

## Letter from the Chairman and the Chief Executive Officer



Alberto Meomartini



Carlo Malacarne

Every year the Sustainability Report is a renewed opportunity for dialogue with our stakeholders, to present the results we have achieved on issues of central importance, such as respect for the environment and the social context in which we operate. The Sustainability Report is also an opportunity to precisely measure the efforts made by Snam Rete Gas on issues of sustainable development, ranging from governance to protecting the environment, and from persons to relations with the public and with institutions.

Today our commitment to sustainable development can be said to be normal corporate procedure. It is an ingrained into our culture; it is the end result of the constant attention we accord to processes for improvement. This is why our efforts in 2008 have focused on implementing the commitments we have made, and on consolidating the important results already achieved in the excellence and transparency of the management processes.

The sustainability objectives set by the company are part of a wider strategic vision that focuses activities in the regulated gas market, of which Snam Rete Gas is the leading exponent in Italy. To strengthen our position in this market, in February 2009 we initiated a strategic operation by signing the contract to purchase the entire share capital of Stogit, the largest Italian natural gas storage company, and of Italgas, the principal gas distribution company in Italy, both from Eni. This move will enable us to create a single, integrated operator in regulated gas sector operations in Italy, the foremost country in continental Europe in terms of amount of capital invested for regulatory purposes. In our plans we are also committed to maintaining a solid and efficient financial structure, to endorse the current attractiveness and sustainability of the dividend policy, and to ensure the reliability of the service we provide by pursuing sustainable development and by respecting the environment and the social context in which we operate.

In the 2009-2012 period, 4.3 billion euros in investment is planned to upgrade the transmission network, ensure adequate transmission capacity for the growth in demand for gas, and increase the flexibility and safety of the transmission system. Snam Rete Gas operates using a non-speculative, industrial approach, following a business model characterised by a limited profile of industrial and financial risk.

We have specific sustainability objectives on which we will concentrate our efforts in the coming years: focusing on the emissions trading process, energy saving policy via optimising gas movement in the network, and safety in the workplace.

In the 2007 Report last year, for the first time we identified key performance indicators (KPIs) and quantitative targets to measure our performance. We set objectives for the values of these indicators, and the 2008 Sustainability Report testifies to their having been reached. All the 2008 forecast values for the KPIs in the areas specified have been successfully achieved.

We obtained ISO 14001 certification for the entire gas pipeline network. We reduced the accident frequency index by 29% over the previous year. We have recorded improvements in protecting the environment as well, reducing emissions of natural gas over gas sent into the network, and making consistent progress towards our objective of reducing emissions of nitrogen oxides.

We made commitments to relations with stakeholders, by creating value for our shareholders and for the general public; we said that we would define a corporate policy for philanthropic contributions by the end of 2008; and we set training targets. We maintained all these commitments and we achieved the objectives we set. But we are nevertheless aware that the KPIs are "marker posts" along the path of continuous improvement.

As always, the positive results achieved do not represent a finish line; rather they are a waypoint that is essential to achieving new objectives and new challenges that arise from within the company, and also from the context in which we operate and which observes and assesses us. All the people in Snam Rete Gas are participants in these challenges, and they create value for our shareholders and for the general public with their commitment.

We want to achieve important corporate objectives, and we want to do it through our skills and our dialogue with the communities in which we work. Listening and dialogue are the conditions that we have adopted in developing and operating the gas transport structure to serve Italy.



Chairman



Chief Executive Officer