

2017 Consolidated Non-financial Statement

Prepared in accordance with Legislative decree no. 254/2016

After more than 110 years of operations, Salini Impregilo has developed a robust business model capable of creating economic value for its shareholders, investors and clients while generating social and environmental value for the areas in which it operates, adopting an approach designed to create shared value.

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 essential content of these documents are 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 subsidiary Lane (USA) has its own policies and operating methods for non-financial aspects, which are based on those of the Company.

Sustainability context

Infrastructure is the cornerstone of the economic and social activities of all communities and is essential for growth. It facilitates access to basic services, underpins local development and improves the communities’ quality of life.

The main global megatrends (climate change and resource scarcity, accelerated urbanisation, demographic and social shifts, shifts in economic power and technological breakthroughs) influence the decisions of governments and economic operators, which have a direct impact on the infrastructure sector.

The international community has recently undertaken important initiatives to manage the changes underway, like the United Nations’ Agenda 2030 for Sustainable Development and the Paris Climate Agreement.

¹ Source: PWC UK, Megatrends: 5 global shifts changing the way we live and do business, <https://www.pwc.co.uk/issues/megatrends.html>.

The Agenda 2030 is an action plan signed by the governments of the 193 member states of the UN that have committed to achieving the 17 goals (the Sustainable Development Goals or SDG) by 2030.

These goals attribute great importance to infrastructure, acknowledging the added value of greater access to basic services, protection from climate-related extreme events and the stimulus to economic growth and innovation.

They also make an important contribution to achieving the objectives of fighting climate change contained in the Paris Agreement, as they are tied to more than 60% of the worldwide emissions of greenhouse gases².

The following table sets out the drivers that influence investments in infrastructure in various markets according to the Global Commission on the Economy and Climate:

Type of economy	Drivers of demand for infrastructure
Global	<ul style="list-style-type: none"> • Rapid economic growth in emerging economies and developing countries • Government policies designed to meet the goals set in the Paris Agreement and the UN's SDG, which require investments for new infrastructure and the modernisation of existing infrastructure
Developing economies (low income)	<ul style="list-style-type: none"> • Need to increase the population's access to basic services: water, energy, mobility, housing, healthcare • Improve adaptation and resilience to climate change and other social and environmental stresses • Improve connections between areas through physical and virtual infrastructures
Emerging economies (medium income)	<ul style="list-style-type: none"> • Rapidly growing urban population • Expansion of a middle class with rising incomes • Need to guarantee access to basic services for the new urban/middle class population • Need to eliminate the infrastructure gaps in urban areas and improve regional connections, focusing on resilient and low-carbon infrastructure
Advanced economies	<ul style="list-style-type: none"> • Need to modernise or replace obsolete infrastructure which no longer meets the population's needs • Rethink urban development models, rectifying previous trends that led to congested cities, reliant on private means of transport, consuming high levels of resources and with high atmospheric pollution

² Source: The Sustainable Infrastructure Imperative, New Climate Economy – The Global Commission on the Economy and Climate, 2016.

Salini Impregilo Group, a global leader in infrastructure for the water segment and a key player in the transportation and civil construction segment, helps meet the global challenges with its projects for public and private sector clients.

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:

Stage	Activity	Parties involved
1. Planning	<ul style="list-style-type: none"> • Government planning (infrastructure master plan, local plans, etc.) • Private sector investment plans 	<ul style="list-style-type: none"> • Public decision-makers • Private investors
2. Development	<ul style="list-style-type: none"> • Site selection for projects and preliminary design of the layout • Social and environmental impact assessments and consultations with stakeholders, if provided for • Drawing up of plans to manage and mitigate social and environmental impacts • Acquisitions of the necessary permits and authorisations • Contractor selection procedure 	<ul style="list-style-type: none"> • Project proponents • Public authorities
3. Engineering*	<ul style="list-style-type: none"> • Works design • Engineering of the construction processes 	<ul style="list-style-type: none"> • Project proponents • Selected contractors (if provided for in the tender contract)
4. Procurement*	<ul style="list-style-type: none"> • Procurement of the production inputs needed to perform the contract activities: <ul style="list-style-type: none"> - Plant and machinery - Materials and services - Labour - Subcontracts 	<ul style="list-style-type: none"> • Selected contractors
5. Construction*	<ul style="list-style-type: none"> • Performance of the construction works provided for in the contract 	<ul style="list-style-type: none"> • Selected contractors • Subcontractors
6. Operations & Maintenance	<ul style="list-style-type: none"> • Works management • Maintenance and upgrading • Discontinuation and dismantling 	<ul style="list-style-type: none"> • Project proponents • Contractor (if provided for in the tender contract) • Other parties engaged by the Project proponents

* 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 that, either directly or through other parties (e.g., the public administration usually operates through state-owned entities), is also involved in the subsequent stages of developing the infrastructure project as the Project proponent.

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) or the entire contract life cycle (engineering, procurement and construction).

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 and of public authorities.

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).

Material non-financial topics

Given the reference context, the specific nature of the infrastructure sector, the Group's 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 (more information is available in the section "Methodology for reporting non-financial information").

The Statement is divided into sections on the following macro topics:

- Personnel;
- Human rights;
- Environment;
- Anti-corruption;
- Supply chain;
- Social aspects.

COMPANY ORGANISATION

Salini Impregilo's corporate governance model is based on the traditional management model and is in line with international best practices. At the end of 2017, the Company's Board of Directors had 15 members, including four women (26.6%) and ten who met the independence requirements (66.6%). The Board of Directors has three committees: the Control and Risk Committee, the Compensation and Nominating Committee and the Committee for Related-Party Transactions. The Control and Risk Committee, comprised of five independent directors, examines this Consolidated Non-financial Statement connected to 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

In 2017, the Company updated its 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 all the 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 that flank the Code of Ethics and represent the main points of reference for all people working for the Company. They are summarised below:

Sustainability policy: 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.

Quality, environment, health and safety in the workplace policy: this sets out the principles that the Company is committed to complying with during its operations in order to meet and exceed client expectations and achieve the highest level of protection for the environment and employee health and safety.

Anti-corruption policy: this comprises the anti-corruption principles to be adhered to by all employees.

The Company strengthened its commitment to human rights and workers with the **International Framework Agreement** signed

in 2014 with the Italian and international trade unions of the construction sector.

Some group companies active outside Italy have additional policies in place to regulate certain aspects (e.g. diversity and equal opportunities) when this is required by the local regulations or applicable best practices.

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.

The 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/or the size and/or significance of the underlying transactions;
- 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 privacy 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 OHSAS 18001, as well an **Anti-Corruption Compliance System** pursuant to ISO 37001. An independent expert certifies these systems and more information is given about them in the subsequent sections.

