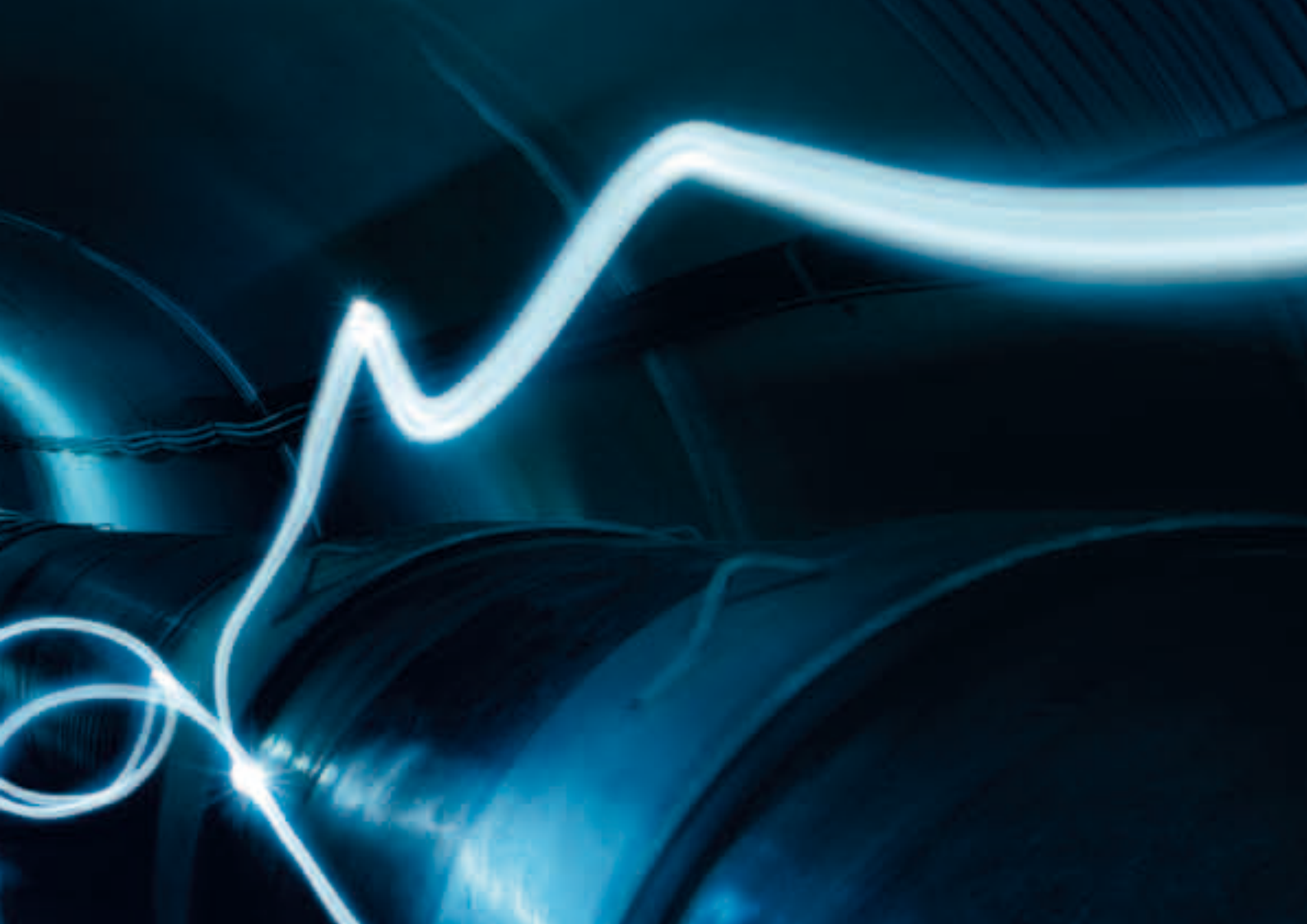




# A year of sustainability

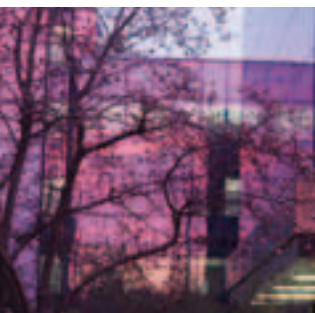
The commitment to Snam's new identity, developments in the regulatory framework and changes to the ownership and organisational structure, had effects in 2012 on various themes and areas of interest for stakeholders outside and the people working in it.



