

AUTOSTRade GROUP
SOCIAL AND ENVIRONMENTAL REPORT
2004

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LETTER TO STAKEHOLDERS

The Autostrade Group further strengthened its commitment to corporate social responsibility and sustainable development in 2004, continuing the process that began with the Group's privatisation in 2000.

This process has its roots in an increasingly widespread and shared business culture and values, focused on: stakeholders and their legitimate interests; the country and its need for redevelopment and growth; the environment as an asset to be safeguarded; the community with its expectations; and users with their growing demands for safety, comfort and services.

The Social and Environmental Report 2004 provides a clear idea of how the Company's values have been transformed into goals, plans and actions, going well beyond the relevant regulations (Legislative Decree 231/2001 and subsequent amendments) and the requirements of the various institutions regarding corporate governance.

Above all, the Report describes the tools adopted by Autostrade between 2000 and 2004: the Corporate Governance Code, the Code of ethics, the Code of Conduct for Internal Dealing, the Service Charter and code of environmental commitments. It also covers the Committees set up and the organisational units created; the risk, emergency and environmental management systems implemented; the safety initiatives adopted; the Environmental Watchdogs, which are indispensable methods of managing the environmental issues linked to new works.

The belief that we have embarked on the right path and should continue in this direction is reinforced by the feedback generated by dialogue with our stakeholders, which has benefited from and developed due to the Social and Environmental Report. The Report has enabled us to publish data and information for examination and assessment, thus attracting comments, criticism and suggestions that have enabled the Group to take another look at its approach, make changes where necessary and adopt new guidelines, thus extending and improving our performance, as shown by the results achieved.

Such results have taken on even more importance thanks to the confidence shown by the market and institutional investors, who have demonstrated their faith in the Group's future prospects for growth.

There is certainly a great deal yet to do and the Autostrade Group has much food for thought, above all where stakeholders express different and conflicting interests.

The case of major works is emblematic.

The Group, which is firmly committed to playing its part in Italy's modernisation and making up the enormous infrastructure deficit that is limiting the country's growth potential, is widely called upon to carry out the demanding motorway construction programme launched. Yet, at the same time, we are faced with bureaucratic and procedural restrictions and local opposition that have led to significant delays in implementation. This is despite substantial efforts to ensure the quality of design and the thoroughness of environmental impact assessments, and in spite of the establishment of Environmental Watchdogs to oversee major projects, the only examples of their kind in the Italian and European motorway sectors.

In reality, society, in its different guises, cannot simply urge businesses to be socially responsible and care for the environment; it cannot just stand by as an external observer.

There is a real need for an in-depth examination of the issues by all concerned, given that sustainable and quality development requires a general and shared commitment from society as a whole.

The international and domestic picture that unfolded in 2004 is certainly a source of great concern: the emergencies linked to the emission of greenhouse gases, dealt with in the Kyoto Agreement; the frequent hydrogeological disasters; the problem of water resources; pollution in large cities; the crises that hit a number of large industrial groups and the resulting fallout for investors.

In response to the above scenario, in September 2004 Autostrade decided to take part in the United Nation's Global Compact project.

This initiative, launched by the UN Secretary General, has attracted the participation of around 2,000 companies around the world. It aims to bring companies together with UN agencies, labour and international civil society to promote responsible corporate citizenship and help to drive global and sustainable economic development.

Autostrade's decision to participate in the Global Compact takes our commitment and responsibility a step further. In line with the Group's approach, we have adopted and signed up to the ten principles established by the Global Compact, designed to safeguard human rights and labour, protect the environment and fight corruption.

The Autostrade Group's Social and Environmental Report is now in its eighth year, bearing witness to our unbroken commitment to social and environmental issues and to our stakeholders.

In order to ensure the methodological correctness, comparability and transparency of the information presented, the Report has again in 2004 been prepared on the basis of the internationally recognised standard developed by the "Global Reporting Initiative", and has been assured by external independent experts.

Gian Maria Gros-Pietro

Chairman

Vito Gamberale

Managing Director

FORM AND CONTENT OF THE SOCIAL AND ENVIRONMENTAL REPORT

Reference models

The form and content of the Report comply with the international guidelines established by the GRI (Global Reporting Initiative - June 2002).

The Report also meets the requirements set out in the Welfare Ministry's CSR-SC Project and the standards established by the GBS (Italy's Social Reporting Standards Board).

The four sections of the Report cover:

- 1) The Group's social and environmental vision and sustainability strategies;
- 2) A profile of the Autostrade Group;
- 3) The organisational units and management policies and systems adopted in order to promote sustainability;
- 4) The measurement of results, in terms of performance indicators, in the three areas relating to sustainability: financial, environmental and social.

An Appendix on the methodology applied explains the models used to produce the quantitative and financial information contained in the Report.

Scope

All the quantitative information **has been updated to 31 December 2004** and, unless otherwise specified, refers to the **Autostrade Group as a whole**, with particular focus on the Group's core motorway management business.

The accounting policies and definitions of the various indicators are described in the individual chapters or in the Appendix on methodology.

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This Group's Social and Environmental Report has been audited by external independent experts. The resulting assurance report is published at the end of the Report

■ **SUSTAINABILITY VISION AND STRATEGIES**

● THE AUTOSTRADE GROUP'S MISSION

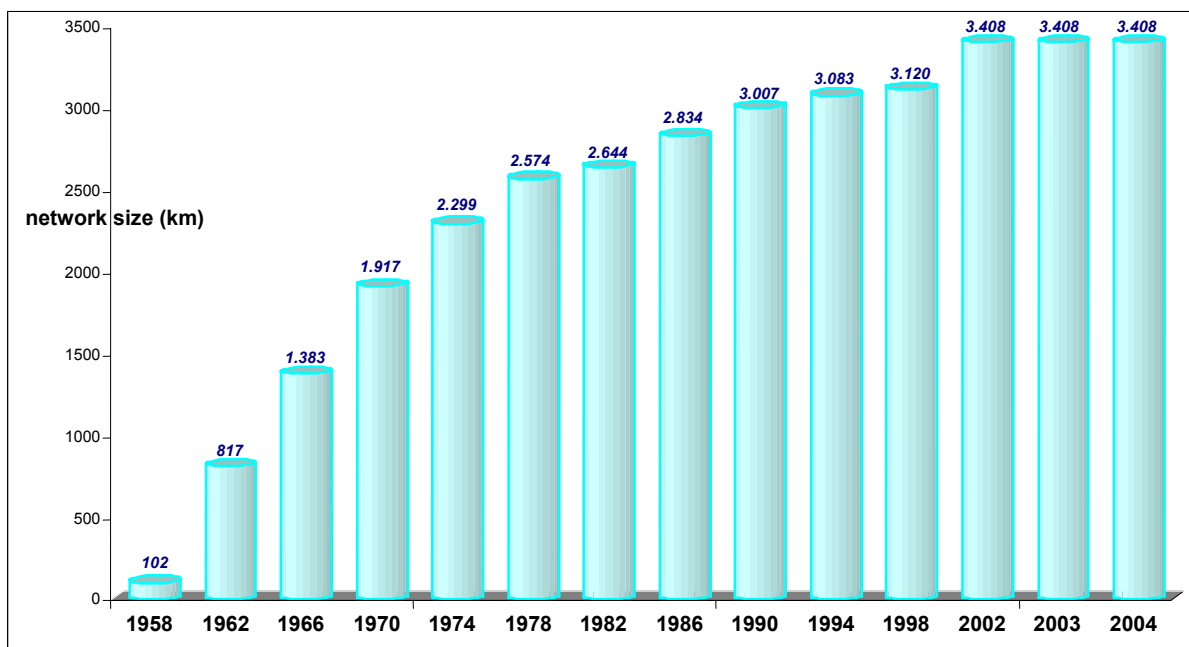
Autostrade is a Group made up of people working together to build and manage a motorway network capable of playing its part in the social and economic development of the country, ensuring the safe movement of both people and goods

The themes of social and environmental responsibility are an inherent part of the Autostrade Group's mission.

The motorway network plays a key role in the country's communications and transport system and in its relations with Europe: the Group's social and public importance lie in the essential role it plays in the country's economic and social development.

In almost fifty years in operation, the Autostrade Group has built and/or managed over half of Italy's motorways, ranking as Europe's leading operator of toll motorways managed under concession.

DEVELOPMENT OF THE AUTOSTRADE GROUP'S MOTORWAY NETWORK



The construction and management of such an important infrastructure system has led the Group to build up an unparalleled wealth of experience and know-how, enabling it to apply state-of-the-art technologies and management systems. It also means that the Group has developed close links with its home territory

and engaged in ongoing interaction with the environment through which its motorways pass, giving rise to a strong awareness of and commitment to environmental issues.

Thanks to its positioning and the assets developed, the Autostrade Group is fully aware of the key role it has played and can continue to play in the modernisation and upgrading of the country's infrastructure and mobility systems and in boosting Italy's competitiveness.

The Autostrade Group's primary social responsibility commitment is to manage the motorway network under the concession granted to it in the interests of the community. This means ensuring the highest standards of safety and service, carrying out the works needed to complete and expand the network, based on a socially and environmentally compatible approach and using the very latest technologies, and paying the utmost attention to safeguarding and enhancing the areas through which the motorways pass.

In pursuing these goals, in accordance with its mission, the Autostrade Group operates within an established values system, which gives pride of place to: respect for people, precision, transparency, regulatory compliance and fulfilment of our commitments, the creation of value, efficiency and productivity, concern for the environment and a willingness to engage in dialogue with all stakeholders.

In line with its mission and values system, some years ago the Autostrade Group launched a process designed to ensure that its commitment is increasingly transparent, explicit and formalised. This led it to undertake a series of initiatives: the *certification of certain key processes* and the *implementation of a Quality System* that is constantly updated and improved; the adoption of a *governance system* with the related codes of conduct (the *Corporate Governance Code*, the *Code of ethics*, the *Code of Conduct for Internal Dealing*); the establishment of an independent Consultative Committee for Public Service Functions, which has the role of providing expert advice on relations with government institutions regarding concession related issues.

Likewise, at the end of 2003 Autostrade published the Group's *Code of Environmental commitments* and set up the *Environmental and Social Responsibility Committee*, with the aim of coordinating and driving sustainable development initiatives.

In September 2004 Autostrade per l'Italia signed up to the **"Global Compact"** project, launched by the UN Secretary General, Kofi Annan, in order to promote corporate social responsibility by involving companies in a scheme whose ultimate goal is to build a more sustainable and non-discriminatory global economy.

Our participation in the project is centred on our support for **the ten principles designed to safeguard human rights and labour, protect the environment and fight corruption.**

● **AUTOSTRADA'S SUSTAINABLE DEVELOPMENT STRATEGIES**

Based on the principles and values that inspire the Autostrade Group's approach to doing business and providing services to the community, the Group is implementing a precise strategy reflected in its behaviours, actions, plans and the results achieved.

The process that began in 1997 has led the Autostrade Group to be at the forefront of Corporate Social Responsibility in Italy and Europe. This gives the Group added motivation to strengthen its commitment to sustainable development against the backdrop of a rapidly changing socio-economic system and the critical issues involved.

- **1997: First Social and Environmental Report published**
- **1998: ISO certification of certain operating processes**
- **1999: Service Charter**
- **2000:**
 - Adoption of a Corporate Governance system: the Corporate Governance Code
 - Establishment of the Internal Control and Corporate Governance Committee
- **2001: Establishment of the Quality Committee**
- **2002:**
 - Adoption of Internal Dealing regulations
 - Introduction of the Organisation, Management and Control Model
 - Establishment of the Supervisory Board
 - Adoption of the Ethical Code
 - Introduction of the Quality Report
- **2003:**
 - Establishment of the Consultative Committee for Public Service functions
 - Update of the Service Charter
 - Adoption of the Environmental Charter
 - Participation in the Welfare Ministry's CSR-SC Project
- **2004:**
 - Establishment of the Environmental and Social Responsibility Committee
 - Signature of the Agreement with the Ministry of the Environment
 - Participation in the UN's Global Compact initiative
 - Adoption of the new Corporate Governance Code

● **GOALS, PLANS AND ACTIONS**

With the help of the Environmental and Social Responsibility Committee, the Autostrade Group has set itself a number of overall goals in the areas of most relevance to its social responsibility, establishing the related guidelines in order to improve the Group's performance.

The Autostrade Group's goals, on which the related guidelines are based, may be grouped together in the following overall areas:

- **External relations**
- **Company policies**
- **Human resources**
- **Operations**

The key goals are the following:

- ❖ **To apply the utmost precision and transparency in all corporate transactions and in carrying out the Group's business.**
- ❖ **To intensify and implement systematic relations with key stakeholders, via joint agreements and initiatives involving consumers' associations, environmental groups, ministries, and regional and local authorities.**
- ❖ **To ensure the maximum commitment to implementing the Group's investment plan, including greater emphasis on government relations, with a view to removing regulatory and bureaucratic restrictions that slow down the approval of projects and the execution of works.**
- ❖ **To improve safety levels on the motorway network managed by the Group by: adopting action plans designed to enhance infrastructure performance, monitoring accident rates, and including reduction targets in the MBO scheme for managers.**
- ❖ **To develop human resources – including an intensification of training initiatives and the development of new skills and young recruits for the future – and safeguard the work environment, ensuring compliance with all safety regulations.**
- ❖ **To promote research into innovative technologies and the creation of new services for customers.**
- ❖ **To take part in corporate citizenship initiatives at national and international level, selecting the most reputable organisations to fund and verifying the results achieved by the projects financed.**

2004 was a particularly important year, both in terms of the plans drawn up and the actions implemented and the results posted.

The sections of the Report dealing with “**Management policies and systems**” and “**Performance indicators**” provide full and accurate information on these aspects.

CODE OF ENVIRONMENTAL COMMITMENTS

The Autostrade Group has adopted the “Code of environmental commitments”, which was approved by Autostrade’s Board of Directors at the end of 2003. This document sets out the policies and goals the Group intends to follow in order to safeguard the environment and foster sustainable development.

The various commitments cover all the main aspects of environmental responsibility: regulatory compliance, research and innovation, the monitoring of impacts and improvements to performance, the inclusion of environmental issues in decision-making processes, raising awareness within companies and cooperation with external parties on issues related to sustainability, communication the engagement of stakeholders.

The Autostrade Group is convinced that the adoption of responsible environmental and social policies represents a strategic investment for the future and considers the environment to be a key factor in determining its choices. Accordingly, we have pledged to:

1. Fully comply with all international, national and local environmental regulations that relate to its activities, and to study technical and technological solutions designed to provide optimal performance, even, where possible, going beyond the standards required by established regulations
2. Intensify environmental research by collaborating with institutions, research institutes and industry experts in order to develop eco-friendly technologies and solutions
3. Promote the adoption of criteria, rules and procedures designed to reduce the environmental impact of all aspects of our activities: design, construction and motorway management

above all:



Preparing design standards that aim to optimise the resulting projects, by including the necessary environmental safeguards and improvements



Ensuring the operational effectiveness and development of the Environmental and Socio-economic watchdogs set up to oversee major works in progress, with responsibility for checking on the work carried out in order to reduce the environmental impact and monitor the mitigation systems adopted



Placing particular attention, during the construction phase, on:

- optimising the use of materials;
- safeguarding water systems and preventing hydrogeological risks;
- minimising the impact of construction sites, by preparing adequate plans;



Establishing energy saving targets and promoting research into and the use of alternative sources



Developing and improving the techniques used in the recycling of materials to further reduce the consumption of materials and the production of waste



Adopting the latest noise abatement solutions, combining the installation of noise barriers with the introduction of systems designed to reduce the noise produced at source



Dedicating particular attention to the green areas surrounding the motorway network, adding to it with a view to enhancing noise abatement and reducing atmospheric pollution and protecting natives plant species

4. Strengthen ongoing controls of the environmental performance, identifying general and specific technical indicators, and implementing an information system based on the related control procedures
5. Include environmental protection in decision-making processes over the long term, introducing procedures that include assessment of the environmental implications into investment analyses and operating choices, in order to take account of the need for eco-friendly solutions and protection for the environment and the community alongside profitability
6. Train and raise the awareness of staff in relation to environmental and social responsibility issues, implementing training initiatives designed to spread technological and environmental management know-how within the Group and reinforcing internal communications in order to inform and involve staff in relation to the issues, goals and achievements reached with regard to the environment and social responsibility
7. Cooperate with local and national institutions and public and private organisations to defend and enhance the cultural, historical and artistic heritage of the areas through which the motorway network passes and promote joint cultural, artistic and social initiatives
8. Cooperate with national and international entities, institutions and organisations to influence general strategies and political decisions at institutional level designed to safeguard the environment and achieve sustainable development
9. Ensure transparent communication with stakeholders (the general public, customers, suppliers, institutions, shareholders and staff) in order to share the Group’s policies, goals and assessment of its environmental performance, establishing the timing and forms of dialogue to be adopted and improving the communication tools used, starting from the Social and Environmental Report

The 10 Principles established in the UN's Global Compact in which Autostrade decided to participate

The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

[The Universal Declaration of Human Rights](#)

[The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work](#)

[The Rio Declaration on Environment and Development](#)

[The United Nations Convention Against Corruption](#)

The 10 principles are:

Human rights

- [Principle I](#) Businesses should support and respect the protection of internationally proclaimed human rights; and
- [Principle II](#) make sure that they are not complicit in human rights abuses.

Labour Standards

- [Principle III](#) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- [Principle IV](#) the elimination of all forms of forced and compulsory labour;
- [Principle V](#) the effective abolition of child labour; and
- [Principle VI](#) the elimination of discrimination in respect of employment and occupation;

Environment

- [Principle VII](#) Businesses should support a precautionary approach to environmental challenges;
- [Principle VIII](#) undertake initiatives to promote greater environmental responsibility; and
- [Principle IX](#) encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- [Principle X](#) "Businesses should work against all forms of corruption, including extortion and bribery".

Autostrade's adoption of Global Compact Principles - Compliance

GLOBAL COMPACT PRINCIPLES		AUTOSTRADE REFERENCES	NOTES
1. Businesses should support and respect the protection of internationally proclaimed human rights		Code of ethics	
2. make sure that they are not complicit in human rights abuses		Code of ethics	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		Code of ethics	
4. the elimination of all forms of forced and compulsory labour		Code of ethics	
5. the effective abolition of child labour		Code of ethics	
6. the elimination of discrimination in respect of employment and occupation		Code of ethics	
7. Businesses should support a precautionary approach to environmental challenges		Code of Environmental Commitments; Environmental and Social Responsibility Committee	Agreement between Ministry of Environment and ASPI
8. undertake initiatives to promote greater environmental responsibility		Code of Environmental Commitments; Environmental and Social Responsibility	
9. encourage the development and diffusion of environmentally friendly technologies		Code of Environmental Commitments; Environmental and Social Responsibility	Agreement between Ministry of Environment and ASPI
10. Businesses should work against all forms of corruption, including extortion and bribery		Code of ethics	

The Ministry of Welfare's "SOCIAL STATEMENT" guidelines, adopted by the Autostrade Group and used in the Social and Environmental Report 2004

1. HUMAN RESOURCES		NOTES
1.1. Composition of the workforce		
1.1.1 Categories	X	
1.1.2 Age	X	
1.1.3 Seniority	X	
1.1.4 Geographical origin	X	
1.1.5 Nationality		Autostrade operates primarily in Italy
1.1.6 Type of employment contract	X	
1.1.7 Educational qualification	X	
1.2. Turnover		
1.2.1 Employment policies	X	
1.2.2 Employees and external staff	X	Autostrade operates primarily with its own employees
1.2.3 Termination of contract (by type)	X	
1.3. Equal opportunities		
1.3.1 Male and female staff (at middle and senior management levels)	X	
1.3.2 Ratio of male to female salary (by category and seniority)		
1.3.3 Policies regarding disabled persons and minorities in general	X	Ethical Code
1.4. Training		
1.4.1 Training projects (by type)	X	
1.4.2 Hours of training by category (excluding training that is mandatory by law or contract)	X	Information available in procedures
1.4.3 Internships	X	
1.5. Working hours by category		Information available in procedures
1.6. Remuneration		Information available in procedures
1.6.1 Gross average salaries		Information available in consolidated financial statements
1.6.2 Career development	X	
1.6.3 Incentives	X	
1.7. Absences		
1.7.1 Days of absence	X	
1.7.2 Reasons	X	
1.8. Subsidies for employees	X	Information available in procedures
1.9. Industrial relations		
1.9.1 Compliance with right of association and collective bargaining	X	
1.9.2 Percentage of employees in trade unions	X	
1.9.3 Other (hours lost to strikes, worker participation in the Company's management, etc.)	X	
1.10. Internal communication	X	
1.11. Health and safety at work		
1.11.1 Injuries and illness	X	
1.11.2 Projects		
1.12. Staff satisfaction		
1.12.1 Internal customer satisfaction surveys	X	

1.12.2 Projects		
1.13. Protection of workers' rights	X	
1.13.1 Child labour		Legislation
1.13.2 Forced labour		Legislation
1.14. Disciplinary action and disputes		Information available in procedures
2. PARTNERS/SHAREHOLDERS AND THE FINANCIAL COMMUNITY		
2.1. Shareholder structure		
2.1.1. Number of shareholders by type of share	X	
2.1.2. Segmentation of shareholders by category	X	
2.2. Remuneration of shareholders /partners (share ratios)		
2.2.1. Earnings per share		Information available in consolidated financial statements
2.2.2. Dividends	X	
2.2.3. Price/earnings ratio		Information available in consolidated financial statements
2.2.4. Other (for example, discounts, mandatory health care contributions)		
2.3. Share price performance	X	
2.4. Rating		Information available in procedures
2.5. Participation of shareholders in management and protection of minority interests	X	
2.5.1. Presence of independent members of Board of Directors	X	
2.5.2. Representation of minority shareholders on Board of Directors	X	
2.5.3. Frequency of Board meetings		Information available in consolidated financial statements
2.5.4. Other (for example, adoption of corporate governance codes)	X	
2.6. Shareholder subsidies and services		
2.7. Investor relations		
2.7.1 Communication and reporting	X	
2.7.2. Presentations and corporate documents	X	
2.7.3. Roadshows	X	
2.7.4. One-to-one meetings	X	
2.7.5. Internet communications	X	
2.7.6. Other (for example, open days)		
3. CUSTOMERS		
3.1. Customer profile		
3.1.1 Breakdown of customers by category		Traffic statistics
3.1.2. Breakdown of customers by type of offering		
3.2. Market development		
3.2.1. Customer acquisitions		
3.2.2. New products and services		
3.3. Customer satisfaction e customer loyalty		
3.3.1. Customer satisfaction initiatives (research, surveys, call centres and complaints management)	X	
3.3.2. Customer loyalty initiatives		
3.4. Information and labelling of products and services (safety, LCA, voluntary initiatives)		ISO 9000 certification
3.5. Ethical and eco-friendly products and services (for example, with high social utility)		
3.6. Promotional strategies (compliance with corporate governance codes)		Service Charter
3.7. Data protection		Information available in procedures
4. SUPPLIERS		

4.1. Supplier management policies	X	
4.1.1. Breakdown of suppliers by category		
4.1.2. Supplier selection		
4.1.3. Communication, awareness raising and information		
4.2. Negotiating conditions		Information available in procedures
5. FINANCIAL PARTNERS		
5.1. Relations with banks		Information available in procedures
5.2. Relations with insurance companies		Information available in procedures
5.3. Relations with financial services companies (for example, leasing companies)		Information available in procedures
6. CENTRAL AND LOCAL GOVERNMENT AND PUBLIC BODIES		
6.1. Taxation	X	
6.2. Relations with local government	X	
6.3. Rules and ethical codes for legal compliance	X	
6.3.1. Rules and codes for legal compliance and internal auditing systems	X	
6.3.2. Compliance checks and inspections	X	
6.4. Grants, subsidies or subsidised loans		
7. COMMUNITY		
7.1. Corporate giving	X	
7.2. Direct support in various fields		
7.2.1. Education and training	X	
7.2.2. Culture	X	
7.2.3. Sport		
7.2.4. Research and innovation	X	
7.2.5. Charitable donations (including international)	X	
7.2.6. Other (for example, voluntary work, child care centres for the community)		
7.3. Stakeholder dialogue and engagement		
7.4. Media relations		
7.5. Virtual community		
7.5.1. Contacts (type and analysis)	X	Corporate web sites
7.5.2. Security		
7.5.3. Relationship management tools		
7.6. Prevention of corruption	X	Ethical Code
8. ENVIRONMENT		
8.1. Consumption of energy, materials and emissions	X	
8.1.1. Energy	X	
8.1.2. Water	X	
8.1.3. Raw and ancillary materials and packaging	X	
8.1.4. Atmospheric emissions		
8.1.6. Waste	X	
8.2. Environmental strategy and community relations	X	Environmental Charter

Cooperation agreement with the Ministry of the Environment – Autostrade per l'Italia

On 4 March 2004 the Minister of the Environment, Matteoli, and the Managing Director of Autostrade per l'Italia, Gamberale, signed a memorandum of understanding that commits the Company to report on the progress made in implementing its Environmental Charter and promotes the execution of series of projects regarding:

- a) energy saving and the use of renewable sources**
- b) the design and future creation of an environmental database, capable of interfacing with the Ministry, regional and local authorities and other operators**
- c) the development of information systems to improve the free flow of traffic**
- d) the development and application of innovative recycling technologies for materials**

Having agreed to give priority to clean energy projects, partly in view of the National Plan to reduce greenhouse gas emissions approved by the Inter-Ministerial Planning Committee on 19 December 2002, at the end of the year Autostrade per l'Italia submitted, and subsequently received approval for, three feasibility studies regarding wind and photovoltaic power and trigeneration (heat, chilled water and electricity).

