport, waste management and machinery maintenance.
- **Rentals and leases:** this is also a fairly sensitive category for anti-mafia matters and for the business. Critical suppliers are those that offer rental services both with and without machine operators and road and rail machines.
- **Consultancy and professional services:** critical suppliers are those that carry out important and essential activities for Salcef Group's products, such as testing, commercial and management consulting, laboratory testing, and project and engineering positions.

Critical suppliers are monitored more closely right from the qualification stage, as described in the following paragraphs.

## Supplier management cycle

Over the years, Salcef Group has built a robust supplier management system, defining the requirements and procedures to be adopted at each stage.

The process can be compared to a cycle in which everything begins with the qualification stage and checking that suppliers meet the requirements, and this is the basis for the future negotiation, selection and contracting activities. Subsequent monitoring and assessment of performances and its evaluation are some of the elements used to determine whether the supplier's qualification will be renewed and the cycle begins again.



### Qualification and check of requirements

Salcef's supplier assessment is governed by the suppliers qualification procedure. Suppliers that wish to offer their products/services and be included in the group's supplier qualification system register on the group's website ([www.salcef.com](http://www.salcef.com)) and complete the questionnaire under the suppliers area, providing all information required so that the group can check all requirements are met and complied with.

At the time of registration, the supplier must formally accept:

- the notice pursuant to Regulation (EU) 2016/679 (the GDPR) on the protection of personal data and the related consent to the processing and communication of their data for the purposes described;
- the suppliers' code of conduct;
- the regulation governing Salcef Group's supplier qualification system.

Salcef Group has established specific criteria for each product category in its supply system, adapting them to the various geographical areas in which it operates.

Based on the documents and information provided and above all their product categories, suppliers are carefully evaluated in relation to the main requirements. These may be:

- Of a general nature.
- **Environmental** (environmental protection, sustainability, etc.).
- Related to employee **health and safety**.
- **Ethical** (social responsibility, anti-corruption, etc.).
- Related to financial capacity and soundness.
- Related to **technical- production capacity**.
- Technical (limited to their role, i.e., the main works carried out by the supplier).
- Related to the company's **quality** system.
- Presence of a certified quality, safety and/or environmental management system.
- Presence of a corporate social responsibility management system.
- Presence of an organisational, management and control model.
- Adoption of a code of ethics.

Critical suppliers also undergo more detailed and specific evaluation. The group carries out a due diligence on this category of suppliers using business intelligence systems which analyse public (UN, IMF, etc.) and private (e.g., Bureau van Dijk) databases to produce a detailed report on the supplier. In this case, the main types of information that can be evaluated are:

- Publicly-available official information (address, contacts and identification data);
- Financial position and financial performance and performance over time;
- Credit situation and ratings;
- Company organisation and structure (owners, managers and ultimate beneficiaries);
- Industry (ATECO, NACE and NAICS codes);
- Detailed analysis of managers and shareholders, including parallel and past roles;



- Presence in countries with high corruption risk (<https://www.transparency.it>)
- Presence on public blacklists (terrorism, UN, OFAC and government lists);
- Presence in tax havens;
- News and other public communications;
- Company leaks.

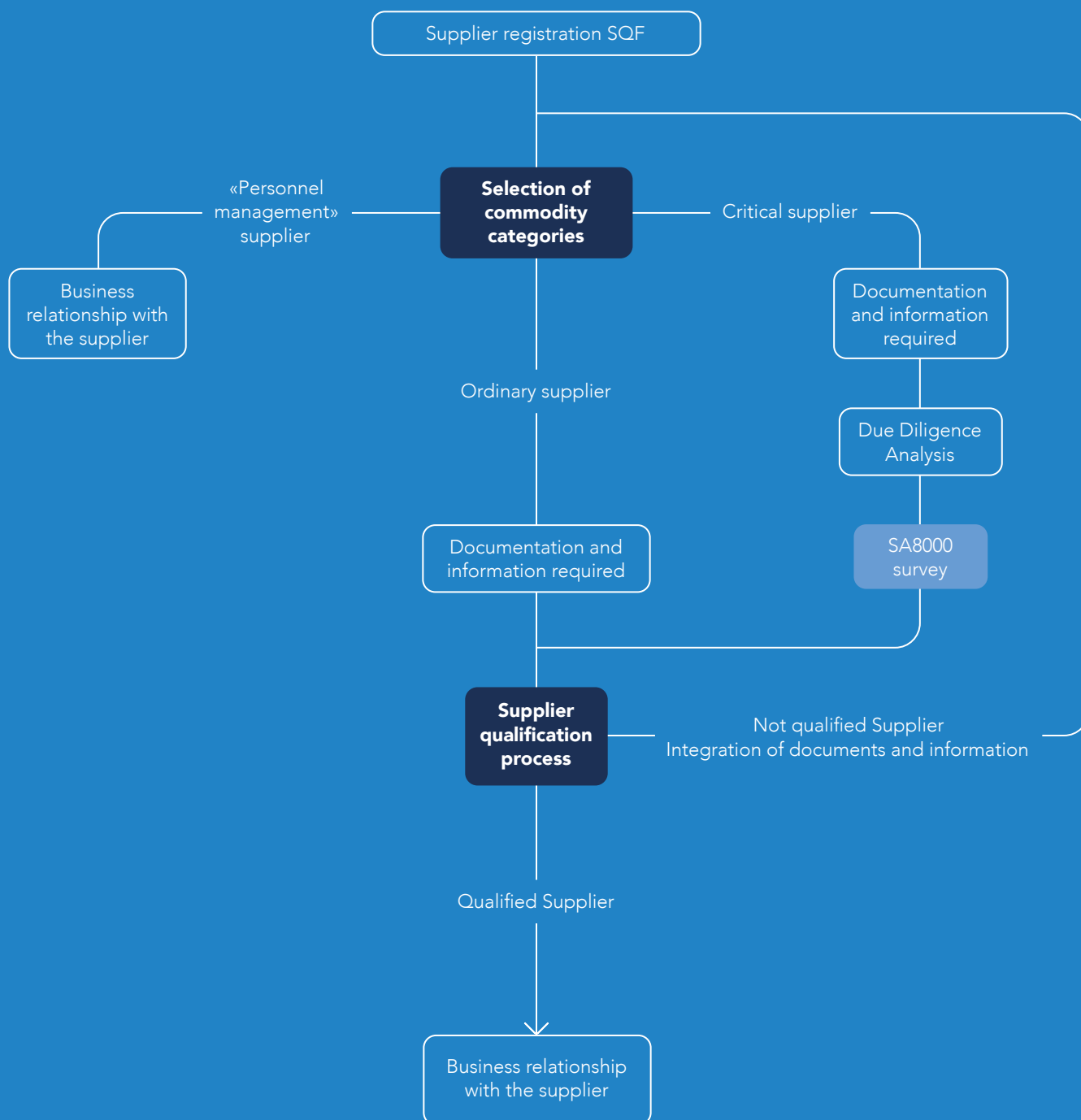
Based on the information provided, the services and the qualification process, the supplier can be classified as: registered (qualification is not necessary, the supplier category is excluded from qualification), qualification pending, qualified (six or 12 months depending on the supplier type), not qualified, suspended or blacklisted.

Excluding those suppliers which are not required to be qualified (suppliers related to personnel management, such as travel, hotels and restaurants), all others must be qualified in order to undertake any commercial relation with Salcef Group.

Analysing the 2021 supply chain information, approximately 34% of the suppliers that dealt with the group during the year, accounting for 85% of the total value of the supply chain, was subject to qualification. The remaining part (15% of the total amount spent) relates to suppliers that are not required to be qualified.



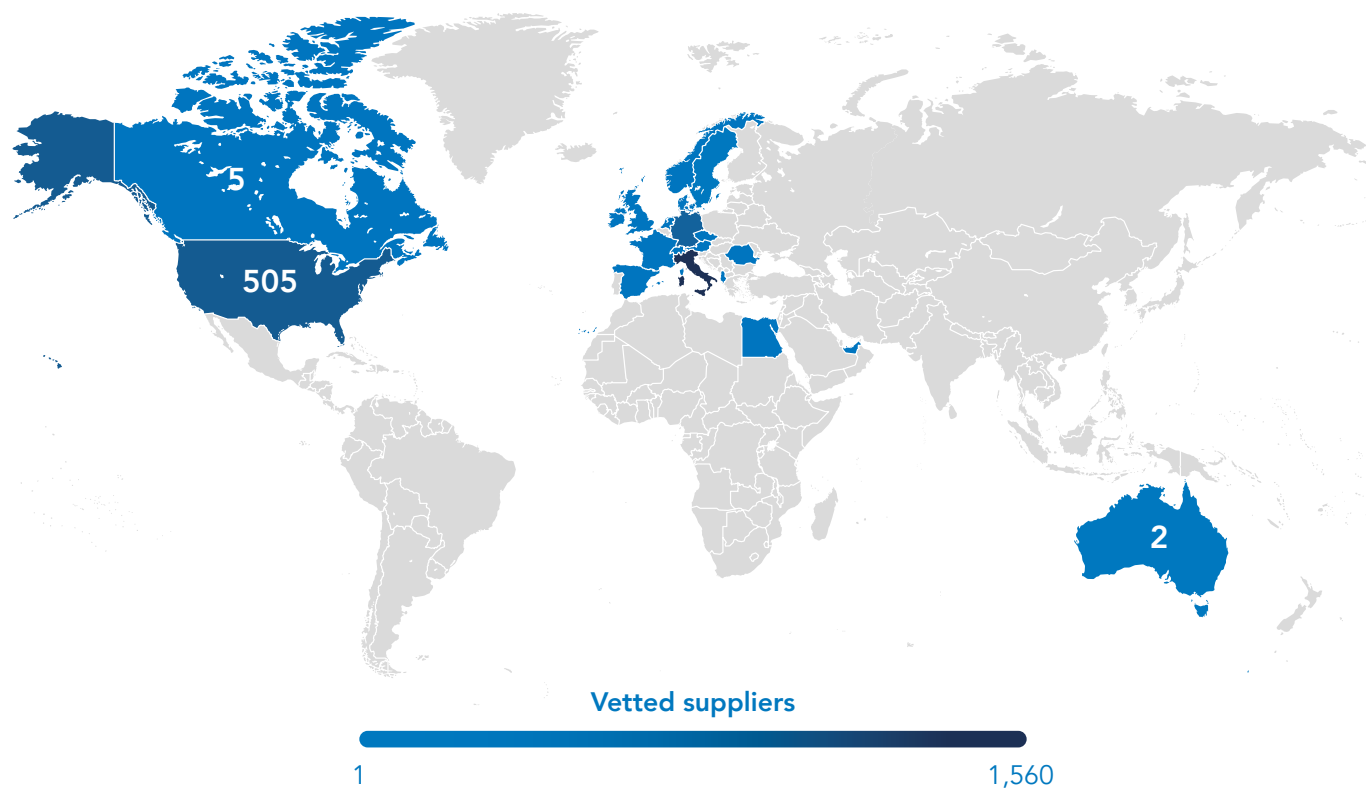




In 2021, Salcef Group vetted 2,347 suppliers from 22 different countries. There was a strong prevalence of Italian suppliers (approximately 66% of the suppliers evaluated), followed by

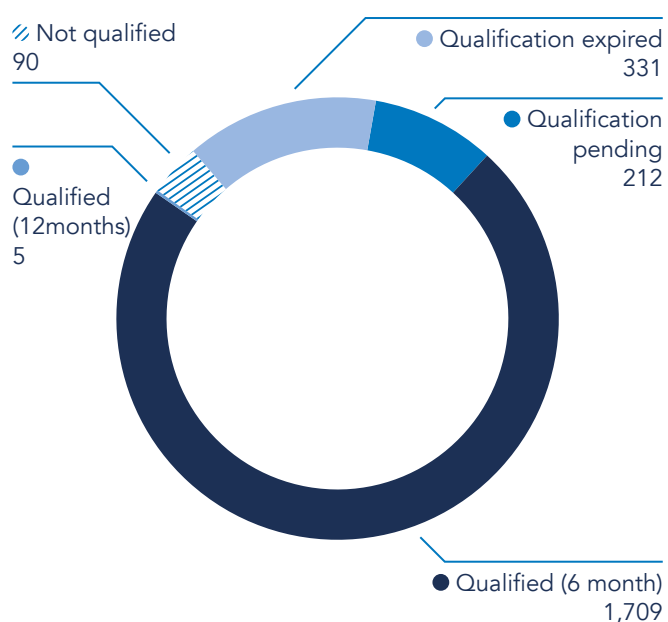
those from the United States (around 22%) and German suppliers (some 9%).

## Vetted suppliers by country

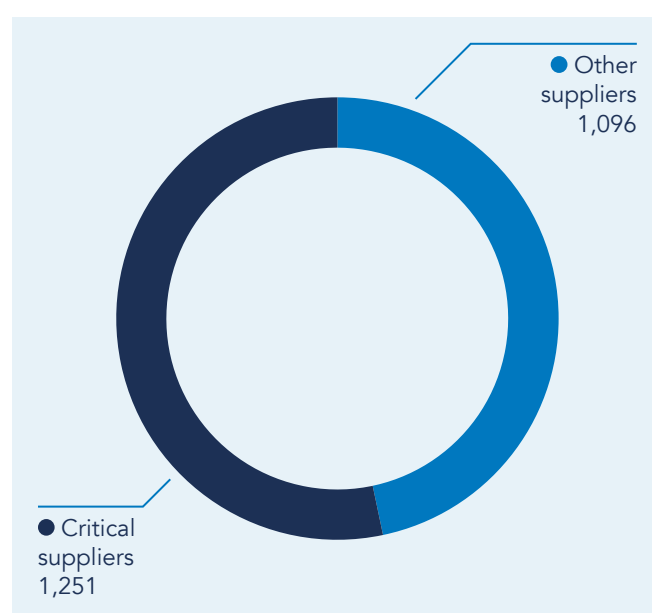


Con tecnologia Bing  
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## Suppliers by qualification status



## Critical suppliers vetted



## Negotiation and supplier selection

The negotiation and supplier selection stage is particularly important in the suppliers management system. In addition to the ordinary commercial negotiations to obtain the best economic conditions, during this stage, Salcef Group analyses the supplier in terms of their technical, organisational and production capacity so as to always select the most appropriate supplier in each case.

By way of example, this stage includes the analyses of:

- the price obtained/most advantageous offer;
- supply times;
- production unit requirements;
- supply quality requirements;
- possession of specific certifications/authorisations required for a specific project; the requirements needed;
- supplier's score and other evaluations of previous dealings with the supplier;
- Other ratings and weighting coefficients.

## Contracting

After the negotiation and selection stage, the group formalises the contract for each supply, using standard general contracts and conditions depending on the type of contract (e.g., supply, transport, rental, sub-contract, professional services, etc.).

The current standard contracts are used by all group companies. They were drawn up and checked by senior group personnel involved in corporate responsibility and include a series of clauses which regulate the various aspects of supply. Specific clauses govern extremely important legislative areas such as occupational safety, environmental protection, corporate responsibility, social responsibility, the protection of workers, etc.

As these are very important aspects in our business sector, the contractual clauses covering compliance with environmental and worker health and safety requirements make reference to the following:

- who are the main people responsible for the contract and who the supplier should contact;
- information and training of the suppliers' employees on risks and operating procedures;
- compliance with relevant national and local legislation and Salcef Group's procedures;
- the preparation and maintenance of relevant documentation;
- the possession of all authorisations required for the activities to be performed;

- holding, use and maintenance of machinery and machines needed for work activities;
- correct management of waste and production scraps;
- knowledge of the emergency procedures.

These aspects are checked and supervised by the Salcef Group personnel in charge of the operating activities and project management.

Violation of these provisions leads to cancellation from the suppliers system and the termination of any contracts in place. In all cases of violation, Salcef Group reserves the right to request compensation for damages caused by unlawful conduct.

## Check and evaluation of performance

All suppliers in Salcef Group's supplier qualification system are subject to analysis, checks and evaluation against the group's standards. The following are the main areas of evaluation for each supplier:

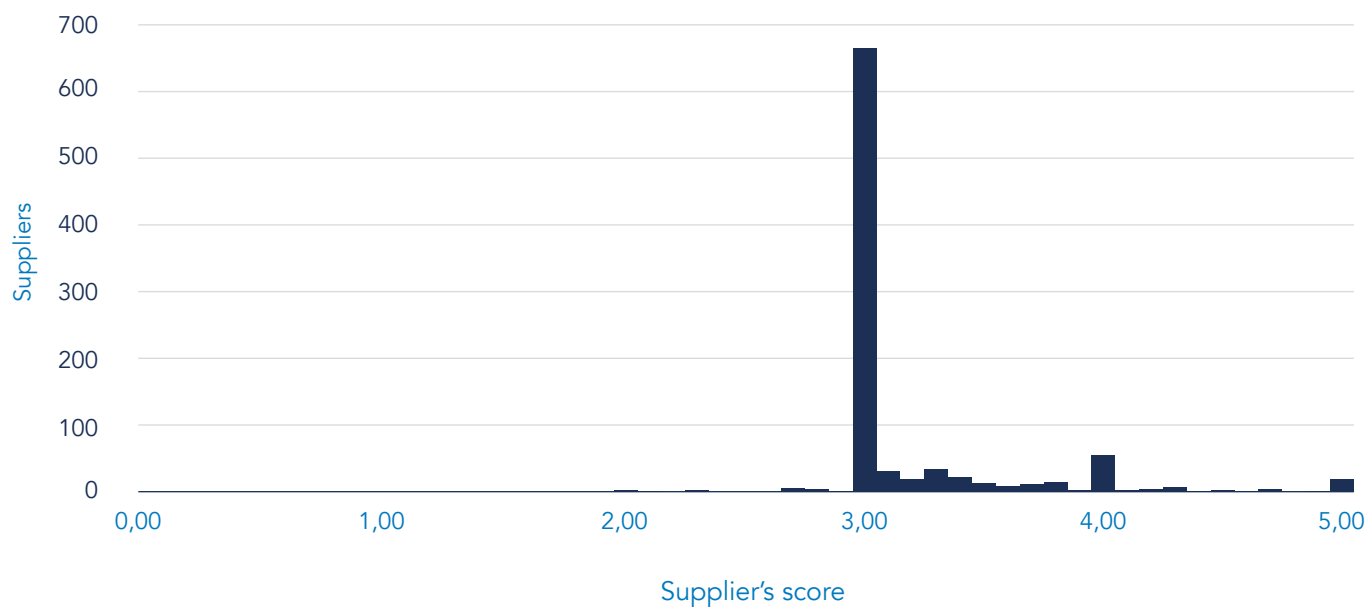
- Service quality and quantity.
- Supply times and delivery methods.
- Compliance with safety and environmental regulations.

Suppliers are assigned a score based on their performance in the above areas. The supplier's score ranges from 1 to 5 and is used by the purchasing department when selecting suppliers for commercial negotiations and when updating the qualification.

During 2021, the performance of 924 suppliers was evaluated. In 97% of cases, the evaluation was positive (a score  $\geq 3$ ) and the average supplier's score for the year was 3.19.



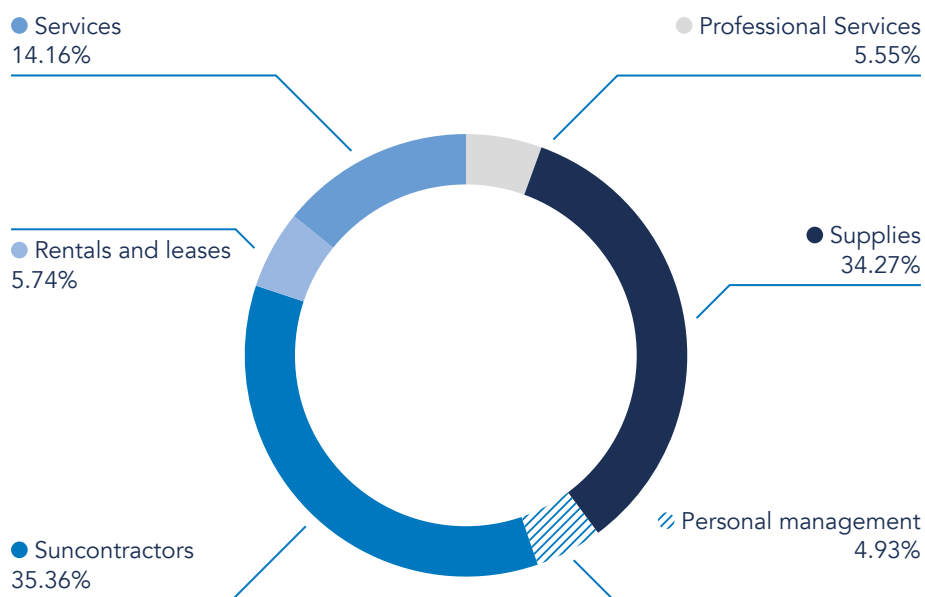
## Supplier's score distribution



## Salcef Group suppliers

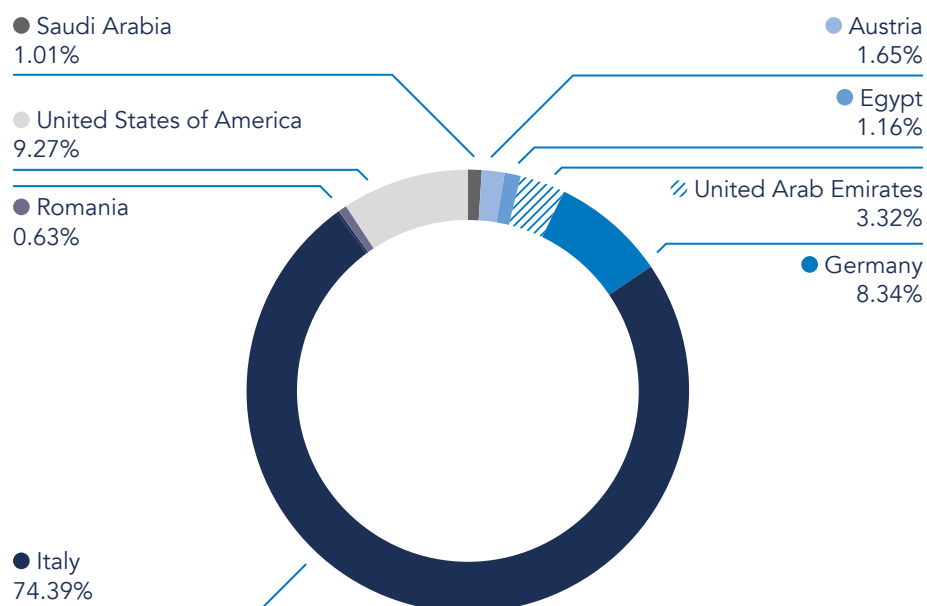
The total value of Salcef Group supplies came to **€267.7 million in 2021**.

### Supply chain value by type



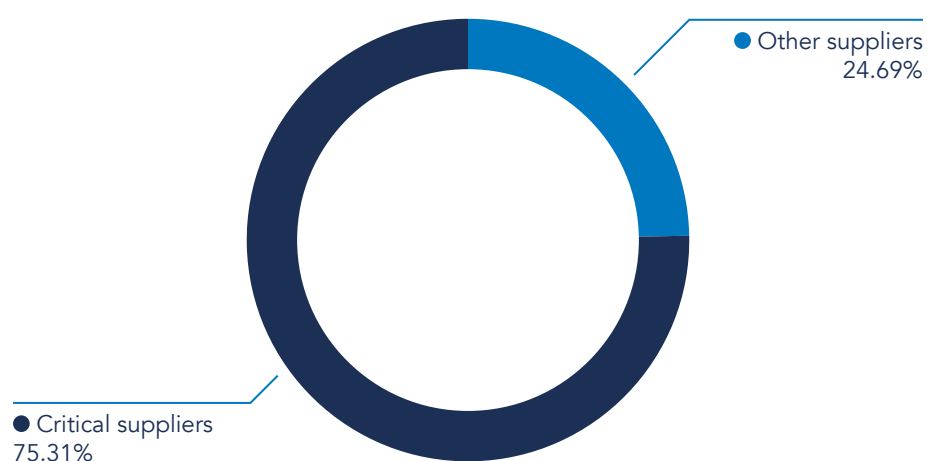
Most supplies were made in Italy, followed by the United States and Germany, as shown in the graph below.

### Supply chain value by country



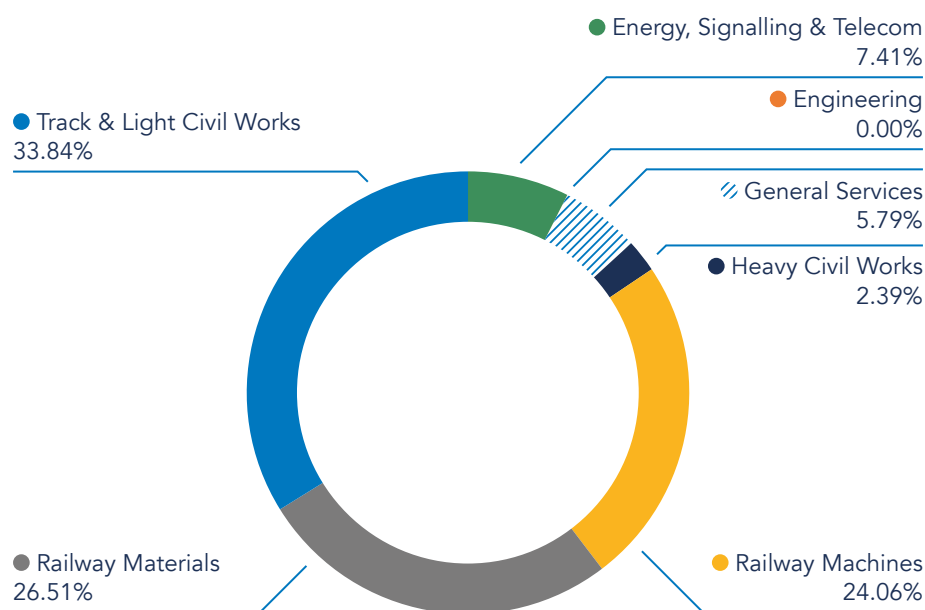
Salcef Group dealt with 3,998 suppliers in 2021. Analysing the supplier type shows that 75.31% of the amount of the supply chain relates to critical suppliers (see definition in [Critical suppliers](#)).

