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1 Methodological note

Impresa Pizzarotti & C. S.p.A., as a public interest entity (according to Article 16, paragraph 1, of Legislative Decree 39 of 27 January 2010), the parent company in a Group of a size and with a number of employees, assets and net revenues that exceed the ceiling laid down in Article 2, paragraph 1, falls within the scope of application of Legislative Decree 254 of 30 December 2016 (hereinafter also referred to as Decree 254) “Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.”

The Pizzarotti Group’s consolidated Disclosure of Non-Financial Information (hereinafter also referred to as “DNFI”) at 31 December 2018 has been prepared according to the GRI-Referenced option provided for in the GRI Standards (2016) of the Global Reporting Initiative and using the Reporting Principles set out in the “GRI Standards: 101 Foundation”. In particular, the document is referenced to the “Topic-specific standards” listed in the “Table of correlation between Legislative Decree 254/2016 and the GRI-Referenced option.”

The disclosure of non-financial information provides the data of the Parent Company Impresa Pizzarotti & C. S.p.A. and its companies consolidated on a line-by-line basis, *“to the extent necessary to ensure an understanding of the Group’s business, its performance, its results and its impact.”*

The scope of disclosure has been that of the Group’s projects/Companies included in the consolidation area of the Consolidated Financial Statements for the reporting year based on an assessment of the significance of each project to the Group’s business for non-financial information purposes.

The information in this report concerns:

- ◆ projects that are considered significant in terms of the Group’s annual output and in which the Group - Impresa Pizzarotti & C. S.p.A. or the Companies it controls directly or indirectly – is a leading partner;
- ◆ headquarters and production plants;
- ◆ Branches considered significant in terms of size or operations.

Therefore, projects in which the Group is not a leading partner or whose contribution in terms of the Disclosure of non-Financial Information is not considered material, finance companies and real estate development companies are excluded from the scope of reporting.

In view of the nature and the dimensions of the Group’s projects, disclosures regarding the environment and occupational health and safety are presented according to the geographical area in which projects are located and not those of the headquarters of the Companies that run the projects. One of the reasons for this is the need to report on projects’ impacts on their local areas. Additional restrictions (if any) on this scope are reported in the “Table of correlation with Legislative Decree 254/2016 and the GRI-Referenced

Option.”

The scope of this report as it has been determined and any works that have been excluded are outlined at the end of this chapter.

This DNFI provides information on topics concerning the management of human resources and human rights, occupational health and safety, the environment, the involvement of local communities, the management of the supply chain and anti-corruption that have been considered relevant and material to the Group at the outcome of a specific, established process, which takes account of the specific business conducted by the Pizzarotti Group, as described below.

In order to standardise the reporting of the information and assist in linking it to the requirements of the regulations that have been referred to above, the report defines the materiality of each topic with respect to Pizzarotti’s business, the risks attached to it, the policies adopted and the commitments entered into, and the results obtained and monitored by means of *ad hoc* indicators which represent the results of operations.

The data and information in this Disclosure relate to events that occurred during the reporting period, which arose from business activities and which are relevant for the purposes of the materiality analysis conducted in compliance with Decree 254.

The reporting process includes, in line with the provisions required by the Reporting procedures concerning the Group’s Consolidated Financial Statements, the creation of a centrally ratified Reporting Package sent to the key users in each Pizzarotti Group company in order to gather information. The Packages are then collected centrally, verified, and edited by the responsible functions. Data for 2016 are not shown since they cannot be retrieved in full or accurately, while those for 2017 are reproduced and those for 2018 presented. Furthermore, details of estimates utilised for quantitative information set out in this document are given as appropriate in the various chapters of the report.

As not all work sites, plants, offices and Companies have been able to provide energy, water and waste data, specific estimates have been made in order to cover the perimeter described above.

These estimates are based on data collected regarding hours worked (total hours worked by the Group employees) on each work site, plant and office. On the basis of this hourly average, consumption broken down by type of operations was calculated: infrastructure, construction, offices, prefabricated structures, operations/concessions. With the average obtained in this way, consumption on each entity that was unable to provide actual data was estimated in proportion to hours worked.

This document has been subject to Limited Assurance by an audit firm as required by ISAE 3000-Revised standard. The audit was carried out according to the procedures set out in the “Independent Auditors’ Report”, which is provided at the end of the document. The Board of Directors of Impresa Pizzarotti & C. S.p.A. approved the consolidated Disclosure of non-Financial Information on 31 May 2019.

Environment – Health & Safety perimeter

CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
ENLARGEMENT OF CAVAGNARI CENTRE - CARIPARMA	CONSTRUCTION	Ampliamento Centro Cavagnari Scarl	ITALY	yes	
NAPLES UNDERGROUND LINE 6 - ARCO MIRELLI STATION	INFRASTRUCTURE	Arco Mirelli Scarl	ITALY	yes	
BUILD IT – WATER MITIGATION WORKS - "CASTELLACCIO" COMPLEX	CONSTRUCTION	Buildit Spa	ITALY	yes	
BUILD IT – BASEMENT FLOORS – BUILDING 10 (EX WIND)	CONSTRUCTION	Buildit Spa	ITALY	yes	
ENI TOWERS – ROME	CONSTRUCTION	Buildit Spa	ITALY	yes	
ARCOTEEM – MILAN EASTERN OUTER BYPASS ROAD WORKS	INFRASTRUCTURE	Arcoteem Consortium	ITALY	yes	
BRE. BE. MI. – BRESCIA/BERGAMO/MILAN MOTORWAY	INFRASTRUCTURE	BBM Consortium	ITALY	yes	
TERZO VALICO DEL GIOVI RAILWAY LINE – CASTAGNOLA LOT	INFRASTRUCTURE	Tunnel Giovi Consortium	ITALY	yes	
TERZO VALICO DEL GIOVI RAILWAY LINE – CRAVASCO LOT	INFRASTRUCTURE	Tunnel Giovi Consortium	ITALY	yes	
CUMA WATER PURIFICATION PLANT (OPERATION)	OPERATION	Cuma Scrl	ITALY	yes	
ENGECO - CAP FLEURI LOT 01	CONSTRUCTION	Engeco Sam	EUROPE	yes	
ENGECO - JARDIN EXOTIQUE BLOCK A	CONSTRUCTION	Engeco Sam	EUROPE	yes	
ENGECO - JARDIN EXOTIQUE BLOCK B	CONSTRUCTION	Engeco Sam	EUROPE	yes	
ENGECO - LA MONIDA	CONSTRUCTION	Engeco Sam	EUROPE	yes	
ENGECO SAM	CONSTRUCTION	Engeco Sam	EUROPE	yes	
FPMC - JARDIN EXOTIQUE BLOCK B (PARKING AREA, GREENHOUSES AND OFFICES)	CONSTRUCTION	SAM Fine Properties Monte Carlo	EUROPE	yes	

BELPASSO COMPLEX – MAINTENANCE AND WATER	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
CUMA WATER PURIFICATION PLANT (ASSIGNMENT OF CIVIL WORKS)	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	yes	
EX ANAGRAFE AREA	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
GESAT - PISTOIA HOSPITAL - MAINTENANCE	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
GESAT - PRATO HOSPITAL – MAINTENANCE	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
NAPLES UNDERGROUND – GARIBALDI STATION	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	yes	
MINEO C.A.R.A. (RECEPTION CENTRE FOR ASYLUM SEEKERS) OPERATION	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
NEW MATERNITY HOSPITAL - KUWAIT	CONSTRUCTION	Impresa Pizzarotti & C Spa	ASIA	yes	
NEW OFFICE BUILDING - CFT PLANT - PARMA	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
OASI REFURBISHMENT - FORTE DEI MARMI	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
POINT-À-PITRE HOSPITAL - GUADELOUPE	CONSTRUCTION	Impresa Pizzarotti & C Spa	EUROPE	yes	
PBES – SHOPPING CENTRE EX SALVARANI AREA RECLAMATION - BAGANZOLA (PR)	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
PBES – SHOPPING CENTRE - EX SALVARANI AREA - BAGANZOLA (PR)	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
PIETRASANTA - VIA GARIBALDI – CONSTRUCTION	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
POLYTECHNIC UNIVERSITY OF MILAN – OPERATION	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
HOTEL DE LA VILLE REFURBISHMENT - ROME	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	yes	
SPINA DUE REAL ESTATE	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
EXPRESSWAY S5 - NOWE MARZY TO BYDGOSZCZ SECTION I - II - V	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	EUROPE	yes	
TYRRHENIAN-BRENNER (TI.BRE) CORRIDOR 1ST LOT.	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	yes	

- FONTEVIVO – MOTORWAY A15 - TRECASALI					
VILLA CLARETTA	OPERATION	Impresa Pizzarotti & C Spa	ITALY	yes	
MOTORWAY A3 - ALTILIA - FALERNA (SARC 4) SECTION	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	yes	
EXPRESSWAY S5 - NOWE MARZY - BYDGOSZCZ SECTION II	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	EUROPE	yes	
EXPRESSWAY S5 - NOWE MARZY - BYDGOSZCZ SECTION V	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	EUROPE	yes	
PONTETARO – SLEEPERS	PREFABRICATED STRUCTURES	Impresa Pizzarotti & C Spa	ITALY	yes	
USI-SUPSI CAMPUS	CONSTRUCTION	Impresa Pizzarotti & C Spa	EUROPE	yes	
PARMA HEADQUARTERS	OFFICES	Impresa Pizzarotti & C Spa	ITALY	yes	
CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
FRANCE BRANCH	OFFICES	Impresa Pizzarotti & C Spa	EUROPE	yes	
ISRAEL BRANCH	OFFICES	Impresa Pizzarotti & C Spa	ASIA	yes	
KUWAIT BRANCH	OFFICES	Impresa Pizzarotti & C Spa	ASIA	yes	
PERU BRANCH	OFFICES	Impresa Pizzarotti & C Spa	AMERICA	yes	
RUSSIA BRANCH	OFFICES	Impresa Pizzarotti & C Spa	EUROPE	yes	
LUCIGNANO PLANT (AREZZO)	PREFABRICATED STRUCTURES	Impresa Pizzarotti & C Spa	ITALY	yes	
PONTETARO PLANT (PARMA)	PREFABRICATED STRUCTURES	Impresa Pizzarotti & C Spa	ITALY	yes	
ROMANIA BRANCH	OFFICES	Impresa Pizzarotti & C Spa	EUROPE	yes	
CAMEROON LODGEMENTS 1st PHASE	CONSTRUCTION	Impresa Pizzarotti & C Spa / Pizzarotti SA	AFRICA	yes	
EXPRESSWAY S-61 - AUGUSTOW BYPASS-SUWALKI	INFRASTRUCTURE	Impresa Pizzarotti & C Spa / Pizzarotti SA	EUROPE	yes	
VINTU DE JOS - PZ SPA FIL. ROMANIA	INFRASTRUCTURE	Impresa Pizzarotti & C Spa / Pizzarotti SA	EUROPE	yes	
SEBES TURDA MOTORWAY - LOT 1	INFRASTRUCTURE	Impresa Pizzarotti & Pomponio Constructii GEIE	EUROPE	yes	
CAMEROON BRANCH	OFFICES	Impresa Pizzarotti & C Spa / Pizzarotti SA	AFRICA	yes	
POLAND BRANCH	OFFICES	Impresa Pizzarotti & C Spa / Pizzarotti SA	EUROPE	yes	

DUBAI BRANCH	OFFICES	Impresa Pizzarotti & C Spa / Pizzarotti SA	ASIA	yes	
A4-A35 ROAD CONNECTION LINK	INFRASTRUCTURE	Interconnessione Scarl	ITALY	yes	
MOTORWAY A4 – THIRD LANE - PORTOGRUARO - TEGLIO VENETO - FOSSALTA	INFRASTRUCTURE	Lemit Scarl	ITALY	yes	
2nd SUB-LOT - MOREGINE VIA NOCERA	INFRASTRUCTURE	Linea per Sorrento Scarl	ITALY	yes	
VIA NOCERA STATION AND PARKING AREA	INFRASTRUCTURE	Linea per Sorrento Scarl	ITALY	yes	
FACADE - 26 CARRE D'OR – MONACO	CONSTRUCTION	Monaco Facades Sam	EUROPE	yes	
NAPOLI NORD WATER PURIFICATION PLANT (OPERATION)	OPERATION	Napoli Nord Scarl	ITALY	yes	
TRAMWAY DE CONSTANTINE (SARL)	INFRASTRUCTURE	Pizzarotti Algerie Sarl	AFRICA	yes	
CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
MOLDAVIA – UPGRADE OF ROAD R16 - BALTI-FALESTI-SCULENI	INFRASTRUCTURE	Pizzarotti Construction SM Srl	EUROPE	yes	
THEME PARK - VDNH - MOSCOW	CONSTRUCTION	Pizzarotti IE ooo	EUROPE	yes	
MOSCOW OFFICE	OFFICES	Pizzarotti IE ooo	EUROPE	yes	
PZ LLC - 14TH STREET (GC)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - 151 MAIDEN LANE (CM)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - 161 MAIDEN LANE (GC)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - 39 W 23RD STREET – ANBAU	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - 45 BROAD (GC)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - 75 1ST AVENUE (CM)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - AMITY (GC)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - AMSTERDAM HOUSE (GC)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
PZ LLC - JARDIM (GC)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	

PZ LLC - RITZ CARLTON (CM)	CONSTRUCTION	Pizzarotti LLC	AMERICA	yes	
MONTENEGRO RESORT - PORTONNOVI KUMBOR	CONSTRUCTION	Pizzarotti Montenegro doo	EUROPE	yes	
RUCKHALDE TUNNEL – ASSIGNMENT	INFRASTRUCTURE	Pizzarotti SA	EUROPE	yes	
BELLINZONA OFFICE	OFFICES	Pizzarotti SA	EUROPE	yes	
ROMANIA BRANCH - PIZZAROTTI SA	OFFICES	Pizzarotti SA	EUROPE	yes	
Melfi Plant (Potenza)	PREFABRICATED STRUCTURES	Traversud Srl	ITALY	yes	
CONFER – PUTTING POMPEI STATION UNDERGROUND	INFRASTRUCTURE	Confer Scrl	ITALY	no	not significant
CISPADANA REGIONAL MOTORWAY	INFRASTRUCTURE	Consorzio Arccos	ITALY	no	not significant
CISPADANA REGIONAL MOTORWAY -ARCCOS-FINAL DESIGN	INFRASTRUCTURE	Consorzio Arccos	ITALY	no	not significant
MI-OUTER BYPASS ROAD	INFRASTRUCTURE	Consorzio Arcoteem	ITALY	no	not significant
BRESCIA/BERGAMO/MILAN MOTORWAY (BRE.BE.MI.)- INTERFERENCES WITH PUBLIC SERVICE UTILITIES	INFRASTRUCTURE	Consorzio BBM	ITALY	no	not significant
CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
CAMPOGALLIANO-SASSUOLO MOTORWAY A22-SS467- CONSTRUCTION	INFRASTRUCTURE	Consorzio Campogalliano Sassuolo	ITALY	no	not significant
FPMC - LE PETIT AFRIQUE (CONSTRUCTION)	REAL ESTATE	SAM Fine Properties Monte Carlo	EUROPE	no	real estate
FPNY - 251 WEST 14TH STREET NY (REAL ESTATE)	REAL ESTATE	Fine Properties New York LLC	AMERICA	no	real estate
BELPASSO - LEASE	OPERATION	Impresa Pizzarotti & C Spa	ITALY	no	not significant
NAPOLI NORD WATER PURIFICATION PLANT (ASSIGNMENT OF CIVIL WORKS)	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
FONTANELLATO ARTIG – SEGMENT D2 1B	REAL ESTATE	Impresa Pizzarotti & C Spa	ITALY	no	real estate

MONTAIONE BOCCIOLETO VALLEPIEDE	OPERATION	Impresa Pizzarotti & C Spa	ITALY	no	real estate
NAPLES UNDERGROUND SERVICE – BUSINESS CENTER / CAPODICHINO AIRPORT METRO LINE	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
PR - CROCETTA AREA - (REAL ESTATE)	REAL ESTATE	Impresa Pizzarotti & C Spa	ITALY	no	real estate
NAPOLI NORD WATER PURIFICATION PLANT	OPERATION	Impresa Pizzarotti & C Spa	ITALY	no	not significant
PZ – MOTORWAY A4 – 3rd LANE - TAGLIAMENTO GONARS	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
PARMAVERA REAL ESTATE COMPLEX	REAL ESTATE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
ENLARGEMENT OF THE AREQUIPA PENITENTIARY	CONSTRUCTION	Impresa Pizzarotti & C Spa	AMERICA	no	not significant
KULA TOWER - BELGRADE	INFRASTRUCTURE	Impresa Pizzarotti & C Spa	EUROPE	no	not significant
LA MADDALENA PUNTA VILLA	REAL ESTATE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
MONTAIONE – FARMING	REAL ESTATE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
MONTAIONE MONACINO PIAGGIONI	REAL ESTATE	Impresa Pizzarotti & C Spa	ITALY	no	not significant
PARMA URBAN DISTRICT – PIZZAROTTI SERVICES	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	no	not significant
BRF PROPERTY- EX BORMIOLI AREA	CONSTRUCTION	Impresa Pizzarotti & C Spa	ITALY	no	not significant
CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
A4-A35 ROAD CONNECTION LINK – INTERFERENCES	INFRASTRUCTURE	Interconnessione Scarl	ITALY	no	not significant
ISRAEL – MOTORWAY 6 LOTS 3-- 7 YOKNEAM-SOMECH	INFRASTRUCTURE	JV Shapir-Pizzarotti	ASIA	no	not leading partner
ISRAEL- JERUSALEM RAILWAY	INFRASTRUCTURE	JV Shapir-Pizzarotti	ASIA	no	not leading partner
MOTORWAY 16 - ISRAEL	OPERATION	JV Shapir-Pizzarotti	ASIA	no	not

					significant
1st LOT - MOREGINE VIA NOCERA	INFRASTRUCTURE	Linea per Sorrento Scarl	ITALY	no	not significant
SGV2 - VIA NOCERA CASTELLAMMARE – 3rd SUB-LOT	INFRASTRUCTURE	Linea per Sorrento Scarl	ITALY	no	not significant
MONACO - FACADE - SPORTING D'HIVER	CONSTRUCTION	Monaco Facades Sam	EUROPE	no	only pro-rata
NAPOLI NORD WATER PURIFICATION PLANT - (CONSTRUCTION)	INFRASTRUCTURE	Napoli Nord Scrl	ITALY	no	not significant
IMMOBILIERE ORIGAMI	REAL ESTATE	Origami Sarl	EUROPA	no	real estate
LOT 2-S1-S4 PARMAVERA RESIDENCE (REAL ESTATE)	REAL ESTATE	Parmaresidenziale 1 Srl	ITALY	no	not significant
LOT 3 S5-S6 - PARMAVERA RESIDENCE (REAL ESTATE)	REAL ESTATE	Parmaresidenziale 1 Srl	ITALY	no	not significant
LOT 6 D1-D2 - PARMAVERA RESIDENCE (REAL ESTATE)	REAL ESTATE	Parmaresidenziale 1 Srl	ITALY	no	not significant
LOT 7 D3-D4 - PARMAVERA RESIDENTIAL (REAL ESTATE)	REAL ESTATE	Parmaresidenziale 1 Srl	ITALY	no	not significant
LOT 8 D5-D6-D7 - PARMAVERA RESIDENCE (REAL ESTATE)	REAL ESTATE	Parmaresidenziale 1 Srl	ITALY	no	not significant
EX ANAGRAFE AREA (REAL ESTATE)	REAL ESTATE	Parma S. Teresa Srl	ITALY	no	real estate
COTE D'AZUR	CONSTRUCTION	Pizzarotti Cote d'Azur Sas	EUROPE	no	not significant
ST. PETERSBURG HOSPITAL	CONSTRUCTION	Pizzarotti IE ooo	EUROPE	no	not significant
CONTRACT / PRODUCTION PLANTS / OFFICES	SECTOR	COMPANY	REGION	INCLUSION	NOTES
PETIT AFRIQUE (PIZZAROTTI MONACO)	CONSTRUCTION	Pizzarotti Monaco Sarl	EUROPE	no	not significant
PLEIN SUD - JARDIN EXOTIQUE - BLOCK A (PRIVE)	REAL ESTATE	SAM Plein Sud	EUROPE	no	real estate

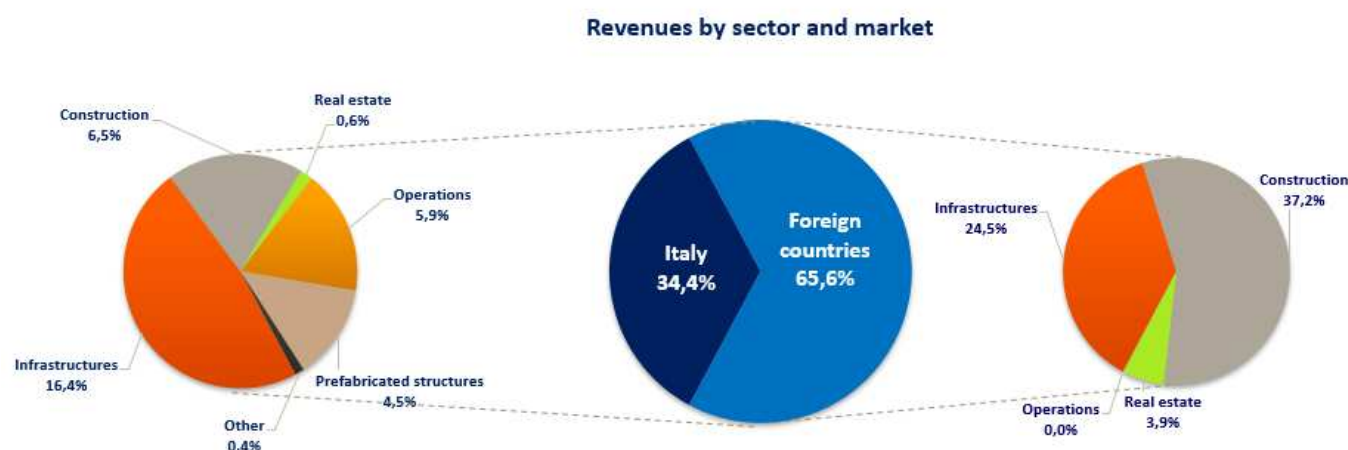
Corporate identity

The Pizzarotti Group, which has been designing and executing large civil engineering works in Italy and abroad for more than one hundred years, is one of the leading Italian corporate construction sector enterprises. It mainly operates as an EPC (Engineering, Procurement and Construction) Contractor, but also acts as the Concessionaire in concession and project finance ventures.

The Group is also active in the construction of prefabricated houses and industrial buildings and the promotion of real estate projects.



The Group's final production volumes at 31 December 2018, equal to Euro 1,317.4 million (+ 13.47% compared to 2017), were broken down as follows by business sector in Italy and abroad:



1.1 Business sectors

Infrastructure

The execution of large-scale public transport infrastructural works (roads, railways, metro systems) is one of the main areas in which the Pizzarotti Group acts as EPC contractor both in Italy and abroad.

Construction

Civil engineering constructions (homes, executive offices, shops, factories, hospitals) are an important part of the Pizzarotti Group's operations and are ongoing investment opportunities. Decades of success in supplying these facilities are a demonstration of the level of excellence attained in the sector both in Italy and in other countries.

Real estate

Abroad the main feature in this sector is the construction and sale of prestigious properties with the objective of always putting a product on the market that is at the cutting edge in both design and techniques.

In Italy, the Group's real estate business mainly focuses on urban regeneration projects in central parts of built-up areas previously occupied by decommissioned industrial facilities. This sector completes the construction core business, combines with it ideally, capitalising the superlative professionalism, experience, and reputation gained in the field of large-scale contracts and works both at home and all over the world.

Prefabricated structures

Starting in the 1970s, a division devoted to the engineering of products for construction developed beside the construction area itself: the first factory was built in the province of Parma and, about ten years later, another in the province of Arezzo. A third factory was completed in the province of Potenza in 1984. With these three manufacturing units, the Pizzarotti Group's Prefabricated Structures Division satisfies the requirements of the Italian market and has become the Italian leader in terms of output in the segments of prefabricated industrial, services and rail structures.

Operations and Concessions

The Pizzarotti Group also creates high technological intensity services and facilities and looks after their integrated management. The work carried out in the "Operations" area includes property lease and maintenance, technological hospital services, maintaining roads and running purification plants.

The Group has also succeeded in gaining a substantial footprint in the concessions sector by entering into agreements regarding large-scale infrastructural works based on public-private partnerships through project finance, as well as acquiring equity investments in a number of major concessionaire companies.

1.2 Business model

Impresa Pizzarotti is a multinational enterprise that sets itself the aim of forestalling and satisfying customers' needs, providing a professional approach based on the values of reliability, versatility and excellence that are distinguishing marks of the Group. In its business activity, the Group puts into practice the topics reported on as prescribed by Legislative Decree no. 254 of 2016 along all the stages of development of the various projects, such as planning, implementing operational programmes, process engineering, acquisition of production factors, work execution and construction, operation and maintenance of works.

The Group looks upon quality, in terms of the efficacy of its production processes, as a fundamentally important element for the performance of its activities starting from the supply chain up to project completion, constantly sustaining the fight against corruption. Putting to advantage the day-to-day commitment of its staff, in which it invests through targeted training courses, the Group develops know-how and competences, boosting both innovation and design efficacy. Aware of the impacts generated by its business, the Group commits itself to the protection of the environment; furthermore, in view of the scope of its operations all over the world, it sets itself the aim of coordinating suppliers and providers' activities while enriching local communities at the same time. The Group supports the respect of human rights along the whole supply chain and directs its attention to occupational health and safety issues, as it considers its human resources to be a key factor in its work.