■ **AUTOSTRADA GROUP PROFILE**

● THE AUTOSTRAD GROUP

The Autostrade Group's core business is represented by the construction and management of toll motorways and provision of the related mobility services.

The Group is Europe's leading motorway operator, managing a motorway network of over 3,408.1 km,. Its network accounts for 61% of the Italy's toll motorways (5,637.8 km) and 17% of the European toll motorway network (20,176 km).

The Group manages 24 motorways, serving 15 regions, 60 provinces and 12 metropolitan areas. It includes two main north-south arteries, the Milan - Naples and the Bologna – Taranto, and numerous cross-country link roads.

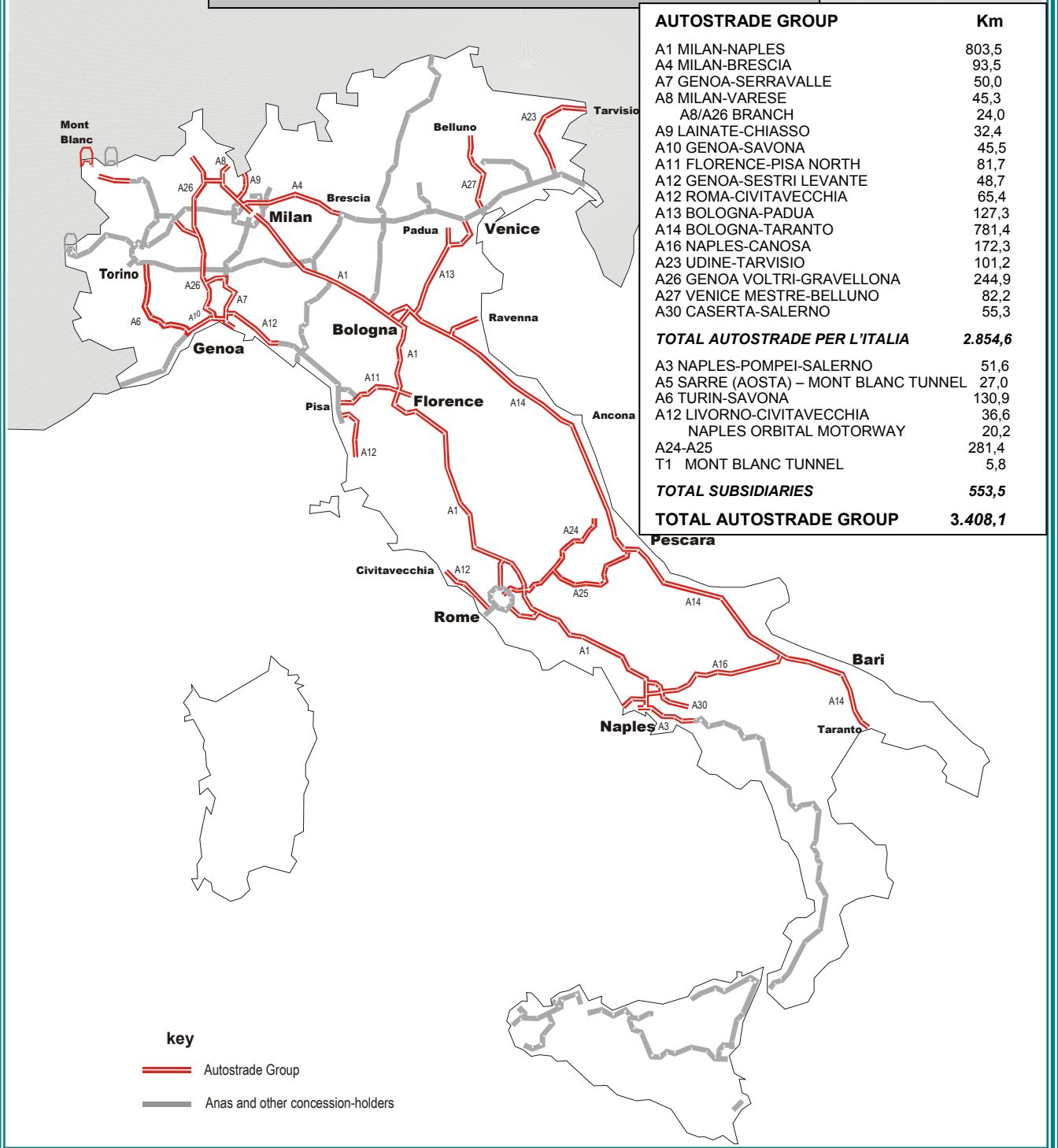
	2002	2003	2004
Staff			
Average workforce	9,028	9,402	9,305
Including:			
companies operating in Italy	8,960	9,278	9,072
companies operating overseas	68	124	233
Workforce on permanent contracts at 31 Dec	8,827	9,317	9,135
Including:			
companies operating in Italy	8,738	9,038	8,865
companies operating overseas	89	279	270
Motorway network			
Length of the network at year end	3,126.7	3,408.1	3,408.1
sections of 3 or more lanes per direction	966.9	973.9	973.9
Traffic			
Km travelled by "light" vehicles (bn) (*)	37.2	39.9	40.5
Km travelled by "heavy" vehicles (bn) (**)	11.1	11.7	12.1
Total km travelled (bn)	48.3	51.6	52.6
% increase in km travelled on the Group's network compared with previous year	2.8%	2.8%	1.9%

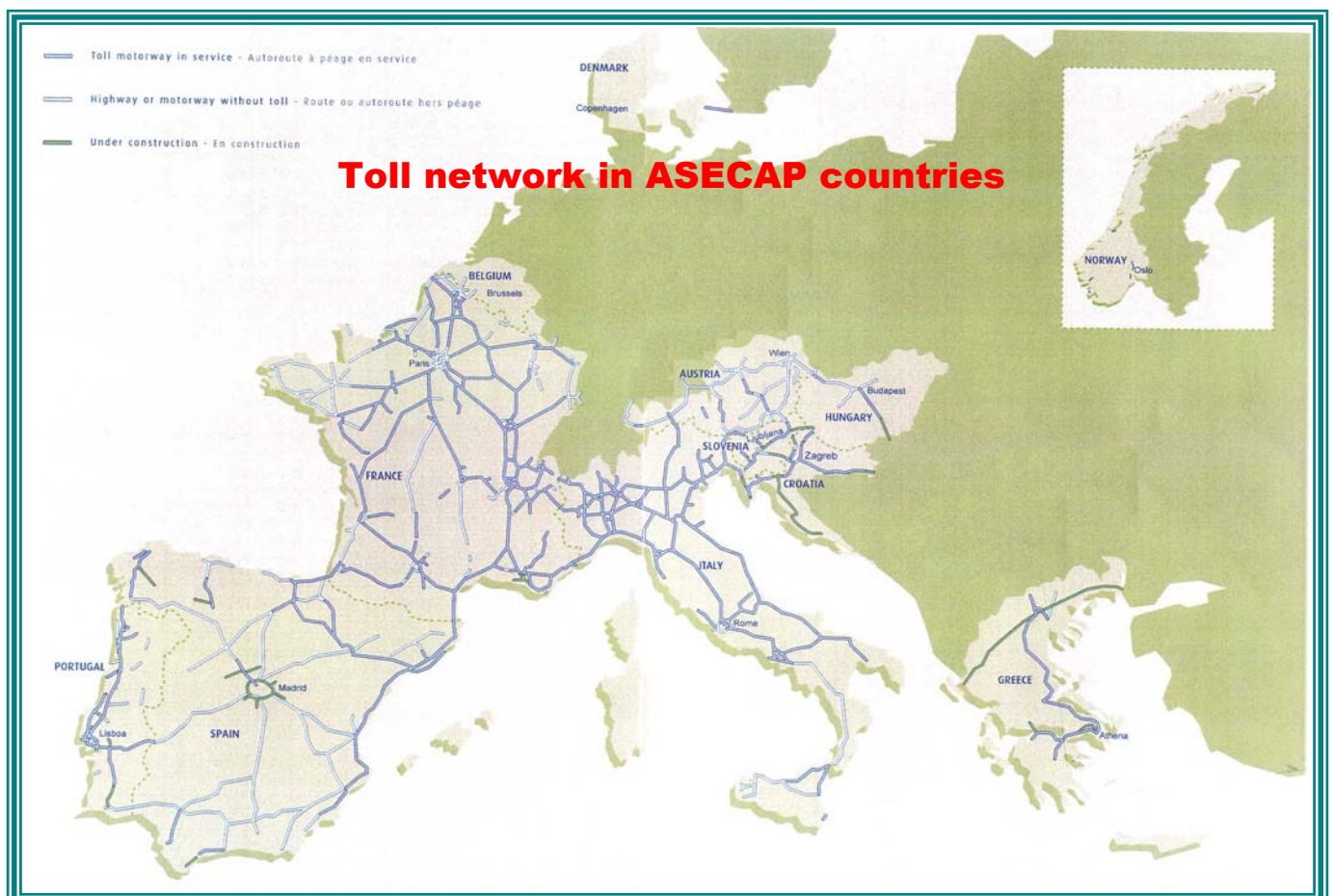
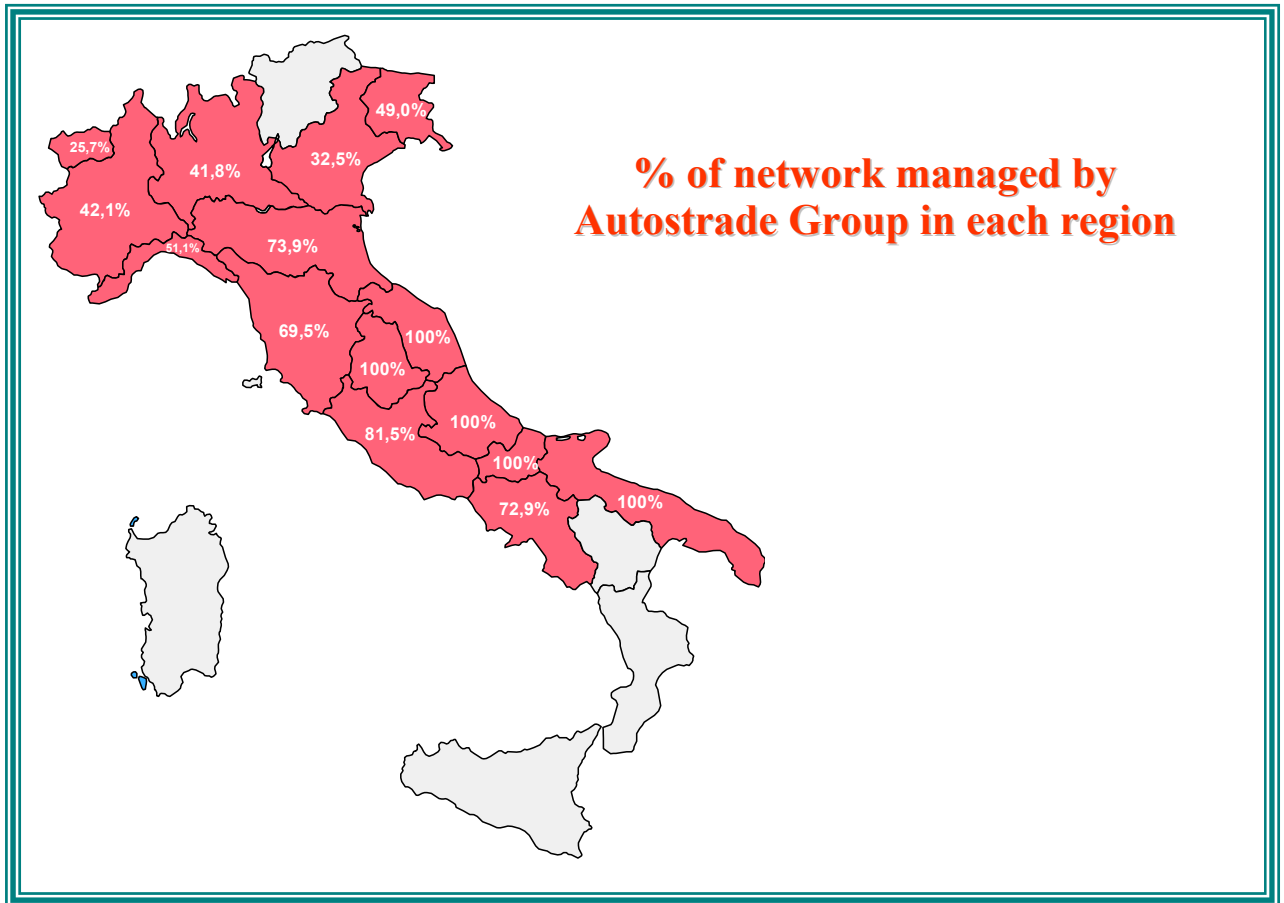
(*) **Light:** 2-axle vehicles with a height at first axle of ≤ 1.30 m (primarily cars)

(**) **Heavy:** 2-axle vehicles with a height at first axle of > 1.30 m, vehicles with 3 or more axles

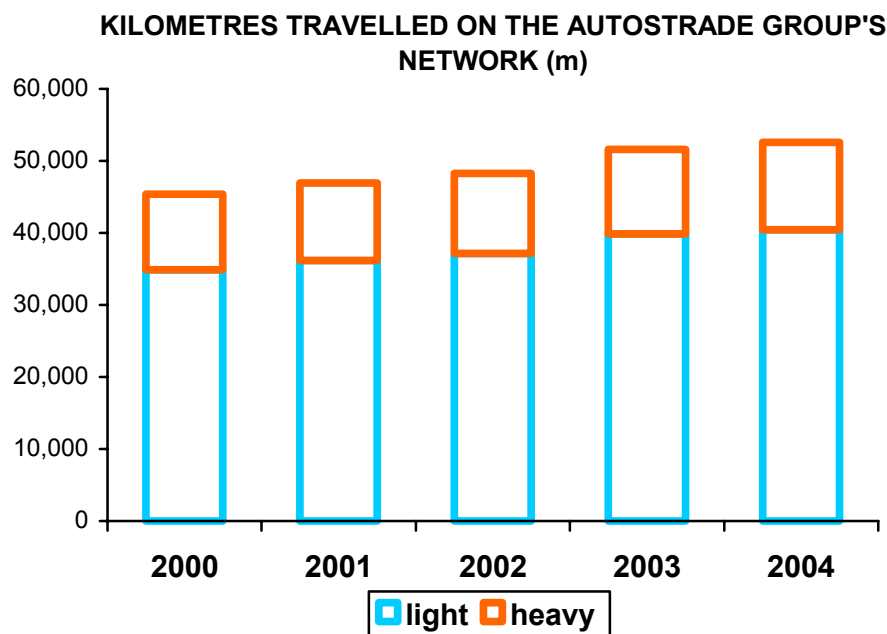
Motorists travelled a total of 52.6 billion kilometres on the network in 2004, with a daily average of 4 million people using the Group's motorways. 23% of traffic using the network consists of heavy vehicles.

AUTOSTRADE GROUP NETWORK as at 31 December 2004





Recent years have seen continuous growth in the volume of traffic using the network. The average annual rate of increase over the last five years stands at 2.9%.



The Group's permanent staff (9,135 at the end of 2004 compared with 9,317 at the close of 2003) is almost entirely employed in Italy, with the exception of 66 staff employed in the United States (Dulles Greenway in Virginia) and 204 in Austria (Europass).

Toll revenues (€2,443 million in 2004) are the largest source of the Group's revenues, accounting for around 85%.

<i>Autostrade Group: financial highlights (€m)</i>			
	2002	2003	2004
Revenues	2,359	2,571	2,882
Toll revenues	2,134	2,329	2,443
EBITDA	1,472	1,597	1,842
EBIT	1,067	886	1,001
Group share of net profit/(loss)	529	233	429
Net debt	1,356	8,292	8,966
Net invested capital	4,437	9,865	10,791

The Group's annual report provides detailed information on the financial position and results of operations.

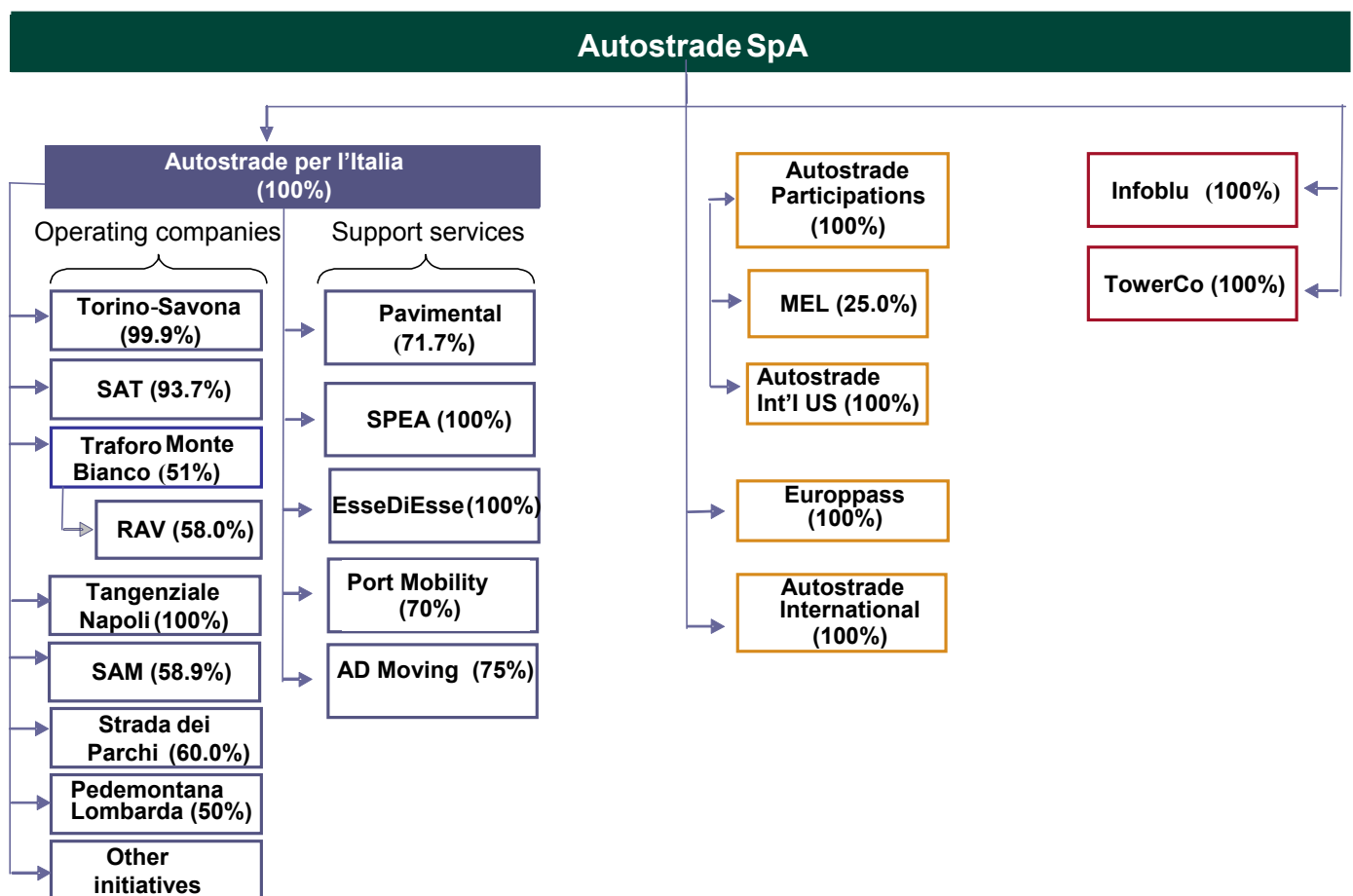
● SHAREHOLDERS AND GROUP STRUCTURE

The Parent Company, Autostrade SpA, is a publicly listed joint-stock company.

At the end of 2004 a stable core of shareholders, represented by Schemaventotto SpA, controlled 52.2% of Autostrade. The free float accounts for 47.8%, with 70% held by overseas institutional investors and the remaining 30% by Italian institutional investors.

At the end of 2004, Schemaventotto's shareholder structure comprised: Edizione Holding (via Edizione Finance International S.A.) 60%; Fondazione Cassa di Risparmio di Torino 13.33%; Abertis (via Acesa Italia S.r.l.) 13.33%; Assicurazioni Generali 6.67%; Unicredito Italiano 6.67%.

STRUCTURE OF THE AUTOSTRADE GROUP AT 1 APRIL 2005



The Parent Company, Autostrade, directly controls Autostrade per l'Italia, the country's largest motorway concession-holder (2,855 km of network managed), which is responsible for all the Group's Italian activities in this sector: 7 operating concession-holders and other companies that promote motorway initiatives, companies responsible for design (SPEA) and maintenance (Pavimental), other support service providers (EsseDiEsse, which handles the Group's administrative services, AD Moving, which manages Service Area advertising, Port Mobility, the joint venture set up with the Civitavecchia Port Authority to offer mobility services in the port area, such as car parks, port access, internal road network, port terminals, etc.).

Autostrade is also the direct Parent Company of the following overseas companies:

- Europpass, the Austrian company that has designed, installed and manages an electronic multilane, free-flow dynamic toll-collection system for heavy vehicles using Austria's main motorway network (around 2,000 km);
- Autostrade Participations, the holding company that controls the Group's motorway initiatives in the United States (Dulles Greenway) and the UK (MEL M6 Toll);
- Autostrade International.

The Parent Company also holds 100% controlling interests in companies that operate telecommunications and infomobility infrastructures (TowerCo and Infoblu).

● **STAKEHOLDERS**

The context in which the Autostrade Group operates is characterised by a number of key elements, which also form the basis for its relations with stakeholders.

The Group's main activities in the motorway sector are carried out under concession, on the basis of precise agreements (the Concession Agreements) with the granting body, ANAS, to whom the concession-holders are accountable in relation to compliance with the obligations and commitments given as part of the agreements.

Major infrastructure works and extension of the network have a significant impact on the environment, making it essential to pay close attention to both assessing and minimising the resulting impacts, whilst engaging in dialogue with local authorities and representatives of local communities.

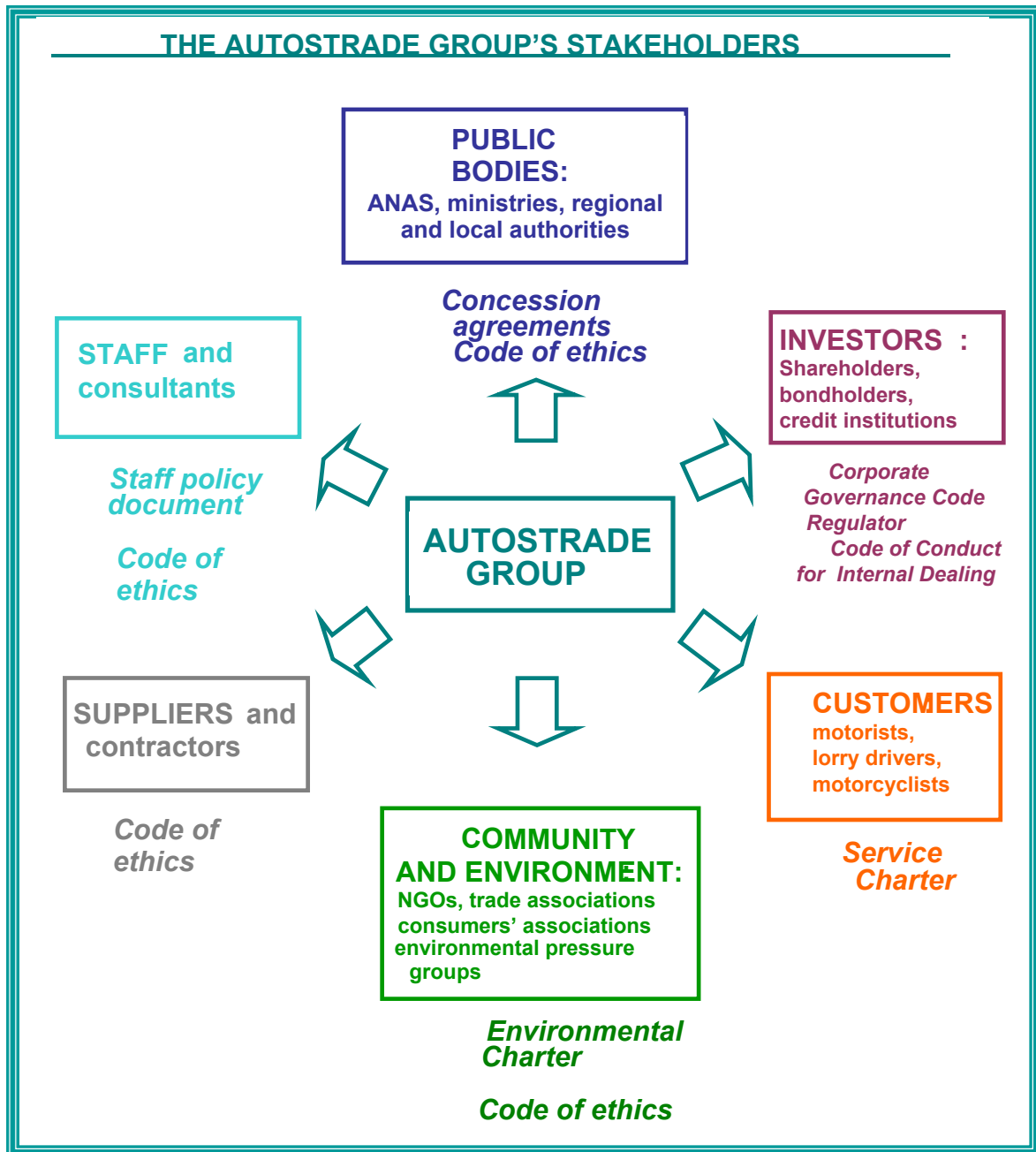
The Group's customers, the users of its motorways, represent a substantial portion of the country's population, and its customer care and quality systems are designed to provide the best possible response to their needs.

Autostrade is a major listed company, and is therefore subject to a series of regulations and requirements that ensure transparency in the Company's dealings with investors and shareholders and safeguard their interests.

The Autostrade Group's staff are responsible for running the companies' operations and providing services to customers. The Group's policies focus on staff development and training and on safeguarding the health and safety of the people who work for us.

Our suppliers play a crucial role in providing Group companies with the goods and services used in managing their services and in the construction of new infrastructure.

The Group's policies and approach towards its stakeholders are based on dialogue and transparency. In this regard, in addition to meeting the relevant regulatory requirements, the Group has adopted specific tools (described in section 3 below), formalising the basic guidelines the Group is committed to following in its relations with its principal stakeholders.



■ **MANAGEMENT POLICIES AND SYSTEMS**

● ORGANISATIONAL STRUCTURE

The organisational structure of the Parent Company, Autostrade, as shown in the following organisation chart, includes a senior management level consisting of the Chairman, Managing Director and General Manager, and is based around 5 Departments, all of whom report directly to the Managing Director.

Autostrade per l'Italia (the second organisation chart) has the same senior management structure (Chairman, Managing Director and General Manager) as Autostrade.

The organisation includes:

- 5 Staff Departments: Group Human Resources, Organisational Development and Quality; Administration and Finance; Legal Affairs; Institutional Relations; and Development;
- 4 Departments reporting to the General Manager: New Works, established to handle the demanding network investment plan; Service Areas; Advanced Services; and Operations, which is responsible for the organisation and control of operations and coordination of the various motorway sections (9 Sections).

The organisation also includes management, coordination and control functions linked to the Board of Directors, with the aim of ensuring compliance with social responsibility principles and pursuit of the Group's development goals in accordance with a sustainable approach.

Whilst Autostrade's particular area of activity requires all areas of the business to be involved in the management of social and environmental issues, the following functions and departments have key roles in coordinating, monitoring and managing the Group's handling of such issues:

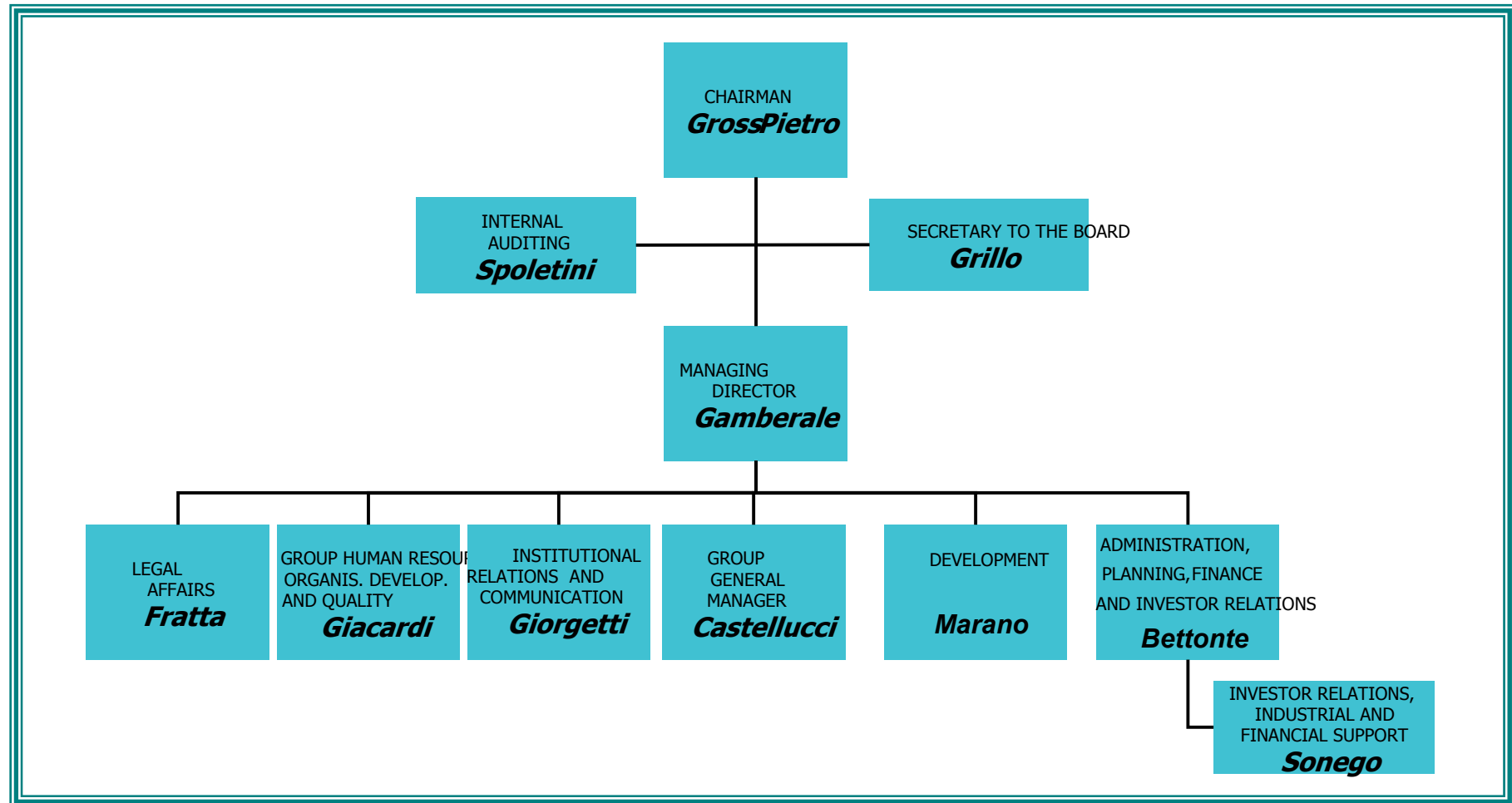
- The General Manager coordinates social and environmental policies, programmes and the related activities; the Environmental and Social Responsibility Committee reports to the General Manager.
- New Works ensures effective management and coordination of the design stage, Environmental Impact Assessments, participation in Service Conferences (involving all the various institutions and local authorities), regulatory compliance during construction, and support, monitoring and assistance for the Environmental Watchdogs.
- Operations oversees the coordination of all operating activities (from maintenance and toll collection, through to traffic management and customer assistance) carried out by the various Motorway Sections; and is responsible for managing and developing environmental management systems and is directly involved in safety initiatives.
- Group Human Resources, Organisational Development and Quality supports the system forming the basis of the Group's commitment to social and environmental responsibility (from training and staff policies through to

the work environment); and oversees the implementation of social policies and manages the Quality System.

- Institutional Relations coordinates internal communication and dialogue with stakeholders, as well as institutional relations.
- Advanced Services identifies and manages plant and information systems capable of providing state-of-the-art technological solutions for safety, the work environment, customer information and the development of automation.
- Service Areas oversees the definition, control and checking of service and environmental standards at service areas, promoting redevelopment projects.
- Internal Auditing audits compliance with corporate governance requirements.
- Investor Relations, Industrial and Financial Support is involved in the management of issues relating to Corporate Social Responsibility, maintains relations with Ethical Funds and financial analysts.
- Customer Marketing manages customer complaints and carries out customer satisfaction surveys.
- Procurement manages relations with suppliers and oversees contract compliance and application of the Code of ethics.
- Management Control and Operational Planning reclassifies the Group's accounts and prepares data on expenditure and investment carried out primarily for social and environmental purposes.
- Infrastructure Policies and Sector Studies supports the Environmental and Social Responsibility Committee and is involved in defining the Group's sustainable development policies; and prepares the Social and Environmental Report.

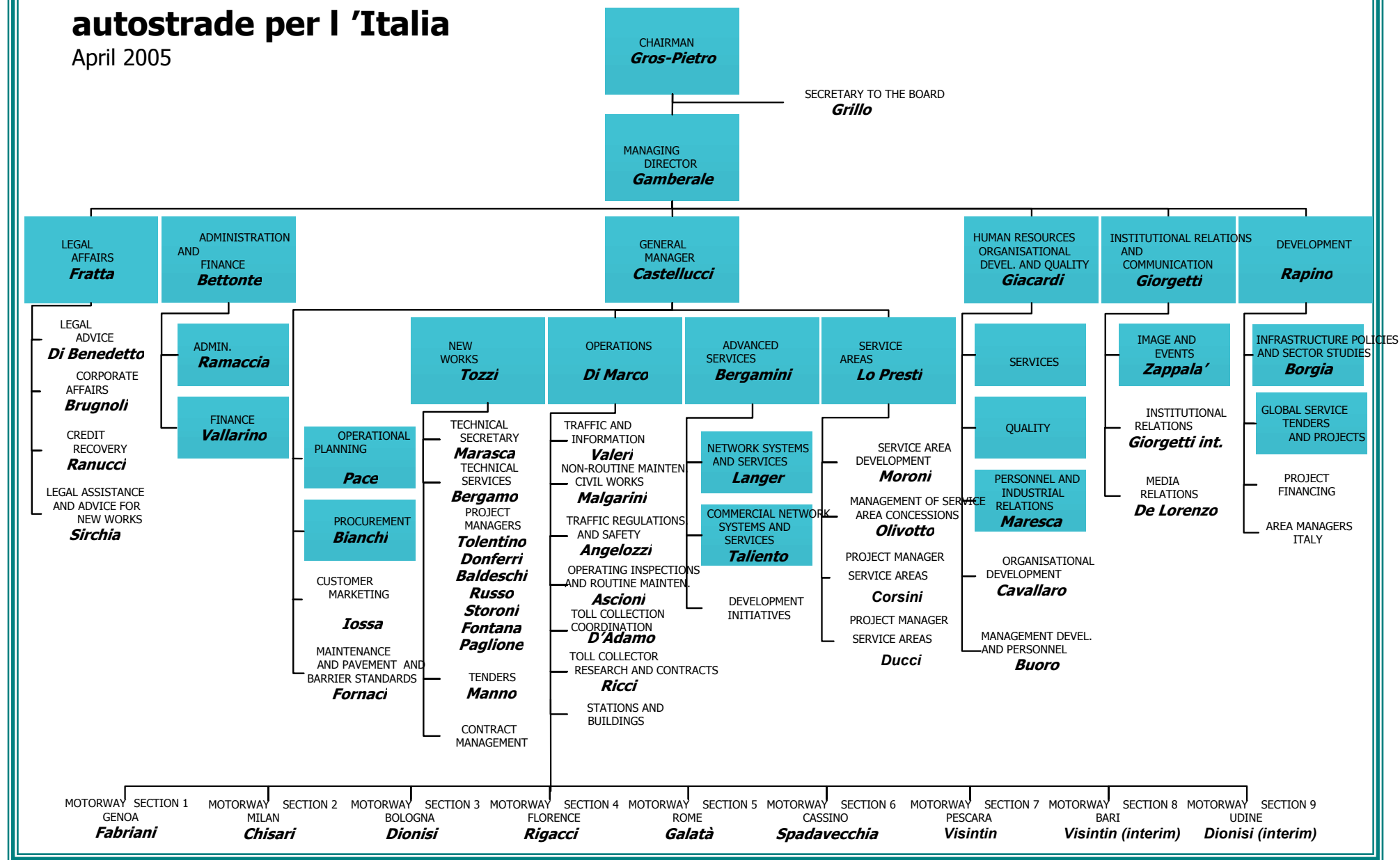
ORGANISATIONAL STRUCTURE OF THE PARENT COMPANY, AUTOSTRADE SpA

at 1 April 2005



autostrade per l'Italia

April 2005



● **GOVERNANCE SYSTEMS**

○ **The new Corporate Governance Code**

In December 2004 the Board of Directors of Autostrade SpA approved the Autostrade Group's new Corporate Governance Code, designed to strengthen a corporate governance system that aims to provide the market with the best possible guarantees regarding the efficient management of the Company, and to pursue a constructive dialogue with shareholders, institutional investors and stakeholders in general.

The Corporate Governance Code formalises certain practices and applies numerous principles developed over recent years. Since the introduction of the Code in 2000, there have been two further editions: in 2002, to take account of the requirements of Legislative Decree 231/01, and then in 2003, to reflect the Group's restructuring. The new December 2004 edition of the Code marks the Group's next step towards ensuring an adequate division of roles and responsibilities, and improving business process transparency and controls.

This latest version of the Code takes account of legislation that has reformed the regulations for joint-stock companies (Legislative Decree 6/2003). This new law assigns an active role within groups to the parent company, in recognition of that fact that the group's interests must take precedence over those of individual subsidiaries. In this sense the Code gives Autostrade SpA's Board of Directors the powers of management and control, not only with regard to the Group's overall operations, but also in relation to all Group companies, via the adoption of Group-wide directives and coordination.

Moreover, the new Code formalises the Board of Directors' power to appoint a Consultative Committee for Public Service Functions. The Committee, consisting of up to 5 independent experts, chosen from outside the Board, is to provide consultation on the obligations set out in the concession agreements entered into by Group companies, and on other issues linked to Group companies' relations with government authorities. The Committee had already been set up on a voluntary basis by the main motorway management company (Autostrade per l'Italia SpA) in 2003. The new body established by the Code will report to Autostrade SpA's Board of Directors and will be required to prepare and submit a periodic report to it.

The new Corporate Governance Code also introduces a number of changes to the rules governing the composition of the Board of Directors, specifying the role and importance of non-executive directors, as well as the basic criteria to be applied and their responsibilities.

The Code reiterates the basic principles governing the management of price sensitive information, via specific reference to the Code of Conduct for Internal Dealing, which was introduced by Autostrade in 2002, as required by the Italian stock market regulator, Borsa Italia SpA. This Code is in addition to the internal procedure for reporting to the market, approved in July 2004.

It emphasises the transparency and substantive and procedural correctness that form the basis for related party transactions. In this regard, the Company has adopted specific internal procedures, approved in July 2004, covering special

approval mechanisms at Board level and the reporting of such transactions in the annual accounts.

The new Code does not call for the establishment of an Executive Committee, as was mentioned in the previous edition of the Code, granting the Board the option of setting up such a committee. On the other hand, the role and composition of the Remuneration Committee and the Internal Control and Corporate Governance Committee continue to be well-defined, following their introduction by the Group in 2000, when it first adopted a Corporate Governance Code. The above two committees are fully representative of independent directors and those elected by minority shareholders.

○ **Organisation, management and Control Model**

Compliance with the requirements of Legislative Decree 231/2001 and subsequent amendments, regarding corporate governance, proceeded in 2004, alongside the related organisational changes.

The Organisation, Management and Control model, introduced in 2002, has been updated via implementation of the Group's internal control system.

The related Supervisory Board, headed by a leading independent figure, who has established the related operating rules, met 11 times during the year and reported periodically to the Board of Directors, the Board of Statutory Auditors and the Independent Auditors on the audit activities of the Internal Auditing Department.

○ **Code of ethics**

The rules contained in the Model have been integrated with those set out in the Group's Code of ethics.

The Code, which came into effect on 1 January 2003, establishes a set of rules governing the Group's relations with internal and external stakeholders, based on the values of precision and transparency and taking full account of the social function of the motorway network and the services provided.

The basic principles behind the Code of ethics are:

- **compliance with all the laws and regulations of the countries in which the Group operates;**
- **observation of the strictest rules of conduct in relations with government bodies in full compliance with the Group's institutional role;**
- **honesty, transparency and reliability;**
- **equality and impartiality of treatment for customers, staff and external consultants;**
- **loyalty, fairness and good faith;**
- **respect for the Group's staff and consultants and for people in general;**
- **commitment to environmental protection and safety, including at work.**

The Code also establishes rules of conduct regarding:

- Relations with third parties: consultants, customers, suppliers, government bodies, the Antitrust Authority, political and union organisations, the media and non-profit organisations;
- Corporate Governance, accounting transparency, internal controls and anti-money laundering;
- staff and work environment policies;
- safety and environmental protection;
- confidential information, data protection and insider trading.

An Ethics Officer has been appointed by the Group to oversee correct application of the Code of ethics, the diffusion of its principles and the monitoring of conduct with respect to the established rules.

The Ethical Code has been distributed to all staff and put up on company notice boards. It is also available on Autostrade's web site and is the subject of training courses for middle management and administrative staff.

Since 2004, the Code of ethics has been attached to tender, supply and service contracts. The contracts require the supplier to comply with the Group's Code of ethics.

- ❖ **The annual report on the Group's Corporate Governance and compliance with the Voluntary Code of Conduct for listed companies is included in Autostrade SpA's Annual Report 2004**
- ❖ **The texts of the Corporate Governance Code, the Code of Conduct for Internal Dealing, the Code of ethics, the Articles of Association, the Regulations for General Meetings, Investor Information Guidelines and of the rules for "related party transactions" are available at www.autostrade.it**

● **MANAGEMENT AND CONTROL SYSTEMS**

○ **Quality system and Certification**

Implementation and management of the Autostrade Group's quality system applies the principles of Total Quality Management and is based on the European Foundation for Quality Management (EFQM) model. In accordance with these principles, stakeholders' expectations and evaluations are gathered and then used to build a measuring system that is based on relevant process indicators for the purposes of the service provided.

A special department at Autostrade per l'Italia is responsible for the system. This department reports to a steering committee, made up of members of the Company's management, and coordinates the work of key persons in all other departments, regional offices, and Group concession-holders, and at Spea and Pavimental, with a view to involving all Group companies and areas of the business.

In 2004 initiatives aimed at constantly improving provided and perceived quality were pursued. Monitoring of the corporate processes that are most significant from the customer's standpoint, and analysis of processes deemed most "critical", as they concern institutional or market requirements, were continued to improve their efficiency and effectiveness.

In particular, this involved:

- ongoing control of aspects of the Company's performance implemented via a company Quality Report that includes indicators measuring the quality provided and the results of customer satisfaction surveys
- extension of the scope of certification to include a greater number of processes in order to benefit from application of the principles and standards on which quality system management in accordance with ISO standards is based.

The Quality Report is the system's key operating tool, as it summarises and compares expectations, actual satisfaction levels and quality provision indicators relating to all components of the services provided to customers, and also has a section on monitoring employee satisfaction.

A target is set for each indicator, with identification of the actions and resources to be deployed to achieve it. The report enables monitoring of progress made and implementation of any corrective actions.

In 2004 new indicators were included in the Quality Report regarding: training and internal communications for "staff" stakeholders; and information on road conditions (via variable message panels with regard to services provided) for "customer" stakeholders.

At the end of July 2004, Autostrade per l'Italia was awarded the new ISO 9001:2000 certification regarding "Planning and management of the monitoring process for quality provision in service areas (recording procedure)" in line with the provisions of the new agreements with service area concessionaires.

The concession agreements, in which particular attention is paid to the quality aspects of services, stipulate that monitoring of quality provision in service areas should be carried out with reference to certain key indicators (which specify tolerance thresholds). These agreements also specify that the recording process should be certified in accordance with the ISO 9000 standard before undertaking the monitoring.

Moreover, at the end of 2004, for the purposes of ISO 9000 certification, examination of the process for managing the transportation of exceptional loads was launched, in collaboration with the company department responsible for such activities.

In early 2005, ISO 9001:2000 certification was confirmed for data collection processes (the state of road surfaces and accident rates) that contribute to the calculation of the Total Quality Indicator (TQI). Such data are used for gathering information on road conditions, disseminating information to road users and monitoring quality provision in service areas in accordance with the new agreements with concessionaires.

In particular, the process regarding road condition information encompasses notification of events that occur on roads to the radio news centres of all Autostrade per Italia's regional offices, recording and selection of news, and preparation of messages. Information is disseminated via variable message panels located at motorway entry points and along the carriageway, as well as by Autostrade per l'Italia's traffic operations centre and various television and radio stations.

Other certified Autostrade per l'Italia processes include:

- the activities of the data collection centre at Fiano Romano and of Rome's road network databank (ISO 9002 certification);
- the "Design and construction of prototype technological systems for toll collection, access controls and similar systems, for use on road networks" (UNI EN ISO 9001:2000).

Other important processes are certified at Group companies.

SPEA, the Group's engineering company, has been certified since 1998.

The company has been awarded ISO 9001 certification relating to "Development of transport studies and plans, design, works supervision, testing, monitoring and terotechnology (planned maintenance engineering) for transport infrastructure and building works".

In 2004 certification was extended to environmental monitoring.

Pavimental, the company that deals with road maintenance, has brought its quality system certification into line with the ISO 9001:2000 standard. The certificate issued by ICMQ (the Certification and Seal of Quality Institute, based in Italy), concerns the Rome offices and 14 operating units located in other areas and regards production of bitumen conglomerates, modified bitumen, application of bitumen conglomerates, road surfacing and construction of special superstructures.

SAM, the subsidiary that operates the Naples – Pompei – Salerno motorway, was awarded environmental certification, in accordance with EN UNI ISO14001:96 standards, for the station at Castellammare di Stabia.

The set of quality system tools used by Autostrade per l'Italia and other Group motorway concession-holders is complemented by a Service Charter.

The document contains principles that govern public service provision; a description of the service components and related quality factors, and details of quality standards for each service. It also contains comprehensive information to facilitate contact and dialogue with users (addresses, telephone numbers, etc.).

The Charter's key principles are:

- **equal and impartial** treatment of all customers;
- **continuity and consistency** of service provision;
- **participation, courtesy and transparency**, by ensuring access to information, willingness to receive comments and suggestions, and courteous and comprehensive replies;
- **efficiency and effectiveness** in choosing organisational and procedural solutions that serve to improve the quality of service provided;
- **clear and plain language communication**;
- **freedom of choice**, by facilitating the possibility of choosing alternative transport options;
- **respect for the environment**, as a resource to be protected and enhanced.

The complete text of Autostrade per l'Italia's Service Charter is available at: www.autostrade.it

○ **Environmental and Social Responsibility Committee**

At the beginning of 2004, the Autostrade Group set up the Environmental and Social Responsibility Committee with a view to establishing continuous and reliable oversight of environmental and social issues, by effectively coordinating and finalising corporate initiatives and promoting sustainable development practices.

This committee, which is made up of representatives from the company departments most directly involved, is chaired by a leading external figure, Mr Corrado Clini, General Manager of the Ministry of the Environment. It benefits from the expertise of three external experts - Professor Lanfranco Senn (Bocconi University in Milan), Professor Paolo Dell'Anno (University of Aquila) and Professor Chiara Mio (Ca' Foscari University in Venice) – and reports to Autostrade's Managing Director.

The Environmental and Social Responsibility Committee met twice in 2004 and twice more in the first quarter of 2005.

○ **Environmental Management Systems**

The reach and complexity of the Group's motorway network calls for adoption of general environmental management criteria aimed at prevention and control.

The Group's environmental control and monitoring systems cover all areas in which difficulties may arise: including monitoring of weather conditions and mapping of noise pollution, hydrogeological control and surveillance of green space, and the most advanced and innovative system consisting of Environmental Watchdogs, which are described in the section on environmental matters.

Wide-ranging monitoring of motorway traffic is carried out, via real-time, on-the-spot recordings (video cameras and other recording devices), as well as through analysis of a vast and highly detailed wealth of data, which enables preparation of forecasts and reliable assessments regarding traffic trends in order to carefully plan assistance activities and maintenance operations.