### Supply chain value by critical/non critical supplier

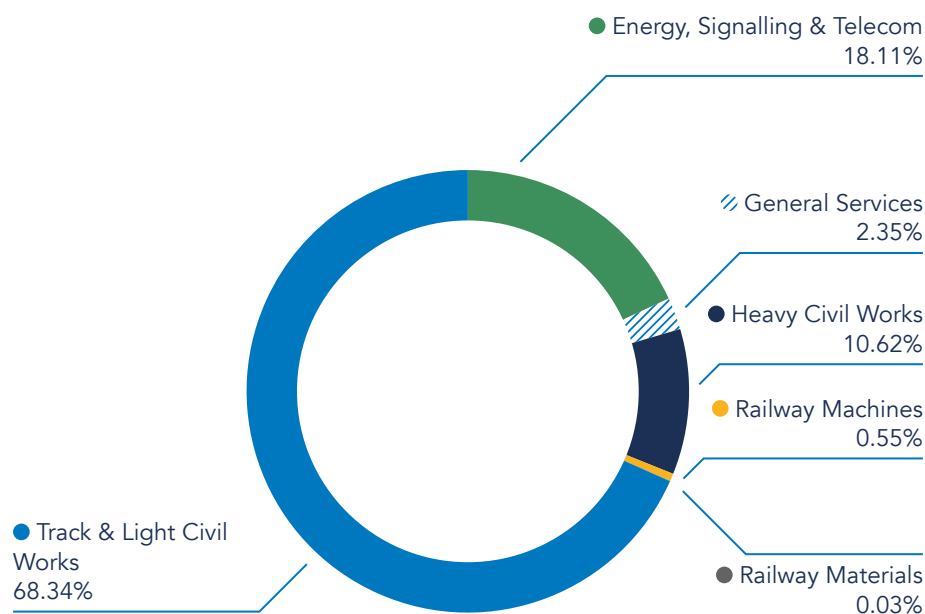


The Track & Light Civil Works business unit is the most important for both of the two main supply categories (supplies and works).

### Supply value by business unit



### Works/subcontracting value by business unit





The concentration of suppliers and distributors external to the group is very low: the group's top five and top ten suppliers in 2021 respectively account for 12% and 19% of the value of the supply chain.














## Local suppliers

In the group's operations, which mainly involve infrastructure projects at temporary and mobile work sites, the base often moves and this certainly does not facilitate relations with local suppliers. Local suppliers are those from the same country as the group company or branch purchasing the supplies. Despite the challenges due to the nature of its business, where possible, the group seeks to involve local suppliers in its commercial relations, as this offers a range of advantages: the use of local suppliers means the group can minimise transport over long distances and

mitigate the related environmental impacts while also achieving economic benefits (see [Logistics - transport system emissions \(Scope 3 GHG\)](#)). Moreover, the use of local suppliers offers Salcef an initial contact with new communities and areas.

For some projects the use of local suppliers is governed by specific contractual clauses provided for by the customer, requiring Salcef to use local suppliers for certain categories or for part of the total supplies.

Salcef Group maintained a strong link with the local supply chain in 2021, with an average of 95.53% of its spending with local suppliers. A breakdown by geographical area follows:

COUNTRY	Total spending [€]	National suppliers [€]	% local suppliers
 Italy	199,127,891.41	192,508,642.40	96.68%
 United States of America	24,824,353.27	24,363,422.37	98.14%
 Germany	22,329,680.35	21,789,657.31	97.58%
 United Arab Emirates	8,882,288.18	7,613,978.78	85.72%
 Austria	4,413,070.84	2,975,807.44	67.43%
 Egypt	3,112,524.73	2,251,496.56	72.34%
 Saudi Arabia	2,693,522.33	2,240,505.58	83.18%
 Romania	1,676,238.20	1,440,731.07	85.95%
 Norway	484,408.67	435,699.28	89.94%
 Poland	57,738.26	6,560.66	11.36%
 Croatia	43,587.82	43,587.82	100.00%
 Australia	26,905.77	26,905.77	100.00%
 Switzerland	21,908.82	21,908.82	100.00%
<b>Total</b>	<b>267,694,118.65</b>	<b>255,718,903.86</b>	<b>95.53%</b>

# Development of the local area and communities

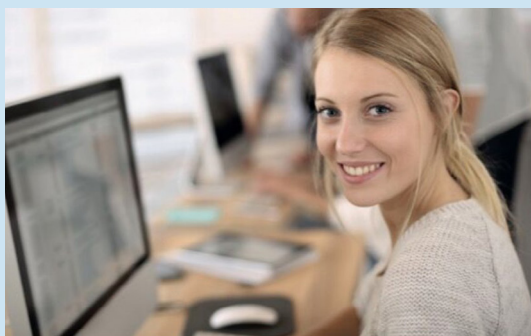
GRI 413-1

## Partnerships with universities

In the firm belief that the training and preparation of its personnel is key to its business success, Salcef Group has partnered with Italian universities over the years, particularly for the recruitment and selection of specialised technical/engineering middle management roles.



Salcef Group has recruited several technical specialists through the Master's programme (such as mechanical design engineer, civil engineer and civil design engineer), initially as interns and then with an open-ended contract.





**SAPIENZA**  
UNIVERSITÀ DI ROMA

### Ingegneria delle infrastrutture e dei sistemi ferroviari

Master universitario di 2° livello - a.a. 2021/2022

**Finalità**  
Formare, attraverso un percorso multidisciplinare d'eccellenza, professionisti di alto livello con una visione sistemica del trasporto ferroviario e della mobilità.

**Destinatari**  
Giovani Laureati di II livello in Ingegneria (nelle classi riportate nel Bando), preferibilmente in elettronica, informatica, meccanica, sicurezza e trasporti.

**Organizzazione**  
Corso di studi di 60 crediti articolato in:  

- 13 moduli didattici: 480 ore tra lezioni, seminari, project work e visite ai centri di ricerca. Le lezioni sono tenute da docenti dell'Università e Manager delle aziende partner;
- 250 ore di stage presso le aziende partner;
- elaborazione e discussione finale di un progetto.

Per partecipare consulta il bando integrale sul sito: <https://web.uniroma1.it/masterlist/>  
Presenta la domanda entro le ore 15:00 del 17 gennaio 2022.

I candidati parteciperanno ad una selezione basata su titoli, conoscenze tecniche e linguistiche (inglese), capacità psico-attitudinali. Saranno ammessi al Master massimo 35 allievi. La quota di iscrizione è di € 3.000,00. Le Aziende partner metteranno a disposizione borse di studio da € 3.000,00 ai primi 20 candidati ammessi al Master e da € 2.500,00 ai rimanenti 15 partecipanti.

**Sede e durata:** Roma, da febbraio a ottobre 2022.



For the fourth year in a row, Salcef Group has partnered with Rome's La Sapienza University for the second-level master's programme, "Railway Infrastructure and Systems Engineering", involving some of the leading railway sector companies, first and foremost, Ferrovie dello Stato Group.

Salcef Group also has a personnel area on the "Job Soul" website which advertises vacancies within the group, in collaboration with the placement offices of all universities in Lazio.

Lastly, in recent years, the Salcef Group company specialised in the maintenance and production of rolling stock, SRT S.r.l., has partnered with the prestigious Alma Mater Studiorum University in Bologna for two curricular internships for final examination, the first with a civil engineer and the second with a mechanical engineer.

## Support of associations and the community

### Salcef for the Community of Sant'Egidio

The group's involvement includes the construction of the heating system in the Buon Pastore night shelter, an ancient convent in the heart of Trastevere in Rome where Sant'Egidio has taken in homeless people since January 2021. During the pandemic, when the living conditions of homeless people were even harder, the community helped many of them to re-establish family ties and to access pensions or other forms of social welfare.

Salcef's support of Sant'Egidio took many forms across several of the community's activities, responding to the need for social inclusion and to establish pathways for reintegration: from food distribution in the outlying areas of Rome, where the number of centres has increased from three to 28, to travelling dinners; from the Scuole della Pace, a free educational space for disadvantaged Italian and foreign children, to the Christmas lunch at Villetta della Misericordia at the Gemelli Polyclinic.



## Salcef for Caritas, Rome

As part of the Rome Caritas "The door is always open" initiative helping to accommodate homeless people or victims of discrimination and violence, particularly in the winter months, Salcef Group covered the cost of the production and distribution of 2,000 panettone cakes at the time of the Christmas 2021 holidays, helping to raise funds of over €35 thousand.



## Salcef for Telethon

Salcef Group again supported the Telethon Foundation in 2021 with a donation to fund a scholarship for a researcher.

## Sustainable Track magazine

Salcef Group inaugurated its biannual Sustainable Track magazine in 2020, dedicated to the world of railway infrastructure and urban mobility with a focus on sustainability. Each edition reports on experiences in the field and looks into the latest innovations, with an outlook ranging from Italy to the international markets.

The magazine is a way to keep employees and collaborators abreast of the latest developments in the railway field but also to engage other stakeholders by sharing projects, information and news.

For further information and to consult the published editions:  
<https://www.salcef.com/it/magazine-sustainable-track/>



## Human capital

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Human resources

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Employees and the working environment

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Training and development

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Occupational health and safety

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# Human resources

GRI 102-41 GRI 103-2  
GRI 103-3 GRI 406-1 

## Personnel management, enhancement and development policies

Salcef Group's human resources are essential and valuable to its existence and future development. To enhance the skills and expertise of its employees, Salcef Group adopts criteria of merit and ensures equal opportunities for all.

Salcef Group is also committed to ensuring that authority is exercised fairly and properly, preventing any misuse. The group ensures that authority becomes an exercise of power detrimental to the dignity and autonomy of employees and collaborators in the broadest sense. The work organisational choices safeguard the value of employees and collaborators.

In protecting and promoting the supreme value of the human person, Salcef Group does not tolerate any form of discriminatory behaviour or any form of harassment and/or personal or sexual offence. At each of its companies, the group is committed to providing a working environment which excludes all forms of discrimination and harassment related to ethnicity, sex, religious belief, nationality, age, sexual orientation, invalidity, language, political and trade union views or other personnel characteristics unrelated to work.

Salcef Group ensures the physical and moral integrity of its employees and collaborators, working conditions that are respectful of the dignity of the individual and safe and healthy working environments. Requests or threats aimed at inducing people to act against the law and the group's code of ethics, or conduct harmful to the moral and personal beliefs and preferences of each person, are not tolerated under any circumstances.

Salcef Group categorically rules out the use of child labour (workers less than 16 years old) and ensures compliance with this principle, including in relation to personnel provided by temporary employment agencies.

Salcef Group does not use or support the use of forced labour. The work carried out by all personnel is entirely voluntary and no-one is the victim of threats or other intimidations that in any

way forces them to provide their services to the group. Moreover, at the time of recruitment, Salcef Group always applies the sector-specific National collective labour agreement or its equivalent abroad. In the case of foreign workers, these contracts are translated into the worker's native tongue. At the time of hiring, each worker is informed on the procedures for handing in their resignation and about the group's main rules of conduct. There were no episodes of discrimination in 2021.

## Selection and recruitment

Salcef Group bases its efficiency and competitiveness on the communication abilities and soft skills, motivation, flexibility, technical expertise, ability to analyse and identify priorities, willingness to take responsibility, reliability, ability to work in a team, professional goals, knowledge and engagement of its employees, and the group supports the professional development of its people. These values are the founding criteria of the recruitment and selection process, formalised in a specific procedure used throughout the group. The results of the selection procedure are also recorded in specific forms to ensure process transparency and accountability.

## Trade unions and collective bargaining

Salcef Group guarantees its employees the right to collective bargaining and freedom of association and it has taken all the necessary measures to comply with the SA 8000 requirements. In the geographical areas in which the group operates, there are no situations in which freedom of association and collective bargaining are impeded (thanks to national legislation). All workers are therefore free to form, join and organise trade unions of their choice and to bargain collectively with the group.

In Italy, Salcef Group applies the applicable National collective labour agreement and all legislative provisions applicable to contractual relations with employees/collaborators in managing contractual relations with all workers. Specifically, the national collective labour agreements used to date in the various sectors are: metalworkers, construction, bricklayers and industrial managers.





## Salcef for the future

Salcef Group unveiled the “Salcef for the Future” project in 2020, a two-year professional placement pathway for young engineers designed to attract new recruits able to cover future key role in our group to the railway infrastructure sector.

In order to select the most suitable and motivated candidates, the selection is organised as follows:

- Screening of CVs for qualifications and experience;
- Interview with the human resources department
- Interview of technical aspects with business unit managers [Track & Light Civil Works](#) and [Energy, Signalling & Telecommunication](#)
- A webinar covering basic knowledge of railway infrastructure and a final quiz.

The selection process began with over 300 candidates and was completed in December 2020 with the hiring of 14 new resources: 9 for the [Track & Light Civil Works](#) business

unit and five for the [Energy, Signalling & Telecommunication](#) business unit.

Starting from January 2021, the 14 young engineers shadowed the project managers of the two main business units in managing contracts. “Salcef for the Future” offers the engineers a graduated pathway of professional growth, beginning with an awareness of the operational aspects of the work sites, through analysis, planning and control of work site activities, both in Italy and abroad, to final contract management with the progressive acquisition of decision-making strategies and the fully-fledged management of a work team.

Naturally, the professional development is accompanied by a suitable remuneration policy which provides for promotions and salary consistent with the professional skills acquired.

Most of the countries abroad in which the group operates have national collective labour contracts, with the exception of Egypt, Romania, Saudi Arabia and the United Arab Emirates. In these cases, Salcef Group ensures conditions comply with local regulations and group policies.

The total percentage of employees covered by collective bargaining agreements as of 2021 is 90.3%. The figures for the 2019-2021 three-year period are set out below:

### EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	2019	2020	2021
Employees covered (number)	911	1,138	1,272
% of total for the period	91.4%	90.5%	90.3%

## Performance management and MBO

The performance management process is a cornerstone in the management of Salcef Group’s human resources, as it responds to the need for a structured relationship between the employees and the group and fulfils the requirements and expectations of the parties involved.

The first key element of the performance management process is the sharing with all group personnel of the strategic objectives, which are renewed and defined annually, tailoring them to the various positions and associating them with individual performance expectations.

The method not only places emphasis on the objectives but also on competencies and conduct, with the aim of clarifying Salcef Group’s cultural model and to support the growth process, ensuring that the founding values are preserved despite the growth in the organisation’s size and complexity. In line with the group’s values, the competencies assessed are: correctness and transparency, sense of belonging, respect, results orientation, time management, problem solving, autonomy, perseverance, interpersonal communication, economic awareness, customer orientation, creativity and innovation,

integration and cooperation, aptitude for learning, flexibility and leadership.

A further objective of the performance management process is to provide Salcef Group managers with a robust tool for the management of relations with their collaborators, based on objective evaluation criteria but also characterised by occasions to pinpoint areas for improvement and the continuous improvement of technical competencies and soft skills.

As part of the performance management process, Salcef Group adopted an MBO (management by objectives) system in 2021 with the aim of formally and clearly communicating the performance objectives for each year and focussing the efforts of employees towards their achievement. The many aims of this policy include:

- attracting, retaining and motivating employees with the expertise and professionalism required by their role in the group; further developing policies to attract managerial and professional talents to continue to develop and strengthen the group's distinctive key competencies;
- further developing the retention policies for key group resources to incentivise them to remain with the group;
- linking the remuneration of key group resources to the group's results and the value created;
- steering key group resources towards the pursuit of short-medium term results by virtue of the performance targets for the allocation of the variable component of remuneration;
- effectively linking the group's short and medium term results with a view to the creation of sustainable value.

The MBO participants are all executives or managers strategic to the group's development and organisation.

The group's MBO system has access gates common to all beneficiaries which, if not achieved, prevent the activation of the plan in its entirety. In addition to the gates, there are individual performance objectives which are different and account for different percentages depending on the managerial profile of the role. The individual performance objectives cover various areas, including occupational health and safety, the environment, the organisation of human resources and related social aspects and it is through these objectives that the group also intends to disseminate a culture of sustainability and to share its strategy in this regard. The following table shows the areas of the objectives, with some examples of indicators.

AREA	Indicators used
<b>Economic – financial</b>	EBITDA
<b>Business processes</b>	Revenue, revenue per employee, operating profit, borrowing cost, return on investments, progress on specific projects/initiatives involving the beneficiary, supplier's score rating, annual saving on the purchasing process
<b>Process/ product innovation</b>	Progress on specific projects/initiatives involving the beneficiary
<b>Occupational health and safety and the environment (HSE)</b>	Consolidated injury rate, energy intensity for fuel consumption, energy intensity for electricity consumption (from non-renewable sources)
<b>Human Resources and Social factors</b>	Untaken holidays, overtime, average training hours.

Each performance objective assigned is personalised and tailored to each beneficiary, depending on their position, expertise and actual involvement in the group's development and organisation. The indicators actually used may therefore refer to the entire group, specific companies or geographical areas, or to specific organisational areas (e.g., business units, operating units, central units or sales area).

The MBO system provides for a variable incentive based on the achievement of the assigned objectives. This incentive is partly settled in cash (75%) and partly in Salcef shares (25%).



## Covid-19: impacts on the organisation and measures adopted

The risk of infection by the coronavirus is an exogenous risks in the context of Salcef Group's operations and documented in the risk assessment document: it is a biological risk not directly connected to Salcef's business operations. In this sense, taking into account the guidance issued by the health authorities, the risk of Covid-19 for group employees is similar to that of the general population. It constitutes a generic risk and the following must therefore be applied and complied with:

- all prevention and protection provisions established by the national and regional authorities and applicable to the entire population in order to contain the spread of the virus;
- the specific provisions for work activities issued by the authorities.

In order to deal with the pandemic, Salcef Group has adopted a policy aimed at the greatest prudence and the protection of health and has taken the following steps:

- risk assessment of occupational health and safety, legislative compliance and business continuity;
- updating the risk assessment document for occupational health and safety;
- constant monitoring and prompt application of national and regional regulations issued to combat the epidemic;
- engagement of internal and external resources with the necessary expertise (company doctor, HSE manager, HR department, etc.) and the establishment of specific committees, which are still in place, to gather the necessary information, and to share, interpret and translate it into operating guidelines for management;
- timely communication to all personnel about measures taken by the authorities and the group;
- activation of remote working arrangements for all personnel whose duties/activities are compatible with this method;
- availability of personal protective equipment for all personnel, sanitiser, gloves and anything else needed to protect against infection, with the simultaneous creation of adequate supplies;
- definition and adoption of Covid-safe protocols to be applied to all personnel in the various working contexts (offices, work sites and facilities) and regularly updated on the basis of new knowledge and new legislative provisions; they contain the procedures and all operating guidelines necessary to safely conduct the various group activities;
- dissemination of the Covid-safe protocol to all employees and application of dedicated signage in all workplaces;

- check that the Covid-safe protocols are correctly applied in the production units and offices at the various facilities;
- contract tracing of close contacts (within the group) of employees that test positive to the coronavirus;
- regular and additional sanitisation of work environments in the event of suspected infection.

Details of the some of these measures are provided below.

### Risk containment protocols

Salcef Group has sought to organise its work activities in the best possible way, in compliance with national and international legislation and any additional actions as part of a precautionary approach. To this end, detailed protocols have been prepared, governing working activities in the offices, work sites and other production facilities. In general, the protocols govern:

- procedures for access to work places and related entry and exit (including for external visitors);
- cleaning and sanitisation;
- personal hygiene precautions to be adopted;
- the distribution and use of personal protective equipment;
- the management of common areas;
- the organisation of offices, work sites and production facilities;
- work-related travel and events (training, medical check-ups, meetings, transfers, etc.).

Salcef Group has not limited itself to adopting the protocol indicated by the relevant authorities, but has established measures by involving all group personnel and analysing the operating activities in order to define responsible conduct. The protocols and their contents have been disseminated to all employees via newsletters, hand deliveries, posters and briefings.

Moreover, to implement the containment measures and ensure social distancing in all contexts, including those that are not strictly operational, the group's machine and car fleet has been expanded to reduce the number of people aboard. Safety and social distancing standards have also been adopted for the use of hotels and restaurants by personnel on business travel, sometimes using more than one facility for the same team.

## Covid task force

The group set up a Covid-19 task force in 2020 with the task of monitoring the measures adopted by the relevant authorities and any risk situations, identifying the most appropriate mitigation actions where necessary. The task force is comprised of:

- Chief insurance officer of Salcef Group S.p.A.
- Internal audit and compliance manager of Salcef Group S.p.A.
- HSE manager of Salcef Group S.p.A.
- Chief human resources officer of Salcef Group S.p.A.
- HSE manager of Salcef S.p.A..

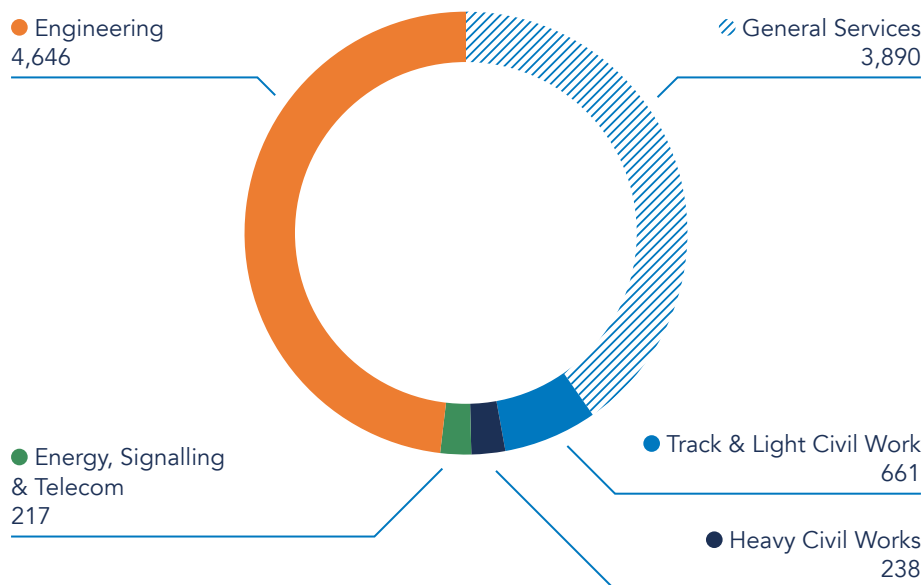
The task force meets regularly and minutes are kept of the meeting. In addition, the HSE manager of Salcef Group S.p.A. records the trend of Covid-19 infections in all group companies each day and prepares a specific report. The task force avails of a Company doctor in charge of health supervision, the designated HSE managers and all other specialist resources needed to carry out its duties.

Moreover, following the Covid-19 emergency, a committee was

set up for each group company to check compliance with the Covid-safe protocol. The committee is comprised of the Employer, the HSE manager/Health and safety officer, the Company doctor and the Workers' safety representative, and checks that the protocol is properly applied and the trend of infections.

## Remote working

With the onset of the pandemic, Salcef Group encouraged remote working for those positions that could carry out their duties in this manner. In 2021, 9,652 days were worked remotely within the group, distributed by business unit as shown in the following diagram:



# Employees and the working environment

GRI 102-8 GRI 401-1  
GRI 401-3 GRI 405-1

## Employees

Salcef Group's employee numbers continue to grow, with an increase in the 2019-2021 three-year period of over 400 people to number 1,409 at the end of 2021. Apart from the positive turnover and the increase in new hires, the reason for this large increase in human resources is due to the acquisitions of Salcef Bau GmbH (formerly H & M Bau), Coget Impianti S.p.A., Delta Railroad Construction Inc. and BahnBau Nord GmbH Group. The entire workforce of these companies was absorbed by Salcef Group.

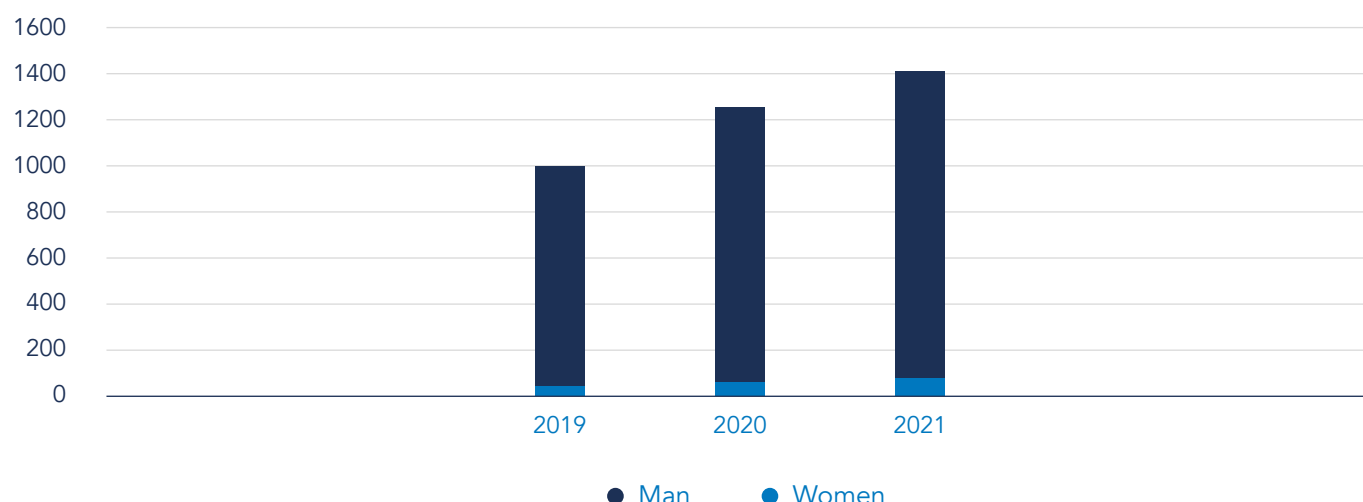
When the tables in this section make reference to employees, those from other categories which are not material for Salcef Group are not included. The [Temporary workers](#) paragraph provides details of the group's temporary workers.

## Employees by gender

Males make up most of Salcef Group's employees, accounting for 94% of the total workforce in 2021. The number of women has risen slightly from 4% in 2019 to 6% in 2021, with 79 women employees at the end of 2021..

WHITE COLLARS AND OTHER WORKERS	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Number of employees at year end	43	954	997	62	1,196	1,258	79	1,330	1,409

WHITE COLLARS AND OTHER WORKERS (%)	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Percentage of employees at year end	4%	96%	100%	5%	95%	100%	6%	94%	100%



## Employees by contract type and gender

The most frequent type of contract is open-ended (82% of the total in 2021).

CONTRACT TYPE	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Open-ended	34	749	<b>783</b>	53	946	<b>999</b>	64	1,091	<b>1,155</b>
Fixed-term	9	205	<b>214</b>	9	250	<b>259</b>	15	239	<b>254</b>
Total	<b>43</b>	<b>954</b>	<b>997</b>	<b>62</b>	<b>1,196</b>	<b>1,258</b>	<b>79</b>	<b>1,330</b>	<b>1,409</b>

CONTRACT TYPE (%)	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Open-ended	3%	75%	<b>79%</b>	4%	75%	<b>79%</b>	5%	77%	<b>82%</b>
Fixed-term	1%	21%	<b>21%</b>	1%	20%	<b>21%</b>	1%	17%	<b>18%</b>
Total	<b>4%</b>	<b>96%</b>	<b>100%</b>	<b>5%</b>	<b>95%</b>	<b>100%</b>	<b>6%</b>	<b>94%</b>	<b>100%</b>

## Temporary workers

Salcef Group only makes use of temporary workers in limited cases and, as can be seen in the following table, is used to a limited extent in certain geographical areas by the relevant companies. The temporary workers are used to cover intermittent peaks of work and in compliance with signed trade union agreements.

The total number of temporary workers is 87 at the end of 2021, accounting for just over 6% of the group's total employees and therefore not significant.

COUNTRY	Temporary workers at 31/12/2021
Italy	60
United States of America	1
United Arab Emirates	26





## Employees by type of position and geographical segment

The "open-ended" contract is the main one in Italy, while this varies significantly in the other geographical segments. Fixed-term contracts are generally used for project-based workers hired for a specific contract.