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. 231/01;
- 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 and Risk Committee.

Main organisational changes

The Group strengthened its organisational model in 2017 by introducing solutions designed to optimise processes and respond to business requirements in an increasingly efficient and prompt manner.

Accordingly, it reorganised the corporate Technical Department, by strengthening the responsibility chains for the technical engineering and management services. This reorganisation aims to achieve an integrated process management model, which will provide a greater technical contribution starting from the selection of the commercial opportunities to be followed up, right through to the preparation of the bids and construction of the works.

Alignment of the other corporate departments with the new organisational model has been continued, with the roll out of reorganisation projects of staff structures and business lines, assisted by the hiring of new personnel on the market.

The Group also further honed its procedure system and tested and updated it to comply with the new organisation and changes in the reference legislation.

PERSONNEL

Internal policies

People, their skills and their dedication are fundamental to any organisation's competitive edge. This is even truer for Salini Impregilo given the special nature of its business, as it performs complex projects which diverge greatly one from another in different and often challenging cultures and contexts.

Salini Impregilo's policy for its personnel is designed to:

- Attract and cultivate talented people, especially university graduates and young professionals through employer branding programmes and contacts with the top schools and universities;
- Foster a work environment that enhances individual skills and encourages employees to develop their potential through development and training courses and the transfer of skills among employees, promoting a culture of shared learning experiences;
- Retain and motivate qualified professional resources with fair, balanced and incentive-based remuneration systems, in line with best market practices and based on merits and performance sustainability;
- 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.

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 the Group operates.

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

Workforce

At 31 December 2017, the Group's workforce was as follows:

DIRECT WORKFORCE BY CATEGORY	Unit	2016	2017
Managers	no.	362	351
White collars	no.	7,270	7,194
Blue collars	no.	26,808	23,592
Total	no.	34,440	31,137

DIRECT WORKFORCE BY GEOGRAPHICAL SEGMENT	Unit	2016	2017
Africa	no.	15,072	11,273
Central and South America	no.	3,080	2,318
North America	no.	4,626	4,659
Europe	no.	3,848	3,423
Middle East, Asia and Oceania	no.	7,814	9,464
Total	no.	34,440	31,137

At year end, technical and production resources made up 77% of the workforce with office employees accounting for the other 23%. The split between open-ended and fixed-term employment contracts is 93% and 7%, respectively.

The above figures related to the Group's employees at 31 December of each year may not properly reflect the actual workforce of the related years. A more accurate indicator for companies that work on a contract basis is the total sum of hours worked by their employees, which exceeded 102 million for Salini Impregilo in 2017, up 4% on 2016.

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 2017 numbered 63,606 units, up 7% on 2016.

TOTAL WORKFORCE BY GEOGRAPHICAL SEGMENT	Unit	2016	2017
Africa	no.	18,022	14,619
Central and South America	no.	10,405	6,565
North America*	no.	4,626	4,659
Europe	no.	11,896	9,367
Middle East, Asia and Oceania	no.	14,670	28,396
Total	no.	59,619	63,606

* Figure for indirect resources unavailable.

New hires in 2017 equalled 22% while departures accounted for 56%. The latter percentage includes personnel movements due to the transfer of resources and skills among group contracts depending on their construction phase. The highest employee movements were seen in the Middle East and Africa due to the start-up of new projects and the delivery/completion of design stages of existing projects.

Recruitment and employer branding

At corporate and local unit level, the HR planning, selection and recruitment process is regulated by a defined, standardised procedure which includes definition of workforce plans followed by the subsequent structured recruitment stage (internally or on the market), selection, negotiations of the employment contract and entry of the suitable identified candidates.

The local units manage this process at operating level in accordance with local regulations and legislation (e.g., obligation to hire a certain percentage of employees belonging to specific categories or from specific areas). Reference should be made to the “Social aspects” section for information on the employment opportunities created by the Group in the countries where it operates.

Salini Impregilo introduced a dedicated recruitment application (SAP Success Factors) to better map the process and ensure its transparency. During the year, the Company set up a Group Recruiting Unit within the Group HR, Organisation and QHSE Department, which coordinates the teams that perform recruitment activities at head office, geographical or contract level.

Recruitment activities, carried out using the above principles and practices, allow the Company to mitigate the risks to which it is exposed, such as the risk of not being able to fill positions due to the lack of qualified people on the market or a time lap between when the project is assigned and when work on it actually starts.

Salini Impregilo also identified tests assessing candidates' attitude to safety to be used in the recruitment of workers for work sites during the year. This is in line with its greater focus on the health and safety of its employees so as to be able to include these aspects right from the recruitment phase.

Employee Branding activities continued during the year to scout and attract talented young people. The Company took part in many university career fairs and provided 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.

Specifically, the Company participated in the #MELOMERITO programme, designed to assist talented youngsters by reinventing how they interact with the Company and using language readily understood by the Millennial generation. The top competitors were invited to a special Recruiting Day and included in the selection process.

For the third consecutive year, Salini Impregilo confirmed its "Best Employer of Choice" ranking at fifth place in the 2018 general classification. This continued inclusion in the category bolsters the Group's reputation on the labour market and its appeal as an employer of choice, assisted by the ongoing communication of its job vacancies and intense recruitment activities at the main universities.

Training

The Company defines and carries out an annual corporate training programme based on an analysis of training requirements which

identifies any gaps and the most appropriate training to resolve these issues. The training courses include final tests and certification when possible and/or provided for.

Introduced in 2015 to promote a new training model that would strengthen the existing skills and expertise and transmit these throughout the organisation, the Company's Learning Academy continued its activities in 2017. The main training programmes provided in the year covered induction courses on internal policies and procedures for new employees, courses on companies' administrative liability (Legislative decree no. 231/2001) and anti-corruption, health and safety, languages, the digitalisation of systems and processes, technical expertise and economic-financial issues.

The Company also strengthened its E-learning Academy, the Group's international training hub launched in 2016 as a platform to share technical and specialist know-how through e-learning courses. During 2017, the "In aula con i nostri esperti" e-learning programme was revised to include webinars and video testimonials of the main experts of the materials presented during the course.

Salini Impregilo rolled out the second edition of the master degree course "International Construction Management" (levels I and II) at the Milan Polytechnic, a leading university partner. The Master course, held entirely in English, combines classroom lessons, mostly provided by Salini Impregilo professionals, with a six-month internship in Italy and abroad under the guidance of company tutors. The 2017/2018 course includes international students (33%) and female students (30%).

Salini Impregilo also invests in the professional development of its employees around the world in order to ensure their performance meets with 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-the-job).

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 provided in 2017 amounted to 771,910, inclusive of both classroom and on-site training and information.

