

2019 Consolidated Non-financial Statement

Prepared in accordance with Legislative decree no. 254/2016

Introduction

This Consolidated Non-financial Statement (the “Statement”) refers to Salini Impregilo Group (the “Group”), which includes Salini Impregilo S.p.A. and the fully-consolidated companies. The terms “Salini Impregilo” or the “Company” are used to refer to just the parent, Salini Impregilo S.p.A.. More information about the Statement’s scope is given in the section “Methodology for reporting non-financial information”.

The policies, management systems and internal procedures described below refer to Salini Impregilo. The key content of these documents is reviewed by the competent bodies of the subsidiaries, consortia, consortium companies, etc. in which Salini Impregilo has an investment with a view to their adoption.

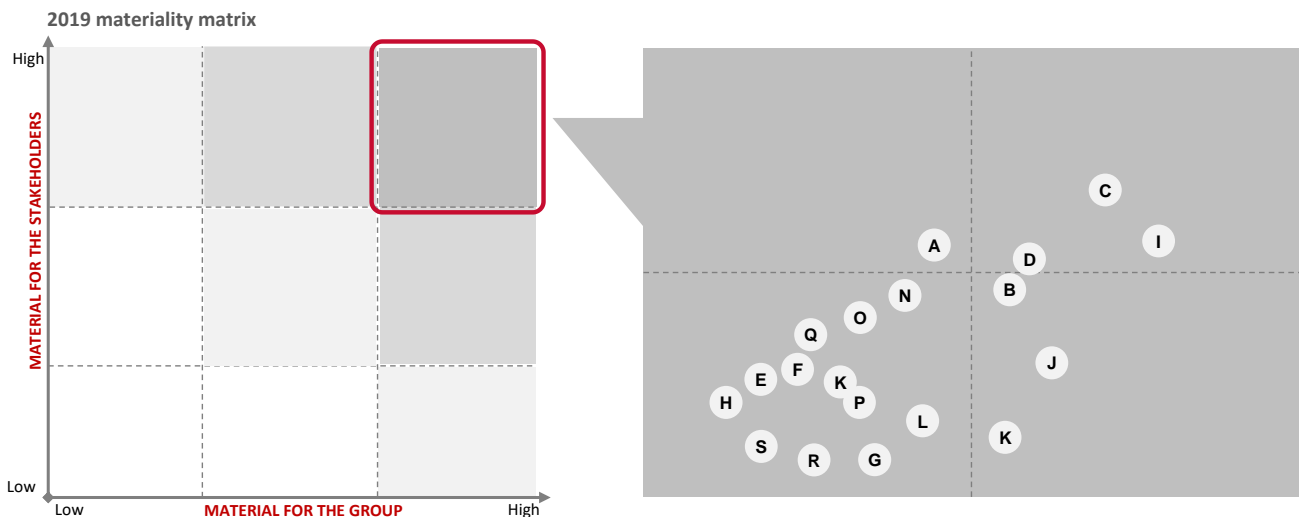
The section entitled “The infrastructure sector and Salini Impregilo’s role” provides a snapshot of the Group’s market in order to facilitate a better understanding of the information provided in this Statement.

Material non-financial topics

Given the reference context, the specific nature of the infrastructure sector, the Group’s sustainability strategies and the inputs from its stakeholders, Salini Impregilo has drawn up and regularly revises a list of material topics on which it provides non-financial disclosures pursuant to Legislative decree no. 254/2016.

The Company adopts the GRI Sustainability Reporting Standards in the preparation of this Statement.

The materiality matrix for 2019 and a list of the material topics grouped by nature are provided below.



Market

- A. Sustainability strategy
- B. Excellence and innovation

Management

- C. Ethics, integrity and anti-corruption
- D. Human rights
- E. Supply chain

Social

- F. Job creation and local suppliers
- G. Stakeholder engagement
- H. Local community engagement

Human resources

- I. Health and safety
- J. Training and education
- K. Attraction and development of talent
- L. Welfare
- M. Diversity and inclusion

Environment

- N. Waste management
- O. Natural resources
- P. Soil, subsoil and water
- Q. Climate change
- R. Dust, noise and vibrations
- S. Biodiversity

The Methodology for reporting non-financial information section provides more information about the process adopted for the materiality analysis.

Sustainability Strategy

Salini Impregilo’s Sustainability Strategy is closely tied to the Group’s business strategy and is underpinned by two key pillars.

It hinges on the Group’s core business of providing clients and the market with infrastructure for sustainable mobility, clean hydro energy, clean water and green building solutions to global challenges.

It also embodies the ethical, social and environmental responsibility policies and practices applied by the Group to protect and enhance people and the environment and to contribute to the social and economic development of the countries where it operates.

The Sustainability Strategy allows the Group to pursue 11 of the key Sustainable Development Goals (SDGs) defined by the United Nations.

Pillar 1:
Contribute to global challenges

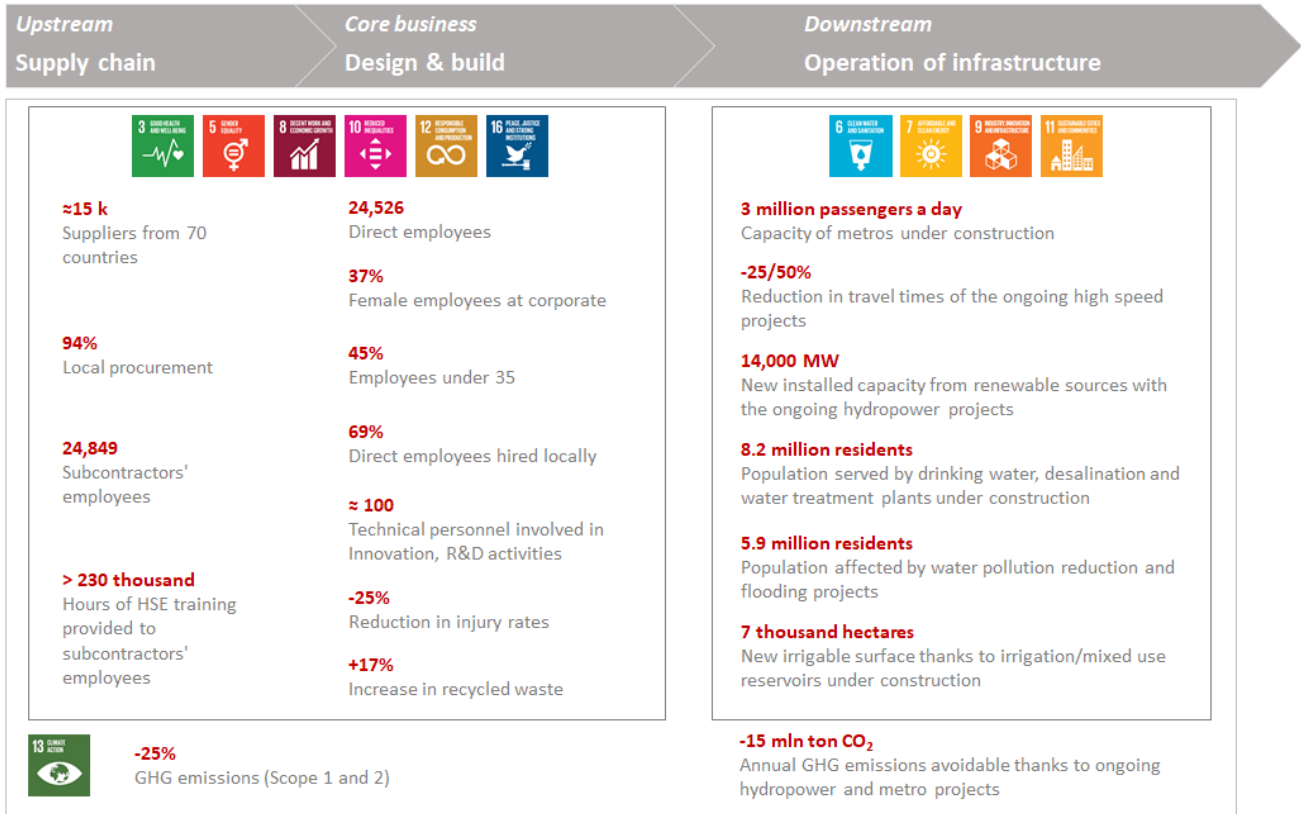
We assist our clients with issues such as sustainability mobility, water, hydropower and green buildings. We build infrastructure that contributes to communities' development and well-being.



Pillar 2:
Act responsibly

We contribute to the economic and social development of the areas in which we operate, guaranteeing the well-being of individuals and respect for the environment.

The Group’s dedication to these goals involves the entire value chain as shown in the following diagram:



Additional information about the Group's business model is available in the "Salini Impregilo Group: our vision and performance" section of the directors' report.

Company organisation

Salini Impregilo's corporate governance model is a traditional management-type model and complies with international best practices. It is an essential tool in ensuring the efficient management of the Group and effective controls over its activities, in line with the Group's goals of creating value for shareholders and protecting stakeholder interests.

The Company's governance system is based on integrity and transparency. It complies with the relevant legal requirements, Consob (the Italian commission for listed companies and the stock exchange) regulations and the recommendations of the Code of Conduct for listed companies (July 2018 edition).

At the end of 2019, the Company's Board of Directors had 15 members, including five women (33.3%) and nine who met the independence requirements (60%). The Board of Directors has four committees: the Strategic Committee, the Control, Risk and Sustainability Committee, the Compensation and Nominating Committee and the Committee for Related-Party Transactions. The Control, Risk and Sustainability Committee, comprised of six independent directors, examines this Consolidated Non-financial Statement in connection with the Company's activities and engagement with its stakeholders.

The Company has an organisational and management model based on a system of principles (Code of Ethics and Policies) and management and control tools (risk management, procedures and controls) designed to supervise significant non-financial topics in line with the regulations applicable in the countries where it operates, standard principles and international guidelines.

Salini Impregilo is a signatory of the UN's **Global Compact**, the largest global sustainability initiative that requires companies to align their operations and strategies with ten universally-recognised principles on human rights, labour practices, the environment and anti-corruption.

Code of Ethics

The Company has a Code of Ethics, which sets out its principles and rules of conduct that people who work for or with Salini Impregilo are required to adhere to during their everyday work.

The Code applies to the directors, statutory auditors, managers and employees of Salini Impregilo as well as all those parties that directly or indirectly, temporarily or on an ongoing basis work with the Company, to the extent of their duties and responsibilities.

They are required to comply with the laws and regulations applicable in the various geographical areas in which the Company operates and to base their conduct on that set out in the Code.

The Code of Ethics has three sections:

Ethical principles: the reference principles to which Salini Impregilo employees are required to adhere: integrity, honesty, reliability and sustainability.

Rules of conduct: the practical implementation of the ethical principles incumbent on all parties required to comply with the Code; the rules of conduct set out in the Code cover non-financial aspects dealt with in this Statement.

Application and compliance: the internal procedures used to monitor application of the Code and the communication systems available to the parties required to comply with the Code.

Company policies

Salini Impregilo has issued a number of company policies, which alongside the Code of Ethics, represent the main points of reference for people working for the Company. They are summarised below:

Sustainability: the principles that the Company is committed to complying with during its operations in order to contribute to economic progress, social well-being and the environmental protection of the countries where it operates.

Health and safety: the principles that the Company is committed to complying with to protect the health and safety of its employees, suppliers and subcontractors during the entire life cycle of its contracts (design, construction and development) and in the workplace; its objective is “zero injuries”.

Environment: the principles that the Company is committed to complying with in order to mitigate possible adverse effects on the environment, protect the ecosystem and increase the beneficial effects, contributing through its projects to resolving the main global environmental issues.

Quality: the principles that the Company is committed to complying with to ensure its client’s full satisfaction, the active involvement of all stakeholders and ongoing improvement of the Quality System, based on its fundamental goal of “build to perfection”.

Human rights: the principles that the Company is committed to complying with to ensure the protection of human dignity, just and favourable conditions of work and the protection of the human rights of stakeholders affected by its activities.

Equal opportunities, diversity and inclusion: the principles that the Company is committed to complying with to encourage inclusive work environments that value the individual, developing human capital.

Anti-corruption: the anti-corruption principles to be adhered to by employees, based on the fundamental tenet of “zero tolerance”.

The Company strengthened its commitment to the environment, health and safety and human rights and workers with the **International Framework Agreement** signed in 2014 with the Italian (Feneal-UIL, Filca-CISL and Fillee-CGIL) and international (BWI - Building and Wood Workers’ International) trade unions of the construction sector.

The above principles are reiterated in the **Suppliers Code of Conduct**, introduced early in 2020, through which the Company extends its responsible operating practices to its supply chain. This Code is binding for all Salini Impregilo’s suppliers and, together with the Code of Ethics, is an integral part of their contractual relationship with the Company.

Management and control system

The Company has an internal control and risk management system incorporating rules, procedures and organisational structures to ensure healthy, ethical business practices that are consistent with its objectives through appropriate procedures to identify, measure, manage and monitor the main risks.

This system is based on standards which require that:

- business activities be based on applicable internal and external rules, can be mapped and documented;
- the allocation and exercise of powers as part of a decision-making process be commensurate with the positions of responsibility and the size and/or significance of the underlying transaction;
- those parties that take or implement decisions, that record transactions and those that are required to perform the controls over such transactions provided for by law and procedures envisaged by the internal controls be different parties;
- confidentiality and compliance with the personal data protection legislation be ensured.

Salini Impregilo has also voluntarily adopted an **Integrated QEHS** (Quality, Environment, Health and Safety) **Management System** in compliance with the international standards ISO 9001, ISO 14001 and ISO 45001, as well as an **Anti-Corruption Compliance System** pursuant to ISO 37001. Its system is certified by an independent expert.

The quality, environment, health and safety management system certifications cover:

- the definitive and executive designs, works management and performance to build large works, civil and industrial works and related technological systems;
- the design and management of integrated operation and maintenance services for infrastructure, civil and industrial buildings, related technological systems and electromedical devices.

The quality management system also applies to the coordination of the general contractor activities carried out in accordance with Title III of Legislative decree no. 50/2016 and Legislative decree no. 56/2017 as subsequently amended and integrated.

The scope of these systems includes all the work sites where the Company operates and all types of company in which it is involved.

The anti-corruption management system covers the design, construction, restructuring and maintenance, on its own behalf or for third parties, of civil engineering, industrial, infrastructure and plant engineering works. It applies to the Group's core and strategic processes managed by the Italian offices and the Company's operations, including those of the foreign branches and directly-managed work sites. Centralisation of the main processes exposed to corruption risks (including business development and procurement) has meant that the related controls are carried out as part of the certification.

The Company has an ISO 31000 compliant **risk management system**, certified by an independent expert. It covers construction on its own behalf or for third parties of roads, ports, buildings, hydraulic, hydropower, railway and other civil engineering works in Italy and abroad.

Salini Impregilo refers to the OECD Guidelines for multinational enterprises and ISO 26000 "Guidance on Social Responsibility" for its CSR issues. It has also adopted the UN's Guiding principles on business and human rights for the management of human rights.

Subsequent sections of this Statement provide more information on these frameworks.

Organisation, Management and Control Model

Salini Impregilo has introduced an Organisation, Management and Control model (the "231 model") to:

- prevent the commission of the predicate crimes as per Legislative decree no. 231/2001;
- define and implement an internal culture based on respect and transparency;
- increase awareness among employees and stakeholders.

The Model sets out specific controls implemented in internal procedures in order to monitor transactions exposed to the potential risk of crimes that would trigger the administrative liability of companies.

It includes measures to identify and reduce potential risks of non-compliance with the provisions of Legislative decree no. 231/01. With respect to the risk of bribery crimes, the Model's controls are aligned to the Anti-corruption Compliance System.

The Integrity Board, which is an independent control body, monitors the effective implementation of and compliance with the Model. The Company has informed its employees of an email and postal address for any communications to be made directly to the Integrity Board, guaranteeing their anonymity and protection from any form of reprisal. Notification of alleged violations of the Model can also be made using the whistleblowing system (see the Anti-corruption section) which forwards them to the Integrity Board.

This complies with Law no. 179/2017 and Confindustria's Explanatory Note dated January 2018.

Non-financial reporting system

Salini Impregilo has a non-financial reporting system that complies with the requirements of Legislative decree no. 254/2016 and the GRI Sustainability Reporting Standards. The Corporate Social Responsibility Department supervises this reporting system. This Statement is approved by the Company's Board of Directors after it has been examined by the Control, Risk and Sustainability Committee.

Main organisational changes

Salini Impregilo revised parts of its organisation during the year to ensure more effective controls over its internal processes.

Specifically, the main organisational projects, which also led to the recruitment of new resources from the market, involved:

- setting up a *Commercial Department* in the Commercial/Business Development area to scale up business development, strategic marketing, commercial planning and bidding assistance processes;
- the *Global Supply Chain Department*, which combines the *Procurement Department* and the *Plant & Equipment Department* optimising know-how and operating synergies along the supply chain to facilitate projects more effectively and efficiently;
- the *HR, Organisation and Systems Department* to focus on organisational development and bolstering its activities to enhance the Group;
- the *Global Operations Department*, due to the additional streamlining of the geographical segments in line with the new direction of the Group's business.

The changes in the organisational model were flanked by a review of internal processes and innovation for the purposes of ongoing improvement and operating effectiveness and efficiency.

Specifically, the "Performance Dialogue" project is up and running to ensure transparent and consistent key objectives/priorities and make the assistance provided by all the functions for achievement of contract objectives more efficient. This includes scheduling regular project performance review meetings at various internal levels, using standardised tools and reports to ensure consistent reporting of the progress of all the Group's projects and identify any appropriate improvement and/or recovery actions. This project covered the Group's entire contract portfolio over the course of 2019.

The Company continued its ongoing digitalisation project as described in the relevant paragraph of the Innovation, research and development section.

The Company has continued to fine-tune its Knowledge Management Programme as part of its drive to improve process efficiency and create value by harnessing and re-deploying experience gained in the field. The programme is designed to optimise the knowledge-sharing tools and methods and access to specialist expertise.

It also continued to encourage its subsidiaries to apply organisational and process best practices as part of its drive to steadily disseminate and standardise the organisational models and operating methods at group level. This approach allows for the optimisation of internal processes by promoting the parent's competence centres' role in communicating guidelines, recommendations and specialist assistance.

Specifically, Lane has aligned its processes and organisation with the Company's standards with regards to the:

- Technical Department (Engineering and Bidding Office);
- Procurement;
- HR & Organisation.

Finally, the Company tweaked and supplemented its procedures as part of its project for ongoing improvement of its organisation and to reflect changes in the legislative framework. It wrote and distributed a Compliance Handbook to all the Group's operating units after which it monitored the effective application of procedures

throughout the Group with a multi-functional project for the start up of contracts. This is designed to ensure that the contract's organisation, systems, processes and procedures are in line with the Group's standards right from their inception. The Handbook provides useful references to organisational charts, systems and shared procedures.



Innovation, research and development

Salini Impregilo considers innovation essential for its long-term sustainable growth in an era of technological and environmental challenges. Innovation is key to be competitive in terms of core process efficiency, contract timing and costs and a company's social and environmental performance thanks to less work-related incidents, a smaller impact on the environment and the communities affected by its operations.

The Company's sector is known for the highly customised processing, techniques and technologies deployed depending on the nature of the works to be performed. Each project is unique and requires the development of bespoke solutions designed thanks to highly specialist know-how. The Group's work sites are hives of innovation and advanced research.

R&D activities are carried out at project and company level.

At project level, in addition to researching materials and energy efficiency, the most challenging activities are those for projects with technical characteristics that cannot be dealt with using conventional techniques and technologies.

At company level, the technical departments work unceasingly to develop state-of-the-art methods for projects and support processes. The Company's technicians work alongside the best experts and professionals in the market, universities and research centres to develop tailored solutions able to meet clients' requirements while protecting the local environment and communities right from the initial tender stage.

During the 2017-2019 three-year period, the Company invested on average over €19 million in innovation, research and development projects for a grand total of approximately €58 million. These projects have involved on average more than 100 group specialised resources¹³.

Innovation	Unit	2017	2018	2019
Employees involved in R&D projects	no.	119	99	97
Investments in R&D	€m	30.4	12.1	15.5

R&D projects mainly related to construction techniques, digitalisation, virtual reality, materials and energy efficiency.

¹³Long-term projects (and the related personnel) are considered for each year.

Construction techniques

Salini Impregilo best expresses its innovative potential in this area. One of its most significant projects undertaken in the 2017-2019 period is the study of the boring of a tunnel using pressure boring technology carried out to develop a bid for a section of the Naples - Bari high capacity railway line in Italy. The project required improved technical solutions to resolve interference with the water table inside the tunnel, especially as regards the temporary works to allow boring inside the tunnel without water. The Company opted for an innovative but efficient and safe solution, able to guarantee dry boring in simple, repetitive and expeditious executive stages, eliminating the risk of any disturbance to the existing structures and the water table.