Moreover, as shown in the following table, employee numbers are increasing in all of the group's geographical segments, with the exception of Eastern Europe. Australia is not included in the table and in those of the following paragraphs as it does not have personnel.

CONTRACT TYPE	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Open-ended	700	734	757	45	51	48	2	16	4	-	-	41	-	137	129	36	61	176	783	999	1,155
Fixed-term	165	198	204	18	16	19	22	13	29	9	28	1	-	-	-	-	4	1	214	259	254
Total	865	932	961	63	67	67	24	29	33	9	28	42	-	137	129	36	65	177	997	1,258	1,409

## Employees by type of position and gender

Part-time positions are rare (1.5%) and almost all the group's workers have full-time positions.

TYPE OF POSITION	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Full-time	34	948	982	52	1,187	1,239	67	1,321	1,388
Part-time	9	6	15	10	9	19	12	9	21
Total	43	954	997	62	1,196	1,258	79	1,330	1,409



## Diversity

Diversity is analysed below for gender and age for four categories: managers, junior managers, white collars and blue collars. No other significant types of diversity have been identified. Each of the following tables presents the data in numbers and percentages.

### Employees by category and gender

As stated above, females are less represented in the group. Women are mainly employed in the white-collar category, while men are mainly blue collars (988 units at the end of 2021). Given the particularly manual and physical nature of group operations, there are almost no female blue collars.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	28	28	1	35	36	2	41	43
Junior managers	2	42	44	3	51	54	4	60	64
White collars	38	169	207	45	204	249	66	241	307
Blue collars	3	715	718	13	906	919	7	988	995
Total	43	954	997	62	1,196	1,258	79	1,330	1,409

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	0%	3%	3%	0%	3%	3%	0%	3%	3%
Junior managers	0%	4%	4%	0%	4%	4%	0%	4%	5%
White collars	4%	17%	21%	4%	16%	20%	5%	17%	22%
Blue collars	0%	72%	72%	1%	72%	73%	0%	70%	71%
Total	4%	96%	100%	5%	95%	100%	6%	94%	100%





## Employees by category and age group

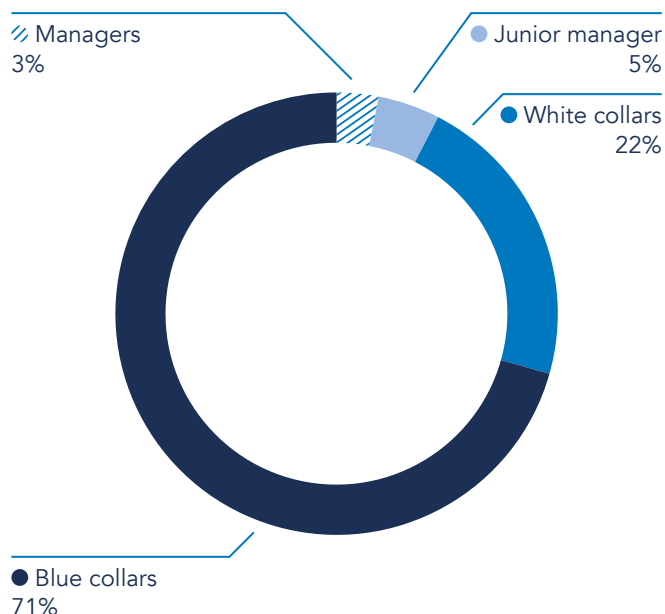
This indicator was fairly stable in the 2019-2021 three-year period. For all four categories analysed, the most common age group is from 30 to 50 years of age (accounting for more than 50% in the years analysed).

CATEGORY	2019				2020				2021			
	Up to 29	From 30 to 50	Over 50	total	Up to 29	From 30 to 50	Over 50	total	Up to 29	From 30 to 50	Over 50	total
Managers	-	16	12	28	-	18	18	36	-	18	25	43
Junior managers	1	25	17	43	1	30	23	54	1	47	16	64
White collars	26	141	34	201	37	164	48	249	42	222	43	307
Blue collars	118	353	254	725	173	466	280	919	173	545	277	995
Total	145	535	317	997	211	678	369	1,258	216	832	361	1,409

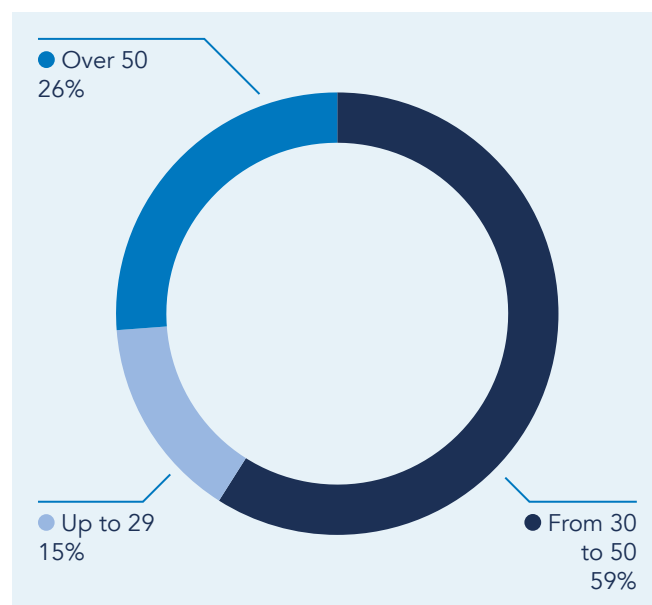
CATEGORY	2019				2020				2021			
	Up to 29	From 30 to 50	Over 50	total	Up to 29	From 30 to 50	Over 50	total	Up to 29	From 30 to 50	Over 50	total
Managers	0%	2%	1%	3%	0%	1%	1%	3%	0%	1%	2%	3%
Junior managers	0%	3%	2%	4%	0%	2%	2%	4%	0%	3%	1%	5%
White collars	3%	14%	3%	20%	3%	13%	4%	20%	3%	16%	3%	22%
Blue collars	12%	35%	25%	73%	14%	37%	22%	73%	12%	39%	20%	71%
Total	15%	54%	32%	100%	17%	54%	29%	100%	15%	59%	26%	100%



## Category



## Age group



## Employees by age group and gender

As stated earlier, this indicator also tended to be fairly stable in the three-year period analysed. The most common age group is from 30 to 50 years of age for both women and men.

AGE GROUP	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Up to 29	5	141	146	11	202	213	12	204	216
From 30 to 50	31	506	537	37	645	682	52	780	832
Over 50	7	307	314	14	349	363	15	346	361
Total	43	954	997	62	1,196	1,258	79	1,330	1,409

AGE GROUP (%)	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Up to 29	1%	14%	15%	1%	16%	17%	1%	14%	15%
From 30 to 50	3%	51%	54%	3%	51%	54%	4%	55%	59%
Over 50	1%	31%	32%	1%	28%	29%	1%	25%	26%
Total	4%	96%	100%	5%	95%	100%	6%	94%	100%



## New hires and turnover

### New hires by age group and gender

Salcef Group's new hires increased over the three-year period, reflecting the group's constant growth. The 30 to 50 year age group accounted for most new hires in the period.

AGE GROUP	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Up to 29	3	63	66	3	74	77	9	106	115
From 30 to 50	9	113	122	5	130	135	20	288	308
Over 50	3	55	58	2	38	40	3	73	76
Total	15	231	246	10	242	252	32	467	499

AGE GROUP (%)	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Up to 29	1%	26%	27%	1%	29%	31%	2%	21%	23%
From 30 to 50	4%	46%	50%	2%	52%	54%	4%	58%	62%
Over 50	1%	22%	24%	1%	15%	16%	1%	15%	15%
Total	6%	94%	100%	4%	96%	100%	6%	94%	100%

### New hires by age group and geographical segment

Most new hires took place in Italy where the group has most of its facilities and activities.

AGE GROUP	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	63	51	63	1	5	5	-	6	1	-	-	9	-	5	27	2	10	10	66	77	115
From 30 to 50	99	99	138	4	9	29	2	6	12	9	-	46	-	6	36	8	15	47	122	135	308
Over 50	43	22	40	2	1	13	1	1	1	-	-	3	-	4	14	12	12	5	58	40	76
Total	205	172	241	7	15	47	3	13	14	9	-	58	-	15	77	22	37	62	246	252	499

AGE GROUP (%)	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	26%	20%	13%	-	2%	1%	-	2%	0%	0%	-	2%	-	2%	5%	1%	4%	2%	27%	31%	23%
From 30 to 50	40%	39%	28%	2%	4%	6%	1%	2%	2%	4%	-	9%	-	2%	7%	3%	6%	9%	50%	54%	62%
Over 50	17%	9%	8%	1%	-	3%	-	-	0%	-	-	1%	-	2%	3%	5%	5%	1%	24%	16%	15%
Total	83%	68%	48%	3%	6%	9%	1%	5%	3%	4%	-	12%	-	6%	15%	9%	15%	12%	100%	100%	100%

## Resignations/dismissals by age group and gender

Like for new hires, most resignations/dismissals were in the 30 to 50 age group.

AGE GROUP	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Up to 29	-	46	46	1	37	38	8	114	122
From 30 to 50	2	82	84	5	71	76	10	205	215
Over 50	3	42	45	-	47	47	2	109	111
Total	5	170	175	6	155	161	20	428	448

AGE GROUP (%)	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Up to 29	1%	26%	27%	1%	29%	24%	2%	25%	27%
From 30 to 50	4%	46%	50%	2%	52%	47%	2%	46%	48%
Over 50	1%	22%	24%	1%	15%	29%	0%	24%	25%
Total	6%	94%	100%	4%	96%	100%	4%	96%	100%

## Resignations/dismissals by age group and geographical segment

Analysing the data by geographical segment, like for new hires, most resignations/dismissals were in Italy.

AGE GROUP	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	36	28	61	-	2	5	8	4	5	-	-	8	-	3	26	2	1	17	46	38	122
From 30 to 50	64	53	98	10	4	31	6	4	4	-	-	34	-	8	38	4	7	10	84	76	215
Over 50	39	33	53	3	2	11	1	-	1	-	-	2	-	6	21	2	6	23	45	47	111
<b>Total</b>	<b>139</b>	<b>114</b>	<b>212</b>	<b>13</b>	<b>8</b>	<b>47</b>	<b>15</b>	<b>8</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>17</b>	<b>85</b>	<b>8</b>	<b>14</b>	<b>50</b>	<b>175</b>	<b>161</b>	<b>448</b>

AGE GROUP (%)	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	21%	17%	14%	-	1%	1%	5%	2%	1%	-	-	2%	-	2%	6%	1%	1%	4%	26%	24%	27%
From 30 to 50	37%	33%	22%	6%	2%	7%	3%	2%	1%	-	-	8%	-	5%	8%	2%	4%	2%	48%	47%	48%
Over 50	22%	20%	12%	2%	1%	2%	1%	-	0%	-	-	0%	-	4%	5%	1%	4%	5%	26%	29%	25%
<b>Total</b>	<b>79%</b>	<b>71%</b>	<b>47%</b>	<b>7%</b>	<b>5%</b>	<b>10%</b>	<b>9%</b>	<b>5%</b>	<b>2%</b>	<b>-</b>	<b>-</b>	<b>10%</b>	<b>-</b>	<b>11%</b>	<b>19%</b>	<b>5%</b>	<b>9%</b>	<b>11%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Reasons for resignation/dismissal by gender

As shown by the data reported below, the main reason for resignation/dismissal is "Other", which includes those contracts that are not confirmed due to the completion of projects. The second most important reason is voluntary departure.

REASON FOR RESIGNATION/DISMISSAL	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Voluntary departure	2	75	<b>77</b>	4	59	<b>63</b>	5	103	<b>108</b>
Retirement	-	13	<b>13</b>	-	17	<b>17</b>	-	15	<b>15</b>
Dismissal	2	11	<b>13</b>	1	29	<b>30</b>	3	104	<b>107</b>
Other	1	71	<b>72</b>	1	50	<b>51</b>	12	206	<b>218</b>
<b>Total</b>	<b>5</b>	<b>170</b>	<b>175</b>	<b>6</b>	<b>155</b>	<b>161</b>	<b>20</b>	<b>428</b>	<b>448</b>

## Turnover by gender

Overall, the rate of new hires is always higher than the rate of resignations/dismissals, a further sign of strong growth also in the area of human resources. Moreover, the overall turnover rate confirms that the number of new hires is around 4% higher than resignations/dismissals in 2021.

TURNOVER	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Negative turnover (resignations/dismissals)	18.50%	19.70%	19.70%	14.00%	16.20%	16.10%	32.26%	35.79%	35.61%
Positive turnover (new hires)	55.60%	26.80%	27.70%	23.30%	25.40%	25.30%	51.61%	39.05%	39.67%
Overall turnover	37.00%	7.10%	8.00%	9.30%	9.10%	9.10%	19.35%	3.26%	4.05%
Total	6%	94%	100%	4%	96%	100%	4%	96%	100%

## Negative turnover (resignations/dismissals) by geographical segment and age group

The negative turnover figures reflect that already discussed for resignations/dismissals by geographical segment and age group.

AGE GROUP	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	4.0%	2.8%	4.8%	-	0.2%	0.4%	0.9%	0.4%	0.4%	-	-	0.6%	-	0.3%	2.1%	0.2%	0.1%	1.4%	5.2%	3.8%	9.7%
From 30 to 50	7.2%	5.3%	7.8%	1.1%	0.4%	2.5%	0.7%	0.4%	0.3%	-	-	2.7%	-	0.8%	3.0%	0.4%	0.7%	0.8%	9.4%	7.6%	17.1%
Over 50	4.4%	3.3%	4.2%	0.3%	0.2%	0.9%	0.1%	-	0.1%	-	-	0.2%	-	0.6%	1.7%	0.2%	0.6%	1.8%	5.1%	4.7%	8.8%
Total	15.6%	11.4%	16.9%	1.5%	0.8%	3.7%	1.7%	0.8%	0.8%	-	-	3.5%	-	1.7%	6.8%	0.9%	1.4%	4.0%	19.7%	16.1%	35.6%

## Positive turnover (resignations/dismissals) by geographical segment and age group

The positive turnover figures reflect that already discussed for new hires by geographical segment and age group.

AGE GROUP	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	7.1%	5.1%	5.0%	0.1%	0.5%	0.4%	-	0.6%	0.1%	-	-	0.7%	-	0.5%	2.1%	0.2%	1.0%	0.8%	7.4%	7.7%	9.1%
From 30 to 50	11.1%	9.9%	11.0%	0.4%	0.9%	2.3%	0.2%	0.6%	1.0%	1.0%	-	3.7%	-	0.6%	2.9%	0.9%	1.5%	3.7%	13.7%	13.5%	24.5%
Over 50	4.8%	2.2%	3.2%	0.2%	0.1%	1.0%	0.1%	0.1%	0.1%	-	-	0.2%	-	0.4%	1.1%	1.3%	1.2%	0.4%	6.5%	4.0%	6.0%
Total	23.1%	17.3%	19.2%	0.8%	1.5%	3.7%	0.3%	1.3%	1.1%	1.0%	-	4.6%	-	1.5%	6.1%	2.5%	3.7%	4.9%	27.7%	25.3%	39.7%



## Overall turnover (resignations/dismissals) by geographical segment and age group

With a few small exceptions, there was a positive turnover in all geographical segments and age groups.

There was a positive turnover in the 30 to 50 years age group and a negative turnover in the other age groups.

AGE GROUP	Italy			Eastern Europe			Middle East			North Africa			North America			Western Europe			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Up to 29	3.00%	2.30%	0.16%	0.10%	0.30%	0.00%	-0.90%	0.20%	-0.32%	-	-	0.08%	-	0.20%	0.08%	-	0.90%	-0.56%	2.20%	3.90%	-0.56%
From 30 to 50	3.90%	4.60%	3.18%	-0.70%	0.50%	-0.16%	-0.40%	0.20%	0.64%	1.00%	-	0.95%	-	-0.20%	-0.16%	0.40%	0.80%	2.94%	4.30%	5.90%	7.39%
Over 50	0.40%	-1.10%	-1.03%	-0.10%	-0.10%	0.16%	-	0.10%	0.00%	-	-	0.08%	-	-0.20%	-0.56%	1.10%	0.60%	-1.43%	1.50%	-0.70%	-2.78%
Total	7.40%	5.80%	2.31%	-0.70%	0.70%	0.00%	-1.30%	0.50%	0.32%	1.00%	-	1.11%	-	-0.20%	-0.64%	1.60%	2.30%	0.95%	8.00%	9.10%	4.05%

## Maternity leave

All Salcef Group employees have the right to maternity/paternity leave. The trend of people taking maternity/paternity leave increased over the three-year period, mainly during 2021, with an average of approximately 11 leaves for per year.

The figures show that all males return to work after taking paternity leave, while an average of 60% of female staff returned over the three-year period.

MATERNITY LEAVE	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
No. of employees entitled to maternity leave	43	954	997	62	1,196	1,258	79	1,330	1,409
No. of employees that took leave	3	1	4	3	3	6	5	19	24
No. of employees that returned to work in the reporting period after taking leave	1	1	2	2	3	5	4	16	20
No. of employees that returned to work after taking leave that are still with the group in the 12 months after returning	-	1	1	1	3	4	2	16	18
	33%	100%	50%	67%	100%	83%	80%	84%	83%
Rate of return to work	33%	100%	50%	67%	100%	83%	80%	84%	83%
Retention rate	-	100%	50%	50%	100%	80%	50%	100%	90%

## Basic wages and salaries and total remuneration

In all the countries where there are national collective labour agreements, the amount Salcef Group pays its employees is determined in line with these contracts, which guarantee both minimum salary levels for the various employee categories and regular increases in the basic wages and salaries. Also in those countries where there is no national labour agreement law, wages and salaries and total remuneration are in line with the national average. For details of the application of the national collective labour contracts, see the [Trade unions and collective bargaining](#) paragraph.

In addition to complying with the national collective labour agreements, the group as a whole adopts a remuneration policy which applies meritocratic principles to the fixed and variable components of remuneration, resulting in remuneration levels higher than those of the minimum levels established by the national contracts. Salcef Group has also introduced a productivity bonus which is paid to all employee categories in January, with the exception of management which is subject to the MBO system (see [Performance management and MBO](#)).

Analysing both the basic wages and salary and total remuneration figures set out in the following tables, with a few exceptions, the amounts received by the group employees rose steadily over 2019, 2020 and 2021, both by gender and category. The few exceptions, where present, are mainly due to turnover, which also impacts average wages and salaries and total remuneration.

The comparison of total remuneration and wages and salaries by gender, excluding managers, shows female employees have slightly lower total remuneration. However, it is difficult to make a comparison, as female employees are generally more recent hires and they have therefore had fewer seniority-linked salary increases and lower starting levels than the averages for male employees, who have sometimes had over a decade's work experience.

Finally, comparing basic wages and salaries and total remuneration (which includes variable remuneration items) shows that the categories with the greatest difference between wages and salaries and total remuneration are, on the one hand, senior positions (managers and junior managers) and, on the other, blue collars, who received various variable remuneration items (overtime, extra pay for night shifts, holiday bonuses, etc.).

BASIC WAGES AND SALARIES	2019			2020			2021		
	Women	Men	%	Women	Men	%	Women	Men	%
Managers		107,031		148,283	113,043	131%	136,739	121,233	113%
Junior managers	70,913	39,425	180%	78,576	88,216	89%	46,550	67,130	69%
White collars	25,415	33,194	77%	32,583	31,391	104%	33,842	45,068	75%
Blue collars	5,422	25,612	21%	20,514	33,176	62%	23,792	29,381	81%
Totale	43	954	997	62	1.196	1.258	79	1.330	1.409

TOTAL REMUNERATION	2019			2020			2021		
	Women	Men	%	Women	Men	%	Women	Men	%
Managers		112,146	0%	280,680	130,886	214%	184,316	128,184	144%
Junior managers	92,202	48,636	190%	81,037	112,592	72%	60,577	70,264	86%
White collars	26,751	37,298	72%	34,623	35,056	99%	34,769	49,461	70%
Blue collars	5,422	36,575	15%	28,579	38,037	75%	23,792	39,989	59%
Totale	4%	96%	100%	5%	95%	100%	6%	94%	100%



## The working environment: survey of the corporate climate

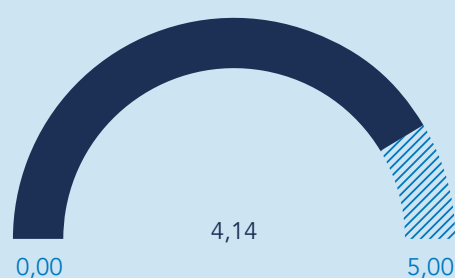
The first survey of Salcef Group's corporate climate was carried out in December 2021, involving all personnel in all geographical areas the group is present. Questionnaires were used to gather feedback on five macro-areas: corporate culture, working experience, communication, organisation and change, and the working environment. For each of these areas, employees were asked to give a rating for a series of questions/issues, ranging from 1 (strongly disagree) to 5 (strongly agree). They were also asked to express an opinion on the priority of five macro-interventions in the human resources area.

The survey of the corporate climate was conducted anonymously but allows the findings to be analysed by geographical area, company, business unit, etc., thereby helping the human resources department to infer any local requirements so as to better identify the actions to be taken, and proving a valid tool for improving personnel policy, management and organisation.

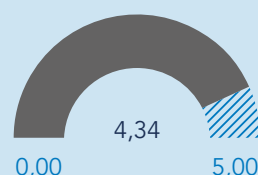
The survey was well received by the organisation, with 686 responses from employees and collaborators (a 53.18% response rate).

The findings showed an overall positive evaluation of all the areas surveyed, with ratings consistently above 4/5, as shown in the following image:

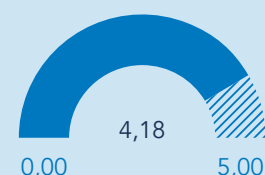
Overall evaluation



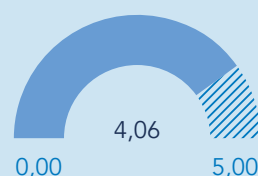
Working Experience



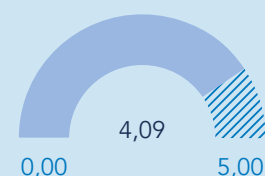
Organization & change



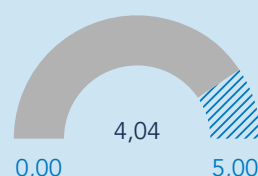
Corporate culture



Communication



Work environment



As regards the HR interventions, the implementation of an employee performance evaluation and enhancement system was the top priority, followed by an improvement in internal communication and the introduction of additional training pathways. The group is already working on implementing organisational improvements in all these areas in the short to medium-term, reflecting the substantial alignment of the needs of the group's employees and the measures that management plans to implement.

Along with the corporate climate survey, employees also completed a questionnaire on materiality analysis, in which they evaluated the potential impact of each topic on the group. For further information see [Materiality analysis](#).





# Training and development

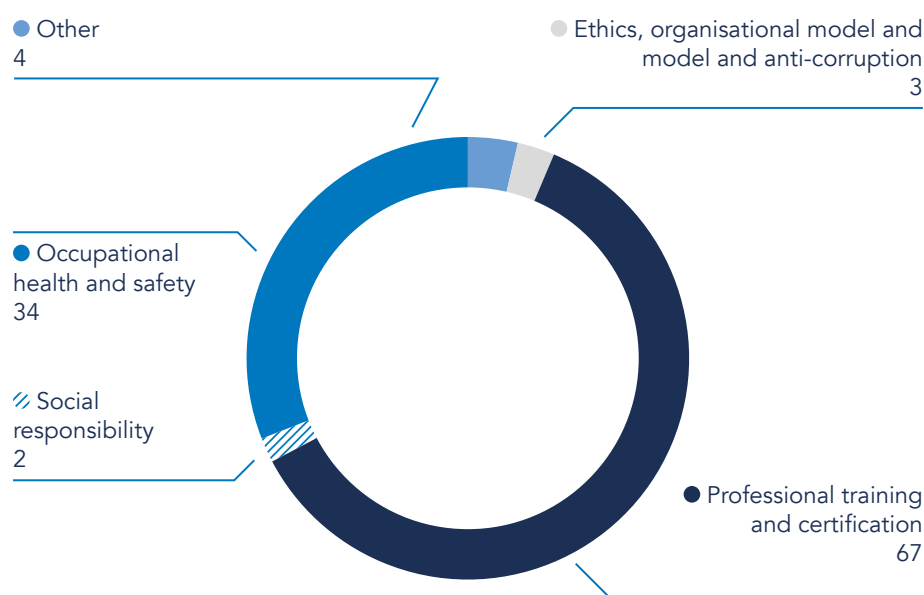
GRI 103-2 GRI 103-3  
GRI 205-2 GRI 404-1

Salcef Group has a well-structured training system designed for the overall management of training requirements and continuous improvement. Training is essential to maintaining a competitive edge and is fundamental to tackling issues connected with technological and organisational innovation.

The process helps focus on the actual training needs, the planning and roll-out of activities that respond to real needs and also offers methodologies and instruments to develop and monitor a group training plan which takes into account training needs, the analysis of actual training requirements, the definition of a training plan and the evaluation of training activities.

Within the Salcef Group, the human resources department is the party responsible for coordinating training for the parent and its subsidiaries and it establishes the training requirements for the group's positions. The training process is managed through the group's ERP system, MySalcef, which ensures proper monitoring and control. The software contains an inventory of all the group's training initiatives (100 different training courses grouped into five types).

## Training by type



Moreover, the software identifies all the tasks performed within the group (more than 120), along with the training, medical check-ups and personal protective equipment required for each one. In this way, the actions to be taken are immediately apparent to new employees or employees that change roles and the alerts and emails notifying all personnel involved in training of deadlines makes monitoring easier and more streamlined.

Training is provided by the group during working hours by internal instructors or specialised consulting companies, as appropriate. There is usually a test on the material covered at the end of each training session.

As well as the quantitative data shown below, there is a large amount of training which is "not tracked" by the system, involving work site

training and information. This type of training is formalised in a specific report and involves all work site workers for about one hour. It is provided for each new contract or task or when a new worker joins the production team. The goal of this activity is to inform and raise awareness in operating personnel of the specific risks of the work site.

## Training provided

The total and average per capital training hours provided for each year of the 2019-2021 three-year period are shown below. The different types of training are also analysed.

