

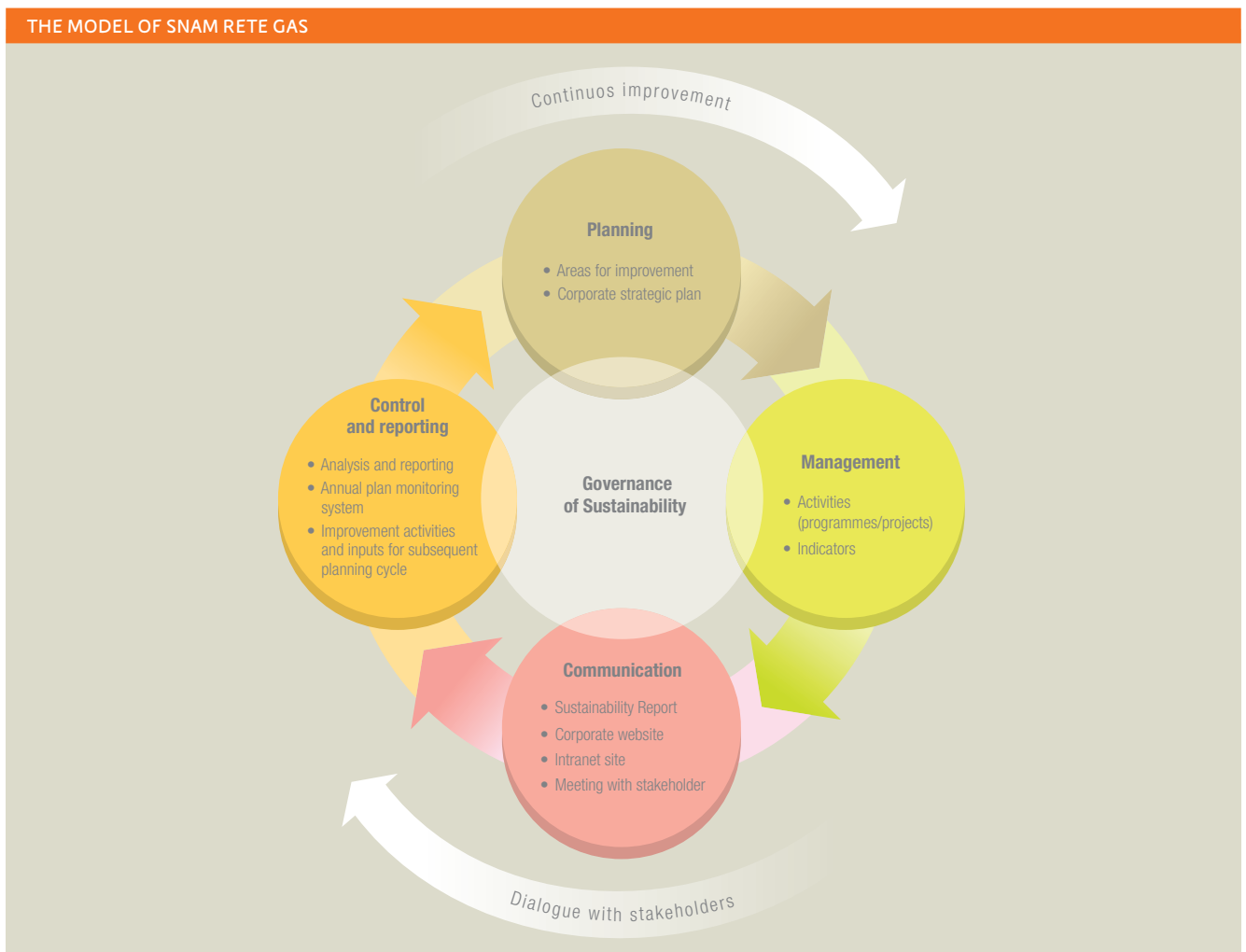
commitments

Management model

To implement the actions that follow on from our sustainability principles, we have developed a management model that enables us to rationally manage the process through several phases: Planning, Management, Control and Communication. This is a process which, beginning with the policy of sustainability and the corporate strategic plan, defines the improvement objectives, identifies the key performance indicators, monitors the objectives, and draws up the accounting. The model, in addition to designing the process, also enables us to precisely identify areas of responsibility and competence for its implementation. The model is not a closed and unalterable process as such, but necessitates improvements and adaptations in line with the organisational changes. This is why work continued on its implementation in 2009. In this regard the new "Sustainability" unit was set up within the Department of Public Affairs and Communication to create better economies of scope and scale and to implement the integration of the newly-acquired companies into the sustainability processes.

In 2009, the sustainability management model became part of the corporate management system for the first time. This means that the processes of planning, monitoring and control of sustainability will, beginning next year, allow the involvement of all company functions in the planning and implementation of sustainability objectives.

In the planning phase we defined the sustainability Improvement Areas in order to identify initiatives and projects to put into the Corporate Plan. Subsequently, we drafted the Section on sustainability of the Corporate Plan, confirming the company's willingness to present its financial data together with its non-financial data.



Consequently, after approval by the company management, these programmes/projects, which included investments among other initiatives, were monitored for the first year through the standard corporate control channels.

In addition, control and systematic analysis of the set of key performance indicators published in the 2009 Sustainability Report proceeded on a quarterly basis.

We have developed initiatives to support clear and transparent communication to the stakeholders, particularly for the acquisition process, by means of information campaigns in the newspapers, website communications, and meetings. For the first time the interactive version of Sustainability Report has been published on the internet website. Actions continued on initiatives such as Open Days and public meetings, to give a proper overall representation of the activities carried out by the Group. Dialogue and debate have also been achieved through a series of meetings with the several different categories of stakeholder. These events are organised for the various areas of responsibility by the appropriate departments in the company.