Another interesting research project, developed as part of the environmental restoration project of the Matanza-Riachuelo catchment basin in Argentina was the development of a new method to install vertical pipes underwater, called the riser concept. This solution, for which Salini Impregilo has filed a patent application, involves installing vertical pipes from the bottom up, working inside a tunnel built on the bed of a water body when there are soft ground formations. Before this innovative equipment, only vertical bottom-up excavation methods in rocky material existed, which were not possible in underwater conditions. Significant offshore work and seaworks were necessary for these projects, working from the top down, which significantly lengthened the contract times and complexity due to the numerous external factors, especially weather and navigation conditions. The new riser concept technique almost completely eliminates the seaworks as it allows the pipes to be laid directly inside an undersea tunnel with substantial improvements in terms of simplifying construction and the reduction in the number of offshore processing activities and works, optimised costs during the construction and operating stages, strong construction planning and timelines, elimination of interference with shipping, reduction of the overall environmental impact and fewer construction risks.

Another noteworthy project is the study of experimental and numerical models to assist the design and testing of special works like the iconic Western Station of the Riyadh Metro the Group is building in Saudi Arabia. This study dealt with wind dynamics and the vulnerability of special iconic structures to the wind (large irregular shaped roofs and canopies) using numerical models developed internally by the design challenge team and as partnerships with external research centres. Together with the Milan Polytechnic, the team carried out trials in the wind tunnel as well as dynamics analyses on software developed specifically by the University, without parallel on the market. The study enabled the Company to acquire new skills in the field of non-conventional structures' reaction to wind (which are not fully covered by the current international regulations) and to hone its knowledge and awareness of the importance of adopting a non-conventional approach to the dynamic factors of special structures, especially given the increased frequency of extreme weather events.

The Group has also decided to reengineer its production processes, covering both its normal work site activities and the main support activities. This lean construction process is the construction sector's take on the lean

production principles and involves focusing on operating planning and an analysis of the KPIs when preparing bids.

Digitalisation

These projects apply to many areas. They entail the development of innovative tools that use artificial intelligence (AI) and the Internet of Things (IoT) to analyse and share data. The tools facilitate the processing of big data with summarised and detailed outputs available in real time. Digital innovation is essential to Salini Impregilo's competitive edge in a world undergoing continual technological transformation. In 2019, it implemented new applications to assist its day-to-day business, including:

- an integrated commercial and bidding data and information flows management system to provide better assistance with strategic decisions and the traceability and security of information;
- processes and systems for electronic signatures in documents;
- digital procurement solutions to make the management of purchase requests and formalisation of supplier contracts more efficient;
- a HR process digitalisation project to introduce technological best practices for the day-to-day activities of the HR and organisation department.

Virtual reality

Management deemed it strategic to develop BIM (Building Information Modeling) tools to guarantee top service quality levels and promote the sector's high level of competition and technological innovation to the market. In order to gain a greater share of international markets and to expand its global footprint, the Company has rolled out its first ever internal project to develop more innovative BIM tools than those available on the market.

Rolled out in 2017, this R&D project's objective was to develop and implement innovative algorithm models whose application to some future contracts and all calls for tenders, would allow Salini Impregilo to improve its service levels, delivery timeliness and security while also cutting industrial costs. The underlying objective was to obtain external intelligence to serve virtual graphic software that uses an algorithm to identify the correlation between the type of material to be used and the type of work to be designed and built. The model would also establish the quantities and costs as well as construction and installation methods. The innovative BIM system, initially considered to be an operating model and not a tool, was designed as an information model to plan, design, build and maintain large works, i.e., a model containing all the information about the work's entire lifecycle, from design to construction and until demolition and decommissioning. Its innovative feature was that of being a parametric model housing all the information about the work's entire lifecycle. This solution can be used to create a three dimensional model as well as a dynamic, interdisciplinary, shared and constantly evolving information model, which includes data about geometry, materials, the weight-bearing structure, thermal

characteristics and energy output, plants, costs, safety, maintenance, lifecycle, demolition and decommissioning.

During 2019, the Company extended the use of this virtual model to the security area, reproducing the work environments to identify and categorise the risk factors. The simulation of critical areas and processing and the identification of restricted access zones allows Salini Impregilo to analyse risks before they arise and thus prevent them.

Materials

The more important studies carried out in recent years are those for the mixes for the concrete used to build the dams in Ethiopia and Namibia.

Specifically, the R&D activities identified optimised mixes, with a low cement content, for the GERD project in Ethiopia. This enabled a saving of more than 200 thousand tonnes of cement and, in turn, a saving in transportation. As a result, the study will allow a reduction in the project's carbon footprint of over 290 thousand tonnes of CO₂.

An on-site production process was developed at the same work site for concrete admixtures which avoided their purchase and related transportation from abroad (i.e., Europe). This will lead to lower transport emissions of roughly 27 thousand tonnes of CO₂.

In Namibia, the Group developed a special concrete mix using fly ash instead of cement, which meant more than 21 thousand tonnes less cement was used, reducing the project's carbon footprint by over 14,500 tonnes of CO₂.

Energy efficiency

One of the most important projects carried out in the three-year period was that launched in 2017 to develop "Construction 4.0" electrical systems. The study involved an innovative system to monitor a work site's electrical parameters and obtain a detailed analysis of the power quality to improve the work site's electrical and energy performances.

The project entailed a feasibility study and the design and engineering of new systems and technologies for energy efficiency.

In 2018, the work site for the Isarco River Underpass section (Italy), which is the south lot of the Brenner Base Tunnel contract, was the first pilot site to test this technology. The new equipment installed at the logistics base showed an improvement of roughly 8% in electrical efficiency with the related proportionate reduction in consumption and, therefore, greenhouse gases (GHG). The analysis of the results for the first three months showed that the work site saved roughly €12 thousand with around 30 tonnes of CO₂ emissions avoided in 2019.

Analyses of the electrical and energy performances at the COCIV site in Italy, which is the second to have this system, were also started in 2019.

In Tajikistan, the Company has developed an innovative technique for the automated transportation of construction materials using high capacity conveyer belts, again for energy efficiency purposes. These belts can transport up to 5,500 tonnes of material an hour, improving the production output and avoiding their usual transportation by truck. This has generated large financial and environmental benefits. In 2019 alone, the estimated benefits in terms of decreased transport-caused emissions are more than 11,300 tonnes of CO₂.

In addition to continuing its ongoing projects, the Company constantly scouts for new potential innovation, research and development projects to invest in. At year end, it had identified projects to be carried out in the three-year 2020-2022 period for an investment in excess of €15 million. Their key objective is to design and roll out an innovative platform, which integrates new technologies to be used in advanced production processes in the construction sector. The end purpose is to encourage a new approach to the Company's operations strongly orientated towards digital technologies to improve efficiency and sustainability.

Human resources



≈50 thousand people

direct and indirect workforce

45%

employees under 35

37% women

at the head office

-25%

reduction in injury rates

Internal policies

People, their skills and their dedication are fundamental to any organisation's competitive edge. Human capital is an increasingly critical success factor given the nature of Salini Impregilo's business, consisting of the building of unique large, complex infrastructure projects, its need to understand and have a flexible organisation that can adapt to different cultures and the complex transformation it is currently undergoing.

The adoption of a HR strategy and policy is essential and they must underpin the Group's strategic objectives through the efficient management of human resources and the organisation.

Objectives:

- guarantee that employees act in accordance with common rules and practices in compliance with the Code of Ethics and the Company's values;
- foster an inclusive work environment that enhances individual skills and encourages employees to develop their potential;
- cultivate diversity and inclusion as levers to understand the various cultural contexts in which Salini Impregilo operates, to encourage innovation and the ongoing improvement of decision-making processes key to achievement of the business objectives;
- attract, retain and motivate employees by guaranteeing their best placement within the Group to enhance their talents and growth;
- maintain the highest levels of protection for health and safety in the workplace for its employees, ensuring the necessary prevention and protection measures are in place to avoid or minimise occupational risks and instil a safety-based culture at all levels and proactive and ethical conduct;
- encourage the adoption of a single organisational model throughout the Group, based on structures and processes to create value and to concurrently comply with the legislation of all the countries where Salini Impregilo operates;

- introduce digitalisation as an essential tool to bolster the efficiency and standardisation of processes and maximise knowledge and the sharing information between people across the Group.

Main risks and management methods

The Company's HR management policy complies with the principles set out in its Code of Ethics and the laws and regulations of the countries where it operates.

The risks and methods used to manage the key employee-related aspects and risks are described below.

Workforce

At 31 December 2019, the Group's workforce was as follows:

Direct workforce by category (GRI 102-8)	Unit	2017	2018	2019
Managers	no.	351	357	359
White collars	no.	7,194	6,738	6,192
Blue collars	no.	23,592	19,469	17,975
Total	No.	31,137	26,564	24,526
Direct workforce by geographical segment (GRI 102-8)	Unit	2017	2018	2019
Italy	no.	1,936	1,771	1,699
Africa	no.	11,273	8,923	8,724
Europe	no.	1,487	1,301	755
Americas	no.	6,977	4,288	4,248
Asia and Oceania	no.	9,464	10,281	9,100
Abroad	no.	29,201	24,793	22,827
Total	No.	31,137	26,564	24,526

At year end, technical and production employees made up 79% of the workforce with office employees accounting for the other 21%. The split between open-ended and fixed-term employment contracts is 93.6% and 6.4%, respectively.

If the indirect resources (employees of subcontractors, temporary work agencies and other service providers involved in the Group's projects) are included, the total workforce deployed by the Group in 2019 numbered 49,375.

Total workforce by geographical area (GRI 102-8)	Unit	2017	2018	2019
Italy	no.	4,859	5,242	6,392
Africa	no.	14,619	11,620	9,992
Europe	no.	4,508	4,515	2,389
Americas*	no.	11,224	7,806	8,733
Asia and Oceania	no.	28,396	35,904	21,869
Abroad	no.	58,747	59,845	42,983
Total	No.	63,606	65,087	49,375

* Figure for indirect resources unavailable for North America

The above figures relate to the Group's employees at 31 December of each year.

New hires and outgoing employee trends are affected by the unique nature of the infrastructure sector, where workers are taken on for specific projects with employment contracts that usually end when the works have been completed.

In 2019, the Group hired 6,247 resources, including 2,448 under 30 years old. Outgoing employees numbered 12,501 and this figure includes the transfers of resources among group sites. The greatest number of departures was seen in the Middle East as a result of the advanced stage of completion on the main ongoing projects. Voluntary departures made up 10% of the total.

Attraction, selection and development

Employee attraction, selection and development activities are carried out in accordance with the principles contained in the Code of Ethics and company policies.

Employer Branding

The Group continued its multi-year Employee Branding activities during the year, focusing on the attraction and selection of young people and the provision of professional counselling and tutoring about construction sector career opportunities. This involves strategic agreements with universities, engagement initiatives such as career days, recruiting days, themed workshops in university faculties, presentations and visits to construction sites, with a focus on communications via digital and social media, university websites and the main on-line job boards, as these allow direct and ongoing contact with potential candidates.

Among the strategic agreements with universities, the Company stepped up its collaboration with the Australian universities. It continued to partner the University of Technology (UTS) in Sydney to fund a scholarship for deserving engineering students (the “Salini Impregilo Tomorrow’s Builders scholarship”) and started a university programme to promote the academic and professional training of female engineers. This wide-ranging collaboration, covered by an agreement signed in 2018, was extended to other projects in 2019 including the design of a joint short-course in Tunnelling, to be held in Spring 2020, and the identification of joint research projects.

The Group also commenced talks with the main universities of Melbourne to assess future developments and collaborations. To this end, it participated in the “STEM Internship” career fair organised by RMIT University.

In the US, Lane’s employer branding plan extended to the main colleges and universities of the states where the Group operates, such as University of Florida and University of Washington State, mainly in the form of participation at career fairs and recruitment days.

In Europe, the Group participated in the Career Forum of the École Spéciale des Travaux Publics (ESTP) in Paris which attracts thousands of engineering students for the second consecutive year. The school, which is also called “École Des Grand Projets” is one of the leading French institutes for training in the construction sector.

At home, Salini Impregilo increased its collaboration with Genoa University, rolling out a number of activities during the year for the training, orientation and recruitment of university students. This included the learning

centres formula, with workshops on the technical and management aspects of the Group's projects and visits to work sites. The Liguria Regional Authorities acknowledged the Group's involvement in the "Register of Endorsers" and its contribution to the regional professional orientation project for students at all levels (#progettiamociilfuturo).

Salini Impregilo made the "Best Employer of Choice 2019" ranking for the fourth consecutive year, at fourth place in the general classification and taking first place as the most attractive employer for technical and scientific graduates. Again in 2020, Salini Impregilo is one of the "Best employers of choice" of university graduates, ranking 10th in the general classification and holding on to its position as one of the most attractive employers for STEM university graduates. It was also included in the "Best Awareness" programme ranking fourth as the company best known by Italian university graduates. These prestigious recognitions, based on the results of a survey, and the Group's consistent ranking among the top places bolsters its reputation on the labour market and its appeal as an employer of choice, assisted by its regular notification of job vacancies and intense employer branding activities at the main universities. Salini Impregilo is not only a favourite among university graduates. It also obtained the "Universum" ranking as the "Most attractive employer" in the construction sector. During the year, it launched the new "Our team" section of its "Careers" section of the website to give more visibility to the vast range of professionals and operating profiles within the Group. The section presents the internal positions and teams through direct endorsements from group personnel.

Selection and acquisition

The employee selection and acquisition activities are regulated by a defined, standardised procedure at corporate level and for its projects that require the structured scheduling of requirements, followed by a scouting stage (on the market or internally) and recruitment. The Company uses a special system that ensures the traceability and transparency of the talent acquisition process and the ongoing updating of the pipeline of candidates to be recruited.

The Company introduced a new onboarding process in 2019 to smooth the entry of new resources, facilitate their integration with the managers and colleagues, promote a faster transfer of internal know-how and competences and transmit the internal values and culture. It defined specific tools such as the dedicated training courses through E-Learning Academy, the preparation and gifting of a welcome kit with the main organisational and operating documents as well as mentorships to encourage integration and reception of the Company's culture.

Training and development

Training programmes were continued in 2019 and the Company defined specific tools to support and promote career paths, organisational growth and the continuity of its succession plans.

Salini Impregilo defined a new leadership model which identifies managerial skills and conduct necessary to achieve its strategic objectives in line with its values. Roll out of the model will continue in 2020 with tailored

communication and training campaigns and will be the basis for HR management processes (selection, training, management performance). It will also be a reference point for group resources in their daily working lives.

The Company also introduced assessment programmes to support growth and, specifically:

- the Step-up programme for «*Early career profiles*»
This programme was earmarked at a group of young professionals who have been with the Company for three to four years. They participated in readiness and potential assessments (tests, interviews and simulations) and had to return an individual report providing additional information on their managerial profile, strengths and areas for improvement. This provided the Group with important information to be used to define subsequent training courses.
- an assessment programme to support the promotion and development policies for senior corporate and project resources. Specifically, the programme is designed to assist with the assessment of managers who are potential candidates for promotion, integrating the assessment of their technical and specialist skills with managerial skills assessment tools, including the assessment of the new leadership model skills, specific personality tests and one-on-one interviews with the HR department.

Development activities included business coaching for certain managers to assist their development in line with the Company's values and required skills. These sessions were designed and carried out to develop the leadership qualities of certain key figures and/or rising talents. It had a positive influence on business performance and the internal environment, strengthening the managers' motivation and sense of belonging as well as facilitating their move up the corporate ladder.

In 2019, the coaching programme focused on the technical and operations resources. It will be extended to the managerial roles of other professional areas in 2020.

The key management development levers include the Global Managerial Academy, conceived in 2019 and officially opened in February 2020.

It has been designed to encourage the development of leadership and managerial skills of those resources who already hold key positions or are rising through the ranks and is structured differently depending on the resource's seniority.

Training activities entail the participants' involvement in a digital business game to gain experience in a wide range of skills through training in the form of simulations and experiential learning. They cover technical and financial aspects, processes and leadership qualities with a special focus on change leading, complexity management, development of team skills in an inclusive approach and the enhancement of diversity and customer orientation.

The Company's training programme is based on an analysis of training requirements, which identifies any gaps and the most appropriate training to resolve them, and strategic change management objectives and the Company's workforce development.

The Group's Learning Academy, introduced in 2015 to promote a new training model that strengthens the existing expertise and disseminates the know-how throughout the organisation, has various programmes:

induction courses on internal policies and procedures for new employees, and courses on compliance (companies' administrative liability as per Legislative decree no. 231/2001 and anti-corruption), health and safety (including the innovative Safety Builders course), languages, technical expertise, economic and financial issues, team building and managerial development.

The Group also provides training through the E-Learning Academy, which deploys the new digital technologies to provide e-learning courses, facilitating the sharing of technical and specialist knowledge. While classroom courses and activities still take place, there are more on-line courses using virtual classrooms and webinars and a vaster range of e-learning courses.

One of these e-learning courses introduced in 2019 is that on data security and cybersecurity, designed to increase employees' awareness of the risks of circulating information and, specifically, of cyber attacks and cybercrime.

In 2019, new important training courses were planned for launch in 2020. They will be provided through the E-Learning Academy and include, for example, the new e-learning course on anti-corruption and that on human rights, designed to increase employees' understanding of the related internal policies.

In 2019, the third edition of the master's degree course "International Construction Management" at the Milan Polytechnic, a leading university partner, was completed. The one-year course of 30,000 hours, held in English and open to international students, offers a unique post-degree course as it combines mentoring, tutoring, knowledge-based training, soft skills and professional training. Classroom lessons are mostly provided by Salini Impregilo professionals with a six-month apprenticeship in Italy and abroad under the guidance of company tutors to complete the course. Graduation Day took place on 27 September and the 15 students (33% international students, 40% female students - additional proof of the Company's ongoing commitment to promoting the training and professional careers of newly graduated female engineers) presented their dissertations to the scientific commission.

Salini Impregilo also invests in the professional development of its employees around the world in order to ensure their performance meets the Group's technical, qualitative, environmental and health and safety standards and so that it has qualified personnel for its ongoing and future projects.

Accordingly, projects include professional training courses for the local workforce, defined using parameters that identify the training requirements and needs for each position. Employees must attend the specific training course identified for their roles and requirements (both classroom and on-site).

These courses avoid the risk that employees' technical, professional and managerial skills become obsolete as this could affect the productivity, efficiency and safety of their jobs.

Training hours (classroom and on-site) provided in 2019 covered many aspects (health and safety, the environment, quality, technical/specialist, compliance, management, etc.) for a total of 252,357 hours. These courses were supplemented by important safety courses provided directly in the work sites. During 2019, the Group carried out more than 105 thousand Tool Box Talks (short meetings on safety-related aspects, around 88 thousand, and the environment, roughly 17 thousand, held at the start of work shifts) at its work sites, equal to more than 290 a day.

Average per capita training hours (GRI 404-1)	Unit	2017	2018	2019
Managers and white collars	hours	15	16	11
Blue collars	hours	12	11	10
Total	hours	13	12	10

In addition to training given to group personnel, the staff of its subcontractors attended courses on QEHS subjects totalling 230,002 hours in 2019.

The attraction, selection and development activities described above, help the Company mitigate risks such as not being able to fill positions due to a lack of qualified personnel available on the market, or a time lapse between the assignment of the project and the starting of works, or an inability to retain and motivate key professionals, including for the broader business continuity purposes.

Total reward

The Company has operating procedures and practices designed to ensure that its remuneration policies comply with the regulations applicable in the countries where the Group operates and especially the minimum wage requirements, where these exist. At both corporate and operating level, the Company regularly meets with the trade union representatives (when appointed) to discuss remuneration.

A well-thought out remuneration policy is essential to retain key resources, mitigating the risks Salini Impregilo is exposed to, which are mainly the possible more aggressive remuneration and career policies of competitors. To this end, Salini Impregilo's remuneration policy has the following objectives: guarantee fair treatment in terms of the enhancement of know-how and professional skills of individuals and their roles and responsibilities, check that remuneration matches the related positions, ensure fair and consistent remuneration in line with the reference market and award bonuses in line with results and actions.

Salini Impregilo's remuneration policy has the following objectives in line with the above principles: retain and motivate qualified professional resources to pursue the Company's and Group's objectives; encourage these resources to stay with the Company and the Group; align, as far as possible, management's interests with the medium to long-term interests of shareholders and stakeholders; ensure financial balance and the sustainability of its policies over time.

In 2019, the Company continued its performance management programme for its key resources. This programme's aim is to strengthen the result-oriented culture and has two categories of objectives. The first is Group performance in line with that of senior management (30%). The second is individual performance. In recent years, the security objectives have gained importance steadily, especially for those resources in the business departments. Greater weight has been given to this aspect, introducing a specific objective that includes both the development and introduction of the quality, environment and safety management system and a reduction in the injury rate. At the end of the year, the results are assessed in qualitative and quantitative terms to obtain the overall performance achieved.

Salini Impregilo is aware of the importance that employee satisfaction plays in terms of the quality and productivity of their output and that work/life balance also contributes to this satisfaction. The Company is one

of the first in the domestic construction sector to have formalised a welfare agreement, despite the current complexities faced by the sector due to the blocking of large public works which has not helped it.

During 2019, the Company continued to develop its welfare plan (“LIFE@salini-impregilo”), introduced on 19 July 2018, which supplements the traditional monetary incentives and benefits provided to an increasing number of employees. In September 2019, a satisfaction survey was carried out with a 66% response rate, which was very positive. More than 90% of the participants were in favour of the initiative.

