

# Letter to the Stakeholders



**Marco Alverà**  
Chief Executive Officer

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In the next 5 years we will invest approximately **€5 billion, with €4.7 of this for projects in Italy**. The strengthening of Italy's position in the European gas system will allow us to further enhance our network for the benefit of consumers.

To our stakeholders,

2016 was a hugely eventful year for both the Company and the framework that our businesses operate in.

Among last year's achievements, we can highlight the separation of the natural gas business, an operation which involved the return of Italgas to the stock exchange thirteen years after delisting in 2003. Our Company can now concentrate on looking for new growth opportunities in Europe in the transportation, storage and regasification segments, focusing all available resources on these areas. By retaining a 13.5% stake in the company's share capital, we will also benefit from Italgas' value creation.

Following this transaction, Snam's organisational structure was made more functional with regard to the guidelines of the strategic plan, with a new arrangement of activities in three business units focusing on development and commercial initiatives, management of Italian assets, and management of foreign assets.

Through the acquisition of a 49% stake in Gas Connect Austria GmbH (GCA), in a consortium with Allianz, a further step was made in our international expansion strategy, aimed at strengthening our position in a key market in Europe.

The results of our dedicated approach to sustainability were significant. Since October, we have been included in the exclusive A list of the Carbon Disclosure Project (CDP) and in September the Snam stock was confirmed, for the eighth consecutive year, in the Dow Jones Sustainability World Index, the most important global stock exchange index and a benchmark of corporate social responsibility. We also reached an important landmark thanks to our commitment to upholding the Global Compact principles, which have always inspired us and which we will continue to support.

People and their engagement have been an integral part of the process of improvement and we have introduced programs to enhance our know-how, develop resources talent and create a dynamic organizational culture. We have also started developing the Snam Academy, which will include the main initiatives for creating the best environment to lead and manage change through leadership development, coaching and training programs.

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We have a responsibility to improve our carbon footprint. We have set ourselves specific targets which include a **10% reduction in natural gas emissions by 2021 compared with 2016.**

Over the year, we have remained hugely focused on the environment and the land, reducing natural gas emissions (-3%) and nitrogen oxides emissions (-10%) related to our activities. We have also implemented careful restoration operations (more than 200 km) and conducted careful environmental monitoring (over 550 km). We devoted the same importance to the growth and development of people and their safety in the workplace, managing to keep employee and contractor accident indices low (frequency index 0.75 and severity index 0.05). Lastly, we have enhanced our website and undertaken various communication and engagement initiatives to keep our relationship with our shareholders stimulating and constructive.

2016 also featured the re-launch of the global agenda for stability with the launch of the implementation phase of the 17 sustainable development goals that the United Nations intends to reach by 2030. We focused on topics of great interest to Snam, such as access to energy, the development and resilience of infrastructures and, above all, combating climate change. The commitments undertaken by all 196 countries present at COP22 in Marrakesh also highlighted this agenda and will accelerate the journey towards the challenging goal of carbon neutrality to be achieved by the second half of this century.

In this context, natural gas is the only fuel which, together with non-programmable renewable resources such as wind and photovoltaic power, can guarantee an efficient decarbonisation route, effective at national and European levels. From this perspective, we have launched an initial project together with FCA, IVECO and the Api Group, which includes an investment of approximately €200 million over the next 5 years to develop natural gas fuelling stations in the Italian road and motorway network. Not only will this help develop a more sustainable mobility system, but will also help combat high levels of air pollution.

As a leading gas infrastructure company, in addition to promoting the use of natural gas, we have a responsibility to improve our carbon footprint. We have set ourselves specific targets, which include a 10% reduction in natural gas emissions by 2021 (compared with 2016) and an improvement in energy efficiency in various plants through the use of new and existing innovative technologies.

We also wish to reinforce our commitment to the civil, cultural and economic development of the country by launching the Snam Foundation.

We look forward to an exciting future and the many opportunities and challenges ahead.

The CEO