Sustainability is an integral part of Snam's business model. The sustainability management model covers all companies in the group and is embedded in all phases of the company's business (Planning, Management, Monitoring and Reporting, Communications and Stakeholder engagement). Subject to top management approval, sustainability objectives are pursued by means of specific projects and initiatives in the short and medium term, which are included in the company's action plans. All the activities planned by the model are coordinated by Snam's Sustainability Department and are carried out jointly by the different departments of Snam and its subsidiaries.

Many of the initiatives implemented are part of "Areas for Improvement in Sustainability", the four-year corporate plan drawn up with the involvement of the various departments and approved by senior management. The Areas for Improvement are also defined on the basis of stimuli and guidelines arising from Snam's participation in bodies, including international bodies, working for sustainable development, such as the Global Compact.

The year's initiatives include – to name only the most significant areas – action to make risk management more efficient in respect of security of supplies and continuity of service, to improve services provided to customers and users and to nourish relations between communities and regions, as well as the accident prevention commitment, which has a particular focus on suppliers. Other initiatives, including training, encouraged a return to the ethical principles on which management of the company is based, and there were also specific actions relating to compliance and self-regulation in the areas of anti-trust and anti-corruption.








The actions implemented were not confined to the areas mentioned, but also include a review of sustainable development policy and changes in strategic thinking on sustainability. Corporate activities were re-examined in a search for potential new projects to launch under Shared Value, the development approach initiated by Michael Porter that Snam began to explore last year, seeing it as aligned with the Company's vision of creating value for itself and its stakeholders through ever-closer integration between business and corporate social responsibility. A section of this Report is specifically devoted to Shared Value.

The sustainable development policy, which applies to all the group companies, can be viewed at: [http://www.snam.it/repository/ENG\\_file/Sustainability/Sustainable\\_development/sustainable\\_development\\_policy.pdf](http://www.snam.it/repository/ENG_file/Sustainability/Sustainable_development/sustainable_development_policy.pdf)

## COMMITMENTS AND ACTIONS

GOVERNANCE				
Area of relevance	KPI	Actions carried out in 2012	In this Report	Actions to be implemented under 2013-2016 Plan
Business ethics		Snam Rete Gas issued Code of Ethics.		Disseminate the principles and content of the Code of Ethics, Model 231 and anti-corruption and anti-trust policy, via training courses and specific initiatives. Revise the body of regulations to include, in all key processes, rules on anti-corruption and the defence of human rights. Develop legal compliance protocols. Verify, through business intelligence surveys, respect for human rights and compliance with anti-corruption regulations by third parties (suppliers and customers). Participate actively in the working groups promoted by the Global Compact.
		All of the group's Codes of Ethics published under the new corporate identity and delivered directly to all employees.	18	
		Management System Guidelines (MSG) on anti-corruption and anti-trust matters adopted.	18, 45	
		Specific training continued, with 2,268 hours delivered (Code of Ethics, Model 231, anti-corruption, anti-trust) with 595 attendances.	86	
	Continued participation in activities promoted under Global Compact.	25-26		
Sustainability model		Sustainable development policy updated.	21-22	Keep active, implement and update the corporate sustainable development model, ensure adequate supervision of matters relating to sustainability.
		Corporate regulations on "sustainability activity" updated. Continued development of "Shared Value" approach.	37-39	
Risk and crisis management		New Business Continuity Management policy published. Business Continuity Management procedure issued. Business Continuity management system adopted. Crisis Management Model created and adopted. Procedure issued containing final instructions for identifying and managing emergency/crisis situations.	50-52	Ensure a continuous cycle of improvement in the Crisis Management Model. Ensure a continuous cycle of improvement in the Business Continuity Management system and obtaining certification for this system. Implement an Enterprise Risk Management System to help senior management to identify, measure, manage and monitor key risks that could affect the achievement of strategic objectives.

PEOPLE				
Area of relevance	KPI	Actions carried out in 2012	In this Report	Actions to be implemented under 2013-2016 Plan
Listening to people		Internal climate survey carried out (Snam group).	82	Analyse the results of the climate survey. Plan and implement appropriate improvement actions.
Internal communication		Periodical newsletter, <i>Energie</i> , which follows corporate and market developments, was distributed to all employees. <i>Speciali di Energie</i> , a supplement to the newsletter that looks in more depth at group regulations, rules and procedures, was published. More than 50 news items on results, the group's future goals, sustainability, occupational safety and corporate events were published.	94-95	Reinforce cascading communication of corporate objectives, and enhance information channels with the support of the intranet.
Initiatives in favour of employees		Programmes continued to ensure continuity of the corporate welfare system following unbundling of the Snam group from Eni. The intranet section on Services to Personnel, wholly dedicated to the corporate welfare, was updated.	94	Review current welfare services/initiatives and propose solutions for improvement.
Health and safety	✓	Awareness and involvement initiatives under the "Objective: Safety" plan continued. OHSAS 18001 certifications obtained for Snam, GNL Italia and Stogit. Training activities continued, with 26,959 hours delivered and 4,062 attendances. <b>Snam Rete Gas suppliers were involved in the issue of safety, with the "My safety is your safety" workshop.</b> Safety prize for suppliers established by Italgas.	89-90 28-29, 89 90 91 90	Develop the "Objective: Safety" project, launching joint initiatives by all the group companies. Define training initiatives and specific communication plans. Maintain the OHSAS 18001 certifications obtained. Create IT applications to support HS processes. Develop safety awareness initiatives for suppliers. Enter the accident frequency indices for employees and contractors into the system of corporate and personal performance indicators.
Valuing people	✓	Verification and optimisation of competitive positioning and fairness in remuneration practices for managerial and professional human resources. 648 jobs assessed and approved on the basis of Complexity, Responsibility, Experience and Autonomy (CREA). Individual business and sustainability objectives assigned to senior executives and managers. 160,771 hours of training delivered in total, with 15,639 attendances.	87-88	Implement a growth pathway for young, recently recruited graduates, to create opportunities for meeting and integration. Research new tools for rewarding according to fulfilment of business and personal objectives. Adopt systems to identify and promote managers with strategic know-how and managers under 40. Pursue activities designed to increase personnel skill assets, maintaining a high level of involvement.

STAKEHOLDER ENGAGEMENT				
Area of relevance	KPI	Actions carried out in 2012	In this Report	Actions to be implemented under 2013-2016 Plan
Relations with rating agencies and bondholders		Took part in the surveys of the main financial and sustainability rating agencies. Launched a communication process for bondholders and market analysts.	26-27	Consolidate relations with the rating agencies and implement disclosure to bondholders.
Shareholder relations		Communication activities were pursued to allow shareholders and the financial market to assess the Company's value creation levers.	41-43	Increase disclosure to institutional and retail investors. Publish and present the Remuneration Report to the Ordinary Shareholders' Meeting.
Customer relations		Activities for implementation of the web portals continued. Storage and transportation customer satisfaction surveys carried out.	48-49	Develop and apply methods to measure customer satisfaction levels and main high service quality.
Relations with communities and regions		<p><b>A green space by the sea near Porto Venere, owned by Snam and environmentally rehabilitated, was opened to the community.</b></p> <p>Initiatives to assist the Emilia Romagna region after the earthquake events were supported.</p> <p><b>Spaces in the Italgas Museum were made available for the "Thursday Laboratories" educational initiative.</b></p> <p>✓ Plant open days were organised.</p> <p><b>The book Sentieri sostenibili. Il Parco dei Nebrodi (Sustainable Paths, Parco dei Nebrodi) was produced.</b></p> <p>Preventative meetings held to present new development projects.</p>	<p>58 </p> <p>50, 60, 95</p> <p>60 </p> <p>59</p> <p>65 </p> <p>61-65</p>	<p>Organise occasions for meeting and dialogue with the region.</p> <p>Apply models and/or instruments to measure the acceptability of infrastructure in the region.</p>
Supplier relations		<p>✓ Monitoring of critical suppliers continued. Dissemination of the principles of the Global Compact continued.</p> <p><b>Project launched to revamp the supplier portal with a specific area for sustainability.</b></p> <p><b>New agreements signed on the dissemination of legal compliance protocols.</b></p>	<p>52-55</p> <p>54 </p> <p>53 </p>	<p>Increase information on corporate and environmental responsibility to prevent risks and harm to image and reputation.</p> <p>Activate and promote involvement actions, with a partnership approach, to improve corporate and environmental services.</p>
Relations with institutions and associations		<p>Institutional relations maintained, in a more autonomous way, after the change to the new ownership structure.</p> <p>Snam/Confindustria autonomy agreement signed.</p> <p>Increase in number of associations to which Snam belongs.</p>	57	<p>Define guidelines for relations with public administrations in line with changes in the ownership structure.</p> <p>Design and plan innovative tools for meeting and comparison with public administrations and institutional decision-makers.</p>

ENVIRONMENT				
Area of relevance	KPI	Actions carried out in 2012	In this Report	Actions to be implemented under 2013-2016 Plan
Water		Sites identified for installation of new phytoremediation plants.	78	Reduce withdrawals and rationalise water discharges.
Biodiversity		Environmental restoration, cultivation treatments and environment monitoring continued.	64	Integrate existing documentation on planning and construction of plants (compression stations) with operating instructions on biodiversity.
Reclamation		Water monitoring and pumping took place.	76-77	Pursue reclamation activities for environmental recovery of polluted sites.
Climate change and energy efficiency	<ul style="list-style-type: none"> <li>✓ Gas recompression took place for natural gas recovery.</li> <li>Replacement of pneumatic gas valves at some plants.</li> <li>✓ Replacement of cast-iron pipes continued.</li> <li>Photovoltaic plants installed on self-owned buildings.</li> <li>Supply of electricity from renewable sources increased for the two-year period 2013/2014.</li> </ul>	68-75	<ul style="list-style-type: none"> <li>Reduce natural gas emissions.</li> <li>Optimise energy consumption and increase the use of energy from renewable sources, including through purchasing quotas.</li> <li>Help to develop CO<sub>2</sub> capture studies.</li> <li>Carry out a feasibility analysis to estimate amounts of indirect CO<sub>2</sub> produced by company activities (scope 3).</li> <li>Enhance the videoconferencing system.</li> </ul>	
Atmospheric emissions	<ul style="list-style-type: none"> <li>✓ Programmes for installation of DLE turbines continued.</li> </ul>	75-76	Install low-emission turbines and equipment.	
Noise emissions		Noise abatement monitoring and actions carried out.	79	Monitor the most exposed plants and plan potential soundproofing actions.
Mitigation		New planting took place.	64	Reduce visual impact in the area of the wells.
Management systems		All existing ISO 14001 standards maintained.	28	<ul style="list-style-type: none"> <li>Implement energy management system.</li> <li>Extend ISO 14001 certification to the whole of SRG.</li> </ul>

## GLOBAL COMPACT ACTIVITIES



Snam further strengthened its commitment to doing business according to a sustainable development model, respecting and safeguarding human rights and protecting the environment, by joining the Global Compact – the world's biggest voluntary sustainable development initiative – in 2009.

Under the aegis of the United Nations, the governments, companies and civil society organisations that have signed up to the Global Compact are permanently committed to disseminating, both internally and externally, ten fundamental principles on human rights, labour, the environment and anti-corruption, and to supporting the Millennium Development Goals.



In 2012, Snam's commitment to the Global Compact continued with many activities for engagement and disclosure of the ten principles, including:

- Active membership of the Global Compact Network Italy as part of the Human Rights Working group, which this year helped to organise a seminar on the subject of "Assessment of human rights performance by investors", and is tasked with analysing John Ruggie's framework from a corporate perspective and preparing and providing training material on human rights.
- Organising a workshop on integrated reporting with Global Compact Network Italy in February 2013. The event, which was designed as a chance to compare notes on and explore this topic, was primarily intended for Snam personnel, and was also open to companies within the Network.
- Disseminating the Global Compact's ten principles in the documentation for commercial contracts, with the hope that increasing numbers of companies will join this initiative.

#### **Snam works for the Millennium Development Goals**

These are the eight objectives of the United Nations, which all 191 of the organisation's member states are committed to achieving by 2015.

In 2012, Snam made its own contribution to reducing extreme poverty and hunger and achieving universal primary education (1st and 2nd objectives), with a voluntary corporate initiative, and fundraising in partnership with CESVI. It also helped to ensure environmental sustainability (7th objective), with a range of activities

designed to safeguard and promote biodiversity and the environment.

With regard to the prevention of extreme poverty, the results published by the UN Department of Economic and Social Affairs (DESA) in 2012 show encouraging results, including the halving of the number of people living on less than a dollar a day since 1990.

For more details on progress towards all the Millennium Development Goals, see the report at [www.un.org/en/development/desa/publications/mdg-report-2012.html](http://www.un.org/en/development/desa/publications/mdg-report-2012.html)

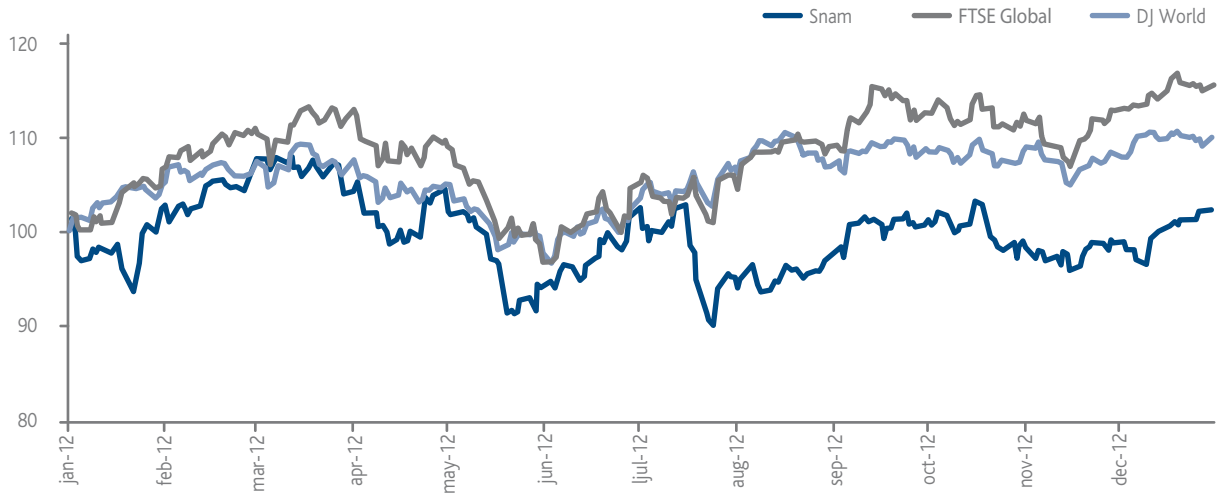
## **SUSTAINABILITY INDICES**

Snam's energy and dedication in making sustainability an integral part of its business model was recognised and rewarded with the inclusion of its share on the key international sustainability indices, which increased the Company's visibility in terms of socially responsible investors and, more generally, the entire financial market.

The performance of the Snam share compared with the main ethical indices was affected, particularly in the second half of the year, by dynamics relating to the unbundling from Eni; more details are provided under "Operational and financial performance".



TREND OF THE SNAM STOCK AND PRINCIPAL ETHICAL INDICATORS



In 2012, the Snam share was again – and for the fourth consecutive year – included in the Dow Jones Sustainability World Index, which is the main share index based on corporate performance in maintaining commitments made in the field of economic, social and environmental sustainability. Snam achieved an overall score of 80 points, improving on the previous year, and moved even closer towards the highest score in the utilities sector (86 points). This year’s results included a maximum score (100/100) achieved for approach and good practice in stakeholder engagements, which have long been cornerstones of Snam’s sustainability approach.

In May 2012, Oekom Research again recognised Snam as a leading company in terms of its commitment to the environment and social concerns, confirming its allocation of a “PRIME” level and increasing the rating from B- to B. Oekom Research is an international rating agency for socially sustainable investment, which operates on behalf of institutional investors and financial services companies, developing innovative investment strategies that combine sustainability research with high returns.

After the assessment carried out in 2012 by Vigeo (one of Europe’s leading environmental and social rating agencies), Snam was included in a new range of indices, the Vigeo World 120 and the Vigeo Europe 120, for companies with the best performance according to the 330 indicators used for the selection.



Snam is also present on the following sustainability indices:



## MANAGEMENT SYSTEMS

The Snam group adopts specific certified management systems with the objective of ensuring that corporate processes and activities meet the required standards on worker health and safety, environmental protection and the quality of the services offered.

The table below shows the certifications obtained for the various management systems of Snam and the other subsidiaries, as well as laboratory accreditations. In 2012, Snam, Stogit and GNL Italia obtained OHSAS 18001 certification of compliance with standards for worker health and safety management systems for the entire company. In particular, Snam again obtained certification for the activities previously performed and certified by Snam Rete Gas. Italgas obtained ISO 50001:2011 certification of compliance with standards for energy management systems.



## MANAGEMENT SYSTEMS

Company	Field of application	Type of certification and accreditation	Year of initial certification
<b>Snam</b>	Company	<b>BS OHSAS 18001</b>	<b>2012</b>
	Compression stations and gas pipeline networks	ISO 14001	2011 (unified certifications)
	Infrastructure Planning Unit	ISO 9001	2011
<b>Snam Rete Gas</b>	Company	BS OHSAS 18001	2010
	Natural gas metering service	ISO 9001	2010
	Test laboratory (gas flows carried)	ISO 17025	2007
	Dispatching Unit	ISO 9001	2003
	Calibration laboratory (natural gas mixtures)	ISO 17025	2002
<b>GNL Italia</b>	Company	<b>BS OHSAS 18001</b>	<b>2012</b>
		ISO 14001	2000
<b>Stogit</b>	Company	<b>BS OHSAS 18001</b>	<b>2012</b>
	Natural gas metering and accounting service	ISO 9001	2008
	Company	ISO 14001	2002
<b>Italgas</b>	Company	<b>ISO 50001</b>	<b>2012</b>
		ISO 14001	2001
		BS OHSAS 18001	2001
		ISO 9001	1996
		Calibration laboratory	ISO 17025
<b>Napoletanagas</b>	Company	ISO 14001	2003
		BS OHSAS 18001	2003
		ISO 9001	2000

During the year, 380 audits were performed (including 325 internal audits by specialised staff and 55 by external companies). In addition, all of the activities necessary for maintaining and renewing existing certifications were implemented.

Note that action was launched to implement Snam Rete Gas's Environmental Management System across the entire company, with a review of the system documentation.

The main objective for 2013 is to extend the ISO 14001 certification of Snam Rete Gas's Environmental Management System across the entire company.

## KEY PERFORMANCE INDICATORS (KPI)

KPI description	KPI date	Pre-set target	Target achieved in 2012	Sector	Activity status
OHSAS 18001 certification of the worker health and safety management system	2010	Certification of GNL Italia and Stogit by 2012	Certification	Regasification and storage	■