AVERAGE PER CAPITA TRAINING HOURS	Unit	2016	2017
Managers and white collars	hours	27	16
Blue collars	hours	33	28
Total	hours	32	25

In addition to training given to group personnel, the staff of its subcontractors attended courses on QHSE subjects totalling 914,800 hours in 2017.

Remuneration

The Company has operating procedures and practices designed to ensure that its remuneration policies comply with the regulations applicable in all 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 representations (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: 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 2017, the Company continued its performance management programme for a small group of key resources. This programme's aim is to strengthen the result-oriented culture and has three categories of objectives (company performance, department/unit performance and organisational conduct) in line with those of senior management. It provides for the definition of objectives and assessment of the results/performance. Each department is asked to meet specific objectives, which include non-financial objectives such as safety targets.

Health and safety in the workplace

Focus on health and safety in the workplace is one of Salini Impregilo's fundamental values. It has a BH OHSAS 18001 certified health and safety in the workplace management system, which defines the main processes, roles and specific responsibilities to achieve its objectives and implement its safety policies.

During 2017, the overhaul of the Corporate Quality, Health, Safety and the Environment (QHSE) Unit led to its organisational restructuring to better meet management's following 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 has the following measures to manage these risks:

- Identification and assessment of the exposure to the risk;
- Identification of the persons at 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 Group's employees or subcontractors' staff.

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 QHSE 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 “Remuneration”, 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.

The Company continued the Safety Builders programme in 2017 to encourage a strong corporate safety culture, based on strengthening leadership abilities at all management levels.

This programme, developed as part of a more wide-reaching safety communication strategy, Valyou - Our Health and Safety Way, was launched in December 2017 by the CEO and the Group’s senior management team. Their objective is to encourage strong commitment from the top which will be transmitted throughout all organisational levels.

Salini Impregilo has designed and developed the programme to identify the most appropriate tools to understand and alter behaviour by encouraging prudence and dissuading conduct deemed dangerous to safety. It specifically created the programme to develop the safety leaders within the Company as they are the interface between health and safety leadership and an effective safety culture throughout the organisation. The programme includes interrelated actions that develop gradually in three stages using a top-down approach.

The Company’s main workplaces celebrated the World Day for Safety and Health at Work during the year involving more than 200 employees in the Rome and Milan offices in Italy and over 3,700 people at roughly 25 group work sites which carried out programmes designed to meet the specific requirements of the operating units.

The “Monthly Best Site HSE Award” continued for the project to build Line 3 of the Riyadh metro (Saudi Arabia) during the year. Every month, the project team (including the subcontractors) that achieves the best HSE results is rewarded. This project has also received external recognition, such as three “Health and Safety Awards” from RMTC (the client’s engineering consultant) and a “Best HSE Performance” award which is assigned monthly by the client to the

best performing consortium of those involved in building the metro projects in Riyadh.

Other projects in the Middle East, like the Red Line North Underground in Doha (Qatar) and the airport projects in Dubai (Al Maktoum) and Abu Dhabi also clocked up significant results in terms of the hours worked without injuries during the year.

The injury rates are set out below covering both the Group's employees and those of its subcontractors.

FREQUENCY RATE (FR)	Unit	2016	2017
Africa	FR	12.28	6.59
Central and South America	FR	12.56	9.96
North America	FR	1.47	0.83
Europe	FR	13.27	15.75
Middle East, Asia and Oceania	FR	1.10	1.03
Global	FR	7.34	4.76

Note: Reference should be made to the section "Methodology for reporting non-financial information" for details of how the rate is calculated.

LOST DAY RATE (LDR)	Unit	2016	2017
Africa	LDR	0.13	0.03
Central and South America	LDR	0.12	0.10
North America	LDR	0.06	-
Europe	LDR	0.33	0.41
Middle East, Asia and Oceania	LDR	0.02	0.02
Global	LDR	0.10	0.06

Note: Reference should be made to the section "Methodology for reporting non-financial information" for details of how the rate is calculated.

During the year, the Company's commitment to this issue allowed it to achieve significant results with decreases in both rates: 35% for the frequency rate and 38% for the lost day rate.

Salini Impregilo guarantees protection of its workers' health in the workplace with a special internal healthcare unit, which schedules preventive 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 assistance and outpatient 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 all acute or serious problems in remote areas not served by public healthcare units (reference should be made to the section "Social aspects" for more information).

HUMAN RIGHTS

Internal policies

Salini Impregilo is committed to ensuring respect for the rights enshrined in the International Charter of Human Rights and the fundamental conventions of the International Labour Organisation in line with the principles established in its Code of Ethics and Sustainability Policy.

The Company protects the integrity of its employees, ensuring work conditions that respect the dignity of individuals, safeguarding workers from physical or psychological violence or mobbing and opposing any discriminatory or damaging behaviour to an individual, their convictions and inclinations.

Salini Impregilo does not accept any form of illegal, child labour or forced or compulsory labour.

It offers, without discrimination, equal opportunities based on the individual's professional qualifications and performance capacity. It recognises and values the diversity of its employees as an essential element for its growth. It adopts appropriate measures to avoid favouritism, nepotism or patronage during the recruitment process and throughout the employment relationship.

Salini Impregilo guarantees its employees their right to freedom of association and collective bargaining in accordance with the legislation applicable in the country where they work. It adopts a positive approach to labour organisations and an open attitude to trade unions and their activities.

The Company also respects the rights and culture of the communities affected by its work and ensures an ongoing open dialogue with them.

Main risks and management methods

As part of its measures and practices to protect human rights, 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. The Company agreed to authorise access to its work sites by trade union representatives after local agreement with the project and to adopt the most efficient process should a BWI member request a trade union be recognised. The agreement also provides for monitoring and assessment tools to be used by the Company and the trade unions, which meet at least once a year to discuss them.

With respect to child labour, the potential risk of hiring people under the minimum working age established by the applicable local regulations is minimal while there is a higher probability that workers who are above the legal minimum but are less than 18 years old may be hired, especially in countries where false identity documents are widespread. In order to mitigate this risk and irrespective of the local regulations, the Group only agrees employment contracts with people who are 18 years old. In African 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.

The main risks with respect to forced or compulsory labour are tied to the hiring of migrant workers, mainly in the Arab countries (Saudi Arabia, Qatar and the United Arab Emirates) 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 oblige 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 limit the migrant workers' freedom of movement which are 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 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, visa, medical visits, etc.. Migrant workers are guaranteed the possibility to change jobs and to leave their destination country. 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. It checks that the principles are complied with by providing the migrant workers with a questionnaire when they arrive in their country of destination.

With respect to the freedom of association and collective bargaining, the Group ensures its employees have access to "alternative systems" for dialogue in the Arab countries (Saudi Arabia, Qatar and the United Arab Emirates) where the right to the freedom of association is restricted by law. These systems include worker committees, committees set up in the camps and 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 workers may also avail of the whistleblowing system described in the section on "Anti-corruption" to communicate issues related to their work and human rights.

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.

When possible, the Group provides its workers with conditions that are better than the standards envisaged by local regulations. For example, to facilitate the reconciliation of employees' personal requirements with organisational and production requirements, it signed an agreement with the trade union representatives of the Rome and Milan offices providing for the use of parental leave on an hourly basis starting from 1 December 2017. In addition, Isarco S.C.a.R.L. signed an agreement with its trade unions to amend and integrate a trade union agreement about work hours to allow workers to return home more frequently.

As part of the integration process of the Milan and Rome offices, commenced in September 2015 and still ongoing, the Company extended the voluntary redundancy procedure introduced in previous years until 30 November 2018, with the relevant trade unions' agreement, and offered it to those employees who meet the legal requirements for retirement in the period from 1 July 2017 to 30 June 2018.

The Company has not received any reports, either directly or through the trade unions, alleging grounded violations of minimum working conditions.

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). Specifically, the Company is committed through the framework agreement with BWI to guaranteeing its employees equal remuneration for the same positions and equal conditions for migrant workers and employees on secondment compared to the local workforce. Its employees may use the tools described previously to notify any violations of these principles.

The Group's work sites have employees from more than 100 countries. The following table shows a breakdown of its employees useful to highlight further diversity aspects:

EMPLOYEES BY AGE	Unit	2016	2017
< 30 years	%	32%	28%
30-50 years	%	54%	57%
> 50 years	%	14%	15%

EMPLOYEES BY GENDER	Unit	2016	2017
Men	%	91%	91%
Women	%	9%	9%

The women's employment rate is affected by the construction sector's characteristics, as it is traditionally a male domain. At group level, women make up 7% of the management team, 20% of white collars and 6% of the blue collars, while at functional level, they represent 4% of the technical and production staff and 28% of the office employees. The presence of female employees is higher at the central Milan and Rome offices, where they make up 35% of the total workforce. The number of women managers increased by 27% from 2015 to 2016 at these central offices and grew again by 7% in the two years from 2016 to 2017. The average remuneration received by women compared to that received by men in 2017 was 72% for the managers and 87% for the office female employees. This percentage is affected by the fact that the male employees have greater seniority to the female employees.

The issue of diversity is subject to strict regulations in some areas like the Anglo-Saxon and Northern European countries. Accordingly, the group companies active in these areas have specific management policies. For example, Lane has a management programme that complies with US regulations with a special unit set up at its head office and adoption of two specific policies, one on equal opportunities and one on harassment in the workplace. They require management, supervisors and all workers at the work sites, plants and offices to comply with strict requirements.

The Group also has an action plan including information activities

and training, the involvement of organisations representing women and minorities for vacant positions, as well as the involvement of subcontractors that have to contractually commit to developing their own action plans to encourage equal opportunities.

In addition, the Group has a procedure to monitor the workforce at its facilities, to check progress and achievement of diversity targets, and a system allowing everyone (candidates, employees and subcontractors) to notify cases of non-compliance with policies. The system has an inspection plan of visits performed by a central unit to the facilities to check the degree of compliance and achievement of the goals set in the annual plan.

Lane received recognition as “Employer of the Year” during the year as part of the PIECE - Partnership for Inclusive Employment and Career Excellence project.

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 mitigates these risks through special contractual clauses. It asks its suppliers and subcontractors to accept the principles in its Code of Ethics and to commit to working in a loyal and transparent manner with the Group to monitor and check the correct application of the code.

With respect to security, the Company carries out specific risk analyses during calls to tender and/or the start-up of contract work in accordance with specific internal guidelines. When local requirements require specific monitoring, the work site is given a security unit that develops tailored action plans and hires the personnel needed to ensure the safety of the Company’s employees and assets, as well as the continuity of operations and information. Specifically, security personnel may be employees or personnel provided by third parties, who are usually unarmed, or by personnel supplied by the army or local police departments.

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 and the Code of Ethics. The training of personnel supplied by public safety forces complies with local regulations and standards. When 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.

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. No significant issues related to security management were raised by the stakeholders in 2017.

The Corporate Security Department 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 Corporate Social Responsibility Department provides specialist assistance with human rights issues at centralised level. As required by the UN's Guiding Principles on Business & Human Rights, the Company mapped the impacts on human rights that could potentially derive from its activities in 2016. This procedure was continued in 2017 with a risk assessment of the group employees' human rights, which covered all the geographical areas where the Group operates and the findings of which are described herein.

ENVIRONMENT

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 companies to do so. In 2007, it introduced an Environmental Management System which is ISO 14001 certified. During 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 is designed to ensure:

- compliance with applicable legal requirements and any other agreed-to requirements;
- identification and assessment of environmental aspects tied to the Company's operations and evaluation of the related significant impacts;
- development, implementation and ongoing improvement of the environmental management system;
- identification of all the technical and organisational measures designed for the rational use of natural resources (e.g., raw materials, energy and water) and the mitigation of pollution, greenhouse gas (GHG) emissions, waste generation and inconvenience to the local communities as well as the effective restoration of work sites upon completion of projects;
- 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.

During the realization of the awarded projects, the Group ensures compliance with the above-mentioned principles in accordance with the commitments taken on with its customers. 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).

In 2017, projects affected by these standards accounted for 17% of the total and the more important ones included the Red Line North Underground in Doha, Qatar, which uses the GSAS (Global Sustainability Assessment System)

system, two stations of Line 3 of the Riyadh metro in Saudi Arabia which use the LEED (Leadership in Energy and Environmental Design) standard, the Maydan One Mall, Dubai project which uses the Green Buildings Regulations and Specifications standard, the Northwest metro in Sydney, Australia which uses the IS (Infrastructure Sustainability) system and which received the IS Leading rating for sustainable design resilient to climate change in 2015. In 2017, Salini Impregilo was awarded the Sustainability Award 2017 by the Qatar Green Building Council in the Best Green Building Contractor category for the Red Line North project in Doha. The joint venture involved in building the metro line also received the Certificate of Sustainability Excellence. The Anacostia River Tunnel Project in Washington, D.C. (USA) was given the Sustainability Initiative of the Year award by the International Tunneling and Underground Space Association (ITA), also in 2017.

During the start-up of a new contract and based on the planned work, an environmental risk assessment is performed to identify significant environmental aspects, i.e., those aspects that could have a 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 specific critical factors, 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 resources, energy and GHG emissions;
- Soil, subsoil and water environment;
- Waste and use of hazardous substances/preparations;
- Atmosphere;
- Noise and vibrations;
- Biodiversity, 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 monitoring plans defining the specific management and monitoring activities for the environmental components identified;
- specific instructions for the different method statements applied.