## Total training hours by category and gender

In the 2019-2021 three-year period, Salcef Group provided over 97,000 training hours. As shown in the following table, the trend is increasing and follows the greater number of new hires and employee numbers discussed in previous sections. In 2021, 43,902 training hours were provided, which was significantly higher than in previous years, also because new training courses were rolled out in 2021, particularly in the area of professional training and in relation to complex railway machines.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	228	228	1	519	520	-	420	420
Junior managers	36	389	425	63	1,299	1,362	-	1,047	1,047
White collars	339	2,583	2,922	580	3,458	4,038	602	6,025	6,627
Blue collars	30	20,336	20,366	30	23,798	23,828	11	35,797	35,808
Total	405	23,536	23,941	674	29,074	29,748	613	43,289	43,902

## Training provided in 2021 [hours]



## Average training hours by category and gender

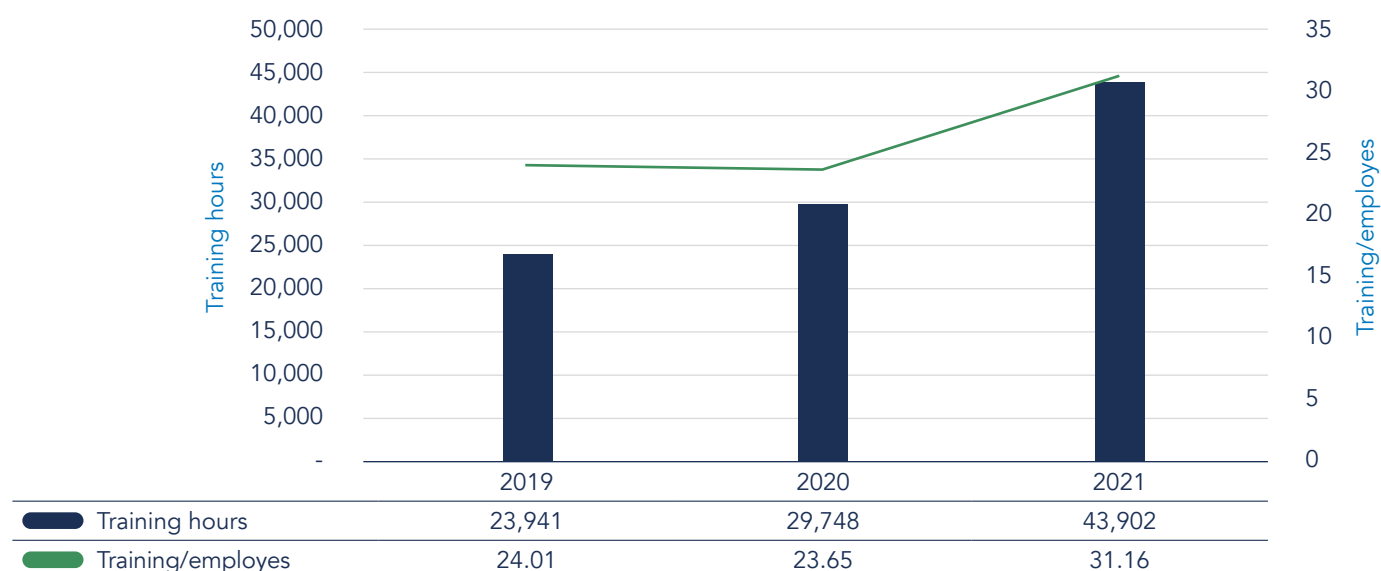
The average training hours show that employees received approximately 24 training hours per capita in both 2019 and 2020 while this figure rose sharply in 2021 to 31 hours. Although training volumes were higher than normal in 2019 and 2020 due to the incorporation into the group of personnel from the acquired companies, particularly Overail (formerly Vianini

Industria) and Coget Impianti, the amount recorded in 2021 is significantly higher. This is due to the introduction of various professional training modules for operating personnel that perform specialist tasks.

Training mainly relates to operating personnel. Indeed, the highly specialised nature of Salcef Group means that blue-collar workers are the most frequent recipients of the various types of training, which are detailed in the following sections.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	8.14	<b>8.14</b>	1.00	14.83	<b>14.44</b>	-	10.24	<b>9.77</b>
Junior managers	15.63	9.26	<b>9.59</b>	22.98	25.56	<b>25.43</b>	-	17.45	<b>16.36</b>
White collars	9.00	15.29	<b>14.14</b>	12.81	16.94	<b>16.19</b>	9.12	25.00	<b>21.59</b>
Blue collars	10.00	28.44	<b>28.36</b>	2.31	26.27	<b>25.93</b>	1.57	36.23	<b>35.99</b>
Total	<b>9.42</b>	<b>24.67</b>	<b>24.01</b>	<b>10.87</b>	<b>24.31</b>	<b>23.65</b>	<b>7.76</b>	<b>32.55</b>	<b>31.16</b>

## Training provided



## Total health and safety training hours by category and gender

Occupational health and safety training is Salcef Group's largest category in terms of hours provided. A total of 50,356 health and safety training hours was provided in the 2019-2021 three-year period, which alone accounts for over half the total training hours provided by the group in the period.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	101	101	-	349	349	-	161	161
Junior managers	24	232	256	51	800	851	-	610	610
White collars	232	1,542	1,774	469	2,131	2,600	391	3,408	3,799
Blue collars	8	7,635	7,643	8	14,825	14,833	10	17,369	17,379
Total	264	9,510	9,774	528	18,105	18,633	401	21,548	21,949

## Total professional training and certification hours by category and gender

Professional training and certification includes all training provided for a specific operating activity or the use of machinery or equipment. It includes training carried out to obtain customer certifications (e.g., RFI, Terna, etc.). This type of training has the greatest variety of courses, numbering 67, and involved over 21,000 training hours provided last year. This type of training mainly involves blue-collar workers.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	72	72	-	120	120	-	255	255
Junior managers	3	121	124	4	393	397	-	416	416
White collars	29	799	828	36	1,047	1,083	144	2,448	2,592
Blue collars	8	12,320	12,328	8	8,182	8,190	-	17,791	17,791
Total	40	13,312	13,352	48	9,742	9,790	144	20,910	21,054

## Total training hours on the organisational, management and control model and anti-corruption by category and gender

Training on the organisational, management and control model and anti-corruption includes all training provided on Salcef Group's Code of ethics and conduct (see [Code of ethics](#)), the organisational, management and control model pursuant to Legislative decree no. 231 (see [Organisational, management and control model pursuant to Legislative decree no. 231/2001](#)) and the corruption prevention management system (see [Anti-corruption measures](#)).



Training is mandatory for all personnel. There are two different modules depending on the risk profile: one for blue collars and the other for white collars and junior and other managers.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	19	19	-	34	34	-	3	3
Junior managers	5	26	31	4	57	61	-	15	15
White collars	50	171	221	38	151	188	30	119	149
Blue collars	6	227	233	6	354	360	1	152	153
Total	61	443	504	48	596	643	31	289	320

## Total social responsibility training hours by category and gender

Social responsibility training is mandatory for all personnel and includes training on the SA 8000 management system. It has two different modules, one for the social performance team (see [Social performance team](#)) and one for all personnel.

CATEGORY	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Managers	-	16	16	-	16	16	-	1	1
Junior managers	3	11	14	4	49	53	-	6	6
White collars	29	70	99	37	130	167	3	47	50
Blue collars	8	154	162	8	437	445	-	456	456
Total	40	251	291	49	632	681	3	510	513

## On-site training

Given Salcef Group's high level of specialisation, in addition to other training, on-site training is an important part of the group's training programme. On-site training comprises all activities aimed at training workers in the correct use of equipment, machines, systems, substances, devices (including personal protective equipment) and work procedures, so that each worker can exercise the discretionary component of their position in an informed (and responsible) manner.

Where provided for, on-site training is provided to new hires or when an employee changes role, or when new machinery and technologies are introduced. In the training start-up stage, the operating department identifies the trainer with the right characteristics and experience in the field who will be responsible for instructing, training and supporting the resource in their new activity.

# Occupational health and safety

GRI 103-2 GRI 103-3 GRI 403-1  
GRI 403-2 GRI 403-3 GRI 403-4  
GRI 403-5 GRI 403-6 GRI 403-7  
GRI 403-8 GRI 403-9



## Occupational health and safety legislation

Occupational health and safety regulations are contained in Legislative decree no. 81/2008 (the "81/2008 decree") issued to reorganise and coordinate the relevant legislation. The 31/2008 decree establishes the manner in which a series of preventative actions must be carried out, such as the assessment of risks in the group and, consequently, a series of measures must be adopted to improve worker health and safety, including: (i) the compliance of structures, systems and equipment; (ii) health checks; (iii) training courses and all other mandatory aspects, the absence of which could expose the group to significant penalties.

The 81/2008 decree provides for the establishment and appointment of specific roles within the group, such as the Health and safety officer, the Company doctor, and the Employer. The latter carries out an assessment of the risks in the group, implements prevention and protection measures to eliminate or contain them and ensures that every worker is suitably trained and informed.

The main international regulatory frameworks are:

- the ISO 45001 standard;
- the NEBOSH guidance;
- protocols, recommendations and guidelines of the International Labour Organization (ILO);
- local occupational health and safety laws and legislation of the country in which the activities take place.

Bearing in mind that Salcef Group's safety management system is strongly inspired by Italian legislation, which is particularly comprehensive and effective abroad, the group's approach in the field of occupational health and safety is to always apply the most rigorous measures that best protect workers.

## The principles and the management system

Salcef Group considers the protection and promotion of health, safety and wellbeing of the individual a priority value and principle in all of its activities. Accordingly, the activities and processes connected to personnel management are extremely

important. Therefore, the way it operates is therefore aimed at protecting employees, customers, suppliers and, in general, anyone that comes into contact with Salcef Group.

Salcef Group guarantees working conditions that respect the dignity of the individual and ensures that its working environments are safe and healthy, in compliance with accident prevention and occupational health and safety legislation. Salcef strongly promotes the dissemination of a safety culture and an awareness of the risks associated with the working activities, and requires that everyone at every level adopt responsible conduct that is compliant with the safety system in place and all company procedures that form an integral part thereof. In this respect, every employee, collaborator or anyone who for any reason provides working activities at the group's offices, work sites and facilities, is required to personally contribute to maintaining the safety and quality of the working environment in which they operate, rigorously complying with the safety system and all group procedures that are a part thereof.

Salcef Group undertakes to:

- put in place safe activities in order to protect the health of group employees and the communities in which it operates, ensuring its operating strategies comply with group occupational health and safety and environmental policies;
- provide training and information to all personnel that work in group offices, work sites and facilities on safety risks to which they are exposed from time to time, providing them with the means and personal protective equipment required by relevant legislation in relation to the activities carried out;
- periodically review and continuously monitor the performance and efficiency of the safety risk management system, and maintain safe workplaces to protect the integrity of its personnel and achieve the group's goals of continuous improvement in the fields of health, safety and the environment.

The commitment to occupational health and safety is a key aspect for Salcef Group. For this reason, and to go beyond mere legal compliance, it has implemented, maintained and improved an occupational health and safety management system which is applied to all group operations and companies. The management system is ISO 45001:2018-certified.

The occupational health and safety management system is applied to all Salcef Group workers and also extends to all parties that come into contact with the group, such as sub-contractors, temporary workers, professionals, etc..

At least once a year, qualified personnel carry out an internal audit to check the proper and effective application of the integrated management system, including the occupational health and safety management system. For further information on the related findings, see the paragraph on [Audits of management systems](#).

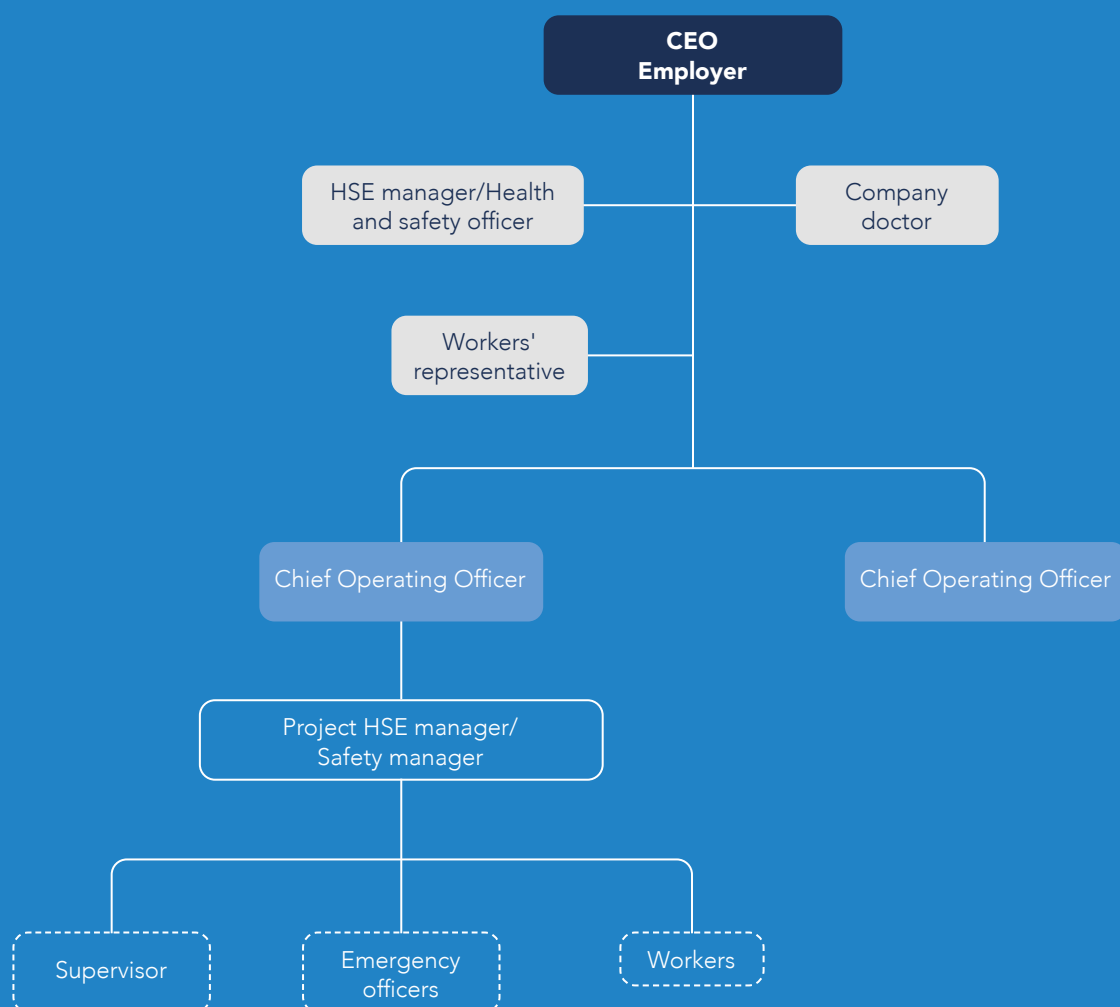
All certified management systems are also audited annually by independent and accredited third-party certification bodies. These audits assess the compliance of the management systems with the international standards governing them.

## Safety organisation

Salcef Group's safety organisation provides for a safety management system manager (the HSE manager), which reports to the parent's Knowledge department. The HSE manager ensures the management system is active and effective, including the operating control activities and their updating and reports to the management representative on the performance and areas for improvement. In addition to heading up the health and safety service pursuant to Legislative decree no. 81/2008, the HSE manager of the parent, Salcef Group S.p.A, carries out management and coordination activities for the safety and environmental offices of the group's subsidiaries, ensuring uniformity, support and the dissemination of best practices.

The main roles in the safety organisation of the subsidiaries are shown in the following diagram. They are formally identified and appointed.





- The **sole director or CEO** acts as the Employer pursuant to Legislative decree no. 81/08. Specifically, he or she draws up and approves the risk assessment document (see details in the following [Risk identification and assessment](#) paragraph), which also sets out the measures to be implemented to eliminate/mitigate such risks. He or she also appoints the other positions in the safety organisation.
- The **HSE manager** also fulfils the role of Health and safety officer pursuant to Legislative decree no. 81/2008. He or she is responsible for safety management in the workplace and for relations with the various supervisory and certification bodies and entities, and liaises with the Workers' safety representative and the directors. The HSE manager/Health and safety officer of the group companies report to the Employer and are centrally coordinated by the HSE manager/Health and safety officer of the parent, Salcef Group S.p.A.. They meet periodically to discuss and define any critical issues identified, as well as the performance of the management system and any improvement actions to be taken.
- The **Company doctor** is a role required by Legislative decree no. 81/2008 to perform the health screening required by law and the occupational health and safety management system. This role is usually only present in the Italian companies. In other countries, health screening is usually organised by dedicated personnel, with the involvement of local institutions and specialist centres.
- The **Workers' representative**, also referred to by Legislative decree no. 81/2008 as the Workers' safety representative, is elected or appointed, and has the task of representing workers in the field of occupational health and safety. In carrying out this task, they attend periodic meetings with all positions making up the safety organisation. Depending on the complexity of the operating activities and how large the workforce is, one or more Workers' safety representatives are elected for each group company. For further details see also [Worker participation - HSE manager/Health and safety officer](#),



### Workers' safety representative and the Safety committee.

- The **Chief Operating Officer** is delegated all powers associated with the role of Employer. He or she is responsible for operational management and coordinates personnel, machines and resources in the various contracts acquired by the group/branch.
- The **Project HSE Manager** also fulfils the role of Safety manager pursuant to Legislative decree no. 81/2008. This position is appointed for those companies where the Chief executive officer and the Chief operating officer are unable to effectively supervise the relevant operating units due to the company's operational complexity, including logistical. This is especially relevant for companies that work on temporary and mobile work sites. The Project HSE manager is responsible for supervising and ensuring the correct application of the safety management system procedures at the assigned operating units. The project HSE manager (or the COO or CEO) appoints Emergency officers, who are trained to respond to situations of danger and emergency. For details refer to the [Procedures for workers to remove themselves from hazardous situations](#) paragraph.
- The **Supervisor** is the position provided for by Legislative decree no. 81/2008. Within the individual teams, the Supervisor is responsible for supervising and ensuring that workers comply with safety requirements.

## Risk identification and assessment

With regard to the identification of risks and their assessment and the investigation of incidents, Legislative decree no. 81/08 and associated regulations detail the responsibilities, activities and deadlines. In addition to the legal requirements, the occupational health and safety system procedures also apply. In this context:

- the mandatory legal requirements applicable in the organisation are identified;
- information is collected on-site (operational control);
- instances of non-compliance (whether incidents, injuries or near-misses) are recorded and addressed;
- the preventative measures indicated by the analysis of the results of the operating control and the instances of non-compliance are taken.

## Risk identification

The assessment of the risks to which workers are exposed involves the analysis of the specific situations the workers find themselves in carrying out their duties.

Risk assessment is:

- related to the choices made for equipment, substances and the layout of the workplace;
- designed to identify and implement appropriate measures and actions to be taken.

Risk assessment is therefore linked both to the stage of production carried out at the production unit and situations caused by systems, such as the working environment, structures and systems used, materials and products involved in the processes.

The guidelines considered are based on the following aspects:

- observation of the working environment (standard of the premises, access routes, equipment safety, microclimate, lighting, noise and physical and harmful agents);
- identification of the tasks carried out in the workplace (in order to identify risks arising from individual tasks);
- observation of the way in which the work is carried out (to check compliance with procedures and whether they entail other dangers);
- examination of the environment to detect external factors that could have a negative impact on the workplace (microclimate and ventilation);
- examination of work organisation;
- review of the psychological, social and physical factors that could contribute to stress at work and how they interact with each other and other factors in the organisation and work environment.

The risk assessment is also carried in accordance with that set out in the [Risk management](#) section. Moreover, it is revised when there are changes to the production process or work organisation relevant to the health and safety of workers, or in relation to the development of the techniques, prevention and protection or following serious injuries or when the results of health surveillance show it is necessary. Following this revision, the prevention measures are also updated as necessary.

## Reporting dangers and hazardous situations in the workplace

All workers are able to report dangers and hazardous situations in the workplace through various channels, the main ones being:

- **Whistleblowing**: a channel which protects the identity of the whistleblower using IT and cryptographic techniques. This channel can be accessed by completing the relevant form on the home page of the ERP My Salcef system. Whistleblowers are guaranteed maximum confidentiality, including in the subsequent stages of managing the report.
- **Reporting of near misses\***: following a near miss, an injury or near miss report can be completed, detailing the event.

Salcef Group does not retaliate against workers that make these reports, rather, it encourages them. The HSE managers periodically raise awareness among workers to encourage the reporting of any near misses, in order to continuously improve the prevention system.

Moreover, one of Salcef Group's objectives for the improvement of its occupational health and safety management system is an increase in the number of these reports compared to previous years. .

## Procedures for workers to remove themselves from hazardous situations

An emergency and evacuation plan is drawn up for each group facility and location. These contain measures to manage emergencies and the evacuation of group workplaces.

With respect to the emergency procedures for production units at mobile and temporary work sites, since the information is site-specific, the procedures are evaluated on a case-by-case basis before work commences and included in a specific emergency plan, which is an integral part of the safety operating plan for the contract.

Emergency officers are identified and formally appointed for both the offices and the operating units. They are informed and trained on the contents of the emergency plan and on any measures to be taken.

In the event of an emergency, each worker is free to remove themselves from work situations that they believe could cause

them injury or work-related illness.

## Analysis of emergency situations and near misses

In the event of an emergency or near miss, once all the necessary actions to respond to the incident and/or to bring the situation under control have been taken, the safety manager reports the main details of the event to his or her managers in an "Injury or near miss report".

The HSE manager then checks whether the incident or near miss is a case of non-compliance and, if so, manages it in accordance with group procedures.

Through this activity, the root causes of the emergency situation are analysed, to prevent it happening again. To this end, the HSE manager investigates the incident, determines the causes thereof and involves the parent's HSE manager in checking whether similar incidents have occurred. Based on these analyses, and with the assistance of all parties involved and the parent's HSE manager, the HSE manager defines the corrective measures to be taken.

The HSE manager also checks whether it is necessary to update the risk assessment document and whether the integrated management system needs to be amended in light of the analysis of the emergency of near miss.

At the periodic meeting held pursuant to article 35 of Legislative decree no. 81/08, the HSE manager informs the Workers' representatives about the incidents, injuries and near misses, the corrective measures taken and their effectiveness.

\* An event that could have caused an injury of varying seriousness or that could or did cause damage to things and which, by pure chance, did not have significant consequences for those present.

## Health monitoring and surveillance

Salcef Group has a monitoring system for the physical health of its personnel, beginning with the assessment of suitability before hiring through to the termination of employment, reviewed from time to time in compliance with current legislation. The health protocol is specific to each group company based on the health checks required for each group of similar tasks.

Together with the HSE office, the human resources department sets the medical examination requirements for the various tasks and communicates them to the Company doctor. The health protocol is defined by the Company doctor on the basis of the professional risks for the groups of similar task assessed in the risk assessment document pursuant to Legislative decree no. 81/2008. Various types of health checks take place, as follows:

- Medical examinations required by law
- Medical examinations for specific certifications
- Medical examinations following prolonged absences for health reasons.

Confidentiality of employees' health-related information is ensured in compliance with the requirements of the DGPR and Italian implementing legislation.

## Worker participation – HSE manager/Health and safety officer, Workers' safety representative and the Safety committee

The HSE managers/Health and safety officers of the group's subsidiaries are often in contact with workers and the managers of production units and meet with them to discuss and define any critical issues detected or potential critical issues raised by workers. These activities are carried out with the assistance of the Workers' safety representative who represents the workers in relation to occupational health and safety.

Moreover, in order to improve communication and the participation of all workers, Salcef Group has introduced, in addition to the Workers' safety representative, safety committees. These have the task of helping to assess risks and possibly to suggest to management improvement measures to tackle the risks identified.

The Safety committee is also the social performance team (SPT) set up pursuant to SA 8000:2014 – Social accountability (for further details see the [Social performance team](#) paragraph).

For each company, these committees are comprised of the management representative, the quality and privacy manager, the relevant HSE manager, the Workers' safety representative and/or the SA 8000 Worker representative and by a trade union representative, if present.

## Health and safety training and promotion

All Salcef employees receive occupational health and safety training, based on the tasks performed, in line with the requirements and deadlines set by legislation and the group's integrated management system. The HSE manager/Health and safety officer are responsible for planning the training. Emergency drills are also conducted regularly.

Worker consultation and participation in occupational Health and safety takes place through the Workers' safety representatives. These are identified by the workers from among the members of the trade union representatives. They are consulted in relation to risk assessment, attend annual safety meetings and other meetings called by the HSE manager/Health and safety officer. The HSE manager/Health and safety officer call an annual safety meeting, attended by the Employer, the Company doctor and the Workers' representatives.

For further details on the training process see [Training and development](#).

Both in Italy and abroad, Salcef offers its employees a supplementary healthcare plan paid for by the group.

## Prevention and mitigation of health and safety impacts

Salcef Group requires its suppliers of goods and services to formally accept the group's Code of ethics, as an integral and substantial part of the relationship and to refrain from conduct contrary to it. The Code of ethics refers includes clauses on occupational health and safety. With the aim of preventing and mitigating the negative impacts on the health and safety of workers it does not directly manage and that do not work in places under its control, Salcef gives priority to qualified suppliers with consolidated experience in the production of the goods and services required. (see [Qualification and check of requirements](#)).



## Cantiere Sicuro ("Safe sites")

Safe sites is an initiative conceived in 2021 to raise awareness of safety issues among operating personal, a refresher on the proper operating procedures to be adopted at railway work sites.

The issues covered were: the correct operating management of temporary and mobile work sites from set-up to closure; emergencies at work sites; the importance of near misses and their proper reporting; an analysis of injuries and; audits as an opportunity for growth.

Six editions of the project were held, involving some 200 participants, including project managers, safety managers, site managers, site foremen and squad leaders of the [Track & Light Civil Works](#), [Energy, Signalling & Telecommunication](#) and [Heavy Civil Works](#) business units.

The directors, operational managers and the managers of the main departments also took part in the initiative, a sign of management's focus on safety.

## Injuries

In recent years, Salcef Group has placed an even greater emphasis on the importance of occupational health and safety aspects, introducing a specific goal related to the reduction of the frequency rate and severity rate of injuries. The results are assessed annually in qualitative and quantitative terms to give an overall performance indicator.

In the three years considered, there were no fatalities, but there seven serious injuries\* out of a total of 132 recorded injuries.

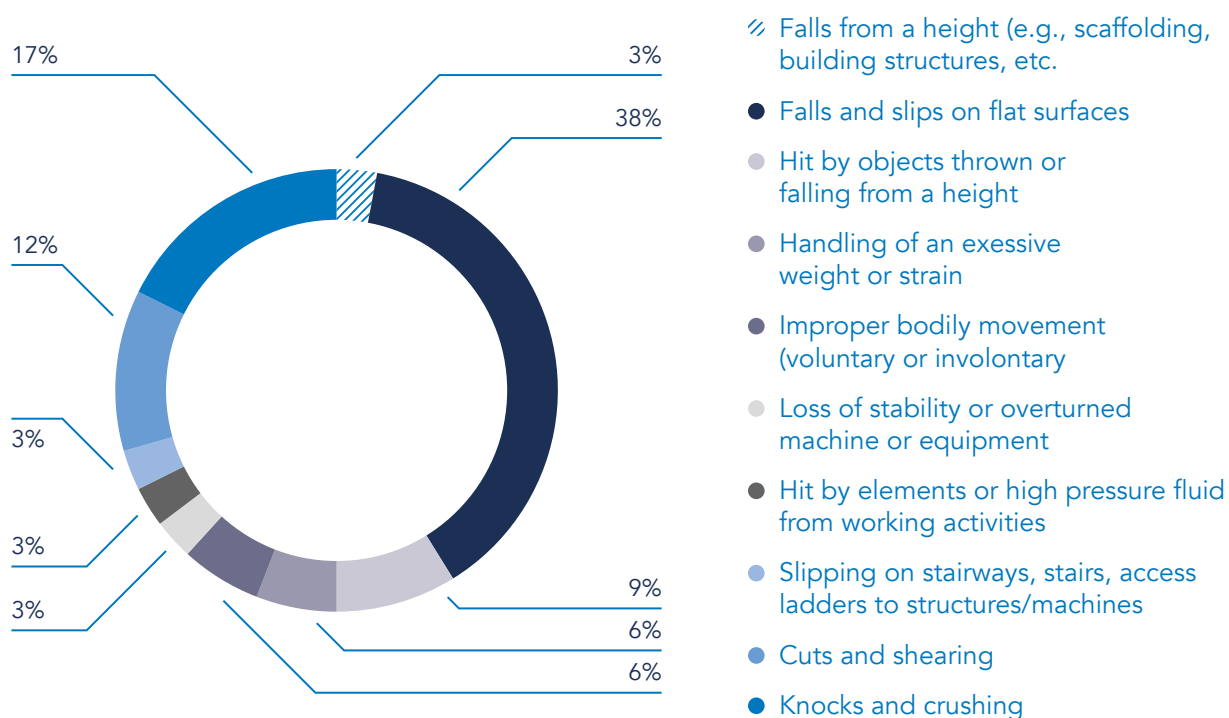
\* Injuries causing an absence of more than six months.