The analysis and investigation approach is one of the pillars of design and implementation and will be repeated in each year of the project to obtain a clear view of the beneficiaries to be involved in the plan and also what type of services to offer.

Given the high satisfaction level received by the pilot project, the Company is evaluating new solutions to incorporate the requests made by the employees in the monitoring survey in a sustainable manner.

The plan offers a flexible supplement to the employees’ remuneration packages giving them the option to purchase social utility services using their personalised budget, which can be put towards the cost of education, assistance for elderly family members, public transport passes, private healthcare, voluntary transfers to pension plans and goods and services in kind. In addition and to assist employees achieve a good work-life balance, the in-house services have been extended (they already include a launderette, pharmacy and shuttle service).

The journey to work can be very stressful in large cities and Salini Impregilo is convinced that mobility is one of the main issues that a company dedicated to the welfare of its employees and protection of the environment should manage as best it can.

As part of its focus on the requirements of individuals and environmental issues, the Company launched another survey of the employees at the Milan and Rome offices for information on how they travel to work in order to study possible solutions to make it easier and more sustainable for them.

This survey was the starting block for the construction of a new sustainable mobility plan which will be introduced in 2020.

Equal opportunities, diversity and inclusion

The Group is strongly committed to creating a work environment that acknowledges, promotes and values diversity in all its forms (gender, age, nationality, ethnicity, social or civil status and religion). It believes that this gives it a competitive edge in terms of growth, the creation of synergies and in understanding and capitalising on the challenges of a multi-cultural business environment.

In 2019, the Company published its Policy on Equal Opportunities, Diversity and Inclusion which reiterates the Group’s commitment to these issues through:

- advancement of a safe, gratifying and respectful work environment;
- non-discrimination and equal opportunities in HR management processes;

- combating harassment and discrimination, including by making suitable and formalised whistle-blowing tools available;
- encouraging and active promotion (for example, through communication and training projects) of an inclusive culture and an awareness that diversity is positive;
- the ability to work with all cultures as an integral part of the leadership model;
- a request of its suppliers to commit to diversity and inclusion;
- monitoring and reporting on commitments and results in the areas of diversity and inclusion.

The Company has appointed a Diversity Manager, who is part of the Group's HR and Organisation Department and monitors the implementation of diversity and inclusion policies and practices.

Salin Impregilo's commitment to these two issues is reflected in all areas.

The Group has employees of more than 100 nationalities, 69% of the workforce is local, increasing to roughly 96% in Africa and the Americas. Local managers make up 70% of the total (more information is available in the "Social" section of this Statement).

With respect to diversity, the Group's leadership status is enriched by the ideas and outlook of international managers from non-construction sectors. International resources cover 24% of the Group's key positions.

Another important contributor to diversity is the young age of the Group's resources. The following tables provide a breakdown of its employees by age bracket:

Employees by age bracket (GRI 405-1)	Unit	2017	2018	2019
< 30 years	%	28%	27%	26%
30-50 years	%	57%	59%	59%
> 50 years	%	15%	14%	15%

Considering employees under 35 years old, the percentage of this age bracket increases to 45%.

With respect to gender diversity, the Company proactively promotes equal opportunities for men and women in a sector that has traditionally been a male domain.

Employees by gender (GRI 405-1)	Unit	2017	2018	2019
Men	%	91%	91%	90%
Women	%	9%	9%	10%

At group level, women make up 9% of the management team, 19% of white collars and 7% of the blue collars, while at functional level, they represent 4% of the technical and production staff and 30% of the office employees.

The presence of female employees is higher at the central Milan and Rome offices, where they make up 37% of the total workforce (+1% on 2018).

The average remuneration received by women compared to that received by men in 2018 was 69% for the managers and 85% for the white collar employees. This percentage is affected by the fact that the male employees have greater seniority than the female employees.

The diversity and inclusion initiatives will continue in 2020 with specific projects that are already being prepared. They include training on intercultural dialogue, mentoring and reverse mentoring, specific training courses on female leadership and projects to increase awareness about gender diversity at leadership level for both men and women.

Health and safety in the workplace

Focus on health and safety in the workplace is one of Salini Impregilo's fundamental values. It has an ISO 45001 certified occupational health and safety management system, which defines the main processes, roles and specific responsibilities to achieve its objectives and implement its safety policies.

The new certifications have been updated as follows:

- scope: to include definitive and executive designs, works management and works performance to build large infrastructures, complex civil and industrial works and related technological systems, and the design and management of integrated operation and maintenance services for infrastructure, civil and industrial buildings, related technological systems and electromedical devices.
- application: all the work sites where the Company operates and all types of company in which it is involved.

The Corporate Safety, Environment and Systems Unit is organised to better meet management's objectives:

- ensuring coordination of the HSE management system activities to be of use to HSE teams at work sites;
- encouraging a change in the HSE culture through a competence centre to develop policies;
- setting up a technical safety unit to further integrate health and safety aspects within engineering processes;
- set up a corporate health unit to monitor contracts;
- ensuring continued health and safety operating support to the contract work sites.

The main risk the Group is exposed to in this respect is partial non-compliance with the relevant regulations with the resulting potential impact on its workers, in terms of professional illnesses and injuries, and on itself in terms of potential sanctions. Changes in regulations and external factors tied to the operating context (e.g., climate, social, cultural factors) are the main sources of risk for the Company.

Specifically, workers are exposed to various types of risks that could affect their health and safety based on the geographical location of each operating unit and their specific activities. Each office and work site that applies the Group's health and safety management system has the following measures to manage these risks:

- identification and assessment of the exposure to the risk;
- identification of the persons at risk;
- assessment of each job's risk;
- identification of control measures to reduce the risk;
- monitoring work areas to check that control measures are in place and effective;
- making employees aware of these risks through information, training and communications.

These measures are regulated by internal guidelines and procedures, which include, inter alia, the documentation each operating unit is required to have, comprising the risk assessment document, operating safety plans, emergency and evacuation plans, fire prevention and control plans and first aid plans.

The Employer and downstream (in line with the proxy system) the managers, officers and workers shall ensure that health and safety management measures are in place. Specialist teams ensure their management in each operating unit. Specific attention is given to training employees about specific duties and the operating controls over work processes, performed either directly by the Group's employees or subcontractors' staff.

Training programmes are defined at operating unit level by the health and safety manager and approved by the Employer, based on a risk assessment and the applicable legislative requirements. The training courses provided to each worker cover at least the following issues:

- the health and safety organisation (Employer, health and safety manager, health and safety officers and supervisors, company doctor and the workers' safety representative), the legislative framework and an overview of the management system;
- health and safety risks arising from the Group's activities in general and the specific risks faced by the workers;
- first aid and emergency management procedures (in particular, the fire fighting and evacuation plans).

The health and safety managers receive special information and training courses. The key topics are the legal-regulatory framework, safety management and organisation, risk identification and measurement, communication, training and discussions with workers.

The health and safety officers and supervisors undergo additional training to that provided to the workers on the definition and identification of risk factors, incidents and near misses, techniques to communicate with and raise the awareness of employees, checking that workers comply with the legal and internal rules and the use of collective and personal protection equipment.

Workers, health and safety officers and supervisors and managers attend regular refresher courses. The courses for health and safety specialists meet the minimum requirements of the relevant legislation.

Training and information activities are documented in terms of participation numbers and the content presented and materials used.

The work site workers (employees of the Group and its subcontractors) receive special training on the related risks, specific activities and the possible risks of interference (Induction, Tool Box Talk, Job Safety Analysis/Pre-Job Meetings, etc).

In order to ensure the collaboration of all the Group's employees, they have the right to appoint safety representatives in accordance with the applicable legislation.

These representatives are given the relevant training and information about HSE issues to encourage risk mitigation measures. They are also consulted about the implementation of key mitigation measures, including as a minimum:

- the introduction of a new process or equipment or its adaption;
- the appointment of the risk assessment manager;
- injuries.

The Health and Safety Policy provides for, inter alia, the "right to intervene" for all employees when there is a doubt that health or safety could be compromised.

Employees may also use the whistleblowing system described in the section on "Anti-corruption" to make notifications about health and safety issues or they may use the other available channels at group level (e.g., reporting to their superior) or work site level (e.g., the workers' representatives, post boxes, grievance mechanisms).

The Corporate Safety, Environment and Systems Unit regularly performs specific audits of the safety measures in place at the Group's work sites and assesses application of the internal health and safety in the workplace regulations. As described in the section on Total reward, the company has a system to assess performance in terms of health and safety for its managers which rewards dedication and the results obtained by the relevant units and units over which they have influence.

In 2019, the Group continued its Safety Builders Program as part of its more wide-reaching communication strategy, Valyou - Our Health and Safety Way project, launched to encourage a strong corporate safety culture, based on strengthening leadership abilities at all management levels.

Specifically, more than 29 workshops and 11 safety intervention (s.a.f.e.r.) training courses were held with the participation of 711 managers, supervisors and workers for a total of roughly 3670 hours of training.

As an integral part of the Valyou - Our Health and Safety Way, Salini Impregilo adopted and rolled out its “Your Lifesaving Rules” in April 2019, a set of operating and management rules, devised to:

- integrate the culture change process commenced with the Safety Builders Program;
- foster workers’ active involvement;
- strengthen the sense of belonging to the Group;
- systematise conduct;
- promote the purposive adoption of the Group’s Health & Safety Vision.

These rules were prepared using analyses that included injury statistics, rules already applied at the work sites, analyses of accidents and injuries, sector and other benchmarks and risk magnitude. The Company made two videos to be used during the training courses to launch this project.

The Company’s main workplaces celebrated the World Day for Safety and Health at Work in April 2019 when it introduced the above Your Lifesaving Rules. This involved more than 200 employees in the Rome and Milan offices in Italy and over 20 group Italian and foreign work sites, which presented projects about the rules and other programmes designed to meet the specific requirements of individual work sites.

The entire Valyou - Our Health and Safety Way won the prestigious Silver Award at the RoSPA Awards 2019, qualifying as one of the international programmes with the best practices in its sector in 2018.

The award was conferred during the official ceremony held in London at the ExCel Exhibition Centre organised by RoSPA - Royal Society for the Prevention of Accidents on 18 June 2019. This UK institution is one of the most important in its sector and its patron is Queen Elisabeth II. It rewards organisations from around the world each year that stand out for their commitment to accident prevention and the protection of occupational health.

Another Salini Impregilo project won the RoSPA Gold Award for the construction of the Cityringen metro line in Copenhagen, Denmark for the following reason: “The RoSPA Gold Award winners have achieved a very high level of performance, demonstrating well developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss.”

At the end of 2018, the Cityringen project, completed during the year by a joint venture led by Salini Impregilo, had achieved one million hours worked without a single accident, which is a very significant result considering the size and complexity of the project. Thousands of people from various countries, including Denmark, Italy, Poland, Ireland and Romania, worked at 22 work sites in central Copenhagen.

There has been a large decrease in the number of work-related injuries thanks to the awareness projects about occupational health and safety (ValYou, Safety Builders Program, Your Life Saving Rules, tailored training courses as well as mandatory courses) implemented at the work sites and management’s significant involvement in promoting culture change programmes.

The injury rates are set out below, expressed as the number of events for every million hours worked:

Injury rates – Direct workforce (GRI 403-9)	Unit	2017	2018	2019
Hours worked	hours	102,653,961	98,894,201	77,409,119
Lost Time Injury Frequency Rate	LTIFR	6.20	3.49	2.18
Total Recordable Frequency rate	TRFR	15.60	8.37	6.45

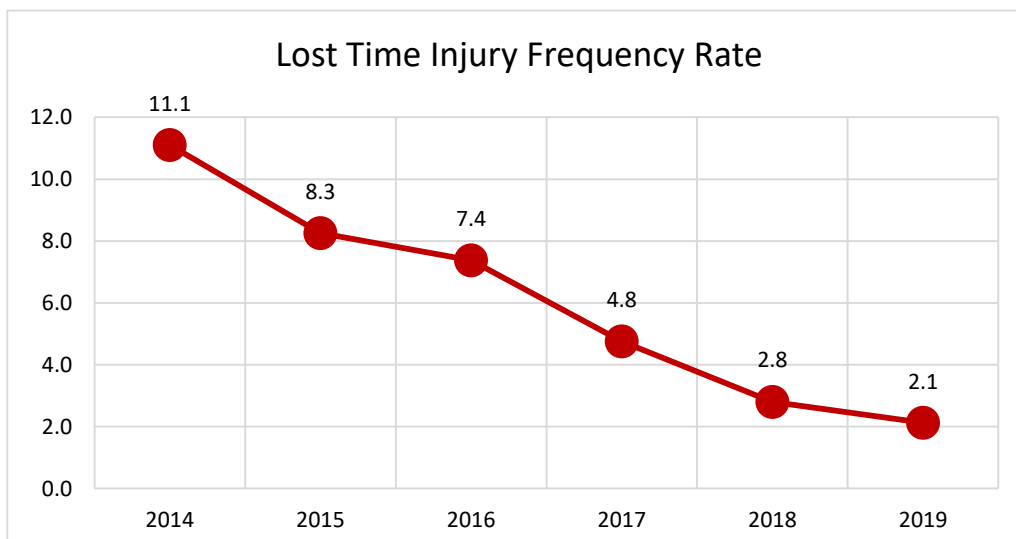
Injury rates - Subcontractors' workforce (GRI 403-9)	Unit	2017	2018	2019
Hours worked	hours	74,461,728	89,579,720	78,270,780
Lost Time Injury Frequency Rate	LTIFR	2.77	2.03	2.06
Total Recordable Frequency rate	TRFR	8.62	6.18	5.01

Total injury rates (GRI 403-9)	Unit	2017	2018	2019
Hours worked	hours	177,115,689	188,473,922	155,679,899
Lost Time Injury Frequency Rate	LTIFR	4.75	2.80	2.12
Total Recordable Frequency rate	TRFR	12.66	7.33	5.72

Reference should be made to the Methodology for reporting non-financial information for details

The Company's ongoing commitment to cultural issues (Safety Builders Program) and technical and system aspects resulted in the ongoing improvement of its safety performance, which was confirmed by the roughly 25% decrease in the injury rate.

The following graph presents the LTIFR (the ratio of the total number of injuries leading to absence from work in the period to the total number of hours worked, multiplied by 1,000,000) and its ongoing improvement in the last six years.



A local investigation takes place for each injury. When the sick leave is for a period of more than 40 days, the Corporate Safety, Environment and Systems Department and senior management from the relevant operating department are involved in the investigation.

The objective is to identify the cause of the injury (root cause analysis) to prevent similar events occurring.

The Integrity Board is informed of the results of investigations into important injuries pursuant to the provisions of the Organisational Model (Legislative decree no. 231/2001 as subsequently amended).

The Company will continue to make occupational health and safety improvements over the coming years to achieve a further reduction in its injury rates (LTIFR and TRFR), an increase in the security training provided for direct employees and as part of the Safety Builders programme and to step up its operating monitoring activities, with on-site security assessments and audits.

Salini Impregilo guarantees protection of its workers' health in the workplace with a special Internal Healthcare Unit, which schedules prevention procedures, health checks and healthcare monitoring programmes. It also performs regular checks of the work sites and makes sure they are provided with the relevant information to ensure that safety conditions are in line with the applicable legislative requirements.

When adequate local healthcare units are not available, the Company sets up work site medical clinics which offer 24-hour healthcare and ambulance services to direct and indirect employees as well as their family members residing in the work site accommodation. The Group ensures that the local populations are also provided with healthcare assistance for acute or serious problems in remote areas not served by public healthcare units (reference should be made to the section on social aspects for more information).

Employees of the Italian head offices and their families also have private health insurance which covers healthcare services for non-work related issues. The Group runs numerous initiatives at its offices and work sites promoting the importance of good health, flu vaccine programmes, campaigns about the prevention of sexually transmitted diseases (e.g. HIV) and campaigns to promote healthy life styles, including the organisation of sporting events for workers.

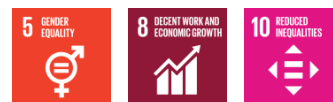
As it is aware of the added value achieved through mutually beneficial relationships between all the relevant parties, Salini Impregilo works with its commercial and financial partners and its vetted suppliers to guarantee high health and safety standards and to protect the environment. In line with the role it takes on during contracts, the Company promotes and/or ensures a Safety in Design approach so that the decisions taken right from the design stage are designed to eliminate/mitigate health and safety risks throughout the contract's life cycle.

In September 2019, the COCIV consortium, led by Salini Impregilo, signed an agreement with the trade unions Feneal-Uil, Filca-Cisl and Fillea-Cgil establishing that the Third Valico Railway Crossing work sites would have specific worker safety representatives to flank the representatives required by law. These new representatives liaise with all the representatives in the various work sites to provide a larger picture of the situation and prevent critical issues from materialising.

Salini Impregilo has defined a series of measures to safeguard the health and safety of its employees due to the Coronavirus (COVID-19) emergency. These measures are designed to ensure, as far as possible, business continuity in the offices and at the work sites and are coordinated by a special multi-departmental task force based at the parent's headquarters. They are revised as necessary to comply with any new instructions issued by the competent authorities.

The Italian group companies have introduced remote work for their office staff and have reviewed their travel policies to limit travel. In line with the specific risks at the Italian and foreign work sites, preventative measures have been introduced to reduce the risk of spreading the virus in the work place, the residences and canteens. This has involved the reorganisation of work spaces and shifts to ensure the safety distance can be maintained, the supply of additional personal safety devices (e.g., masks, gloves, etc.), intensified sanitising and disinfection activities, special information and training courses, more healthcare services at the work sites and the preparation of special areas for the isolation of workers with flu-like symptoms who have returned from areas at risk or who have been in contact with people who may have the virus. The Group has also prepared dedicated methods to liaise with the local authorities to treat any suspected cases.

Human rights



Human Rights Policy

issued in 2019

Agreement with the international trade

union BWI

in place since 2014

100% of the operating entities

included in the risk assessment of human rights

Monitoring principles

extended to the supply chain

Internal policies

Salini Impregilo is committed to ensuring respect for the human rights enshrined in the International Charter of Human Rights, the fundamental conventions of the International Labour Organisation, the UN Global Compact, the UN Guiding principles on business and human rights and the OECD guidelines for multinational enterprises.

In 2019, it issued a specific Human Rights Policy to reaffirm its commitment, already provided for in the Code of Ethics and the Sustainability Policy.

The Human Rights Policy establishes the principles that everyone who works with Salini Impregilo around the world shall comply with, in terms of health and safety, child labour, forced labour, freedom of association and collective bargaining, non-discrimination, diversity and inclusion, working conditions, local communities and the rights of indigenous people, the value chain and whistle-blowing systems. The Company's main undertakings are described below and more information is available in the policy on the website.

Salini Impregilo does not tolerate any form of illegal, child labour or forced or compulsory labour. It protects the integrity of its employees, ensuring work conditions that respect the dignity of individuals and are fair and favourable.

It offers equal opportunities based on fair and objective criteria. It does not accept any form of discrimination or damaging behaviour.

Salini Impregilo respects its employees' right to freedom of association and collective bargaining in accordance with the legislation applicable in the countries where they work. It does not discriminate against employees who join trade unions nor workers' representatives.

The Company also respects the rights and culture of the communities and indigenous peoples affected by its work and operates in accordance with the applicable requirements.

Salini Impregilo encourages respect for human rights in its values chain through specific measures, such as the screening systems, application of the Suppliers Code of Conduct and monitoring systems.

It makes whistleblowing systems available to workers and third parties, safeguarding whistleblowers from any retaliatory action.

In this respect, in 2014, the Company signed a framework agreement with the national trade unions (Feneal-UIL, Filca-CISL and Fillea-CGIL) and the international trade union for the construction sector (BWI - Building and Wood Workers' International) to jointly affirm and encourage respect for compliance with the basic principles and rights in employment relationships, encourage social justice and sustainable development by both itself and the consortia of which it is a member and vis-à-vis its contractors, subcontractors and suppliers.

The framework agreement covers child labour, forced or compulsory labour, the freedom of association and collective bargaining, non-discrimination, work hours, economic treatment, work conditions, specialised training, the environment, welfare and employment relationships.

Main risks and management methods

The Company has implemented a due diligence process in line with the UN Guiding principles for business and human rights.

This process entailed mapping the potential impact on human rights of the Company's operations by analysing:

- human rights enshrined in the international law instruments applicable to the Company;
- parties potentially at risk;
- internal processes.

The outcome was the Human Rights Impact Matrix, which was then used to measure the risks and prioritise the human rights relevant to the Group.

The Company used its findings and the analysis of the applicable standards and market best practices to define its Human Rights Policy, issued in 2019.

The principles embedded in this Policy are also referred to in the Suppliers Code of Conduct issued at the start of 2020 to extend the Company's internal practices to its supply chain.

At corporate level, the Corporate Social Responsibility Department coordinates the human rights due diligence, defines the internal standards and guidelines, the reporting, disclosure and training methods and provides specialist assistance to the other internal units.

In 2019, all the operating entities included in the scope of this Statement underwent a human rights risk assessment to analyse the risks specific to each entity and the related mitigation measures adopted.