These activities were regulated by a new procedure which defined the roles and responsibilities in terms of sustainability.

Key performance indicators

To ensure continuity and consistency with what we have achieved in the past, once again in this year's Report we have continued reporting the key performance indicators. Please note that these KPIs do not address the distribution (Italgas) and storage (Stogit) activities, as these companies were only recently acquired. In the table that follows, for each key performance indicator, the target set in 2008 and the result achieved at the end of 2009 are given.

OBJECTIVE	KEY PERFORMANCE INDICATOR	ACCOUNTING BEGINS		TARGETS SET IN 2008	RESULTS AS AT 2009
		2007	2008		
Maintain and expand the company's various certifications.	Number of company certifications.	X		Obtain OHSAS 18001 certification (employee health and safety) by 2010.	Work continued on implementing the system, with the objective to obtain its certification in 2010 being confirmed.
Maintain high staff involvement in training activities.	Number of training hours /number of employees.	X		Maintain an average value of 29 for 2009.	Achieve an average value of 36.9 at year end.
	Number of participants in training courses/number of employees.	X		Maintain an average value of 84% for 2009.	Achieve a value of 96% at year end.
Reduce injury indices.	Injury frequency index (not including commuting accidents).	X		Reduce the value of the index by 30% over the 2008 value by 2012.	Reduction of 2% achieved over the 2008 value.
Apply low-emission combustion technologies to reduce emissions of nitrogen oxides in existing stations and to install new low-emission gas turbines.	Hours of DLE turbine operation/total hours of turbine operation.	X		Reach 80% by 2011.	Reached 74.4 % in 2009, in line with what was set.
	Average nameplate NOx emissions, turbine/total installed turbine power.	X		Reach 7 mg/(Nm ³ *MW) by 2011.	Reached 7.64 mg/(Nm ³ *MW) in 2009, in line with what was set.
Continue with programmes for containing emissions of natural gas.	Index of Natural Gas Emissions for natural gas transmission/sent into network.	X		Reduce the index value achieved in 2008 by 10% by 2012.	Achieved index value of 0.053% (indicator in line with 2008).
Create value for the shareholders and the community.	Percentage of floating capital of investors encountered.	X		Reach 40% by 2012.	A 34% value was achieved at year-end.
	Number of meetings with socially responsible investors.		X	Meet annually with at least 1/3 of the socially responsible investors registered in the shareholding structure during the 2009-2012 period.	Met 35% of socially-responsible investors registered in the shareholding structure.
Maintain a constructive relationship with stakeholders: Suppliers.	Value of contracts assigned by means of electronic negotiation/ value of contracts assigned.	X		Maintain the value of the index at 85% for 2009.	A 94 % value was achieved at year-end.

Certifications and accreditations

An organisation's success must necessarily depend on responsible attitudes and demeanors that are characterised by fairness and business ethics. Respect for employee health and safety (employees satisfaction), for the environment (community satisfaction), and quality of service (customer satisfaction), are integral parts of these forms of conduct. For this reason we have adopted specific management systems that help us to handle and manage these topics. The standards that govern management of these issues are OHSAS 18001 (health and safety of employees), ISO 14001 (environment) and ISO 9001 (quality).

The table gives the certifications obtained for the various management systems and the accreditations of some laboratories.

COMPANY	ACTIVITY	TYPE
Snam Rete Gas	Compressor stations (11 plants)	ISO 14001
Snam Rete Gas	Gas pipeline network (8 districts, 55 maintenance centres, 31,556 km of pipeline)	ISO 14001
Snam Rete Gas	Dispatching of natural gas	ISO 9001
Snam Rete Gas	Natural gas metering service for the transmission network and management of the design and construction of metering plants	ISO 9001
Snam Rete Gas	Analysis laboratory	ISO 17025 (SINAL) (SIT)
Snam Rete Gas	Metallurgical laboratory	ISO 17025 (SINAL)
STOGIT	Company	ISO 14001
STOGIT	Natural gas accounting and metering service	ISO 9001
GNL Itala	Regasification terminal	ISO 14001
ITALGAS and Napoletana Gas	Company	ISO 14001-ISO 9001-OHSAS 18001
ITALGAS	Measurement laboratory	ISO 17025 (SINAL) (SIT)

In 2009 all necessary actions were put in place to maintain and renew the existing certifications. In total 239 audits were carried out, conducted both by specialist in-house personnel and by external companies.

The certification of the environmental management system and of the gas compressor stations was extended, under the UNI EN ISO 14001 standard, to include the new station in Poggio Renatico (FE), and certification was obtained for the quality management system under the UNI EN ISO 9001 standard, "Provision of the service of metering natural gas injected into and withdrawn from the Snam Rete Gas transmission network in Italy. Management of the design and construction of natural gas metering plants."

Work progressed on obtaining certification for the Snam Rete Gas employee health and safety management system under the OHSAS 18001 standard. Specifically, an internal workgroup has been set up and tasked with updating the existing management system, beginning with a Gap Analysis conducted by an external consultancy company. It is expected to achieve the goal of certification by the end of 2010.



Technological innovation and research

To introduce new technological, methodological and plant solutions, in order to increase the reliability of the plants and of the network, and therefore the quality of service, we rely on our technicians who, through careful monitoring of the best available technologies, are continually searching for improvements.

In this regard, as well as following the benchmarking activity with the objective of identifying and comparing, with other European gas transmission companies, the principal technical-economic indicators, we also participate in technical associations and workgroups at national and international level.

In GERG, "Groupe Européen de Recherches Gazières" (www.gerg.eu), a group comprising the most important European gas companies, we have continued to hold the presidency of the "Transmission & Storage" Programme Committee and we have coordinated the setting up of new projects to check and monitor pipelines, verify and assess the structural integrity of the network, and transfer technologies from other business sectors to the gas transmission processes. For example, in the transmission sector we will use laboratory tests to assess the performance of new families of coverings for buried pipelines, comparing them with the performance levels of the solutions commonly adopted to date.

Another area of interest is the experimental verification of the "weldability" of the types of steel used for pipelines using the innovative "friction stir welding" process. Under the aegis of GERG, we have completed a project (coordinated by Italgas) in the odorization of natural gas, which saw the participation of Europe's biggest gas distribution companies and also a large number of makers of odorization substances. The primary purpose is to make possible an exchange of information, obtained using various different methods of assessment of the intensity of the odour, relative to the olfactory properties of the odorizing agents. The result of this project was presented to Technical Committee TC 193 of the ISO for inclusion in the ISO series of standards.

In EPRG, "European Pipeline Research Group" (www.eprg.net), a research group made up of European gas companies, steelworks and pipe-makers, we are participating in research projects to improve the integrity of the pipelines for gas transmission, with particular attention to aspects of structure, metallurgy and corrosion. We are working to offer new models for assessing the quality of welds in high-grade steel (steel with superior resistance levels than that currently in use) and for assessing the mechanical resistance of damaged pipelines under the effect of internal pressure. We have also started up an experimental analysis of environmental effects on the residual mechanical resistance of damaged pipelines.

In the distribution sector, we have acquired a latest-generation model of portable laser pointer, ATEX-certified, for operating in potentially hazardous environments. The pointer detects gas dispersion from pipelines or plants above ground at a distance. Field experimentation has shown good results, to the extent that we are now considering introducing the equipment to the company.

Also in the distribution sector, work has continued on a number of projects on metering:

- a study of large-calibre ultrasound meters for installation on REMI (regulation and measurement) plants;
- turning to domestic meters, a testing campaign has been started on an ultrasound meter that offers several advantages over traditional meters. The meter has an automatic interception system in the event of major earthquakes, excess flow and/or inversion of flow of the gas, or forced entry;
- following resolution no. 155/2008 of the Italian Electricity and Gas Authority, the "Gas Meter Remote Reading" project has been started to test remote reading technologies for G4 and G6 calibre meters currently available on the market. After an initial phase of market investigation, a number of different solutions have been selected which use different technologies (radio-frequency and GSM/GPRS) and which have led to the field installation of around 4000 devices, which are still undergoing testing.

What we said-what we did-what we will do

In the following table, for continuity of reporting with previous Reports, in the “Commitments” and “What we did” columns we show the actions carried out for the transmission and regasification activities only. For the storage and distribution activities, the principal actions carried out are described in various sections in the Report.

COMMITMENTS WHAT WE SAID IN 2008	WHAT WE DID IN 2009	WHAT WE WILL DO 2010-2013 OBJECTIVES
People		
		<ul style="list-style-type: none"> – Implement all necessary initiatives to finalise the process of integration between Snam Rete Gas, GNL Italia, Italgas and Stogit.
Maintain the commitment to training.	<ul style="list-style-type: none"> – Consolidation and updating of the technical and professional skills associated with the development of specialist know-how. – Sharing and training on the contents of the “231 Model” and of the Code of Ethics, an essential activity for the effective application of the principles set out therein. – 96% of our people took part in training and updating activities. 	<ul style="list-style-type: none"> – Keep the index of involvement of personnel in training activities high, by promoting, among other things, initiatives aimed at the comprehension and implementation of the new organisational model.
Continue with initiatives for the continuing improvement of the safety and health of employees.	<ul style="list-style-type: none"> – Continue implementation of the OHSAS 18001-compliant workplace safety management system. – Training and communication activities on safety issues. 	<ul style="list-style-type: none"> – Set up specific training courses on the issue of safety at work. – Implement a communication plan, aimed at offices and at operational units, to raise people’s awareness of the importance of safety at work.
Promote and encourage the new communication tools introduced with the new corporate intranet site.	<ul style="list-style-type: none"> – Updating and improvement of the functions of the corporate intranet and promotion of the use of tools for developing and sharing know-how. – Experimentation with new communication channels for disseminating information on the energie programme. 	<ul style="list-style-type: none"> – Implement a group intranet platform that can be an effective work tool for all persons in the group.
Continue with experimentation with the new professional growth path for young new hires with level I degrees (equivalent to a BA or BSc).	<ul style="list-style-type: none"> – Consolidation of the professional growth path for young new hires with level I degrees, through experiences in the region and workshops exploring the operational side of the business. 	<ul style="list-style-type: none"> – Create the conditions to provide a growth path for young new hires with level I degrees (equivalent to a BA or BSc), in line with corporate requirements. – Develop the necessary capacities and skills to deal with the new business scenario. – Identify and categorise the various different professional roles in order to develop their respective skills and expertise.
Analyse the results of the survey of the internal organisational climate.	<ul style="list-style-type: none"> – Share the results of the analysis of the climate at particular corporate events. – Improve communications activity (energie Programme) as a response to a widespread need thrown up by the analysis. 	<ul style="list-style-type: none"> – Redefine improvement actions, applying them to the new corporate perimeter.

COMMITMENTS WHAT WE SAID IN 2008	WHAT WE DID IN 2009	WHAT WE WILL DO 2010-2013 OBJECTIVES
External stakeholders		
	– Snam Rete Gas has been included in the DJSI World Index and in the ECPI Ethical Index Global, confirming the inclusion in the other indices for which it has already been selected.	– Work to maintain and increase the inclusion of SRG in the major ethical indices that are associated with sustainability (FTSE4Good and DJSI).
Continue the activities undertaken to implement the principles contained in the “Policy for managing philanthropic activities and social initiatives”.	– The Sustainability Team have set out the Rules for managing philanthropic activities and social initiatives, which will be submitted for legal and organisational verifications.	– Define initiatives that are consistent with the company’s philanthropic policy.
Ensure continuous and precise information to the national and local media, giving transparent information about corporate strategies. Improve and expand online communication.	– The third photographic reportage has been completed, covering the Alpine frontier: the access point of gas from Russia and Northern Europe. – Communication improved and expanded for company activities and in particular for the operation to increase share capital and for the acquisition of Stogit and Italgas. – Online communication extended with more information, with particular reference to the new corporate structure. – Communication with stakeholders improved through the publication of two economic/financial newsletters.	– Develop a proactive model of stakeholder engagement, in line with the corporate sustainability model.
Update the supplier qualification process in accordance with methodologies that are better focused on the business.	– New criteria have been drawn up for defining the levels of critical importance of categories of goods and services, to make the supplier selection process more efficient and effective.	– Improve suppliers’ knowledge and awareness of sustainability issues and ethical forms of conduct. – In the procurement processes, keep the level of transparency and traceability high.
Maintain an attractive and sustainable remuneration policy for the shareholders, also in a context of growth in the company’s activities.	– For 2009, the Board of Directors of Snam Rete Gas offered the distribution of a dividend of € 0.20 per share (of which € 0.06 per share was distributed in October 2009 as advance payment on the dividend).	– For the financial years 2010-2012 the distribution of a dividend per share on the rise by 4% average per year respect to 2009 unit level is expected.
Meet all the customers’ capacity requirements and increase the flexibility of the service offered.	– All of the customers’ capacity requirements were met. – Regasification companies have been offered the possibility of requesting transport capacity on a half-yearly, quarterly and monthly basis at the Entry Points interconnected with their terminals.	– Keep the customer satisfaction index for the services offered high.
Continue to play a proactive role in responding to consultation documents issued by the Authority.	– SRG has responded to 11 consultation documents, and in particular has constructively participated in the process of drawing up the “Consolidated Act on the regulation of the quality and tariffs of natural gas transmission and dispatching services for the 2010-2013 period.” In addition SRG drew up 4 modifications to the Network Code which were subsequently approved by the Regulator.	– To optimise dialogue with the Authority, set up a centralised structure to manage relations between the Regulator and the companies of the Group with the objective of giving complete, effective and consistent responses to the problems that the integration of the energy markets will pose in the coming years. – Continue maintaining a proactive role in relations with the Authority with reference both to consultation documents and to proposals for changes to the Codes.

COMMITMENTS WHAT WE SAID IN 2008	WHAT WE DID IN 2009	WHAT WE WILL DO 2010-2013 OBJECTIVES
Environmental protection		
Contain the atmospheric emissions of nitrogen oxides and of natural gas.	<ul style="list-style-type: none"> – 1 DLE turbine installed at the Malborghetto station. – Transformation of 1 DLE turbine at the Melizzano station. – 10 recompression interventions carried out. – A total of 63 valves with hydro pneumatic actuators have been eliminated or replaced, 117 pneumatic regulators have been eliminated, and 38 control valves have been replaced with emission-free piloted valves. 	<ul style="list-style-type: none"> – Low-emission turbines will be installed and/or will replace existing turbines in compressor stations in Enna, Messina, Montesano and Melizzano. – Efforts will continue to widen the field of intervention for recompression in order to minimise the gas leaked into the atmosphere during operations carried out on the network. – Compressed air technologies will be installed to reduce natural gas emissions at the Palmi and Mortara plants.
Rationalise energy consumption by developing energy management activities.	<ul style="list-style-type: none"> – Photovoltaic systems installed in 3 owned maintenance centres. – Work has begun on updating the computer system to optimise transmission of gas at the Dispatching Centre. 	<ul style="list-style-type: none"> – Buildings will be constructed and/or existing buildings renovated with installation of photovoltaic systems and/or solar systems to produce hot water at the centres in Avezzano, Novedrate, Pregnana Milanese and Bari. – Implementation will continue, and will conclude, of the new computer system to optimise gas transmission.
Maintain and/or renew the certifications of the environmental management systems (EMS).	<ul style="list-style-type: none"> – Renewed (September) the ISO 14001-compliant EMS of the Panigaglia LNG regasification facility. – Maintained (March) and renewed (November) the ISO 14001-compliant EMS of the gas compressor stations. – Maintained (December) the ISO 14001-compliant EMS of the gas pipeline network. 	<ul style="list-style-type: none"> – Maintain and/or renew the certifications of the environmental management systems (EMS).
Ensure high standards of safety and environmental protection, by regularly monitoring the plants and the network.	<ul style="list-style-type: none"> – Approx 1,600 km of network inspected with “intelligent pigs” and 13,700 km of network inspected by helicopter (transmission activity). 	<ul style="list-style-type: none"> – Proceed with control and monitoring activities of the network using the best available technologies.
Limit disturbance to the land, implementing environmental restoration operations following the laying of gas pipelines.	<ul style="list-style-type: none"> – The land disturbed by the laying of about 270 km of gas pipeline has been restored to its original conditions; the land affected by the laying of 27 km of pipeline has been reforested; and lands reforested in previous years following the laying of 191 km of pipeline have undergone cultivation measures. – A Technical Operating Instruction, “Protection and Sustainable Use of Biodiversity”, has been drawn up. 	<ul style="list-style-type: none"> – Continue environmental recovery operations following laying of pipelines and ensure the care and maintenance of the forest plant species planted on it.
Mitigate the sound emissions caused by the installations by means of technological upgrading and soundproofing.	<ul style="list-style-type: none"> – Improvement of the acoustic soundproofing in 7 pressure reduction cabins. 	<ul style="list-style-type: none"> – Improve the acoustic soundproofing in the coming four-year period on around 120 plants (review of 2010-2013 plan).
	<ul style="list-style-type: none"> – To reduce waste water, phyto-purification systems have been installed at the stations in Terranuova Bracciolini and Enna. 	<ul style="list-style-type: none"> – Install phyto-purification systems on the entire fleet of compressor stations (where there is no connection to the sewerage system, or authorisation of the respective public bodies is not forthcoming). – Encourage, by means of various initiatives, eco-responsible forms of conduct such as the use of recycled paper, recycling of waste packaging material in unit activities etc.