WORK-RELATED INJURIES (EXCLUDING "IN TRANSIT")	2019	2020	2021
Fatalities	-	-	-
Serious injuries	1 (2.5%)	1 (1.96%)	5 (12.2%)
Recordable work-related injuries (excluding serious injuries)	39 (97.5%)	50 (98.04%)	36 (87.8%)
<b>Total</b>	<b>40</b>	<b>51</b>	<b>41</b>
HOURS WORKED	2019	2020	2021
Total hours worked	1,747,636	2,040,878	2,667,924
DAYS ABSENT DUE TO INJURY (EXCLUDING "IN TRANSIT")	2019	2020	2021
Total days absent	1,972	2,690	3,320

The main types of injuries in 2021 were "falls and slips" and "knocks and crushing".

### Types of injuries



In addition to the above injuries, nine injuries also took place "in transit" in the 2019-2021 period\*.

<b>INJURIES "IN TRANSIT"</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
No. of injuries in transit	4	1	4
Days of absence due to injuries incurred "in transit"	106	165	87

With reference to the severity of the injuries that took place in the 2019-2021 three-year period, there were no fatalities and a very low number of incidents with serious consequences.

<b>INDICATORS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Death rate from work-related injuries	-	-	-
[(number of deaths from work-related injuries / Number of hours worked) x 1,000,000]	-	-	-
Rate of work-related injuries with serious consequences (excluding deaths)	24,60	24,50	13,49
[(number of work-related injuries with serious consequences / Number of hours worked) x 1,000,000]	0.57	0.98	1.87
Rate of recordable work-related injuries			
[(number of recordable work-related injuries / Number of hours worked) x 1,000,000]	24.60	24.50	13.49

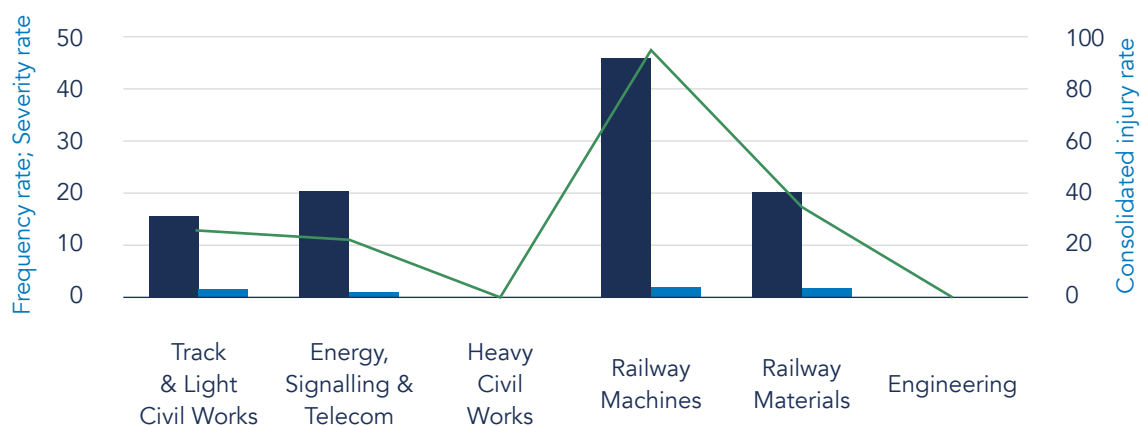
The severity of injuries was stable of the last three-year period, while the frequency rate improved significantly.

The consolidated injury rate (calculated as the product of the annual severity rate and frequency rate) showed a clear improvement in 2021.

<b>INJURIES INDICATORS (EXCLUDING "IN TRANSIT")</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Frequency rate	22,89	24,99	15,37
(No. of injuries/hours worked) x 1,000,000	22.89	24.99	15.37
Severity rate	49,3	52,75	80,98
(days absent for injuries / hours worked) x 1,000	<b>1.13</b>	<b>1.32</b>	<b>1.24</b>
Average duration of injuries			
(days absent for injuries / No. of injuries)	<b>49.3</b>	<b>52.75</b>	<b>80.98</b>
Consolidated injury rate			
(frequency rate * severity rate)	<b>25.83</b>	<b>32.94</b>	<b>19.12</b>

\* Injuries in transit are those that occur on the worker's normal journey to and from work, or during the journey from one place of work to another if the worker has more than one job.

Analysing the 2021 figures by operating business unit shows that the Railway Machines business unit has the highest consolidated injury rate, while no injuries were recorded for the General Services, Heavy Civil Works and Engineering business units. This figure is due to the six injuries recorded in the period for the Railway Machines business unit, one of which was serious.



Frequency rate	16.32	22.92	-	45.90	20.30	-
Severity rate	1.66	1.09	-	2.07	1.71	-
Consolidated injury rate	27.03	24.92	-	95.17	34.63	-

No cases of work-related illness were recorded by the group in the reporting period.

## Absences

The total days of absence due to illness showed a slight increase in 2021: this outcome is in line with the situation caused by the Covid-19 epidemic. "Other", which includes holidays, leave and other types of time off and absences, also increased. In general, the increases are also due to the general growth in Salcef's workforce, as described in section [Employees and the working environment](#).

DAYS OF ABSENCE BY TYPE	2019	2020	2021
Injuries (excluding "in transit")	1,972	2,690	3,320
Illness	12,284	17,831	19,742
Maternity/parental leave	509	531	2,460
Other	7,951	11,273	38,750
<b>Total</b>	<b>22,822</b>	<b>32,490</b>	<b>64,272</b>

There were no injuries of workers that are not employees of the group but whose work and/or workplace is under the group's control, for a total of 2,023,974 hours worked by external workers on Salcef Group contracts.



# **The environment: management, commitments and impacts**

Sustainable management of resources

Materials

Water

Energy and emissions

Waste generation and management







# Sustainable management of resources

GRI 103-2 GRI 103-3 GRI 301-1  
GRI 301-2 GRI 306-3  
GRI 306-4 GRI 306-5

The group has expressed its commitment to environmental and energy protection, through the adoption of its Integrated quality, health and safety and environmental policy and by communicating the principles thereof to personnel and all stakeholders.

With the adoption of this policy, Salcef Group establishes the pursuit of the following corporate goals:

- To use processes and technologies that prevent and/or reduce environmental impacts;
- To manage production assets in such a way as to reduce the directly associated environmental impacts, particularly as relates to waste management, atmospheric emissions, raw materials consumption and the risks linked to the use of pollutants;
- To pursue continuous improvement in environmental performance;
- To fully digitise all group processes, decreasing paper use and encouraging the use of new technologies for the centralisation and sharing of information.

As it considers environmental protection essential for quality of

life and to sustainable development, and putting its commitment environmental protection into practice, Salcef Group aims to reconcile the needs of business development and value creation with care for the environment and its protection.

The choices made in the purchasing, consumption and disposal of materials are of key importance to sustainability, in both environmental and social terms. These choices are oriented towards increasingly environmentally-friendly materials, ensuring customer satisfaction but also with a focus on community and local areas.

In carrying out works, the group is committed to analysing the entire supply chain, from raw materials to end-of-life. Resource sustainability originates with supply chain management and supplier evaluation, continues with the sound management of materials in the production process such to ensure both safety and environmental reliability and durability, and ends with sound waste management in compliance with legislation and group procedures, encouraging the practices of recycling and reuse as well as the reduction of scraps.



# Materials

GRI 103-2 GRI 103-3 GRI 301-1  
GRI 301-2 GRI 306-3  
GRI 306-4 GRI 306-5

The following table sets out the quantities of the main materials procured in the last three years by Salcef. As shown by the quantities handled, the main materials relate to railway infrastructure, such as: railway ballast, concrete and cement mixes, sundry aggregates, concrete products, steel products (rods, wires, etc.), iron materials, pre-stressed reinforced concrete sleepers and bearers, etc.. All these materials are mainly used in the operations of the [Track & Light Civil Works](#) business unit.

The following materials related to other group business units are also important: oils and greases, thinners and machine components related to the [Railway Machines](#) business unit. Analysing the historical trend of the use of certain materials closely related to the construction of civil infrastructure works, such as concrete and cement mixes, marble, flooring and cladding and steel materials, shows a decrease in recent years, mainly due to the completion of certain infrastructure contracts.

Conversely, materials related to the production and maintenance of railway machines have increased strongly, mainly due to the new contracts acquired by the subsidiary SRT S.r.l..

Of no less importance is the stability of certain strategic supplies over the three years, due to the stable portfolio of works in the group's core business (railway ballast, technical gases, aluminothermic welding kit, etc.).

Last, supplies of safety equipment increased significantly in 2020 and 2021 due to the implementation of all Covid-19 infection risk containment protocol (see [Covid-19: impacts on the organisation and measures adopted](#)).

The following table shows all non-renewable materials with the exception of timber formwork, lumber, wood material in pieces (planks, etc.), which are shown in the note:

MATERIAL	Measurement unit	2019	2020	2021
Asphalt and bitumen	m <sup>3</sup>	33,031	487	62
Concrete and cement mixes (kg)	kg			274,225
Concrete and cement mixes (m <sup>3</sup> )	m <sup>3</sup>	94,556	38,751	43,574
Timber formwork, various measurements, and accessories*	m <sup>2</sup>	1,735	103	0
Metal formwork, various measurements, and accessories	m <sup>2</sup>	-	17,892	9,014
Concrete	t	38,370	30,455	26,410
Machine components	no.	163,332	513,076	332,498
Systems components	NO.			45,933
Components for sleepers	NO.			449,553
Bituminous conglomerate	t	1,299	1,632	525
Turnouts and other rail equipment (couplings, bumpers, level crossing)	no.	959	1,401	683
Thinners and additives	L	314,890	115,517	125,569
Safety devices (PPE, extinguishers, etc.)	no.	55,754	268,135	256,426
Bituminous emulsion	L	215,545	300	0
Technical gases in cylinders (oxygen, acetylene, etc.) (kg)	kg			15,025

\* Renewable materials

MATERIAL	Measurement unit	2019	2020	2021
Technical gases in cylinders (oxygen, acetylene, etc.) (kg) (L)	l			209,158
Technical gases in cylinders (oxygen, acetylene, etc.) (m³)	m³			0
Technical gases in cylinders (oxygen, acetylene, etc.) (no.)	no.	60,321	52,547	243
Geotextile, sheaths, mattresses	m²	26,016	48,351	67,641
Logistics systems	no.	171	39,501	7
Sundry aggregates	t	157,945	151,173	120,417
Aluminothermic welding kit	no.	14,962	15,406	17,760
Lumber (no.)8	no.			107
Lumber (m³)8	m³	25	160	0
Concrete products (pieces)	no.	22,720	11,116	5,912
Linear concrete products (e.g., curbs, troughs, gneiss, pipes, etc.)	m	52,391	16,434	27,285
Marble, flooring and cladding	m²	7,032	7,170	36,698
Consumables for machines and equipment	no.			7,692
Electrical material (m) (cables, earthing wires, etc.)	m	27,337	6,972	78,176
Electrical material (pieces) (terminals, cable lugs, etc.)	no.	88,003	320,120	134,734
Steel material (kg) (rods, wire, etc.)	kg	4,904,725	2,526,580	3,938,952
Rubber material in pieces	no.	7,320	331,878	15,330
Wood material in pieces (planks, etc.) 8	no.	80,198	63,961	43,832
Material in PVC (m.)	m	55,316	71,461	91,005
Material in PVC (pieces)	no.	84	1,605	9,414
Iron materials (m)	m	36	67,672	58,460
Iron materials (pieces)	no.	10,833,988	3,862,542	1,890,757
Metal materials (kg) (profiles, sheets, meshes, etc.)	kg	138,749	504,453	1,411,233
Metal materials (pieces) (metalwork, small parts, etc.)	no.	27,054	102,640	3,691,564
Oils and greases (kg)	kg	1,435	1,858	3,387
Oils and greases (L)	L	212,640	99,057	157,801
Pre-fabricated panels in concrete (e.g., pre-stressed slabs)	m²	3,330	15,417	59,952
Level crossings	m²			1,940
Railway ballast	t	393,790	490,011	599,624
Fencing	m	3,415	15,577	4,117
Fencing and net (m²)	m²	-	5,100	0
Resins/chemical anchors	no.	434	2,043	66,116
Track	t	644	15,960	2,873
Road and railway signage	no.	298	1,587	2,332
Coupling system	no.	622,243	386,055	252,726
pre-stressed reinforced concrete sleepers and bearers	no.	86,749	47,011	28,321
Timber concrete sleepers and bearers	no.	242	1,033	36,111
Cable	m			34,700
Paints and enamels (kg)	kg	851	12,596	23,274
Paints and enamels (L)	L	-	5,540	2,704



## Recycled/reused input materials

The following table sets out the quantities of recycled/reused input materials. These materials only relate to the railway infrastructure construction and maintenance works ([Track & Light Civil Works](#) business unit) and are mainly used for temporary sites and non-core activities. The materials used for the construction of operational lines are always subject to validation and pre-qualification by the customer and, in most cases, the customer requests materials that do not come from recycling/reuse.

MATERIAL	MEAS- URE- MENT UNIT	2019	2020	2021
Reused turnouts	no.	3	-	-
Recycled aggregates	t	-	-	-
Reused pre-stressed concrete sleepers	no.	-	1,300	-

For each recycled/reused material, the following table sets out the related percentages of use in the reference period:

MATERIAL - TURNOUTS	MEAS- URE- MENT UNIT	2019	2020	2021
Reused turnouts	no.	3	-	-
Turnouts and other track equipment (not obtained from recycling/reuse)		23	9	683
<b>% Recycled/reused input materials</b>	<b>%</b>	<b>11.5%</b>	<b>-</b>	<b>-</b>

MATERIAL - AGGREGATES	MEAS- URE- MENT UNIT	2019	2020	2021
Recycled aggregates	t	-	-	-
Sundry aggregates (not obtained from recycling/reuse)		157,945	151,173	120,417
<b>% Recycled/reused input materials</b>	<b>%</b>	<b>-</b>	<b>-</b>	<b>-</b>

MATERIAL - SLEEPERS	MEAS- URE- MENT UNIT	2019	2020	2021
Reused pre-stressed concrete sleepers	no.	-	1,300	-
pre-stressed reinforced concrete sleepers and bearers (not obtained from recycling/reuse)		86,746	46,622	28,321
<b>% Recycled/reused input materials</b>	<b>%</b>	<b>-</b>	<b>2.7%</b>	<b>-</b>

# Water

GRI 303-1 GRI 303-2  
GRI 303-3 GRI 303-5

The reporting standard for water resources (GRI 303) is consistent with the United Nations 2030 Agenda for Sustainable Development (SDGs), goal 6 in particular, the objectives of which include the sustainable management of water for all. The standard requires reporting of an organisation's water use, the associated impacts and how to deal with them.

## Water resource management policies

**Withdrawals** - The group's water withdrawals are planned with the aim of limiting the impact caused by production activities (facilities), which are associated with the largest uses of water. The main sources of water are groundwater (wells) and aqueducts.

**Water stress** - This refers to the ability to meet the demand for water, both human and of ecosystems as a whole, that is, the ratio of total water withdrawals to available renewable supply from surface and groundwater sources. Water withdrawals include those for domestic, industrial, irrigation and livestock consumption and unused water. Higher values indicate greater competition between users.

For the evaluation of areas with water stress, reference is made to the Aqueduct Water Risk Atlas [Aqueduct | World Resources Institute \(wri.org\)](https://www.wri.org/aqueduct) of the World Resources Institute.

Salcef Group's production facilities, particularly [Overail's production facility](#) (Aprilia LT) and [The SRT production facilities](#) (Fano PU), are located in areas with high/extremely high water stress.

The following measures have been taken to limit the group's impact on water resources:

- Overall - [Railway Materials](#)
- Water is only withdrawn from the company's well to reduce the impact on the mains water;
- Construction of a water plant to treat, store and monitor the **water used in the facility**;
- System for the reuse of concrete washing water and water generated by steam condensation.
- SRT - [Railway Machines](#)
- Water is only withdrawn from the company's well to reduce the impact on the mains water;
- Construction of a washing water treatment plant.

## Water withdrawal, consumption and disposal

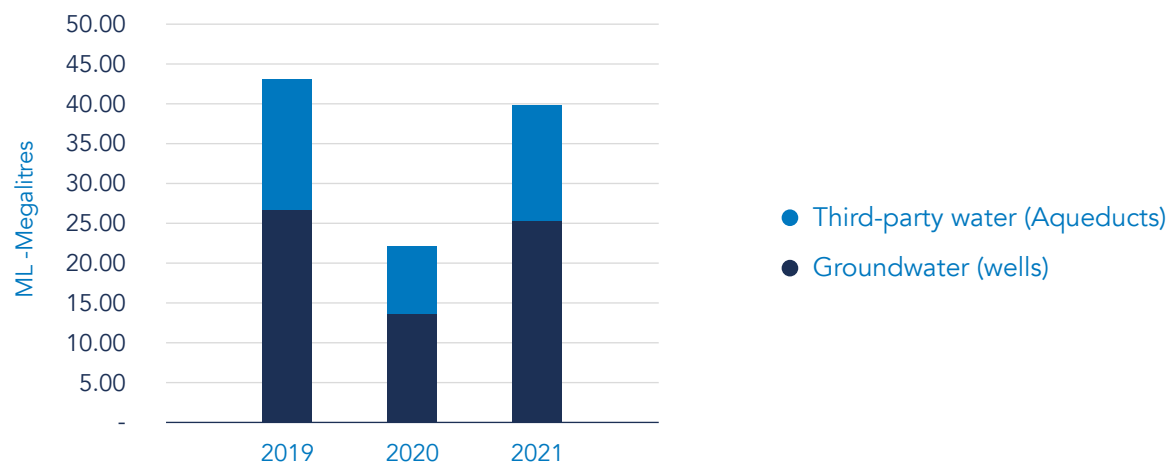
### Water withdrawal

As required by the GRI standards (GRI 303-3), water withdrawal figures are reported in megalitres (1 cubic metre = 0.001 megalitres). The table also provides a breakdown of withdrawals in relation to the source: freshwater ( $\leq 1,000$  mg/L total dissolved solids), and other water ( $> 1,000$  mg/L total dissolved solids).

WATER WITHDRAWAL	2019		2020		2021	
(ML - MEGALITRES)	Total	Area with water stress	Total	Area with water stress	Total	Area with water stress
<b>Surface water</b>						
Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	-		-		-	
Other water ( $> 1,000$ mg/L total dissolved solids).	-		-		-	
<b>Total</b>	-	-	-	-	-	
<b>Groundwater (wells)</b>						
Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	26.60	26.60	13.60	13.60	25.35	25.35
Other water ( $> 1,000$ mg/L total dissolved solids).	-		-	-	-	-
<b>Total</b>	<b>26.60</b>	<b>26.60</b>	<b>13.60</b>	<b>13.60</b>	<b>25.35</b>	<b>25.35</b>
<b>Seawater</b>						
Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	-		-	-	-	
Other water ( $> 1,000$ mg/L total dissolved solids).	-		-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Produced water</b>						
Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	-		-	-	-	
Other water ( $> 1,000$ mg/L total dissolved solids).	-		-	-	-	
<b>Total</b>	-		-	-	-	
<b>Third-party water (Aqueducts)</b>						
Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	16.40	12.50	8.50	3.80	14.50	2.61
Other water ( $> 1,000$ mg/L total dissolved solids).	-	-	-	-	0.00	
<b>Total</b>	<b>16.40</b>	<b>12.50</b>	<b>8.50</b>	<b>3.80</b>	<b>14.50</b>	<b>2.61</b>
<b>Freshwater (<math>\leq 1,000</math> mg/L total dissolved solids)</b>	<b>43.00</b>	<b>39.10</b>	<b>22.20</b>	<b>17.40</b>	<b>39.84</b>	<b>27.96</b>
<b>Other water (<math>&gt; 1,000</math> mg/L total dissolved solids)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>
<b>Total</b>	<b>43.00</b>	<b>39.10</b>	<b>22.20</b>	<b>17.40</b>	<b>39.84</b>	<b>27.96</b>

The definition of freshwater/other water adopted by the GRI Standards is based on SO 14046:2014 and the SGS (United States Geological Survey) document, Water Science Glossary of Terms, [water.usgs.gov/edu/dictionary.html](http://water.usgs.gov/edu/dictionary.html), (accessed 1 June 2018) and on the WHO (World Health Organization) document. Guidelines for Drinking-water Quality. 2017.

## Water withdrawals



The increase of the year in withdrawals is due to the fact that the group company that uses the most water for the production of concrete items, Overall, posted very low production levels in 2020 as a result of the shutdown due to the Covid-19 pandemic. Comparing the 2021 figure with that of 2019, water withdrawals are 7% lower despite significantly higher production levels.

Withdrawals in areas with water stress regard the group's Italian facilities mentioned above, together with (to a lesser extent) the water withdrawals occurring as part of operating activities and contracts managed in Saudi Arabia and the United Arab Emirates. There was a further drop in withdrawals in areas with water stress in 2021, which accounted for 70.1% of the total, compared to 78.4% in 2020 and 90.9% in 2019.

The source of Overall's industrial water is the well for the derivation of water from a body of groundwater, with extraction of public water from the water table to meet the various requirements.

The water withdrawn from the well is used in different ways:

- Directly for the packaging of concrete for the manufacture of products.
- Directly for the washing of plant, machinery and equipment: when the washing is completed, the water is sent to the treatment plant and then recycled for subsequent use in the production process, particularly in the concrete production plants.
- After treatment, the water is used in steam generators (curing of sleepers), to speed up the curing of the manufactured items.

- Part of the water is used for washing work surfaces, as well as machinery.

The facility's production can be carried out on a single shift, or divided into two eight-hour shifts.

When there is a single shift, accelerated curing is not necessary and the steam generators are not used 24 hours a day (which consume approximately  $\text{m}^3/\text{h}$  of  $\text{H}^2\text{O}$ ).

## Water discharge

Water discharges are produced by office activities and, mainly, by industrial facilities.

[Overall's production facility](#) generates the following types of wastewater:

- **industrial wastewater**, this water is kept completely separate from domestic and stormwater discharges;
- **domestic wastewater**, consisting of discharges from sanitary facilities;
- **stormwater runoff**, collected from the non-permeable areas of the facility with a washing effect.

During the facility's renovation and expansion, a new demineralisation plant was installed for water pumped from the well. It consists of a double reverse osmosis process, and the water is only used to feed the boilers for steam production needed to produce concrete. This system has been fully functional since 2021 and does not generate sludge but a continuous discharge which has the same chemical components as the water pumped



from the well.

The application for authorisation to discharge the industrial wastewater treated by Overail, only in the case of any final discharge into a body of surface water, relates to the Fosso di Caronte.

Moreover, to reduce the quantity and prevent discharges into soil or into ditches (after suitable treatment), a complex system has been installed for the collection, recirculation and treatment of water from washing and condensation in order to reuse it in the production process.

Unused and untreated stormwater qualifies for direct discharge into surface bodies of water in compliance with legal requirements and without treatment.

The Single environmental authorisation requires a check be performed that the water discharge from the facility's wastewater treatment plant (which treats process water along with production water and civil wastewater) complies with the legal limits for the discharge of industrial water into a body of surface water. To this end, as established in the annual self-monitoring plan, annual monitoring is carried out by an accredited external laboratory.

With reference to the SRT facility, discharge of the industrial wastewater from the railway wagon washing plant and from the collection and treatment of stormwater runoff and the first flush from the washing plant produced by the railway car workshop into the public sewer system has been authorised, in compliance with the emission limit values set by the single environmental authorisation.

For all other facilities, discharges are subject to a specific authorisation.

## Water consumption

Water consumption is mainly due to the production activities of the [Track & Light Civil Works](#), [Energy, Signalling & Telecommunication](#), [Heavy Civil Works](#) and [Railway Materials](#).

In the first three business units, water consumption mainly relates to all activities connected to the civil works carried out during works on railway infrastructure, such as the construction of foundations, retaining walls, pavements, etc.

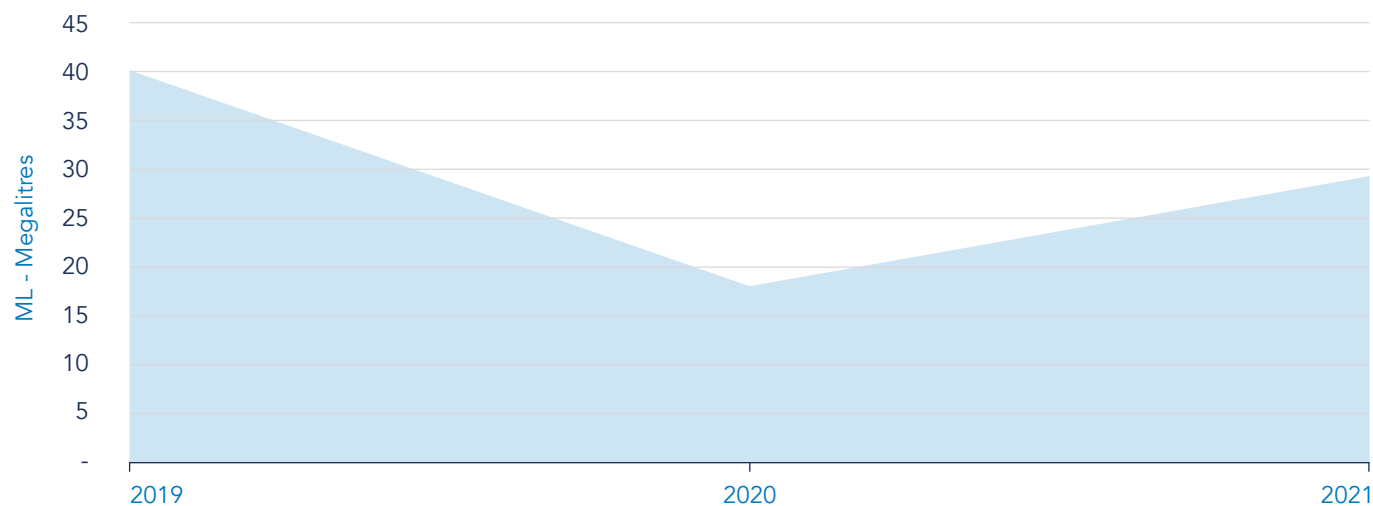
For the [Railway Materials](#) business unit, consumption is generated by the activities carried out at the Overail facility (see [Overail's production facility](#)), which mainly requires water in the

production processes as water is an ingredient in cement mixing.

Also due to the fact that Overail produces only for acquired contracts and never for warehousing, it is not possible to forecast its fixed annual water consumption. Rather, the actual amount is determined by reading the flow meter and measuring the water pumped from the well via the electric pump in the well. The quantities withdrawn are subject to annual reporting, in accordance with the requirements of the relevant regional authority. The quantitative controls are joined by qualitative controls carried out by an external laboratory based on that stated in the annual self-monitoring plan.

WATER CONSUMPTION	2019	2020	2021
Total water consumption	40	18	29

## Water consumption



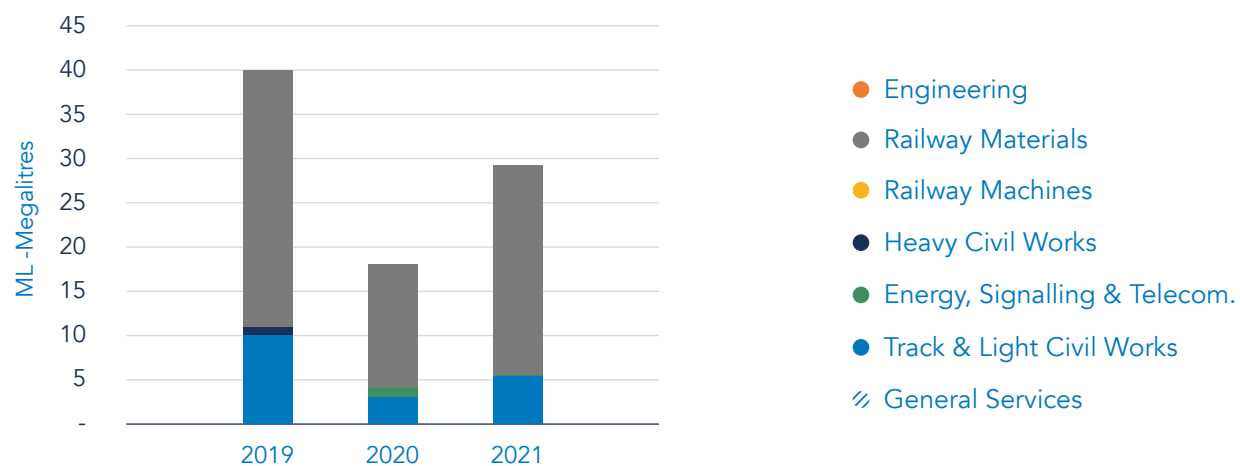
## Water consumption by business unit

A breakdown follows of water consumption by business unit. The [Railway Materials](#) business unit accounts for most of this indicator (around 83% of the total for 2021).

Consumption is expressed in megalitres.

YEAR	General Services	Track & Light Civil Works	Energy, Signalling & Telecom.	Heavy Civil Works	Railway Machines	Railway Materials	Engineering	Total (ML)
2019	-	10	-	1	-	29	-	40
2020	-	3	1	-	-	14	-	18
2021	-	5	0	-	-	24	-	29

## Water consumption



# Energy and emissions

GRI 103-2 GRI 103-3 GRI 302-1  
GRI 302-3 GRI 302-4 GRI 305-1  
GRI 305-2 GRI 305-4

## The European Union and TCFD recommendations

This section reports the disclosure on climate change, based on the framework recommended by the TCFD - Task Force on Climate-related Financial Disclosures - of the Financial Stability Board. The disclosure makes reference to the Communication from the European Commission Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C/209/01). This Communication, which supplements the guidelines issued by the Commission on non-financial reporting pursuant to Directive 2014/95/EU, contains (non-binding) guidance on the climate-change information to be provided by companies.

## Governance

Salcef's governance system is described in the previous [Chapter 3. GOVERNANCE/Corporate governance](#), to which reference should be made. In this system, a particularly important role is played by the Audit and risk committee, which supports the board of directors in assessments and decision-making with regards to risk management and the internal control system, with a view to ensuring business operations oriented to maximise the group's value and sustainable development.

The Audit and risk committee gives its opinion annually on the adequacy and effectiveness of the safeguards and instruments adopted by the group for the identification, measurement, management and monitoring of the main risks that could compromise the group's ability to implement strategies and achieve its objectives.

The assessments and decisions related to environmental risks, which include those related to climate change, are therefore subject to processes involving an adequate level of attention.

The main operating instruments are a) the ESG policy; b) the Integrated quality, health and safety and environmental policy; c) the ISO 14001:2015 management system; d) Coget Impianti's 50001 energy management system; e) the ERM model.

## Strategies: the industry, climate change and the role of Salcef

As already discussed in [Chapter 2. COMMITMENT TO SUSTAINABLE MOBILITY](#), the transport sector is undergoing a radical transformation towards a more intelligent, cleaner and more inclusive mobility system. One of the key drivers of this transformation is climate change, in the two dimensions of: a) mitigation of climate change, thanks to a system that encourages public transport (especially rail) and the decrease in the dependence on fossil fuels, thus reducing emissions, and; b) adaptation to the climate change underway, by bolstering the infrastructures of systems vulnerable to the effects of climate change (extreme weather events and natural disasters).

Salcef plays an active role and is an enabler in this transformation process, providing support and assistance with its services and products through its business units in the respective operating segments.

The need for companies to respond to climate change is confirmed within Salcef's organisation: the Integrated quality, health and safety and environmental policy and the actions implemented for the responsible use of resources have this objective, which includes the reduction of directly generated emissions.

At present, Salcef has not developed a specific medium to long-term scenarios of resilience and the financial impacts of an increase of 2°C or less and for more than 2°C.

## Risk management

Two assessments were carried out at different times (in the first and second half of the year) as part of the group's enterprise risk management system (see [Risk management](#)). By analysing the findings, the risks (and opportunities) linked to climate change were identified, assessed and prioritised. This activity also made it possible to identify a specific type of environmental risk in the list of the main risks monitored by Salcef, and for which suitable measurement tools (key risk indicators) were defined.



## Risks and opportunities

As part of its Enterprise risk management activities, Salcef has identified the following main risks and opportunities linked to

the potential effects of climate change. Specific business cases/ sensitivity analyses have not yet been developed for these risks.

RISKS - TRANSITION RISKS	Impacts and management
<b>Legislative and regulatory risks</b>	Periodic review of the group's strategic planning following changes to market regulation and competition, as well as the production capacity of the group's business units. Definition of the group's mission, which identifies the organisation's profile, main markets, customers and the activities carried out.
<b>Procurement risks for raw materials/energy</b>	Salcef has a risk management strategy based on the close monitoring of market trends, the expansion of the supply chain, and tailoring contracts to include clauses to mitigate these risks (i.e., raw materials price escalation). With reference to its facilities, Salcef pursues a strategy of reducing its reliance on external supplies of electricity by installing photovoltaic plants.
<b>Technological risks</b>	The group strategy is to invest heavily, particularly in the rolling stock currently fuelled by fossil fuels, in order to avoid technological obsolescence. These investments, which take into account the developments in relevant legislation, lead to progressive efficiencies in terms of consumption and the consequent reduction in polluting atmospheric emissions and environmental impacts. Research and development activities and continuous investments are an important activity for Salcef, in order to seize possible opportunities offered by the market in terms of development and the introduction of new technologies, instruments and working methods. this approach relates not only to Salcef's assets but, more generally, the medium to long-term development of the railway transport systems and methods and the introduction of new technologies and systems.
<b>Market risks</b>	Climate change does not present significant risks for the group (except as already discussed in relation to investments for the renewal of the machine fleet). Conversely, the need to respond to climate change risks represents an opportunity for Salcef to bolster its market position (see the table below entitled "Opportunities").
<b>Reputational risks</b>	As a public company operating in the public works sector, Salcef is very aware of reputational risk. In this context, environmental compliance takes on a vital role and environmental risks are considered particularly important for Salcef, which has identified and defined a specific indicator to detect levels of alert. Also in the field of image, Salcef can count on an advantageous position in the global economy as it operates in a sector classified as green.

#### RISKS - PHYSICAL RISKS

#### Impacts and management

##### Business interruption risks – recurring risks

Salcef could be subject to partial business interruption due to external event and/or natural disasters. As the group mostly operates through mobile work sites located in different areas, business interruption issues arising from natural disaster would only partly impact Salcef's production capacity.

##### Business continuity risks – acute risks

For the reasons stated in the previous point, business continuity is ensured by the type of business and the related organisation of technical and human resources.

#### OPPORTUNITIES

#### Impacts and management

##### Legislative development

As an operator in the railway transport sector, the legislative development that accompanies the transformation process of the transport sector with the aims of creating a sustainable mobility system (see Chapter [Commitment to sustainable mobility](#) of this report) represent a significant opportunity for Salcef to expand its sphere of operations.

##### The market and technological development

The effects of climate change are a factor driving the expansion of sustainable mobility systems, with positive impacts for the group's business in terms of greater demand for services.

## Metrics and targets

### Performance – indicators and metrics

Salcef's current reporting system is based on the performance indicators and metrics of the GRI Standards. Specifically, the following are reported:

#### 302 ENERGY

- 302-1 Energy consumption within the organization
- 302-3 Energy intensity

#### 305 EMISSIONS

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect indirect (Scope 3) GHG emissions – partial reporting (from the 2021 NFS)
- 305-4 GHG emissions intensity

#### Target

Salcef Group has for the present defined the following targets for its organisation:

- reduction of **energy intensity** indicators (fleet renewal and consumption efficiency).
- Increase in the **energy consumed from renewable sources** (electricity – installation of photovoltaic plants).

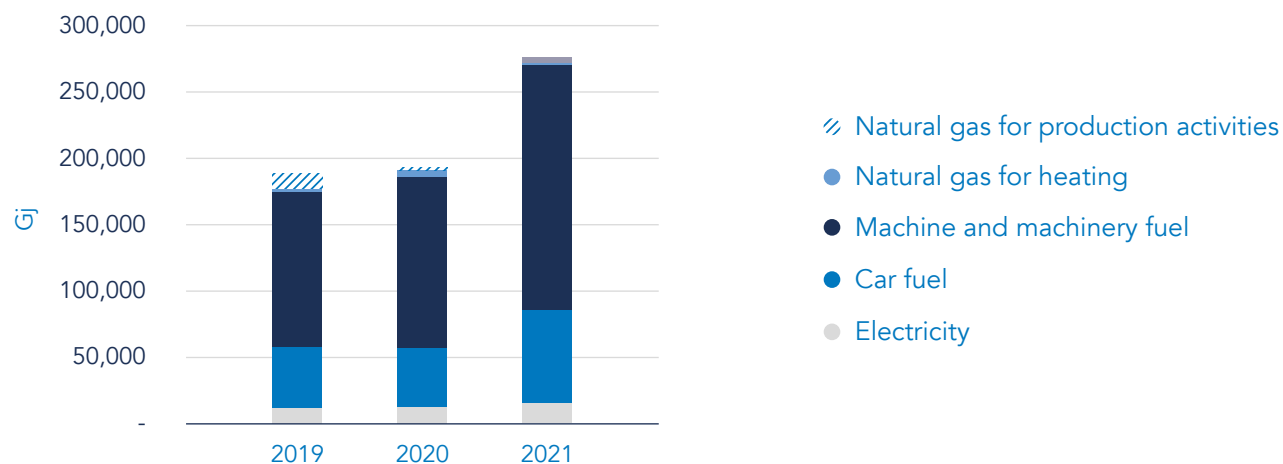
## Energy consumption

The energy sources mainly used by Salcef Group are diesel at the work sites, to fuel machinery and equipment and electricity at its facilities.

ENERGY CONSUMED (Gj)	2019	2020	2021
<b>Electricity</b>			
Electricity acquired	11,575	11,094	13,898
Of which, from renewable sources			655
Electricity generated by the photovoltaic plants	52	1,393	2,055
Less energy sold to the grid	-	211	169
<b>Total</b>	<b>11,628</b>	<b>12,275</b>	<b>15,784</b>
Of which, from renewable sources	52	1,182	2,541
<b>Car fuel</b>			
Diesel	42,434	39,488	58,050
Petrol	3,219	5,141	11,246
LPG	5	2	360
<b>Total</b>	<b>45,659</b>	<b>44,631</b>	<b>69,656</b>
<b>Machine and machinery fuel</b>			
Diesel	117,639	129,733	184,915
Petrol			116
<b>Total</b>	<b>117,639</b>	<b>129,733</b>	<b>185,030</b>
<b>Natural gas for heating</b>	<b>2,113</b>	<b>4,430</b>	<b>1,803</b>
<b>Other sources - Natural gas for production activities</b>	<b>11,245</b>	<b>2,137</b>	<b>4,436</b>
<b>Total energy consumption - GJ</b>	<b>188,284</b>	<b>193,206</b>	<b>276,709</b>
<b>Of which, from renewable sources</b>	<b>52</b>	<b>1,182</b>	<b>2,541</b>

Energy consumption data are presented in gigajoules, a measurement provided for by the GRI standards, which allows for comparison. A joule is a unit of work or energy and is "equal to the work done by a force of one newton when its point of application moves through a distance of one metre in the direction of the force; it is equivalent to the energy that is dissipated in 1 second in the form of heat" (Oxford Languages).

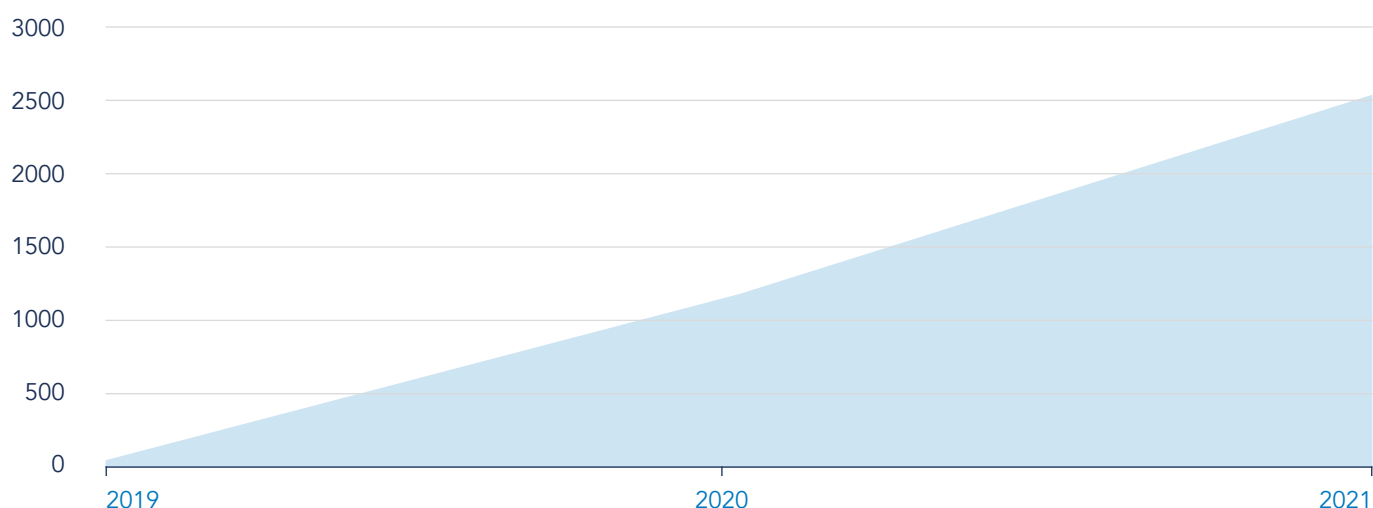
## Energy consumption



The main source of consumption, accounting for 67% – stable compared to 2020 – relates to [Machine and machinery fuel](#), as discussed in greater detail in the relevant paragraph. The [Car fuel](#) component increased to 25% in 2021 from 23% in 2020.






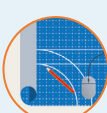
While electricity decreased as a portion of total energy consumption compared to 2020, the share coming from renewable sources more than doubled. This was mainly due to the photovoltaic plants installed at the Overall (see [Overall's production facility](#)) and SRT facilities (see [The SRT production facilities](#)), and to the obtaining of guarantee of origin certificates by four group companies. Greater details are provided in the section on [Electricity](#).

## Consumption of energy from renewable sources



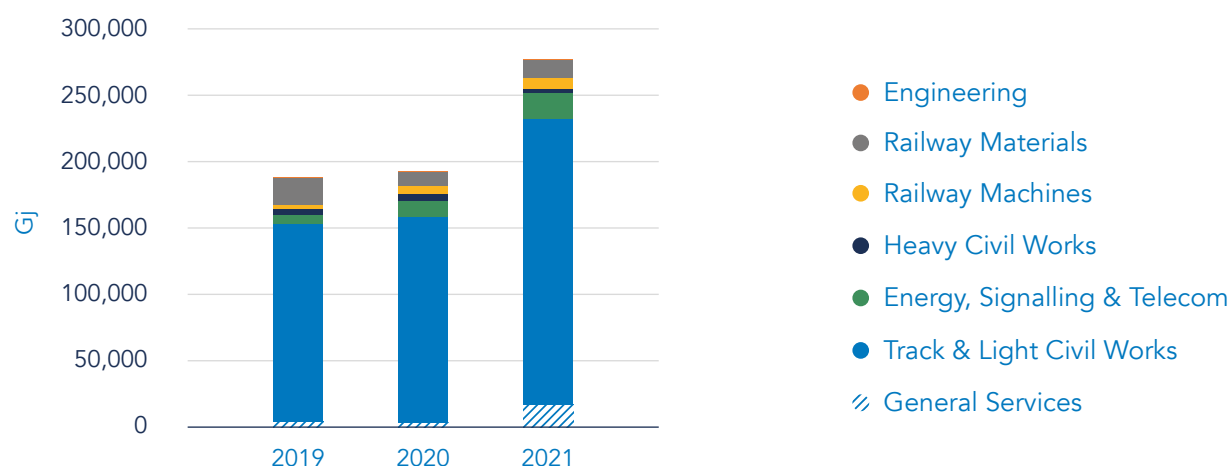


Analysing the figures by business unit shows a prevalence of the [Track & Light Civil Works](#) business unit in total energy consumption. This business unit represents the group's core business and is therefore the most active. It mainly consumes energy in the form of [Machine and machinery fuel](#) which, as already stated, is the most prevalent type of consumption.

Energy consumed (Gj)				
Total consumption by business unit		2019	2020	2021
GENERAL SERVICES		3,853	3,463	16,787
	TRACK & LIGHT CIVIL WORKS	149,557	155,081	215,965
	ENERGY, SIGNALLING & TELECOM	7,049	11,980	19,069
	HEAVY CIVIL WORKS	4,475	5,723	3,027
	RAILWAY MACHINES	2,407	5,215	8,756
	RAILWAY MATERIALS	20,366	11,210	13,070
	ENGINEERING	576	534	34
Total		188,284	193,206	276,709
Impact of the consumption of the Track & Light Civil Works business unit		79%	80%	78%

Salcef Group has set clear objectives and strategies to reduced consumption as described in the [Energy consumption reduction targets and projects](#) paragraph.

## Energy consumption by business unit



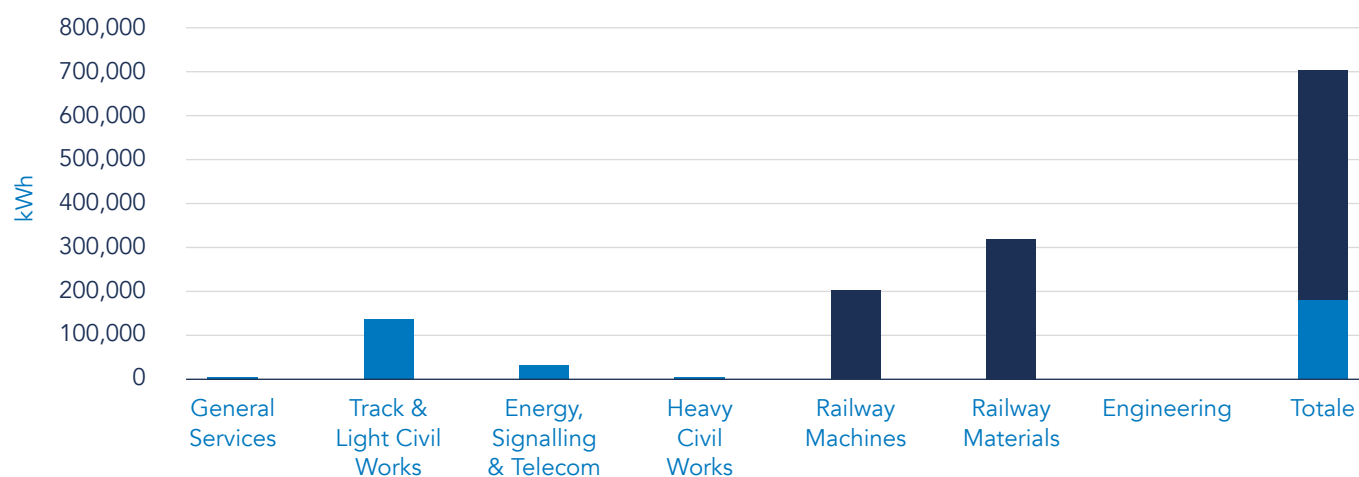
## Electricity

Electricity is mainly used to fuel the equipment and systems at the production facilities and office utilities.

With the increase in electricity consumption in 2021, largely as a result of the increase in the group's operations and the new consolidation scope, the use of energy from renewable sources rose significantly, both for the energy acquired – 5% of which is guarantees of origin certified – and in internally-produced energy from the photovoltaic plants at the Overail (see [Overail's production facility](#)) and SRT facilities (see [The SRT production facilities](#)). The portion of electricity from renewable sources thus accounted for 16% of the total in 2021, a significant increase on the approximately 10% in 2020.

ELECTRICITY	Unit	2019	2020	2021
Electricity acquired	kWh	3,215,402	3,081,548	3,860,569
Of which, from renewable sources	kWh			182,000
Electricity generated by the photovoltaic plants	kWh	14,471	386,973	570,865
Less energy sold to the grid	kWh	-	58,677	46,937
<b>Total</b>	<b>kWh</b>	<b>3,229,873</b>	<b>3,409,844</b>	<b>4,384,497</b>
Of which, from renewable sources	kWh	14,471	328,296	705,928

## Energy from renewable sources by business unit



- Electricity generated by the photovoltaic plants less energy sold to the grid (kWh)
- Electricity acquired from renewables sources (kWh)

## Car fuel

Car fuel is mainly used for the road transport of people and freight to reach the operating units and work sites. The increase in petrol consumption is mainly related to the consolidation of Delta Railroad Construction.

CAR FUEL	Unit	2019	2020	2021
Diesel	litres	1,199,594	1,116,968	1,621,515
Petrol	litres	102,439	163,581	348,173
LPG	litres	211	78	14,800
Of which, from renewable sources	litres	-	-	-

## Machine and machinery fuel

Machine and machinery fuel is the energy type with the greatest impact on consumption. It is mainly used for road and rail machines used in work sites, as well as to power work site infrastructure through generators. The main energy source used is diesel. The increase on 2020 is mainly linked to the operating needs of some projects abroad not dependent on choices of the company, which entailed the greater consumption of fuel for the same amount of production.

MACHINE FUEL	Unit	2019	2020	2021
Diesel	litres	3,325,627	3,667,522	5,165,214
Petrol	litres			3,585
<b>Total</b>	<b>litres</b>	<b>3,325,627</b>	<b>3,667,522</b>	<b>5,168,799</b>
Of which, from renewable sources	litres	-	-	-

## Natural gas for heating

The consumption of natural gas for heating decreased in 2021 compared to 2020, with the figure returning to 2019 levels.

NATURAL GAS FOR HEATING	Unit	2019	2020	2021
Natural gas	scm	59,903	125,558	51,101
<b>Total</b>	<b>scm</b>	<b>59,903</b>	<b>125,558</b>	<b>51,101</b>

## Natural gas for production activities

The consumption of natural gas for steam production at the Overail facility (Railway Materials business unit) and for painting activities at the SRT facility (Railway Machines business unit) was somewhat variable over the three years, with a significant decrease in 2021 compared to the figure at the start of the three-year period (2019).

This is due to the fact that when there is a single shift, accelerated curing is not necessary and the steam generators are not used. Production was mainly on a single shift in 2020, with a consequent low use of the steam generators.

OTHER SOURCES	Unit	2019	2020	2021
Natural gas for production activities	scm	318,721	60,572	125,723
<b>Total</b>	<b>scm</b>	<b>318,721</b>	<b>60,572</b>	<b>125,723</b>

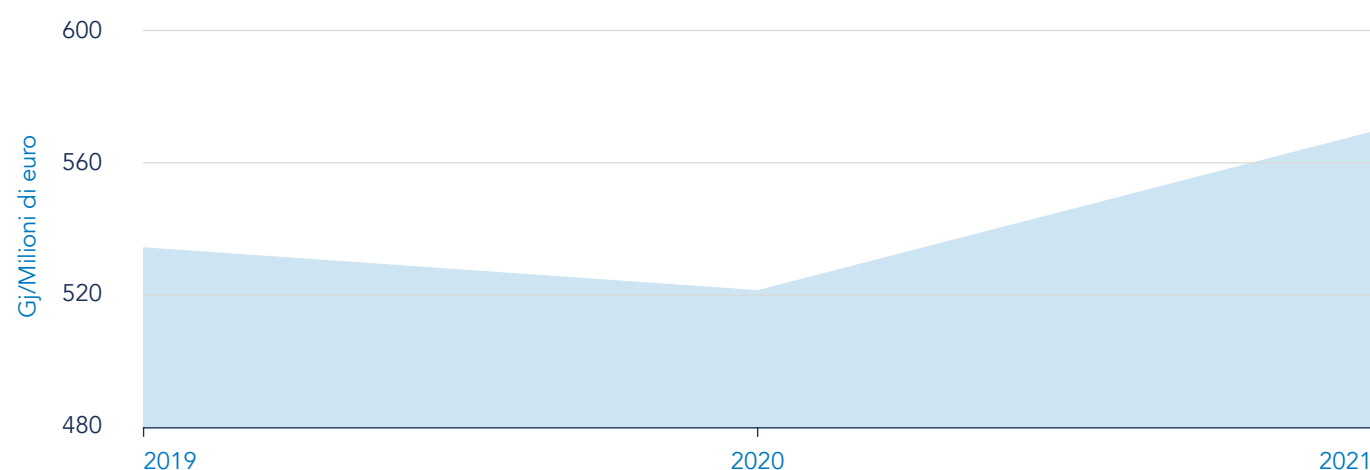


## Energy intensity

In order to analyse the intensity of consumption, consumption has been compared to the revenue of the period, expressed in millions of euros. The resulting indicator was selected to represent the energy consumption necessary to generate €1 million in revenue. This indicator is particularly effective for comparing companies, business units or different periods, irrespective of their related production. The revenue used for this indicator is the aggregate amount, before infragroup eliminations.