1.3 Stakeholders

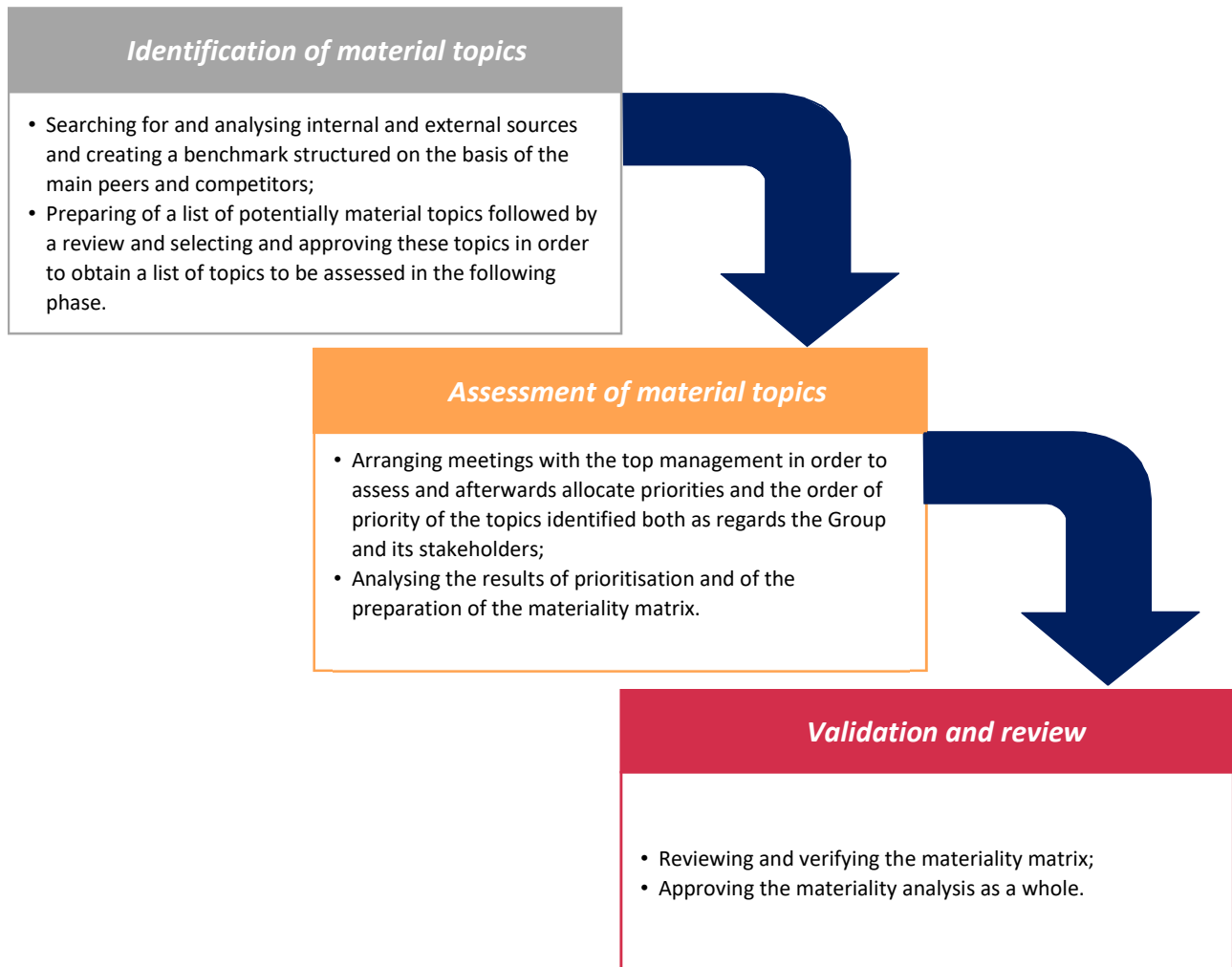
The Pizzarotti Group has identified a number of stakeholders:

- ◆ Shareholders;
- ◆ Employees and self-employed workers;
- ◆ Customers;
- ◆ Suppliers and providers, partners and trade associations;
- ◆ Local communities;
- ◆ Regulatory institutions and bodies;
- ◆ The environment and future generations.

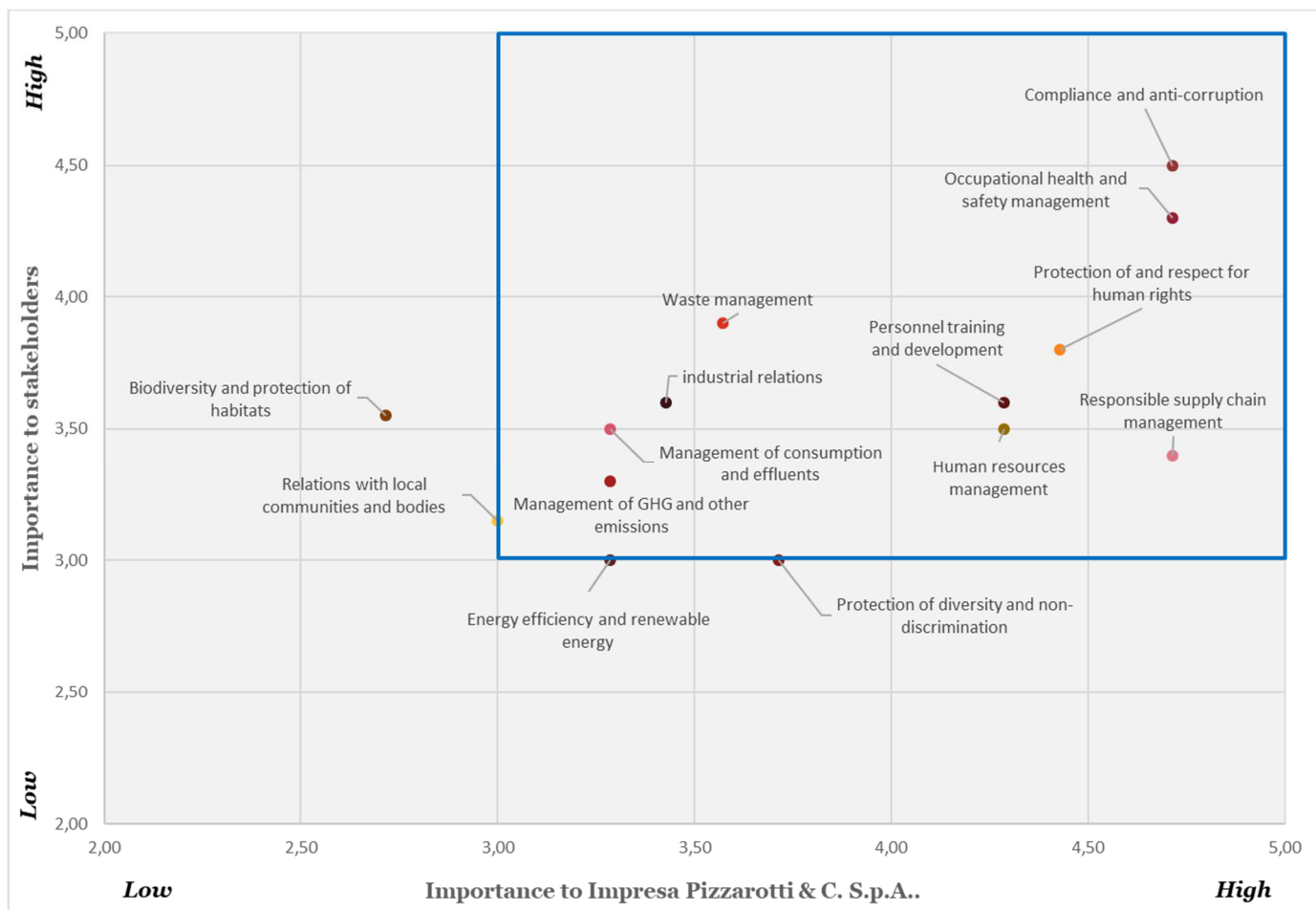
The maintenance and development of relations of trust and cooperation with stakeholders is a primary Group interest, also with a view to the reciprocal satisfaction of the parties involved. The Group considers geographic diversification as a driver of growth in size and the creation of value for its stakeholders.

Impresa Pizzarotti's Disclosure of Non-Financial Information focuses on the importance attributed to various aspects of the Group's activities. Therefore, a materiality analysis process was conducted in accordance with the **GRI** (Global Reporting Initiative) guidelines for sustainability reporting, in order to identify the topics which could considerably affect the Group's capacity to create value in the short, medium and long term and which are most relevant to the Group and its stakeholders. The material topics will be reported on in the document since, given the importance attached to them, they can influence stakeholders' decisions and reflect the economic, environmental and social impact made by the Group.

The materiality analysis process has been structured as follows:



The results of the materiality analysis are described in the materiality matrix below. The matrix consists of a visual representation of the importance attached to each topic from the Management point of view (x-axis) and from that of the Stakeholders (Y-axis); the higher to the right is the topic in the figure, the greater is its materiality for both parties. The material topics that emerged from the analysis are considered key elements in guiding the Group towards increasingly greater commitment to non-financial topics. This Disclosure of non-Financial Information will focus on the topics that are material to the Group and its stakeholders.



The following material topics emerged as a result of the materiality analysis:

- ◆ management of consumption and effluents;
- ◆ management of emissions into the atmosphere (including greenhouse gases);
- ◆ waste management;
- ◆ human resources management;

- ◆ industrial relations;
- ◆ occupational health and safety management;
- ◆ personnel training and development;
- ◆ protection of and respect for human rights;
- ◆ compliance and anti-corruption;
- ◆ Responsible supply chain management.

1.4 Governance model

The Board of Directors of Impresa Pizzarotti & C. S.p.A., composed of a Chairman, a Vice-Chairman, Directors and Managing Directors for the various business areas, is a part of the Governance structure together with the Board of Statutory Auditors, composed of a Chairman and Standing Auditors, the Supervisory Board and the Risk Management Committee. Powers of attorney grant specific authority to take action in economic, environmental and occupational health and safety matters in addition to authority to engage personnel or not.

All decisions are taken by the Chairman and the Chief Executive Officers based on instructions and scrutiny on the part of the CFO, the Internal Supervisory Board and the Risk Management Committee, all within the sphere of their responsibilities. Information is documented in the corporate Management System review, which analyses the data and information for the calendar year ended, after which the Group, constituted by the Chairman, the Managing Directors and the Management representative, hand down the decisions for the following year.

The Board of Directors' meeting held on 30 October 2018 approved some major changes to the organisation of Impresa Pizzarotti & C. S.p.A..

The changes to the organisational structure are basically unification and centralisation of the headquarters Services/Areas into a new Division with the creation of a Corporate Centre.

A document entitled "Group Arrangements" has been drawn up that lays down duties, responsibilities and frequency of information through reports specifically prepared by the various corporate functions and sent to the entire Group's top management through the IT system.

To date the Group has not yet drawn up and approved a Sustainability Plan, but considers that the social, environmental and economic impacts of its business are material and to be taken into very careful consideration. Responsibility for the governance of these aspects is assigned to the bodies referred to above and the Group plans to set up a structure devoted to their management.

In order to ensure the fairness and transparency of its business operations, the Parent Company Impresa Pizzarotti & C. S.p.A. has deemed it advisable to adopt an Organisational, Management and Control Model as required by Legislative Decree no. 231/2001, in addition to drawing up specific documents that orientate conduct towards fairness and integrity, such as, for example, the Code of Ethics, as reported below. The Group's Board of Directors set up the Supervisory Board in 2006. Based on the information that it receives or gathers during the performance of its duties, the Supervisory Board satisfies itself that the Code of Ethics is applied in the light of the Group's administrative liability and that the measures laid down in the Organisational, Management and Control Model are complied with. As a further demonstration of the attention the Group pays to the prevention of crimes, particularly but not solely corruption and money laundering, the Group reviews the relevant legislative framework in each country in which it operates, also in order to consider whether to take special preventive measures in these countries.

2 Respect for the environment

2.1 Group risks

The Pizzarotti Group endeavours to deliver its services while fully respecting and protecting the environment. A number of risks have been identified that are characteristic of the Group's type of business, applicable to the Group's operations as a whole even if separate Instructions are given to its Divisions in Italy and abroad. The risks have been identified according to country, with characteristics that differ according to whether offices or work sites are involved.

The following risks have been identified for work sites:

- ◆ risks attached to the irrational use of energy resources, which could give rise to electricity blackouts with consequent production stoppages;
- ◆ risks attached to the production of emissions from the machinery and equipment utilised which require permits to be issued in order to put plants into service;
- ◆ risks attached to the use of stored materials which could have an impact on the soil and pollute the environment;
- ◆ risks of leaking drains and possible impacts on the surrounding water resources.

Since the Group operates in more than one country, risks are of various types and sometimes apply to certain work sites or factories. They include:

- ◆ risk attached to the timing for obtaining clearance for mining operations;
- ◆ risk of the combustion of fuel in the process of producing asphalt being incomplete or of there being other emissions that are not correctly controlled;
- ◆ risk of polluting the soil or surrounding water reserves as a result of the improper disposal of manufacturing rejects or waste;
- ◆ risk of excessive production of emissions from machinery or from the handling of materials;
- ◆ risk attached to the incorrect disposal of office waste.

2.2 Safeguards

The Group fosters the reduction of environmental impacts, giving prior consideration to aspects that could give rise to them and setting out methods and procedures for their management. The Group fosters energy saving by using the most efficient installations, seeing that they are serviced as scheduled in order to ensure energy-intensive equipment is kept in good working order.

The Group also fosters the most effective use of resources and the reuse of sub-products (excavated soil and rock) or supply raw materials in the manufacturing cycle.

The Pizzarotti Group has adopted and duly implemented an Integrated Quality, Safety and Environment Management System that requires Divisions (in Italy and abroad) to submit specific reports on environmental issues. There is also a corporate Integrated Policy on the Integrated Management System, updated in 2017, which lays down guidelines for the Group to follow. The UNI EN ISO 14001:2015 Standard and the policy regarding the environmental Management System apply to all the work performed at the Pizzarotti Group's headquarters and production sites (construction or maintenance services).

Before work on a project starts, the Environmental Management System assesses environmental aspects and considers the mitigation of potential impacts; at the same time the formalities are started which are involved in applying for environmental permits for parts of the project for which clearance is legally obligatory.

Environmental issues, thanks to the body of documents the Group has amassed in each country, are managed both in compliance with local regulations and by applying Instructions that comply with European and international standards in addition to abiding by some Guidelines laid down in foreign Divisions' Systems. Such guidelines have not been codified but serve the practical purpose of reconciling possible differences between one country's rules and those of others and thus create a single language that is understood by the Group as a whole.

2.3 Key indicators

The Group's energy consumption is reported below, which relates to the Pizzarotti Group's perimeter described in the chapter on the Methodological Note.

Energy consumption

302-1 Company's energy consumption ¹	UoM	2017	2018	% Change
Italy				
Natural gas	m ³	471,982.76	1,060,315	125%
Diesel for energy production	L	224,639.61	124,224	-45%
Diesel for transport	L	279,276.70	857,975	207%
Petrol	L	28,132.71	4,158.35	-85%
Electricity acquired	MWh	6,451.01	41,721.00	547%
<i>of which from renewable sources</i>	MWh	467.17	478.81	2%
Rest of Europe				
Natural gas	m ³	8,926	8,812.46	-1%
Diesel for energy production	L	633,350	1,109,544	75%
Diesel for transport	L	974,104	1,561,408	60%
Petrol	L	63,595	30,500.75	-52%
Electricity acquired	MWh	3,504	3,085.15	-12%
<i>of which from renewable sources</i>	MWh	2	1	-50%
America				
Natural gas	m ³	0	0	
Diesel for energy production	L	217,236	0	
Diesel for transport	L	41,463	0	
Petrol	L	66,447	0	
Electricity acquired	MWh	2,013	712.56	-65%
<i>of which from renewable sources</i>	MWh	0	0	
Asia				

¹ Where it has not been possible to retrieve precise data, an estimated average figure has been entered, as described in the methodological note.

Natural gas	m ³	0	0	
Diesel for energy production	L	45,000	528.14	-99%
Diesel for transport	L	0	0	
Petrol	L	311	2,393	669%
Electricity acquired	MWh	16	15.81	-1%
<i>of which from renewable sources</i>	MWh	0	0	
Africa				
Natural gas	m ³	1	0.6	-39%
Diesel for energy production	L	0	1,273	
Diesel for transport	L	752	2,013	168%
Petrol	L	372	4,056	990%
Electricity acquired	MWh	15	45	200%
<i>of which from renewable sources</i>	MWh	0	0	0%
Total Energy Consumption				
Natural gas	m ³	480,909	1,069,128.07	122%
Diesel for energy production	L	1,120,225	1,235,569.48	10%
Diesel for transport	L	1,295,595	2,421,395.16	87%
Petrol	L	158,858	41,107.65	-74%
Electricity acquired	MWh	11,999	45,580	280%
<i>of which from renewable sources²</i>	MWh	469	479.81	2%

There was an increase in energy consumption in Italy in 2018. Natural gas and diesel for transport consumption rose owing to a rise in hours worked (higher output); electricity consumption was also substantially higher than in 2017, owing to the power used for the Naples purification plant contracts.

There were considerable differences from 2017, however, within the Group's overall consumption of natural gas (change of 121%) and diesel for transport (86%), as a result of a rise in output (particularly in prefabricated factories) and hours worked; consumption of petrol fell noticeably as diesel was preferred for transport. Finally, as already mentioned above, there was a sizeable rise in the consumption of electricity

² It is referred to self-produced energy

(change of 279%) owing to the inclusion of the two Naples purification plants in the figures.

There are no district heating or district cooling costs in the Group.

Most of the energy consumed by the Group comes from electricity providers; only a small portion is self-produced, this in prefabricated building factories in Italy: it was in fact equal to 480 MWh in 2018 against 469 MWh in 2017.

Energy consumption in GJ	UoM	2017	2018	% Change ³
Total energy consumption	GJ	151,428.75	202,235.82	33.55%
Natural gas	GJ	16,841.29	34,796.48	106.61%
Diesel for energy production	GJ	40,106.64	55,871.96	39.31%
Diesel for transport	GJ	46,385.29	109,494.53	136.05%
Petrol	GJ	4,987.33	2,065.41	-58.59%
Electricity acquired ²	GJ	43,198.21	164,088.00	279.85%
<i>Of which from renewable sources</i>	GJ	1.69	1.73	2.37%

No specific energy saving measures were taken in 2018 apart from those required under new regulations and action taken to enhance the efficiency of contract management and costs.

Water withdrawn by source

303-1 Water withdrawn by source ⁴	UoM	2017	2018	% Change
Italy				
Total water withdrawn	m³	1,529,862	1,722,138	12.57%
-surface water	m ³	0	50,827	100%
-groundwater	m ³	1,475,137	1,580,080	7%
- rainwater collected directly and stored by the organisation	m ³	0	540	100%
- water from public water mains or water services management	m ³	54,725	90,691.10	66%

³ Rates of variation between 2017 and 2018 may not be consistent with the table *Energy consumption* since different coefficients were used to calculate the Joule conversions between 2017 and 2018

⁴ Where it has not been possible to retrieve precise data, an estimated average figure has been entered.

companies				
Rest of Europe				
Total water withdrawn	m ³	154,482	105,840	-31%
- surface water	m ³	0	0	
- groundwater	m ³	5,644	700	-87.60%
- rainwater collected directly and stored by the organisation	m ³	0	0	
- water from public water mains or water services management companies	m ³	148,838	105,140	-29.36%
America				
Total water withdrawn	m ³	40,874	32,993	-19.28%
- surface water	m ³	0	0	0
- groundwater	m ³	0	0	0
- rainwater collected directly and stored by the organisation	m ³	0	0	0
- water from public water mains or water services management companies	m ³	40,874	32,993	-19.28%
Asia				
Total water withdrawn	m ³	967	2,101	117.27%
- surface water	m ³	0	0	0
- groundwater	m ³	0	0	0
- rainwater collected directly and stored by the organisation	m ³	0	0	0
- water from public water mains or water services management companies	m ³	967	2,101	117.27%
Africa				
Total water withdrawn	m ³	140	3,035	2,068%
- surface water	m ³	0	0	
- groundwater	m ³	0	3,035	
- rainwater collected directly and stored by the organisation	m ³	0	0	

- water from public water mains or water services management companies	m ³	140	0	
Total	m³	1,726,326	1,866,107	8%

There was an increase in water consumption in Italy, mainly due to higher output.

All work sites must observe quality thresholds imposed by current regulations in the countries in which they operate.

GHG (Greenhouse Gases) emissions and polluting emissions into the atmosphere

305-1 Direct emissions – Scope 1 ⁵	UoM	2017	2018	% Change
Italy				
Total emissions Scope 1	t CO ₂ e	2,220.17	5,183.61	133.48%
Natural gas	t CO ₂ e	922.91	1,912.17	107.19%
Diesel for energy production	t CO ₂ e	591.76	411.88	-30.40%
Diesel for transport	t CO ₂ e	631.39	2,844.70	350.55%
Petrol	t CO ₂ e	74.11	14.87	-79.93%
Rest of Europe				
Total emissions Scope 1	t CO ₂ e	4,055.64	8,980.77	121.44%
Natural gas	t CO ₂ e	17.45	15.89	-8.93%
Diesel for energy production	t CO ₂ e	1,668.41	3,678.81	120.50%
Diesel for transport	t CO ₂ e	2,202.25	5,177.00	135.08%
Petrol	t CO ₂ e	167.53	109.07	-34.89%
America				
Total emissions Scope 1	t CO ₂ e	841.03	0	
Natural gas	t CO ₂ e	0	0	

⁵ Scope 1 refers to direct emissions, i.e. those from the Group. The figure sometimes also includes energy sources managed by the Group but at the disposal of subcontractors at worksites. The source of the coefficients is ISPRA (*Istituto Superiore per la Protezione e la Ricerca Ambientale*, Italian Institute for Environmental Protection and Research) 2016.

Diesel for energy production	t CO ₂ e	572.26	0	
Diesel for transport	t CO ₂ e	93.74	0	
Petrol	t CO ₂ e	175.04	0	
Asia				
Total emissions Scope 1	t CO ₂ e	119.36	10	-91.36%
Natural gas	t CO ₂ e	0	0	
Diesel for energy production	t CO ₂ e	118.54	1.75	-98.52%
Diesel for transport	t CO ₂ e	0	0	
Petrol	t CO ₂ e	0.82	9	943.38%
Africa				
Total emissions Scope 1	t CO ₂ e	2.68	25	847.78%
Natural gas	t CO ₂ e	0	0	
Diesel for energy production	t CO ₂ e	0	4.22	100%
Diesel for transport	t CO ₂ e	1.70	6.67	292.61%
Petrol	t CO ₂ e	0.98	14.50	1,380.03%
Total	t CO₂e	7,238.89	14,200.09	96.16%

305-2 Indirect emissions - Scope 2 ⁶	UoM	2017	2018	% Change
Italy				
Electricity acquired from the grid	t CO ₂ e	2,419.14	15,019.56	520.86%
Rest of Europe				
Electricity acquired from the grid	t CO ₂ e	1,475.10	1,012	-31.40%
America				

⁶ Scope 2 refers to indirect CO₂ emissions, i.e. those not caused by the Group directly but by its providers. The figure is calculated considering the amount of electricity acquired multiplied by the conversion coefficient suggested by Terna (Italian National Grid) for 2017 for countries in which the Group operates. Where a precise figure for the country is not available, the average CO₂/kWh data for the continent is considered.

Electricity acquired from the grid	t CO ₂ e	914.23	252.96	-72.33%
Asia				
Electricity acquired from the grid	t CO ₂ e	9.86	9.45	-4.13%
Africa				
Electricity acquired from the grid	t CO ₂ e	13.09	22.91	74.98%
Total	t CO ₂ e	4,390.64	16,316.81	271.63%

Waste produced (hazardous and non-hazardous) for recycling and disposal

306-2 Non-hazardous waste by disposal method	UoM	2017	2018	% Change
Italy				
Total non-hazardous waste produced	t	26,174.75	14,090.32	-46.17%
Recycling	t	20,013.44	10,608.71	-46.99%
Disposal	t	6,161.31	3,481.61	-43.49%
Total hazardous waste produced	t	n.a.	67,504.87	
Recycling	t	n.a.	62,741.03	
Disposal	t	n.a.	4,763.84	
Rest of Europe				
Total non-hazardous waste produced	t	13,830.80	7,602.25	-45.03%
Recycling	t	2,454.07	1,576.534	-35.76%
Disposal	t	11,376.72	6,025.72	-47.03%
Total hazardous waste produced	t	n.a.	126	
Recycling	t	n.a.	1.29	
Disposal	t	n.a.	124.71	
America				
Total non-hazardous waste produced	t	34,498.26	9,357.47	-72.88%

Recycling	t	25,022.41	623.59	-97.51%
Disposal	t	9,475.85	8,733.88	-7.83%
Total hazardous waste produced	t	n.a.	0	
Recycling	t	n.a.	0	
Disposal	t	n.a.	0	
Asia				
Total non-hazardous waste produced	t	339.70	858.78	152.81%
Recycling	t	0.08	276.78	
Disposal	t	339.62	582	71.37%
Total hazardous waste produced	t	n.a.	0	
Recycling	t	n.a.	0	
Disposal	t	n.a.	0	
Africa				
Total non-hazardous waste produced	t	0.99	6.24	530.3%
Recycling	t	0	0	
Disposal	t	0.99	6.24	530.3%
Total hazardous waste produced	t	n.a.	0	
Recycling	t	n.a.	0	
Disposal	t	n.a.	0	
Total non-hazardous waste	t	74,844.50	31,915.07	-57.36%
Total hazardous waste	t	n.a.	67,630.87	

During 2018, there was a case of sludge dumping along a watercourse near an Italian work site. Nevertheless, no final administrative or court fines were imposed for non-compliance with environment regulations in 2018.

Data regarding the production of hazardous waste were collected in 2018. There was a high amount related

to a purification plant in Naples, due to the particular nature of the environment in which the contract is performed.

404-1 Training in environmental issues at 31.12 2017			
Breakdown by gender and category	Women	Men	Total
Executives	10	188	198
Middle managers and office workers	135	834	969
Manual workers	0	148	148
Total	145	1,170	1,315

404-1 Training in environmental issues at 31.12 2018			
Breakdown by gender and category	Women	Men	Total
Executives	0	36	36
Middle managers and office workers	121	463	584
Manual workers	0	248	248
Total	121	747	868

3 Human resource development

3.1 Group risks

The Pizzarotti Group is constantly committed to enhancing its human resources. Specifically, the Group believes in the development of its employees and in the creation of a work environment that is favourable to growth, both personal and professional.

The potential risks the Group faces are the loss of competences as a result of work contracts being terminated, inadequate management of human capital, especially with regard to career management and training, failure to respect diversity and, finally, conflictual labour relations.

3.2 Safeguards

Aware of the importance of the management of its human resources, the Pizzarotti Group has adopted an *"Integrated human resources management procedure"* which ensures that resources are employed effectively and efficiently in both quantitative and qualitative terms, to the reciprocal benefit of the Group companies and the persons themselves. The Group also has the following Procedures in place:

- ◆ a *"Personnel training procedure"* that sets out the processes and tools for identifying the training needs of both individual employees and professional families and roles, designating the persons in corporate positions whose duty it is to do so, and for and planning and giving the training required to satisfy these needs;
- ◆ a *"Personnel recruitment procedure"* that sets out the processes and methods for finding, selecting, recruiting and engaging persons for the Group, designating the owners responsible in each company for each stage in the process, and the rules and forms necessary for transparent and effective personnel recruitment management.

These procedures lay down the methods for the management of HR processes for the staff in Italian companies and constitute the Group's recruitment and training policy; all the Group companies both in Italy and in other countries must abide by them.

The Group follows a model of technical and professional competences to assess persons' suitability for professional roles, to verify that there are sufficient resources to cover the roles assigned and at the same time to assess training needs in the framework of an individual training and development programme which is laid down every year on the basis of the appraisal of performances and skills. The Group also monitors diversity issues by analysing statistics for employment by gender and evaluating pay levels. The selection Procedures in particular require resources to be recruited and engaged on a basis of gender equality and without any discrimination.

As regards attracting resources from the market, the Group runs a Talents Project that consists in a recruitment programme managed in partnership with the main Italian University engineering faculties and Polytechnics: the project offers young people of high potential a path towards a career abroad.

During 2018, the Group continued developing the young people engaged under the Talents Project in previous years and monitoring the effectiveness of the process of their recruitment and inclusion in foreign projects and branches.

As regards branding and attractiveness in the labour market, the Group is pleased that, as in 2017, 45 curricular and extra-curricular apprenticeships started in 2018, many of which were converted into employment contracts. Various cooperation agreements with the best Italian and overseas Universities and Polytechnics have been entered into and are regularly refreshed and utilised in order to help in scouting and strengthen employer branding.

As a sign of its commitment to these issues, Impresa Pizzarotti & C. was again found to be among the best companies in the Italian building sector in 2018, according to an independent firm's survey that measured work environments in order to find out the best working conditions.

As regards employee well-being, aware of the advantages of a healthful workplace and a correct balance between work and private life, the Group has always taken great care with its internal organisational climate and well-being in general. The Employee Well-Being Project, created to foster and support a policy of reconciling working life and family life in order to enhance the quality of life of individuals, couples and families and make it easier to bring up children, is continuously evolving with the introduction of new schemes and measures with these aims in mind. Especially to be mentioned are scholarship programmes for deserving children of employees, for encouraging and supporting study tours abroad (Intercultura intercultural projects), apprenticeships and study and work projects for the children of employees, family packages to help personnel to move abroad when posted, supplementary pension plans for countries in which there is no national pension scheme, measures to help and refund employees who have medical bills to pay, physical health initiatives in the framework of the "health month" and the creation of a telephone helpline that uses specialised facilities and professionals and is at workers' disposal to help them to cope with individual and family troubles and/or suffering: with personal or work problems in fact.

Finally, employees may now take part in volunteering schemes: a "volunteering week" gives them the chance to join specific projects for supporting and assisting cooperatives and social associations. In 2018 the extent of the employees' participation in these schemes confirmed their appreciation of these volunteering schemes, the importance of this social support initiative and the personnel's identification with Group projects.

As regards respect for the environment, the experimental "**Growing Together, Social Housing and Cocoa Forest**" project consists in creating a corporate virtual forest in Cameroon, where 290 cocoa trees will grow at the same time as the current Social Housing construction programme is carried out. This is one of the

projects in the agri-forestry programmes already in progress in this country to assist sustainable development and support local agriculture.

As regard respect for human rights, national collective labour agreements have always been applied in Italy, as are statutory agreements in other countries in which the Group is present. In this connection, as stated in the Code of Ethics, the Group considers it essential to ban all discrimination on the basis of age, gender, sexual orientation, state of health, race, nationality, political opinion or religious beliefs. The Group sustains and respects human rights in conformity to the UNO Universal Declaration of Human Rights and the Charter of Fundamental Rights of the European Union.

3.3 Key indicators

In Italy the Pizzarotti Group has carried out a number of measures in favour of its personnel, such as a flexible working hours project, apprenticeships for the sons and daughters of employees, cover of medical expenses, tax assistance and a psychological support helpdesk; supplementary pension schemes are also offered in countries that do not have a national scheme of their own.

The Pizzarotti Group draws up an annual training programme based on the training needs that have been identified and career development plans.

Particular care is given to respect for workers' rights, both in Italy and overseas. For example, all the Italian personnel who took parental leave returned to their jobs, with a retention rate of 100%.

The Group is making particular efforts to support the development and increase of its business, both in Italy and abroad, and this determined a 55% rise in personnel overall, bringing the total number of human resources employed up to 2,411. In the Italian companies the number of personnel rose from 782 to 1,138 (with an increase of 356 people, equal to about 45%), 10% of whom on fixed-term contracts. There was also a considerable increase in the number of personnel abroad: a rise of 496, equal to 63%, over 2017, with particular increases in Europe and Asia as a result of the commencement and increase of work on some major projects.

As regards female employment and recruitment, women account for about 15% of the Group's total workforce, with an increase of 68 people (24% more than in 2017). The construction sector, of course, typically has lower percentages of female workers than other sectors and in fact the result is similar to that of the Group's main competitors, which also confirms the trend in the Pizzarotti Group to safeguard and practise gender equality both when selecting and recruiting staff and in career opportunities.

405-1 Workforce in percentage terms at 31.12		2017			2018			Delta		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Executives	3%	97%	5%	1%	99%	3%	-51%	1%	-34%	
Middle managers and office workers	26%	74%	66%	27%	73%	53%	1%	0%	-20%	
Manual workers	1%	99%	29%	1%	99%	44%	-22%	0%	52%	
Total	18%	82%	100%	15%	85%	100%	-19%	4%		

401-1 Incoming staff		2017			2018			Delta		
Breakdown by gender and age - ITALY	Women	Men	Total	Women	Men	Total	Women	Men	Total	
<= 29 years	7	36	43	12	57	69	71%	58%	60%	
30 - 49 years	5	80	85	43	244	287	760%	205%	238%	
>= 50 years	3	119	122	1	209	210	-67%	76%	72%	
Total ITALY	15	235	250	56	510	566	273%	117%	126%	
Breakdown by gender and age - REST OF EUROPE	Women	Men	Total	Women	Men	Total	Women	Men	Total	
<= 29 years	30	44	74	29	62	91	-3%	41%	23%	
30 - 49 years	38	118	156	41	163	204	8%	38%	31%	
>= 50 years	6	37	43	4	70	74	-33%	89%	72%	
Total REST OF EUROPE	74	199	273	74	295	369	0%	48%	35%	
Breakdown by gender and age - AMERICA	Women	Men	Total	Women	Men	Total	Women	Men	Total	
<= 29 years	3	8	11	4	8	12	0%	-33%	-25%	
30 - 49 years	3	25	28	11	24	35	22%	33%	30%	
>= 50 years	0	7	7	2	15	17	-33%	25%	13%	
Total AMERICA	6	40	46	17	47	64	6%	12%	10%	

Breakdown by gender and age - ASIA	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years	4	12	16	1	62	63	-67%	675%	473%
30 - 49 years	9	18	27	3	129	132	0%	416%	371%
>= 50 years	3	12	15	0	14	14	n.a.	100%	100%
Total ASIA	16	42	58	4	205	209	-33%	413%	354%
Breakdown by gender and age - AFRICA	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years	3	2	5	2	4	6	-33%	100%	20%
30 - 49 years	3	8	11	4	5	9	33%	-38%	-18%
>= 50 years	1	0	1	0	3	3	-100%	n.a.	200%
Total AFRICA	7	10	17	6	12	18	-14%	20%	6%
Total Group	118	526	644	157	1,069	1,226	33%	103%	90%

401-1 Outgoing staff		2018								
	<= 29 years			30 - 49 years			>= 50 years			
ITALY										
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Total ITALY	0	18	18	3	89	92	1	66	67	
REST OF EUROPE										
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Total REST OF EUROPE	22	25	47	24	73	97	2	41	43	
AMERICA										
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Total AMERICA	1	3	4	5	6	11	1	7	8	

ASIA									
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total ASIA	1	2	3	0	9	9	0	2	2
AFRICA									
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total AFRICA	0	3	3	0	3	3	0	0	0
Total	24	51	75	32	180	212	4	116	120

401-1 Outgoing staff				Delta 2017 / 2018					
	<= 29 years			30 - 49 years			>= 50 years		
ITALY									
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total ITALY	-100%	64%	20%	0%	35%	33%	-75%	-12%	-15%
REST OF EUROPE									
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total REST OF EUROPE	144%	-11%	27%	14%	40%	33%	-50%	71%	54%
AMERICA									
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total AMERICA	-67%	-79%	-76%	-38%	-54%	-48%	0%	-61%	-58%
ASIA									
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total ASIA	n.a.	100%	200%	n.a.	125%	125%	n.a.	100%	100%
AFRICA									
	Women	Men	Total	Women	Men	Total	Women	Men	Total

Total AFRICA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	50%	-6%	7%	0%	33%	27%	-56%	-2%	-6%

102-8 Information on personnel	2017			2018			Delta		
ITALY									
<i>Breakdown of employees by type of contract</i>	Women	Men	Total	Women	Men	Total	Women	Men	Total
Indefinite-term contract	89	638	727	95	932	1,027	7%	46%	41%
Fixed-term contract	5	50	55	14	97	111	180%	94%	102%
REST OF EUROPE									
Indefinite-term contract	67	211	278	69	233	302	5%	10%	9%
Fixed-term contract	72	214	286	116	390	506	61%	82%	77%
ASIA									
Indefinite-term contract	1	1	2	1	1	2	0%	0%	0%
Fixed-term contract	9	44	53	12	240	252	33%	445%	375%
AMERICA									
Indefinite-term contract	25	82	107	28	84	112	12%	2%	5%
Fixed-term contract	5	27	32	5	67	72	0%	148%	125%
AFRICA									
Indefinite-term contract	0	0	0	1	4	5	n.a.	n.a.	n.a.
Fixed-term contract	7	10	17	8	14	22	14%	40%	29%
Total⁷	2810	1,277	1,557	349	2,062	2,411	25%	61%	55%

First, 100% of the Group's employees are covered by collective bargaining agreements.

⁷ Errata corrige: the total of 2017 has been adjusted compared to the previous year report, due to a reclassification.

Bearing this increase in the number of the Group's staff in mind, it will readily be understood how it was that 1,226 new staff came into the Group, 566 of them in Italy, where the commencement of some directly-run projects required the engagement of a substantial number of blue-collar workers. Generally, care was taken, using specifically designed projects, to recruit young workers having more years of schooling.

405-1 Workforce by age in percentage terms at 31.12	2017				2018				Delta		
	<= 29 years	30 - 49 years	>= 50 years	Total	<= 29 years	30 - 49 years	>= 50 years	Total	<= 29 years	30 - 49 years	>= 50 years
Executives	0%	32%	68%	100%	0%	34%	66%	100%	n.a.	7%	-3%
Middle managers and Office workers	18%	54%	29%	100%	16%	56%	28%	100%	-7%	5%	-5%
Manual workers	12%	42%	47%	100%	13%	50%	36%	100%	15%	20%	-22%
Total	15%	49%	36%	100%	15%	53%	33%	100%	-3%	8%	-9%

There was an improvement in the turnover indicator compared with the previous years. The ratio between outgoing and total employees fell from 23% in 2017 to 17% in 2018, when the proportion of resignations out of all employees who left the Group as a whole was 12%.

401-1 Turnover	2017			2018		
	Women	Men	Total	Women	Men	Total
Ratio between outgoing and total employees	20%	24%	23%	17%	17%	17%
Ratio between employees that resigned and total employees	13%	8%	9%	12%	7%	8%

Special attention is paid to respect for workers' rights both in Italy and overseas. All workers being covered by a collective agreement, they have the right to take parental leave. It is to be noted that all personnel in Italy who took parental leave returned to their jobs afterwards, with a retention rate of 100%.

The retention figure for employees on parental leave includes persons still taking this type of leave who have not returned to work yet. They are expected to be reintegrated at the end of their period of absence.

401-3 Parental leave	2017			2018			Delta		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<i>T Rate of return to work after parental leave</i>									
Employees that have taken parental leave	7	2	9	16	13	29	129%	550%	222%
Employees that have resumed work after taking parental leave	5	2	7	7	12	19	40%	500%	171%
Employees that returned to work after taking parental leave and were still employed twelve months after their return to work (retention rate)	2	0	2	5	9	14	150%	n.a.	600%
Rate of return to work	71%	100%	78%	44%	92%	66%	-39%	-8%	-16%
Employee retention rate	67% ⁸	-	67%	31%	69%	48%	-53%	-	-28%

As regards matters more closely related to the development of human resources, the Group draws up and implements an annual Training Programme and produces a Training Catalogue that meets the training requirements identified for the development of both technical and professional and behavioural skills for its employees.

A total of 13,476 hours of training were delivered in 2018, of which 9,400 were devoted to occupational health and safety.

In 2018 there was also an increase in training sessions on human rights; this first stage of attention to this topic involved the United States and a programme is being followed that will draw in all the Group's employees.

412-2 Training in human rights			
	2018		
Breakdown by gender and category	Women	Men	Total
Executives	0	10	10
Middle managers and Office workers	16	53	69
Manual workers	0	0	0
Total training hours	16	63	79

In 2018, the figure for the average numbers of hours training per head was affected by the big increase in personnel, especially the engagement of skilled workers already holding certifications and other

⁸ This rate has been calculated considering that 3 persons returned to work after taking parental leave in 2016.

qualifications in health and safety and in the use of machinery and equipment. Most of the State-Regions Agreement training sessions were delivered in 2017 as updates just before the expiry of the statutory five-year period.

For the remaining types of technical, professional, language and other training, the Group decided to invest in qualitative and managerial themes, addressed at executive staff in particular. It was decided to also focus the training of operational staff on the development of cross-sector and technical expertise in the framework of a career path in overseas environments.

Generally speaking, during 2018 the Pizzarotti Group's intention was to direct its attention to targeted and personalised training with the aim of developing in-house potential.

102-8 Information on personnel	2017			2018			Delta		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Breakdown of employees by type of contract									
Full-time	2565	1,266	1,523	328	2,053	2,381	28%	62%	56%
Part-time	25	11	36	21	9	30	-16%	-18%	-17%
Total⁹	280	1,277	1,559	349	2,062	2,411	24%	61%	55%

404-1 Average training hours per occupational category	2017			2018			Delta		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Breakdown by gender and category									
Executives	6.00	11.51	11.36	8.00	8.24	8.23	33%	-28%	-28%
Middle managers and Office workers	8.15	9.16	8.90	4.40	6.92	6.25	-46%	-24%	-29%
Manual workers	1.67	12.95	12.80	0.60	4.75	4.71	-64%	-63%	-63%
Total average training hours	8.00	10.62	10.15	4.30	5.86	5.64	-46%	-45%	-44%

With regard to appraisal and incentive tools, there is an MBO system for executives and most intermediate personnel are involved in an individual performance appraisal and review system, just as collective incentive systems (2-level agreements) are put in place for participation by blue-collar workers where allowed under collective labour agreements.

⁹ Errata corrige: the total of 2017 has been adjusted compared to the previous year report, due to a reclassification.

404-3 Performance Review	2017			2018			Delta		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Breakdown by gender and category									
Executives	0	61	61	1	69	70	n.a.	13%	15%
Middle managers and Office workers	83	332	415	151	564	715	82%	70%	72%
Manual workers	0	0	0	0	85	85	n.a.	n.a.	n.a.
Total number of employees that receive regular reports on results and career development	83	393	476	152	718	870	83%	83%	83%

404-3 Performance Review in percentage terms	2017			2018			Delta		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Breakdown by gender and category									
Executives	0%	82%	80%	100%	91%	91%	n.a.	10%	13%
Middle managers and Office workers	31%	44%	40%	45%	60%	56%	47%	38%	40%
Manual workers	0%	0%	0%	0%	8%	8%	n.a.	n.a.	n.a.
Percentage of employees that receive regular reports on results and career development	30%	31%	37%	44%	35%	36%	47%	14%	-3%

The pay policies and procedures followed by the Group on one hand ensure internal equity and market competitiveness and, on the other hand, compliance with the laws in force in the various countries in which it is present and the application of and compliance with minimum salary provisions where these are imposed and/or provided for under special sector agreements.

Particular attention is paid to the difference between men and women's pay with a view to keeping an equitable balance in a sector historically characterised by a preponderant male presence, above all in site work and abroad.

Comparing gender pay as a whole in office workers and middle manager grades in the Group, the gap in basic pay is 33%. This gap falls to 13% of average basic pay for office workers and middle manager grades in Italy. Comparisons for operational staff and personnel in other countries are not significant since average pay reflects their legislation.

405-1 Composition of governing bodies						
Breakdown by gender and age	2017			2018		
	Women	Men	Total	Women	Men	Total
<= 29 years	0	0	0	0	0	0
30 - 49 years	0	28%	28%	0	23%	23%
>= 50 years	0	72%	72%	0	77%	77%
Total members of the BoD	0	100%	100%	0	100%	100%

405-1 Composition of governing bodies						
Breakdown by gender and body	2017			2018		
	Women	Men	Total	Women	Men	Total
Board of Directors	0	72%	72%	0	62%	62%
Board of Statutory Auditors	0	28%	28%	0	38%	38%
Supervisory Board	0	0	0	0	0	0
Total	0	100%	100%	0	100%	100%

4 Occupational health and safety

4.1 Group risks

The topic of occupational health and safety identified in the materiality analysis is of primary importance for the Pizzarotti Group.

The main risks to which workers are subject in Italy fall under two micro categories: office risks and work-site risks.

Office risks are identifiable as those arising from the use of video display terminals (VDTs), office lighting, the microclimate, fire and earthquake, work-related stress, exposure to magnetic fields and commuting accidents.

Typical worksite risks are identifiable as falling from a high place and falling from the ground, electrocution, being crushed, being buried, suffering collisions and impacts, risks arising from the manual handling of loads, noise, dust, vibrations, explosive atmospheres and variations in climate. All the risks arising from office work are presented and analysed in a Risk Assessment Document (RAD), while risks associated with site work are examined in Operational Safety Plans. These documents, applicable to the Group's Italian operations and breaking risks down into categories, specify the different prevention and protection measures that have to be followed in order to protect workers from harm in performing their various duties.

In some countries there may be risks arising from religious or political conflict that may affect Group employees.

With reference to the international market, and without prejudice to the identification of risks, for Expatriated personnel, with regard to office risks, as indicated in the specific RDA (Risk Assessment Document) for each country, by legislative equivalence dictated by the European Directive 89/391 in the Document Assessment of Corporate Risks (EU) referring to all personnel operating in the Area, and in the Health Safety & Environment (HSE) Project Plan (with regard to operational risks) developed whenever the company has ownership of the Contract or covers the role of "employer" for the specific project (may be considered also as the project leader, in EU and non-EU countries), the risks vary according to the type of activity and depending on whether the tasks are in the planning stage or when the works are being carried out with respect to the progress of the construction sites.

For operations abroad, in spite of the complex issues related to the particular conditions in each country and local occupational Health and Safety legislation, the Group conducts its Risk assessment by first basing itself on its own Instructions to Divisions and afterwards considering, from time to time, whether local law is more or less stringent than that of the Parent Company (Italy), also taking it into account whether or not

the country concerned is or is not a EU Member State.

During 2018, specialised Group personnel conducted scheduled audits in work sites in Montenegro, Romania, Moldova, Switzerland, the USA, Cameroon, Russia, Peru and Kuwait.

Consideration is given during audits to the desirability of taking corrective action for the management of the risks identified.

4.2 Safeguards

The Pizzarotti Group considers occupational health and safety a topic of extremely high importance precisely owing to the nature of its business activities. Indeed the Group gives expression to its commitment to the health and safety of its workers in its *“Integrated Corporate Policy”* document. The Group has adopted an *Integrated Quality, Safety and Environment Management System* through which it manages all occupational health and safety matters both in Italy and in various foreign countries in compliance with precise regulatory standards (Legislative Decree no. 81 of 2008 for Italy, local Legal System and OHSAS 18001 abroad) that provide for the implementation of Division operational procedures and instructions governing all the processes involved in health and safety management, monitoring events with a view to continuous improvement. This Management System is supported by an *“Integrated Management System Manual”* that describes these processes and the responsibilities assigned to the personnel involved, in addition to guidelines for operating the system.

As the Pizzarotti Group works in various countries, occupational health and safety issues are managed in compliance with specific local laws and regulations and with foreign Divisions’ procedures and instructions adopted by the Group. A Department in the corporate QSE (Quality, Safety and Environment) Area dedicated to Occupational Health and Safety and Environment Protection (HSE) issues in foreign countries has been formed which coordinates and manages all these issues and the personnel involved, laying down instructions and guidelines and seeing that they are complied with so that the Group has full supervision of processes.

In **Italy** Workers’ Safety Representatives (WSRs) have been appointed who conduct inspections and advise workers on health and safety matters. In some cases, on work sites where there is no WSR Representative the role is filled by Representatives elected by Pizzarotti Personnel online (via email) in an office at the headquarters in Parma.

The following are non-exhaustive examples of measures taken by the Group to foster health and safety, which are applicable, as has already been mentioned, to all Areas and production units which state that they use the Corporate Management System or in case the company covers the role of “employer”:

- ◆ In **Romania** work include supervision, medical examinations, the inspection of personal protective equipment, warning signs indicating hazardous areas, checking gripping and signalling systems and training in first aid. Risks that have been identified are therefore managed according to a Risk Plan prepared by the WSR and workers are given the correct equipment for the prevention of mishaps and accidents according to risk category. In order to protect its workers from site work risks, the Group requires them to wear personal protective equipment and devices, hazardous areas to be marked out, activities to be monitored on an ongoing basis and instances of non-compliance to be reported and immediately resolved.
- ◆ In **Cameroon**, to obviate problems arising from conditions outside the workplace, internal and external video surveillance systems are installed in the building used as offices and dormitory, workers' privacy being respected. There is also a system for monitoring hygiene in the canteen premises and work and private areas are separated even if they are in the same building. There is a first-aid kit in the offices in the event of accidents and emergency and first-aid teams have been selected and set up. Finally, it is expected to form an occupational health and safety committee in 2019.
- ◆ In **France**, as in other countries in which the Group has a permanent establishment, a Branch HSE (Health, Safety & Environment) Unit has been set up; in this country (France), occupational Health and Safety operations regarding this project are in the hands of the local partner, which sees that contractual and legal requirements in the matter are met according to local law; in spite of this the HSEC (Health, Safety, Environment Coordinator) makes periodic scheduled visits together with the other HSE officers of the other companies in the forming part of the consortium, and not providing appropriate feedback to Area Manager (ARM) and the offices in charge of the Head Office.
- ◆ In the **Middle East**, and not only in this area, the Group applies the safety practices published by local authorities and the Italian Embassy in the host country, circulates security instructions to workers (through an internal Security Unit) and keeps in regular contact with Italian Embassy staff.
- ◆ In **Moldova**, as also in *Romania*, occupational health and safety matters are managed and monitored through a TESA Plan equivalent to a RAD for office risks and by an OHSMP (Occupational Health and Safety Management Plan) for worksite Operational Risks, in general and in local language (*Planu Propriu SSM*). This plan shows how to mitigate and manage risks of this type. Worksite risk is monitored daily and mitigation measures are taken as necessary. In these countries Occupational Medicine services have also started, offered by private Hospitals and performing the same functions as a Company Doctor in Italy.

- ◆ In **Peru** the Group has a Prevention Unit and an Occupational Medicine Unit and follows procedures and instructions that detail the methods for identifying hazards and assessing risks to worker health and safety in order to determine the measures for the respective removal, reduction and mitigation of these risks. A Joint Occupational Health and Safety Committee composed of two representatives of the Employer and two Representatives of the Workers, acts at all levels of the organisation.
- ◆ In **Poland** a Health and Safety Plan included in the Project Plan describes all the precautions the Group takes in the matter. The document, accessible to all the workers, details the documents the Group and its subcontractors need and the procedures and responsibilities of the various persons on site. A Group Workers' Safety Representative is also present for the foreign division in Poland, elected by the seconded workers. As regards this role, a local WSR will be elected in early 2019.
- ◆ Owing to the context in which the Group operates, there is no workers' representative or committee in the **United Arab Emirates** and **Kuwait**, but the Project HSE Managers take a proactive approach to Occupational Health and Safety, follow the Division's systematic rules and monitor work, reporting periodically to the competent office at Headquarters.
- ◆ In **Montenegro** the occupational safety Committee operates at middle management level, being composed of site supervisors, construction managers, site managers and safety teams.

As regards WSRs, Impresa Pizzarotti conducted a digital election (by email) for its seconded employees to elect a Foreign Workers' Representative as a contact for all other countries in which the Group operates. The Representative carries out his advisory functions by visiting workplaces either at random or at employees' request and afterwards holds meetings with the workers involved.

In order to be able to standardise work at Group level, Impresa Pizzarotti hands down specific Instructions for each Division (Italian and Foreign operations) on how to identify, manage and deal with instances of Non-compliance with occupational health and safety regulations. To this end, the Group arranges for all its employees to receive health and safety training.

The Pizzarotti Group's main objective in this sphere is to cut the number of accidents in all countries down to a minimum by monitoring their frequency and their severity rates.

Precise occupational health and safety objectives are set in the countries in which the Group operates; some of these are:

- ◆ to ensure that all employees are sufficiently trained or experienced to go about their duties in safety;

- ◆ to set out safe working practices and procedures and ensure that personnel put them into effect;
- ◆ to set and keep up the highest possible standards of health, safety and hygiene;
- ◆ to lay down procedures for the prevention of environmental pollution on the part of any project subcontractor or supplier and provider;
- ◆ to develop an effective system to monitor and review all the activities set out in the HSE Plan;
- ◆ to take effective communication measures as part of a programme fostering active participation and the coordination of dialogue between workforce and management;
- ◆ to record all accidents and near-misses so that corrective measures can be decided upon and introduced.

4.3 Key indicators

403.2 Group employee accidents	2017	2018	% Change
ITALY			
Total accidents	17	40	135.29%
Commuting accidents	1	3	200%
Accidents at work	16	37	131.25%
REST OF EUROPE			
Total accidents	19	9	-52.63%
Commuting accidents	0	1	100%
Accidents at work	19	8	-57.89%
AMERICA			
Total accidents	3	4	33.33%
Commuting accidents	0	0	n.a.
Accidents at work	3	4	33.33%
AFRICA			
Total accidents	0	0	n.a.

Commuting accidents	0	0	n.a.
Accidents at work	0	0	n.a.
ASIA			
Total accidents	0	0	n.a.
Commuting accidents	0	0	n.a.
Accidents at work	0	0	n.a.

The considerable increase in the number of accidents recorded in Italy in 2018 is due to the inclusion of two projects in tunnels, which are to be considered more critical than other infrastructure projects. Another substantial contribution is given by work at prefabricated structures factories, whose output rose.

403.2 Accidents to external workers	2017	2018	% Change
ITALY			
Total accidents	17	20	17.65%
Commuting accidents	0	0	n.a.
Accidents at work	17	20	17.65%
REST OF EUROPE			
Total accidents	10	7	-30%
Commuting accidents	0	0	n.a.
Accidents at work	10	7	-30%
AMERICA			
Total accidents	1	8	700%
Commuting accidents	0	0	n.a.
Accidents at work	1	8	700%
AFRICA			
Total accidents	0	0	n.a.

Commuting accidents	0	0	n.a.
Accidents at work	0	0	n.a.
ASIA			
Total accidents	0	0	n.a.
Commuting accidents	0	0	n.a.
Accidents at work	0	0	n.a.

There was a slight increase in the number of total accidents to external workers, attributable to work sites in the America region.

In 2018 there were no occupational diseases or fatal accidents among employees at work.

403.2 Hours worked	2017	2018	% Change
ITALY			
Hours worked	953,180	4,200,647	340.70%
REST OF EUROPE			
Hours worked	1,201,250	7,106,835	491.62%
AMERICA			
Hours worked	280,874	1,354,026	382.08%
AFRICA			
Hours worked	19,938	141,123	607.81%
ASIA			
Hours worked	103,230	635,535	515.65%

Furthermore, data concerning hours worked broken down between men and women were collected in the consolidation area in 2018.

Total figures for the Group were:

- hours worked by women: 723,215;
- hours worked by men: 12,714,952;

for a total of **13,438,166** hours worked in all.

403.2 Occupational health and safety accident rates ¹⁰ - Employees	2017	2018	% Change
ITALY			
Frequency rate (F _A)	17.84	19.39	8.67%
REST OF EUROPE			
Frequency rate (F _A)	15.82	5.71	-63.94%
AMERICA			
Frequency rate (F _A)	10.68	11.87	11.16%
AFRICA			
Frequency rate (F _A)	0	0	
ASIA			
Frequency rate (F _A)	0	0	

While the change for Italy is not very significant, there was a substantial fall in F_A indicators in the rest of Europe.

403.2 Occupational health and safety accident rates - Employees	2018
ITALY	
Severity rate (S _A)	713.43
REST OF EUROPE	
Severity rate (S _A)	221.88
AMERICA	
Severity rate (S _A)	142.47

¹⁰ Accident rate is calculated as the ratio of number of accidents to hours worked x 1,000,000

AFRICA	
Severity rate (S _A)	0
ASIA	
Severity rate (S _A)	0

403.2 Occupational health and safety accident rates – Employees		2018
ITALIA		
Absenteeism rate (AR)		3.21%
REST OF EUROPE		
Absenteeism rate (AR)		1.87%
AMERICA		
Absenteeism rate (AR)		4.40%
AFRICA		
Absenteeism rate (AR)		0.62%
ASIA		
Absenteeism rate (AR)		0.01%

No occupational diseases rate is shown because none were recorded in 2018.

403.2 Occupational health and safety accident rates – external workers	2017	2018	% Change
ITALY			
Frequency rate (F _A)	8.87	9.36	5.49%
REST OF EUROPE			
Frequency rate (F _A)	3.94	1.27	-67.87%
AMERICA			
Frequency rate (F _A)	1.42	7.87	453.90%

AFRICA			
Frequency rate (F _A)	0	0	
ASIA			
Frequency rate (F _A)	0	0	

404.1 Training in OHS at 31.12						
	2017			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Executives	0	54	54	0	111	111
Middle managers and Office workers	1,097	3,318	4,415	692	4,044	4,736
Office workers	10	5,524	5,534	6	4,547	4,553
Total	1,107	8,896	10,003	698	8,702	9,400

Legal and contractual obligations laid down for periods of notice of organisational changes are fulfilled in all countries and Group companies.

5 Relations with local communities

5.1 Group risks

The Pizzarotti Group is unremittingly committed to the management of the social aspects of relations with local communities and makes a contribution to the socio-economic well-being of the areas in which it is present.

In particular, social projects have been launched with the support of the Pizzarotti Foundation with the aim of closely combining the Foundation's mission ("fostering a culture of cooperation as an opportunity to share in the efforts to improve conditions of life in our time") with the Group's activities and presence. Specifically worthy of mention are the projects developed in Peru together with the Italian Embassy Office for Cooperation, through which grants that support two fundamental human rights are made: funds for health and education are channelled to a health committee in Catagos, in the north of the country; and the Group has provided school equipment in the province of Julcàn acting together with the Peruvian Ministry of Education. Another project is located in the Scampia district of Naples, where the Foundation makes a grant for the construction of a foster home for minors between 0 to 8 years of age without discriminating by gender, religion or nationality.

In broader terms, the Pizzarotti Group endeavours to keep up a regular dialogue with the local communities in the countries and areas in which it operates. While the impact on the local community arises from possible interference caused by Group infrastructures in the area itself, on the other hand the Group's business also inevitably brings local job creation with it in addition to a substantial amount of allied activities.

Potential risks have been identified associated with the respect for human rights and indeed with the relations with the local community themselves, such as the risk of suffering reputational harm as a result of the work done by the Group not fitting in with a community's social fabric and the risk of failing to exchange views with the local community.

5.2 Safeguards

Ways of involving local communities are considered by the Board of Directors (BoD) with the help of the Directors concerned, the Human Resources Function and any other functions that suggest a scheme or are interested because they are competent for the area (work sites).

5.3 Key indicators

Some particular local community projects have been developed in certain countries. For example in *Italy*

(curricular, extra-curricular and work placement) apprenticeships are offered, some under arrangements with CISITA, a Parma Union of Industrialists entity, Florence University, Parma University and the Fratelli Pesenti Engineering Polytechnic in Milan.

In *Russia* the main measures to involve the local community have concentrated on employing qualified personnel from various Russian Federation states and cities, paying particular attention to gender equality. A multicultural approach is also taken in the work environment: three languages are spoken as a matter of course (Italian, Russian and English) and cultural interchange between European and Russian Federation working methods is encouraged. Up to now the Group has not organised any social or environmental activities to the direct benefit of local communities in *Russia* but it intends to consider a strategy for taking the actions and measures required to achieve this objective in next future.

In *Moldova* among the sponsorships is one for the annual forum for Italian and Italian-Moldovan companies organised by the Italian-Moldovan Chamber of Commerce in cooperation with the Italian Embassy in Chişinău.

In *Switzerland* Pizzarotti SA sponsored the purchase of a defibrillator situated near the middle schools in Bellinzona, the Group's Swiss home.

In the *United Arab Emirates* the Group offers internships for students reading technical and legal subjects at the local Universities.

6 Sustainable supply chain management

6.1 Group risks

The Group's analysis of the importance of various issues determined the responsible management of the supply chain as a material topic for both the Group and its stakeholders. Suppliers and providers of the Group are all third parties that provide intellectual services (such as engineering and design studios, freelance professionals and consultants), do manual work and supply materials. All new suppliers and providers undergo a qualification process.

Supplier and provider risks are mainly financial, environmental and operational. The risk of a financial loss to the Group consists in suppliers and providers not respecting order deadlines. Environmental risks arise from suppliers and providers' non-compliance with environmental laws or regulations, which can both cause harm to the Group's reputation and have a tangible adverse impact on the environment. Another risk acknowledged by the Group is that of suppliers and providers not abiding by the ethical and behavioural standards it requires in its labour relations.

Finally, operational risks (breach of contract, supplier and provider performance below expectations, non-conformities in the suppliers and providers' services) are managed directly by the Project managers, who are responsible for the contracts involved.

6.2 Safeguards

Supply chain risks are managed by requesting a performance bond from the supplier/provider and applying a retention bond on the Work Progress Report. Environmental risks are managed by the Group asking suppliers and providers for all the necessary clearances and certifications for confirming environmental compliance requirements before they are appointed.

Supply chain issues are regulated at corporate level by the *"Supplier and Provider qualification and vendor list"* procedure and operational instructions in the *"Design Service Providers Qualification"* document, which is specifically conceived to lay down the responsibilities and methods for the qualification of providers of engineering services. The Group pays particular attention to the selection of possible suppliers and providers as a part of the qualification process: during this phase, suppliers and providers *selected* based on the types of product or service they are competent to deliver. During the process, suppliers and providers are given all the documents necessary for drawing up their offer correctly and in full (specifications, draft contract in which the Code of Ethics is mentioned or which requires the applicant to consult the Code, technical drawings, schedule of works, need for any certifications or clearances). In the next stage, appraisal, all the documents required during the selection phase are sent by the suppliers and providers and matters are

considered from a technical point of view before financial aspects are discussed and the tender procedure is completed. Finally, the suppliers and providers' performance is *reviewed* by the project manager at the end of each year. If there have been any problems or non-compliance, the supplier or provider concerned is entered in a corporate black list and, in conformity to the procedure, may only undertake the qualification process again after 2 years. All qualified suppliers and providers are required to comply with and apply the principles of the Code of Ethics, which are also referred to in contracts for the supply of products and provision of services.

The Group's supply chain is managed digitally by the corporate IT system, which coordinates the flows of Procurement Requests as required by the current "Procurement Management" procedure. Project Managers appraise the performances of the more important Suppliers and Providers for their particular Contract annually. The indicators used are the marks given for compliance with quality and the programme for works; up to now the Group has not included ESG (Environmental Social and Governance) criteria in considering the selection and performance of its suppliers and providers.

6.3 Key indicators

In view of the nature of the Group's business and the usual methods for managing its contracts, it prefers to deal with local suppliers and providers since the workforce, frequently provided through subcontractors, resides in the country in which work is done.

For this reason the Group favours entering into cooperative relationships with the best suppliers and providers in the area in which it is operating in order to be sure that, at local level, work is carried out in compliance with the regulations in force in the country and that its subcontractors and its suppliers of goods and providers of services hold the certifications and other documents provided for in the Contracts and Subcontracts involved.

Data have been collected concerning contracts executed in 2018 (i.e. contracts signed during the year including those with a term of more than one year) with local suppliers and providers (i.e. in the area in which the work was to be done). The percentages are shown in the table below, except for data in the FPMC - Jardin Exotique Block B project (parking areas, greenhouses and offices):

AREA	% of procurement from local suppliers and providers
Italy	99.78
Rest of Europe	78.30
America	100
Africa	85.15
Asia	99.91

In 2018, sanctions totalling Euro 13,500 were applied because of some subcontractors' failure to take occupational health and safety measures at work sites and to comply with related regulations in Italy.

7 Anti-corruption

7.1 Group risks

The Group has always been very sensitive to the topic of crime prevention. Hence, in its Code of Ethics and Organisational, Management and Control Model under Legislative Decree 231 of 2001 (hereinafter also referred to as the Model 231”) – the latter being applicable to the Italian Parent Company -, the Group has laid down the ethical commitments and responsibilities that the members of its organisation are called upon to fulfil in the conduct of its business. Directors, executives, employees and self-employed personnel are required to follow these principles paying particular attention to anti-corruption and anti-money laundering issues in their relations with all the parties maintaining contacts with the Group, such as public authorities, private companies and bodies, banks, investment funds, suppliers, providers and advisors, not only from and operating in Italy but also in the various other countries in which the Group is present.

By adopting the Organisational, Management and Control Model under Legislative Decree 231/2001, the Parent Company Impresa Pizzarotti & C. S.p.A. has determined the corporate areas and processes at high risk of the criminal offences of money laundering, self-laundering and corruption, drawing up specific preventive measures for each that are applicable to all categories of processes and activities at risk of crime.

The risks of money laundering and self-laundering that have been identified are associated with:

- ◆ the use of capital originating in illicit acts committed by others in order to obtain a profit or in order to impede the identification of its criminal origin;
- ◆ the use of illicitly obtained resources on the person’s own account by investing them in lawful economic activities in order to obtain further profit, thus also obscuring their criminal origin.

The corporate processes most subject to these risks are Administration and Finance, Tenders, Procurement, Production and Sales.

The main risks of corruption arising from the Group’s core business, i.e. the management of contracts and projects, are:

- ◆ a direct payment, or an indirect payment (through intermediaries) to a Public Officials, a Public Service Officer or an extraneous third party (in the framework of corruption between private individuals) in exchange for illicit benefits;
- ◆ a direct payment to the above-named persons using hidden funds;
- ◆ the appointment of a Public Official, a Public Service Officer or a person in a family relationship to one of the above-named as an advisor and/or the appointment of such a person to assist the Group in another form in exchange for illicit benefits;

- ◆ the direct recruitment of a member of the family of one of the above-mentioned persons by skirting the rules for inquiring into the applicant's good name and suitability for the role;
- ◆ the extension of liability as a result of a corruption offence committed by the representative of a commercial partner in a joint venture.

For these categories of offences too, the corporate processes most subject to the risks involved are Administration and Finance, Tenders, Procurement and Sales, with the addition of personnel recruitment processes and activities conducted by the Human Resources department.

The Supervisory Board oversees the measures in place for the prevention of these crimes among others.

Among the risks to the Group's business caused by the possible commission of the above-mentioned offences are:

- ◆ the imposition of monetary and/or disqualification sanctions (in compliance with an administrative or criminal order);
- ◆ adverse effects to reputation with repercussions not only at commercial and contractual level with customers, partners, suppliers and providers but also at economic and financial level in relations with financial and credit institutions;
- ◆ difficulties for Group companies in bidding and tendering.

7.2 Safeguards

The Pizzarotti Group supports the fight against corruption and, accordingly, the Parent Company Impresa Pizzarotti adopts the Organisational, Management and Control Model under Legislative Decree 231 of 2001 and a specific Protocol that deals with the criminal offences of corruption, money laundering and self-laundering. The Model applies to the activities performed by the Parent Company and its employees working both in Italy and abroad. The system of penalties laid down in the Model under Legislative Decree 231 of 2001 applies to cases of failure to observe the preventive measures set out therein.

The Group also has its own Code of Ethics, which can be consulted on its website and which presents the professional practices and behaviour that all employees and self-employed personnel should abide by. The Code is subscribed to by all employees and provides for the Group to impose specific penalties for breaches of its rules.

The Group has also adopted an Organisational Crime Prevention Model (whistleblowing plan) that puts all personnel who come to learn of the existence of administrative or procedural irregularities, omissions or falsifications under the obligation to report the circumstances promptly to their line manager or, if the latter is also involved in such malpractice, to their superiors, and lays down suitable safeguards for the whistleblowers. The Model also requires the company Supervisory Board concerned to be promptly informed in such cases.

All the top management and the personnel in positions of responsibility in the Parent Company have been given training in applying the Model 231. All employees with email addresses have been informed directly by the Supervisory Board of the measures laid down in the Model with respect to the offences of corruption involving a Public Official or corruption between private individuals, and all project managers have been requested to pass on this information to all those serving under them. Clauses and references to these issues are also laid down in contracts to which the Group or its companies are parties.

The Group also puts various kinds of other measures in place to prevent these offences from being committed, such as:

- ◆ it is obligatory to ensure that financial transactions are traceable by means of precise suitable procedures and actions and that their purpose is clearly stated;
- ◆ sponsorship agreements may not be concluded unless a Board of Directors resolution has approved them beforehand;
- ◆ before a contract is signed, it must be verified that the consideration agreed for the service corresponds to market prices;
- ◆ orders or contracts are executed by at least two joint signatories, not subordinate to each other;
- ◆ Public Officials or Public Service Officers who take part or have taken part during the previous five

years in procedures for the award of tenders won by the Pizzarotti Group or by a Group subsidiary or investee may not be appointed to positions as advisors and/or appointed to work for the Group in a self-employed capacity;

- ◆ members of Joint Ventures or consortia must agree to a unified approach to issues related to the correct application of Legislative Decree 231 of 2001;
- ◆ it is obligatory, whenever a new executive or white-collar worker is recruited, to appraise the need for a new engagement, to establish all the qualifications the person to be engaged should have and compare a number of candidates with each other.

During 2018 the Group was not convicted for any confirmed cases of corruption.

7.3 Key indicators

205-2: Anti-corruption policies and procedures: information and training	UoM	2017	2018
Total number of members of the BoD who received anti-corruption training	no.	1	0
% of members of the BoD who received anti-corruption training	%	7.7%	0%
Total number of employees who received anti-corruption training	no.	154	11
% of employees who received anti-corruption training	%	9.9%	2%
Executives	no.	64	0
Middle managers and Office workers	no.	87	11
Manual workers	no.	3	0

Training sessions arranged in 2018 included special anti-corruption policies and procedures.

The Group trained its personnel in the application of the new organisational model concerning anti-corruption issues under Legislative Decree 231 of 2001.

404-1 Anti-corruption training at 31.12						
Break down by gender and category	2017			2018		
	Women	Men	Total	Women	Men	Total
Executives	2	252	254	0	0	0
Middle managers and Office workers	42	206	248	8	36	44
Manual workers	0	6	6	0	0	0
Total	44	464	508	8	36	44

8 Table of correlation between Legislative Decree 254/2016 and the GRI-Referenced option

The Disclosure of non-Financial Information makes reference (Referenced claims) to the following Topic Specific Standards:

Table of correlation - Pizzarotti 2018								
Legislative Decree 254/16	Material topic	Risks identified	Policies adopted	Topic specific standards/ disclosure		Reference chapter	Scope of reference	Notes
				Standard Disclosure	Description of the indicator			
Environmental issues	Management of emissions and discharges into the atmosphere (including greenhouse gases)	See chapter on Respect for the environment	<i>Integrated Quality, Safety and Environmental Management System Policy</i> , adopted in all Production Units in which an Impresa Pizzarotti & C. S.p.A. representative is authorised to act as an employer	302-1	Energy consumption within the Company	Respect for the environment	Pizzarotti Group: data are reported for all consolidated companies as defined in the methodological note, including Engeco SAM and Cuma Scrl, for which 2017 data are not available.	In a limited number of cases, the data reported include consumption by subcontractors working in sites operated by the Group. This is due to Pizzarotti's role in the management of some projects in which it handles the procurement of energy sources. The estimate is a conservative one since the amount for which the Pizzarotti Group alone is responsible is only a part of the amount shown.
				305-1	Direct CO2 emissions (Scope 1)			In a limited number of cases, the data reported include consumption by subcontractors working in sites operated by the Group. This is due to Pizzarotti's role in the management of some projects in which it handles the procurement of energy sources. The estimate is a conservative one since the amount for which the Pizzarotti Group alone is responsible is only a part of the amount shown.
				305-2	Indirect CO2 emissions (Scope 2)			
	303-1			Total amount of water withdrawn by source of procurement	Sometimes the data reported include consumption by subcontractors working in sites operated by the Group. Furthermore, for properties under management (Residences) the amount also includes water used by the occupants.			
	Water consumption and discharges management							

Table of correlation - Pizzarotti 2018								
Legislative Decree 254/16	Material topic	Risks identified	Policies adopted	Topic specific standards/disclosure		Reference chapter	Scope of reference	Notes
				Standard Disclosure	Description of the indicator			
Environmental issues	Waste management	See chapter on Respect for the environment	<i>Integrated Quality, Safety and Environmental Management System Policy</i> , adopted in all Production Units in which an Impresa Pizzarotti & C. S.p.A. representative is authorised to act as an employer	306-3	Total number, volume and impacts of significant spills by type and location	Respect for the environment	Pizzarotti Group: data are reported for all consolidated companies as defined in the methodological note, including Engeco SAM and Cuma Scrl, for which 2017 data are not available.	Only the number of spills recorded during the year is reported. The Group undertakes to report the volumes involved as well in the 2019 DNFI if a spill has a substantial impact.
				306-2	Total weight of waste by type and method of disposal			The figure refers to disposal and recycling. The amount of waste reported does not include the part managed by subcontractors directly since this information is not available, the waste concerned being managed independently of the Group.
	308-1	New suppliers selected using environmental criteria		Until now the Group has not taken environmental criteria into consideration in the process of selecting new suppliers and providers.				
	403-2	Number of accidents, accident rate, occupational diseases, working days lost, absenteeism, total number of fatalities, hours worked, days worked/working days		Occupational health and safety	Pizzarotti Group: data are reported for all consolidated companies as defined in the methodological note, including Engeco SAM and Cuma Scrl, for which 2017 data are not available.			No rate is given for occupational diseases because none were recorded in 2018.

Table of correlation - Pizzarotti 2018								
Legislative Decree 254/16	Material topic	Risks identified	Policies adopted	Topic specific standards/disclosure		Reference chapter	Scope of reference	Notes
				Standard Disclosure	Description of the indicator			
Human resources	Human capital management	See chapter on Human Resource Development	The Group has no corporate procedures that set out policies for the management and development of human capital. The basic principles for these aspects are laid down in the Code of Ethics.	102-8	Information on employees and external workers	Human resource development	Pizzarotti Group: all consolidated companies as defined in the methodological note	
				401-1	New hires and employee turnover			
				401-2	Benefits provided for indefinite-term workers not provided for fixed-term or part-time workers			Benefits are granted according to the employee's grade, position and duties, regardless of the term of the employment contract.
				401-3	Parental leave			
	Personnel development and training			404-1	Average hours training per employee by gender and category			
				404-3	Percentage of employees that receive regular reports on results and career development			
				Protection of diversity and non-discrimination	405-1		Diversity of governing bodies and employees	

Table of correlation - Pizzarotti 2018								
Legislative Decree 254/16	Material topic	Risks identified	Policies adopted	Topic specific standard/disclosure		Reference chapter	Scope of reference	Notes
				Standard Disclosure	Description of the indicator			
				406-1	Incidents of discrimination and action taken			There were no incidents of discrimination in 2018.
Social issues	Relations with local communities and authorities	See chapter on Relations with local communities	The Group has no formalised policies for the management of relations with local communities but undertakes to set them out before the end of 2019.	413-1	Activities with local communities, assessment of impact and development programmes	Relations with local communities	Pizzarotti Group: all consolidated companies as defined in the methodological note	The Group based its actions on these indicators, but reports the information in qualitative terms since it does not hold the details requested. It undertakes, however, to report data in quantitative terms from 2019 onwards. Until now the Group has not taken social criteria into consideration in selecting new suppliers and providers.
				413-2	Activities with real or potential significant adverse impacts on local communities			
				414-1	New suppliers and providers selected on the basis of social criteria			
Respect for human rights	Protection of and respect for human rights	See chapter on Human resource development	The Group has no formalised policies for the management of human rights but undertakes to set them out before the end of 2019.	412-1	Total number of activities whose impact on human rights has been reviewed or subjected to scrutiny	Human resource development	Pizzarotti Group: all consolidated companies as defined in the methodological note	No activity with an impact on human rights has been reviewed or subjected to scrutiny. 7% of the employees were given training on the topic of human rights in 2018.
				412-2	Employee training on human rights policies and procedures			
				102-41	Percentage of employees covered by collective bargaining agreements			
	402-1	Minimum period of notice of operational changes						
	Industrial relations							

Table of correlation - Pizzarotti 2018

Legislative Decree 254/16	Material topic	Risks identified	Policies adopted	Topic specific standard/disclosure		Reference chapter	Scope of reference	Notes
				Standard Disclosure	Description of the indicator			
Anti-corruption	Compliance and anti-corruption	See chapter on Anti-corruption	Although no formal Policy has been drawn up, the <i>Code of Ethics</i> , the <i>Organisational, Management and Control Model</i> and the <i>Organisational Crime Prevention Model</i> are all applicable	205-3	Confirmed cases of corruption and action taken	Anti-corruption	Pizzarotti Group: all consolidated companies as defined in the methodological note	
				205-2	Anti-corruption practices communication and training			
				307-1	Non-compliance with environmental regulations			