Specifically, the indicators used to measure country risk were used for this risk assessment¹⁴. The department developed a risk measurement method based on the Company's existing project risk assessment tools to measure the risks associated with the work carried out directly or subcontracted.

The main risks identified and related management methods are summarised below.

The main risks with respect to forced or compulsory labour are tied to the hiring of migrant workers, mainly in the certain states of the Persian Gulf (Saudi Arabia, Qatar, the United Arab Emirates and Kuwait) where the local labour force is insufficient and/or inadequate for the Group's needs. Specifically, there are two risk factors:

- use of recruitment agencies that may adopt incorrect practices, such as obliging the workers to pay recruitment fees (when hired), employment fees (throughout their employment) and cash deposits which are forms of debt (debt bondage);
- labour conditions that may limit the migrant workers' freedom of movement which are in some cases allowed or facilitated by local regulations, such as the ban on leaving their accommodation outside work hours, limitations on holiday arrangements, resignations and changes of employer.

The Group ensures that candidates for work in these countries are provided with exhaustive information about the contractual terms and work conditions in their own language before they leave their country of origin. In addition, the Group fully bears the costs of recruitment, travel, visas, medical visits, etc.. Migrant workers are guaranteed the possibility to change jobs and to leave their destination country without prejudice to the possible notice obligation imposed by the applicable legislation, visa requirements and employment contracts. No workers are deprived of their identity documents unless this has been authorised by them and solely for their safekeeping. The Group requires the recruitment agencies to comply with these principles through specific contractual clauses and non-compliance entails termination of the contracts.

With respect to child labour, the potential risk of hiring people under the minimum working age established by the applicable local regulations is minimal as is the risk that workers who are above the legal minimum but are less than 18 years old may be hired. In this respect and irrespective of the local regulations, the Group only agrees employment contracts with people who are 18 years old. In countries, where the presence of false identity documents is rife, the Group has special procedures in place to check the authenticity of the documents, especially driving licences, assisted by the local authorities.

With respect to the freedom of association and collective bargaining, the Group ensures its employees have access to "alternative systems" for dialogue in the states of the Persian Gulf where the right to the freedom of association is restricted by law. These systems include worker committees, committees set up in the camps and

¹⁴As recommended by the principal regulations on human rights (e.g., Australia Modern Slavery Act), the Company used the Global Slavery Index rates.

complaint management procedures (grievance mechanisms). The Company ensures open communications with the workers and management's availability to discuss any issues that may arise with individual employees.

The Group enters into employment contracts with its employees that comply with the applicable local regulations, the principles of the framework agreement signed with BWI and those in any agreements signed with the local trade unions with respect to work conditions, work hours, economic treatment and employment relationships. The Group's intention is to ensure scrupulous compliance with the applicable regulations in each country to mitigate the risk of non-compliance and, where possible, provide conditions that are better than those envisaged by the local regulations.

As part of the integration process of the Rome and Milan offices, commenced in September 2015 and still ongoing, the Company extended the voluntary redundancy procedure introduced in previous years until 31 January 2021, with the relevant trade unions' agreement. Salini Impregilo extended the agreement with the trade union representatives of the Rome and Milan offices for those employees who are near the legal retirement age for the incentivated early retirement of those employees who meet the legal requirements for retirement before 31 December 2020.

The Group may potentially be exposed to the risk that discrimination against an individual employee or specific categories of employees may take place in the workplace. In this respect, the Company's HR management procedures do not allow the different treatment of employees based on their gender, origin, religion, age, political beliefs, sexual orientation, disability or other characteristics protected by the regulations ruling in the countries where the Group operates during the entire HR management procedure (recruitment, training, assessments and termination of employment).

With respect to its local communities, the Group's activities may generate risks related to its core construction business, such as noise pollution, dust, vibrations, work site vehicles and damage to private property. Risks related to the acquisition of land are immaterial as the client usually acquires the land directly. However, Salini Impregilo scrupulously adheres to the legal and contractual requirements and those set out in the project impact assessments to ensure it complies with them during its work and the activities contracted to third parties (subcontractors).

Work sites may be assigned a security unit in specific geographical areas due to the risks identified. The security personnel may be employees and/or personnel provided by third parties, who are usually unarmed and/or by personnel supplied by the army or local police departments through specific contracts, formal agreements or service orders.

The security personnel at the operating units receive initial training and periodic refresher courses from the local managers based on training programmes that reflect the applicable standards and regulations and include information on respect for the individual, human rights and the Code of Ethics. When group employees or

personnel of private companies are used, the related contract includes service clauses for specific training about respect for human rights and the Code of Ethics. They are provided with appropriate training about their tasks. The training of personnel supplied by public safety forces complies with local regulations and standards and is mainly provided by the relevant bodies.

Depending on the nature of the project, the security unit and local management define the best way of involving the local stakeholders, mostly through formal meetings, informal meetings and discussions, training and official events.

The Corporate Security Department performs specific assessments of security risks, coordinates the local security units, defines internal standards and guidelines, prepares reports on significant events and carries out regular audits of the operating units.

The main risks to which the Company is exposed arise from the potential violation of the above-mentioned human rights by subcontractors and suppliers.

The Company has issued internal guidelines for its operating units for the correct management of the activities at risk. These guidelines provide for management and monitoring of human rights and specific reports to be sent to Corporate.

During 2019, the Company commenced a training programme on human rights to be provided in the first half of 2020 alongside other courses to raise employee awareness about the issue.

In 2019, Salini Impregilo measured the human rights risks of its supply chain by evaluating the contracts agreed since 2018¹⁵, to check the existence of suppliers based in countries and/or that supply goods considered at risk (based on the source country).¹⁶

The evaluation showed that no supplier of goods and materials is based in the countries classified as high risk, while 64% of the suppliers are based in countries with risks ranging from “very low” to “medium to low”. No goods at risk were purchased from a significant supplier during the year¹⁷. In addition to requesting its suppliers accept the Code of Ethics and the Suppliers Code of Conduct, Salini Impregilo recently revised its screening system, tightening up the vetting process for potential suppliers with respect to human rights. It also asks its suppliers to collaborate in a loyal and transparent manner with the Group for the purposes of the checks and audits of the correct compliance of its standards when they sign the related contracts.

¹⁵ Subcontracts were excluded from the evaluation as the related risks had been measured with the direct activities, as described earlier.

¹⁶ Once again, the Company referred to the Global Slavery Index to assess country risk and the lists of the U.S. Department of Labor’s Bureau of International Labor Affairs to assess the risk that goods have been produced by child or forced labour.

¹⁷ A significant supplier is a supplier with contracts over €250 thousand. Below this threshold, the only purchases of commodities that could be considered risky, albeit not characteristic of the construction sector, were the purchases of work clothes, electronic products and foodstuffs, equal to 0.06% of total purchases.

All relevant persons (direct employees, supplier employees, local communities, etc.) may use the whistleblowing system described in the section on “Anti-corruption” for human right notifications. In addition, when IT channels are difficult to access, the Company has introduced alternative systems such as dedicated telephone numbers and/or personnel (grievance officers), post boxes for the receipt of reports, etc.

In January 2019, the non-governmental organisation Business and Human Rights Resource Centre published a report “On Shaky Ground: Migrant Workers’ Rights in Qatar and UAE Construction” on the workers’ rights protection practices adopted by construction companies working in the states of the Persian Gulf. Two years after the issue of the first report, Salini Impregilo was again one of the leaders with respect to worker management thanks to its specific policies and procedures that effectively protect the rights and wellbeing of migrant workers.



Climate change

-25%

GHG emissions
(Scope 1&2)

-15 Mt CO₂

annual emissions avoidable by
hydropower projects and metro lines

- 52 thousand t CO₂

less emissions thanks to dedicated
projects

Leadership

in the fight against climate change,
according to the CDP rating

Internal policies

The Group's Sustainability Strategy (see the related section for more information) defines Salini Impregilo's contribution to the SDGs established by the United Nations, including SDG 13 Climate action. The Company offers its contribution through the projects it builds and its internal management policies.

Its projects in the sustainable mobility, clean hydro energy, clean water and green buildings areas all contribute to the adaption and mitigation of climate change.

Specifically with respect to mitigation actions, the hydropower, sustainable mobility (railways and metros) and green building contracts allow a reduction in the output of GHG emissions, in line with the global agenda to transition towards a low-carbon economy.

The Group also carries out projects to reduce the impact of climate change. They include the desalination, drinking water and water treatment projects performed by the group company Fisia Italmimpianti mainly in areas subject to water stress. The Group also has projects for water storage for drinking and/or irrigation and to make urban wastewater management systems resilient to the increasingly frequent extreme weather events, protecting areas affected by flooding and preventing the pollution of the receiving water bodies.

Again with respect to adaption to climate change, the Group leads the field with tailored systems to measure the risk of climate change and its effect on infrastructure projects and the implementation of suitable strategies to improve their resilience in the short, medium and long term. It has applied these systems successfully to projects for metros, railways, hydraulic works, roads and civil buildings. It has received numerous external certifications (e.g., LEED - Leadership in Energy and Environmental Design, GSAS, Global Sustainability Assessment System and IS) and international accolades for the design (if applicable) and construction of its projects.

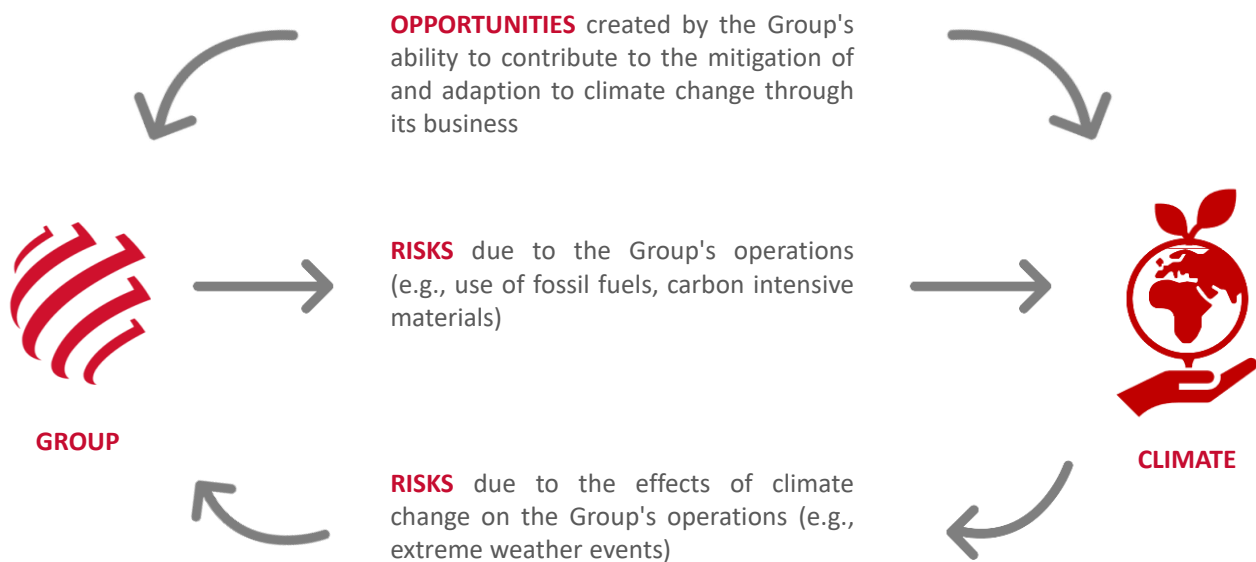
Salini Impregilo is also actively committed to reducing its carbon footprint by defining and introducing energy efficiency projects and by developing innovation and research projects for the production processes, materials, logistics, etc..

Since 2018, the Group has been one of the Top Ten global construction companies with the highest revenue generated from environmental infrastructure works according to the ranking prepared by Engineering News - Record (ENR) once a year.

The Group participates in the CDP (former Carbon Disclosure Project), the global platform that measures, compares and shares information about the environmental performance of roughly 8,400 companies around the world. Salini Impregilo has obtained the A- rating for the Climate Change questionnaire, up from its previous B rating, achieving leadership level in this project.

Main risks and management methods

In line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the Company assesses the risks and opportunities of climate change in two ways: its impact on the climate and the climate change's impact on it.

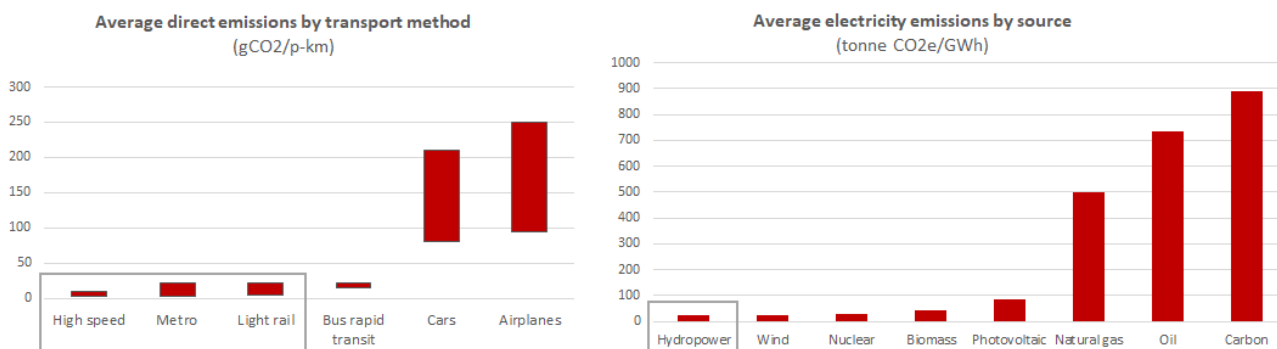


The business areas in which Salini Impregilo operates have a close link to climate change, in terms of mitigation and adaptation abilities. The ongoing worsening in the climate crisis, which has had follow-on effects that are much more serious and rapid than originally envisaged, is an opportunity for the Group to increase its contribution to fighting climate change and build its business.

A significant part of its 2019 revenue was earned on projects that actively contribute to the fight against climate change. The “Salini Impregilo Group: Our vision and performance” section of the Directors’ report provides more information on this.

The Group’s contribution to mitigation of climate change

The energy and transport sectors are the biggest culprits in terms of GHG emissions. The Group works in both these sectors building infrastructure that allows for a significant reduction in these emissions. The following graphs provide a comparison of the emission levels of the main electricity generation sources¹⁸ and transport¹⁹, showing the business areas in which the Group operates with energy (hydropower) and sustainable mobility (metros and railways) contracts.



These ongoing projects include five hydropower plants and twenty metro and light rail lines, railway lines and high speed lines. They generate environmental benefits in terms of very significantly lower emissions, as summarised below.

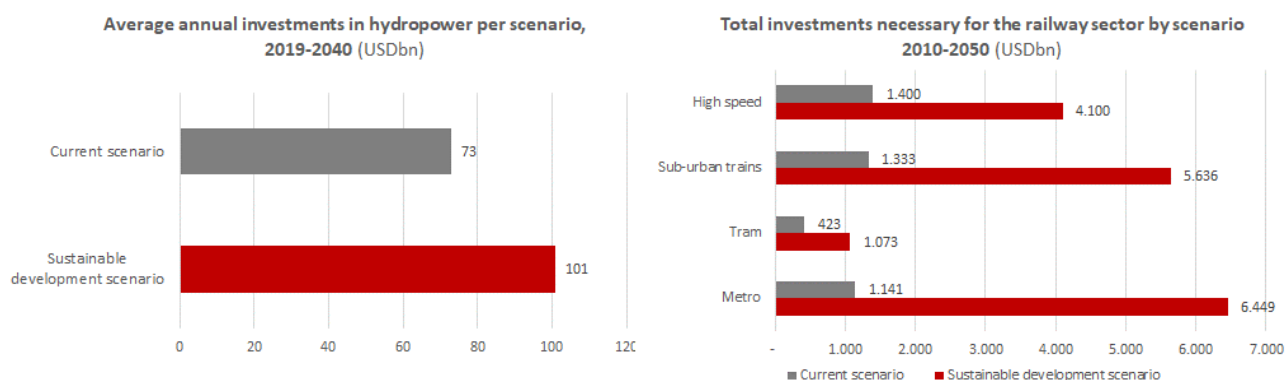
<p>CLEAN HYDRO ENERGY</p>	<p>5 hydropower projects (Australia, Ethiopia, Malaysia and Tajikistan)</p>	<p>≈ 14,000 MW new installed capacity</p> <p>≈ 48,000 GWh annual electricity generation</p>	<p>> 30 million people who can be served based on their current consumption</p> <p>≈ 14.5 million tonnes of CO₂ avoidable a year</p>	
	<p>10 metro and light rail projects (Australia, Saudi Arabia, Canada, France, Greece, Italy, Peru, Qatar and USA)</p>	<p>≈ 3 million passengers a day</p> <p>≈ 900 k transfers by car avoided</p>	<p>≈ 550 thousand tonnes of CO₂ avoidable a year</p>	
<p>SUSTAINABLE MOBILITY</p>	<p>9 high speed projects (Austria, Italy, Turkey and USA)</p>	<p>≈ 225 km/h average running speed</p> <p>25/50% reduction in travelling times</p>	<p>≈ 1/8 CO₂ emissions compared to more environmentally-friendly cars</p> <p>≈ 1/9 CO₂ emissions compared to more environmentally-friendly airplanes</p>	
	<p>1 local railway project (Norway)</p>	<p>36% reduction in travelling times</p>	<p>≈ 1/4 CO₂ emissions compared to more environmentally-friendly cars</p>	

¹⁸ Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

¹⁹ Comparison of Lifecycle Greenhouse Gas Emissions of Various Electricity Generation Sources, World Nuclear Association

In 2019, the Group completed the Cityringen metro project, which has a daily capacity of 240 thousand passengers, in Copenhagen, Denmark. Together with the other existing lines, this new line will provide 85% of the city's population with a metro station less than 600 metres from their doorstep.

The hydropower and railway sustainable mobility business areas have huge development potential, as confirmed by the main projections and estimates available, given their ability to contribute to achievement of the Paris Climate Agreement objectives and the SGDs. The next graphs show the planned investments for the hydropower²⁰ and railway²¹ business areas based on the current scenario (and political policies) and a scenario where the objective of maintaining the increase in the earth's temperature below 2° C compared to the pre-industrial levels is achieved.



Another area where the Group is active in the mitigation of climate change is that of green buildings. Most of the civil building works now underway use eco-design and construction systems (e.g., LEEDS and GSAS) to improve the environmental performances of buildings over their entire life cycle compared to similar projects built using standard criteria. The Group applies these systems to metropolitan infrastructure projects as well, like those in Qatar and Australia. For example, the Sydney Metro Northwest project, which has been completed, was built with a carbon footprint of 27% less than the original project envisaged.

The Group's contribution to adaptation to climate change





Salini Impregilo's business model contributes to help geographical areas adapt to climate change. It builds works that contribute to dealing with resource scarcity (e.g., water scarcity) and extreme weather events caused by the global warming. It achieves this mainly through:

²⁰ Source: IEA (2019), "World Energy Outlook 2019", IEA, Paris <https://www.iea.org/reports/world-energy-outlook-2019>

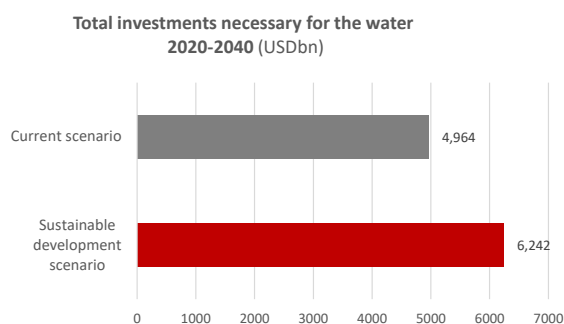
²¹ Lefevre, Benoit, Ahmad Iqbal Chaudhary, Deeba Yavrom, and Aman Srivastava. 2016. "The Trillion Dollar Question II: Tracking Investment Needs in Transport." Working Paper. Washington, DC: World Resources Institute.

- projects in the clean water area, such as desalination, drinking water and water treatment plants, water storage for drinking and/or irrigation purposes (adaptation to resource scarcity), hydraulic projects in urban areas to reduce flooding and water pollution (adaptation to extreme weather events);
- utilisation of eco-design and construction systems to improve infrastructures' resilience to extreme climate events in the short and medium to long term.

The ongoing clean water projects respond to the specific requirements of areas affected by increasing water scarcity (such as the desalination plants built in the Middle East and irrigation water storage in Africa), the more frequent extreme weather events (the hydraulic projects carried out in the main urban centres in the US) and the pollution of rivers and water basins (the Riachuelo River in Argentina and the Caloosahatchee West Basin Storage Reservoir in the US). The benefits to the populations affected by the Group's projects are summarised below:

	4 drinking water, desalination and water treatment plants (Nigeria, Oman, Peru and Turkey)	≈ 1 million cubic metres of water treated a day	≈ 8.2 million residents served	
	6 hydraulic projects to reduce flooding and water pollution (Argentina and USA)	≈ 4.9 billion cubic metres of water treated a year	≈ 5.9 million residents affected	
	2 irrigation/electricity mixed use reservoirs (Namibia and Nigeria)	≈ 1.7 billion cubic metres reservoir capacity	≈ 7 thousand hectares of irrigable surface	

Investments in water business area infrastructure, as shown in the following graph²² will by necessity continue to be substantial in the next 20 years, driven by two main factors: the growing global population and climate change.