ENERGY INTENSITY	Unit	2019	2020	2021
Energy consumption	GJ	188,284	193,206	276,709
Revenue	Euro	351,756,112	370,320,906	485,309,339
<b>Intensity indicator</b>	<b>GJ/€ million</b>	<b>535</b>	<b>522</b>	<b>570</b>

### Energy intensity

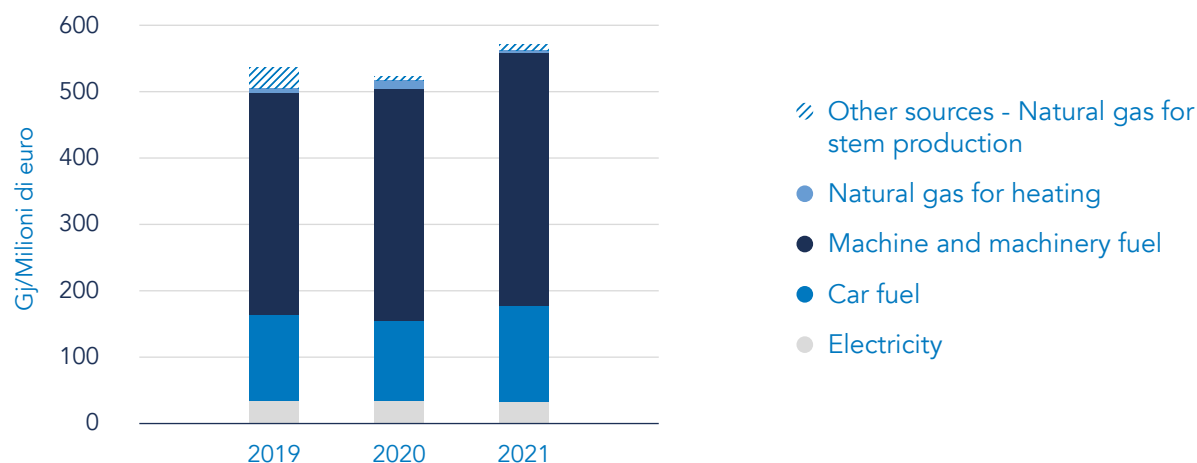


The analysis of energy consumption intensity for each type of consumption shows the prevalence of fuel, both for machines and cars. The intensity drops significantly for the other types of consumption related to the use of natural gas, albeit with a different mix between heating and steam production, as well as the intensity of electricity consumption, which benefits from the greater contribution from renewable sources.

ENERGY INTENSITY – Gj /€ MILLION	2019	2020	2021
<b>Electricity</b>			
Electricity acquired	32.91	29.96	28.64
Of which, from renewable sources			1.35
Electricity generated by the photovoltaic plants	0.15	3.76	4.23
Of which, energy sold to the grid	-	0.57	0.35
<b>Total</b>	<b>33.06</b>	<b>33.15</b>	<b>32.52</b>
<b>Car fuel</b>			
Diesel	120.63	106.63	119.61
Petrol	9.15	13.88	23.17
LPG	0.02	0.01	0.74
<b>Total</b>	<b>129.8</b>	<b>120.52</b>	<b>143.53</b>

ENERGY INTENSITY – Gj /€ MILLION	2019	2020	2021
<b>Machine and machinery fuel</b>			
Diesel	334.43	350.33	381.02
Petrol			0.24
<b>Total</b>	<b>334.43</b>	<b>350.33</b>	<b>381.26</b>
<b>Natural gas for heating</b>			
Natural gas	6.01	11.96	3.71
<b>Total</b>	<b>6.01</b>	<b>11.96</b>	<b>3.71</b>
<b>Other sources - Natural gas for steam production</b>			
Natural gas	31.97	5.77	9.14
<b>Total</b>	<b>31.97</b>	<b>5.77</b>	<b>9.14</b>
<b>Total energy intensity - Gj /€ million</b>	<b>535.27</b>	<b>521.73</b>	<b>570.17</b>

## Energy intensity by type



## Energy consumption reduction targets and projects

As shown from the figures, energy consumption relates for some 80% to the [Track & Light Civil Works](#) business unit and are mainly linked to [Machine and machinery fuel](#).

Salcef Group will continue its approach to innovation, mainly linked to machinery, by investing in increasingly high-performance assets with a lower environmental impact and improving and optimising the existing ones.

Moreover, as regards electricity, Overall's photovoltaic plant will be expanded to increase its production capacity, new photovoltaic plants will be installed in other locations for the internal use of the electricity generated, and supply contracts with guarantee of origin certificates will be expanded.



## Direct and indirect emissions: GHG Scope 1 - Scope 2

The emissions figures are reported in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) and refer to direct emissions (Scope 1 GHG - Greenhouse gases), together with the indirect emissions related to the consumption of electricity from the grid (Scope 2 GHG).

The group agreed specific supply contracts with guarantees of origin certificates in 2021, an electronic certification that attests to the renewable origin of the sources used for the production of electricity. Net of these contracts, the indirect emissions from electricity consumption (Scope 2 GHG) was calculated using both a location-based approach and a market-based approach.

- Under the **location-based** method, the emissions deriving

from electricity consumption are recorded applying national average emission factors for the production of electricity.

- The **market-based** method requires the calculation of Scope 2 GHG generated by the purchase of electricity based on the specific emission factors communicated by the suppliers. For purchases of electricity from renewable sources, a zero tCO<sub>2</sub>e emission factor is applied. If there are no specific contractual agreements, this method requires the use of national residual mix emission factors, where technically applicable.

The emissions reported in the following tables for 2019 and 2020 differ from those disclosed in previous editions of the Sustainability report. The reason is because of the continuous updating of the emission factors in the relevant databases.

EMISSIONS / CO <sub>2</sub> – SCOPE 1 GHG tCO <sub>2</sub> e	2019	2020	2021
<b>Car fuel</b>			
Diesel	3,112	2,842	4,074
Petrol	226	355	764
LPG	-	-	23
<b>Machine and machinery fuel</b>			
Diesel	8,627	9,338	12,977
Petrol			8
<b>Natural gas for heating</b>			
Natural gas	118	249	101
<b>Other sources - Natural gas for production activities</b>	629	120	249
<b>Total - Scope 1 emissions</b>	<b>12,713</b>	<b>12,904</b>	<b>18,196</b>

### Sources

Natural gas	EU ETS emission factor/ Ministry for the Environment - National emissions calculation table	<a href="https://www.minambiente.it/en/news/eu-ets-italia">EU ETS - Italia :: News (minambiente.it)</a>
Fuels	DEFRA UK - Department for Environment Food & Rural Affairs Greenhouse gas reporting: conversion factors	<a href="https://www.gov.uk/government/publications/government-conversion-factors-for-company-reporting-of-greenhouse-gas-emissions">Government conversion factors for company reporting of greenhouse gas emissions - GOV.UK (www.gov.uk)</a>



The increase in direct emissions compared to 2020 is due to the group's increased operations and the new consolidation scope. Like for consumption, [Machine and machinery fuel](#) and [Car fuel](#) are the categories with the greatest impact.

EMISSIONS / CO <sub>2</sub> – SCOPE 2 GHG tCO <sub>2</sub> e - LOCATION-BASED METHOD	2019	2020	2021
Electricity acquired	1,100	888	1,162

EMISSIONS / CO <sub>2</sub> – SCOPE 2 GHG tCO <sub>2</sub> e - MARKET-BASED METHOD	2019	2020	2021
Electricity acquired	1,634	1,423	1,716

The increase seen in emissions under both calculation methods is lower in percentage terms for the market-based method, thanks to the agreement of electricity purchase contracts with guarantee of origin certificates.

Sources		
Italy	ISPRA - SISANET / National environmental disclosure network Emission factors for electricity production and consumption in Italy (updated in 2019 and preliminary estimates for 2020)	<a href="#">Fattori di emissione per la produzione e il consumo di energia elettrica in Italia — Italiano (isprambiente.it)</a>
EU countries	Ministry of the Environment – ISPRA Greenhouse gas atmospheric emission factors in the Italian electricity sector and in the main European countries - 31 March 2020 (Report 317/2020)	<a href="#">Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei. Edizione 2020 — Italiano (isprambiente.gov.it)</a>
USA	EPA - United States Environmental Protection Agency	<a href="#">Summary Data   Emissions &amp; Generation Resource Integrated Database (eGRID)   US EPA</a>
Other countries	CARBON FOOTPRINT COUNTRY SPECIFIC ELECTRICITY GRID GREENHOUSE GAS EMISSION FACTORS Last Updated: June 2020	<a href="#">carbonfootprint.com - Home of Carbon Footprinting</a>

The 2019 and 2020 emissions data were recalculated based on the emission factors for the relevant periods.

For the indirect emissions, it should be noted that the final figure is significantly impacted by the emission factors applied by the relevant country and, therefore, nations with a more polluting energy production mix (e.g., Saudi Arabia, Poland and the USA) have higher emission factors. In any case, the aim is to encourage consumption from renewable sources so as to reduce emissions.

EMISSIONS / CO <sub>2</sub> – SCOPE 1 GHG + SCOPE 2 GHG LOCATION-BASED METHOD tCO <sub>2</sub> e	2019	2020	2021
Total GHG Scope 1 emissions (direct)	12,713	12,904	18,196
Total GHG Scope 2 emissions (indirect)	1,100	888	1,162
<b>Total Scope 1 / Scope 2 GHG emissions</b>	<b>13,813</b>	<b>13,792</b>	<b>19,357</b>

#### EMISSIONS / CO<sub>2</sub> – SCOPE 1 GHG + SCOPE 2 GHG MARKET-BASED METHOD tCO<sub>2</sub>e

	2019	2020	2021
Total GHG Scope 1 emissions (direct)	12,713	12,904	18,196
Total GHG Scope 2 emissions (indirect)	1,634	1,423	1,716
<b>Total Scope 1 / Scope 2 GHG emissions</b>	<b>14,347</b>	<b>14,327</b>	<b>19,912</b>

For the purposes of the calculation of the [Emissions intensity](#) indicators, reference was made to the results obtained using the location-based method for the Scope 2 emissions, as it is more representative of the current electricity purchase profile.

## Logistics - transport system emissions (Scope 3 GHG)

With effect from 2021, Salcef's improvement process for sustainability performance reporting has seen the inclusion of emissions generated by the transport system.

The analyses related only to the Italian companies and the commercial branches reporting to Salcef Group S.p.A. and Salcef S.p.A.. The following movements by road, air and sea were mapped:

- Transport of machinery to the production units
- Transport of materials to the production units
- Transport of waste for disposal
- Transport of finished products to customers

It therefore excludes transport included in the supply cost, shipments of less than 50kg delivered via courier and transport carried out directly by the group companies (the related emissions are included in Scope 1).

The process involved an estimate of the GHG emissions (greenhouse gases: CO<sub>2</sub> carbon dioxide and other greenhouse gases) for 2021, as the first reporting period and the baseline.

The [EcoTransIT World](#) tool was used for the reporting, using the following method:

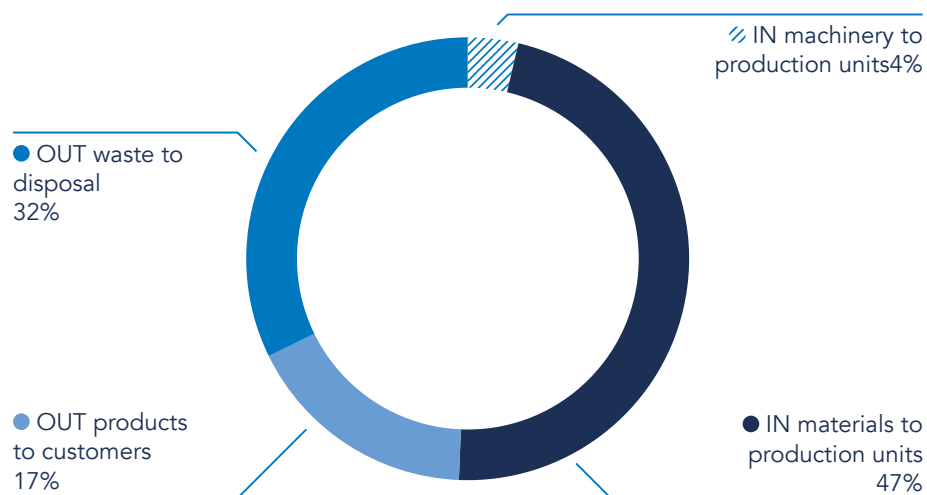
- Actual distance in kilometres (detailed database of the routes)
- Wheel-to-wheel

77% of the total kilometres travelled by road transport vehicles related to routes of less than 100 kilometres. Salcef Group's purchasing policy encourages the use of local suppliers, thereby limiting the impact of the environmental costs generated by transport emissions.

#### OTHER INDIRECT EMISSIONS (SCOPE 3 GHG) – TRANSPORT ACTIVITIES tCO<sub>2</sub>e

	2021
IN - machinery to production units	585
IN - materials to production units	7,453
OUT - products to customers	2,719
OUT - waste to disposal	5,119
<b>TOTAL</b>	<b>15,877</b>

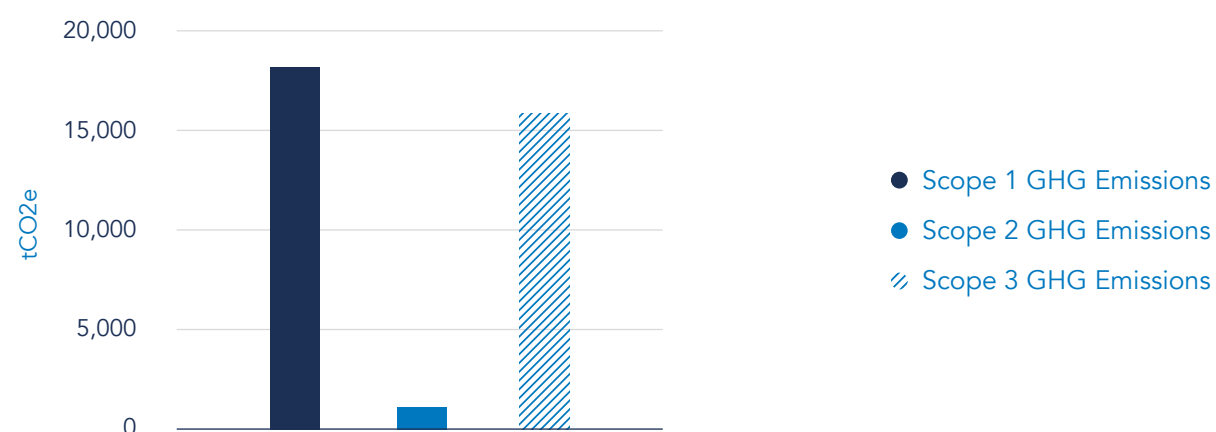
## Total annual emissions of CO<sub>2</sub> GHG (WTW) by usage [t]



The Scope 1, Scope 2 and Scope 3 emissions for 2021 are summarised below:

EMISSIONS	Unit	2021
Scope 1 emissions	tCO <sub>2</sub> e	18,196
Scope 2 emissions	tCO <sub>2</sub> e	1,162
Scope 3 emissions	tCO <sub>2</sub> e	15,877

## Emissions distribution



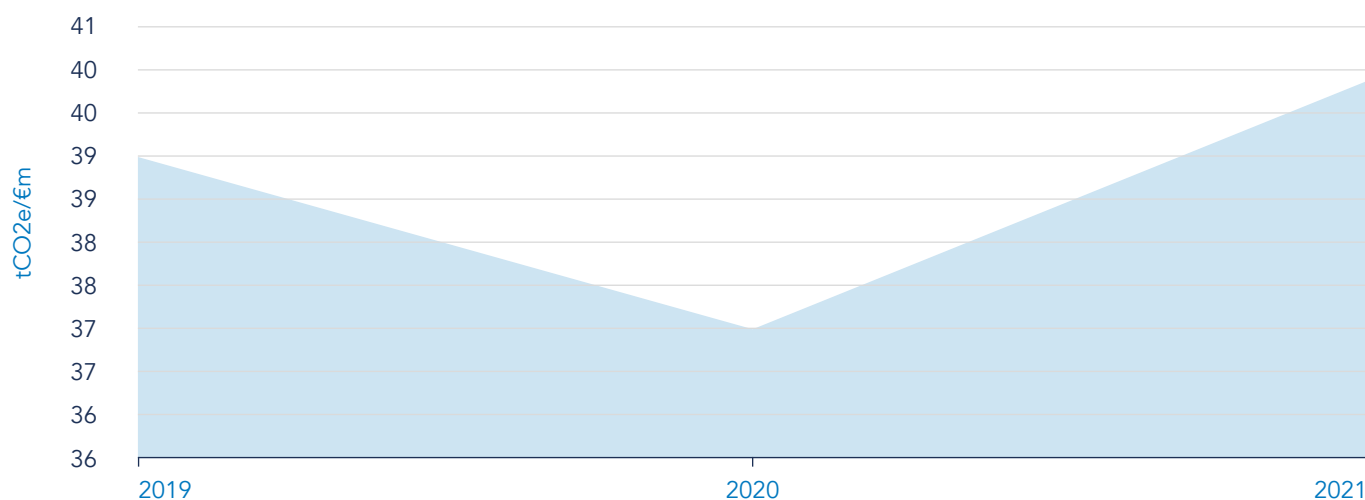
## Emissions intensity

In order to analyse the intensity of emissions, the amount of tonnes of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e) have been compared to the revenue of the period, expressed in millions of euros. The

resulting indicator was selected to represent the quantity of emissions generated for €1 million in revenue. This indicator is particularly effective for comparing companies, business units or different periods. The revenue used for this indicator is the aggregate amount, before infragroup eliminations.

EMISSIONS INTENSITY	Unit	2019	2020	2021
Scope 1 + Scope 2 + Scope 3 emissions	tCO <sub>2</sub> e	-	-	35,234
Scope 1 + Scope 2 emissions - Location-based method	tCO <sub>2</sub> e	13,810	13,826	19,357
Scope 3 emissions	tCO <sub>2</sub> e	-	-	15,877
Revenue	Euro	351,756,112	370,320,906	485,309,339
<b>Total intensity indicator</b>	<b>tCO<sub>2</sub>e /€ million</b>	<b>-</b>	<b>-</b>	<b>73</b>
<b>Scope 1 + Scope 2 intensity indicator - Location-based method</b>	<b>tCO<sub>2</sub>e /€ million</b>	<b>39</b>	<b>37</b>	<b>40</b>
<b>Scope 3 intensity</b>	<b>tCO<sub>2</sub>e /€ million</b>	<b>-</b>	<b>-</b>	<b>33</b>

### Scope 1+ Scope 2 intensity indicator



EMISSIONS / CO <sub>2</sub> - SCOPE 2 - LOCATION-BASED METHOD	Unit	2019	2020	2021
Electricity acquired	tCO <sub>2</sub> e	3.12	2.49	2.39



EMISSIONS / CO <sub>2</sub> - SCOPE 1	Unit	2019	2020	2021
<b>Car fuel</b>				
Diesel	tCO <sub>2</sub> e	8.85	7.67	8.39
Petrol	tCO <sub>2</sub> e	0.64	0.96	1.57
LPG	tCO <sub>2</sub> e	0	0	0.05
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>9.49</b>	<b>8.63</b>	<b>10.02</b>
<b>Machine fuel</b>				
Diesel	tCO <sub>2</sub> e	24.53	25.21	26.74
Petrol				0.02
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>24.53</b>	<b>25.21</b>	<b>26.76</b>
<b>Natural gas for heating</b>				
Natural gas	tCO <sub>2</sub> e	0.34	0.67	0.21
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>0.34</b>	<b>0.67</b>	<b>0.21</b>
<b>Other sources - Natural gas for production activities</b>				
Natural gas	tCO <sub>2</sub> e	1.79	0.32	0.51
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>1.79</b>	<b>0.32</b>	<b>0.51</b>
<b>Total - Scope 1 emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>36.14</b>	<b>34.85</b>	<b>37.49</b>

## Other emissions

In addition to the emissions reported in the previous paragraphs, Salcef Group, specifically, SRT S.r.l. and Overail S.r.l., periodically measure the other emissions related to production activities, as required by the Single environmental authorisations in force.

The following table summarises the amounts of these emissions for 2021.

EMISSION	Total emissions
<b>[kg/year]</b>	
Overail S.r.l. – Railway Materials business unit	299,34
Carbon monoxide	299.34
Total particles	1.27
<b>Nitrogen oxide</b>	<b>1,693.43</b>
SRT S.r.l. – Railway Machines business unit	47,64
Particulate matter	47.64
Volatile organic substances	1,499.89
Inorganic dust	0.01
Nitrogen oxide	-

These emissions are subject to periodic controls by specialised third-party companies, as defined in the Single environmental authorisation and the requirements are met in full.

# Waste generation and management

GRI 103-2 GRI 103-3 GRI 301-1  
GRI 301-2 GRI 306-1 GRI 306-2  
GRI 306-3 GRI 306-4 GRI 306-5

## Waste generation

The importance of environmental protection to the group is seen in its commitment to waste management.

The waste generated by the group is generated by the following activities:

- Administrative and office activities;
- Production activities (carried out in the production units located at construction sites or in the production facilities)

Office waste, which is treated as urban waste, is subject to ordinary management in accordance with the rules defined by the relevant municipality. Waste from the production cycle is managed in accordance with national legislation and group regulations. The latter category is of the greatest focus for the organisation, to ensure production activities have the lowest possible environmental impact.

The potential environmental impacts vary depending on the type of production activities carried out, whether they relate to the construction of new railway infrastructure or the maintenance of existing infrastructures, the production of railway materials or the construction and maintenance of railway machinery. All activities are carried out in such a way as to prevent or mitigate

the generation of negative impacts.

The waste generation process is analysed below for the business units (three macro-groups).

## Railway infrastructure works

This includes the activities of the [Track & Light Civil Works](#), [Energy, Signalling & Telecommunication](#), [Heavy Civil Works](#), and [Engineering](#) business units.

The maintenance of railway infrastructure and the construction of new works requires the use of significant quantities of construction materials and the production of demolition materials, mainly excavated earth or rocks or railway ballast removed. To ensure the proper management of natural resources, a management system has been drawn up for such materials which provides for their reuse, where possible and in compliance with safety standards, from the design to the executive stages. This system provides for the reuse of the materials to reduce procurement upstream and the production of waste downstream. Materials are only managed as waste where they do not meet characteristics to be treated as a good or by-product.





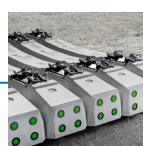
The materials used in this activity are shown in the following image and described below.



Contact lines, anchors and supports



Poles, catenary support and brackets



Railway sleepers



Turnouts and track equipment



Railway ballast



By-products and items



Track



Building and construction materials



Aggregates



Pavements and cladding

- **Railway ballast**, used to form the track bed, is comprised of material obtained from the crushing of rock and must meet requirements of hardness, resistance and composition, as well as the client's specifications in order to be used. On completion of maintenance activities, the removed ballast is taken to screening and washing facilities, which transforms it into recycled material to be used in building and construction works. Particular importance is given to sampling and analysis activities before infrastructure maintenance works (including a check for the presence of traces of asbestos over a certain limit and consequent asbestos removal and disposal works).
- **Tracks, turnouts and other track equipment**, such as **poles, catenary support, brackets, the contact line and anchors**, specialised products for railway infrastructure, are normally in steel or other metals, in compliance with the relevant standards and are generally validated by the customer. When these materials are replaced during maintenance activities, they are returned to the customer for reuse as by-products, or recycled. During the construction and maintenance of poles, catenary support and masts, excavation activities generate excavated earth and rock, as does the demolition of the concrete foundations. In both cases, the resulting material is either reused on-site or taken to authorised centres for recovery.
- **Railway sleepers** are generally in pre-stressed reinforced concrete and are produced by specialised companies. Details of the upstream materials and process and the downstream value chain are available in [Production of railway materials](#). Like all the main materials making up the railway infrastructure, the sleepers meet specific technical standards and are validated by the customer. At the end of their life, railway sleepers are replaced during maintenance activities on the infrastructure and their rail fastening systems are removed and generally returned to the customer. The sleepers are taken to recycling centres where they are crushed and transformed into recycled materials used in building and construction works. Railway sleepers may also be in timber but these are used in very few cases and geographical areas. Timber sleepers on old tracks are quite often replaced with pre-stressed reinforced concrete ones. The important factor is the disposal of the timber sleepers, which are primed with creosote oil and therefore constitute hazardous waste, requiring specific procedures for their disposal.
- Various types of **aggregates** are used and sometimes originate from recycling, where their characteristics allow. At the end of their life, aggregates are taken to specialised recovery centres where they are prepared as a material that can be reused in the construction sector.
- **Building and construction materials and by-products and items** are a very wide category encompassing various

types of materials. They are mainly comprised of materials in concrete, iron, PVC and plastic materials obtained through industrial processes and laid during construction activities. During maintenance/renewal, the obsolete materials are removed using demolition processes and sent to specialised recycling centres.

- The **pavements and cladding** category is very broad and includes all materials used as cladding both for vertical and horizontal surfaces. The main materials used are: ceramic, stone or similar tiles, rubber, asphalt and bitumen. The materials are generally acquired and installed during the works. At the end of their life, they are removed using demolition activities and taken to special recovery or authorised disposal centres.

## Production of railway materials

This activity relates to the [Railway Materials](#) business unit.

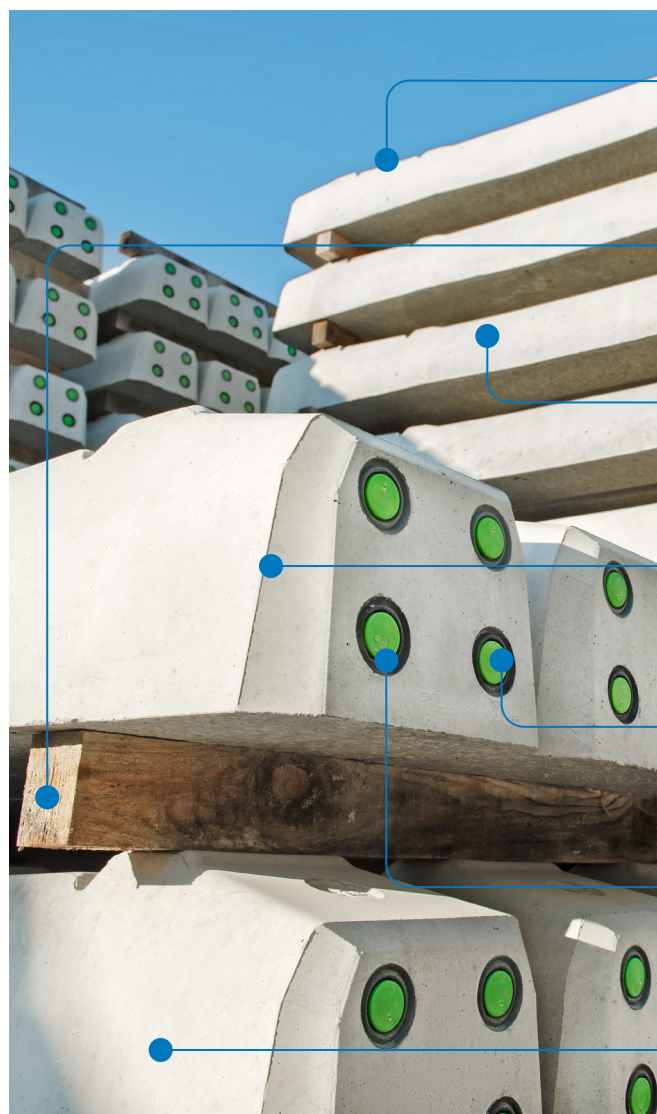
The production activities comprise the construction, using mechanised and industrial processes, of items in pre-stressed reinforced concrete, such as railway sleepers, slabs and other solutions for permanent way systems. The products are provided to the [Track & Light Civil Works](#) business unit or to specialised external companies for installation on railway infrastructure.

