Dear Stakeholders,
The year just ended was a very eventful and important one, in which Snam again showed itself to be efficient for the market, reliable for institutions and remunerative for its shareholders.
We achieved the targets that we set, and took further decisive steps on our pathway of growth, benefiting our stakeholders and, more generally, the Italian and European gas system as a whole.

In 2013, we implemented one of the most sizeable investment plans in the Italian industrial sector, with the dual aim of developing gas infrastructure in Italy for greater interconnection with the European networks and expanding the scope of our international activity to confirm our position as the leading infrastructure operator in Europe. Clear evidence of this was the acquisition of TIGF from Total, successfully completed in July 2013 by the consortium comprising Snam (45%), Singapore sovereign wealth fund GIC (35%) and EDF (20%). This represents a key stage in our international development route, following on from the strategic alliance forged with Fluxys in 2012 and the subsequent joint acquisition of 31.5% of Interconnector UK. These operations have given Snam increasing influence over two of the main European energy corridors.

Despite a market context of rapid change, and a macroeconomic landscape that still remains somewhat uncertain, robust operational management and efficient financial management again ensured that we achieved strong results in 2013, with solid EBITDA of more than €2.8 billion, and net profit growth of 17.7%, to more than €0.9 billion. The Snam share price closed 2013 at an official price of €4.04, up 14.8% from the €3.52 recorded at the end of the previous year.

We have successfully achieved increasingly ambitious goals, whilst retaining intact the characteristics of soundness and reliability that our stakeholders know us for. The leadership position that we have won over time – including internationally – has enabled us to expand our own horizons and those of our country and set our sights on Europe, where we can help to develop a truly integrated European gas system, increase security of supply and market liquidity and, as a result of these efforts, achieve the goal of reducing energy costs. Growing investor attention on assessment criteria that combine financial analysis with social and governance aspects – including in relation to the adoption of international standards and regulations, environmental investments and, in a broader sense, good sustainability practices – means that we must carefully monitor these themes, which we see as material in view of their scale and importance. Responsible investment is an investment style that requires more robust sustainable development and corporate social responsibility principles and practices. In this context, in 2013 Snam's share, already listed on the world's biggest corporate social responsibility indices, including the Dow Jones Sustainability World Index, the FTSE4Good Index and the various ECPI and Vigeo indices, joined the Climate Disclosure Leadership Index (CDLI), which assesses the transparency of international corporate disclosure on climate change and greenhouse gas emissions. Snam also confirmed its focus on sustainable growth with active support for the Global Compact, its principles and the Millennium Development Goals.

This new edition of the Sustainability Report describes this new phase, and the challenges that we face. In it, the concept of sustainable development is placed firmly alongside the idea of creating and sharing value between the Company and all of its stakeholders. It presents, as is mandatory, a timely and transparent account of what was done during the year just ended. 2013 also proved to be an important year for our sustainability commitment. On the safety front, which is always a priority, we registered a reduction in the contractor accident indices, a sign of the work on efficiency carried out in recent years, as well as another substantial reduction in the employee accident indices. Our training plan remains robust, with nearly 200,000 hours delivered. The workforce level was substantially unchanged: nearly all of Snam's employees are on permanent contracts, and are geographically distributed throughout almost all of Italy, which are further indications of the social consequences of our activity. The 2013 Report also provides a picture of our outlook.

In our reporting, we have also begun a process of moving progressively closer to the new GRI guidelines. In this first approach, we have concentrated on analysis of the most relevant and significant questions for the Company and for our key stakeholders. This process has involved the entire Snam Group and has given rise to a range of points of reflection on themes that are affecting us more, and which will interest us still further in the future if we want to continue to strengthen the credibility of our networks. Some of these points had already emerged, and Snam has always been fully committed and active in addressing them. As a result, as well as safety at work (which has already been mentioned), we have turned our attention to the environment and the regions, where the satellite activities and social investment that have always supported the development of the network and the infrastructure are targeted.

The commitment to sustainability is also focusing on new themes, such as the development of new services of even higher quality for customers with a range of needs, the change in corporate culture necessarily involved in transforming ourselves from an infrastructure pure player to a market facilitator on an international scale, and the development of Shared Value projects that can generate both value for us and social value for the communities in which we operate. As we play an increasingly important role in the European gas market, we are aware that – more than ever in the current socioeconomic climate – large companies have big responsibilities. It is this sense of responsibility that has driven us to make a major contribution to the global movement towards sustainable development.

The CEO
Carlo Malacarne