APPENDIX

NOTE ON METHODOLOGY

The Snam Sustainability Report refers to the year ending on 31 December 2011 and maintains the same reporting scope as the previous year, except for the information on corporate governance, which refers instead to the new corporate structure on the date of publication of the Report.

The document includes the information for stakeholders provided in the Consolidated Annual Report, showing physical and monetary data and performance indicators indicative of the entire range of significant social, environmental and economic impacts of Snam's different activities:
- transportation (Snam Rete Gas S.p.A.);
- liquefied natural gas regasification (GNL Italia S.p.A);
- storage (Stogit S.p.A.);
- distribution (Italgas S.p.A., with subsidiary Napoletanagas).

Economical information presented in this report are drawn from Snam's Consolidated Annual Report, while the methods of calculation used to determine the different indicators are described in the specific sections.
In addition, information is provided in the appropriate form on significant events occurring after the end of the year.

To ensure the comparability over time of the indicators deemed most significant and to give the reader the chance to compare the performance obtained, current values have been placed alongside those for the previous two years, using graphs and tables.

The Report is prepared in accordance with the Reporting Guidelines in their most up-to-date G3.1 version, issued by the Global Reporting Initiative in May 2011. The Report's level of compliance with the standards has been enhanced through more specific coverage of all the "core" indicators. In fact, the group's self-declared level of compliance, as certified by GRI itself, increased from B+ to A+, the highest grade possible.
Verification of the Report's reconciliation with GRI protocols is facilitated by the specific table appended to the Report

The process of gathering data and information and preparing the Report was coordinated and managed by the Sustainability unit of the parent company, Snam, in cooperation with the different corporate functions and the operating companies. The publication of the document, simultaneous with that of the Consolidated Annual Report, is subject to approval by the Board of Directors of Snam on 12 March 2012.

This Report has been reviewed by the external auditor engaged to perform the audit of Snam's annual report (Ernst & Young) based on the principles and guidelines of the International Standard on Assurance Engagements (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB). The results of the audits performed are included in the compliance certification appended to this report.

Lastly, this year, as is customary, the contents of the Report and further information are posted on the sustainability section of the website, www.snam.it.

Period of reference	2011
Report coverage	Annual
Previous report	2010 Sustainability Report
Contact person	Domenico Negrini - Bruno Andreetto
Snam Spa - Piazza Santa Barbara, 7 - San Donato Milanese (MI)	
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email	domenico.negrini@snam.it - bruno.andreetto@snam.it

Legend:

Following the new organisational structure, Snam has redefined the key performance indicators (KPIs).
KPIs make it possible to monitor specific sustainability targets, from the standpoint of continual improvement.
The pre-set targets and the results obtained during the year are reported in the relevant chapters.

KPI symbols – Activity status

■ Target achieved
■ Annual target achieved (KPI with multi-year targets)
○ Activity in progress

The document contains the codes corresponding to the GRI guidelines, for ease of reference and interpretation.

GRI Indicator Symbols

EC1 (e.g.) Content corresponding to a GRI indicator

PERFORMANCE INDICATORS

Snam group – main operating data*	2009	2010	2011
Natural gas transportation			
Gas injected into the network (10^9 m^3)	76.9	83.32	78.3
Gas pipeline network (km)	31,531	31,680	32,010
Average distance covered by gas in the Italy transportation network (km)	639	634	506
Gas compression stations for transportation (No.)	11	11	11
Installed capacity at gas compression stations (MW)	830	861	884
Liquefied natural gas regasification			
Liquefied natural gas injected into the network (10^9 m^3)	1.32	1.98	1.89
Number of methane tankers unloaded	38	54	50
Natural gas storage			
Gas injected into storage sites (10^9 m^3)	7.81	8	7.78
Gas provided from storage sites (10^9 m^3)	8.71	7.59	7.53
Operating concessions (No.)	8	8	8
Natural gas distribution			
Distribution network (km)	49,973	50,307	50,301
Gas carried in the distribution network (10^9 m^3)	7.537	7.953	7.450
Concessions (No.)	1,441	1,448	1,449

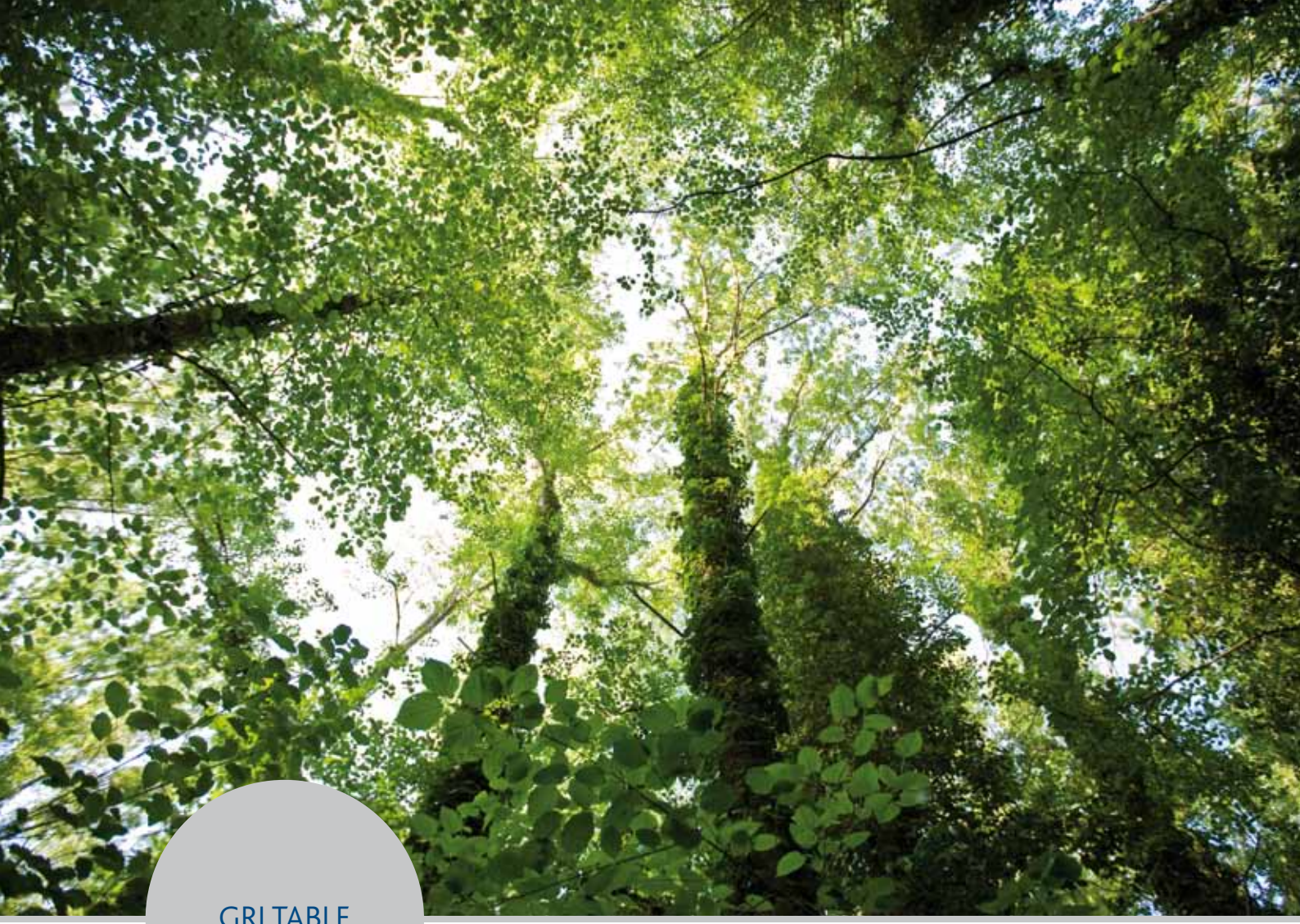
Snam group – main economic data*	2009	2010	2011
Core business revenue (b) (€ million)	2,438	3,475	3,539
Operating expenses (€ million)	581	968	993
Operating profit (€million)	1,274	1,862	1,958
Net profit (€ million)	732	1,106	790
Technical investments (€ million)	1,254	1,540	1,585
Net invested capital at 31 December (€ million)	15,652	16,257	16,989
Shareholders' equity including minority interests (€ million)	5,703	5,916	5,792
Shareholders' equity, Group share, at 31 December (€ million)	5,702	5,915	5,791
Net financial debt at 31 December (€ million)	9,949	10,341	11,197
Free Cash Flow (€ million)	-4,489	382	-52
Number of shares of share capital (million)	3,570.80	3,570.80	3,571.20
Number of shares outstanding on 31 December (million)	3,375.90	3,376.60	3,378.60
Average number of shares outstanding during the year (c) (million)	2,579.30	3,376.20	3,378.00
Period end official share price (€)	3.46	3.73	3.39
Average official share price during the period (€)	3.22	3.59	3.75
Market capitalisation (€ million)	11,681	12,595	11,454
Dividends for the period (€ million)	675	777	811
Dividends paid during the period (€ million)	450	776	811
Environmental expenses (€ million)	93.6	94.5	113.2
Health and safety expenses (€ million)	31.	29.7	31.4

*For comments on the economic and financial results, please refer to the 2011 annual financial report

Snam group – main social indicators	2009	2010	2011
Employees (No.)	6,187	6,104	6,112
Executives (No.)	121	116	118
Managers (No.)	493	508	544
Office workers (No.)	3,320	3,243	3,277
Manual workers (No.)	2,253	2,237	2,173
Men (No.)	5,589	5,521	5,469
Women (No.)	598	583	643
Men/women compensation differential (executive category)	-	1.03	0.973
Men/women compensation differential (manager category)	-	0.97	0.94
Men/women compensation differential (office worker category)	-	0.94	0.91
Employee average age (years)	47	48	48
Seniority (years)	22	23	23
Recruitment during the year from the market (No.)	40	55	140
Other incoming employees (from Eni, non-consolidated companies, etc.) (No.)	128	82	228
Percentage of university graduates hired (%)	18	28.5	36.4
Departures during the year (No.)	295	220	360
Employee accident frequency index	4.54	3.55	2.22
Employee accident severity index	0.18	0.1	0.06
Contractor accident frequency index	12.74	8.87	8.97
Contractor accident severity index	0.43	0.3	0.35
Hours of training/No. of employees	25	24	30
Hours of training on health matters			7,405
Hours of training on safety matters			21,158
Hours of training on environmental matters			2,093
Total HSEQ audits performed (No.)	239	347	359
Environmental investigations (No.)	771	357	401
Medical examinations (No.)	2,634	3,180	2,533
Diagnostic exams (No.)	4,288	3,934	2,027

Snam group – main environmental indicators	2009	2010	2011
Natural gas emissions (10^6 m^3)	99.9	100.8	96.9
Total GHG emissions (10^3 t CO_{2eq})	2,451	2,691	2,265
CO_2 emissions (10^3 t)	799.4	1,057.5	694.5
Indirect CO_2 emissions (10^3 t)	50.5	54.9	36.0
NOx emissions (t)	1,353	1,683	919
CO emissions (t)	926	618	383
Total waste production (t)	96,618	120,192	66,072
Non-hazardous waste production (t)	68,886	102,891	40,467
Hazardous waste production (t)	27,732	17,301	25,605
Waste recovered from production activities (%)	-	59	59
Water procurement (10^3 m^3)	4,787	4,687	4,354
Water discharges (10^3 m^3)	4,479	4,449	4,168
Scarichi idrici (10^3 m^3)	4.479	4.449	4.168

	2009	2010	2011
Natural gas transportation			
Energy consumption for transportation/energy injected into the network * average perc. (%/10^3km)	0.56	0.74	0.51
CO_2 emissions for transportation/gas injected into the network * average perc. (kg/[10^6 m^3*km])	10.64	13.71	9.74
CO_{2eq} emissions for transportation/gas injected into the network (kg/10^6 m^3)	15,176	16,420	12,955
NOx emissions for transportation/gas injected into the network * average perc. (kg/[10^6 m^3*km])	0.016	0.02	0.012
Natural gas emissions for transportation/gas injected into the network (%)	0.053	0.049	0.051
DLE turbine hours of operation/total turbine hours of operation (%)	74.4	78.6	80
Rated turbine NOx emissions/turbine total installed capacity ([mg/Nm3]/MW)	7.64	7.19	6.6
Liquefied natural gas regasification			
Energy consumption for regas./LNG injected into the network (%)	1.74	1.38	1.41
CO_{2eq} emissions for regas./LNG injected into the network (kg/10^6 m^3)	24,737	39,844	33,827
Natural gas storage			
Natural gas emissions for storage/gas stored (%)	0.076	0.073	0.075
NOx emissions /gas stored kg/10^6 m^3	51.1	68.8	44.3
Rated turbine NOx emissions/turbine total installed capacity ([mg/Nm^3]/MW)	18.30	16.43	15.6
Natural gas distribution			
Natural gas emissions /gas distributed (%)	0.61	0.57	0.60
CO_{2eq} emissions for distribution/gas distributed (kg/10^6 m^3)	99,405	91,682	97,913