To ensure the correct implementation of the environmental plans, the work sites plan and provide for information/training to be given to all 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 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.

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

To guarantee senior management's effective involvement, the Company set up a QHSE Committee comprising the HR, Engineering, Operation and QHSE managers. This Committee sets the policies, objectives and strategic communications to disseminate the QHSE culture and the operating guidelines.

The QHSE Unit is also in charge of the environmental management system at corporate level and provides technical assistance about environmental matters.

During 2017, the Unit's reorganisation led to the setup of a Corporate Environment Unit which directs the contracts.

Communications about environmental aspects are made on a hierarchical basis within the Company through the QHSE coordinators (who liaise with the Corporate and contract managers), the QHSE community (comprising all the QHSE professionals in the Group), 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 - Litigation - Environmental disputes” of the Directors’ report for ongoing environment-related disputes.

The methods to manage the main environmental components 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.

Natural resources, energy and GHG emissions

Construction of motorways, bridges, dams and railway lines 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 without reducing the quality, performance, security and functioning of the asset.

The main raw materials used are shown in the following table:

MATERIALS USED	Unit	2016	2017
Aggregates	t	18,414,529	23,018,778
Bitumen	t	320,777	245,468
Cement	t	1,144,950	558,395
Concrete-reinforcing bars	t	2,788,974	506,843
Ready-mixed and pre-cast concrete	t	3,938,005	5,500,060
Ready-mixed asphalt	t	393,524	1,083,235
Total non-renewable materials	t	27,000,759	30,912,780

WATER USE	Unit	2016	2017
Wells	m ³	1,793,658	2,399,423
Rivers	m ³	9,713,951	10,640,606
Lakes	m ³	184,384	383,197
Sea	m ³	-	5,014
Aqueducts	m ³	1,610,059	2,864,234
Total	m³	13,302,052	16,292,474

Where possible, the Group has adopted policies to recycle waste materials as part of the same project or use systems that allow the re-use of waste water for other specific activities such as, for example, washing vehicles and dust suppression. In 2017, the Group used recycled asphalt (1.3 million tonnes), fly ash (110.5 thousand tonnes) and water recycled and re-used in production processes (3.3 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 allows a decrease in GHG emissions and mitigation of the effects of climate change.

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 and informing its employees about the importance of energy saving. The following tables show energy consumption and the related GHG emissions:

ENERGY CONSUMPTION	Unit	2016	2017
<i>Non-renewable energy sources</i>			
Diesel	GJ	5,413,144	5,959,115
Petrol	GJ	376,215	646,560
Kerosene	GJ	2,560	42,945
Natural gas	GJ	1,889,982	2,033,091
Electricity	GJ	454,429	375,059
Total consumption from non-renewable energy sources	GJ	8,136,330	9,056,769
<i>Renewable energy sources</i>			
Electricity from renewable sources	GJ	322,438	254,958
Total internal energy consumption	GJ	8,458,768	9,311,728
Energy consumption - subcontractors	GJ	1,708,122	1,964,079
Total	GJ	10,166,890	11,275,807
Energy intensity	GJ/€m	1,728	1,846
DIRECT AND INDIRECT GHG EMISSIONS			
	Unit	2016	2017
Direct emissions (Scope 1)	tCO _{2e}	534,974	566,952
Indirect emissions (Scope 2)	tCO _{2e}	40,858	43,388
Other indirect emissions (Scope 3)	tCO _{2e}	129,080	137,577
Total	tCO_{2e}	704,912	747,917
Intensity of GHG emissions	tCO_{2e}/€m	120	122

Lane has a policy to increase the environmental efficiency of its asphalt production plants by using recycled asphalt in the production cycle and increasing the percentage of asphalt produced using the WMA (Warm Mix Asphalt) method, with a lower than normal temperature that generates energy consumption savings and less emissions.

In addition to consumption and direct emissions, the Group is also committed to decreasing where possible the indirect emissions of its related activities, such as transportation and travel of its employees. 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 that 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.

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 construction site start-up stage to prevent contamination of the soil, subsoil and surrounding water bodies.

Industrial waste water is channelled and collected in sedimentation tanks and treatment plants designed to comply with the applicable legal and contractual provisions as well as the waste water's specific characteristics.

Construction work also involves movement of large earth quantities to construct embankments, cuttings, tunnels or certain types of dams. 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 2017, re-used excavated materials amounted to 21.3 million cubic metres.

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 2017, areas where measures to protect against erosion have been implemented covered 10.9 million square metres.

Waste

Waste generated during construction of large-scale infrastructure can be grouped into two separate categories: urban or similar waste and special waste. Urban or similar 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 reused or to be sold to third parties authorised to recycle/dispose of the waste.

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. Salini Impregilo transfers its hazardous waste to authorised third parties.

Waste produced by activity, type and destination is shown in the following table:

TOTAL WASTE BY ACTIVITY	Unit	2016	2017
Construction and demolition waste	t	210,486	593,188
Excavation waste	t	3,309,229	7,004,018
Waste from support activities	t	80,210	172,499
Total non-hazardous and hazardous waste	t	3,599,925	7,769,705

TOTAL WASTE BY TYPE AND DESTINATION	Unit	2016	2017
<i>Non-hazardous waste</i>			
Recovery, re-use and recycling	t	935,373	2,565,843
Incineration	t	3,478	4,275
Landfill	t	2,631,689	5,188,936
Total non-hazardous waste	t	3,570,540	7,759,054
<i>Hazardous waste</i>			
Recovery, re-use and recycling	t	10,091	4,057
Incineration	t	2,428	679
Landfill	t	16,866	5,914
Total hazardous waste	t	29,385	10,650
Total non-hazardous and hazardous waste	t	3,599,925	7,769,705

Almost all the waste produced is from excavations, which varies depending on the projects' characteristics which the Group cannot influence as they are decided by the client.

The increase in waste in 2017 is mainly due to the inclusion of the Group's Rogun contract in Takijistan and that of the Fisia Alkatas consortium in Turkey in this Statement's scope as well as the excavation activities for the Riyadh metro in Saudi Arabia and completion of the NorthWest Rail Link in Australia (IS Joint Venture), with the related dismantlement of the work site.

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, crushing excavated rocks and demolition.

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 and tyre washing systems at site entrance points;
- Regular maintenance schedules for site plant and vehicles, ongoing replacement of the fleet with more efficient models.

Noise and vibrations

The aspects relating to noise and vibration 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 management system includes specific procedures to assess and monitor these aspects, adopting 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.

Vibration is also a feature of work on 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 usually implemented in accordance with local authorities' provisions, are designed to protect and preserve the ecosystem, biodiversity and cultural heritage of the areas around the sites. With respect to the biodiversity issue, only 6% of the areas managed by the Group was located in protected areas and 8% in areas adjacent to protected areas in 2017.