Such analysis is accompanied by a broader monitoring process. This is aimed at making available and updating the socio-demographic and economic aspects of the areas passed through, and analysing patterns of settlement, manufacturing concentration and urban development, in order to bring together structural modifications and new requirements that may emerge and adapt the Group's plans and activities to meet changing local needs.

Operations are formulated in accordance with accurate planning and prevention criteria, based on the large amount of data and information gathered on infrastructure and the related environment. Such practice is designed to forestall the onset of environmental problems and increase the life of works and postpone the need for structural intervention.

○ **Prevention and Risk and Emergency Management Systems**

The organisation of the Autostrade Group is highly geared towards preventing all kinds of risk. Autostrade's Board of Directors is responsible for ensuring that the principal risks are adequately identified and managed by the internal control system.

Monitoring and intervention procedures and emergency plans regarding risks directly linked to the provision of motorway services have been created. Such measures are based on protocols with the relevant authorities (prefectures, police, fire-fighters, civil defence).

Those responsible for emergency management at Autostrade per l'Italia are the directors of regional departments (motorway sections), with activities coordinated by the head of the Operations Department.

◆ **Prevention of hydrogeological and seismological risks**

With a view to preventing hydrogeological risk, Autostrade per l'Italia carries out systematic geotechnical monitoring, using methods developed by the Company, in order to foresee any hydrogeological instability, with particular reference to the slopes and earthworks on which the motorway system stands.

autostrade/per l'Italia					
Consistenza e localizzazione degli strumenti per il monitoraggio geotecnico sulla Rete in Esercizio al 31.12.2004					
sede territoriale	Autostrada	Zone indagate n°	Zone strumentate n°	Inclinometri n°	Piezometri n°
Genova	A 7	40	23	36	15
	A 10	9	5	9	9
	A 12	9	8	13	20
	A 26	9	5	20	18
Milano	A 4	1	1		1
Bologna	A 1	1			
Firenze	A 1 (NORD)	40	24	75	85
	A1 (SUD)	25	18	64	60
	A 11	1			
Fiano Romano	A 1	36	14	35	58
	A 12	10	4	10	17
Cassino	A 1	3			
	A 16	30	19	51	55
Pescara	A 14 (NORD)	57	30	40	25
	A 14 (SUD)	22	16	25	23
Bari	A 14	2			
Udine	A 23	2			
	A 27	3			
TOTALE		300	167	378	386

Monitoring of the network's main arteries, which present widely varying characteristics, is carried out by identifying problems, intervening promptly to deal with immediate risks and activating monitoring at varying intervals in situations where risks may develop over time. The method provides for the carrying out of surveys and the installation of instruments in the areas under observation (inclinometers and piezometers). The recorded data is analysed and maintenance operations are planned, with priorities established on the basis of the results.

For works located in areas of seismic risk along the network, special construction criteria have been adopted and anti-seismic energy dissipation systems have been installed on viaducts.

These solutions ensure the complete stability of the works and operational reliability even after an earthquake.

♦ **Prevention of risks linked to the transport of dangerous and exceptional loads**

The transport of dangerous goods in the context of motorway traffic is a very serious factor in the event of accident, considering that:

- a) On the one hand, accidents involving vehicles transporting dangerous goods, with major repercussions for traffic flow and safety, are significantly few in number (18 incidents in 2003) compared with the amount of motorway traffic such vehicles generate (over 34,000 vehicles per day in 2003 on the Autostrade per l'Italia network).
- b) On the other hand, the length and extent of the nuisance created by an accident involving dangerous goods and the damage caused, usually to infrastructure, are, in these few cases, very substantial.

In this context, having the wherewithal to intervene promptly and efficiently is a key factor in rapidly dealing with crises and emergency situations arising from this kind of accident on a motorway.

To this end, Autostrade per l'Italia has established various regional agreements to devise planning applications aimed at localising the most dangerous types of transport; swiftly identifying the goods carried in case of difficulty; and improving communications between vehicles and concession-holders' operating centres so as to manage transport in terms of the difficulties and obstacles – albeit temporary – that might be encountered along the route.

Vehicles and loads that exceed size limits (length, breadth and height) and the total volume stipulated, respectively, established in articles 61 and 62 of the Highway Code for the various types are defined as Exceptional Loads. Such transport may not be carried out without prior authorisation from the body that owns the roads to be travelled on.

Often the relevant factors regard the effects that the reduced speeds of these vehicles or loads have on traffic flow and safety, especially on motorways, taking into account their substantial traffic volumes and high average speeds.

Autostrade per l'Italia has completely revised its procedures for managing exceptional loads, regarding applications for and issuing of permits, management of vehicles during their journeys and ancillary procedures with a view to improving operating practice.

The procedures have been computerised as much as possible and linked up with the intranet and the internet, with involvement of all participants in the process. GSM/GPS systems have been incorporated to facilitate location of vehicles and dialogue between them and concession-holders' operating centres.

The system is currently active in Autostrade per l'Italia's nine Motorway Sections and in the Group's motorway companies, except for the Mont Blanc tunnel. It is being activated by four interlinked motorway concession-holders, and the aim is to cover the entire toll motorway network shortly.

The system is already up and running for all internal procedures relating to application for and the issue of permits, road checks and ancillary procedures, and is in the process of being activated for external relations with customers, whilst the communication and localisation component is being developed.

◆ **“Snow” contingency plan**

Autostrade per l'Italia's organisation to deal with winter “weather” emergencies was further strengthened in 2004.

Operating agreements have been signed with interlinked concession-holders regarding coordinated management of winter emergencies, and snow ploughs have been upgraded and equipped with GPS recorders so as to achieve more coordinated, effective and prompt operation. In order to improve communication with customers, Isoradio coverage has been extended (the iso-frequency radio system operated by RAI and designed for motorway users). Content on variable message panels has been reviewed, the call centre upgraded and an information campaign on winter road conditions prepared.

A contingency plan has been drawn up, establishing the tasks and responsibilities of company personnel involved in winter operations and basic rules to be complied with in managing the various operating phases, with a view to:

- ensuring the maximum efficiency of winter operations
- managing any exceptional and unforeseen events in compliance with users' basic requirements (prompt information, advance notification of alternative routes, levels of assistance in line with the problems experienced).

In order to achieve these objectives, the procedures provide for implementation of all suitable technical, operational and organisational measures to prevent ice formation and the settlement of snow, as well as for implementation of optimum traffic provisions in accordance with joint, planned models. Moreover, ongoing cooperation between all internal and external parties involved in operations should be maintained.

Operating systems include a warning and information system based on the degree of seriousness of weather events, and shared with all motorway concession-holders.

Snow emergency operating procedures: seriousness levels			
LEVEL OF SNOW ALERT	EVENT STATUS	INFORMATION FOR ROAD USERS	TRAFFIC MANAGEMENT ACTIONS
Zero	High impact weather alert issued	SNOW FORECAST junction start (or after junction start) junction end (or "SNOW CHAINS REQUIRED")	None
Green	Facilities ready to act before precipitation begins		Advance warning of emergency trucks for preventive deployment
Yellow	Moderate snowfall in progress with no effects on traffic flows	SNOW FALL junction start (or after junction start) junction end (or "SNOW CHAINS REQUIRED")	Advance warning of MOCs (traffic police Motorway Operating Centres) and ASPI teams to activate carriageway reductions (pre-prepared) at "filter" points; activation of emergency trucks for preventive deployment
	Moderate snowfall in progress, but driving is difficult on some stretches due to problems in following the road and/or traffic, with intensity on the increase	SNOW (or HEAVY SNOWFALL) after junction start (until junction end) POTENTIAL DIFFICULTIES	Activation of "filters" under police supervision at the required points (including those under the responsibility of Motorway Sections and other concession-holders)
Red	Heavy snowfall managed close to the limits of potential/possibility	HEAVY SNOWFALL after junction start (or until junction end) POSSIBLE OBSTRUCTION	Reduction of traffic flow through filter points until manageable levels are reached on the critical stretch, via stepping up of police checks. Advance warning of MOCs and ASPI teams for closure of entry roads
Black	First vehicles obstructing roads	SNOW OBSTRUCTION junction start (or after junction start) junction end (or "DRIVING INADVISABLE")	Traffic halted at filter points. Closure of entry roads notified on variable message panels, with supervision of main access points. Advance warning of MOCs, ASPI teams and other Motorway Sections/operators to activate compulsory detours on alternative routes
	Vehicles obstructing roads at several points and lengthy time estimate for clearing first obstruction	CLOSURE DUE TO SNOW (*) junction start junction end	Activation of compulsory detours on alternative routes. Extension of supervision with ASPI personnel or police manning all closed junctions. Launch of operations to rescue vehicles involved in tailbacks at carriageway closure points

○ **Systems for measuring and assessing Environmental Performance**

Within the scope of management systems, the Autostrade Group is continuing activities to improve recording and measurement systems for its environmental and social performance, with a final long-term objective of achieving an integrated accounting system that combines economic, social and environmental strands in both the budget and reporting phases.

To this end a study was launched in 2004 to identify performance indicators for the main operational activities that may be monitored and therefore managed, aimed above all at interconnecting indicators (the three strands - financial, environmental and social) and impact indicators. Indeed, the measurements of activities carried out may be retrieved with relative ease, but such measures over-concentrate on “what’s been done” rather than on the end result for the customer and the community. The following impact indicators are given preference, although the related targets may also depend on factors that lie beyond the Group’s control.

Research is focused on these activities:

- pavements
- noise
- green space
- the vehicle fleet
- energy consumption.

The research results have already been incorporated into corporate management systems and are partially reported in the section of this document on environmental performance.

○ **Stakeholder Dialogue and Engagement**

The Autostrade Group has enhanced its means of dialogue and communication with stakeholders, in order to make interaction with customers, staff, investors, institutions and communities more systematic, thereby increasing their involvement in the initiatives and decisions implemented.

To this end, the Institutional Relations and Communication Department has been reorganised to ensure a communication process aimed at enabling ongoing measurement of the Group’s results, with total transparency.

The Autostrade website has also been restructured, with more space devoted to customer information needs (real-time traffic updates), and to investors with a dedicated section that is constantly updated and contains relevant, downloadable documents.

In 2004, Autostrade also took part in a corporate social responsibility survey. The results for Autostrade per l’Italia, despite all the limitations arising from the general public’s scarce awareness of these issues, report satisfaction in line with other transport operators and better than other motorway sector organisations.

The most intense and systematic communication is obviously aimed at customers, to whom traffic information campaigns (Easter and summer) are addressed ahead of holiday seasons, as well as institutional campaigns on safety, in which particular emphasis is placed on the importance of correct behaviour when driving on motorways.

Customer satisfaction surveys, directly involving motorway users, are also systematically carried out. The results are constantly compared with quality indicators to assess the results achieved in terms of overall service quality.

A major step forward in opening up dialogue and collaboration with stakeholders is the agreement signed with consumers' associations in January 2004, regarding establishment of a joint working group aimed at monitoring motorway service, especially in relation to safety aspects.

Within the scope of the agreement, Autostrade per l'Italia and the consumers' associations agreed on important safety initiatives, of which the most significant consisted of launching a joint procedure regarding the monitoring and certification of safety levels on Autostrade per l'Italia's network.

A certification scheme (RINA) for motorway sections was devised to this effect, making reference to aspects of network infrastructure and the operating performance of the motorway management company, in accordance with applicable regulatory documents.

The method used defines a safety standard against which each section of the motorway network and management performance are assessed, certified and monitored. The method is broken down into activities that analyse and measure the parameters that have the greatest impact on the safety of the motorway section under examination.

The document defines the checks, tests and controls to be carried out before issuing Motorway Safety Quality Standard Certificate (LQSA) for a section of motorway. The certificate is issued after assessment of the degree of compliance of the infrastructure and organisation with the related applicable regulations, as well as safe use of the motorway section under examination with reference to traffic and fatal accident rate variables.

Regular meetings between staff and senior management, organised at least once a year, have been held. Such meetings involved senior and middle management and included internal climate surveys, which were conducted for the second time at the end of 2003. The results of the surveys highlighted the following:

- that overall corporate objectives with a strong social element are shared:
 - improvement of road users' safety
 - development of a better organised information system for road users,
- the need for more target-driven training programmes,
- the need to develop internal communications.

Specific courses were conducted to meet training needs, particularly in two sectors: toll collection, with meetings organised involving a significant number of toll collectors; and customer help centres (Blue Points), with all staff attending tailor-made training courses.

On the communications front, the organisation and structure of the Company's intranet was reviewed, making it more user-friendly, and internal publications

were enhanced: "Autostrade Cronache", the Company magazine, and the newsletter, "Autostrade Informa", which is also distributed by email.

A particularly important training course was held on the theme of "Ethics and Enterprise", involving many middle managers from Group companies.

Another key aspect of the policy of dialogue and engagement with people is the document that illustrates the Company's staff policies, which was developed by an inter-departmental working group in 2003. This document, which is based on the principles of cooperation and professional development, is being distributed to all members of staff.

The rules contained in Autostrade's Corporate Governance Code ensure transparency and accountability with respect to relations between shareholders and management.

The Autostrade Group pays attention to all aspects of communication with investors and financial analysts:

- Periodic, mandatory reporting (annual, six-month and quarterly reports);
- Non-routine, mandatory reporting (spin-offs and transfers of assets, acquisitions, disposals, capital increases), to coincide with extraordinary operations that particularly concerned the Group in 2003-2004;
- Mandatory ongoing reporting of material events;
- Spontaneous reporting of information for the benefit of the market.

Communication with investors and analysts takes place through regular fulfilment of obligations provided for by current legislation or, in particular, through regular meetings (road shows, conference calls, one-to-one meetings).

In the relevant section of the website, news of interest to investors and analysts is gathered and promptly posted. In particular, economic and financial news is posted (financial statements, periodic reports, presentations to the financial community, share price information).

The Group has ongoing relations with its institutional stakeholders (ANAS, ministries, regional authorities, local authorities), with whom it works closely on all decisions regarding motorway projects. Such interaction ranges through identification of works to be carried out; complex environmental impact assessment procedures, which involve all institutions concerned at local and national level; checks on works in progress; and final testing.

In 2003 and 2004 important initiatives were launched aimed at establishing the conditions for effective cooperation with institutions regarding environmental and social issues. Significant examples include the memorandum of understanding signed with the Ministry of the Environment relating to research projects on environmental protection issues, and projects submitted to the Ministry of Infrastructure and the Ministry of Cultural Heritage regarding enhancement of sites located along the motorway network.

Dialogue with communities at national and local level is backed up by participation in events and sponsorship, as well as various charitable initiatives. It should also be borne in mind that press releases, which are systematically and promptly disseminated to local and national media, contain all significant news of interest to stakeholders.

Communication with stakeholders is supplemented by the Autostrade Group's Social and Environmental Report, which is closely linked to the Group's Annual Report for the year.

The Report is not a self-referential document, but rather an account of goals, programmes, activities carried out, expenses incurred and results achieved with regard to environmental and social issues, enabling the Group to be better known, and also to be evaluated and monitored.

The Social and Environmental Report is therefore situated in the broader context of the Group's orientation towards corporate social responsibility and sustainable development.

The Report, which is published in Italian and English in a printed edition and on the Autostrade's website, is widely distributed and provides a means of comparison with institutions, trade associations, environmental groups and consumer associations.

PERFORMANCE INDICATORS

● **THE ECONOMIC AND FINANCIAL DIMENSION**

○ **Social and Environmental Expenditure and Investments**

The social accounting system, completed and released for use in Autostrade's Social Report for 1998, provides a method of interpreting financial information in terms of the allocation of the expenditure and investment carried out by the Group's motorway companies, in order to identify how much has generated social benefits.

The system covers the Group's motorway concession-holders, given that the methods used and the availability of the basic data are essentially standard.

Current expenditure and investment are restated according to criteria designed to identify the "social component": spending that generates a positive impact for stakeholders is thus extracted from concession-holders' accounts and classified on the basis of the following five overall categories:

- 1) **environment;**
- 2) **free flow** (a key aspect of service quality);
- 3) **safety** (a priority aspect of service quality);
- 4) **work environment improvements;**
- 5) **research and development.**

Current social expenditure consists of external production costs, including the cost of raw, ancillary and consumable materials and goods for resale, service costs and leases and rentals.

Social investments regard investments in motorways.

During 2004, the Group's total spending primarily for social and environmental purposes amounted to **€608.3** million: **€348.6** million in current expenditure and **€259.7** million in investment. This represents an increase of **18%** on 2003.

The above increase in overall spending was recorded against a backdrop of improved efficiency and reduced unit costs reported by Group companies.

Social expenditure, totalling **€348.7** million, accounted for **59%** of the external costs incurred by the Group's motorway companies (€587 million), rising 8.2% compared with 2003, and for **14%** of net toll revenues.

In particular:

- environmental expenditure (**€191** million), which primarily refers to the maintenance of infrastructure and landscaping (management of green space

- along motorways, cleaning and maintenance of road surfaces, monitoring of engineering works), rose 7.5% on the previous year;
- expenditure on free flow improvements (modernisation of toll stations and development of automated systems), amounting to **€8 million**, was down 7.5% on 2003;
 - current expenditure on safety, which covers a wide range of activities and projects regarding barriers, road signs, information, tunnel lighting, motorist assistance and the organisation of winter operations, amounted to **€139 million** and was up 12.2% in 2004;
 - expenditure on work environment improvements (work on buildings and toll booths with the aim of bringing workplaces up to the highest standards) was slightly down on the previous year (6% to **€9 million**), although this was largely compensated for by a significant rise in investment in this area;
 - research (**€2 million**) primarily regards improvements to infrastructure and service innovation.

Social investments amounted to **€259.7 million**, accounting for **45.6%** of investments in works by the Group's concession-holders (€569.3 million):

- the increase in environmental investment (**€55 million of 153%**) was particularly significant, due to major structural upgrading; environmental investments also include noise barriers, landscaping, monitoring of landslides and hydraulic controls;
- unlike the approach used in the Social and Environmental Report 2003, investments in free flow and capacity improvements and in safety have been grouped together under the item "investments in infrastructure and safety". This is because the value of the construction of third and fourth lanes can, in safety terms, be likened to an increase in capacity, whilst specific safety improvements carried out as part of motorway widening work form part of overall upgrading plans. Investment in upgrading and safety during the year amounted to approximately **€198 million** (up 16.6% on 2003). This represents a significant part of the Group's total investments (34.8%).
- investments in the work environment (**€7 million**) more than doubled in 2004, partly as a result of major renovation of the Group's headquarters.

CURRENT SOCIAL EXPENDITURE OF THE AUTOSTRAD GROUP'S CONCESSION-HOLDERS

(€000)

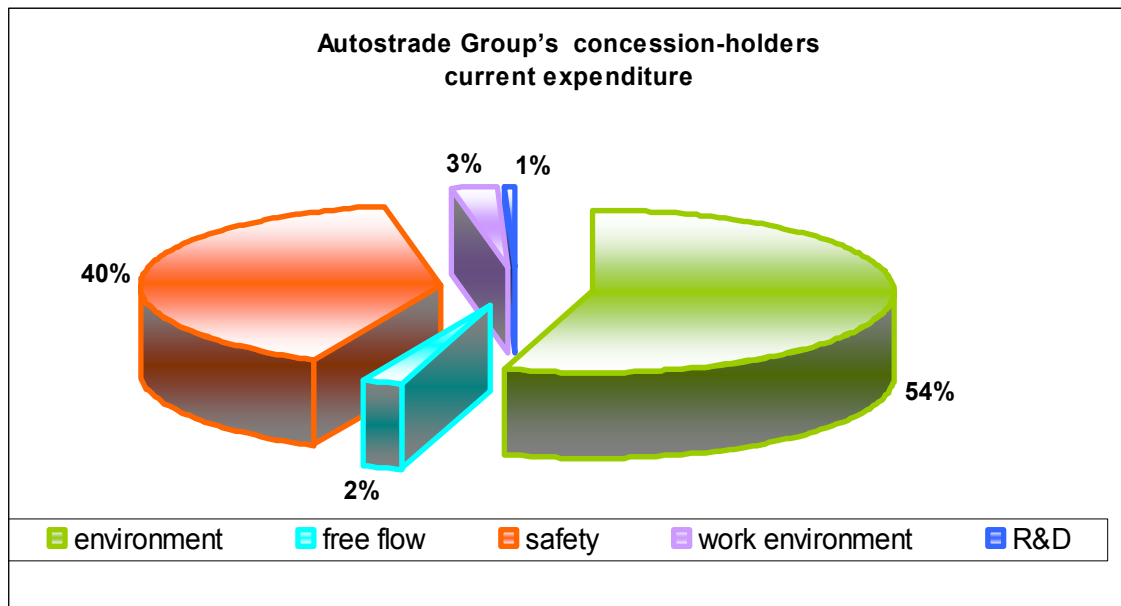
	2003	2004	% of total	% change on 2003
Environment				
- landscaping works	9.711	9.099		
- engineering works and other routine maintenance expenses	19.859	20.342		
- cleaning and pest control	8.353	9.484		
- pavements (road foundations)	103.420	114.432		
- non-routine maintenance and exceptional environmental schemes	35.993	37.359		
Total environmental spending	177.336	190.716	32,5%	7,5%
Free flow and capacity improvements				
- toll station innovation	6.851	6.642		
- non-routine maintenance and exceptional free flow schemes	1.775	1.336		
Total spending on free flow and capacity improvements	8.626	7.978	1,4%	-7,5%
Safety				
- motorist assistance, information, road signs, motorway patrols	32.544	27.910		
- parapets, guardrails and other safety devices	28.473	31.248		
- lighting, facilities	18.192	16.310		
- winter initiatives	29.067	36.157		
- pavements (surface works)	15.444	27.139		
Total spending on safety	123.720	138.764	23,6%	12,2%
Work environment improvements				
- buildings, toll booths, other initiatives	9.364	7.546		
- non-routine maintenance and exceptional work environment improvement schemes	381	1.604		
Total spending on work environment improvements	9.745	9.150	1,6%	-6,1%
Research and Development				
- studies and research	2.853	1.960		
Total spending on research and development	2.853	1.960	0,3%	-31,3%
TOTAL SPENDING ATTRIBUTABLE TO SOCIAL EXPENDITURE	322.280	348.568	59,3%	8,2%
TOTAL CURRENT EXPENDITURE (including staff costs)	518.807	587.409	100,0%	13,2%
social expenditure as a % of total current expenditure	62,1%	59,3%		

**SOCIAL INVESTMENTS OF THE AUTOSTRADA GROUP'S
CONCESSION-HOLDERS**

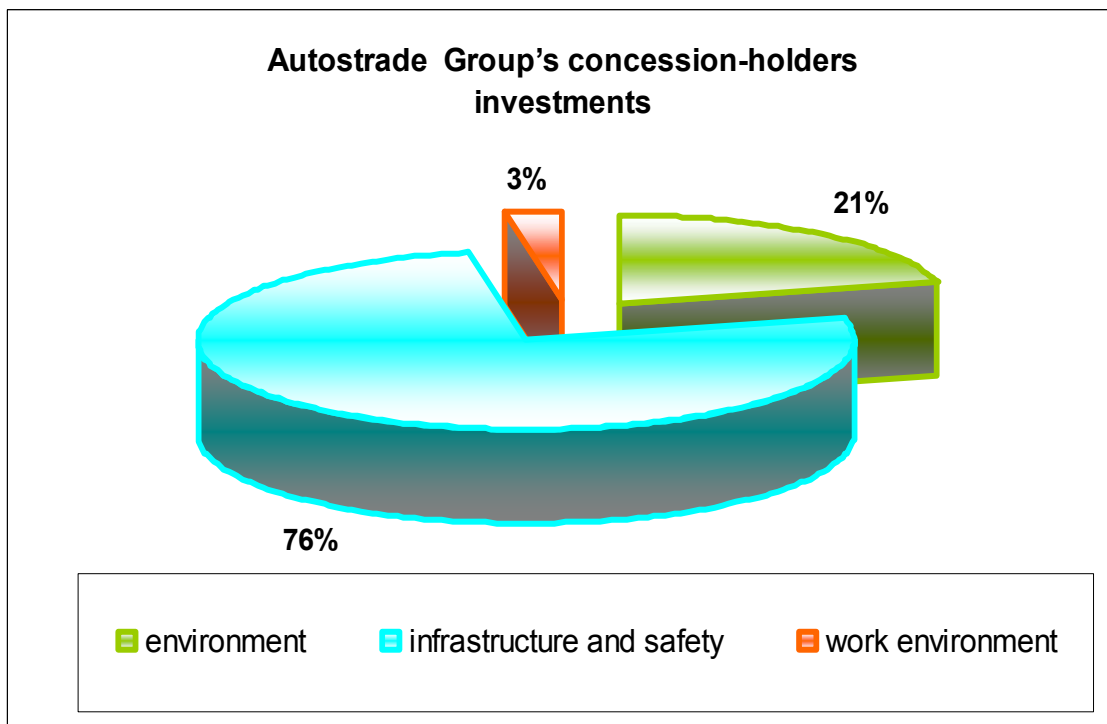
(€000)

	2003	2004	% of total	% change on 2003
Environment				
- chloride plants	16	971		
- noise barriers and landscaping works	11.487	7.621		
- surveillance and upgrading of engineering works and structures	9.597	44.002		
- surveillance, hydraulic controls and landslides	619	2.378		
Total environmental investments	21.719	54.972	9,7%	153,1%
Infrastructure and safety				
- construction of third panes	70.961	119.758		
- development of automation and network modernisation	25.283	24.111		
- other upgrading works	1.223	1.346		
- work on barriers, parapets, crash barriers	29.707	27.890		
- work on tunnels, toll stations and ancillary works	23.410	15.343		
- road signs, information and telecommunications	19.094	9.422		
Total investments in infrastructure and safety	169.678	197.870	34,8%	16,6%
Work environment improvements				
- standard compliance initiatives	1.708	4.330		
- work on toll station facilities	1.071	435		
- work on work environment systems	120	2.094		
Total investments in work environment improvements	2.899	6.859	1,2%	136,6%
TOTAL INVESTMENTS FOR SOCIAL PURPOSES	194.296	259.701	45,6%	33,7%
TOTAL INVESTMENTS	398.163	569.346	100,0%	43,0%
Social investments as a % of total investments	48,8%	45,6%		

BREAKDOWN OF CURRENT SOCIAL EXPENDITURE - 2004 Autostrade Group's motorway companies



BREAKDOWN OF CURRENT SOCIAL INVESTMENTS - 2004 Autostrade Group's motorway companies



○ **Integrated Added Value**

Added value is the most appropriate aggregate to represent a company's ability to generate wealth, one of the most important goals of a business.

The first operating performance indicator taken into account is, therefore, added value (the wealth created) and its distribution among the company's main stakeholders: the government, the business, lenders, shareholders, staff and customers in the form of taxation, dividends interest etc.

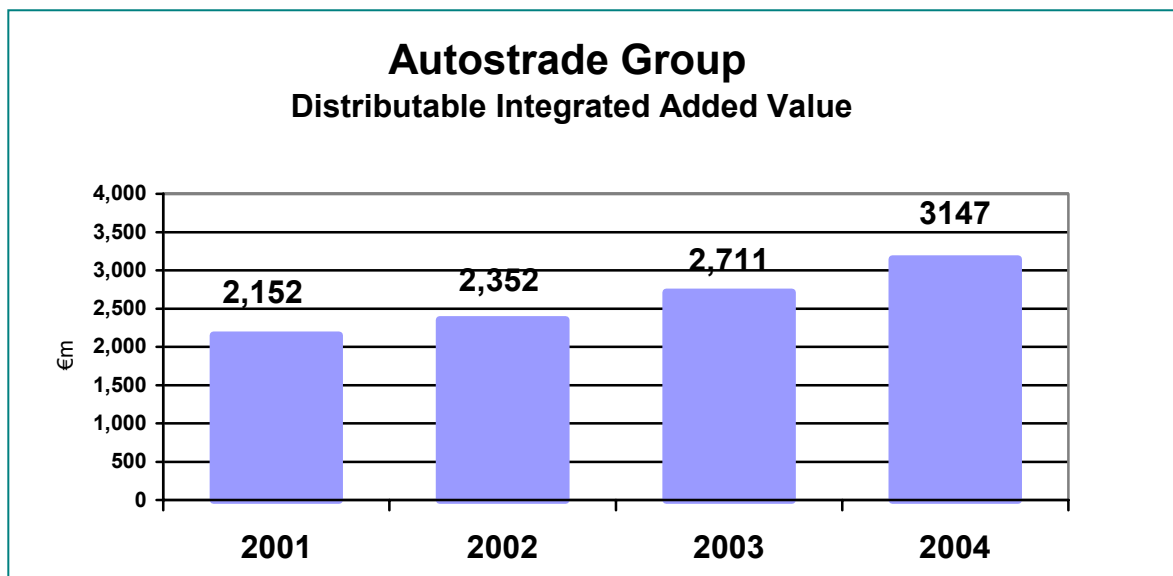
The formation and allocation of the added value produced by the Autostrade Group, hereafter referred to as Distributable Integrated Added Value (DIAV), is based on a system that reclassifies and supplements management accounting information, which uses the reclassified profit and loss account as a starting point.

To provide a fuller view of the benefits for stakeholders deriving from the Group's activities, consolidated profit and loss account data is reprocessed (see *Annex on Methodology*) and supplemented, in order to take account of certain items closely linked to the Group's activities, but are not reflected in the accounts.

A more accurate idea of the value created by the Autostrade Group derives from the inclusion of two items relating to amounts paid to the government.

These are VAT on motorway tolls and the amount paid into the Central Guarantee Fund, which represents a further portion of tolls paid to the government.

Moreover, the advantage to customers deriving from toll increases kept below inflation (in real terms, a reduction in motorways tolls) is also taken into account.



This is the method used to calculate the DIAV produced by the Autostrade Group, a figure that reached €3,147 million in 2004, representing an increase of 16.1% on the same figure for 2003 (€2,711 million, which was in turn up 15.9% on 2002). The result confirms the achievement of the Group's primary goal, represented by its ability to create value for its stakeholders.

ALLOCATION OF DISTRIBUTABLE ADDED VALUE (€000)					
	2004	% change on 2003		2003 (1)	
INTEGRATED ADDED VALUE less: Balance of extraordinary items (adjustments to value of financial assets, extraordinary income and expenses)	-174.666			-19.013	
DISTRIBUTABLE "INTEGRATED" ADDED VALUE	3.146.959	16,1		2.711.470	
Allocated to:			% of total		% of total
a THE BUSINESS					
Amortisation, depreciation and provisions	841.775	18,3		711.803	
Undistributed net profit (reserves)	135.962	192,5		46.488	
TOTAL	977.737	28,9	31,1%	758.291	28,0%
b GOVERNMENT					
Income taxes for the year	320.118	4,7		305.890	
Vat on tolls (2)	504.517	4,7		481.774	
Central Guarantee Fund	96.256	2,9		93.506	
Social security contributions	115.884	3,6		111.804	
Other taxes	7.061			13.566	
TOTAL	1.043.836	3,7	33,2%	1.006.540	37,1%
c USERS					
Profit for users	216	n.s.	0,0%	8.841	0,33%
d STAFF					
Wages and salaries	360.577	3,4		348.710	
Staff termination indemnities	26.703	-1,0		26.970	
Other costs	3.879	-1,1		3.924	
TOTAL	391.159	3,0	12,4%	379.604	14,0%
e LENDERS					
Financial income and expense	440.571	16,2	14,0%	379.095	14,0%
f SHAREHOLDERS					
Dividends	293.440	63,8	9,3%	179.099	6,6%
DISTRIBUTABLE INTEGRATED ADDED VALUE	3.146.959	16,1	100,0%	2.711.470	100,0%

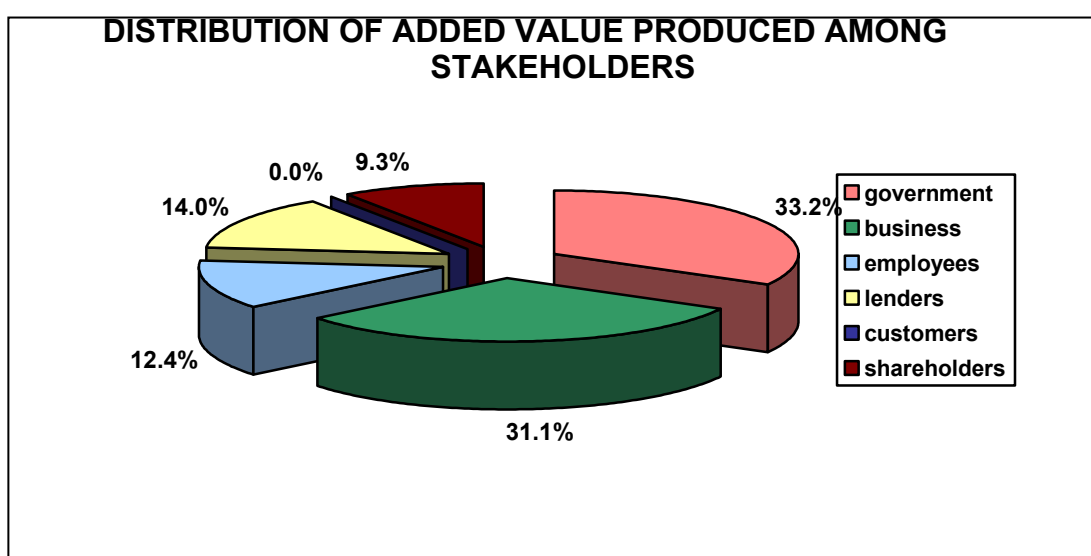
(1) The value for 2003 includes the result reported by Strada dei Parchi, not taken into account in the calculation of Integrated Added Value in the 2003 Report

(2) VAT on tolls for 2003 differs by €2,003 thousand compared with the 2003 Report due to the consolidation of the figure for such year

○ **Distribution of Added Value among Stakeholders**

The €3,147 million of Distributable Integrated Added Value produced in 2004 was distributed among the various categories of stakeholder. As noted in the Annex on "Methodology", only stakeholders directly affected by the Autostrade Group's activities were taken into account, represented by those with whom the Group enters into relations that generate operating costs or revenues.

- the largest portion of 33.2%, totalling €1,044 million, was paid to the government in the form of direct and indirect taxation and social security contributions, marking a rise of 3.7% on the previous year; the decline in this item as a proportion of the total compared with 2003 (37.1% in 2003) is due to a substantially unchanged tax rate;
- approximately €978 million (31.1% compared with 28% in 2003) was kept by the business; this primarily regards amortisation, depreciation, provisions and retained earnings; the significant increase in this item compared with the previous year (28.9%) marks a further strengthening of the Group's financial position, boosting its ability to implement its investment and business development plans;
- lenders received €441 million (14% of the total and unchanged compared with 2003), representing an increase of 16.2% in absolute terms compared with 2003, due to the rise in debt to finance planned works;
- shareholders received 9.3% of the total (€293 million), signalling an increase on the 6.6% of 2003;
- wages and salaries, termination indemnities and other staff costs accounted for 12.4% (€391 million), which was down 14% on 2003, partly due to the reduction of around 1% in the average workforce;
- customers benefited from a €216 thousand price saving in real terms, accounting for 0.01% of the total. The value for 2004 reflects an overall balance between inflation and toll increases.



● THE SOCIAL DIMENSION

○ **Commitment to Implementing the Investment Plan**

The Group is fully aware of the social value linked to implementation of its investment plan, in terms of improving the movement of people and goods (with consequent reduction of traffic congestion) and of improving safety standards, and also as a contribution to the growth of Gross Domestic Product (GDP) and job creation.

With a plan for motorway works worth around €12 billion (not including the Livorno-Civitavecchia and Pedemontana Lombarda motorways), to be completed within a decade, the Autostrade Group is Italy's leading private investor.

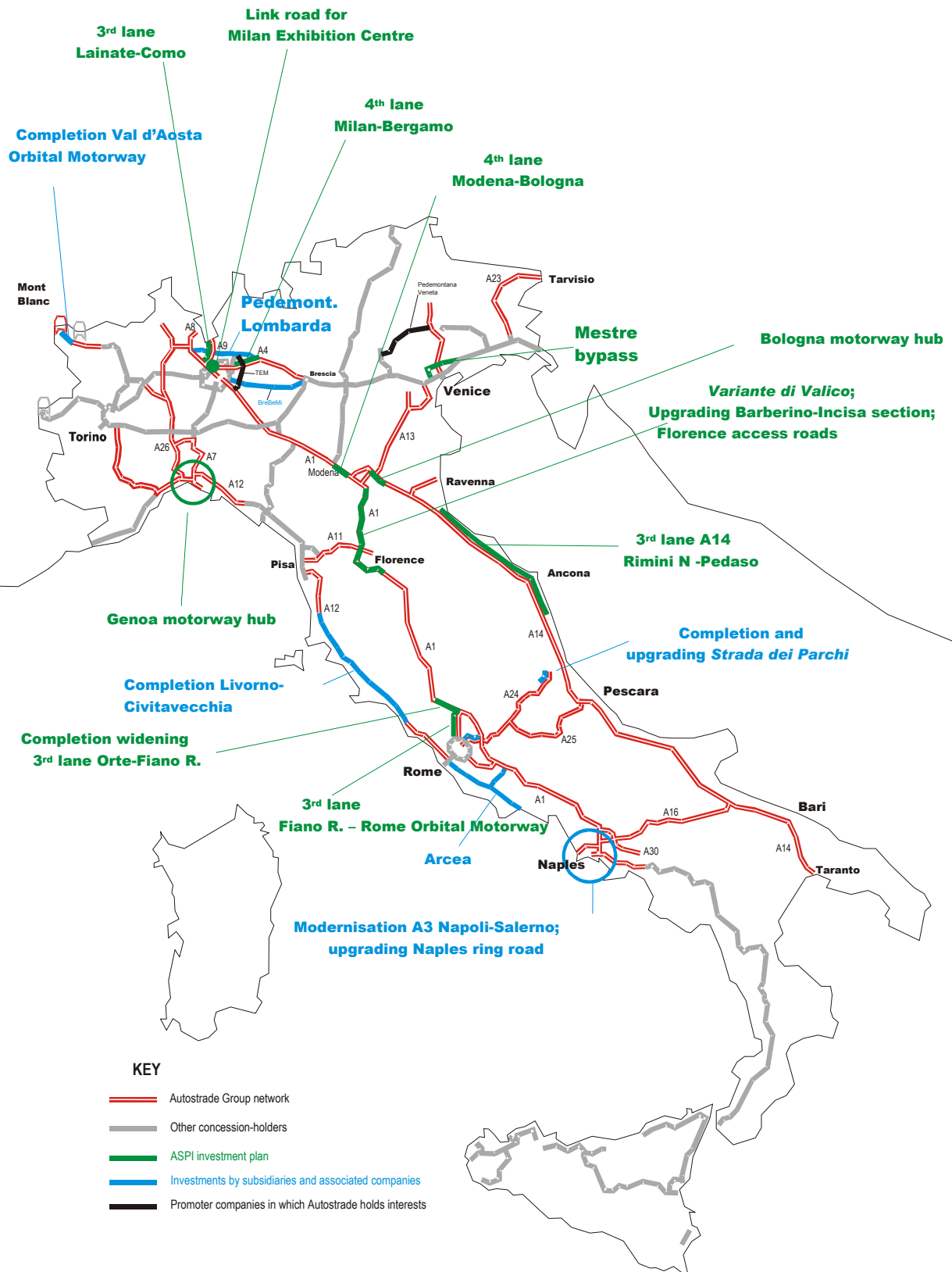
It is estimated that implementation of the plan will have an impact on GDP equivalent to an annual increase of more than 0.2%, creating a total of 350,000 jobs during the period.

The map shows the principal works scheduled, as included in Autostrade per l'Italia's concession agreements, as well as those planned by subsidiaries and associated companies.

Following completion of the plan, solutions will have been found to some of the major problems encountered on the network (congestion, bottlenecks, network integration).

In order to fulfil this demanding commitment, the Group has strengthened its organisation. All departments have been designed with this objective in mind. The operating units in the New Works Department have been strengthened, and an Institutional Relations and Communication Department has been set up, which will also manage relations at local level. Compliance with the programmes has also been included among managers' MBO targets.

THE AUTOSTRADE GROUP'S INVESTMENT PLAN



○ **Improving levels of Road Safety**

Safety is a priority objective for the Company. The study and monitoring of data has always been aimed at identifying measures for analysing accident rates and adopting initiatives aimed at preventing and/or reducing the events that influence them.

Infrastructure works carried out in 2004 to improve safety included:

- pavements: pavement maintenance and installation of draining pavements (9 million m² in 2004) enabled maintenance of skid resistance and evenness indicators at levels well above those considered adequate (70.6 and 75.1, respectively; adequate values are ≥ 50 and ≥ 65);
- crash barriers on central reservations and along verges; in 2004, 68 km of New Jersey traffic dividers were installed and 5.6 km of bridge parapets upgraded;
- the closure of gaps between carriageways was completed with moveable (728) and semi-permanent (593) devices, leaving open only those located in areas affected by works;
- road signs and lighting, mainly in tunnels (54 tunnels were lit in 2004);
- motorist information, with an increase in variable message panels (43 new panels in 2004).

Obviously, such initiatives are accompanied on a priority basis by network modernisation and upgrading of works in progress included in the investment plan.

Works aimed at raising network safety standards go hand in hand with initiatives arising from monitoring and analysis of accident black spots. Critical points on the network are thus identified, and infrastructure works implemented (pavement, safety barriers and signs) with a view to improving road conditions.

In 2004, 180 such works were carried out, including:

- the laying of special anti-skid pavement
- changes to road inclines
- the upgrading of hazard warning signs
- the installation of high visual impact lighting equipment
- the installation of speed recorders, for use by traffic police

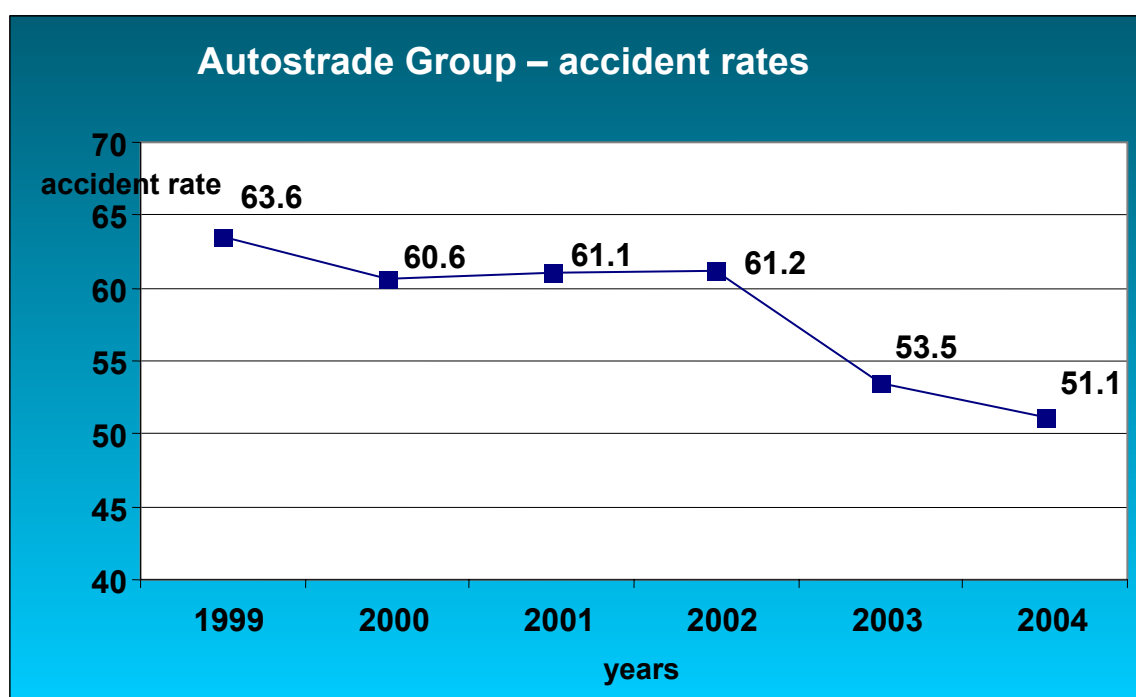
Group companies ensure constant supervision of traffic via their own staff (around 500) and via traffic police (around 2,000 officers with 391 vehicles).

All operating structures were upgraded during the year. Autostrade per l'Italia's organisational structure was reorganised at central and branch levels by creating an Operations Department and restructuring the operations of the Motorway Sections. In particular, an organic and functional contingency management system was adopted.

A great deal of effort is also dedicated to having an effect on the "human factor", with safety information campaigns aimed at road users, conducted by various means (the press and other media, advice on message panels, etc.).

Coordinated actions on infrastructure, operational assistance, motorway assistance and communications proved to be effective, and contributed to the excellent results achieved in terms of reduced accident rates on the Group's network:

- the number of accidents **down 2.8%**
- the overall accident rate **down 4.5%** (number of accidents per 100 million km travelled)
- the rate of accidents involving injuries **down 7.1%**
- the fatal accident rate **down 18.8%**



The remote speed control project is a new road safety initiative that was developed during the year and is currently awaiting approval.

This traffic monitoring system is aimed at automatically controlling and punishing violations of speed limits.

The principal innovation is that average speed on a motorway section is recorded. This system is deemed more effective because it is able to influence journey times and, therefore, driving behaviour, without penalising any momentary breaches of the speed limit.

Recognition of the vehicle type and, in case of a reported violation, prior confirmation by a police officer, reading and identification of the number plate, and compilation and printing of the ticket are all carried out automatically.

○ **Customers**

◆ ***Service quality indicators***

All indicators that represent basic service components, resulting from surveys conducted among motorway customers, are regularly monitored via the Quality Report, a tool that was adopted by Autostrade per l'Italia in 2002.

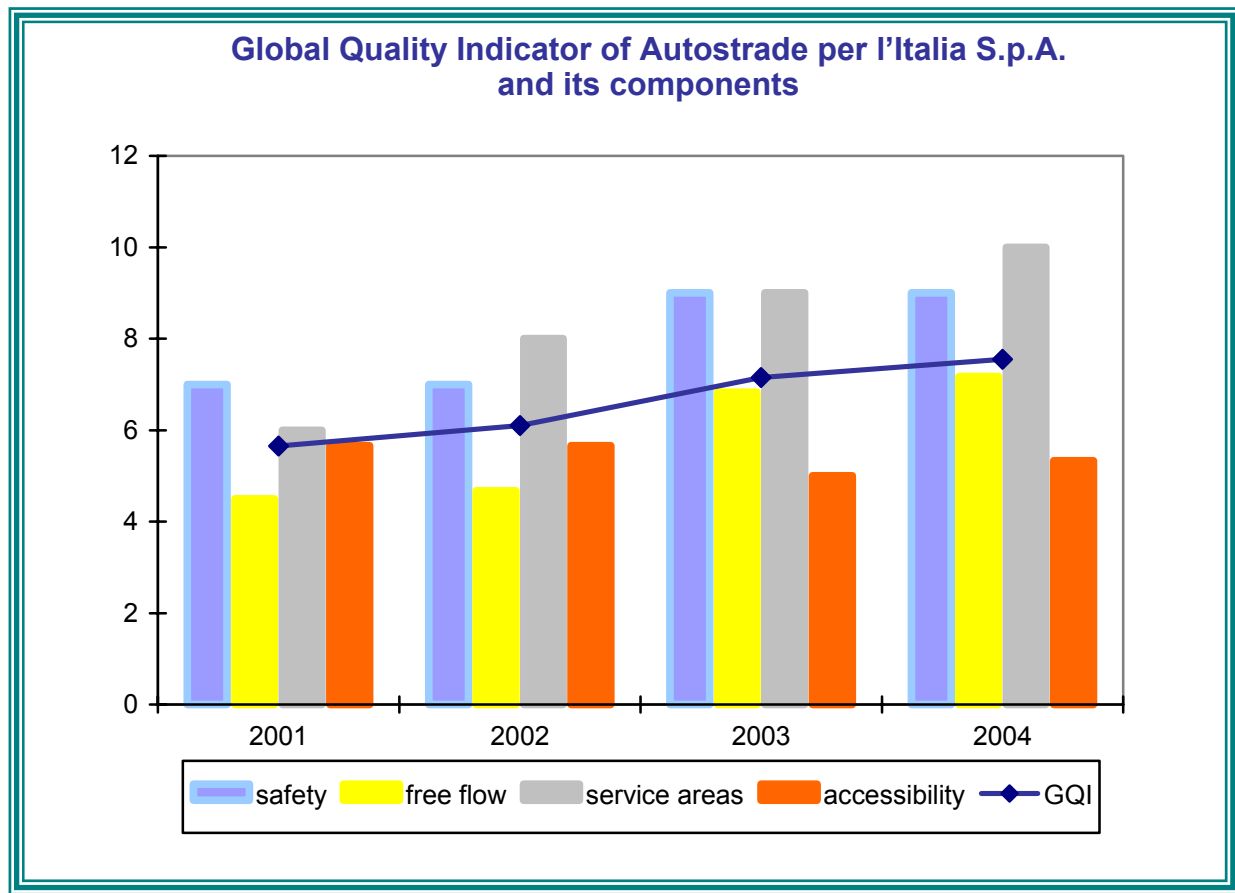
The main indicators, which are selected in terms of their relevance to the Company's organisational performance, go to make up the Overall Quality Indicator (the OQI). This indicator gives a breakdown of results achieved regarding safety, traffic flow at toll booths and on the carriageway, and the quality provided in service areas.

In 2004 the Overall Quality Indicator reported a total value of **7.55** on a scale of 10, thus posting further improvement compared with the 7.15 recorded in 2003.

The four areas regarding basic service components break down as follows:

- the accident rate improved: **41.8** against 43.5 in 2003 for accidents occurring on the carriageway, taking account of the price-cap formula;
- traffic flow at toll booths (accessibility) showed a slight improvement due to a reduction in tailbacks at toll booths, despite an increase of **3.2%** in traffic passing through toll booths in 2004;
 - the number of vehicles entering or leaving the motorway compared with the total in transit remained substantially unchanged compared with 2003 (around 450 for every 100,000 vehicles in transit);
 - the average amount of time lost in tailbacks per vehicle remained unchanged (14.5 minutes);
 - an improvement was registered in the indicator that measures the amount of inefficiency (tailback periods and the number of toll booths concerned) in terms of overall service provided at entry and exit toll booths.
- carriageway traffic flow, with regard to the usual delays caused by roadworks and accidents – which are the only elements taken into account by the indicator as they are those most directly attributable to the motorway operator – registered the following results: 1.22% of vehicles in transit were affected by such delays (1.33% in 2003), while the average time lost per vehicle for each delay remained unchanged at 40 minutes.
- the indicator regarding quality provided in service areas registered further improvement, and stood at its highest ever level (**up 11%**).

For each of the four components, the results are combined in a single indicator on a scale from 1 to 10. The performance of the OQI and the combined indicators for each component are shown in the graph below.



As mentioned above, the Quality Report is the main tool for monitoring the quality (provided, expected/perceived) by Autostrade per l'Italia. The results of quality provided are analysed by focusing on the areas of greatest interest to customers (based on their comments) and on customer satisfaction surveys (expected/perceived quality).

The Quality Report analyses four areas: safety, free flow, customer relations and service areas.

The situation apparent at the end of 2004 shows significant improvement in quality provided, both in comparison with previous years and with goals that Autostrade per l'Italia had set itself for 2004, also on the basis of previous customer satisfaction surveys.

Autostrade per l'Italia's Quality Report: targets and results 2004



QUALITY REPORT - Summary as of 31 December 2004						
Service component	QUALITY PROVIDED	2001	2002	2003	TARGET 2004	VALUE 31 Dec 2004
SAFETY	Global accident rate	62,14	61,96	53,58	51,40	50,57
	Accident rate on carriageways	50,73	51,08	43,50	41,33	41,81
	Fatal accident rate	0,71	0,74	0,65	0,61	0,51
	Fatality rate	0,83	0,87	0,73	0,66	0,65
	Road surface condition indicator	66,17	69,59	69,76	71,16	72,36
	Road markings indicator	48,16	57,06	77,58	64,71	72,82
FREE FLOW	Total duration of tailbacks and slow moving traffic on carriageways (29.450	32.812	35.363	37,838 (+7%)	38,270 (+8%)
	Of which due to roadworks	5.819	7.251	7.823	---	6,876 (-12%)
	Total traffic holdups	705	828	904	814	813 (-10%)
	Of which with a duration of > 1 hour	432	494	560	504	504 (-10%)
	% transits using telepass of total	---	43,1	46,3	48,7	48,8
CUSTOMER RELATIONS	% of calls handled by call centre:					
	► Commercial	67	86	95	90	98
	► Traffic information	76	71	77	(b)	93
	Average response time to commercial correspondence (days)	36	14	5	10	3
	Average response time to written commercial complaints (days)	---	---	4	15	2
SERVICE AREAS	Service area rating (out of a max 100 points)	73,8	77,8	87,5	88,1	89,8

Based on the results of the survey carried out in 2003, activities regarding customers concentrated on:

- improvement of the information process for road users, which is considered as a contribution to management of mobility and traffic flow,
- safety, in terms of prevention and reduction of the events that influence it.

Initiatives were launched to further improve the information system for road users. Such developments regarded the number of signs, the nature of the messages to be delivered to customers and upgrading of the organisation and management system. Adverse weather conditions (especially heavy snowfall) that occurred in the winter of 2004-2005, were a “test bed” for upgrading the information system, which responded well.

◆ **Customer feedback**

In 2004 a new overall customer satisfaction survey was carried out, aimed at improving the system for measuring and managing customer satisfaction and verifying the components for which customers request priority implementation of improvement measures.

The methodology adopted for the survey, which as usual was conducted by a leading specialist organisation, breaks down into a preliminary qualitative phase and a quantitative phase. Such methodology, based on cause and effect, enabled all components of perceived quality to be linked with overall customer satisfaction and certain elements of corporate image.

The overall customer satisfaction indicator (on a scale from 1 to 10) stood at **6.8**, whilst indicators regarding expectations and an ideal operator scored 6.3 and 6.2, respectively.

The key components that comprise motorway service were then analysed: free flow, safety, service areas, information and their related attributes.

The satisfaction indicator regarding *free flow* stood at **6.4**, and broke down as follows:

- Management of road conditions, in terms of organisational and managerial capacity: 5.8
- Entry and exit toll booths: 7.0
- Payment systems: 7.9.

The satisfaction indicator regarding *safety* stood at **6.7**, with the following breakdown of its components:

- Infrastructure and carriageways: 6.4
- Road signs: 6.8.

The satisfaction indicator regarding *service areas* stood at **6.9**, with the following results for its individual components:

- Car parks: 6.4
- Filling stations: 7.0
- Refreshment services: 7.1
- Toilets: 6.1

The satisfaction indicator regarding *information* stood at **7.0**, which can be broken down into two main components:

- Variable message panels 6.8
- Isoradio 7.5

The customer satisfaction survey will be repeated periodically, thereby monitoring any variations and verifying the effects of activities undertaken in order – where necessary – to redeploy efforts and resources to achieve objectives.

◆ ***The management of complaints***

In 2004, Autostrade per l'Italia continued the process of monitoring and analysing complaints launched in 2003. The overall results show the following:

REASON FOR COMPLAINT	NO. OF COMPLAINTS	% OF TOTAL
State of infrastructure and/or problems during journeys	435	0.4%
Negative impact of company procedures and method of providing services	89,920	91.2%
Conduct of staff	180	0.2%
Problems in contacting the Company	97	0.1%
Improper, indirect or unfounded complaints	7,990	8.1%
TOTAL	98,622	100%

85% of complaints were submitted by letter or fax, 6% by email and 9% were directly delivered to Punto Blu customer help desks.

In 2004, work was carried out to improve the process of gathering, managing and filing complaints, which led to an increase of around 51% compared with 2003 (65,465). However, as a percentage of total journeys undertaken the figure is still very low at 0.013%.

Moreover, a project to revise and extend classification was launched, aimed at further highlighting the reasons behind complaints, introduction of a multiple code if the grounds for complaints refer to several matters and the possibility of storing any geographical information they might contain (motorway, toll booth, service area).

Reply times for emails were 2 days, well within the set target of 5 days, whilst reply times for letters and faxes, which were affected by the volume of complaints generated by the above-mentioned improvement process, therefore stood at an average of 24 days, which is any case below the limit of 30 days indicated in the Service Charter.

○ **Staff**

◆ **Staff policies**

The Autostrade Group's staff policy is closely linked to its business strategy and corporate values.

The overall objectives of the Autostrade Group's staff policy are:

- To develop, spread and encourage efforts within the organisation aimed at achieving results and improving professional skills
- To increase the sense of responsibility, initiative and entrepreneurship
- To make available to the organisation the necessary human resources to implement the business strategy
- To strengthen inter-departmental cooperation and teamwork

The staff policy is implemented via six areas of operation:

- Strategic appraisal of human resources: *putting the "right person" in the "right job"*
- Management of individual contributions: *mobilising energies to achieve Company results*
- Remuneration system: *ensure consistent remuneration policies, take advantage of professionalism and reward outstanding contributions*
- Professional development: *oversee, disseminate and develop managerial expertise and technical know-how*
- Communications: *engage and inform*
- Work environment: *create a work environment that encourages integration and collaboration*

Processes, tools and responsibilities have been identified in each of the areas to achieve the defined objectives.

◆ **The Autostrade Group's workforce**

At the end of 2004 Autostrade Group staff on permanent contracts amounted to **9,135** (down 1.9% on 2003), including **270** employed by the two companies that operate overseas. In addition, 431 people were employed on temporary contracts, around 4.5% of the total.

The following data regard the total number of personnel (**8,865**) on permanent contracts in Italy.

517 personnel are on part-time contracts.

Women number 1,134, representing 12.8% of the total. The number of women in senior management (5) is below the average, whilst the number of women among middle managers is above the average (19%).

The average age of personnel is 46.

8% of the workforce are university graduates, whilst more than half have completed secondary education.

Senior managers number 161, representing 1.8% of the workforce.

Toll collectors account for 41% (3,431 personnel) of the total. This figure is constantly decreasing with progressive automation of payment transactions, and is also the main reason for the overall reduction in the size of the workforce.

Group policy is aimed at retraining staff released by the organisational changes taking place in the toll collection sector.

The geographical distribution of personnel is as follows: 36.8% in northern Italy; 39.5% in central Italy; and 23.7% in southern Italy.

AUTOSTRADA GROUP - PERMANENT STAFF 2004

Sex distribution

Position	men	women	total	<i>of which part time</i>
Senior managers	156	5	161	
Middle managers	568	134	702	14
Admin. Staff	2.129	774	2.903	178
Toll collectors	3.431	210	3.641	315
Manual workers	1.447	11	1.458	10
TOTAL	7.731	1.134	8.865	517

Age distribution

AGE RANGE	SENIOR MANAGERS	MIDDLE MANAGERS	ADMIN. STAFF	TOLL COLLECTORS	MANUAL WORKERS	TOTAL
under 20						
from 21 to 30			108	16	33	157
from 31 to 40	15	71	728	672	397	1.883
from 41 to 45	36	143	679	930	364	2.152
from 46 to 50	43	172	604	982	323	2.124
from 51 to 55	37	188	484	708	230	1.647
from 56 to 60	27	110	261	292	92	782
over 60	3	18	39	41	19	120
TOTAL STAFF	161	702	2.903	3.641	1458	8.865
average age	49	49	45	46	44	46

Distribution by educational qualification

	SENIOR MANAGERS	MIDDLE MANAGERS	ADMIN. STAFF	TOLL COLLECTORS	MANUAL WORKERS	TOTAL
Engineering degree	71	123	82			276
Scientific and technical degree	15	116	81	4		216
Arts and business degree	57	77	93	17	1	245
Technical diploma	9	184	859	675	266	1.993
Arts/Science diploma and teaching diploma	4	65	419	414	50	952
Accounting and other diplomas	5	90	544	428	65	1.132
Middle School diploma and other		20	738	2033	992	3.783
No qualification		27	87	70	84	268
TOTAL STAFF	161	702	2.903	3.641	1.458	8.865

Distribution by seniority

SENIORITY RANGE	SENIOR MANAGERS	MIDDLE MANAGERS	ADMIN. STAFF	TOLL COLLECTORS	MANUAL WORKERS	TOTAL
up to 1 year	15	16	99	32	56	218
from 2 to 5 years	30	51	256	153	91	581
from 6 to 10 years	12	75	272	234	246	839
from 11 to 20 years	56	276	1.201	1.772	713	4.018
from 21 to 25 years	22	100	497	793	225	1.637
from 26 to 30 years	16	72	305	460	97	950
from 31 to 35 years	8	101	265	195	30	599
over 35 years	2	11	8	2	-	23
TOTAL STAFF	161	702	2.903	3.641	1458	8.865
average seniority	15	19	18	19	15	17

Geographical distribution

	SENIOR MANAGERS	MIDDLE MANAGERS	ADMIN. STAFF	TOLL COLLECTORS	MANUAL WORKERS	TOTAL
Abruzzo	2	20	123	256	123	524
Campania	5	48	237	817	165	1.272
Emilia Romagna	4	23	188	343	155	713
Friuli Venezia Giulia	1	15	56	49	47	168
Lazio	106	333	1.096	381	285	2.201
Liguria	1	23	168	305	127	624
Lombardy	19	51	311	528	129	1.038
Marche	-	1	21	96	42	160
Molise	-	-	2	11	3	16
Piedmont	3	23	84	175	65	350
Puglia	-	12	96	103	78	289
Tuscany	17	139	425	394	135	1.110
Umbria	-	1	3	13	11	28
Valle d'Aosta	3	10	60	25	49	147
Veneto	-	3	32	145	44	224
Overseas	-	-	1	-	-	1
TOTAL STAFF	161	702	2.903	3.641	1.458	8.865

◆ Training

Training and communications comprise a specific Group commitment to achieve various objectives:

- ✓ the involvement of all professional categories in learning new skills to improve both service quality and the management of operating processes;
- ✓ to encourage recruitment of young people and internal mobility;
- ✓ to create a working atmosphere based on sharing of know-how and team spirit;
- ✓ to encourage internal communication and communication with customers.

€1.5 million (0.3% of total payroll costs) were allocated to these activities in 2004. A total of 8,219 man-days of training were provided, up 60% on 2003, involving 2,069 personnel (almost a quarter of the Group's workforce).

In 2004 the main training programmes regarded refresher courses for middle managers relating to economic and financial matters; managerial capacity building in the toll collection and equipment areas; the drawing up of training courses to facilitate the integration of new recruits; and outdoor team building activities aimed at improving integration, cooperation and results orientation.

A total of 38 training courses were launched during the year, including:

- 4 basic training courses,
- 29 advanced, pre-recruitment courses,
- 5 courses for the preparation of experimental theses.

Training by category of trainee and type of training

(number of days)

	MANAGEMENT	TECHNICAL	SPECIALIST	Total
Senior managers	211	-	301	512
Middle managers	813	-	1.202	2.015
Other	615	206	4.871	5.692
Total	1.639	206	6.374	8.219

(in euros)

	MANAGEMENT	TECHNICAL	SPECIALIST	Total
Senior managers	92.837	-	51.415	144.252
Middle managers	377.802	-	176.885	554.687
Other	189.346	5.000	552.593	746.939
Total	659.985	5.000	780.893	1.445.878

Several universities were involved in these activities: La Sapienza in Rome, Tor Vergata (Rome), LUMSA (Rome), LUISS (Rome), Bologna, Florence, Ancona, Federico II (Naples), Pisa, Bocconi (Milan), Bari, Palermo, Brindisi and L'Aquila, as well as training colleges (Santa Anna in Pisa and Consel in Rome).

The following research grants were given:

- 24 for preparation of Master's Degrees
- 4 for preparation of Research Doctorates

◆ ***Industrial relations***

Autostrade Group employment contracts are regulated and safeguarded by the National Collective Labour Contract. The majority of staff fall within the scope of the contract for employees of motorway and tunnel construction companies and consortia. For Spea and Pavimental, the related contract regards construction industry employees, whilst Infoblu employees are subject to the engineering industry contract.

One of the most significant events during the year regarded the signing of an agreement with national trade unions on Autostrade per l'Italia's industrial plan for 2004-2005, which particularly focused on increasing toll collection efficiency and upgrading services.

68% of the workforce are members of a trade union.

The labour contract includes provisions that aim to improve employees' quality of life and help them to achieve a good work-life balance: flexitime; various part-time working options; and an "hours bank".

The majority of staff use the Company canteen.

Other staff benefits include accident insurance and the opportunity to obtain low-interest loans.

◆ ***Seniority, turnover and mobility***

The average seniority of Group staff is 17 years; 18% of the workforce has been employed by Group companies for less than 10 years.

In 2004, across the Autostrade Group (including Europass and Autostrade of Virginia), a total of 291 people were recruited, while 473 terminated their employment (around 5% of the total).

TURN-OVER - AUTOSTRADE GROUP – 2004

CATEGORY	RECRUITS	TERMINATIONS	Increase/(decrease)
Senior managers	13	14	-1
Middle managers	9	36	-27
Administrative staff	179	192	-13
Toll collectors	54	179	-125
Manual workers	36	52	-16
TOTAL	291	473	-182

Staff policies encourage horizontal mobility, enhancing employees' experience and skills, both within companies and within the Group.

To this end, at the beginning 2005 a new job posting system was developed and released on the Group's intranet site.

Job posting is a space where all employees may look at in-company vacancies and submit an application if they so wish.

The system automatically informs the person responsible for selection and the department posting a vacancy about any applications received, and activates procedures for evaluating applications and choosing the most suitable candidate. In any case, all applicants receive feedback on the process.

◆ **Health and safety at work**

The Autostrade Group has set up internal units dedicated to environmental protection and safety at work. These are responsible for ensuring that working conditions comply with legislation passed in this regard in recent years. In addition, such units are responsible for safeguarding the health and safety of workers under any circumstances.

Autostrade per l'Italia's organisation includes a prevention and protection unit for the Rome offices, which is also responsible for providing support to all local branch units.

Moreover, pursuant to legislation, doctors and managers of local prevention and protection departments have been appointed.

Group companies refer to the Autostrade per l'Italia unit to meet all necessary obligations. Some companies have small workforces, and are therefore not equipped with their own units, while the larger ones benefit from consultancy services provided by the central unit.

Principal activities of the Prevention and Protection Unit in 2004:

- periodic review of risk assessment documents (Legislative Decree 626/94) regarding the Motorway Section Departments, motorway toll booths, Punto Blu customer help desks, maintenance facilities, plant, pavement laboratories, and compliance with current legislation;
- inspection of new workplaces to verify compliance with current health and safety legislation and related preparation of documents regarding risk assessment (Legislative Decree 626/94) and emergency management (Ministerial Decree 10/03/98);
- updating of fire risk assessment documents and evacuation plans for the Motorway Section Departments and the headquarters (pursuant to Legislative Decree 626/94 and Ministerial Decree 10/03/98);
- fire drills and testing of evacuation procedures;
- periodic medical check-ups and blood tests for employees subject to particular risks as defined under current legislation;
- training courses for new recruits and refresher courses;
- training courses for those responsible for fire prevention, first aid and emergency management;
- training courses for Workers' Safety Representatives (RLS);
- training courses for the fire prevention team;
- consultancy regarding the planning, implementation and management of the renovation of the Rome headquarters in compliance with fire prevention and occupational safety legislation;
- preparation of documentation regarding the issue of fire prevention certificates;
- updating of a common "safety databank" file accessible to all prevention and protection department managers at Motorway Section Departments.

Additional activities and tasks of the "central" prevention and protection department are those provided for under Legislative Decree 626/94, Section II, art. 9.

◆ ***Injuries and absenteeism***

In 2004, at Group level, the number of hours lost due to sickness and injury totalled 811,765 (down from the figure of 892,681 in 2003). The related rate of absenteeism was 5.3%.

The number of hours lost for other reasons amounted to 568,836 (a slight increase on the 550,975 hours lost in 2003), with a rate of absenteeism of 3.7%.

The rate of absenteeism is the ratio between the number of hours lost, whether paid or unpaid, and the total number of hours worked.

Overtime accounted for 6.4% of the total number of hours worked during the year.

A total of 505 Autostrade Group staff were injured at work during 2004, compared with 567 in 2003.

Workforce hours worked and lost (no. of hours) - 2004

	SENIOR MANAGERS	MIDDLE MANAGERS	ADMIN. STAFF	TOLL COLLECTORS	MANUAL WORKERS	TOTAL
1 Ordinary hours worked	233.322	1.654.370	4.249.250	5.903.335	2.396.395	14.436.672
2 Overtime worked	0	2.128	329.289	422.997	240.396	994.809
3 TOTAL HOURS WORKED (1+2)	233.322	1.656.498	4.578.538	6.326.332	2.636.791	15.431.481
4 Sick leave	5.088	35.352	225.325	329.508	124.438	719.711
5 Workplace injuries	0	1.912	18.877	31.236	40.030	92.055
6 Paid leave	0	9.505	124.152	122.116	39.739	295.511
7 Strike	0	1.197	7.887	29.233	5.894	44.211
8 Unpaid leave	2.496	11.996	83.863	99.014	23.149	220.518
9 Wage support for bad weather	0	0	0	0	8.596	8.596
10 TOTAL HOURS LOST (4+5+6+7+8+9)	7.584	59.962	460.103	611.107	241.846	1.380.601

Note: Europass and International of Virginia staff are excluded.

Line 6 includes paid leave (not contracted) eg.: for study, union work, assemblies, deaths/marriages/births, student workers, etc.

Line 8 includes extended leave and military service, unpaid leave, maternity and post-maternity leave, etc.

○ **Shareholders**

The improvement in operating and financial indicators is the principal yardstick by which to measure profitability and the creation of shareholder value.

The Group's share price also fared well, which directly benefits shareholders.

In confirmation of the positive assessment of performance and investors' confidence in the Group's prospects, Autostrade's share price rose by 41.4% (reference price as of December 30, 2003: €13.933; reference price as of December 31, 2004: €19.700), compared with an increase of 16.9% in the

Standard & Poor's index. The Company's market capitalisation was over €11.2 billion at the end of 2004.

Autostrade's operating and financial results and the performance of its share price in 2004 are fully dealt with in the Group's annual report.

○ **Suppliers**

In all contracts signed by Autostrade per l'Italia, a standard clause is added that stipulates the conduct required by suppliers and contractors, with particular reference to:

- Protection of personnel employed by a supplier. A supplier must ensure compliance with all laws, regulations, collective contracts and agreements, as well as provide insurance and social security cover for its employees.
- Environmental protection, with particular regard to the means of disposal of refuse and waste products.
- Prevention of accidents at work and promotion of workers' safety.

Orders and contracts concerning special materials include an additional clause laying down specific tasks for suppliers with regard to the following:

- health and safety regulations for personnel engaged in specific operations (e.g. sanification);
- regulations to be complied with when using toxic products;
- regulations regarding the execution of roadworks where traffic is present;
- a third-party insurance policy to cover any damages caused to third parties by a supplier's personnel in carrying out works;
- submission, at Autostrade's request, of specific evidence of compliance with all regulations regarding insurance and social security cover of a supplier's personnel.

As a mandatory prior condition for signing a contract, suppliers are requested to examine and agree to the principles of Autostrade's Code of ethics, which is posted on the Group's website at www.autostrade.it.

○ **The Community**

The Autostrade Group's presence is represented by collaboration and interaction with the community, local authorities, and other bodies that operate at local, regional and national levels.

An example of how Autostrade conducts relations is the support that the organisation gives to ANAS and Civil Defence in times of emergency.

Such extremely difficult situations arose on the network operated by ANAS following snowstorms last winter.

The assistance provided, in terms of manpower and vehicles, cost Autostrade per l'Italia around €130,000.

Corporate giving, in Italy and overseas, included fundraising for the victims of the Southeast Asian tsunami disaster. At Christmas, Autostrade Group personnel were asked if, instead of the usual Christmas gift, they would agree to make a voluntary donation to certain humanitarian organisations. Autostrade per l'Italia matched the total receipts with an equal amount, in line with the Groups' decision to support its employees' humanitarian initiatives. A total of €29,400 was thus raised for charity.

In 2004, the customary efforts in favour of cultural and social activities saw the Group make contributions to cultural associations (including the Santa Cecilia Foundation and Bocconi University scholarships) and humanitarian organisations (Sant'Egidio, Caritas). Many events, concerts, meetings, conferences and charity initiatives were also sponsored. Overall, Autostrade per l'Italia spent around €300,000 on such initiatives in 2004.

As previously mentioned, efficient collaboration with institutions enabled development of local heritage improvement schemes.

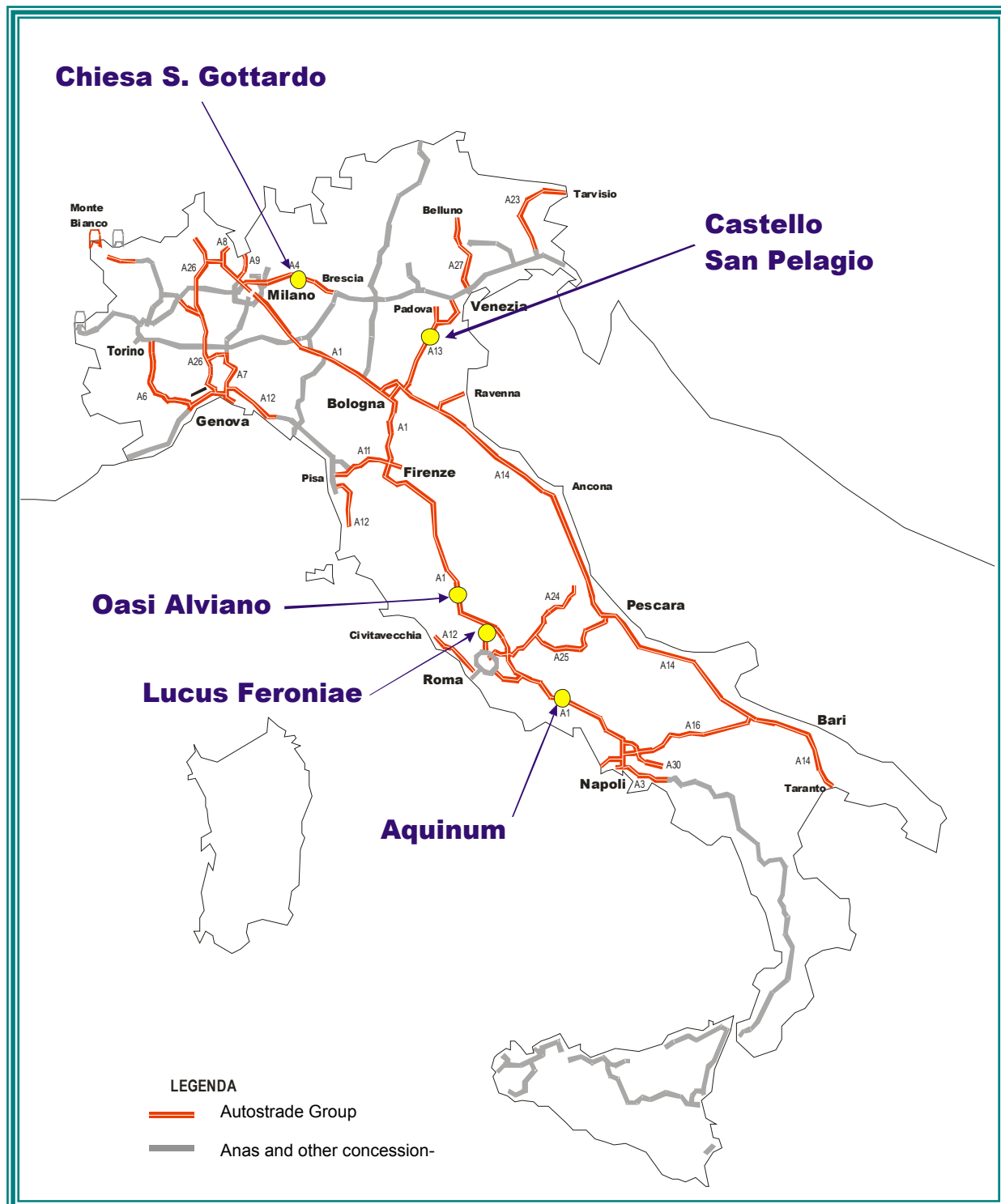
- Within the scope of programmes to restructure and upgrade service areas, a plan was developed during 2004 aimed at carrying out works to guarantee access from motorways to certain important archaeological, historical and cultural sites located near roads.

This plan was submitted to the Ministries of Infrastructure, Cultural Heritage and the Economy, partly with a view to sharing decisions and the means of funding.

The plan could be implemented in agreement with local authorities. The sites concerned are:

- The Aquinum archaeological site on the A1 near Cassino: pedestrian access from the Casilina Est service area
- The Alviano nature reserve on the Orvieto-Attigliano section of the A1: construction of footpaths and access to the Tevere Est service area
- San Pelagio Castle (fitted out as an Air Museum): access to the service area with the same name on the A13, Bologna - Padua section
- Medieval church of San Gottardo: layout of green spaces and pedestrian access to the Sebino Nord service area (on the Milan – Brescia section)
- Lucus Feroniae area: completion of accesses

- Another important initiative is the “Panoramas of Italy” project, which provides for creation of a motorway network information system regarding the main service areas and car parks where it is possible to appreciate particularly beautiful views of cultural and landscape interest. This project will be carried out in collaboration with the WWF.
- Finally, during 2004, various initiatives were promoted with the aim of using service areas to showcase traditional local produce and handicrafts for through and tourist traffic.



● THE ENVIRONMENTAL DIMENSION

○ **Design: Environmental Impact Assessments**

The Autostrade Group's environmental management processes concern all the ordinary phases of its activities: design, construction, management and the operation of roads in concession.

Impacts produced by design and construction activities regarding motorway works are subject to prior assessment via the Environmental Impact Assessment (EIA) procedure. The procedure provides for the carrying out of an *environmental impact study* which, together with the final works design, is submitted for approval by the Ministry of the Environment's EIA Committee, which expresses its opinion on the project's environmental compatibility. The environmental impact study should be supplemented with a *non-technical* summary, designed to inform the general public, so as to allow for maximum involvement of all parties concerned.

The environmental impact study provides an in-depth analysis of features regarding the geography, water, landscape, environment, people, flora and fauna, archaeology, history, infrastructure and town planning of the areas crossed by the new roads or affected by upgrading works.

Supplemented by traffic analyses and socio-economic assessments, the environmental impact study identifies risks, difficulties and imbalances, but also offers an opportunity to identify improvements to existing run down or badly served areas, and to engage in local regeneration and redevelopment initiatives. It also identifies the works and measures to be carried out in order to mitigate impacts, in addition to the optimal choice of a minimum-impact route for a motorway project.

All new works and extensions of existing works are subject to the EIA procedure, and provide a key opportunity for getting to know the lie of the land and to dialogue with local authorities.

The works approval procedure is completed with examination of final designs for individual works by a services conference. Such conferences are attended by all national and local institutions concerned, as well as by representatives of the bodies and companies that are directly affected by the new works.

Group companies are committed to carrying out environmental impact studies and the related procedures in such a way as to ensure favourable outcomes for the environmental impact assessments made by the relevant authorities.

A breakdown of completed designs, designs in progress and designs in preparation is shown below.

COMPLETED ROAD DESIGNS

A4 - MILAN-BERGAMO-BRESCIA, Milan East – Bergamo section

On December 10, 2002, an application was submitted to the Ministry of the Environment, the Ministry of Cultural Heritage and the Lombardy regional authority for approval of the environmental compatibility of a design for a fourth lane.

On October 8, 2003, a DEC/VIA/2003/604 was granted (approval of environmental compatibility pursuant to Law 349/86 and DPCM 377/88 and subsequent amendments).

ROAD DESIGN IN PROGRESS

A1 - MILAN - NAPLES, Barberino di Mugello - Florence North section

On July 12, 2004, an application was submitted to the Ministry of the Environment, the Ministry of Cultural Heritage and the Lombardy regional authority for approval of the environmental compatibility of a design for a third lane.

The Ministry appointed the EIA Commission, which is currently examining the documentation received.

ENVIRONMENTAL IMPACT STUDIES IN PROGRESS NOT YET SUBMITTED TO THE MINISTRY

A1 - MILAN - NAPLES, Florence South - Incisa

Road and motorway junction in Genoa (Gronda di Ponente) and new northbound carriageway of A7

ENVIRONMENTAL IMPACT STUDIES IN PROGRESS NOT YET SUBMITTED TO THE MINISTRY (new financing plan)

A1 - MILAN - NAPLES - Widening of third lane of A1 between Fiano Romano and Rome's Orbital Motorway

A9 - Lainate – Como - Chiasso - Widening of third lane of Lainate – Como section (Grandate)

A14 - Bologna - Bari - Taranto - Widening of third lane of Rimini Nord – Pedaso section

○ **Construction: Environmental Watchdogs**

Environmental watchdogs are bodies established within the scope of EIA procedures, with a view to verifying the correct execution of planned works to mitigate impact, and the effectiveness of protection systems adopted in designs.

This important and innovative monitoring and assessment tool is the first of its kind in Europe. Control functions are entrusted to third-party bodies and all data on the activities carried out is documented and made available to the general public, in order to achieve maximum transparency.

The first socio-economic and Environmental Watchdog (EW), which is divided into two committees, one for the Emilia-Romagna region and the other for the Tuscany region, was established for construction of the Variante al Valico, on the Apennine section of the A1. The Watchdog began operating in 2002.

The EW, which manages the Environmental and Socio-economic Monitoring Plan, has an organisational structure that is guaranteed support by technical experts in the various environmental fields and the areas to be monitored. Such technical support is shown in the table below:

ENVIRONMENTAL COMPONENT	EMILIA-ROMAGNA REGION EW TECHNICAL SUPPORT	TUSCANY REGION EW TECHNICAL SUPPORT
Surface water	ARPA (*)	ARPAT (*)
Subsurface water	UNIVERSITY OF BOLOGNA	ARPAT (*)
Atmosphere	ARPA (*)	ARPAT (*)
Noise	ARPA (*)	ARPAT (*)
Vibrations	ARPA-UNIVERSITY OF BOLOGNA	ARPAT-UNIVERSITY OF FLORENCE
Plants	UNIVERSITY OF BOLOGNA	UNIVERSITY OF FLORENCE
Soil	UNIVERSITY OF BOLOGNA	ARPAT
Fauna	UNIVERSITY OF BOLOGNA	UNIVERSITY OF FLORENCE
Land survey	UNIVERSITY OF BOLOGNA	UNIVERSITY OF FLORENCE
Socio-economic	UNIVERSITY OF BOLOGNA	UNIVERSITY OF FLORENCE

(*)Regional Environmental Agency

The Guarantee Technical Committee was set up in 2000 to check compliance of the executive design for construction of a third lane between Florence North and Florence South on the A1 with EIA recommendations. Since 2002 the committee has also assumed the role of environmental watchdog for the motorway section in question, including approval of a monitoring plan.

The Environmental and Socio-economic Monitoring Plan is flexible, so as to adapt monitoring activities to the progress of construction activities and any unforeseen events. Its operations are managed by Spea, on behalf of Autostrade, with the support of experts.

In 2004, in order to better perform its role and tasks within the framework of the watchdogs, Spea obtained quality certification of its “environmental monitoring”.

The principal aims of environmental monitoring are:

1. prevention of changes to the environment;
2. representation of developments taking place in environmental fields, based on effective and appreciable indicators for the description of phenomena and the reporting of risks.

All investigative activities are defined and scheduled in terms of three phases:

1. pre-works;
2. work in progress;
3. post-works (first 12 months of operation).

In order to thoroughly monitor all the descriptive parameters regarding the state of the environment and a specific area, certain “environmental sectors” have been identified to provide an overall framework for conducting individual surveys.

The results are broken down into detailed information and graphs, thus enabling description of the interrelations between various parameters; the gathering of indicators for the processes being monitored; and an understanding of the events in progress. These environmental sectors are shown in the table below:

Environmental sector	Description
Water environment: surface and subsurface water	Chemical and physical indicators linked to the quality and flow of surface and subsurface water
Human environment: atmosphere, noise and vibrations	Chemical and physical indicators linked to the dissemination of noise, air pollution and vibrations
Natural environment: plants, soil and fauna	Chemical and physical indicators linked to the distribution of plants and fauna, soil quality and ecosystems
Landscape features: geology, geomorphology and geotechnology of inclines	Physical indicators linked to tendencies towards instability in inclines and effects over time
Socio-economics	Social and economic indicators linked to the progress of works and the effects of local and production spin-offs

❖ **THE WATER ENVIRONMENT**

Surface water

The methods applied are aimed at measuring:

- hydrological and hydraulic parameters;
- chemical and physical parameters;
- microbiological parameters;
- biological parameters;
- ecotoxicological parameters;
- physiographical and environmental parameters.

Subsurface water

Monitoring methods for subsurface water are aimed at:

- assessing the quality and quantity of bodies of water;
- the monitoring of bodies of water during the construction phase;
- assessment of the quality and quantity of bodies of water identified as potential sources of water supply;
- preparation of a permanent measuring network to control “risk” areas.

❖ **THE HUMAN ENVIRONMENT**

Atmosphere

The methods applied are aimed at measuring:

- total concentration of airborne particles, expressed as an average value over 24 hours of $\mu\text{g}/\text{m}^3$ (in urban areas) repeated over a period of 15 days;
- air quality indicators using mobile measuring equipment.

Noise

The methods applied are aimed at:

- Short-term measurements, using mobile sites, assisted by an operator for recording traffic and construction activity;
- 24-hour measurements, using semi-permanent sites, partially assisted by an operator for recording construction activity;
- 7-day measurements, using permanent sites, without operator assistance, to record vehicle traffic;
- Short-term measurements to verify the differential limit in residential areas;
- Short-term measurements to assess sources of noise in construction areas.

The main parameters measured are:

- The continuous equivalent level of weighted sound pressure "A";
- The percentage levels of L1, L10, L50, L90 and L95; the maximum level L_{max} and the minimum level L_{min} .

Vibration

The methods applied are aimed at:

- assessing the effects of annoyance deriving from continuous exposure to a noise source;
- assessing interference with industrial activities;
- assessing the effects on buildings and historical monuments.

❖ THE NATURAL ENVIRONMENT

Soil

Soil monitoring is aimed at assessing:

- modification of physical characteristics;
- modification of chemical characteristics;
- modification of biotic components.

Plants

The monitoring of plants is aimed at assessing:

- the removal of plants in the various areas affected by a project;
- modification of the structure of plant life and flora heritage;
- damage to plants caused by gas emissions into the atmosphere;
- damage to plants caused by raising of dust;
- damage to plants caused by water contamination;
- damage to plants caused by soil contamination;
- damage to plants caused by morphological modifications;
- damage to plants caused by the modification of hydrological and hydrographic conditions.

Fauna

Methods for monitoring fauna are aimed at assessing:

- the removal of habitats and food sources (plants) of fauna in the various areas affected by a project;
- the fragmentation of habitats;
- disturbance of fauna caused by noise;
- the impact on fauna of gas emissions into the atmosphere and the raising of dust;
- the impact on fauna of water contamination;
- the impact on fauna of soil contamination;
- the impact on fauna produced by morphological modifications;
- the impact on fauna produced by the modification of hydrological and hydrographic conditions;
- impact of barriers on the movement of land animals;
- the impact on fauna (in particular, birds) directly caused by motor vehicles.

❖ **LANDSCAPE ASPECTS**

The monitoring methods applied are aimed at:

- assessing the state of inclines prior to starting works;
- controlling changes that occur during the construction phase;
- assessing short- and medium-term effects subsequent to construction work.

❖ **SOCIO-ECONOMICS**

Socio-economic monitoring is aimed at:

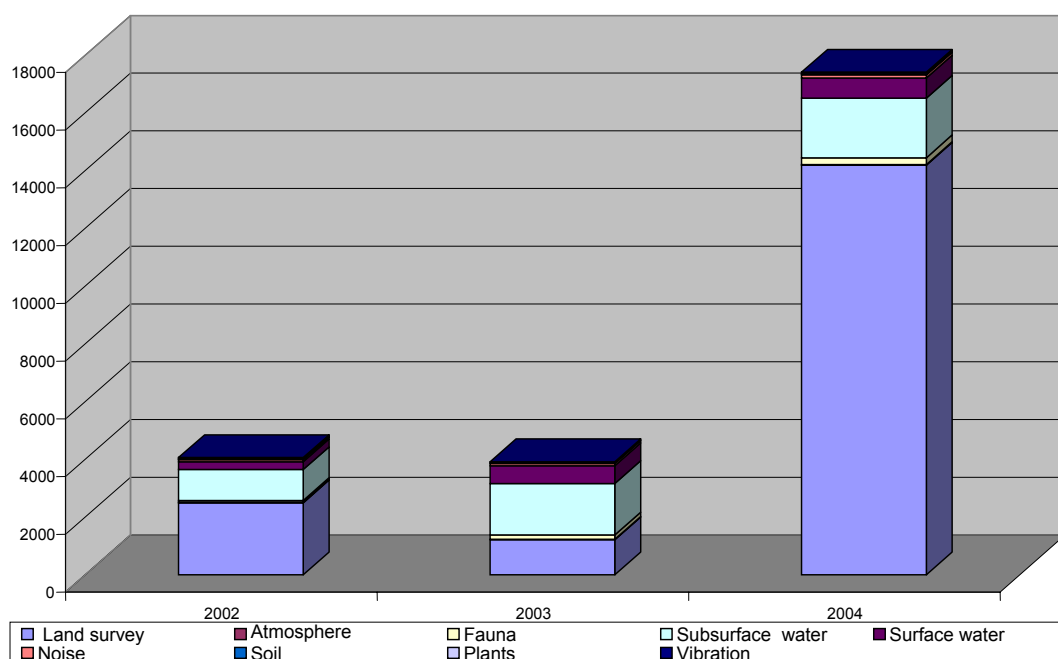
- identifying the economic, demographic, social and local planning consequences of new works;
- identifying the new demands that an overall project will place on municipalities;
- providing municipalities with a tool for guiding the transformation processes set in play by construction work;
- identifying suitable measures for guaranteeing the fulfilment of specific requirements of local populations, thereby determining any specific measures to be implemented in individual municipalities.

Over 300 monitoring sites were activated to carry out checks in the eight municipalities affected by construction of the *Variante al Valico*. A similar number were activated in the ten municipalities affected by construction of a third lane between Florence North and Florence South.

The following table and graph show the number of measurements made, for each environmental sector, within the scope of watchdog activities until December 2004.

No. of Measurements Made

Environmental components	2002	2003	2004	Total Dec 2004
Land survey	2498	1215	14195	17908
Atmosphere	24	18	18	60
Fauna	55	151	236	442
Subsurface water	1070	1782	2063	4915
Surface water	271	615	702	1588
Noise	71	73	105	249
Soil	22	0	20	42
Plants	36	31	40	107
Vibration	18	35	33	86



The state of progress of monitoring of the lots involved in the two works is shown in the following table:

Motorway	Section	Lots	Start	Phase	Total months of monitoring	Months of monitoring until Dec 2004
Milan - Naples	Variante di Valico	1-4	Apr 2001	In progress	79	46
Milan - Naples	Variante di Valico	5-8	Oct 2004	Preliminary	80	3
Milan - Naples	Variante di Valico	9-11	Jan 2003	In progress	88	24
Milan - Naples	Variante di Valico	12-13	Jul 2003	In progress	73	18
Milan - Naples	Florence N - Florence S	A	Jan 2003	In progress	61	24
Milan - Naples	Florence N - Florence S	B	Apr 2004	Preliminary	82	9
Milan - Naples	Florence N - Florence S	C	Jul 2003	In progress	75	18

The task of updating information regarding the pre-works phase is ensured by the quarterly preparation of technical documents, which report what has occurred during the investigation period and describe possible future developments. Analysis of the results enables recording of any critical situations and assessment of possible corrective measures.

In order to guarantee maximum information on the progress of works and monitoring activities, a public information desk has been set up where data and news may be obtained; all the information is also available on two dedicated websites.

All information regarding the activities of the environmental watchdogs established by Autostrade per l'Italia is available at:
www.osservatoriovariantedivalico.it
www.osservatorioterzacorsia.it

○ **Nationwide presence**

The Group's motorways cover an area of approximately 219 million square metres (total land owned), of which around 63 million square metres (equal to 29%) is green space.

The main facilities along the motorway network are:

- **16** operating centres for service supervision
- **285** toll stations providing access to the motorway network
- **89** maintenance facilities
- **41** police substations for traffic control
- **246** service areas
- **76** Punti blu – customer help desks
- **716** variable message panels
- **1,602** video-cameras for traffic control
- **4,282** emergency telephones

The geographical distribution of the network and traffic are shown in the table below.

Motorway network and traffic by region
AUTOSTRADE GROUP

Region		Length of network (km)	Traffic 2003 (millions of vehicle km)	Traffic 2004 (millions of vehicle km)
VALLE D'AOSTA		32,8	88,7	89,8
PIEDMONT		339,1	2.510,7	2.549,6
LOMBARDY		242,6	2.759,0	2.797,3
VENETO		155,5	7.586,8	7.734,2
FRIULI		101,2	1.698,9	1.749,8
LIGURIA		191,7	894,9	900,0
EMILIA-ROMAGNA		421,0	9.901,3	9.943,3
TUSCANY		294,7	5.135,1	5.200,3
MARCHE		167,0	784,3	801,0
UMBRIA		56,3	2.681,9	2.724,7
LAZIO		382,8	6.481,5	6.705,4
ABRUZZO		352,3	2.791,2	2.854,3
MOLISE		36,1	263,0	269,2
CAMPANIA		321,9	6.290,8	6.459,4
PUGLIA		313,1	1.731,4	1.777,4
TOTAL		3.408,1	51.599,4	52.555,8

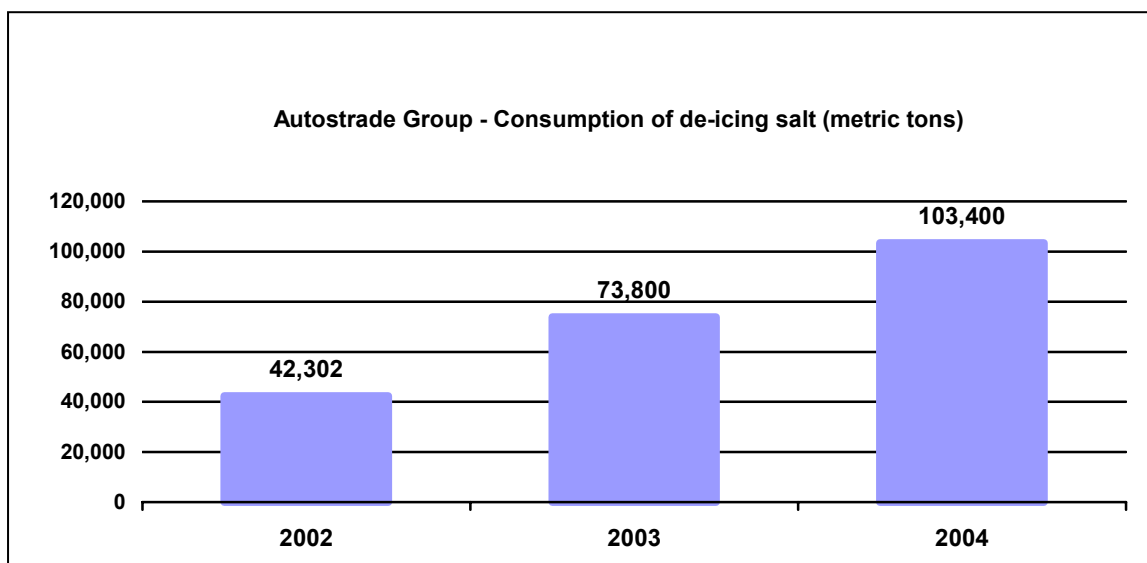
○ **Network Management: Materials and Water Consumption**

Optimising the use of materials is a constant factor in managing the activities of the Group's motorway companies.

An indispensable material for ensuring road safety and keeping road open in winter is de-icing salt (sodium chloride and calcium chloride), which is used to prevent ice forming on roads.

Winter contingency planning, which involves precise standardised procedures with IT and telecommunications supports, is aimed at implementing coordinated and prompt actions in order to spread the minimum necessary quantity of salt. Annual salt use obviously depends on weather conditions and events (snowfall), which vary considerably from one year to the next.

In 2004 the frequency and intensity of snowfall (with reference to events lasting more than one hour) increased significantly compared with 2003. The number of events occurring on Autostrade per l'Italia's network rose from 324, with an average duration of around six hours, in 2003, to 382 events, with an average duration of more than seven hours, in 2004 (an overall increase of more than 40%).



Consequently, more salt was used. In 2004 the Autostrade Group's motorway companies used a total of 103,400 metric tons of salt for winter operations, of which around 84,000 metric tons were consumed by Autostrade per l'Italia. Regarding the figure for 2002 shown in the graph, it should be noted that the company, Strada dei Parchi, is not included as it was not yet part of the Group at the time.

Water consumption is not a key environmental impact factor for the Autostrade Group, as its activities fall within the services sector and, therefore, do not include industrial production. Estimated water consumption for 2004 is in line with the figure for 2003, which stood at around 500,000 cubic metres of water.

○ **Network Management: Energy Consumption**

The Autostrade Group's energy consumption is determined by the organisational and operating requirements of motorway service provision: lighting of tunnels, toll stations, junctions and service areas; the running of all equipment; and operation of service vehicles. Performance standards comply with the priority objective of guaranteeing adequate traffic safety levels and are often directly laid down by related legislation, as is the case with lighting. Initiatives to further improve safety and travelling comfort usually entail increased energy consumption.

The Group's energy policy is therefore geared towards constantly monitoring consumption and adopting appropriate technologies to reduce it, as long as performance is the same and they are in line with budgetary constraints.

To this end, Autostrade per l'Italia has for several years employed an energy manager who is in charge of monitoring consumption and follows the plant optimisation plan launched by the Company in 1997.

Moreover, together with other motorway companies, Autostrade per l'Italia belongs to the Italian Motorway Energy Consortium, which was set up on a non-profit basis to optimise the use of energy.

The constraints deriving from the need to guarantee high performance standards do not allow for substantial cutbacks in consumption. Consequently, Group policies are aimed at experimenting with alternative energy sources.

Photovoltaic power has been used for several years in some motorway equipment, such as emergency telephones, flashing warning signs and bend delineation signs with sequential lights, with a view to improving road safety conditions.

In 2004 various projects were launched to investigate the possibility of extending the use of clean and renewable energy sources.

◆ ***Projects set up with the Ministry of the Environment***

Within the scope of a collaboration agreement between the Ministry of the Environment and Autostrade per l'Italia, three projects were prepared and launched regarding renewable sources for energy production and saving.

1. study and design of a pilot plant for a motorway toll station powered by modular photovoltaic panels made of monocrystalline silicon, and connection of the plant to the electricity exchange network without energy storage;
2. technical design and feasibility study for a pilot trigeneration plant (electricity, heat, chilled water) in a service area, also fuelled with biomass energy;
3. study and assessment of the technical and economic feasibility of an underground, MV power line to serve wind farms located alongside the A14 Adriatica and A16 Naples-Canosa motorway sections.

The projects will be developed in collaboration with universities and research institutes with experience in the sector.

◆ **Tunnel lighting**

In the coming years Autostrade per l'Italia will be engaged in a programme of works on lighting, ventilation and special equipment in many tunnels along the motorway network. This programme is aimed at increasing safety levels, in compliance with provisions of new legislation regarding the sector.

Regarding lighting, studies and experimentation are underway aimed at using solar power in tunnels, with the UDB system and light tubes.

The UDB lighting system is experimental equipment that uses a reflection system, located at the entrance and inside the tunnel, to project daylight, thereby creating very similar visibility conditions to those outside the tunnel. It therefore has positive repercussions on the psychophysical state of drivers and their behaviour by eliminating the "stress" of passing from full daylight to the semi-darkness of the tunnel.

Technically speaking, the UDB equipment may lead to a reduction in electricity consumption and in the costs incurred for lighting certain tunnels. Moreover, the system uses renewable energy sources and therefore does not upset the environmental balance.

Lighting with light tubes is a technology that the company, 3M, is experimenting with Autostrade per l'Italia. It enables transportation of natural and artificial light in closed environments or where light is scarce, as is the case in tunnels.

The equipment transports light within a reflecting tube, taking it from the entrance and evenly spreading it throughout the tunnel. The experimentation underway provides for equipment that uses artificial light and natural light (sunlight).

◆ **Saving energy by recycling pavements**

Estimates were made to assess the overall amount of energy saved by using recycling techniques.

The results reveal that recycling has enabled energy saving – evaluated in terms of the life cycle (namely by taking account of the whole life cycle of a product, including extraction of the raw material, transport, and energy consumption generated by processing) – equivalent to:

- **24% in 2003**
- **30% in 2004**

based on comparison with the same amount produced without recycling.

◆ **Results for 2004**

In 2004, Autostrade Group's total domestic energy consumption breaks down as follows:

Autostrade Group Summary of energy consumption (equivalent MWh)			
	2004	2003	% increase/(decrease)
Diesel fuel	143,944	123,967	16.1
Petrol	20,604	37,470	-45.0
Natural gas	28,593	25,092	14.0
LPG	18,401	37,858	-51.4
Fuel oil	81,932	77,438	5.8
Electricity (*)	187,508	183,617	2.1
TOTAL	480,983	485,441	-0.9

(*) the figure for 2004 does not include the final adjustment, which is not yet available

It should be noted that: petrol consumption decreased by 45% while natural gas consumption substantially increased. Electricity consumption rose moderately, also taking account of requirements linked to the growth in motorway traffic.

Overall consumption by Autostrade per l'Italia rose by around 1%, compared with traffic growth of 1.9%.

Over 50% of electricity consumption regards lighting, of which the most significant portion regards tunnels (35%). As already mentioned, various works are underway to upgrade tunnel lighting systems.

In particular, lighting was extended to all tunnels longer than 125 metres, bringing the total number of lighted tunnels to 461 (out of a total of 517).

YEAR	number of tunnels	length (m)	lighting points (LP)	KW installed	LPs at entrances	KW at entrances	Permanent LPs	Permanent KW	ratio of KW at entrances/ permanent KW
2003	407	269.476	48.780	11.362	25.639	8.173	22.286	3.130	2,6
2004	461	278.978	53.558	12.607	29.061	9.283	23.642	3.266	2,8

♦ **Vehicle fleet**

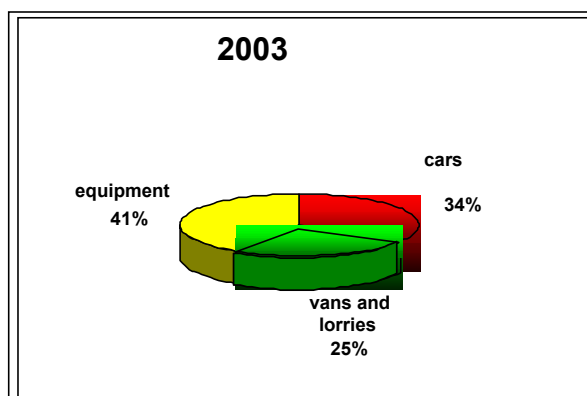
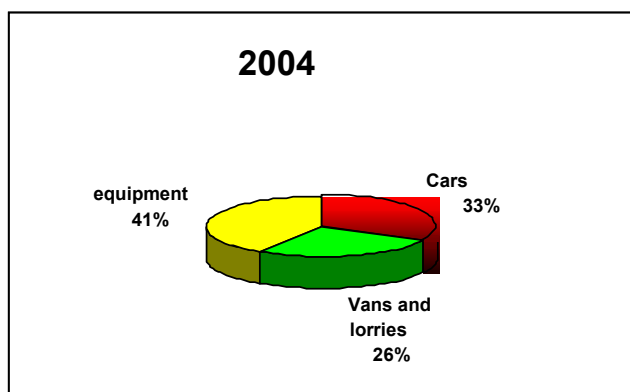
At the end of 2004, the Autostrade Group had a fleet of 4,763 vehicles, comprising: 1,587 cars, of which 391 are used by traffic police; 1,231 vans, lorries and special

vehicles; and 1,945 winter operations vehicles. The total number of vehicles rose by 2.4% compared with 2003, while overall distances travelled increased by 2%.

The Autostrade Group's vehicle fleet and distances travelled in kilometres

Description	2003 number of vehicles	2004 number of vehicles	% change on 2003	2003 kilometres travelled	2004 kilometres travelled	% change on 2003
Motor vehicles	1.196	1.196	0,0	33.327.085	32.479.945	-2,5
Vans, lorries	1.142	1.231	7,8	24.977.669	27.446.546	9,9
Special vehicles	1.931	1.945	0,7			
Snow vehicles						
Police vehicles	382	391	2,4	24.311.262	24.305.882	0,0
Total petrol vehicles	796	468	-41,2	23.250.167	12.229.191	-47,4
Total diesel vehicles	1.924	2.350	22,1	59.365.849	72.003.182	21,3
	4.651	4.763	2,4	82.616.016	84.232.373	2,0

Vehicle fleet - Autostrade Group



Vehicle fleet management policies are aimed at keeping down the average age of vehicles (currently around three years), with replacement of vehicles more than four years old, in order to have vehicles that are efficient and perform well, and with a gradual shift from petrol to diesel vehicles.

Consequently, the number of diesel vehicles rose by 22% with respect to 2003, whilst the number of petrol vehicles decreased by 41%. This enabled keeping the increase in fuel consumption slightly below the increase in the distances travelled.

Regarding greenhouse gas emissions, motorway sector companies do not come within the scope of application of Directive 2003/87/EC (emission trading), by which the legislation obliges submission of an application for authorisation to emit greenhouse gases and presentation of necessary information for the allocation of CO2 emission quotas.

○ **Network Management: Green Space**

Green spaces comprise central reservation flowerbeds, grass verges and green spaces at toll stations, service areas and car parks. Such green space accounts for as much as **29%** of the total land area occupied by the Group's motorway network.

Motorway green space performs many functions.

In addition to their aesthetic value, trees and shrubs help protect soil from erosion; create a barrier against noise pollution and act as a filter against air pollution; play a supporting safety role by preventing motorists from being dazzled by the lights of oncoming vehicles (central reservation hedges); provide space for indigenous plants, which are often at risk in heavily built-up areas; and restore the traditional phytosociological identity of the environment.

In 2004 works were launched and completed regarding the layout of green space in the park surrounding the new Operations Centre in Florence, including the planting of 689 forest trees and 9,690 shrubs.

Approximately 808 trees were also planted at 25 service areas to screen the areas visually and acoustically from the carriageway.

In addition, noise abatement works were planned and implemented in the area managed by the Bologna Motorway Section Department. Only plants were used, comprising 326 forest trees and 440 shrubs, placed in such a way as to create an actual physical barrier against noise and airborne pollutants.

○ **Network Management: Waste Disposal and Recycling**

Group companies use municipal waste disposal services or, in some cases, approved specialist companies are engaged for the disposal of recyclable waste.

A total of approximately 10,000 metric tons of waste was produced by the Group's motorway companies in 2004. Around 8,000 metric tons of this total was produced by Autostrade per l'Italia, of which around **26%** was recycled. Recycled materials include:

- Iron and steel: 900 tons
- Paper and cardboard: 170 tons
- Paper and cardboard packaging: 160 tons
- Other packaging: 550 tons
- Glass: 70 tons
- Other waste: 200 tons

Typical material disposed of as a result of construction and maintenance activities consists of excavation materials and materials originating from pavement repair.

The recycling techniques used for road pavements allow for substantial savings in amounts of material, which would otherwise be disposed of at high economic and environmental cost.

In hot bituminous conglomerate production plants, Pavimental directly recycles milled bituminous conglomerate deriving from damaged motorway pavements. Recovery operations pursuant to articles 31-33 of Legislative Decree 22/97 are carried out using simplified procedures in accordance with the provisions of the Ministerial Decree of February 5, 1998.

In 2004, of a total of 1,136,601 metric tons of conglomerate produced, 101,612 metric tons of milled conglomerate were reused, accounting for almost 10% of total output.

Another 605,404 metric tons of milled conglomerate were recovered by third-party plants.

Moreover, the amount of material deriving from the demolition of pavements and road foundations, reused on site, increased further, as shown in the table below.

On-site cold recycling

Experimental and operational works carried out in 2000-2004 (cubic metres)

Techniques used	2000	2001	2002	2003	2004
Skimmed bitumen and cement	7,000	30,000	61,000	92,000	115,000
Modified bituminous emulsion and cement	7,000	12,500	45,000	57,000	90,000

Network Management: Noise Abatement

Current legislation obliges the infrastructure operator to allocate a specific amount of maintenance and network upgrading costs to noise abatement measures. However, the legislative framework has only recently been completed with a decree that lays down limits for road traffic noise (Presidential Decree 142 of March 30, 2004), in application of art. 11 of Law 447/95 (the framework law on noise pollution).

Autostrade Group companies are bringing themselves into line with the new legislation, which also distinguishes between planned and existing infrastructure. Regarding the latter, compliance with the emission limits provided for in the decree will be progressive, and achieved through long-term improvements, in accordance with the provisions of the previous Ministry of Environment decree of November 29, 2000.

In application of such legislation Autostrade per l'Italia has:

- revised all protection works being planned;
- carried out aerial surveys, along approximately half the network, using GPS and lasers, of a 250-metre strip around motorways in order to produce an acoustic map of areas affected by motorway traffic;
- completed acoustic mapping of more than a quarter of the network;
- drawn up improvement plans for 45 km of "critical" sections.

Many noise protection measures had already been implemented.

At the end of 2004, a total of around 109 km of noise protection barriers had been installed.

In particular, acoustic barriers extended for 100 km on the Autostrade per l'Italia network at the end of 2004, of which around 30 kilometres were built in 2003 and 2004:

	2003	2004
Number of initiatives completed	7	5
Value of initiatives completed (total value of initiative, not only cost incurred during the year)	€3.392 million	€6.130 million
Total Leq reduction (*)	2279	3340
Noise barriers installed (km)	17,541	11,911

(*) sum of "priority indicators" calculated according to this formula:

$$P = \sum_i R_i (L_i - L_i^*)$$

P = priority indicator

R_i = estimated number of residents exposed

L_i = current noise level

L_i^{*} = target noise level (limit)

i = i – receptor denominator with a noise level above the limit

In addition, noise level improvement measures have been implemented for new motorways, and for the extension and upgrading of existing motorways. Such measures are identified during the design phase within the scope of the environmental impact assessment appended to the project design, and are implemented, with prior approval of the bodies involved, during works carried out on road infrastructure.

In order to cut down noise pollution, in addition to installing noise-absorbent barriers, Autostrade per l'Italia has independently carried out research and experimentation on solutions aimed at reducing noise production at source, via the laying of special pavements, as well as the use of new types of devices, such as selective noise-absorbent safety barriers, low-noise joints and noise reduction systems at tunnel entrances.

At the end of 2004, almost 2,800 km of carriageway (more than 40% of the total) along the Group's network were equipped with draining and noise-absorbent pavements capable of cutting noise levels, as well as increasing levels of traction and surface water drainage in case of rain, thus raising safety standards.

○ **Environmental Research and Development**

Autostrade per l'Italia's civil engineering research and development primarily focuses on developing innovative solutions aimed at raising road safety levels and reducing noise and atmospheric pollution generated on motorways.

Within the scope of environmental research funded by the European Union (Fourth, Fifth and Sixth Framework Programmes), the Autostrade Group participates in the following projects:

- ❖ HARMONOISE (Harmonised, accurate and reliable methods for the EU directive on the assessment and management of environmental noise): road noise dissemination models for local improvement scheme planning;
- ❖ SILENCE (Quieter surface transport in urban areas): systems for anti-noise pavement maintenance;
- ❖ IMAGINE (Improved methods for the assessment of the generic impact of noise in the environment): a supplement to Harmonoise;
- ❖ NR2C (New road construction concept): eco-friendly motorway systems, in collaboration with La Sapienza University in Rome.

A theoretical and experimental research project called "Progetto Air Cleaning (PAC)" particularly stands out for its implications in terms of mitigating environmental impact. Autostrade per l'Italia S.p.A. is conducting this research, together with CIRPS (Inter-University Centre for Sustainable Development) and B.C.P. Engineering s.r.l., into a new technology for cleaning air that has been polluted by road traffic. The study regards tunnels and motorway sections with lateral physical barriers (so-called "U-sections"), although the technology was developed mainly to deal with urban pollution.

In addition, Pavimental conducts research and experimentation on on-site, road-pavement bitumen recycling and regarding new materials with better environmental performance.

Positive repercussions for the environment also stem from IT research, with the development of dynamic toll collecting technologies (Telepass).

By implementing the Telepass system and promoting its spread, the Autostrade Group has achieved important results in terms of improved motorway traffic flow and better levels of service, whilst also improving environmental performance.

The widespread dissemination of Telepass (at the end of 2004, 4,355,014 devices were in circulation) has enabled coverage of almost half of the payment transactions on Autostrade per l'Italia's network with a free-flow toll collection system, which has drastically reduced waiting times and, consequently, the emissions produced.

Expansion of the Telepass system, which was recently extended to motorcyclists, is at the heart of Autostrade's strategies to develop mobility services aimed at improving the transport system's performance as a whole, and therefore, its impact on the environment.

APPENDIX: METHODOLOGY

Calculation of the Autostrade Group's Integrated Added Value

To calculate Integrated Added Value, firstly the consolidated profit and loss account is reclassified, applying a different approach to the one used in the management accounting system. The results obtained are then combined with the following items:

- VAT on motorway tolls;
- the amount paid into the Central Guarantee Fund, which represents a further portion of tolls paid to the government;
- the benefit/cost to customers deriving from toll increases kept below or in excess of inflation (in real terms, a reduction or increase in motorways tolls).

The calculation of this latter figure is carried out by:

- stripping out the toll increase approved during the year from toll revenues;
- applying an increase equal to inflation to the resulting figure. This result shows what the value of toll revenues would have been had toll charges remained unchanged in real terms over time, with increases equal to inflation;
- deducting this last figure from the actual value of toll revenues for the year.

In this way the “result for users” shows the reduction or increase in toll charges in real terms arising from the difference between the annual inflation rate and the increase in tolls.

Moreover, under the current price-cap system, an increase in real terms may only take place if quantitative or qualitative improvements in service quality are achieved.

RECLASSIFIED PROFIT AND LOSS ACCOUNT FOR 2004 AND 2003 (€000)

	2004	2003	Increase/ (decrease)
Toll revenues	2.443.527	2.329.104	114.423
Other revenues from motorway management	426.529	229.069	197.460
Other income and revenues	13.480	11.607	1.873
Change in contract work in progress	-1.069	1.538	-2.607
TOTAL REVENUES	2.882.467	2.571.318	311.149
External operating costs	-514.562	-473.211	-41.351
Other costs and net gains/(losses)	-41.012	-28.471	-12.541
GROSS MARGIN	2.326.893	2.069.636	257.257
Net staff costs	-507.043	-491.408	-15.635
Capitalised staff costs	22.555	19.125	3.430
EBITDA	1.842.405	1.597.353	245.052
Amortisation and depreciation	-604.723	-536.398	-68.325
Other adjustments	-24.207	-19.616	-4.591
Provisions for liabilities and charges	-212.845	-155.789	-57.056
EBIT	1.000.630	885.550	115.080
Financial income and expense	-440.571	-379.095	-61.476
Capitalised financial expense	14.795	6.009	8.786
Adjustments to assets/sale of investments	125.615	21.848	103.767
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	700.469	534.312	166.157
Extraordinary income and expense	49.051	-2.835	51.886
PROFIT BEFORE TAXATION	749.520	531.477	218.043
Taxation	-320.118	-305.890	-14.228
NET PROFIT/(LOSS) FOR THE YEAR (including minority interests)	429.402	225.587	203.815
Minority interests	-401	7.036	-7.437
NET PROFIT/(LOSS) FOR THE YEAR (Group share)	429.001	232.623	196.378

Calculation of Distributable Integrated Added Value

Integrated Added Value (IAV) is thus the sum of the gross value of production and the result for users, after deducting the cost of raw materials and external services, and other operating costs.

The gross value of production includes gross toll revenues (the sum of net toll revenues, VAT and the Central Guarantee Fund), other revenues and capitalised costs and expenses.

The cost of raw materials and external services and other operating costs does not include indirect taxation or taxation for the year, in that these items are not considered as contributing to the value of production, but as a component of Integrated Added Value (which forms part of the portion distributed to the government).

After stripping out extraordinary items (adjustments to financial assets, and extraordinary income and expense) from Integrated Added Value, we obtain Distributable Integrated Added Value, the figure that best represents the resources effectively distributed among the various categories of stakeholder.

FORMATION OF INTEGRATED ADDED VALUE (€000)				
	2004	2003	Increase/ (decrease)	% change
Toll revenues	2.443.527	2.329.104		
VAT on tolls	504.517	481.774		
Central Guarantee Fund	96.256	93.506		
GROSS TOLL REVENUES	3.044.300	2.904.384	139.915	4,8
Other revenues	426.529	229.069		
Other income and revenues	13.480	11.607		
OTHER REVENUES	440.009	240.676	199.333	82,8
Net change in contract work in progress	-1.069	1.538		
Capitalised costs and expenses	188.174	133.861		
a GROSS VALUE OF PRODUCTION	3.671.414	3.280.459	390.954	11,9
b RESULT FOR USERS	216	8.841	-8.624	n.s.
c RAW MATERIALS, EXTERNAL SERVICES AND OTHER OPERATING COSTS	699.337	596.843	102.494	17,2
d INTEGRATED ADDED VALUE (a+b-c)	2.972.293	2.692.457	279.836	10,4

Calculation of the result for users

In 2004, motorway tolls rose in line with the formula established in the relevant agreements.

The increase is based on the sum of the following components:

- the planned inflation rate (ΔP),
- the productivity indicator for the industry (X),
- the component that reflects improvements in service quality along the network managed, measured in terms of the maintenance of infrastructures and the accident rate ($\beta\Delta Q$).

AUTOSTRADE PER L'ITALIA: TOLL CHARGE INCREASES WITH EFFECT FROM 1 July 2004 (in percentage terms)				
ΔP	X Productivity indicator	Recovery of inflation differential	$\beta\Delta Q$	ΔT
1.70	1.30	0.77	1.09	2.26

Group concession-holders: TOLL CHARGE INCREASES WITH EFFECT FROM 1 January 2004 (in percentage terms)				
Concession-holder	ΔP	X	$\beta\Delta Q$	ΔT
Autostrade Meridionali	1.70	-5.00	0.28	6.98
Tangenziale di Napoli	1.70	0.33	-0.97	0.40
Torino-Savona	1.70	-5.00	0.22	6.92
RAV	1.70	0.00	0.00	1.70
SAT	1.70	0.00	0.00	1.70
Strada dei Parchi	1.70	-20.00	0.00	21.70

On the basis of the above adjustments, the following amounts have been calculated for each concession-holder and for the Group as a whole:

Autostrade Group
(€000)

Group total	Toll revenues (1)	Revenues stripped of toll increase	Inflation rate	Revenues unchanged in real terms (2)	Benefit for users (3)= (2)-(1)
2003	2,329,104	2,276,480	2.7%	2,337,945	8,841
2004	2,443,527	2,391,138	2.2%	2,443,743	216

The effective inflation rate for 2004 (2.2%) was slightly higher than the average toll increase applied: this resulted on an overall benefit for motorway users (a decrease in toll charges in real terms) of approximately €216 thousand.

Report of the Environmental and Social Responsibility Committee on the Autostrade Group's Social and Environmental Report 2004 (*)

The Social and Environmental Report 2004 confirms the progressive refinement of the tools used by the Autostrade Group to support its sustainable development strategy.

The Report complies with the relevant requirements in terms of the completeness and material nature of the information provided, which includes the issues discussed during meetings of the Environmental and Social Responsibility Committee. With regard to clarity, the tools adopted and above all the explicit distinction between the quality provided and the quality perceived meet with our approval, in the light of the criticism aired during previous meetings of the Environmental and Social Responsibility Committee.

The Autostrade Group's efforts to synchronise the Social and Environmental Report with its Annual Report give the Group's environmental and social policies a precise role in its corporate strategy, given that such policies do not represent a one-off or limited commitment but have acquired importance throughout the business.

Stakeholder dialogue, as described in all its various forms in the Report, is a positive feature and is undoubtedly to be encouraged. Since its establishment, the Environmental and Social Responsibility Committee has highlighted the need to increase the opportunities for such dialogue with the various stakeholders, and the Report provides information on the related initiatives. The Committee will be kept informed of future initiatives designed to promote stakeholder dialogue and aims to provide guidance in this area.

Corrado Clini
Chairman of the Committee

(*) The report expresses the opinion of the external members of Autostrade's Environmental and Social Responsibility Committee: **Mr. Corrado Clini, Prof. Chiara Mio, Prof. Paolo Dell'Anno, Prof. Lanfranco Senn**

INDEPENDENT ASSURANCE PROVIDER'S REPORT

STUDIO DUODO & ASSOCIATI

Chartered Accountants

Business and Corporate Advisors

Scope and objectives

Autostrade per l'Italia SpA engaged us to provide assurance on the Social and Environmental Report 2004.

Our examination of this Report was carried out in order to check compliance with the Italian edition of the Global Reporting Initiative guidelines for the preparation of Sustainability Reports issued in June 2002 (hereinafter, GRI), and to assess the completeness, reliability and clarity of the information provided. Our examination regarded the Report in its entirety, and the methods used to obtain and structure the information.

Our examination also included checks on the consistency of the financial information included in the Report with the information published in the Autostrade Group's annual report, and with the financial information included in the Appendix on methodology. We also examined the table containing information required by the Social Statement, and included in this Report. We have also checked the consistency of the procedures adopted by the Group with Global Compact principles.

We have rigorously applied the assurance procedures required by the GRI.

OPINION

At the request of Autostrade per l'Italia SpA, we have examined the Autostrade Group's Social and Environmental Report 2004 (hereinafter the Report). This Report is the responsibility of the Directors of Autostrade per l'Italia SpA, who have given their approval. Our responsibility is to express an opinion on the Report.

Our assurance covered all the parts of this Report, and we have verified that the Report complies with the format required by the GRI and with the indicators established in the Social Statement.

The Report is complete and deals with the most significant aspects.

The Report clearly identifies its purpose and content.

The mission and environmental and social policies are explicitly in line with Autostrade per l'Italia SpA's Environmental Charter and Code of ethics. Environmental and social goals are grouped together in an appropriate section, increasing the quality of the information.

The Report correctly identifies the various categories of stakeholder. We have noted a marked improvement in stakeholder engagement, including establishment of the Environmental and Social Responsibility Committee, participation in the Global Compact model, and the involvement of various stakeholders (consumers, the Ministry of the Environment, etc.).

The Report provides deep information on all such initiatives.

The Group's internal procedures, designed to render relations with stakeholders more effective, have been correctly implemented, giving priority to the systematic nature and verifiability of procedures.

The financial information contained in the Report is consistent with the information contained in the Autostrade Group's annual report for 2004, which has been audited and certified. We have checked the method of extracting the accounting data needed for the quantification of environmental and social costs and in our opinion such method is reliable. The figures shown are consistent with the definitions given for the various categories of cost, and the environmental and social costs are defined in accordance with best international practice.

We also examined the eco-efficiency indicators contained in the Report, verifying that such data was correctly derived from the Group's accounting procedures and information systems. In this regard, a number of meetings were held with the technical managers concerned.

In brief, the data collection and management system, and the organisational and management procedures used to obtain environmental and social information, are reliable. Stakeholder engagement has significantly improved and the social and environmental responsibility strategy is consistent with the Group's corporate governance model.

In conclusion, in our opinion the Autostrade Group's Social and Environmental Report 2004 is clear, complete and reliable.

22 April 2005

STUDIO DUODO & ASSOCIATI

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