GRI TABLE

Legend:

- The **Presence** column indicates the level of compliance with the standards (disclosure) according to the legend specified below:
  - ● Fully reported
    (the data/information meet the requirements of the standards completely)
  - ◓ Partially reported
    (the data/information meet the requirements of the standards only in part)
  - \- Not reported
    (the data/information have not been gathered or are not sufficiently representative)
  - n.a. Not applicable
    (the data/information called for by the standards are not significant or are not relevant)
- The **References** column indicates the report pages where the contents referring to the requirements of the standards are shown (pages in italics refer to full sector details)
- The **Notes / Comments** column includes information additional to the Sustainability Report or that provides further clarification on the statements made in the Report.

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Snam** has presented its report "Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 21st 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because Snam has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 9th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

STRATEGY AND ANALYSIS

		Presence	References	Notes / Comments
1.1	Message from top manager – Message from CEO	●	4-5	
1.2	Description of principal impacts, risks and opportunities (in terms of sustainability)	●	24-31	

PROFILE

		Presence	References	Notes / Comments
2.1	Name of the organisation	●	Cover-87	
2.2	Main activity	●	10-14	
2.3	Organisational structure	●	15-17	
2.4	Location of general headquarters	●	Third of cover-87	
2.5	Local market presence	●	13-14, 20	
2.6	Ownership structure	●	19	
2.7	Markets served	●	10-14	
2.8-2.9	Size of the organisation and significant changes in size, structure and ownership structure	●	10-14	
2.10	Awards and prizes received during the period	●	9	

PARAMETERS OF THE REPORT

		Presence	References	Notes / Comments
3.1-3.3	Period of reference of the document, last report published and frequency of reporting	●	86-87	
3.4	Contact persons and addresses	●	87	
3.5-3.7	Reporting process, scope and limitations	●	86-87	
3.8	Information on joint ventures, subsidiaries, leased plants, outsourcing activity and other	●	86	
3.9	Data measurement techniques and basis for calculation	●	86-87	The calculation methods used to determine the various figures are indicated in the relevant related sections.
3.10	Explanation of effects of any change to information included in previous reports and reasons	●	86-87	
3.11	Significant changes in objective, scope or measurement methods used	●	86-87	
3.12	Table of G3.1 content	●	93-97	
3.13	Policies and practices on independent auditing	●	99-100	

GOVERNANCE, COMMITMENTS AND ENGAGEMENT

		Presence	References	Notes / Comments
4.1	Governance structure	●	15	
4.2	Executive status of Chairman	●		The chairman of the Board of Directors is a non-executive
4.3	Independence of governance bodies	●	15-16	
4.4	Mechanisms available to shareholders and employees to provide recommendations or directives to the highest governance body	●		Investors are asked to exercise their role at shareholders' meetings. For information on how shareholders' meetings work, see the governance report. To encourage dialogue with shareholders, SNAM has an Investor Relations function
4.5	Link between compensation and performance of the organisation	●		See the Corporate Governance Report
4.6	Activities to ensure that conflicts of interest do not occur	●	15-16	
4.7	Processes for determining the qualifications of the highest governance body to guide the organisation's strategy	●		See the website, www.snam.it
4.8	Mission, values and Code of Conduct	●		See the website, www.snam.it
4.9	Procedures and committees for managing sustainability-related performance	●	25	
4.10	Performance evaluation of the members of the highest governance body	●		See the Corporate Governance Report
4.11	Explanation of any method of application of the prudence principle or approach	●	24-31	
4.12	Signing and adoption of codes of conduct, principles and charters developed by external organisations	●	16	
4.13	Participation in trade associations	●	53	See the website, www.snam.it
4.14	List of stakeholders with which the Company interacts	●	18-20	
4.15	Principles for identifying stakeholders	●	18-20	
4.16	Approach adopted for the activity of involving stakeholders	●	18	
4.17	Results of involvement	●	38-53, 69-85	

PERFORMANCE INDICATORS

ECONOMIC INDICATORS (EC)		Presence	References	Notes / Comments
Information on operating method (EC)		●	11-17, 21, 33-36, 43-47	
EC1 core	Economic value generated and distributed directly	●	21, 88	
EC2 core	Economic and financial implications associated with climate change	●	62	
EC3 core	Coverage of obligations assumed at the time of defining the pension plan (benefit plan obligations)	●		Snam offers its employees pension coverage that is supplemental to the public system, on a voluntary acceptance basis. At the time of termination of employment, all employees receive post-employment benefits. (Please refer to the Consolidated Annual Report and to the website, www.fondenergia.it)
EC4 core	Significant government economic assistance	●		There is none
EC5 add	Ratio of wages of new hires to local minimum wage in the most significant operating sites	-		
EC6 core	Policies, practices, and percentage of expenses concentrated on local suppliers	●	45	
EC7 core	Procedures for hiring people residing where the activity is primarily carried out and percentage of senior managers hired in local communities	●	18	
EC8 core	impacts of investments in infrastructure for the benefit of local communities, through commercial commitments, donations of products/services or other pro-bono activities	●	49	
EC9 add	Analysis and description of main indirect economic impacts considering the external effects generated	-		

ENVIRONMENTAL INDICATORS (EN)		Presence	References	Notes / Comments
Information on operating method (EN)		●	45-47, 54-69	
EN1 core	Raw materials used by weight and volume	●	45-47	
EN2 core	Percentage of material used deriving from recycled material	●	67	
EN3 core	Direct energy consumption broken down by primary energy source	●	63-64, 89-90	
EN4 core	Indirect energy consumption broken down by primary energy source	●	63, 89-90	
EN5 add	Energy savings due to conservation and improvements in terms of efficiency	●	64-65, 89-90	
EN6 add	Initiatives to provide services that are energy efficient or based on renewable energy and consequent reduction in energy needs as a result of these initiatives	●	64	
EN7 add	Initiatives geared toward reducing indirect energy consumption and reductions obtained	●	63-64	
EN8 core	Total water procurement broken down by source	●	68, 89	
EN9 add	Water sources significantly affected by water consumption	◓	68	
EN10 add	Percentage and total volume of water recycled or reused	●	68, 89	
EN11core	Location and size of land owned, leased or managed in protected areas (or adjacent to protected areas) or in areas with high biodiversity outside of protected areas.	◓	56	We will assess whether to expand upon this information in the next report
EN12 core	Description of the major impacts of activities, products and services on the biodiversity of protected areas or of areas with high biodiversity outside	●	56-58	
EN13 add	Protected or restored habitats	●	56-58	
EN14 add	Strategies, actions implemented, future plans for managing impacts on biodiversity	●	56-58	
EN15 add	Number of protected species that have their habitat in the organisation's areas of operation, broken down by level of risk of extinction	-		
EN16 core	Total direct and indirect greenhouse gas emissions by weight	●	60-63	
EN17 core	Other indirect greenhouse gas emissions by weight	●	60, 62	
EN18 add	Initiatives to reduce greenhouse gas emissions and results achieved	●	60	
EN19 core	Emissions of substances harmful to the ozone layer by weight.	●	69	
EN20 core	NOx, SOx and other significant emissions into the air broken down by type and weight	●	65-66	
EN21 core	Total water discharged by quality and destination	●	68, 89	
EN22 core	Total weight of waste by type and by disposal method	●	66-67, 89	
EN23 core	Total number and volume of significant spills	●		No significant spills occurred during the period
EN24 add	Weight of waste classified as hazardous that is transported, imported, exported, or treated and the percentage transported abroad.	-		
EN25 add	Identity, size, protection status and value of the biodiversity of aquatic fauna and flora and the respective habitats significantly affected by water discharges	-		
EN26 core	Initiatives to mitigate the environmental impact of products and services and degree of mitigation of the impact	◓	60-69	
EN27 core	Percentage of products sold and respective packaging material recycled or reused by category	n.a.		Not relevant, since Snam's core business is the provision of services that do not involve the use of packaging
EN28 core	Monetary value of significant fines and number of non-monetary penalties due to failure to comply with environmental laws and regulations	●		In 2011, there was one administrative fine of about €500 due to a delayed notification
EN 29 add	Significant environmental impacts from the transportation of goods/materials used for the organisation's activity and for personnel travel	-		
EN 30 add	Expenses and investments in environmental protection, broken down by type	◓	59	

LABOUR INDICATORS (LA)		Presence	References	Notes / Comments
Information on operating method (LA)		●	71-82	
LA1 core	Total number of employees, broken down by type, type of contract and geographic distribution.	●	18, 72, 76, 89	
LA2 core	Total number of personnel and turnover rate, broken down by age, sex and geographic area	●	70, 89	
LA3 add	Benefits provided for full-time workers	●	71, 76-77	
LA4 core	Percentage of employees covered by collective labour agreements	●	78	
LA5 core	Minimum period of notice for operational modifications (organisational changes), specifying whether or not such conditions are included in the collective labour agreement	●		The provisions of the national collective labour agreements are applied (see LA 4)
LA6 add	Percentage of workers represented on the health and safety committee	●		Worker representation is ensured through ref. T.U. Legislative Decree No. 81/2008 and the national agreements
LA7 core	Rate of workplace accidents, sickness, lost work days, absenteeism and total number of deaths, broken down by geographic area	●	72, 78	
LA8 core	Educational, training, consulting, and risk prevention and control programmes implemented in support of workers, their families or the community, relative to disturbances or serious diseases	●	79	
LA9 add	Union agreements on health and safety	●		Worker representation is ensured through ref. T.U. Legislative Decree No. 81/2008 and the national agreements
LA10 core	Average annual hours of training per employee, broken down by worker classification	●	72	
LA11 add	Programmes for managing skills and for promoting training/continuing education in support of the continuing employment of employees and for managing the final phase of their careers	●	72-73	
LA12 add	Percentage of employees who regularly receive performance and career development evaluations	●	74-75	
LA13 core	Composition of the Company's governance boards and breakdown of employees by classification based on gender, age, belonging to protected categories and other diversity indicators	●	75-76	See Consolidated Annual Report for the composition of the governance bodies
LA14 core	Ratio of men's base wages to women's base wages for the same classification	●	89	
LA15 core	Rate of return to work after parental leave	●	76	

HUMAN RIGHTS INDICATORS (HR)		Presence	References	Notes / Comments
Information on operating method (HR)		●	16-17, 45-47	
HR1 core	Number and percentage of investments that include clauses on respecting human rights	●		The investments are made in Italy.
HR2 core	Percentage of suppliers and contractors that are subjected to audits on human rights and respective actions taken	●	45-47	99.9% of suppliers are located in European countries, where respect for human rights is
HR3 add	Total hours of employee training on policies and procedures concerning human rights and percentage of workers trained	●	73	
HR4 core	Total number of episodes of discriminatory practices and actions taken	●	17	
HR5 core	Identification of activities in which the freedom of association and collective bargaining could be exposed to significant risks and actions taken in defence of such rights	●		SNAM operates in Italy and applies the current regulations on the subject
HR6 core	Identification of operations at high risk for recourse to child labour and the measures adopted to aid its elimination	●		SNAM operates in Italy and applies the current regulations
HR7 core	Activities at high risk for recourse to forced or compulsory labour and measures taken to aid their elimination	●		SNAM operates in Italy and applies the current regulations
HR8 add	Percentage of safety personnel that have received training on human rights procedures and policies	●		In the area of site safety, Snam predominantly employs specialised external companies that train staff directly
HR9 add	Number of violations of rights of local communities and actions taken	●	17	
HR10 core	Operations analysed for purposes of the human rights impact	n.a.		Not relevant, since SNAM is a regulated company
HR11 core	Composition of disputes on human rights	n.a.		Not relevant, since SNAM is a regulated company

SOCIETY INDICATORS (SO)		Presence	References	Notes / Comments
Information on operating method (SO)			6-7, 39-40, 45-54, 84-85	
SO1 core	Nature, objective and effectiveness of programmes and/or practices for evaluating and managing impact on a given community, including activity commencement, operation and decommissioning phases	●	54-58, 69	
SO2 core	Percentage of business units analysed for corruption risk	●	16-17	
SO3 core	Percentage of employees with anti-corruption training	●	73	
SO4 core	Actions taken in response to incidents of corruption	●	17	
SO5 core	Positions on public policy, participation in the development of public policies and pressures exercised	●	53	For a list of associations in which Snam participates, see http://www.snam.it/it/sostenibilita/area-economica/tecnologia-innovazione/enti_istituz_snam.html
SO6 add	Total financial contributions and benefits provided to parties, politicians and institutions by country	●		SNAM does not make direct or indirect contributions in any form to political and union parties, movements, committees or organisations, their representatives or their candidates, except those provided for by specific regulations
SO7 add	Total legal actions regarding unfair competition, anti-trust and monopolistic practices and respective judgments	-		
SO8 core	Monetary value of significant fines and total number of non-monetary penalties due to non-compliance with laws or regulations	●		See Consolidated Annual Report
SO 9 core	Operations with potential negative impact on local communities	●	54-57	
SO10 core	Prevention measures adopted to mitigate the negative impact of operations on local communities	●	54-57	