²²Processing of Global Infrastructure Hub data, 2019. <https://outlook.gihub.org/sectors/water>

It has been estimated that, in the Middle East alone, the production of desalinated water will increase by 14 times before 2040²³ and new demand will mostly be met through plants that use the reverse osmosis technology, extensively used by Fisia impianti in its ongoing projects. It allows a reduction in GHG emissions of around six times that of thermal desalination plants.

A common thread linking all the Group's business areas is the growing focus on new infrastructure's resilience to climate change. Alongside the usual studies of the durability and safety of infrastructure, specific studies are increasingly commissioned on the expected climatic situation in the areas where the projects are taking place. They are designed to understand the potential future effects of these climatic factors on the works (e.g., the volume of rainfalls, wind strengths and temperatures) to improve their resilience.

This issue is of great importance for works that are heavily exposed to the effects of atmospheric agents, such as roads, bridges and viaducts, as their resilience over time is essential to their users' safety. The Company has accumulated significant experience in the use of design techniques and studies of materials that reflect future climate projections. Example of this are the award-winning Skytrain Bridge, built as part of the Sydney Metro Northwest project and designed to stand up to rain, flooding and winds forecast after 2100 or the New Genoa Bridge, designed to deal with the expected increase in rainfall over the next 80 years.

The Group's carbon footprint

The direct risk to the climate generated by the Group's activities mostly relates to the use of fossil fuels in operations and materials which involve carbon intensive processes (e.g., cement and steel).

Considering the entire life cycle of the Group's projects, these effects are temporary, as they only take place during the construction period, and should be considered in light of the benefits of using the infrastructure, which has a much longer useful life, usually at least a couple of decades. In fact, many works are designed to be operated over 80 to 100 years if not longer.

While the Group's business is characterised by highly customised processing, techniques and technologies depending on the specific requirements of the works to be built and the characteristics of the areas where they will be located, Salini Impregilo has actively pursued improvement in energy efficiency for some years to decrease its carbon footprint. The following tables show its energy consumption and the related GHG emissions:

²³ Source: IEA, Desalinated water affects the energy equation in the Middle East, Molly Walton, 2019.
<https://www.iea.org/commentaries/desalinated-water-affects-the-energy-equation-in-the-middle-east>

Energy consumption (GRI 302-1, 302-2, 302-3)	Unit	2017	2018	2019
<i>Non-renewable energy sources</i>				
Diesel	GJ	5,959,115	5,455,604	4,788,252
Petrol	GJ	646,560	348,456	234,462
Kerosene	GJ	42,945	10,405	2,875
Natural gas and LPG	GJ	2,033,091	1,200,705	3,905
Electricity	GJ	375,059	393,766	308,263
Total consumption from non-renewable energy sources	GJ	9,056,769	7,408,937	5,337,758
<i>Renewable energy sources</i>				
Electricity from renewable sources	GJ	254,958	200,415	148,619
Total internal energy consumption	GJ	9,311,728	7,609,352	5,486,377
Energy consumption - subcontractors	GJ	1,964,079	1,667,939	770,806
Total energy consumption	GJ	11,275,807	9,277,292	6,257,183
Energy intensity	GJ/€m	2,028	1,785	1,220

Direct and indirect GHG emissions (GRI 305-1, 305-2, 305-3, 305-4)	Unit	2017	2018	2019
Direct emissions (Scope 1)	tCO _{2e}	566,952	467,234	350,593
Indirect emissions (Scope 2)	tCO _{2e}	43,388	54,637	43,371
Other indirect emissions (Scope 3)	tCO _{2e}	137,577	117,528	61,573
Total GHG emissions	t CO_{2e}	747,917	639,399	455,537
Intensity of greenhouse gas emissions (Scope 1 and 2)*	t CO_{2e}/€ M	110	100	77

* The 2017 and 2018 data have been restated to exclude Scope 3 emissions as indicated in the "Methodology for reporting non-financial information" section.

The considerable reduction in natural gas and LPG in 2019 is due to the sale of Lane's Plants & Paving division in the US as it uses large quantities of these energy sources. The reduction in the consumption of diesel, petrol and electricity is also a result of the above sale. However, the smaller diesel consumption is mostly due to the lesser work carried out on the GERD and Koyscha projects in Ethiopia. The large contraction in subcontractors' consumption, and related Scope 3 GHG emissions, is principally a result of the projects of Salini Polska (Poland), the Rogun project (Tajikistan) and the opening of the Copenhagen Cityringen metro in Denmark.

The Group's main energy rationalisation systems include the use of highly efficient vehicles and equipment, connecting its building site plants to electricity networks rather than diesel generators, carrying out regular maintenance programmes for its vehicles, improving power quality and informing its employees about the importance of energy saving.

Significant contributors to the reduction in GHG emissions are the projects to connect to the electricity grid systems, especially when the host country's energy mix is mostly made up of renewable energy. This is the case in Ethiopia, where the GERD hydropower project work site uses renewable energy generated by other hydropower plants already active in this country, shortly to be joined by the Koyscha work site, where a power line to the national grid is currently being laid.

The following table shows the Group's initiatives to reduce its GHG emissions:

GHG emission reduction initiatives	Unit	2017	2018	2019
Active initiatives	no.	13	16	15
Reduction in GHG emissions	t CO ₂ e	53,202	42,440	52,253

Over the last three years, initiatives have been rolled out to improve the energy efficiency of industrial processes, to adapt current production processes, to adopt less polluting logistics options and to introduce awareness campaigns for employees. In addition, many of the Company's innovation, research and development projects (see the relevant section) have a strong environmental factor in terms of their energy efficiency and reduction in GHG emissions.

In addition to consumption and direct emissions, which the Group intends to contain over the next few years, Salini Impregilo works to reduce the indirect emissions from its related activities (transportation and travel of its employees) as much as possible. As well as the specific projects described in the section on innovation, research and development, the Company's procurement policy designed to mostly use local suppliers (94% in 2019) eliminates the need for long transport journeys, reducing the related emissions. When the goods are not available on the local market, the Group prefers to ship materials and machinery by sea as this is the means of transport with the lowest carbon footprint.

Over the last few years, the Group has equipped its offices and work sites with video conference systems which have reduced the number of business trips to those essential for operating reasons. Its travel policy favours travelling by train rather than by plane and the use of public transport rather than taxis.

When possible, contracts have personnel mobility management programmes designed to optimise transfers between work areas, the canteens and employee accommodation. They include the use of collective transport methods (buses) for blue collars and car-pooling for white collars at the work site offices.

Climate change risks

Climate change can provoke various types of risk for a business, depending on the nature of its operations and the markets where it operates.

The Company is mostly exposed to the risk of an increase in adverse weather events that can affect the normal scheduling and performance of its works leading to delays. This risk is not currently deemed high and is managed using the normal contract scheduling procedures, where the work programme (number of hours that can be worked per day and annual work days) is defined and updated considering weather forecasts, based on historical data available. Exceptional weather events that affect compliance with the timeline agreed with clients can be handled through the contract or by negotiation and usually lead to acceptance of a time extension and/or compensation for the higher costs incurred.

The risk of damage to assets by adverse weather conditions is also considered to be low, thanks to the related insurance contracts.

In the medium to long term, changes in the annual average rainfall levels are expected in many areas around the world, which could potentially affect the outlook of sectors like the non-pumped storage hydropower sector. The analyses available that have been prepared using probable scenarios include potential reductions in rainfall in certain areas and the concurrent increase in other areas. As a result, investments allocated to these areas could change (either increasing or decreasing) with the related follow-on effects on business. It can be expected that these changes will be gradual, monitored and that any mitigation action necessary will take place using the current strategic and commercial planning tools assisted by the Group's international presence and market diversification.



Environment

Circular Economy

focus on re-use, recycling and reduction
of waste

73%

waste not sent to landfills

58%

reused excavated materials

42%

materials purchased within a 160 km
radius of the work sites

Internal policies

Protection of the environment is a priority for the Group which formalised a specific Environmental Policy in 2002, one of the first European construction companies to do so. In 2007, it introduced an environmental management system which is ISO 14001 certified. In 2017, the certification was upgraded to the 2015 version, which puts greater emphasis on the life cycle perspective, the sustainable supply chain and environmental performance.

Salini Impregilo's Environmental Policy defines ten principles to guarantee:

- compliance with applicable legal requirements and any other agreed-to requirements;
- identification and assessment of environmental aspects tied to the Company's direct and indirect, present and future operations, evaluation of the related significant effects and management of the mitigation and control measures;
- identification of all the technical and organisational measures designed for the rational use of natural resources and the mitigation of pollution, greenhouse gas (GHG) emissions, waste generation and inconvenience to the local communities as well as the maximisation of the positive effects for the environment;
- involvement and participation of all employees or people who work for the Company through actions to make them aware of the issue, the dissemination of information and training courses, dialogue and transparency in action.

The Policy also provides that each worker has the right and is obliged to intervene and stop work if the environment could potentially be compromised.

During the realisation of awarded projects, the Group ensures compliance with the above-mentioned principles in accordance with the commitments taken on with its clients. More information about Salini Impregilo's role and

responsibilities during the infrastructure project development stage is available in the section entitled “The infrastructure sector and Salini Impregilo’s role”.

Main risks and management methods

The main environmental risks arising from the Company’s activities relate to non-compliance with applicable environmental legislation, compromising one or more environmental components (e.g., the soil, water or air) due to a mistaken assessment of the risk or ineffective management/mitigation activities, inefficient use of natural resources and the failure to obtain/maintain environmental certifications and ratings.

The main environmental risks facing the Company (generated by external factors) arise from changes in the applicable environmental legislation, the inconsistent interpretation of applicable legislation by the competent local authorities, incomplete and/or insufficient environmental impact assessments for projects (which should be performed by the client) or adverse environmental or geological conditions (e.g., extreme weather events, actual conditions differing from those anticipated during the tender procedure).

To monitor these risks, Salini Impregilo has an environmental management system, which complies with the ISO 14001 standard and has been certified by an independent certification body.

To ensure that the significant environmental impacts are properly identified, managed and mitigated, the system incorporates a number of environmental management procedures that have to be implemented by the Group’s production companies, after being revised to comply with the applicable regulations or contracts.

When contractually provided for, the Group’s contracts may include additional environmental management standards that require special certifications or ratings. They may be:

- system standards, which involve reaching specific environmental performance targets during construction activities (e.g., lower emissions, waste recycling);
- product standards, which require the completed works to meet specific environmental performance targets (e.g., use of low impact construction materials, energy-efficient buildings).

Ongoing projects affected by these standards include the Red line North Underground in Doha and the Al Bayt Stadium in Qatar which use the GSAS (Global Sustainability Assessment System), two stations of Line 3 of the Riyadh metro in Saudi Arabia and Eni’s new offices in Italy which use the LEED standard, the Meydan One Mall, Dubai project which uses the Green Buildings Regulations and Specification standard and the Forrestfield-Airport Link in Perth, Australia which uses the IS (Infrastructure Sustainability) system.

During 2019, Salini Impregilo took part in the pilot stage of the “Level(s)” project promoted by the European Commission as the future reference framework for green buildings in the EU. Specifically, the Company trialled the framework’s application in its project to build Eni’s headquarters in Italy as one of the first to use this tool. It

was thus able to give a real contribution to the promotion of sustainability principles and the circular economy applied to the construction industry and has gained valuable experience to give it a competitive edge once the framework becomes applicable.

In 2019, Line 3 of the Riyadh Metro in Saudi Arabia garnered great recognition for its environmental results.

During the start-up of a new contract and based on the planned work, the plant to be built and the areas to be used for logistics and building work, an environmental risk assessment is performed to identify significant environmental aspects, i.e., those aspects that could have a follow-on significant impact on the environment. Their identification and assessment of the significance of their impact as well as the subsequent definition of impact management and mitigation measures take place in line with specific procedures.

The significance of environmental impacts is assessed using a method based on an analysis of well defined criteria, such as the existence of special regulatory or contractual requirements, assessment of the related risk, management of the impact and the area's sensitivity to the specific environmental aspect.

The assessment considers various scenarios: standard operating conditions, irregular conditions (e.g., plant start-up), emergencies (e.g., fire, spills). Once the significant environmental aspects have been identified, the main effects of the contract work and other activities on the different environmental components are analysed:

- natural and energy resources;
- atmosphere and climate (emissions);
- soil, subsoil and water environment;
- waste and use of hazardous substances/preparations;
- traffic, atmospheric, light and electromagnetic pollution;
- noise and vibrations;
- ecosystem, cultural heritage and environmental restoration.

After the environmental risk assessment, analysis of the contractual obligations and related environmental regulations, the following is prepared for each contract:

- environmental plans/procedures setting out guidelines for the management/protection of each specific environmental component;
- environmental protection plans defining the specific mitigation and monitoring activities to be adopted in the specific area;
- environmental monitoring and control plans defining the specific management and monitoring activities for the environmental components identified in the various areas;
- specific instructions for the different method statements applied.

In addition and to comply with the client's instructions, the project's social-environmental impact assessment and ruling legislation, the contract undergoes environmental monitoring to check any unforeseen variations

and/or critical environmental issues affecting the areas outside the work site during the development or roll out of the work. This includes investigating the causes to determine whether they are due to the project and, if so, together with the client, to define mitigation/prevention measures with the client and check their effectiveness.

To ensure the correct implementation of the environmental plans, the work sites schedule and provide for information/training to be given to the employees involved in contracts with potential impacts on the environment, including the subcontractors' employees. It regularly runs campaigns to raise employees' awareness of specific issues (e.g., energy savings, waste, spills, use of hazardous substances/preparations, etc.).

The work site environmental departments carry out the monitoring/supervision procedures provided for in the environmental plan with regular checks and audits of the activities performed directly and indirectly by subcontractors. If any instances of non-compliance are identified, special remedial actions are defined as well as plans to improve the processes and/or performance when deemed appropriate.

Contract management regularly reviews environmental performances and the management system's strengths and weaknesses. It sets objectives for the subsequent period to ensure ongoing improvement.

The Company is committed to the optimal use of resources and reduction of its environmental footprint. It will continue to protect the areas where it works to ensure that serious environmental accidents do not take place, that production processes become more efficient, the use of local raw materials is more efficient and effective and that water resources, materials and waste not sent to landfills will be reused (in line with the applicable legislation). It will assess its water management cycle and machinery to define additional measures to reduce its impact on the environment. Finally, it will continue to provide training courses about the environment to its employees to increase the per capita hours provided to direct employees.

At corporate level, the Group HR, Organisation and Systems Department defines methodologies, tools and operating methods to manage quality, health, safety and the environment issues. Its Safety, Environment and Systems Unit is in charge of the environmental management system. It provides technical assistance with environmental issues, analyses the Group's environmental performance and defines the objectives/guidelines for continuous improvement to pursue steadily improved performances.

Communications about environmental aspects are made on a hierarchical basis within the Company through the QEHS coordinators (who liaise with the Corporate and contract managers), the company intranet, the website and this Statement. Other internal communication channels (e.g., employees, subcontractors) and external channels (e.g., local communities) are set up at individual production unit level in line with the ruling legislation, contractual requirements and any recommendations in the social and environmental impact assessments approved by the authorities.

Employees may use the whistleblowing system described in the section on "Anti-corruption" for environmental notifications. In addition, some work sites have additional notification systems (grievance mechanisms), which

can also be used by third parties (e.g., local communities). Typical communications received locally relate to inconveniences caused by the work site equipment (traffic, dust) and construction activities (noise, vibrations) or damage to private property.

Reference should be made to the section on “Main risk factors and uncertainties” (“Criminal litigation” paragraph) of the Directors’ report for ongoing environment-related disputes.

The methods to manage the main environmental issues are described below. The environmental data are heavily affected by the number and type of works under construction, the client’s design decisions and the stage of completion of the individual projects. Accordingly, a comparison with previous periods may not always be significant, especially in terms of the absolute values.

The local area and the circular economy

At the end of 2019, the Group’s work sites included in the scope of this Statement included 396 operational sites, of which 60 underground, for a total surface area of 208,194,021 m². The following table shows the main data by geographical area

Geographical area	Unit	Total surface area	Surface area in protected areas	Surface area of areas adjacent to protected areas
Africa	m ² / %	22,390,000	0%	0%
Europe	m ² / %	9,568,112	2%	10%
Americas	m ² / %	57,740,085	76%	6%
Asia and Oceania	m ² / %	118,495,824	0%	0%
Total	m² / %	208,194,021	21%	2%

The American continent is the geographical area where the Group has the largest surface areas inside protected areas. This is due to the acquisition of the Caloosahatchee (C43) West Basin Storage Reservoir contract in Florida, USA in June 2019. The project is part of a larger plan, The Comprehensive Everglades Restoration Plan, a long-term plan approved by the US Congress to restore, protect and preserve the environment of a protected area of great importance to the community, the economy and ecosystem of Florida. The Everglades provide drinking water to more than eight million people, supports the flourishing agricultural and tourist sectors of Florida, has unique natural habitats and is home to two native American tribes. The Group’s share of the project is to build a reservoir as part of the plan to contain wastewater discharges, improve water quality, restore natural habitats and preserve the protected species.

The interaction between the Group’s activities and protected areas in other areas around the world is extremely limited. More information is available in the “Biodiversity, cultural heritage and environmental restorations” section.

The Group adopts practices that are in line with the principles of the circular and green economy, designed to minimise (when possible) the use of natural resources, including through their reuse, as part of its activities. Similarly, it encourages the recovery of waste materials in the same project or surrounding areas.

The Group's resources for the year are presented in the next chart, showing the "circularity" of its practices.

INPUT

OUTPUT



8.4 Mt

20.7 Mm³

10.0 Mm³

of materials
used

of excavated
materials

of water
withdrawals

6.0 Mt

of waste
products

of
which **94%**

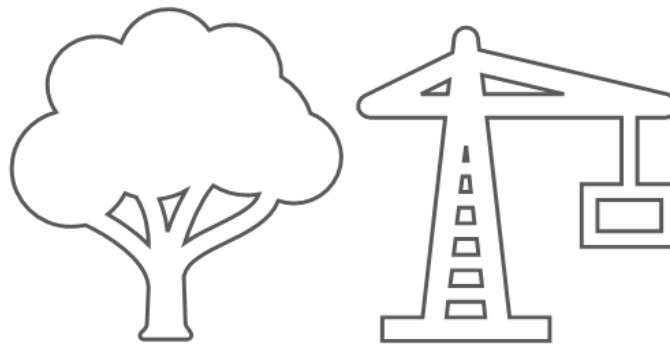
excavation
waste

of
which **99.8%**

non-hazardous
waste

42%

materials
purchased
within a 160
km radius of
the work sites



73%

of waste not sent to
landfills

58%

of reused excavated
materials

+17%

of waste recycled compared to
the previous year

20%

of recycled
water

-42%

of waste core products
compared to the previous year



PROTECTION AND RESTORATION



52.5 Mm²

of soil
protected
from erosion

710 thousand m²

of areas where
topsoil was replaced

188 thousand m³

of reforested areas

The following paragraphs describe the elements presented in the above chart.

Raw materials

Construction of motorways, bridges, dams, railway and metro lines and civil and industrial buildings requires the use of large quantities of water, aggregates, iron, cement and backfill: all raw materials which are mostly not renewable.

The environmental assessments made at the start of a new contract consider these aspects and the related mitigation measures are designed to ensure the efficient management of these resources and, when possible, the use of alternative materials, such as recycled materials, without reducing the quality, performance, security and functioning of the asset. The main raw materials used are shown in the following table:

Materials used (GRI 301-1)	Unit	2017	2018	2019
Aggregates	t	23,018,778	15,399,193	4,063,905
Bitumen	t	245,468	257,541	77,705
Cement	t	558,395	662,052	357,757
Reinforcing bars	t	506,843	1,065,914	488,085
Ready-mixed and pre-cast concrete	t	5,500,060	4,608,609	2,808,654
Ready-mixed asphalt	t	1,083,235	790,547	560,039
Total non-renewable materials	t	30,912,780	22,783,854	8,356,146

Water use (GRI 303-1)	Unit	2017	2018	2019
Wells	m ³	2,399,423	2,880,660	3,739,539
Rivers	m ³	10,640,606	6,793,150	3,810,030
Lakes	m ³	383,197	291,623	-
Sea	m ³	5,014	-	-
Aqueducts	m ³	2,864,234	2,259,390	2,417,294
Rainwater and wastewater from other organisations	m ³	18,762	116,795	158
Total	m³	16,311,237	12,341,619	9,967,021

The main variations on the previous year relate to the sale of Lane's Plants & Paving Division in the US and the stage of completion of the Group's projects. Specifically, the reduction in aggregates and bitumen is mostly due to this sale. The decrease in aggregates is also due to progress on the projects of Salini Polska (Poland) and the GERD project in Ethiopia. The reduction in concrete is mainly a result of progress on the Riyadh Metro (Saudi Arabia), Meydan One Mall (UAE) projects and those of Lane (USA) while the decrease in the use of asphalt is due to progress on the projects of Salini Polska (Poland) and the reduction in the utilisation of reinforcing bars reflects the progress on Lane's projects (USA).

With respect to water resources, the increase in withdrawals from wells is due to the greater use by the South Al Mutlaa (Kuwait) and COCIV (Italy) projects while the reduction in withdrawals from rivers is mostly attributable to the progress on the GERD and Koyscha projects in Ethiopia. There were no withdrawals from lakes in 2019 which is entirely related to Lane's projects (USA) and, specifically, the sale of its Plants & Paving Division.

With respect to the circular and green economy, 42% of the materials purchased complied with the region-based criterion, as they were purchased within a radius of less than 160 km from the work sites, thus reducing the impact of their transport. During 2019, the Group also used 15.1 thousand tonnes of fly ash (2018: 22.5 thousand tonnes) and water recycled and re-used in production processes of 2.0 million cubic metres (2018: 4.0 million cubic metres).

Energy consumption, both in the form of fossil fuels and electric energy, has a strong impact during construction of infrastructure. Reduction of energy consumption and greater energy efficiency allow a decrease in GHG emissions and mitigation of the effects of climate change. The “Climate change” section describes the Group’s actions in this area.

Soil, subsoil and water environment

The Group’s construction activities may affect the soil and water environment at different levels depending on the works in question and the surrounding environment (e.g., urban or rural environment).

Contracts are managed to avoid damaging these environmental components. Specifically, containment tanks, wastewater conveying networks and waterproofing systems for risky logistic areas (e.g., workshops, fuel and chemical depots) are built during the work site start-up phase to prevent contamination of the soil, subsoil and surrounding water bodies.

Industrial wastewater is channelled and collected in sedimentation tanks and treatment plants designed to comply with the applicable legal and contractual provisions, using the best technologies available, given the wastewater’s specific characteristics.

Construction work also involves movement of large earth quantities to construct embankments, cuttings, tunnels or certain types of dams. In accordance with the policy to reduce waste production, the excavated earth and rocks are classified and stored on the sites for possible re-use within them, where possible and in compliance with the regulations, or transferred to third parties to be re-used externally. In 2019, re-used excavated materials amounted to 12.1 million cubic metres (2018: 18.1 million cubic metres), which is a very significant amount (58% of the total) showing the effectiveness of the Group’s circular economy policies.

In order to mitigate the risk of soil erosion due to excavations and aggravated by weather events (rain, wind), the Group takes specific soil protection measures consisting of systems to consolidate excavation fronts and to channel rainwater, as well as covering more exposed areas (e.g., escarpments) and planting trees that mitigate erosion. The mitigation measures are defined considering the natural elements, the environment and features of the local area. In 2019, areas where measures to protect against erosion have been implemented covered 52.5 million square meters (2018: 6.5 million square metres).

Waste

Waste generated during construction of large-scale infrastructure can be grouped into two separate categories: municipal waste and special waste. Municipal waste is generated by logistics sites where the support activities for the industrial production are carried out such as offices, accommodation for non-resident workers and

canteens. Special waste is generated by the actual industrial activities, such as construction, plant operation and the workshops.

Waste materials are collected and sorted, and stored in specific enclosed areas, from which they are then taken to be transferred to third parties authorised to recycle/dispose of the waste, preferring recovery where possible.

Hazardous waste is a marginal part of the waste generated in the Group's contracts. Normally it involves paint, additives and solvents, used oil and oil filters from vehicle maintenance, batteries, rechargeable batteries and, in some cases, earth, sludge and other materials containing hazardous substances.

Waste produced by activity, type and destination, dealt with in accordance with local regulations, is shown in the following table:

Total waste by activity (GRI 306-2)	Unit	2017	2018	2019
Construction and demolition waste	t	593,188	517,732	291,491
Excavation waste	t	7,004,018	6,345,575	5,593,636
Waste from support activities	t	172,499	97,558	66,829
Total non-hazardous and hazardous waste	t	7,769,705	6,960,865	5,951,955

Total waste by type and destination (GRI 306-2)	Unit	2017	2018	2019
<i>Non-hazardous waste</i>				
Recovery, re-use and recycling	t	2,565,843	3,712,507	4,341,435
Incineration	t	4,275	3,398	930
Landfill	t	5,188,936	3,230,657	1,598,681
Total non-hazardous waste	t	7,759,054	6,946,563	5,941,047
<i>Hazardous waste</i>				
Recovery, re-use and recycling	t	4,057	5,283	712
Incineration	t	679	324	27
Landfill	t	5,914	8,695	10,169
Total hazardous waste	t	10,650	14,302	10,908
Total non-hazardous and hazardous waste	t	7,769,705	6,960,865	5,951,955

94% of the waste produced is from excavations. It is classified as waste in line with the applicable regulations and its possible internal and/or external reuse, which varies depending on the projects' characteristics and the material's geotechnical characteristics which the Group cannot influence.

The decrease in total waste in 2019 is mainly due to the progress made on the projects of Salini Polska (Poland) and the Riyadh Metro (Saudi Arabia).

The percentage of waste recovered, re-used and recycled increased by 17% on 2018 while the total waste produced decreased.

Atmosphere

Unlike other industrial sectors, the construction sector does not generate significant atmospheric pollution. The main sources of atmospheric emissions are linked to dust created by the construction activities: excavations, earthwork, movement of heavy vehicles on unpaved roads and crushing excavated stone.

Other sources of air pollution are the unloading of site equipment and plant. The methods adopted by the Group to mitigate these impacts are described below:

- regular dampening of unpaved roads accessing work sites, aggregates wetting systems at the crushing plants, the use of filters on the cement storage silos and asphalt production plants, covering lorries transporting powdery materials, tyre washing systems at site entrance points and the replacement of road transport with conveyor belt transport;
- preventative and regular maintenance schedules for site plant and vehicles, ongoing replacement of the fleet with more efficient models.

The “Climate Change” section provides information on the Group’s energy efficiency actions.

Noise and vibrations

The aspects relating to noise and vibrations are of double significance for the Group: internally, in terms of the health of workers, and externally, in terms of impacts on the environment and local communities.

The Group’s QEHS management system includes specific procedures to assess and monitor these aspects, so that each site can adopt the most appropriate measures to ensure protection of the health and safety of workers (use of personal protection equipment, soundproofing, etc.) and of the surrounding environment.

With regard to the effects on the environment surrounding the sites, the areas most affected by noise interference are protected by noise barriers, which can be artificial dunes made of backfill material, support structures and absorption panels made of various materials. The noise barriers can also be one or more rows of trees or shrubs which both absorb the noise and reduce the visual impact. The choice of the barrier depends on its effectiveness, the area in which it will be placed and its landscaping effect.

Vibration is also a feature of work at civil engineering sites. The effects of pressure waves that propagate in the soil can cause damage to buildings or other structures located in the vicinity of the works. During the works, periodic monitoring of both noise and vibration is carried out.

Biodiversity, cultural heritage and environmental restorations

The performance of infrastructure projects requires the implementation of special protection measures when the sites are adjacent to or within sites of special natural, cultural or archaeological interest, so that construction activities interfere as little as possible with the existing ecosystem and heritage.

The protection measures, which are implemented in accordance with the local authorities’ provisions and the relevant applicable legislation, are designed to protect and preserve the ecosystem, flora and fauna, biodiversity and cultural/landscape and archaeological heritage of the areas around the sites.

With respect to biodiversity, 21% (2018: 5%) of the areas managed by the Group was located in protected areas and 2% (2018: 2%) in areas adjacent to protected areas²⁴ in 2019.

²⁴ The sites (not located within protected areas) in which activities with potential impacts on surrounding protected areas are carried out are considered “adjacent to protected areas”.

Specifically, 24 work sites (the equivalent of 44.5 sq km) were located in protected areas (mostly in the US, followed by Italy, the United Arab Emirates and France) and 56 (the equivalent of 4.7 sq km) in areas adjacent to protected areas (mostly in the US, followed by Australia, the United Arab Emirates, France, Italy and Poland). Of these sites, 63 are in areas protected by local regulations, ten in areas protected by national regulations, six in “Natura 2000” areas and one in wetlands included in the Ramsar List. There are 11 work sites located in ecosystems that contain water (e.g., lakes, rivers, swamps, etc.), six in urban ecosystems, nine in agricultural ecosystems, 49 in wood ecosystems, four in mountain ecosystems and one in insular ecosystems. In these areas, construction and plant operation activities are mainly carried out.

Contracts performed in areas of special natural or cultural interest require specific procedures to manage the protected species (flora and fauna) and/or areas and any archaeological finds. The Group is assisted by independent experts and involves the local authorities.

Once construction has been completed, the areas affected by the work, access roads, plants, installations, quarries and deposits are cleaned up to return the areas to their original conditions in line with the contractual terms and current regulations. These restoration activities facilitate natural revegetation, prevent soil erosion and improve soil stability.

Any land reclamation activities, if provided for in the contract and necessary due to previous contamination, are agreed with the clients and performed in line with the competent authorities’ instructions.

Environmental restoration activities may include reforestation and indigenous species are usually used. The main restoration activities performed by the Group are shown below:

Protection and restoration activities (GRI 304-3)	Unit	2017	2018	2019
Reforested area	m ²	293,281	391,144	188,140
Areas where the topsoil was replaced	m ²	3,304,357	3,674,094	710,295

The reduction in protection and restoration activities is mostly due to progress on Lane’s contracts (USA). In 2019, the Group carried out reforestation activities mainly for the Koysha project (Ethiopia), the projects of Lane (USA) and the Forrestfield-Airport Link (Australia) planting 5,115 trees.

Anti-corruption



Zero tolerance
for corruption

Anti-corruption system
ISO 37001 certified

Continuous training
on anti-corruption

Whistleblowing
a dedicated platform

Internal policies

Salini Impregilo has a zero tolerance policy for all types of corruption and is committed to complying with the anti-corruption laws ruling in the countries where it operates. It requires its stakeholders to act with honesty and integrity at all times. The Company never condones behaviour designed to improperly influence the decisions taken by representatives of public or private bodies.

The Company is committed to adopting preventive protocols to minimise the risk of corruption and to ensure compliance with the principles introduced by anti-corruption laws and international best practices.

These principles are enshrined in its Code of Ethics and reiterated in its Anti-corruption Policy, adopted voluntarily and in compliance with international best practices.

Main risks and management methods

Salini Impregilo has an Anti-corruption System which meets the ISO 37001 requirements and is certified by an independent certification body. In addition to its Anti-corruption Policy described earlier, the system has the following additional elements:

- preparation, updating and application of the Anti-corruption Model approved by the Board of Directors on 16 June 2014 and updated on 28 September 2018;
- issue of Guidelines and internal procedures and integration of existing ones to define the roles and responsibilities of the parties involved and the operating methods for the processes and controls defined in the above documents.

As part of its zero tolerance policy, the Company seeks to align its strategy with the Anti-corruption System, instilling a compliance culture and mitigating the potential risks of non-compliance.

The Board of Directors adopts the Anti-corruption System while the Compliance Unit monitors the Anti-corruption System and its correct application. It draws up an annual Compliance Plan, which sets out the Company's goals to ensure achievement of the general objectives and ISO 37001 recertification. The Control, Risk and

Sustainability Committee, the Board of Statutory Auditors and the Director in charge of the Internal Control System all check the Compliance Plan as does the Integrity Board for the aspects related to Legislative decree no. 231/2001.

The Anti-corruption System is designed to cover the risks to which the Company could be exposed. With respect to active corruption, the main risks identified relate to interaction with representatives of the Public administration as part of specific activities, such as, for example, those to comply with defined obligations vis-à-vis the public administration or the obtaining of authorisations from it (licences and permits, payment authorisations from works management or approval of design extensions/variatioins). Other risks may arise from participation in calls to tender by public bodies, inspections and/or checks or disputes.

With respect to active corruption in the private sector, this risk is less material and mostly relates to the Group's participation in tenders called by private bodies or management of partnerships.

The main risks facing the Company arise from procurement and subcontracting activities. During the assignment stage, potential suppliers/subcontractors could attempt to corrupt a company employee to obtain the contract (passive corruption). In addition, once the contract has been signed, the suppliers/subcontractors could act unlawfully to obtain approval and, hence, payment for activities they did not actually perform or the non-reporting of non-compliance of their services.

The Compliance Unit performs an anti-corruption risk assessment by specific process for the Company as part of the risk assessments necessary to regularly update the 231 model. The assessment is performed for the other group companies (subsidiaries, consortia, joint ventures, etc.) using a scope defined on the basis of the CPI (corruption perception index) assigned to the country where the Group's companies operate and depending on how long their compliance system has been in place. Roughly 85% of the legal entities making up Salini Impregilo Group were included in the Anti-corruption risk assessment scope in 2019.

The procedures specifically designed to monitor the above risks include the Guidelines for the Assessment of Relevant Third Parties, which define valuation procedures applicable to potential counterparties before a contract is signed. The procedures aim to identify the ethics and professional integrity of the Group's partners and their compliance with its anti-corruption policies. Parties that pass the due diligence are monitored using the internal systems over the entire term of the contract relationship to ensure that they continue to comply with the initially requested requirements. To complete the due diligence, the Group has specific procedures to monitor conflicts of interest with its employees during the recruiting stage and during any internal transfers within the Group. It plans to update its third party assessment procedures in 2020 to extend their scope.

With respect to gifts given to third parties, the Company revised its procedures in 2018 to decrease the spending limits and reinforce the authorisation process in place for sponsorships and donations to monitor these activities and ensure their compliance with the Code of Ethics.

Contracts agreed by the Company with Third Parties must include specific measures to ensure their compliance with Anti-corruption laws, the Company's Code of Ethics and Anti-corruption Model.

Salini Impregilo also has a whistleblowing system that can be accessed through an external web portal. This allows employees to make anonymous or confidential (at their own discretion) notifications about potential violations while being protected against any form of reprisal, discrimination or unfair treatment. The Anti-corruption Model provides that employees are obliged to report any violations of the Model and/or internal or external regulations, the ethical principles and all anti-corruption laws by the Company, a colleague, a consultant or third party. As of 2018, third parties (e.g., suppliers, subcontractors) can also use the whistleblowing system. Alternatively, notifications can be made by post or email. The Company guarantees the protection of the notifying person in accordance with the provisions of Law no. 179/2017 and Regulation (EU) no. 2016/679 on personal data protection.

Violations of the Anti-corruption Model's principles and measures are a serious breach of their contracts by employees and consultants. Salini Impregilo takes all the steps provided for by the existing laws and contracts in the case of these violations, including conservative disciplinary measures, dismissal, termination of the contractual relationship, claims for compensation, etc..

In 2019, the Company received seven notifications through its whistleblowing channels, of which only one for the potential violations of its anti-corruption procedures. In all cases, the Compliance Unit commenced an investigation assisted by either the Internal Audit Unit or the Legal Unit based on the Company's internal procedures. During the year, corrective actions were taken involving employees and suppliers, which included the termination of relationships with the Company.

The Company requires that all new employees receive the mandatory Anti-corruption training as part of a wider programme about Compliance. In 2019, the Company prepared a training course on relationships with multilateral investment banks and export credit agencies as well as practices that they condone and sanction. Italian and foreign employees who carry out activities related to the issues regulated by these bodies attended this course. The Company also promoted courses on ethics and anti-corruption for contracts where it manages the operating activities: in 2019, the employees of Isarco Scarl (Italy), Salini Impregilo-Healy Company-Jose Chediak UTE (Argentina), PerGenova Scpa (Italy) and Fisia Italmimpianti S.p.A. (Italy) all received training. Given the importance of training courses to guide its employees' conduct, the Company plans to launch a new training programme in 2020 covering the understanding of virtuous conduct to foster an ethical culture, especially as regards the encouragement of reporting possible violations.

The Compliance Unit also prepares internal reports for the Board of Directors (every six months), which it addresses to the Control, Risk and Sustainability Committee, as well as ad hoc communications and reports to

management, either together with or through the Internal Audit and Compliance Manager, on any critical issues it identifies during its work.

Reference should be made to the “Main risk factors and uncertainties” (sub-paragraph “COCIV consortium” in the “Criminal litigation” paragraph) section of the Directors’ report for ongoing disputes about corruption.

Supply chain



15 thousand suppliers

that worked with Salini Impregilo from 70 countries

>230 thousand hours

HSE training provided to subcontractors' employees

Innovation Days

to encourage collaboration with innovative suppliers and partners

Average vendor rating index 80/100

confirming the high quality of the supply base

Internal policies

Each year, Salini Impregilo works with thousands of suppliers both for its contracts and internal requirements. As defined in its Code of Ethics, its conduct is hinged on principles of correctness and transparency, and it is committed to not exploiting any conditions of dependence or weakness of its suppliers.

The Company selects its suppliers using principles of fairness and impartiality and selection criteria which involve checking their quality, technical/professional qualifications, compliance with standards about human rights, labour regulations, including equal opportunities, health, safety and the environment as well as prices.

Suppliers are required to formally accept the Code of Ethics, the Anti-corruption Model and, starting from 2020, the Suppliers Code of Conduct, which are integral parts of the contract. Salini Impregilo encourages its suppliers to apply the same criteria when selecting their subcontractors and also to pass on the Group's principles of integrity, correctness, reliability and sustainability in order to encourage and promote compliance with its principles along the entire supply chain.

The Company is committed to protecting the confidentiality of the corporate information and professional know-how and asks its counterparties to do likewise.

When Salini Impregilo manages contracts directly or as the project leader, or there are specific agreements in place, the suppliers are required, to the extent of their involvement, to comply with/adopt the Company's Quality, Environment, Health and Safety Management Systems.

Main risks and management methods

In 2019, the Group worked with around 15 thousand suppliers from over 70 countries. The main supply categories related to subcontracts, materials, machinery and equipment and services.

An inadequate functioning of the qualification process and/or assessment of the suppliers' performance or the possible abuse of a strong position vis-à-vis smaller suppliers could possibly expose the Group to various risks as part of its procurement process, such as compliance, reputation and commercial.

The main risks arising from external factors include potential risks of non-compliance related to regulation updates that make it necessary to adopt new measures with suppliers, commercial and reputation risks due to possible issues with suppliers (e.g., inadequate performance in technical, qualitative, safety, environmental areas, etc.) after the contract has been signed.

The Company has established a number of procedures to manage the procurement of goods and services and monitor these risks. They include definition of the roles, responsibilities and checks to be performed to ensure that the operating activities are performed in accordance with the applicable laws and regulations, the Company's Code of Ethics, the 231 Model and the Anti-corruption Model.

The supplier qualification procedure is an important part of the procurement process. Its aim is to assess whether the potential supplier meets the Company's criteria so that it can be included in the Vendor List. This qualification procedure also ensures that the Group's requirements are met for all goods categories and in all relevant geographical areas.

The Procurement Department manages the supplier qualification process, which involves a number of preliminary checks of the potential supplier's reputation, its expertise and that it is not already included in the Reference Lists.

Potential suppliers are required to fill in a questionnaire on areas such as: business and production category, organisation and shareholder structure, financial reporting, registration and certifications, quality, the environment and safety, social responsibility (including human rights), specific information about their goods categories (when available).

Based on these questionnaires, the Procurement Department may proceed with specific analyses and detailed checks, which can include assessment visits to the supplier's production units and offices. Other company departments, such as the Technical Services and Safety, Environment and Systems Departments, may also participate in the visits which are designed to assess the supplier's technical and operating capabilities with special regard to the products and services of interest to the Group. They also investigate those aspects that could affect the potential partner's ability to comply with its contractual commitments.

Additional risk analyses are performed for certain suppliers that fall into the counterparty risk category using the methods and tools defined by the Risk Management Unit.

Upon completion of the checks, suppliers found to be suitable for qualification are included in the suppliers register and the relevant Vendor List.

Certain contracts require adoption of a specific additional qualification system depending on the applicable regulatory and contractual requirements. For example, suppliers working on projects subject to LEED environmental certification are subjected to additional checks to verify their compliance with specific environmental parameters, while other specific requirements, such as social criteria, are checked for projects acquired in some countries. These may include checking potential suppliers whose workforce mainly consists of employees from special categories (e.g., ethnic minorities).

In 2019, the Corporate Procurement Department vetted all the new 4,990 suppliers to verify their integrity, classification of their know-how and reference lists.

Contracts with suppliers include provisions requiring them to comply with the applicable regulations, the Code of Ethics, the 231 Model and the Anti-corruption Model as well as quality, health and safety and environment requirements. The contracts have specific termination clauses if the suppliers do not comply therewith.

Once the contract has been signed and is effective, the Company monitors the performance of its key suppliers using a special assessment process, involving the head office's Procurement Department and the contract managers. It assesses suppliers once a year. In 2019, these assessments involved more than 16 contracts selected for their financial relevance. They covered nearly all the suppliers of the analysed contracts (response rate of above 95%) included in the assessment scope, showing average performances (measured using the IVR vendor rating index) of above 80/100, confirming the high quality of the Group's supply base.

The assessment process is flanked by the on-site monitoring of projects by the local QEHS Departments, which mainly cover subcontractors and is designed to check that their activities comply with the Company's quality standards and applicable requirements for the environment, health and safety. Specifically, the local QEHS Departments regularly audit the subcontractors. Any non-compliance is managed in accordance with the management system procedures and includes the agreement of improvement plans and follow-up checks to ensure that they are implemented.

Involvement of the subcontractors in these issues also takes the form of regular coordination meetings and the participation of their employees in classroom and on-site QEHS training courses (230,002 hours in 2019).

In addition to involving and monitoring suppliers at the work sites, the Company also interacted with them at central level during the year.

This includes the annual supplier meeting attended by the Group's Italian and international employees and suppliers when the main procurement practices are presented. The Company presented, inter alia, the results of the vetting process and the assessment of suppliers' performances during the 2019 meeting to emphasise the importance to the Company of developing long-term relationships that allow the suppliers to grow and ensure their constant improvement.

The Company continued its Innovation Days in 2019, which are appointments with individual suppliers attended by head office employees. They are an opportunity for the supplier and the Company to discuss their experiences about new technologies, products, innovative processes and other matters of mutual interest.



Social

69%
direct employees hired locally

94%
local procurement

6
jobs created for each direct group
employee

>16,000
free healthcare check-ups at work site
clinics

Internal policies

It is a well-known fact that the direct relationship between investments in infrastructure and greater domestic demand leverages economic growth. Construction companies engaged in building infrastructure may contribute to this factor by adopting suitable internal policies.

Salini Impregilo is committed to contributing to the social and economic development of the areas where it operates in line with its Code of Ethics and Sustainability Policy, through:

- employment of workers from the area in which the projects are taking place, when available in the numbers required and who have the necessary skills;
- professional training of local personnel;
- procurement strategies designed to meet requirements using local supplies as far as possible, depending on the availability of the required goods and services;
- initiatives to assist the local communities, after checking the integrity and respectability of the recipients and the projects' consistency with the Code of Ethics.

The Company is also committed to respecting the rights and culture of the local communities which it does by also using appropriate communication channels in line with the relevant regulatory and contractual provisions.

Main risks and management methods

The Group identifies the risks and defines methods to manage the social aspects described in this section (hiring of local labour and procurement, relations with the local stakeholders) during the start-up stage of its projects.

The project start-up process complies with the Project Management principles (ISO 21500) and entails the proactive involvement of the project team and the corporate departments to ensure the integrated management of internal and external factors.

Specifically, regulatory and contractual elements applicable to the project are analysed during this process and the Company defines the Mobilisation programme which includes the main activities needed to start the project.

They include definition of the work schedule, which comprises, inter alia:

- the requirement plan for machinery, plant, subcontractors, third parties, materials and services;
- the mobilisation plan for managers, staff and blue collars.

The methods of managing relations with local stakeholders are defined in the contracts and the Group is obliged to scrupulously abide by their provisions.

Employment created by the Group's projects

The creation of jobs by the Group in the countries where it operates is important as it enables local personnel to improve their skills and expertise and to generate additional wealth for the economy. This approach also creates the opportunity for the Group to create a pool of qualified workers who can be used for future projects.

Some projects have special local personnel recruitment plans as provided for contractually, which may include employment targets.

Specifically, 69% of the 24,526 direct employees were hired locally.

Direct employees hired locally	Unit	2017	2018	2019
Africa	%	95%	95%	96%
Europe	%	86%	86%	84%
Americas	%	97%	96%	96%
Asia and Oceania	%	14%	21%	26%
Average	%	70%	65%	69%

The Asia and Oceania area increased its average numbers but has the smallest percentage of local workers. This is affected by the projects in the Middle East (Saudi Arabia, Qatar and the United Arab Emirates), where insufficient resources are available to perform the contracts making it necessary to bring in labour from other countries. Reference should be made to the section on "Human rights" for information about the management of migrant workers.

In 2019, local managers made up 70% of the total, reaching 88% in Europe and 76% in the Americas. In addition to the direct workforce, the involvement of indirect personnel (mainly employees of subcontractors and service providers) contributes significantly to the employment generated locally. Indirect workers involved in group projects numbered 24,849 at 31 December 2019.

Local procurement

Purchases from suppliers resident in the countries where the Group operates are the main trigger to developing ancillary industries (which is a direct contributor to GDP, public revenue and disposable income).

In 2019, the Group maintained a strong relationship with its local supplier chain, with roughly 94% of its expenditure made with local suppliers.

Local procurement (GRI 204-1)	Unit	2017	2018	2019
Africa	%	40%	38%	42%
Europe	%	90%	87%	97%
Americas	%	99%	99%	99%
Asia and Oceania	%	86%	96%	93%
Average	%	88%	93%	94%

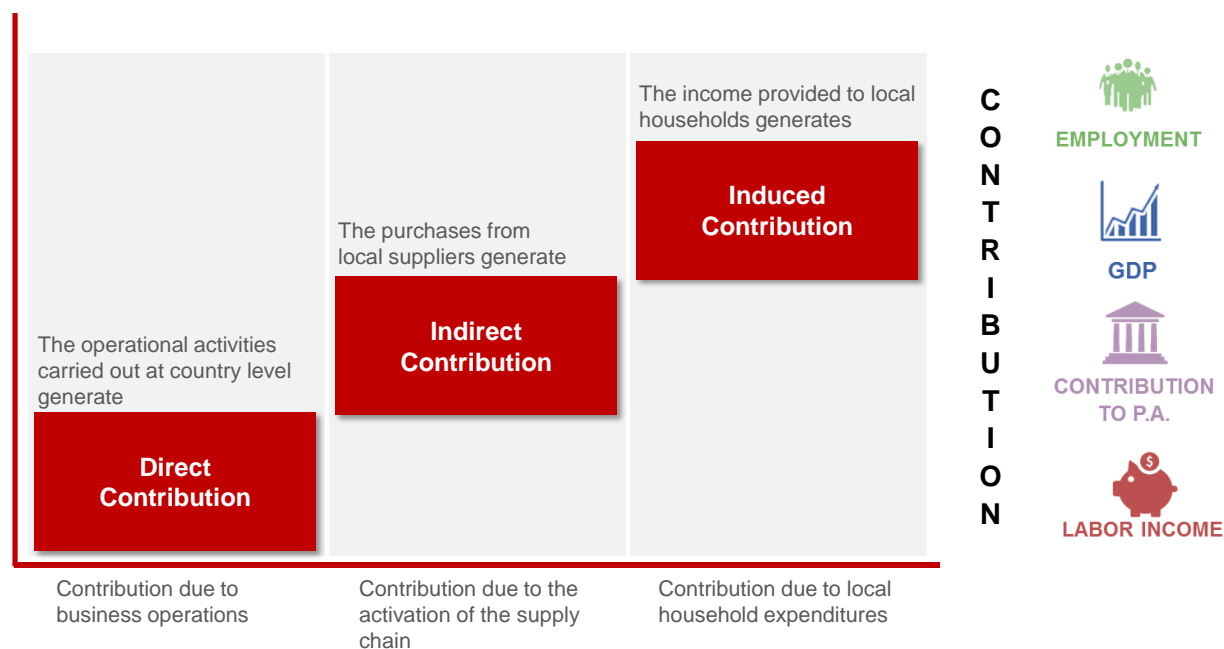
As already noted, the use of local suppliers allows the Group to minimise long-distance transport and, hence, mitigate the related environmental effect.

Contributions to local economies

Direct contributions made by Salini Impregilo's projects to local economies include employment and the use of local suppliers. They are only part of the benefits as they do not include the additional indirect and induced effect of the Group's activities in the countries where it operates.

The Group has developed a proprietary calculation model, SEED (Socio-Economic Effects Determination) model, to calculate its total contribution (direct, indirect and induced) to a country's economic and social growth in terms of employment, GDP, tax revenues and work income distributed to families²⁵.

The following graph presents the SEED model.



If just the Group's main markets²⁶ are considered, its average contribution to their economies, expressed as a multiple, is as follows:

- 6 jobs created for each direct Salini Impregilo employee;

²⁵ The SEED model uses an analysis of the investments made by the Group in the local economy and applies specific multipliers taken from the Social Accounting Matrix published by leading international research bodies.

²⁶ Australia, Ethiopia, Italy, Qatar, Saudi Arabia, USA

- €3.0 of work income distributed for each Euro paid by the Group;
- €2.6 of GDP for each Euro of added value generated by Salini Impregilo;
- €4.1 of tax revenues for each Euro paid by the Group to the public administration.

These figures confirm that the Group's local investment policies have a significant knock-on effect on the economies of the countries where it operates.

In addition to the economic benefits to the countries, each person involved in a group project benefits in terms of the work income received and the opportunity to advance professionally thanks to the training received.

Many studies²⁷ have shown that professional training courses provided by companies generate significant benefits for the participating employees who thus potentially have better employment and career prospects, higher salaries, greater professional satisfaction, more flexibility and interest in receiving additional training. This can also have a positive effect on the employee's health, social inclusion and their willingness to invest in further education for themselves and their children, triggering intergenerational social mobility mechanisms.

In this respect, the Group provided 482,358 hours of training to its direct employees and those of its subcontractors in 2019.

Initiatives to assist local areas

The Group contributes to developing the areas in which it works through initiatives to assist the local communities, which may include sponsorships, social and philanthropic initiatives. Sponsorships and donations are managed in line with the specific guidelines and internal procedures that are part of the Anti-corruption System, which is ISO 37001 certified. This ensures that any assistance is in line with the approved budgets and is only given after the positive outcome of checks of the potential recipients.

The Group Guidelines require that assistance is given locally in five strategic macro-sectors: social, art and culture, education and research, environment, sport and entertainment.

The main initiatives carried out can be classified as follows:

- direct assistance to design and build infrastructure benefitting the local community such as, for example, schools, healthcare facilities, roads, etc.;
- assistance with social programmes, carried out directly or through other organisations in the above macro-sectors;
- free access to certain work site facilities such as clinics, water and electricity supply networks for local communities living in rural areas not connected to basic services.

The Group carried out 42 initiatives in 2019 for €0.8 million (2018: roughly €4.4 million). The reduction in investments is mainly due to the sale of Lane's Plants & Paving Division in the US. As it works in a continuous business, it promotes ongoing initiatives to the benefit of its local communities.

²⁷ For example, Vocational education and training is good for you. The social benefits of VET for individuals. European centre for the Development of Vocational Training, 2011.

Most of the initiatives took place in Italy, mainly for cultural and educational purposes, and Ethiopia, mostly of a social nature. Other initiatives include the free healthcare provided to local communities by work site clinics in Ethiopia, Tajikistan and Kuwait. Specifically, 10,935 medical check-ups (2018: 9,182) were given and 16,049 health interventions (2018: 11,764).

Pursuant to the principles of its Code of Ethics, the Company does not make contributions to political and trade organisations of any kind (parties, movements, committees, etc.) nor their representatives.

Stakeholder engagement

Salini Impregilo has operations and projects all around the world and handles thousands of contacts with its stakeholders every day. It regularly maps its stakeholders based on engagement with the main stakeholders in the areas where it operates. The following chart lists the stakeholders relevant to the Company, the areas of interest and the key characteristics of the engagement with the Group.

Stakeholder \ Interest	Level of engagement		Area of interest						Relationship length			
	International	Local	Anti-corruption	Environment	Employees and human rights	Supply chain	Social	Long term	Short-medium term	Project life	Ad-hoc	
Employees & Trade unions	•	•	•		•		•	•		•	•	
Shareholders & Investors	•		•	•	•	•	•	•	•		•	
Clients & Potential clients	•	•	•	•	•	•	•	•	•	•	•	
Suppliers, contractors, subcontractors & partners	•	•	•	•	•	•		•	•	•	•	
Local communities & NGO	•	•	•	•	•	•	•	•		•	•	
Governments & public administrations		•	•	•	•		•	•		•		
Sector associations & media	•	•	•	•	•	•	•	•		•	•	

The Group adopts diversified and flexible dialogue and engagement practices depending on the stakeholders' characteristics and needs.

At corporate level, key stakeholders include investors, clients, current and potential employees, national and international trade unions, partners, public administrations, the media and the general public. Dialogue with them mainly relates to development objectives and strategies, results, the acquisition of new contracts, the shareholder structure, career paths and professional development.

At operating level, the main engagement activities depend on the individual project's characteristics. The key stakeholders are partners, employees, local communities, suppliers, contractors and subcontractors, clients, local authorities and organisations like local trade unions and non-governmental organisations.

Like in previous years, the Group has engaged regularly in engagement with its stakeholders. Its main initiatives are summarised below:

<i>Channel</i>	<i>Activity</i>
Face to face communication	
Meetings, presentations, focus groups, workshops, interviews, consultations, career days, public events	<p>>10,300 people involved in more than 260 meetings with the local communities and their representatives</p> <p>>3,700 people visited the Group's projects during roughly 200 open door events</p> <p>>2.2 million people were involved in over 530 information campaigns about the Group's projects</p>
Digital communication	
Company websites, intranet, magazines, webinars, surveys, social media	<p>1.5 million visits to the Group's website</p> <p>1.2 million interactions on the Group's social channels</p>

Given that it mainly operates as a contractor on behalf of public and private clients, the Group is required to scrupulously adhere to the contractual provisions about engagement with local stakeholders. These provisions establish the roles and responsibilities each party is obliged to comply with.

In line with these provisions, the Group defines procedures to handle engagement with local stakeholders (such as, for example, the grievance mechanisms) and the communication channels to be used at work sites either physical (e.g., public relations offices) or technological (dedicated phone numbers, websites, email addresses, etc.).

The clients are responsible for engagement with the local communities in most of the ongoing contracts while the Group provides technical and operating assistance to manage any issues that arise. Matters discussed by contract personnel and the local communities mostly relate to:

- employment and interaction between the work site and surrounding areas;
- the characteristics of the work under construction and its possible social and environmental implications.

As described in detail in the section "The infrastructure sector and Salini Impregilo's role", the Group's clients are responsible for planning and developing projects. When required by the applicable regulations, this includes an assessment of the social and environmental impacts, the prior consultation of the stakeholders, definition of the mitigation and compensation actions and receipt of the authorisations. Therefore, the clients have sole responsibility for handling relations with the stakeholders for the second category of topics mentioned earlier, while the Group provides assistance with management of the relationships covering the first category of topics. This is a potential source of risks for the Group as, if the client does not properly and efficiently manage its responsibilities, the local community could oppose the project leading to delays in the works, an increase in

costs and damage to the Group's reputation as well. The Group constantly monitors stakeholder expectations about the projects it is involved in so that it can take the actions necessary to mitigate any risks.

Should the Group receive requests for information or other communications from stakeholders, such as international non-profit organisations and SRI analysts, it provides the requested information to guarantee transparency about its work as a contractor engaged to build the works provided for by the relevant contract, with a clear-cut distinction between its role and responsibilities and those of its client.

Methodology for reporting non-financial information

Salini Impregilo was the first Italian construction company to prepare and publish an Environmental Report in 2002 and similarly it was the first to publish a Sustainability Report drawn up in accordance with the Global Reporting Initiative (GRI) Guidelines in 2009.

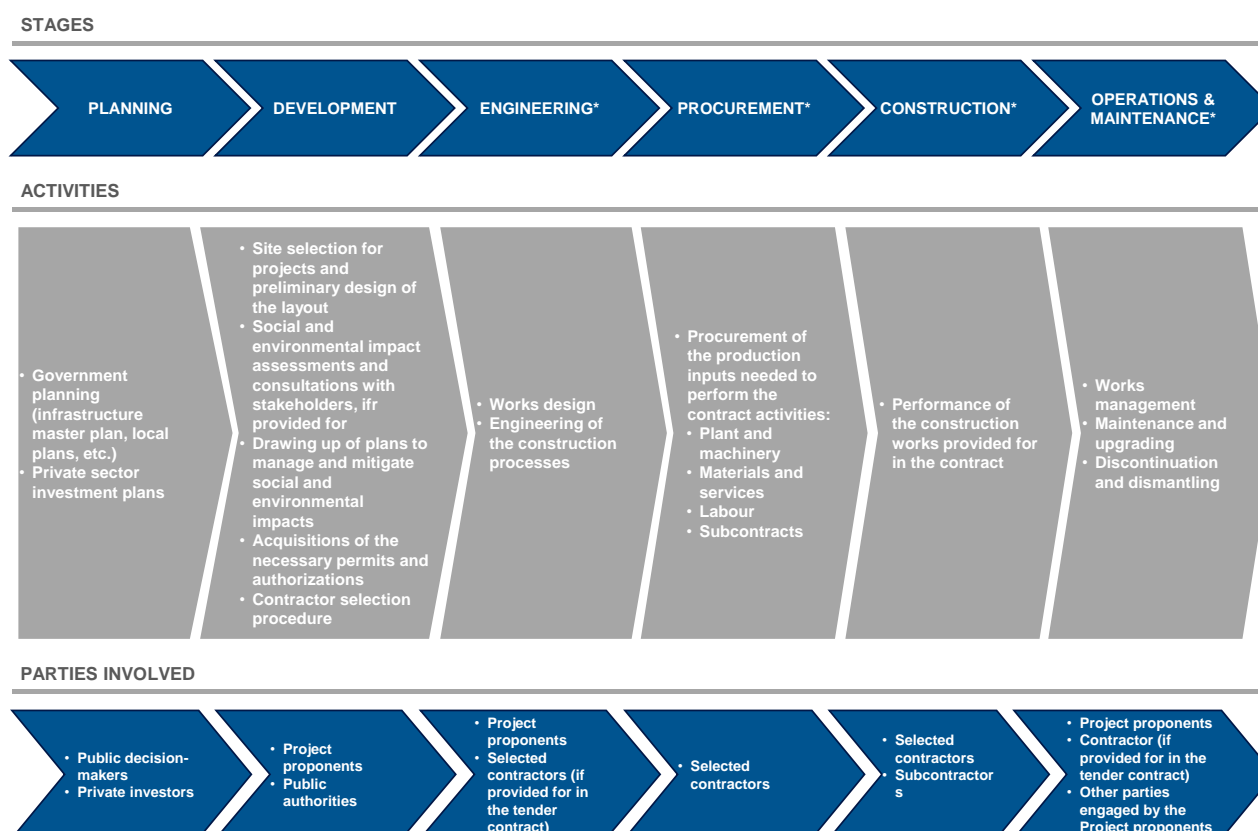
Standards applied

This 2019 Consolidated Non-financial Statement has been prepared in accordance with Legislative decree no. 254/2016. The Company has used the GRI Sustainability Reporting Standards (Core option), published by the GRI. This Statement also constitutes the Communication on Progress (COP) to Global Compact.

The infrastructure sector and Salini Impregilo's role

The infrastructure market is highly regulated and its numerous operators are involved in planning, assessing, approving, developing, building and operating infrastructure according to their roles and responsibilities assigned by the relevant regulations.

The following chart shows the main stages of an infrastructure project's life cycle:



* Main stages of the infrastructure's life cycle in which Salini Impregilo Group is involved

An infrastructure project is planned by a public administration or private sector body (the project proponent) that is also involved in the subsequent stages of developing the infrastructure project. This stage involves a number of activities that include identifying the project locations, performing feasibility studies and, based on the type of work and applicable legislation, completing the social and environmental procedures (assessment of potential impacts, consultations with stakeholders, identification of mitigation measures and compensation).

The public authorities (usually ministries or state environmental protection agencies, assisted by local bodies of the area where the project is to take place) actively engage in these procedures: assessing the adequacy of the social and environmental impact assessments, the consultation programmes and mitigation plans prepared by the Project proponent.

Upon completion of these procedures, the relevant authorities issue the appropriate authorisations, which include any social and environmental requirements the Project proponent has to abide by during the project.

Contractors such as Salini Impregilo enter the project development process only after the decision-making stage has been completed as this only involves the client and the public authorities. The Group takes part in selection procedures, organised by public and private clients to award the tenders, which may cover specific project activities (e.g., just construction), the entire engineering, procurement and construction cycle or also the subsequent operations & maintenance activities.

Therefore, the contractor does not take part in any activities prior to the assigning of the contract or the prior assessment processes, including the assessment of the project's social and environmental impacts and consultation of stakeholders.

As described earlier, these assessments are the sole responsibility of the Project proponent and of the public authorities, as they are required to meet the relevant obligations under the applicable regulations. They also have the decision-making powers about the findings of the assessment process. It follows that the potential social and environmental impacts of the work itself (e.g., loss of biodiversity due to the infrastructure's presence, expropriation of land) are the sole responsibility of the Project proponent.

The contractor is obliged to comply with the social and environmental requirements of the applicable regulations, the contract and any provisions imposed by the competent authorities when they approve the impact assessments. The social and environmental impacts attributable to the contractor arise solely from the contract activities and are mainly of a temporary nature (e.g., disruptions caused by the work site, health and safety in the workplace).

Materiality analysis

The Company performed a materiality analysis as set out in the GRI Sustainability Reporting Standards to define the individual topics to be disclosed in the Non-financial Statement pursuant to Legislative decree no. 254/2016. The main steps comprising this analysis are set out below:

- internal identification of the possible non-financial topics relevant to the Group, by analysing the global situation (megatrends, the Paris Agreement, SGD), the market scenario (peers), the financial context (reports published by analysts and ESG rating agencies) and applicable standards;

- internal prioritisation of the identified topics, in line with the Company's Sustainability Strategy and policies;
- engagement with the stakeholders with two separate surveys, one for middle management and one for employees, clients, suppliers, investors, NGOs and ESG experts;
- approval of the material topics by management involved in non-financial reporting.

The materiality matrix is included in the Introduction sector.

The material aspects identified by the materiality analysis, grouped into the macro categories provided for by Legislative decree no. 254/2016 are listed below:

Topics as per Leg. decree no. 254/2016	GRI related material aspects	Materiality within the Group	Materiality outside the Group
Environment	Materials, Energy, Water, Biodiversity, Emissions, Waste and Environmental compliance	Direct activities performed at the offices and work sites	Activities performed by subcontractors and service providers
Employees	Employment, Industrial relations, Health and safety, Training, Diversity and equal opportunities* and Non-discrimination	Direct activities performed at the offices and work sites	Activities performed by subcontractors and service providers
Human rights	Freedom of association and collective bargaining, Child labour, Forced or compulsory labour, Security practices and Rights of indigenous peoples	Direct activities performed at the work sites	Activities performed by subcontractors and service providers
Anti-corruption	Anti-corruption	Direct activities performed at the offices and work sites	Activities performed by the third parties defined in the Anti-corruption Model
Supply chain	Supplier environmental assessment, Supplier assessment for impacts on society	Direct activities performed at the offices and work sites	Activities performed by subcontractors and service providers
Social	Market presence, Procurement practices, Local communities and Indirect economic impacts	Direct activities performed at the offices and work sites	Activities performed by clients and subcontractors

*The equal opportunities topic is material mostly for the corporate offices while it is of less significance at the work sites given the characteristics of the construction sector, which is a predominantly male domain.

A new material topic was identified during the procedure to update the materiality analysis, which was not present in the previous Statement: Innovation. It is not included in the previous table as this is not required by Legislative decree no. 254/2016 or the GRI Sustainability Reporting Standards. However, this Statement includes the topic as required by the latter Standards.

Scope of the Statement

As established by article 4 of Legislative decree no. 254/2016, this Consolidated Non-financial Statement includes the figures of the parent (Salini Impregilo S.p.A.) and its fully-consolidated subsidiaries. The parent comprises its head offices in Italy (corporate), the directly run work sites, branches and joint operations for which it manages their operations, as per the list provided later in this document.

The Company has an internal procedure in place to define and regularly review the scope of the Statement based on its consolidation scope for financial reporting purposes. Specifically, it performs a materiality analysis on the list of entities making up the parent and fully-comprised subsidiaries considering the level of operations of the individual entities, which are classified as:

- operational (e.g., ongoing contracts);
- limited operations (e.g., contracts being completed);
- non-operational (e.g., entity in liquidation).

This Statement's scope includes entities classified as "operational" and "limited operations". A list of the entities included in the 2019 Statement's scope for which a non-financial reporting system was implemented is given below:

Name	Country	Name	Country
Salini Impregilo S.p.A.*	Italy	Impregilo-Sk E&C-Galfar Al Misnad JV*	Qatar
Brennero Galleriacque S.c.r.l.*	Italy	Imprepar S.p.A.*	Italy
CDE S.c.a.r.l.*	Italy	Kayi Salini Samsung JV	Turkey
Cigla Construtora Impregilo y Asociados S.A.*	Brazil	Lane Industries Incorporated*	USA
COClV consortium*	Italy	Mercovia S.A.*	Argentina
Constructora Ariguani SAS*	Colombia	Salini Australia PTY L.t.d.*	Australia
Copenhagen Metro Team I/S*	Denmark	Salini Impregilo - NRW Joint Venture*	Australia
Cossi Costruzioni S.p.A.	Italy	Salini Impregilo S.p.A. - S.A. Healy Company Jose J. Chediack S.A. UTE*	Argentina
CSC Impresa Costruzioni S.A.*	Switzerland	Salini Malaysia Sdn.Bhd*	Malaysia
CSI Simplon Consorzio	Switzerland	Salini Namibia Proprietary L.t.d.*	Namibia
Fisia - Alkatas - Alke JV	Turkey	Salini Nigeria L.t.d.*	Nigeria
Fisia - Alkatas JV*	Turkey	Salini Polska L.t.d. Liability Co*	Poland
Fisia Italimpianti S.p.A.*	Italy	Salini Impregilo - Tristar JV*	United Arab Emirates
Galfar - Salini-Impregilo - Cimolai JV*	Qatar	Salini Saudi Arabia Company L.t.d.*	Saudi Arabia
HCE Costruzioni S.p.A.*	Italy	SCLC Polihali Diversion Tunnel JV	Lesotho
Iglys Sociedad Anonima*	Argentina	SLC Snowy Hydro JV	Australia
Impregilo International Infrastructures N.V.*	Netherlands	Thessaloniki Metro CW JV*	Greece
Impregilo New Cross Limited*	UK		

*The entities marked with an asterisk in the above table were also included in the reporting scope of the 2018 Non-financial Statement. The other entities have been included in the reporting scope of this Statement for the first time.

Contracts managed directly by the parent include the Meydan One Mall (United Arab Emirates), the Grand Ethiopian Renaissance Dam (Ethiopia), the Koysha Dam (Ethiopia), the Expressway S7 Skomielna (Poland), Bumbuna O&M (Sierra Leone), Urban Roads (Sierra Leone) and the Rogun Dam (Tajikistan). The joint

operations for which the Group manages their operations are the Arriyad New Mobility Consortium (Saudi Arabia), Civil Works Joint Ventures (Saudi Arabia), South Al Mutlaa Joint Venture (Kuwait) and Salini Impregilo - NGE Genie Civil (France).

More information on the in-scope entities is available in the section on the “Consolidation scope” in the notes to the consolidated financial statements.

The information in this Statement refers to the above scope. The data for the joint operations led by the Group are shown at 100%. Exceptions to the scope are listed below:

- data about the anti-corruption risk assessment refer to the consolidation scope of the consolidated financial statements;
- data about the labour force relate to the consolidation scope of the consolidated financial statements; with respect to the direct workforce, they are calculated in proportion to the Group's investment for the entities that qualify as joint operations or that are measured using the equity method;
- the environmental data does not include the offices (Milan, Rome and foreign branches) as they are not material;
- data about health and safety of workers and QEHS training include the companies that are not fully consolidated for which the Group manages their operations and exclude joint operations when its partners are responsible for management of the Health and Safety Systems;

Any specific limitations to the scope are specified in the text or in the GRI Content Index.

The 2017 and 2018 corresponding information relates to the scope of the Group's 2018 Consolidated Non-financial Statement, to which reference should be made. The data relating to the intensity of greenhouse gas emissions of 2017 and 2018 were restated considering just Scope 1 and 2 while the 2018 Statement also included Scope 3 emissions.

Calculation method

The data and information in this Statement are taken from the Group's information systems and a special non-financial reporting system introduced to meet the requirements of Legislative decree no. 254/2016 and the GRI Sustainability Reporting Standards. The data were processed using accurate calculations and, if specified, estimates. The methods used to calculate the main indicators are set out below.

Injury rates

The injury rates are calculated using the methods established by standard UNI 7249 “Statistics on occupational injuries”. They show the number of injuries leading to lost work days (LTIFR) and the number of recordable injuries for every million hours worked (TRFR).

Specifically, the LTIFR (Lost Time Injury Frequency Rate) is calculated as the ratio of the total number of injuries leading to absence from work in the period (including death) to the total number of hours worked, multiplied by 1,000,000.

The TRFR (Total Recordable Injury Frequency Rate) is calculated as the ratio of total recordable injuries (calculated considering deaths, injuries leading to absence from work, injuries only requiring medical treatment and injuries leading to assignment of reduced workloads in countries where this is allowed) to the total number of hours worked, multiplied by 1,000,000.

Any commuting injuries during the period are not considered.

Energy consumption and GHG emissions

The calculation of direct energy consumption is based on the conversion factors provided by the UK Department for Business, Energy & Industrial Strategy - BEIS (2016 Government GHG Conversion Factors for Company Reporting). Internal energy consumption refers to the in-scope entities' direct activities. Indirect energy consumption, like scope 3 emissions, refer to activities performed by subcontractors. The Group monitors its emissions data using an operating control approach.

Calculations of the Group's GHG emissions are based on:

- the emission factors defined by the standard parameters of the UK Department for Business, Energy & Industrial Strategy – BEIS (2016 Government GHG Conversion Factors for Company Reporting) for fuel consumption - the calculation includes CO₂, CH₄ and N₂O gases;
- the emission factors provided by the International Energy Agency (CO₂ Emissions from Fuel Combustion, 2013 edition, 2011 data) for electric energy consumption;
- the emission factors provided by the IPCC (Fourth Assessment Report AR4 100yr) to convert CH₄ and N₂O into CO₂ equivalent.

The energy intensity rates and the GHG emission rates are calculated by comparing the total data (energy consumption and GHG emissions) to revenue for the period. Specifically, the intensity rate for GHG emissions includes the sum of Scope 1 and Scope 2 emissions.

Water use

Data about water not taken from aqueducts, not obtained from other sources (e.g., water tanks) and not measured using meters are calculated considering the withdrawal systems' capacity (pump capacity in the average number of working hours) or production activity performed in the period.

Waste

The data refers to waste generated by the in-scope contracts in line with the locally-applicable regulations. When the data is expressed as a volume, the related weight is calculated using specific conversion factors. Information

about the allocation methods for EU projects (i.e., how the waste is treated: recovery or disposal) is based on its legal classification. The methods used for non-EU projects reflect the conditions of the contracts agreed with third party waste management companies.

GRI Content Index

Disclosure	Description, page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)	UN Global Compact Principles
GRI 102 General disclosures (2016)		
Organisational profile		
102-1	Name of the organisation: Salini Impregilo S.p.A.	
102-2	Activities, brands, products, and services: p. 10	
102-3	Location of headquarters: Milan, Italy	
102-4	Location of operations: p. 34	
102-5	Ownership and legal form: Salini Impregilo S.p.A is listed on the Milan stock exchange and is managed and coordinated by Salini Costruttori S.p.A..	
102-6	Markets served: p. 34	
102-7	Scale of the organisation: p. 68, p.34, p. 109	6
102-8	Information on employees and other workers: p.109. Open-ended contracts account for 95% of the total in Africa, 90% in the Americas, 85% in Europe and 96% in Asia and Oceania. 99.9% of the employees have full-time contracts.	
102-9	Supply chain: p. 155	
102-10	Significant changes to the organisation and its supply chain: No significant changes to the organisation or the supply chain compared to the previous period.	
102-11	Precautionary Principle or approach: p. 165, p. 139	
102-12	External initiatives: p. 98	
102-13	Membership of associations: Salini Impregilo is a member of AIR – Associazione Investor Relations, Amici della Triennale, Assonime, Assolombarda, Associazione Assafrica e Mediterraneo, Associazione AIAS, Associazione Italiana Internal Auditors, AIGI – Associazione Italiana Giuristi d'Impresa, AICQ CN – Associazione Italiana Cultura Qualità Centro-Nord, Comitato Leonardo, Fondazione Global Compact Network Italia, Gruppo Italiano della Trilateral Commission, ITCOLD - Comitato Nazionale Italiano per le Grandi Dighe, ISPI – Istituto per gli Studi di Politica Internazionale, and UNI – Ente Italiano di Normazione.	
Strategy		
102-14	Statement from senior decision-maker: p. 5	
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour: p. 98	10
Governance		
102-18	Governance structure: p. 98	
Stakeholder engagement		
102-40	List of stakeholder groups: p. 162	
102-41	Collective bargaining agreements: The Group agrees employment contracts with its employees in line with the local applicable legislation, the principles of the framework agreement with the BWI and any other agreements signed with the local trade unions. In 2019, this covered 6,238 employees, equal to 25.4% of the total.	3
102-42	Identifying and selecting stakeholders: p. 162	
102-43	Identifying and selecting stakeholders: p. 140, p. 109, p.155, p. 166, p. 162	
102-44	Key topics and concerns raised: p. 162	
Reporting practice		
102-45	Entities included in the consolidated financial statements: p. 168	
102-46	Defining report content and topic Boundaries: p. 168	
102-47	List of material topics: p. 166	
102-48	Restatements of information: p. 168	

102-49	Changes in reporting: no significant changes in the material topics. Moreover, the scope of the material topics is the same as that for the previous period.	
102-50	Reporting period: 2019	
102-51	Date of most recent report: The 2018 Consolidated Non-financial Statement was published on 24 April 2019.	
102-52	Reporting cycle: Annual	
102-53	Contact point for questions regarding the report: sustainability@salini-impregilo.com	
102-54	Claims of reporting in accordance with the GRI standards: p. 165	
102-55	GRI Content Index: p. 173	
102-56	External assurance: p. 178	
GRI 200 Economic		
GRI 201 Economic performance (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 10	
201-1	Direct economic value generated and distributed: The direct economic value generated by the Group in 2019 amounted to €5,076 million, including €4,905 million which was distributed and €171 million which was retained. Specifically, €3,716 million was distributed to suppliers (operating costs), €791 million to employees (remuneration and benefits), €262 million to the lenders, €109 million to the public administration (taxes) and €27 to the shareholders.	
GRI 202 Market Presence (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 159	6
202-2	Proportion of management hired from the local community: p. 159. The term manager refers to persons who hold management positions as part of the contract and head a department/unit. In the case of EU resources, it refers to the contractual definition of a manager. Local employees are those who are hired in the same country as that in which they reside.	6
GRI 203 Indirect Economic Impacts (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 161	
203-1	Infrastructure investments and services supported: p. 161. The total value of initiatives to assist local areas includes monetary donations (27.1%), sponsorships (54.8%) and contributions in kind (18.1%) (e.g., labour, materials, machinery).	
GRI 204 Procurement Practices (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 159	
204-1	Proportion of spending on local suppliers: p. 159. Local suppliers are those with a registered office in the same country in which the Group's projects are taking place.	
GRI 205 Anti-corruption (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 151	10
205-1	Operations assessed for risks related to corruption: p. 151. 147 companies were included in the assessment scope.	10
GRI 300 Environmental		
GRI 301 Materials (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 146	7, 8
301-1	Materials used by weight or content: p. 146. The Group does not use significant renewable materials for its core activities while it can use recycled or recovered materials, as described in the relevant section.	7, 8
GRI 302 Energy (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 135	7, 8, 9
302-1	Energy consumption within the organisation: p. 135, p. 171	7, 8, 9
302-2	Energy consumption outside of the organisation: p. 135, p. 171. Significant external energy consumption refers to the Group's subcontractors.	7, 8, 9
302-3	Energy intensity: p. 135, p. 171	7, 8, 9
GRI 303 Water (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 146	7, 8

303-1	Interactions with water as a shared resource: p. 146. Water withdrawn in areas subject to water stress: the Group did not withdraw water in areas subject to water stress during the year. Areas subject to water stress are those classified as extremely high risk by the Water Risk Atlas recently published by World Resources Institute.	7, 8
GRI 304 Biodiversity (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 149	8
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas: p. 149	8
GRI 305 Emissions (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 135	7, 8, 9
305-1	Direct (Scope 1) GHG emissions: p. 135, p. 171	7, 8, 9
305-2	Indirect (Scope 2) GHG emissions: p. 135, p. 171. The location-based method was used to calculate the Scope 2 GHG emissions.	7, 8, 9
305-3	Other indirect (Scope 3) GHG emissions: p. 135, p. 171	7, 8, 9
305-4	GHG emissions intensity: p. 135, p. 171	7, 8, 9
GRI 306 Effluents and Waste (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 147	8
306-2	Waste by type and disposal method: p. 147, p. 171	8
GRI 307 Environmental Compliance (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 140	8
307-1	Non-compliance with environmental laws and regulations: p. 140	8
GRI 308 Supplier Environmental Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 155	8
308-1	New suppliers that were screened using environmental criteria: p. 155. Specifically, in 2019, 88% of the new suppliers were screened using environmental criteria.	8
GRI 400 Social		
GRI 401 Employment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 110	6
401-1	New employee hires and employee turnover: p. 110. Specifically, in 2019, 6,247 people joined the Group (entry rate of 26%), including 2,448 under 30 years of age (39%), 3,228 between 30 and 50 (52%) and 571 over 50 (9%). The geographical distribution of employees is as follows: 2,094 in Africa (34%), 553 in the Americas (9%), 655 in Europe (10%), 2,945 in Asia and Oceania (47%). During the year, people that left the Group, including the transfers of resources among group sites, numbered 12,501 (exit rate of 52%), including 3,137 under 30 (25%), 7,266 between 30 and 50 (58%) and 2,099 over 50 (17%). The geographical distribution of the leavers is as follows: 2,452 in Africa (20%), 2,293 in the Americas (18%), 2,565 in Europe (21%), 5,191 in Asia and Oceania (42%). The turnover rates were calculated using the average employee numbers for the period.	6
GRI 402 Labour/Management Relations (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	3
402-1	Minimum notice periods regarding significant changes: The minimum notice period to communicate significant operating personnel changes for Salini Impregilo is set by collective employment contracts and relevant local laws. It varies from four to 26 weeks for managers, two to 12 weeks for office staff and one to eight weeks for blue collars.	3
GRI 403 Occupational Health and Safety (2018)		
103-1, 103-2, 103-3	Management approach disclosures: p. 117	
403-1	Occupational health and safety management system: p. 117. The Health and Safety Management System is installed at the Italian head offices (corporate), direct contracts, joint operations where the Group manages the operational activities or has specific agreements with its partners. Its system is not used by the joint operations where health and safety management is the responsibility of its partners.	

403-2	Hazard identification, risk assessment, and incident investigation: p. 117	
403-3	Occupational health services: p. 117	
403-4	Worker participation, consultation, and communication on occupational health and safety: p. 117	
403-5	Worker training on occupational health and safety: p. 117	
403-6	Promotion of worker health: p. 117	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships: p. 117	
403-9	Work-related injuries: p. 117. Despite the stringent assessments of risks and operating controls, two fatal injuries took place in 2019 involving direct employees (0.03%) and four involving employees of subcontractors (0.05%). The serious injuries, calculated in accordance with Italian legislation (sick leave of more than 40 days), involved 11 direct employees (0.14%) and four employees of subcontractors (0.05%). The total number of recordable injuries was 499 for the direct employees (6.45%) and 392 for employees of subcontractors (5.01%). The main types of injury were wounds, bruises and fractures.	
GRI 404 Training and education (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 111	6
404-1	Average hours of training per year per employee: p. 111, p. 168. In 2019, technical and production employees received an average of 12 hours of training per capita, while office employees received four hours. During the year, the per capita training hours provided to corporate employees amounted to 40 for men and 44 for women. This figure is not significant for the operating units given the strong predominance of male resources.	6
GRI 405 Diversity and Equal Opportunity (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	6
405-1	Diversity of governance bodies and employees: reference is made to the report on corporate governance and the ownership structure for full disclosure on the diversity of governance bodies p. 125(diversity of employees).	6
GRI 406 Non-discrimination (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	6
406-1	Incidents of discrimination and corrective actions taken: p.125. The Group received four notifications of alleged discrimination from Lane's employees during the year. These notifications were handled in accordance with Lane's internal procedures. At year end, two cases had been settled and two were under investigation.	6
GRI 407 Freedom of Association and Collective Bargaining (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	3
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk: p. 125	3
GRI 408 Child Labour (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	5
408-1	Operations and suppliers at significant risk for incidents of child labour: p. 124	5
GRI 409 Forced or Compulsory Labour (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	4
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour: p. 125	4
GRI 410 Security Practices (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	1
410-1	Security personnel trained in human rights policies or procedures: p.125. As described in the section on Human rights, security personnel undergo initial training and regular refresher courses provided by the local managers in line with a training plan defined to comply with the applicable standards and regulations. These courses include information on respect for the individual, human rights and the Code of Ethics.	1
GRI 411 Rights of Indigenous Peoples (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	1
411-1	Incidents of violations involving rights of indigenous peoples: p.125. No instances (e.g., legal action) for the violation of indigenous rights took place in the year.	1

GRI 412 Human Rights Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	1
412-1	Operations that have been subject to human rights reviews or impact assessments: p. 125	1
GRI 413 Local Communities (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 165	1
413-1	Operations with local community engagement, impact assessments, and development programmes: Given the type of works, their location and reference regulatory frameworks, the Group's projects are subject to different laws and standards for social and environmental aspects. Accordingly, a social and/or environmental impact assessment prepared by the clients exists for 80% of its in-scope projects. The clients consulted the local communities for 42% of the projects. A management system is in place to handle complaints from local communities for 44% of the projects (the grievance mechanisms). Development projects assisting the local communities exist for 24% of the projects while workers committees exist for 20% of the projects.	1
GRI 414 Supplier Social Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 155	2
414-1	New suppliers that were screened using environmental criteria: p. 155. Specifically, in 2019, 88% of the new suppliers were screened using social criteria.	2
GRI 415 Public policy (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 161	10
415-1	Political contributions: p. 161	10

Report of the auditors



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

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 the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
Salini Impregilo S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2019 consolidated non-financial statement of the Salini Impregilo Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 11 March 2020 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Salini Impregilo S.p.A. (the "parent") 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.

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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 Code of Ethics for Professional Accountants 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 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 DNF with those included in the group's directors' report.
- 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. 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 parent and subsidiaries 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 the Meydan One project's site (United Arab Emirates), which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.



Salini Impregilo Group
Independent auditors' report
31 December 2019

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 consolidated non-financial statement of the Salini Impregilo 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.

Milan, 10 April 2020

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit