

## 1.2 The Sustainability Strategy



### Vision

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

### Sustainability as a strategic tool for business

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

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

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

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

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

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

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

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

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

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

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

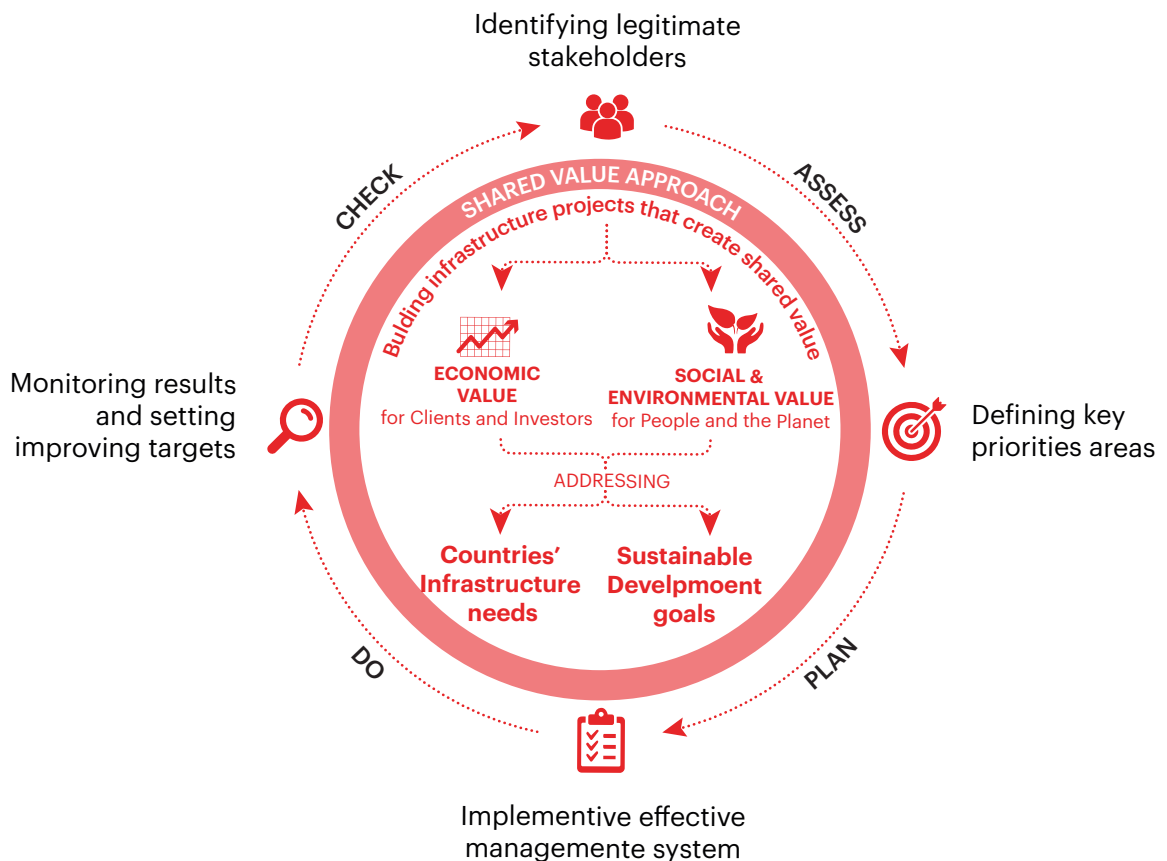
## The Sustainability Model

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

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

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

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

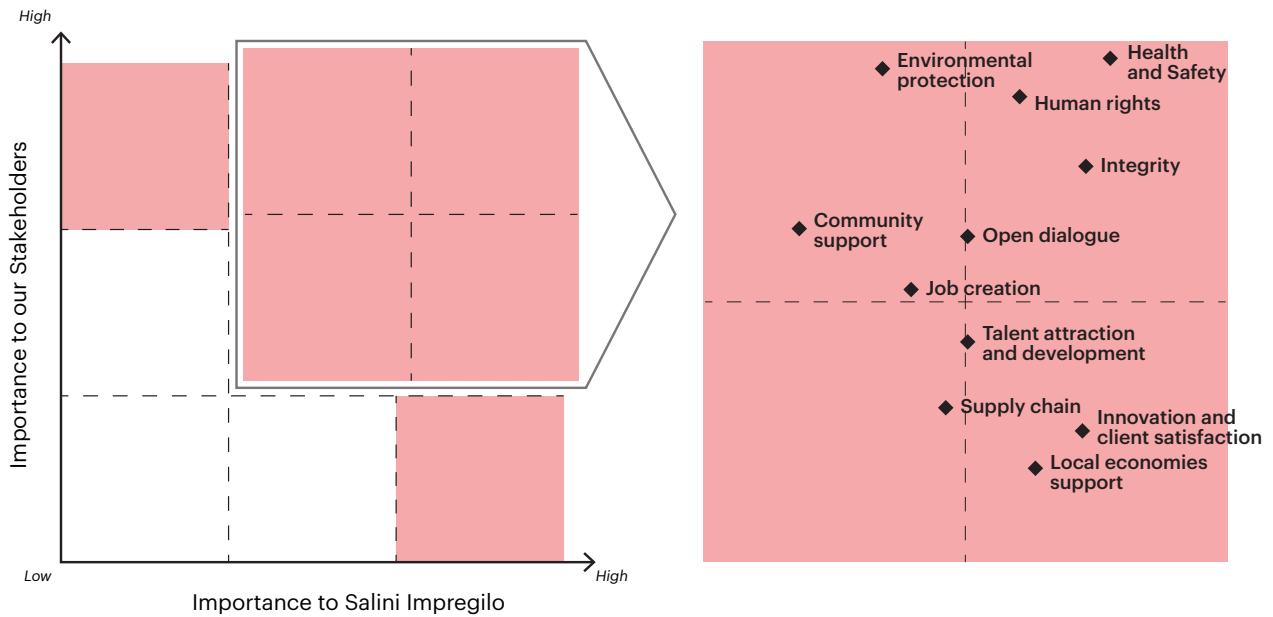


## Priority areas

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

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

**Materiality Matrix 2016**



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

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

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

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



Dubai Parallel Roads  
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World pre

35,000

Track record

257

1/4



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

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

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



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

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

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

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

## 1.3 Awards and recognition

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



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



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



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



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



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



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