The products are key elements of the railway infrastructure and are thus subject to certification in accordance with national and international legislation and the customer's technical standards. They must therefore meet certain technical specifications, which currently exclude the use of recycled or similar materials. In addition, concrete must be comprised of a specific mix of cement, additives, aggregates and water. The mix is pre-approved by the customer for the product's validation.

During the production process, the materials are mixed together in order to make the product as a single piece. At the end of their life, the products are generally sent to recovery centres for crushing and separation of the metal parts for their subsequent recycling/reuse in the building and construction sectors. These activities are carried out during the railway infrastructure maintenance works, as described in the [Railway infrastructure works](#) section.



The materials used in this activity are shown in the following image and described below.



Coupling system



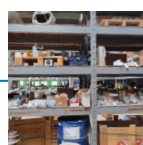
Wooden planks



Aggregates



Cement and additives



Small mechanical parts



Steel



Water

- The **cement** and **additives** used come from chemical/ industrial processes. During the production process, these materials become an integral part of the final product following the cycle described above.
- **Small mechanical parts** include all metal parts used to pre-stress steel used to make products. These materials come from steel manufacturing processes and must meet certain resistance requirements. They become an integral part of the final product during the production process.
- **Steel** is used in railway products, such as longitudinal bars and rebar cages. Steel is used in the concrete pre-stressing stage and must comply with certain mechanical strength requirements. These materials become an integral part of the final product during the production process.
- The **aggregates** used come from mining processes and must meet various requirements both in terms of strength and composition and particle size. These materials become an integral part of the final product during the production process.
- The **rail fastening system** is the device assembled on the sleeper enabling the installation and anchoring of the track. It is comprised of parts in rubber and metal parts. Part of the system is incorporated in the device during production, while the remaining part is installed during the product finishing stages. An important aspect is the mixed packaging (paper, plastic and wood). At the end of

life, generally during [Railway infrastructure works](#) activities, the pre-installed parts are removed from the item and generally returned to the customer.

- **Timber planks** are used to pack the sleepers to avoid impacts and damage during transport and storage activities. At the end of their use, the planks are recovered and reused by the group for the same purpose. If they are damaged or at the end of their life, they are sent to authorised recovery centres.
- **Water** is a fundamental ingredient for the production of concrete. It is withdrawn from well and collection systems and the related qualities are detailed in the [Water withdrawal, consumption and disposal](#) section.

## Construction and maintenance of railway machines

The construction and maintenance of railway machines relates to the [Railway Machines](#) business unit.

The production activities consist of building complex machinery used for the construction and maintenance of railway infrastructure (these activities relate to the [Track & Light Civil Works](#) business unit. As the machines undergo various authorisation procedures for their validation and the circulation on the railway network, the materials and production processes used are also certified and qualified.

The machines are of different types and models but the materials used are generally those shown in the following image and described below.



Mechanical components



Hydraulic and oleodynamic components



Consumables



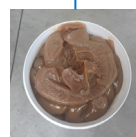
Sheets and chassis



Running gear and bogies



Pneumatic components



Lubricants



Paints and similar



Electrical and electronic components

- All **mechanical, hydraulic, oleodynamic, pneumatic, electrical** and **electronic components** are finished products supplied by external companies and subsequently assembled by the group. A significant part of the waste generated by the handling of these materials is packaging, which is generally comprised of plastic, cardboard and some wood. Packaging is generally all sent for recovery. At the end of life, the components are replaced and disposed of during maintenance/servicing activities. The metal parts are usually sent for recovery. If the parts are contaminated with pollutants (e.g., oil, lubricants and liquids), they are considered hazardous waste and disposed of in accordance with national and group regulations. This is usually the case for components of the hydraulic and oleodynamic systems and also filters and other similar parts. Otherwise, the materials are disposed of as non-hazardous special waste, maximising the diversion to recovery.
- **Sheets, chassis, metal carpentry, running gear and bogies** are produced on demand, either internally or using specialised companies. This material is usually recycled at end of life.
- **Consumables** are subject to rapid wear and tear during the operation of machinery. An example is the grinding wheel used by the grinding trains. These materials are usually specialised products for the railway industry and are disposed of in accordance with the producer's instructions at the end of their life.
- **Lubricants, paints and similar** (solvents, etc.) are products acquired from specialised suppliers. The use of paints and similar products produces hazardous waste, which is disposed of using specialised companies. For this reason, the use of solvents to clean equipment has decreased over time, opting for the use of industrial washers that use water-based solutions. Lubricants are acquired as finished products from specialised suppliers and when they are at the end of their life due to wear and tear, they are replaced during maintenance activities and disposed of with authorised centres. Used lubricants constitute hazardous waste.

## Waste management and monitoring

With a view to sustainable management, the group is committed, where possible, to:

- Reducing the consumption of materials and minimising waste
- Considering the environmental impact of the materials used at the time of their selection

- Preferring materials with higher benefits for the circular economy
- Encouraging on-site reuse

Waste generated is immediately identified and classified in line with local legislation, for instance, in the European context, it is allocated a European Waste Catalogue (EWC) code. After classification, the place and production of the waste is identified, where it will be temporarily stored. Storage takes place in designated areas and/or containers and is carried out by homogeneous category of waste, in compliance with the technical legislation and identified with signage.

Depending on the case, the waste is then sent for recovery or disposal with transporters responsible for its collection and transport. The process carried out in this stage is documented and monitored through the form containing the main information on the waste (type, place of production and collection, date, weight, producer, recipient and transporter, etc.) which will accompany it to its destination. All waste forms are recorded to ensure traceability and monitoring. This activity is also important to the analysis of the impact that the various production activities have in terms of waste, in order to implement measures to reduce the effects on the environment.

As a producer, the group is responsible for its waste until it reaches the disposal facility. Accordingly, Salcef Group supervises all waste management activities until disposal, both as a producer and contractor. In this respect, the group ensures that all transporters and disposal facilities have the necessary authorisations, requirements and certifications through suitable qualification and assessment activities and contractual arrangements, as described in the [Supplier management cycle](#) section. During production activities, continual monitoring is carried out, involving periodic inspections to ensure that procedures and applicable legislation are implemented, machines and instruments are kept clean, maintained and in good repair, and that materials and waste are stored correctly.

The end goal of this process is to maximise the dissemination within the group of a management approach underpinned by environmental awareness and production aimed at sustainability.



## Waste generated

The following tables sets out the waste generated in the 2019-2021 period, showing the quantities of hazardous and non-hazardous special waste disposed of or recovered, by type. Quantities are shown in tonnes (t).

The tables show the share of certain types of waste, such as non-hazardous aggregates and material arising from construction and maintenance activities for railway infrastructure and packaging deriving from production processes carried out in the facilities and production sites.

The production of hazardous waste is minimal compared to total waste. It mainly derives from oils for engines, filters, pads, etc. coming from machine maintenance activities by the [Railway Machines](#) business unit. This quantity has dropped in the last year, mainly due to processes to optimise machine maintenance

activities which provide for a drastic decrease in solvents (hazardous waste) in washing activities in favour of water-based solutions. In addition, the use of newer and more efficient machinery is producing a huge drop in all hazardous waste generated by machine maintenance. Last, in 2019 and 2020, major renovation works were carried out on the group's future headquarters, which produced a significant amount of waste, including hazardous waste.

In general, the activities of work sites, which have extremely different lifespans, and the operations of the facilities vary on the basis of the tenders won during the year. The group is committed to complying with recycling rules for the proper disposal of the waste generated and to pursue improvements in its waste management.

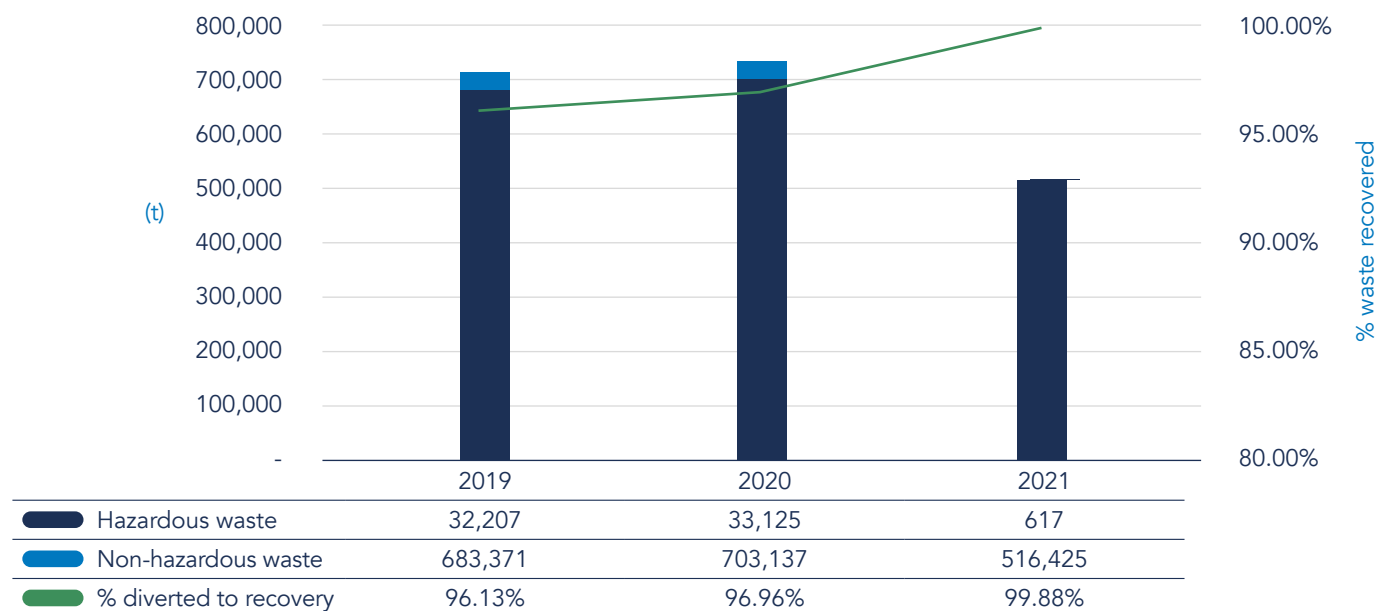
HAZARDOUS WASTE (t)	2019			2020			2021		
	Recovery	Disposal	Total	Recovery	Disposal	Total	Recovery	Disposal	Total
Other oils for engines, gears and lubrication	8,241	-	<b>8,241</b>	13,964	-	<b>13,964</b>	21	0	<b>22</b>
Other emulsions	2,022	80	<b>2,102</b>	-	3,760	<b>3,760</b>	-	2	<b>2</b>
Absorbent material, filtering materials (including oil filters not otherwise specified), rags and protective clothing contaminated with hazardous substances	9	742	<b>751</b>	6	3,601	<b>3,607</b>	8	6	<b>14</b>
Hazardous components other than oil filters brake pads containing asbestos, brake fluid and anti-freeze fluids containing hazardous substances	-	2,961	<b>2,962</b>	-	2,830	<b>2,830</b>	-	4	<b>4</b>
Non-chlorinated mineral oils for engines, gears and lubrication	1,651	-	<b>1,651</b>	2,664	-	<b>2,664</b>	3	6	<b>9</b>
Packaging containing residues of or contaminated by hazardous substances	70	577	<b>647</b>	3	2,164	<b>2,167</b>	4	2	<b>6</b>
Waste paints and enamels containing organic solvents or other hazardous substances	-	221	<b>221</b>	-	1,460	<b>1,460</b>	2	3	<b>5</b>
Lead batteries	1,065	-	<b>1,065</b>	1,266	-	<b>1,266</b>	2	0	<b>2</b>
Oil filters	541	-	<b>541</b>	1,079	-	<b>1,079</b>	1	0	<b>1</b>



HAZARDOUS WASTE									
	2019			2020			2021		
(t)	Recovery	Disposal	Total	Recovery	Disposal	Total	Recovery	Disposal	Total
Glass, plastic and wood containing or contaminated by hazardous substances	9,644	220	9,864	155	126	281	506	21	527
Other hazardous waste	42	4,121	4,163	6	41	47	10	16	26
Total hazardous waste	23,285	8,922	32,207	19,143	13,982	33,125	558	60	617

NON-HAZARDOUS WASTE			2019			2020			2021		
(t)	Recovery	Disposal	Total	Recovery	Disposal	Total	Recovery	Disposal	Total		
Railway ballast not containing hazardous substances	283,294	-	283,294	358,995	-	358,995	309,706	-	309,706		
Concrete	121,558	-	121,558	114,344	-	114,344	145,969	-	145,969		
Iron and steel	113,608	-	113,608	62,297	-	62,297	1,136	-	1,136		
Filings and shavings of ferrous materials	17,360	-	17,360	49,123	-	49,123	591	-	591		
Packaging with mixed materials	57,157	-	57,157	44,892	-	44,892	236	-	236		
Earth and rocks not containing hazardous substances	29,118	100	29,218	44,219	84	44,303	49,140	148	49,288		
Mixed waste from construction and demolition activities not containing mercury, PCB and other hazardous substances	24,601	-	24,601	10,485	-	10,485	6,241	-	6,241		
Septic tank sludge	-	18,640	18,640	4	7,839	7,843	14	95	109		
Plastic waste	120	-	120	2,614	-	2,614	17	11	29		
Tyres no longer used	2,624	-	2,624	2,325	-	2,325	7	-	7		
Other non-hazardous waste	15,158	32	15,190	5,408	506	5,914	2,800	314	3,114		
Total non-hazardous waste	664,598	18,773	683,371	694,708	8,429	703,137	515,857	568	516,425		
Total waste generated (t)	687,883	27,695	715,578	713,851	22,411	736,262	516,415	628	517,043		

## Waste generated



## Waste and recovery

The waste generated is generally diverted to recovery operations and the transport and disposal activities are entrusted to specialist companies, in full compliance with the legislation applicable to waste and group procedures. Given the significant use of natural resources in the construction and railway sector, it is important to consider alternatives to merely disposing of waste in authorised centres in order to reduce the environmental impact.

Depending on the type of waste, the recovery of materials can take various forms. However, as shown in the table, the main recovery activity regards the retention of aggregates or their reuse for the production of secondary raw materials, which is usually preferred to recycling. All operations are generally carried

out off-site by specialised centres.

Most of the waste diverted to recovery operations comes from construction and demolition (aggregates) activities and can therefore be disposed of as unrecyclable waste (cement, bricks, tiles and ceramics, cement mixes, earth and rocks).

Although most of the waste is not very or not at all polluting, its correct management by the production unit is vital. Close attention is therefore paid to the waste generation stage, which ensures the separation of hazardous waste and other types in order to make recovery and/or recycling possible.

HAZARDOUS WASTE			2019			2020			2021		
(t)	On site	Off site	Total	On site	Off site	Total	On site	Off site	Total		
Preparation for reuse	-	22,982	22,982	-	18,953	18,953	-	-	-		
Recycling	-	-	-	8	2	10	-	11	11		
Other recovery operations	-	303	303	-	180	180	-	547	547		
Total hazardous waste	-	23,285	23,285	8	19,135	19,143	-	558	558		

NON-HAZARDOUS WASTE			2019			2020			2021		
(t)	On site	Off site	Total	On site	Off site	Total	On site	Off site	Total		
Preparation for reuse	-	204,172	204,172	-	161,906	161,906	10,498	-	10,498		
Recycling	-	63,936	63,936	-	56,538	56,538	-	79,834	79,834		
Other recovery operations	-	396,491	396,491	-	476,264	476,264	-	425,525	425,525		
Total non-hazardous waste	-	664,599	664,599	-	694,708	694,708	10,498	505,359	515,857		

<b>Total waste diverted to recovery (t)</b>	-	<b>687,884</b>	<b>687,884</b>	<b>8</b>	<b>713,843</b>	<b>713,851</b>	<b>10,498</b>	<b>505,916</b>	<b>516,415</b>
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## Waste disposal

Disposal, which legislation identifies as the least preferable option in the waste management hierarchy, consists of the treatment and definitive deposit of waste and scraps that cannot be further used. For Salcef Group, disposal is identified with the deposit in landfill or temporary storage for subsequent treatment

such as incineration, etc. As can be seen, the quantity of waste directed to disposal, at off-site qualified waste management systems, is minimal and follows the production levels over the years.

HAZARDOUS WASTE			2019			2020			2021		
(t)	On site	Off site	Total	On site	Off site	Total	On site	Off site	Total		
Landfill	-	8,920	8,920	-	13,980	13,980	-	23	23		
Incineration (with energy recovery)							-	6	6		
Other disposal operations	-	2	2	-	2	2	-	30	30		
<b>Total hazardous waste</b>	-	8,922	8,922	-	13,982	13,982	-	60	60		

NON-HAZARDOUS WASTE			2019			2020			2021		
(t)	On site	Off site	Total	On site	Off site	Total	On site	Off site	Total		
Incineration (with energy recovery)	-	7	7	-	33	33	39	-	39		
Landfill	-	18,748	18,748	405	7,917	8,322	-	375	375		
Other disposal operations	-	17	17	-	74	74	-	154	154		
<b>Total non-hazardous waste</b>	-	18,773	18,773	405	8,024	8,429	39	529	568		

<b>Total waste disposal (t)</b>	-	27,695	27,695	405	22,006	22,411	39	589	628
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GRI 102-55 

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103-3 Evaluation of the management approach	4. RESPONSIBLE BUSINESS WITH AND FOR THE LOCAL AREA / <a href="#">Supply chain</a>		<a href="#">89</a>
<b>GRI Topic-specific standards</b>			
<b>204</b>	<b>PROCUREMENT PRACTICES</b>		
204-1 Proportion of spending on local suppliers	4. RESPONSIBLE BUSINESS WITH AND FOR THE LOCAL AREA / <a href="#">Supply chain</a>		<a href="#">89</a>
<b>308</b>	<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
308-1 New suppliers that were screened using environmental criteria	4. RESPONSIBLE BUSINESS WITH AND FOR THE LOCAL AREA / <a href="#">Supply chain</a>		<a href="#">89</a>
<b>406</b>	<b>NON-DISCRIMINATION</b>		
406-1 Incidents of discrimination and corrective actions taken	4. RESPONSIBLE BUSINESS WITH AND FOR THE LOCAL AREA / <a href="#">Supply chain</a>		<a href="#">89</a>
<b>414</b>	<b>SUPPLIER SOCIAL ASSESSMENT</b>		
414-1 New suppliers that were screened using social criteria	4. RESPONSIBLE BUSINESS WITH AND FOR THE LOCAL AREA / <a href="#">Supply chain</a>		<a href="#">89</a>
<b>Material topic</b>			
<b>Engagement with and development of the local area/suppliers and local communities</b>			
<b>MANAGEMENT APPROACH</b>			
103-1 Explanation of the material topic and its boundary	2. COMMITMENT TO SUSTAINABLE MOBILITY / <a href="#">Materiality analysis</a>		<a href="#">49</a>
103-2 The management approach and its components	3. GOVERNANCE / <a href="#">Corporate governance</a>		<a href="#">60</a>
103-3 Evaluation of the management approach	3. GOVERNANCE / <a href="#">The control model and the effectiveness of the policies</a>		<a href="#">70</a>
<b>GRI Topic-specific standards</b>			
<b>413</b>	<b>LOCAL COMMUNITIES</b>		
413-1 Operations with local community engagement, impact assessments, and development programs	4. RESPONSIBLE BUSINESS WITH AND FOR THE LOCAL AREA / <a href="#">Development of the local area and communities</a>		<a href="#">100</a>

# SASB Matrix – GRI

**INDUSTRY:**  
**INFRASTRUCTURE - ENGINEERING & CONSTRUCTION SERVICES**

Dimension	General Issue Category	Disclosure Topic / Code	Description	Salcef Group's NFS		
				GRI topic-specific standard	Description	Chapter/paragraph
<b>Environment</b>	Ecological impacts	Environmental impacts of the project / IF-EN-160a.1	Incidents of non-compliance/ non-compliance with environmental legislation (environmental permits, standards and regulations)	307-1	Non-compliance with environmental laws and regulations	<a href="#">3. GOVERNANCE/ Legislative compliance</a>
		Environmental impacts of the project / IF-EN-160a.2	Disclosure on processes to assess and manage the environmental risks associated with the planning, location and construction of the project		GRI 102 General Disclosures No specific material topic for Salcef Group in relation to its role in works and infrastructure planning	
<b>Social Capital</b>	Product quality and safety	Structural integrity and safety / IF-EN-250a.1	Costs for reworking related to defects and safety		Reference to consolidated financial statements - Operating costs related to this case	
		Structural integrity and safety / IF-EN-250a.2	Total financial losses due to legal proceedings associated with defects and safety incidents	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<a href="#">3. GOVERNANCE/ Legislative compliance</a>
<b>Human Capital</b>	Employee Health & Safety	Workforce Health & Safety / IF-EN-320a.1	(1) Total recordable injury rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	403-9	Work-related injuries	<a href="#">5. HUMAN CAPITAL/ Occupational health and safety</a>

**INDUSTRY:**  
**INFRASTRUCTURE - ENGINEERING & CONSTRUCTION SERVICES**

Dimension	General Issue Category	Disclosure Topic / Code	Description	Salcef Group's NFS		
				GRI topic-specific standard	Description	Chapter/paragraph
<b>Business Model &amp; Innovation</b>	Product Design & Lifecycle Management	Climate impacts of projects (Business Mix) / IF-EN-410b.1	Amounts of the projects to be carried out (1) related to hydrocarbons (2) renewable energy sector		GRI 102 General Disclosures	
		Climate impacts of projects (Business Mix) / IF-EN-410b.2	Amount of the projects cancelled relate to hydrocarbons		GRI 102 General Disclosures	
		Climate impacts of projects (Business Mix) / IF-EN-410b.3	Amount of energy projects to be carried out associated with climate change mitigation		GRI 102 General Disclosures	
<b>Leadership &amp; Governance</b>	Business Ethics	Business Ethics / IF-EN-510a.1	(1) Number of active projects and (2) to be carried out in countries with the 20 lowest rankings in the Transparency International's Corruption Perceptions Index		GRI 102 General Disclosures	
		Business Ethics / IF-EN-510a.2	Total financial losses following legal proceedings associated with accusations of (1) bribery and corruption and (2) anti-competitive practices	205-3	Confirmed incidents of corruption and actions taken	<a href="#">3. GOVERNANCE / Corporate governance</a>
		Business Ethics / IF-EN-510a.2		206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<a href="#">3. GOVERNANCE/ Legislative compliance</a>

**INDUSTRY:**  
**INFRASTRUCTURE - ENGINEERING & CONSTRUCTION SERVICES**

Dimension	General Issue Category	Disclosure Topic / Code	Description	Salcef Group's NFS		
				GRI topic-specific standard	Description	Chapter/paragraph
		Business Ethics / IF-EN-510a.3	Description of the policies and practices for the prevention of (1) corruption and bribery and (2) anti-competitive behaviour in the project processes	205-1	Operations assessed for risks related to corruption	<a href="#">3. GOVERNANCE / Corporate governance</a>



**INDUSTRY:**  
**RESOURCE TRANSFORMATION - INDUSTRIAL MACHINERY & GOODS**

Dimension	General Issue Category	Disclosure Topic / Code	Description	Salcef Group's NFS		
				GRI Standard specific topic	Description	Chapter/paragraph
Environment	Energy Management	Energy Management / RT-IG-130a.1	(1) Total energy consumed (2) percentage electricity from the grid, (3) percentage or renewable energy	302-1	Energy consumption within the organization	<a href="#">6. THE ENVIRONMENT: MANAGEMENT, COMMITMENTS AND IMPACTS / Energy and emissions</a>
Human Capital	Employee health and safety	Employee Health & Safety / RT-IG-320a.1	(1) Total recordable injury rate (TRIR) (2) fatality rate, and (3) near miss frequency rate (NMFR)	403-9	Work-related injuries	<a href="#">5. HUMAN CAPITAL/ Occupational health and safety</a>
Business Model & Innovation	Product Design & Lifecycle Management	Fuel economy and use-phase emissions / RT-IG-410a.1	Fuel efficiency of the medium and heavy machines compared to sales	302-3	Energy intensity	<a href="#">6. THE ENVIRONMENT: MANAGEMENT, COMMITMENTS AND IMPACTS / Energy and emissions</a>
		Fuel economy and use-phase emissions / RT-IG-410a.2	Fuel-efficiency of non-road (industrial) equipment compared to sales			
		Fuel economy and use-phase emissions / RT-IG-410a.3	Fuel-efficiency of generators compared to sales			
		Fuel economy and use-phase emissions / RT-IG-410a.4	Weighted emissions by sales of: 1) nitrogen oxide (NOx) and 2) particulate matter (PM) for: a) marine diesel engines, b) diesel engines for locomotive, c) medium and heavy engines on road and d) other non-road diesel engines			
	Materials Sourcing & Efficiency	Materials efficiency / RT-IG-440a.1	Description of the management of the risks associated with the use of critical materials	301-1	Materials used by weight or volume	<a href="#">6. THE ENVIRONMENT: MANAGEMENT, COMMITMENTS AND IMPACTS / Materials</a>  <a href="#">6. THE ENVIRONMENT: MANAGEMENT, COMMITMENTS AND IMPACTS / Sustainable management of resources</a>
		Materials sourcing / RT-IG-440b.1	Revenue from regenerated products or regeneration services			

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## Auditors' report

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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of Consob Regulation no. 20267**

*To the board of directors of  
Salcef Group S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree"), we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of Salcef Group S.p.A. (the "parent") and its subsidiaries (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 8 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "EU taxonomy for sustainable activities" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

### ***Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the NFS***

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.





The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

### ***Auditors' independence and quality control***

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditors' responsibility***

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "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 applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does 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.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's and its subsidiaries' personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.

4. Gaining an understanding of the following:

- the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
- the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Delta Railroad Construction Inc.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence;
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information.
- We visited Salcef S.p.A. and Delta Railroad Construction Inc., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their KPI process owners and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the Salcef Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.



**Salcef Group**  
*Independent auditors' report*  
31 December 2021

Our conclusion does not extend to the information set out in the “EU taxonomy for sustainable activities” section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Rome, 31 March 2022

KPMG S.p.A.

(signed on the original)

Marco Giordano  
Director of Audit

















### **Salcef Group S.p.A.**

Companies registration number: 08061650589

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