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

PROTECTION AND RESTORATION ACTIVITIES	Unit	2016	2017
Reforested area	m ²	491,990	293,281
Trees planted	no.	32,802	95,985
Areas where the topsoil was restored	m ²	579,787	3,304,357

indigenous species are usually used. The main restoration activities performed by the Group are shown below:

In 2017, the Group carried out reforestation activities mainly for the Ethiopian Gibe III and, to a lesser extent, Koyscha contracts, the Danish Cityringen project, Lane's projects in the US and the North West Rail

Link project in Australia. Topsoil was replaced in the Gerd (Ethiopia) and Ruta del Sol (Colombia) projects as well as at the other above-mentioned projects.

ANTI-CORRUPTION

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 all the countries where it operates. It requires all its stakeholders to act with honesty and integrity at all times. The Company never accepts behaviour intended 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 Compliance 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;
- 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 Compliance Unit monitors the Anti-corruption System. It draws up an annual Compliance Plan, which sets out the Company's goals to ensure achievement of the general objectives and ISO 37110 recertification. The Control and Risk 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/variations). 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's 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's 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 how long their compliance system has been in place. Roughly 86% of the legal entities making up Salini Impregilo Group were included in the Anti-corruption risk assessment scope in 2017.

The procedures specifically designed to monitor the above risks include the Guidelines for the Assessment of Relevant Third Parties and the Management of Benefits to third parties, which define valuation procedures applicable to potential counterparties before a contract is signed. Specifically, with respect to gifts given to third parties, the Company has set price limits while it has an authorisation process in place for sponsorships and donations to monitor these initiatives 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 description) 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.

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 2017, just one notification was received notifying the Company of an attempted act of passive corruption related to officials of an external consortium. The Group commenced an internal investigation to check the circumstances in which this attempted violation took place, after which it took the necessary steps involving the HR Department. As a result of these measures, it was found that the alleged act of corruption did not take place.

The Company requires that all new employees receive the mandatory Anti-corruption training as part of a wider programme about Compliance. During the year, Company's employees attended a vast range of courses for more than 3,800 hours on Anti-corruption and the 231 Model.

The Compliance Unit also prepares internal reports for the Board of Directors (every six months), which it addresses to the Control and Risk 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" section of the Directors' report for ongoing disputes about corruption.

SUPPLY CHAIN

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 proper and transparent standards 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 and the Anti-corruption Model, which are integral parts of the contract. Salini Impregilo encourages its suppliers to apply the same criteria when selecting their subcontractors 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 apply the same standards.

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 2017, the Group agreed contracts with more than 6000 suppliers from roughly 59 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 and QHSE 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 reference 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 2017, the Corporate Procurement Department checked 5,200 suppliers to verify their integrity, classification of their know-how and reference lists. At global level, analyses of social and environmental parameters were performed for 1,570 suppliers.

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 2017,

these assessments involved 71% of the Company's ongoing contracts, covering 83% of the procurement expenditure.

The assessment process is flanked by the on-site monitoring of projects by the local QHSE 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 QHSE departments regularly audit the subcontractors. Any non-compliance is managed in accordance with the management system procedures and include 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 the classroom and on-site QHSE training courses (914,800 hours in 2017).

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 process to assess suppliers' performances during the 2017 meeting to inform them about the increasing attention paid by the Company to developing long-term relationships that allow the suppliers to grow and ensure their constant improvement.

The Company continued its innovation days in 2017, 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 ASPECTS

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 works 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 that 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 head office departments to ensure the integrated management of internal and external factors.

Specifically, all the 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, in particular, 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 manner in which interaction takes place with the local stakeholders is 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, especially those in developing and emerging nations, 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.

In 2017, 70% of the 31,137 direct employees were hired locally.

DIRECT EMPLOYEES HIRED LOCALLY	Unit	2016	2017
Africa	%	95%	95%
Central and South America	%	93%	90%
North America	%	99%	100%
Europe	%	78%	86%
Middle East, Asia and Oceania	%	13%	14%
Average	%	75%	70%

The Middle East, Asia and Oceania area has the smallest percentage of local workers. This is affected by the projects in 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 2017, local managers made up 69% of the total, reaching 100% in North America and 87% in Europe. In addition to the direct workforce, the involvement of indirect personnel contributes significantly to the employment generated locally. Indirect workers involved in group projects numbered 32,469 in 2017.

Local procurement

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

In 2017, the Group maintained a strong relationship with its local supplier chain, with roughly 88% of its expenditure made with local suppliers.

LOCAL PROCUREMENT	Unit	2016	2017
Africa	%	41%	40%
Central and South America	%	88%	82%
North America	%	100%	100%
Europe	%	79%	90%
Middle East, Asia and Oceania	%	93%	86%
Average	%	85%	88%

Reference should be made to the section on the “Statement of profit or loss” of the Consolidated Financial Statements for figures related to procurement (operating costs).

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 counterparties.

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 198 initiatives in 2017 for €1.1 million (2016: roughly €1.6 million).

INITIATIVES TO ASSIST LOCAL AREAS	Unit	2016	2017
Investments in infrastructure	no.	18	25
Social programmes	no.	154	173
Total	no.	172	198

Most of the initiatives were carried out in the US for social and education purposes. Other initiatives included free healthcare provided to local communities by work site clinics in rural areas in Ethiopia, Georgia, Tajikistan and Colombia. In 2017, 9,060 medical check-ups were given and 13,610 health interventions (roughly 13,200 in 2016).

In Italy, the Group donated a new school to the Valfornace community, one of the towns in central Italy hit by the 2016 earthquake. The roughly 500 square metre facility houses the pre-school, elementary school and secondary school for 120 students and has a canteen, a refectory, a multi-functional room and garden. As part of the GERD project in Ethiopia, the Group built an elementary school for the nearby Bamza community and organised various sports programmes for the local workers and local communities.

Salini Impregilo is one of the founding members of the E4Impact Foundation, involved in training new entrepreneurs in developing nations through the MBA in Impact Entrepreneurship and assisting the internationalisation of local and international SMEs in Sub-Saharan Africa. The Foundation is currently active in Kenya, Ghana, Sierra Leone, Uganda, Ivory Coast, Senegal and Ethiopia, where it has provided training to more than 500 new entrepreneurs.

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

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 (special 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 any inconveniences caused by the work site's presence;
- 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.

In these cases, the Group may receive requests for information or other communications from mainly non-local stakeholders, such as international non-profit organisations and SRI analysts. The Group 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.

In 2017, the complaint filed by the non-profit organisation Survival International in 2016 to the Italian NCP of the OECD was settled. It related to the alleged non-compliance with the OECD Guidelines for multinational enterprises of the construction of the Gibe III hydroelectric project in Ethiopia.

