

Letter from the Chairman and the Chief Executive Officer

Snam Rete Gas's commitment to sustainable development contributes to creating value for our shareholders and the community, with due regard for the environment and social contexts. It is an integral part of the Company's policies and principles geared towards achieving technological excellence, maintaining high safety levels, environment protection and energy efficiency, the involvement of employees and focusing on the expectations of all of its stakeholders: shareholders, financial backers, customers, communities and the territory, authorities and institutions, organisations, associations and suppliers.

To better apply the principles of sustainable development, over the past year Snam Rete Gas has set up specific organisational structures to reinforce and encompass sustainability objectives in its development model.

With the publication of this first Sustainability Report, we are upholding the communication policy launched through the Health Safety Environment Report published in previous years, which already contained a section on sustainable development. More specifically, the Sustainability Report presents the vision, the strategies, the results and the commitments as regards corporate governance, employees, environmental protection and relations with the community and the territory, to encourage an open and constructive dialogue and to strengthen our relationships with all stakeholders.

We also consider the Sustainability Report to be a management tool because it enables us to verify the progress made and to identify areas where there may be room for improvement.

The Report illustrates some of the main results achieved in 2006 and the Company's key commitments for the future, with particular reference to creating value for stakeholders and investing in the development of transmission capacity.

The Company has continued to operate maintaining the utmost emphasis on social responsibility and the territory, investing in the installation of low-emission gas turbines in compressor stations, undertaking environmental restoration projects following the laying of pipelines, which enable the territory to be returned to its original condition, maintaining certification of its environmental management systems and guaranteeing we maintain the highest safety levels.



Alberto Meomartini
The Chairman



Carlo Malacarne
Chief Executive Officer

The Company places equal importance on the utmost transparency of its governance processes, on the development and professional enhancement of its employees, on the involvement of the local community and on forging constructive relationships with customers, suppliers and the authorities.

2006 has confirmed the company's key role in the natural gas sector in Italy which is characterised by rising demand, the need to steadily diversify supply sources, constant pressure for a more open market and increasing attention on environmental protection and the social context within which we operate.

The activities of natural gas transmission and regasification performed by Snam Rete Gas provide a source of energy which has a low environmental impact and which, in 2006, satisfied approximately 36% of Italy's energy requirements, thus making it possible to enhance energy efficiency, reduce polluting emissions and contribute to achieving the reduction of greenhouse gas emissions in line with the commitments undertaken by Italy under the Kyoto Protocol.

We are aware of the importance of our role in the energy and environmental context and we intend to continue to cooperate with the authorities, with our customers and with all interested parties in order to assure our contribution towards improving the quality of the environment and towards sustainable development, towards a future in which renewable energy sources and low-emission technologies will play an increasingly important role.

The results we have achieved are due to the commitment, capacity and quality of the men and women that work in Snam Rete Gas and GNL Italia. We intend to base our plans for the future on these factors, in the conviction that our success is closely linked to our commitment to sustainable development, to better meet the expectations of our stakeholders.

A handwritten signature in black ink, appearing to read 'Alberto Meomartini'.

The Chairman

A handwritten signature in black ink, appearing to read 'Carlo Malacarne'.

The Chief Executive Officer