PRODUCT RESPONSIBILITY INDICATORS (PR)		Presence	References	Notes / Comments
Information on operating method (PR)		●	36-43	
PR1 core	Impact of product on health and safety	●	36-37	See PR3
PR2 add	Total cases of non-compliance with regulations and voluntary codes	-		
PR3 core	Consumer and labelling information	●	36-37	
PR4 add	Total cases of non-compliance with regulations or voluntary codes on information on and labelling of products/services	n.a.		
PR5 add	Customer satisfaction practices	●	42	
PR6 core	Compliance with laws, standards and voluntary codes on marketing activities	n.a.		Not relevant, since SNAM is a regulated company
PR7 add	Total cases of non-compliance with regulations or voluntary codes on marketing activities	n.a.		Not relevant, since SNAM is a regulated company
PR8 add	Number of complaints for violation of privacy and loss of consumer information	-		
PR9 core	Amount of penalties for violation of regulations on the supply and use of products and services	●	41	

GLOBAL COMPACT RECONCILIATION TABLE

Global Compact – the ten principles	2011 Sustainability Report	GRI Indicators
	Human rights	
Principle 1, 2 – Companies are asked to promote and respect universally recognised human rights in their respective spheres of influence and to make sure they are not complicit, even indirectly, in human rights violations.	• Respect for human rights is expressly mentioned in the Snam Code of Ethics and in contractual relations with suppliers. Since early 2012, all companies in the Snam group disclose to all employees and partners, through contractual documentation, the ten principles stated by the Global Compact with the intention of disseminating the values contained in them. Pages. 7, 15-17, 45-47 • Snam is committed, as stated in the Code of Ethics, to fighting any form of discrimination and respecting any type of diversity. pages 7, 16 • Snam operates in full compliance with Italian law, with the setting of legal age being an indispensable requirement for hiring at the Company, pages 15-17 • All suppliers are asked to accept and respect the Code of Ethics and the declaration not to employ personnel younger than the minimum age stipulated by law, pages 45-47 • An initiative has been implemented to disseminate the Global Compact principles among company suppliers, with the adoption of explanatory cover pages on contracts, pages 45-47 • Audits are performed at suppliers, pages 45-47	HR1, HR2, HR3, HR4, HR8, LA4, LA7, LA8, LA13
	Labour	
Principle 1, 2 - Companies are asked to promote and respect universally recognised human rights in their respective spheres of influence and to make sure they are not complicit, even indirectly, in human rights violations	• The Energy and Petroleum and Gas-Water national collective labour agreements apply. All workers are guaranteed the right to express their own thoughts, join associations and engage in union activity, page 78 • All companies in the Snam group are completing the procedure for managing the worker health and safety management system according to the OHSAS 18001 standards, pages 28-29 • Snam has also held a workshop with full details on workplace health and safety, page 47 • Initiatives have been developed associated with the Objective Safety Project, which involves all Snam companies. The project also includes the "Safety Trophy" and "Zero Accidents Prize", pages 80-81 • More than 30,000 hours of training on health, safety and environmental topics have been provided, page 73 • Snam adopts a collective incentive programme and uses tools to evaluate the performance of all employees, pages 74-75 • Initiatives are promoted to encourage a good work/life balance, pages 76-77 • The group intranet platform was made to encourage integration between the different companies, pages 82-83	HR1, HR2, LA2, LA3, LA4, LA7, LA8, LA12, LA13
	Environment	
Principle 7, 8, 9 – Companies are asked to maintain a preventive approach to environmental challenges; to undertake initiatives that promote greater environmental responsibility; and to encourage the development and dissemination of technologies that respect the environment	• The companies are certified according to the ISO 14001 standard, and a preventive environmental approach aimed at continual improvement is adopted, pages 28-29 • The best technologies available have been adopted to minimise environmental impacts, and plants have been started up for the production of energy from renewable sources, pages 60-66 • Eco-responsible behaviour has been encouraged at offices, such as sorting waste at canteens and the use of recycled paper, page 67 • Snam has joined the international initiative "Clean Up the World", promoted by Legambiente, involving the active participation of employees and some school students, page 52 • Snam particularly pays attention to biodiversity issues in relation to its relationship with stakeholders and to its operating activities, taking as reference the Millennium Development Goal concerning environmental and biodiversity protection, pages 7, 56-58	EN3, EN4, EN6, EN7, EN8, EN9, EN12, EN13, EN14, EN16, EN18, EN20, EN21, EN22; EN24, EN26, EN30
	Fight against corruption	
Principle 10 – Companies commit to fighting corruption in any form, including extortion and bribery	• The Anti-Corruption Guidelines have been adopted and the organisational structure has been made compliant with the creation of the Anti-Corruption Legal Support Unit, page 17 • Training activities on Model 231 and on the topic of fighting corruption have been provided, page 73	SO2, SO3, SO4

LETTER OF ASSURANCE

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Independent auditors' report on the limited assurance engagement of Snam's Sustainability Report as of December 31, 2011
(Translation from the original Italian text)

To the Board of Directors of
Snam S.p.A.

1. We have carried out the limited assurance engagement of the sustainability report of Snam (former Snam Rete Gas) and its subsidiaries (hereinafter "the Snam Group", former "Snam Rete Gas Group") as of December 31, 2011 (hereinafter the "Report"). The Management of Snam S.p.A. is responsible for the preparation of the Report in accordance with the *"Sustainability Reporting Guidelines"*, issued in 2011 by G.R.I. - Global Reporting Initiative, that are detailed in the paragraph *"Note on methodology"*, as well as for determining the Group's commitments regarding the sustainability performances and the reporting of the achieved results. The Management of Snam S.p.A. is also responsible for the identification of the stakeholders and the significant matters to report, as well as implementing and maintaining appropriate processes to manage and control internally the data and disclosures reported in the Report. Our responsibility is to issue this report based on the limited assurance engagement described in this report.

2. Our work has been conducted in accordance with the principles and guidelines established by the *"International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information"* ("ISAE 3000"), issued by the *International Auditing and Assurance Standard Board*. ISAE 3000 requires the compliance with ethical requirements ("Code of Ethics for Professional Accountants" issued by the International Federation of Accountants - "IFAC"), including professional independence, as well as planning and executing our work in order to obtain a limited assurance, rather than a reasonable assurance, that the Report is free from material misstatements. A limited assurance engagement of the Report consists of making inquiries, primarily with company's personnel responsible for the preparation of the information included in the Report, in the analysis of the Report and in other procedures in order to obtain evidences considered appropriate. The procedures performed on the Report are summarized below:

   a. Compared the economic and financial information and data included in the Report with those included in the Snam Group consolidated financial statements as of December 31, 2011 on which we issued our Audit Report, pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010, on April 3, 2012;

   b. Analyzed the operation of the processes that support the generation, recording and management of the quantitative data reported in the Report. In particular, we have carried out the following procedures:

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- interviews and discussions with personnel of the Management of Snam S.p.A., to obtain an understanding about the information, accounting and reporting system in use for the preparation of the Report and about the processes and the internal control procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Report;
- analyzed, on a sample basis, the documentation supporting the compilation of the Report in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct reliability of data and information in relation to the objectives described in the Report;

c. analyzed the consistency of the qualitative information reported in the Report to the guidelines indicated in paragraph 1. of the present report and the internal consistency, with reference to the strategy, the sustainability policies and the identification of the main matters for any kind of stakeholder;

d. analyzed the process relating to the engagement of the stakeholders, with reference to the procedures applied and the completeness of the stakeholders involved, trough the review of summary minutes or any other existing documentation relating to the main topics emerged from discussions with them;

e. obtained the representation letter, signed by the legal representative of Snam S.p.A., relating to the compliance of the Report with the guidelines indicated in paragraph 1., as well as to the reliability and completeness of the information and data presented in the Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000, and it does not provide a similar level of assurance; as a consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

With respect to the data and information relating to the Report of the prior year presented for comparatives purpose, reference should be made to the limited assurance report issued by us on March 22, 2011.

3. Based on our work, described in this report, nothing has come to our attention that causes us to believe that the sustainability report of Snam Group as of December 31, 2011 is not in compliance, in all material respects, with the guidelines *"Sustainability Reporting Guidelines"* issued in 2011 by the G.R.I. - *Global Reporting Initiative* as stated in the paragraph *"Note on methodology"* of the Report.

Turin April 3, 2012

Reconta Ernst & Young S.p.A.
Signed by: Stefania Boschetti, Partner

This report has been translated into the English language solely for the convenience of international readers

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