

# Letter to stakeholders



**Marco Alverà**  
Chief Executive Officer

## Dear Stakeholders,

We ended 2018 looking firmly towards the future: €850 million will be invested over the period from now until 2022 in Snamtec, Tomorrow's Energy Company. The project was launched last autumn to position Snam as a leader of the low carbon energy transition, with demonstrated technological expertise and strong relationships with local communities. In this vein, we cemented the central role that our infrastructure and use of renewable natural gas will play in guaranteeing an efficient and effective decarbonisation process.

2018 saw an increasingly strong focus on the issue of climate change and its consequences, both by the public and international institutions and companies. With this in mind, we approved our new strategic plan, announced last November, which sets out a roadmap that will allow Snam to continue to grow and create value for shareholders, contributing to the reduction in greenhouse gases, improvement in air quality and cutting energy costs.

We strive to promote the development of biomethane and other forms of renewable gas, which are key to the decarbonisation process. To this end, we have launched a series of acquisitions and strategic partnerships, acquiring IES Biogas – the leading biogas and biomethane construction company in Italy - and Enersi Sicilia, a company which develops facilities for producing biomethane from urban solid waste in Sicily.

Promoting the use of natural gas for sustainable mobility is also deeply important to us. We therefore acquired M.T.M.'s business unit dedicated to technological solutions for natural gas refuelling stations, a Westport Fuel Systems group company, through the subsidiary

Cubogas. We also have a memorandum of understanding with Eni for the construction of twenty new CNG transport refuelling stations and with API Group for around two hundred new natural gas and biomethane refuelling plants. Furthermore, we have focused on energy efficiency, acquiring TEP Energy Solution, one of the main Italian ESCOs.

Our commitment to the fight against climate change has also been demonstrated through increasingly transparent reporting. In September 2018, Snam signed up to the "Task Force on Climate Related Financial Disclosure - TCFD", a further commitment to communicating effectively on these issues.

Sustainable finance is another area that we are monitoring closely. It is not a coincidence that the first part of this document is dedicated to guidelines on this subject. To align our financing strategy with sustainability goals and expand our investor base, we have converted €3.2 billion in lines of credit into a sustainable loan: this became the third largest sustainable loan taken out in the world, as well as the first by a gas utility. In addition to that, we published the Climate Action Bond Framework, which allows for the issuing of bonds aimed at funding sustainable investments. We are the first gas infrastructure utility to approach the sustainable bond market.

We have continued to promote social responsibility and local communities, installing low gas emission turbines, implementing environmental conservation and monitoring activities and launching programmes to reduce natural gas emissions. In 2018, we reduced these emissions by 7.9% compared with 2016 levels and we set a new target to reduce them by 25% in 2025.

We launched the “Snam4Safety” project to reinforce the culture of safety for employees and contractors. Accidents fell in total from 11 in 2017 to 7 in 2018 (-36%); so you can see things are going in the right direction. Our employees are at the centre of the company's strategy. We have offered them stable and constant work with qualified and specialised activities. 93% of them are on a permanent employment contract.

To meet future challenges, we have continued to invest in training, with over 100 thousand hours involving 93% of company employees. In order to promote a healthy work/life balance, we renewed the Smart Working project and launched the Welfare Award, which allows for the Participation Award to be converted into welfare credits for employees and their family members.

The Snam Foundation entered its second year, increasingly becoming a connection point between Snam and the social sector, promoting partnerships and sharing the company's design expertise. In line with our goal to promote economic and social development, the Company published a social supply chain policy through which it is committed to transparency and supporting social businesses in its supply chain, promoting opportunities for collaboration through networks and consortia.

To further cement our sustainable development model, we have renewed our commitment to the Global Compact principles and the SDGs defined by the UN. Our ESG performance ESG has resulted in the Company's inclusion in some of the most prestigious sustainability indices like the Dow Jones Sustainability World Index, for the tenth consecutive year, and the FTSE4Good.

We are very proud of our achievements in the year that has just ended and we are even more confident in what

Snam will achieve in coming years, with the hope that the new initiatives we have launched in 2018 will drive our country forward and contribute to solving the challenges for global energy that lie ahead.