The OECD Guidelines are recommendations for multinational enterprises of the OECD countries containing voluntary principles and standards for responsible business conduct consistent with international law and laws applicable in the countries where the multinationals work.

Survival's complaint alleged the violation of the rights of some communities residing approximately between 300 km and 500 km downstream from the Gibe III dam, whose natural resources would be decreased when the plant operates. The OECD Guidelines specify that human rights obligations of enterprises depend on the type of business and their role. As contractor for the building of the hydroelectric power plant (opened in December 2016) and although it strongly rejects the allegations, Salini Impregilo agreed to participate in the procedure convinced that it had acted in full compliance with the OECD Guidelines. Accordingly, it made itself fully available to the Italian NCP.

In June 2017, the NCP issued the final statement closing the complaint (available on its website), stating that the Company had not violated the OECD Guidelines.

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 2017 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 in 2016. This statement also constitutes the Communication on Progress (COP) to Global Compact.

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 construction sector, by analysing peers, reports published by analysts and ESG (Environmental, Social, Governance) rating agencies, sector studies and the media;
- internal prioritisation of the identified topics, by involving the main departments that participate in the non-financial reporting process;
- external prioritisation of the identified topics, by analysing engagement with the Group's main stakeholders over the reporting period, for example, questions most frequently asked by clients during the pre-qualification and tender stages, questions most frequently asked by analysts and SRI investors in questionnaires and specific applications and questions raised by the trade unions.

During 2017, the Group performed a survey of the list of the individual topics involving internal (employees) and external (suppliers, sustainability experts, non-profit organisations, analysts, etc.) stakeholders;

- approval of the relevant aspects by management involved in non-financial reporting.

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
Personnel	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 Indigenous rights	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 only material for the corporate offices as it is of little significance at the work sites given the characteristics of the construction sector, which is a predominantly male domain.

Relevant stakeholders

The Company 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	Level of engagement		Area of interest					Relationship length			
	International	Local	Anti-corruption	Environment	Labour practices and human rights	Supply chain	Social	Long term	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 involvement 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 involvement 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.

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 of which it is leader. 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 2017 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
Cigla Construtora Impregilo y Asociados S.a.	Brazil	IS Joint Venture*	Australia
Consorcio Construtor Salini Impregilo - Cigla	Brazil	Lane Industries Incorporated*	USA
COCIV consortium*	Italy	Mercovia S.a.	Argentina
Constructora Ariguani Sas*	Colombia	Reggio Calabria - Scilla S.c.p.a.*	Italy
Copenhagen Metro Team I/S*	Denmark	Salerno-Reggio Calabria Società Consortile Per Azioni*	Italy
CSC Impresa Costruzioni S.a.	Switzerland	Salini - Impregilo Joint Venture for Mukorsi*	Zimbabwe
Fisia - Alkatas Joint Venture	Turkey	Salini Australia PTY L.t.d.	Australia
Fisia Italimpianti S.p.A.	Italy	Salini Impregilo - NRW Joint Venture	Australia
Galfar - Salini-Impregilo - Cimolai JV*	Qatar	Salini Impregilo S.p.A. - S.A. Healy Company Jose J. Chediack S.a. UTE*	Argentina
HCE Costruzioni S.p.A.*	Italy	Salini Malaysia Sdn.Bhd*	Malesia
Iglys Sociedad Anonima	Argentina	Salini Namibia Proprietary L.t.d.*	Namibia
Impregilo - Terna Snfcc Joint Venture*	Greece	Salini Nigeria L.t.d.	Nigeria
Impregilo International Infrastructures N.v.	Netherlands	Salini Polska L.t.d. Liability Co*	Poland
Impregilo New Cross Limited	UK	Salini Saudi Arabia Company L.t.d.	Saudi Arabia

The entities marked with an asterisk in the above table were also included in the reporting scope of the 2016 Sustainability Report. The other entities have been included in the reporting scope of this Statement for the first time.

More information on the in-scope entities is available in the section on the “List of companies included in the consolidation scope” in the Notes to the Consolidated Financial Statements.

The information in this Statement refer to the above scope, except for the figures about the direct workforce which relate to the consolidation scope for financial reporting purposes. The data for the joint operations led by the Group are shown at 100%. The environmental data does not include the offices as they are not material. The data in the “Supply chain” section does not include Lane. Any specific limitations to the scope are specified in the text or in the GRI Content Index.

The 2016 corresponding information relates to the scope of the Group’s 2016 Sustainability Report, to which reference should be made. The figures about water consumption, energy consumption, the injury rate, waste, training hours, GHG Scope 3 emissions and intensity of GHG emissions for 2016 were restated compared to the figures given in the 2016 Sustainability Report due to adoption of a more accurate calculation method (for water consumption), the restatement of the data (energy consumption, injury rate and intensity of GHG emissions), calculation adjustments (waste and training) and the standardisation with energy consumption (GHG emissions Scope 3).

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 was 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 7249:2007 “Statistics on occupational injuries”. They show the number of injuries (FR) and the related number of days lost (LDR) for every million hours worked.

Specifically, the FR is calculated as the ratio of total number of injuries leading to absence from work in the period (including death) and the total number of hours worked, multiplied by 1,000,000. The LDR is calculated as the ratio of total days lost (calculated using calendar days) to total hours worked, multiplied by 1,000. 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, Scope 2 and Scope 3 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 disposal methods for EU projects (i.e., how the waste is treated) is based on the legal classification of each waste category. The methods used for non-EU projects reflect the conditions of the contracts agreed with third party waste management companies.



GRI CONTENT INDEX

Disclosure	Page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)
GRI 102	General Disclosures
102-1	Salini Impregilo S.p.A.
102-2	p. 14
102-3	Milan, Italy
102-4	p. 58
102-5	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	p. 58
102-7	p. 24 p. 58, p. 150
102-8	p. 149. Open-ended contracts account for 93% of the total in Africa, 91% in Central and South America, 97% in North America, 81% in Europe and 97% in the Middle East, Asia and Oceania. 99.9% of the employees have full-time contracts.
102-9	p. 183
102-10	No significant changes in the supply chain compared to the previous period
102-11	p. 167
102-12	p. 144
102-13	Salini Impregilo is a member of the following associations: Assonime, Fondazione Global Compact Network Italia, Assolombarda, Associazione Assafrica e Mediterraneo, ITCOLD - Comitato Nazionale Italiano per le Grandi Dighe, SIG - Società Italiana Gallerie, ISPI - Istituto per gli Studi di Politica Internazionale, Comitato Leonardo, Associazione AIAS, Associazione Italiana Internal Auditors, UNI - Ente Italiano di Normazione, AIGI - Associazione Italiana Giuristi d'Impresa, AICQ CN - Associazione Italiana Cultura Qualità Centro-Nord.
102-14	p. 4
102-16	p. 144
102-18	p. 144
102-40	p. 195
102-41	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 2017, this covered 8,718 employees, equal to 28% of the total.
102-42	p. 195
102-43	p. 160, p. 168, p. 183, p. 194, p. 195
102-44	p. 191
102-45	p. 196
102-46	p. 196
102-47	p. 194
102-48	p. 196

Disclosure	Page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)
102-49	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	Calendar Year 2017
102-51	This Statement represents the first-time application of Legislative decree no. 254/2016 on non-financial information. Up until 2016, the Company prepared an annual sustainability report on a voluntary basis. The 2016 Sustainability Report was published in May 2017.
102-52	Annual
102-53	sustainability@salini-impregilo.com
102-54	p. 194
102-55	p. 202
102-56	p. 206
GRI 200	Economic
202-1	The direct economic value generated by the Group in 2017 amounted to €6,149 million, including €5,749 million which was distributed and €400 million which was retained. Specifically, €4,448 was distributed to suppliers (operating costs), €996 million to employees (remuneration and benefits), €201 million to the lenders and € 104 million to the public administration (taxes). Reference should be made to the information about the ordinary shareholders' meeting to be held on 30 April 2018 in the Directors' report for information about the dividend distribution.
202-2	p. 188. 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.
203-1	p. 190. The total value of initiatives to assist local areas includes monetary donations (40%), sponsorships (30%) and contributions in kind (30%) (e.g., labour, materials, machinery).
204-1	p. 189. Local suppliers are those with a registered office in the same country in which the Group's projects are taking place.
205-1	p. 179. 125 companies were included in the assessment scope.
GRI 300	Environmental
301-1	p. 171. 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.
302-1	p. 171, p. 199
302-2	p. 171, p. 199. Significant external energy consumption refers to the Group's subcontractors.
302-3	p. 171, p. 199
303-1	p. 171, p. 200
304-1	p. 177. Specifically, in 2017, 33 work sites (the equivalent of 11.4 sq km) were located in protected areas (mostly in the US, followed by Namibia, Denmark and Italy) and 122 (the equivalent of 16.3 sq km) in areas adjacent to protected areas (mostly in the US, followed by Australia, Slovakia and Italy). Of these sites, 128 are in areas protected by local regulations, 17 in areas protected by national regulations, 5 in "Natura 2000" areas and 5 in wetlands included in the Ramsar List. There are 84 work sites located in ecosystems that contain water (e.g., lakes, rivers, swamps, etc.), 23 in urban ecosystems, 21 in agricultural ecosystems, 11 in wood ecosystems, 10 in mountain ecosystems, 5 in desert ecosystems and 1 in a coastal ecosystem. The main activity carried out in these areas is construction and plant operation.

Disclosure	Page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)
305-1	p. 171, p. 199
305-2	p. 171, p. 199
305-3	p. 171, p. 199
305-4	p. 171, p. 199
306-2	p. 175, p. 200
307-1	p. 168
308-1	p. 183. Specifically, in 2017, 7% of the new suppliers were screened using environmental criteria.
GRI 400	Social
401-1	p. 152. Specifically, in 2017, 6,949 people joined the Group, including 2,835 under 30 years of age (41%), 3,578 between 30 and 50 (51%) and 536 over 50 (8%). During the year, 17,410 people left the Group, including 5,606 under 30 (32%), 9,614 between 30 and 50 (55%) and 2,190 over 50 (13%).
402-1	The minimum notice period to communicate significant operating changes for Salini Impregilo is a fixed period defined by the collective employment contracts and relevant local laws. It varies from 1 to 32 weeks for managers, 1 to 12 weeks for office staff and 1 to 8 weeks for blue collars.
403-2	p. 155. Despite the stringent assessments of risks and operating controls, 12 fatal injuries took place in 2017 (including six employees of subcontractors). The 2017 Frequency Rate (FR) for the Group's employees was 6.21 while that of its subcontractors was 2.77. The Lost Day Rate (LDR) for the Group's employees was 0.08 and that of its subcontractors 0.04 for the year. The main types of injury were wounds, bruises and fractures. The absenteeism rate was 2%. The occupational illness rate was 0.
404-1	p. 152. In 2017, technical and production employees received an average of 28 hours of training per capita, while office employees received 13 hours. During the year, the per capita training hours provided to corporate employees amounted to 60 for men and 38 for women. This figure did not differ significantly for the operating units given the strong predominance of male resources.
405-1	p. 160
406-1	p. 160. The Group received seven 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, four cases had been settled, one analysed and two were pending analysis. In addition, a disciplinary proceeding commenced by Salini Namibia involving a group of workers who participated in an illegal strike in 2016 at the Neckartal Dam project was settled with an agreement.
407-1	p. 160
408-1	p. 160
409-1	p. 160
410-1	p. 160
411-1	p. 160. No instances (e.g., legal action) for the violation of indigenous rights took place in the year.
412-1	p. 160

Disclosure	Page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)
413-1	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 61% of its in-scope projects. The clients consulted the local communities for 44% of the projects. A management system is in place to handle complaints from local communities for 39% of the projects (the grievance mechanisms). Development projects assisting the local communities exist for 17% of the projects while worker committees exist for 31% of the projects.
414-1	p. 183. Specifically, in 2017, 7% of the new suppliers were screened using social criteria.
415-1	p. 190

Report of the independent 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 Consob Regulation no. 20267

*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 Consob (the Italian Commission for listed companies and the stock exchange) Regulation no. 20267, we have been engaged to perform a limited assurance engagement on the 2017 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 15 March 2018 (the "NFS").

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

The directors of Salini Impregilo S.p.A. are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI 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 a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the Group's business and characteristics, to the extent necessary to enable an understanding of the Group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the Group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the Group's policies for the identification and management of the risks generated or borne.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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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. KPMG S.p.A. 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 Salini Impregilo S.p.A.'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 NFS with those included in the Group's consolidated financial statements.



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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.

To this end, we held interviews and discussions with the Salini Impregilo S.p.A.'s management personnel and personnel of Lane Industries Inc.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the Group's business and characteristics:

- at Company 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 selected procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;

we visited Lane Industries Inc. and the Grand Ethiopian Renaissance Dam site (Ethiopia), which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2017 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 "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards").



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Other matters

The Group prepared a 2016 sustainability report and has presented the data included therein for comparative purposes in its NFS. That sustainability report was reviewed by other auditors in compliance with ISAE 3000 revised, not pursuant to any legal requirements, who expressed an unqualified conclusion thereon on 12 April 2017.

Milan, 5 April 2018

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit