



CONSOLIDATED NON-FINANCIAL STATEMENT

(Legislative Decree No. 254 of 30 December 2016)

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NFS TCFD INTRODUCTION AND GUIDE TO READING THE DOCUMENT

The Consolidated Non-Financial Statement (hereinafter also the “Non-Financial Statement”, “Declaration” or “NFS”) of Snam Group for the year 2020 (from 1st January 2020 until 31st December 2020) constitutes a specific section of the Directors’ Report – Integrated Report (hereinafter also referred to as the “Integrated Management Report”) and is drafted in compliance with the provisions of the Legislative Decree of 30 December 2016, no. 254 and subsequent supplements (hereinafter also referred to as the “Decree”)⁴⁷.

The NFS contains relevant data and information on environmental, health and safety, social, personnel-related aspects and active and passive corruption prevention, which have been coherently selected on the basis of a structured materiality analysis, that allowed to identify the most relevant sustainability topics for the Group and its stakeholders. The materiality analysis is described in the paragraph “Material topics in relation to the activities carried out” in the Director’s report Integrated report. The relevance of the individual topics is defined taking into account the activities carried out and the characteristics of Snam⁴⁸.

The scope of reference of the information in the NFS coincides with the scope of consolidation of the Consolidated financial statements and includes, in addition to the parent company Snam S.p.A.:

- **Transportation of natural gas** (Snam Rete Gas S.p.A., Asset Company 2 S.r.l., Infrastrutture Trasporto Gas S.p.A., Enura S.p.A.);
- **LNG regasification** (GNL Italia S.p.A.);
- **Natural gas storage** (Stogit S.p.A.);
- **Sustainable mobility** (Snam 4 Mobility S.p.A., Cubogas S.r.l.);
- **Biogas / Biomethane** (Snam 4 Environment S.r.l., Renerwaste S.r.l., Ecoprogetto Milano S.r.l., Ecoprogetto Tortona S.r.l., Renerwaste Lodi S.r.l., IES Biogas S.r.l., Enersi Sicilia S.r.l.);
- **Energy efficiency** (Snam 4 Efficiency S.r.l., TEP Energy Solution S.r.l. and Mici S.p.A., Tlux S.r.l., Evolve S.p.A.);
- **Other activities** (Snam International BV, Gasrule Insurance DAC, Snam Gas & Energy Service-Beijing)

With reference to the reported environmental aspects, the companies Snam International BV, Gasrule Insurance DAC, Enura S.p.A. and Snam Gas & Energy Service-Beijing, which do not have significant environmental impacts, are excluded from the consolidation.

The structure of the Snam Group, including investments abroad, is shown on page 22 of the Integrated Management Report⁴⁹.

The content of the NFS is supplemented, where necessary or appropriate, with other information included in the Integrated Management Report, in the Report on Corporate Governance and Ownership Structure, and on the Company’s Website (www.snam.it), which can be found and consulted by following the specific references⁵⁰.

In order to standardise the reporting of data and information, as well as to facilitate the connection with each issue envisaged by the Decree, each area listed above has been divided into specific paragraphs divided into four sections dedicated respectively to:

- The main results achieved, future objectives and reference SDGs;
- Material topics and relevant generated or incurred risks;
- Company policies and commitments and details of their implementation by the Group, in order to manage the topics and mitigate relevant risks;
- Relevant performance indicators to understand the results obtained in pursuing these commitments.

The NFS has been prepared in conformity with the GRI Sustainability Reporting Standards published by the GRI (Global Reporting Initiative) and subsequent updates adopting the option “in accordance - Core”⁵¹. Alongside the tables displaying the data for the financial year ending 31 December 2020, the results of the previous two financial years are shown for comparison purposes. In the annex of this section has been inserted the GRI content index where the GRI standards are matched with the Group’s material topics.

With the current NFS the new GRI 403 2018 (Occupational Health & Safety) has been adopted.

⁴⁷ See Article 5, paragraph 1 of Legislative Decree no. 254 of 30 December 2016, Law no. 145 of 30 December 2018, Article 1073.

⁴⁸ See Article 3, paragraph 1 of the Decree no. 254 of 30 December 2016.

⁴⁹ See Article 4, paragraph 1 of the Decree no. 254 of 30 December 2016.

⁵⁰ See Article 5, paragraph 4 of the Decree no. 254 of 30 December 2016.

⁵¹ See Article 3, paragraph 5 of the Decree no. 254 of 30 December 2016.


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In order to guarantee the reliability of the presented data, estimates have been avoided or based on the best calculation methodology that have been promptly disclosed.

In addition, the Directors' Report has been enriched with the content required by the recommendations of the *Task Force on Climate-Related Financial Disclosure* (TCFD).

To fulfil our aim of constantly improving transparency on the Company's performance, the guidelines provided by the Sustainability Accounting Standards Board (SASB) for the identification and publication of information considered most relevant to the creation of long-term value for the sector were also considered.

This Non-Financial Statement has been approved by the Board of Directors of Snam S.p.A. of 17 March 2021. The same Statement, prepared using the GRI as a reporting

standard according to the level of application indicated above, was subjected to a judgment of conformity, with respect to the provisions of art. 3 and 4 of Legislative Decree 254/16, by Deloitte & Touche S.p.A, which is expressed in a specific "Independent auditor's Report". The opinion of the auditing firm and the related verification activities did not concern the information relating to the SASB and TCFD requirements respectively summarized in the tables below in the Independent auditor's Report.

The Report, of which the NFS is a specific section, is published in the 2020 Annual Report available on the Company's website at www.snam.it/en/Investor_Relations/Reports/.

An association table is shown below, highlighting the information content required by the Decree and its location within the document.

Scope of Legislative Decree 254/2016	Material topics	Paragraphs contained in the NFS	Other relevant content of the Integrated Management Report
Management and organisation business model			Snam's Profile, The Towards Net Zero strategy, Governance
Policies enacted by the company		Within the specific paragraphs concerning each area of the Legislative Decree. 254/2016	Governance
Main generated and incurred risks, including their management		Within the specific paragraphs concerning each area of the Legislative Decree. 254/2016	Governance Risk management
Environmental issues	Climate change Green business Protecting the local area and biodiversity	Environmental and health and safety aspects	Snam's Net Zero Carbon strategy, ESG Scorecard
Social	Health and safety Reliability of infrastructures, business continuity and cyber security Relations with authorities and quality of services Innovation Economic performance and value creation Relations with local communities	Social aspects Environmental and health and safety aspects	ESG Scorecard
Staff	Diversity and inclusion Developing and safeguarding human capital	Aspects concerning the management of personnel	ESG Scorecard
Human rights	Not material issue according materiality analysis	Protecting Human Rights	ESG Scorecard
Anti-corruption	Business integrity Fighting corruption	Prevention of active and passive corruption	Governance


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ENVIRONMENTAL AND HEALTH AND SAFETY ASPECTS

Future objectives and results achieved

SDGs	Action		Target	2020 performance
Emissions				
	Percentage reduction of Scope 1 and Scope 2 greenhouse gas emissions (vs 2018)	NET ZERO	-50% al 2030 (vs. 2018) NET ZERO al 2040	-15%
	Percentage reduction of total natural gas emissions (vs 2015) (*)	ESG scorecard NET ZERO	-36% al 2023 (vs. 2015) -45% al 2025 (vs.2015)	-30%
	Percentage of natural gas recovered from maintenance activities (**)	ESG scorecard	>40% of last five years average value till 2023	49%
Land protection & biodiversity				
	Percentage of vegetation restoration of the natural and semi-naturale areas involved in the construction of the pipeline routing	ESG scorecard	>99% until 2023	Figure available from 2021
New businesses – Green Innovation				
	Production of biomethane	ESG scorecard	141 mln m ³ by 2023	0.44 mln m ³
	Cumulative number of CNG and LNG stations	ESG scorecard	167 by 2023	25
	Supply of LNG Volumes from SSLNG infrastructure	ESG scorecard	250 kton by 2023	Figure available from 2021
	Reduction of CO _{2eq} emissions from energy efficiency interventions	ESG scorecard	43 kton by 2023	5 kton
Energy savings of operational management				
	MWh of electricity production by photovoltaic systems	ESG scorecard	>860 MWh by 2023	872 MWh
	Increase electricity purchased from renewable sources		55% by 2030	49%
	Trigeneration plants		5,200 MWh by 2022	1,966 MWh
	High-efficiency heat generators (***)		110 MW by 2025	81 MW
	Improvement of the energy efficiency of buildings		Renovate to achieve annual savings of 75,000 m ³ of gas and 210 MWh of electricity by 2022	15,000 m ³ of gas and 65 MWh of electricity
	Installation of LED lightning systems		Replace 534 kW with 1,860 MWh savings by 2022	450 kW installed 1,107 MWh saved
	Percentage of retrofit & methane-fuelled cars out of total car fleet	ESG scorecard	61% by 2023	39%
Safety				
	IpFG (Combined Frequency & Severity Index)	ESG scorecard	< of the average of the last 5 years until 2023	0.49
	No. of HS remarks / no. of total Audits conducted (external and internal)	ESG scorecard	< of the average of the last 5 years until 2023	52 remarks / 193 audits 0.27

(*) The KPI was aligned with the indications provided by the UN OGMP 2.0 protocol.

(**) The KPI was reprogrammed with a more challenging target (value understood as average of the last 5 years).

(***) The KPI was reprogrammed with a more challenging target.

ESG scorecard KPI entered in the ESG Scorecard

NET ZERO KPI entered in the Net Zero Carbon Strategy


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MATERIAL TOPICS AND RISKS RELATED TO THE ENVIRONMENT, HEALTH AND SAFETY

Climate change: as it operates in the energy sector, Snam is aware of its role in the fight against climate change. As outlined in the new Towards Net Zero strategy, the Group sets itself challenging targets in reducing emissions and improving energy efficiency to ensure an ever-smaller impact on climate change. The Company promotes collaborations between energy sector businesses in order to jointly achieve the common goal of carbon neutrality. Snam promotes more sustainable business management through the use and production of energy from renewable sources, with regard to the development of green gases (biomethane and hydrogen).

Green business: Snam has integrated new businesses (biomethane, sustainable mobility, energy efficiency and hydrogen) into its operations, aimed at fostering decarbonisation and positioning Snam as an enabler of the energy transition for Italy as a country.

Health and safety: the safety of its staff is an essential factor that governs Snam's daily activities, and one that has taken on even greater significance in 2020 following the Covid-19 pandemic. Snam annually monitors current, potential and emerging risks in order to mitigate and prevent accidents in the workplace and the impacts on people's health.

Protecting the local area and biodiversity: Snam is committed to protecting the biodiversity of the areas

it operates in, carrying out its activities efficiently and responsibly and minimising their impact on the environment, particularly during infrastructure construction processes. The landscape and local areas where the Group's plants and sites are located are safeguarded through inspection and monitoring activities as well as through policies aimed at protecting the soil, subsoil and aquifers.

Air quality protection and the management of waste and water resources are issues that were not categorised as material by the materiality analysis, but are nonetheless supervised by Snam. Concerning air protection, the only significant emissions are nitrogen oxides that derive mainly from the combustion of natural gas in gas turbines installed in the compression plants (thrust and storage). In order to minimise these emissions, a programme has been launched over the years to replace conventional turbines with low-emission turbines (DLE), which, to date, has replaced almost all of the turbines (all our storage sites were run with low-emission units). Water management was not deemed a material topic either as only small quantities of water resources are used, mainly in the operations of the GNL Italia regasification plant and for sanitary and horticultural use. Similarly, waste management was also not categorised as a material topic, considering the limited amount of waste produced by the company's operations, which for the large part are not dangerous.

Risks and material topics related to environmental, health and safety aspects

Risks		Material topics
STRATEGIC RISKS	Risks associated with climate change that entail a reduction in gas demand	<ul style="list-style-type: none"> ■ Climate Change ■ Green business
LEGAL AND NON-COMPLIANCE RISK	Risk of breach of laws and regulations in relation to health and safety of workers	<ul style="list-style-type: none"> ■ Health and safety
OPERATING RISKS	Risk of breakages, lesions or malfunctions, also following external events, that can cause an unforeseen interruption of the service or delays in the advancement of infrastructure creation programmes	<ul style="list-style-type: none"> ■ Protecting the local area and biodiversity ■ Health and safety

For a complete description of the risks, please refer to "Risks factors and uncertainties" contained in the "Risk management" section in the Integrated Management Report.


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POLICIES, COMMITMENTS AND MANAGEMENT MODELS

The main policies adopted by Snam regarding the environment, health and safety are the **HSEQ Policy** and the **Sustainable Development Policy**, which:

- Ensure respect for the protection of health and safety of workers and the environment, through the prevention of accidents, injuries and occupational illnesses
- Promote actions to fight climate change by implementing operational and management measures to reduce greenhouse gas emissions
- Promote energy efficiency and guarantee the sustainable use of natural resources
- Prevent pollution and guarantee the protection of ecosystems and biodiversity
- Set up procedures to identify and respond to emergency situations and monitor the consequences of accidents.

In managing environmental, health and safety issues, Snam uses a management system that complies with **ISO 14001**, **ISO 9001** and **ISO 45001 (or OHSAS 18001)** standards. To this end, 248 health, safety and environmental audits were carried out.

Climate change and energy efficiency

Snam contributes to the fight against climate change starting from its own energy management: in 2020, 95.4% of the Company's energy requirements were met through the use of natural gas.

The main **greenhouse gases** emitted into the atmosphere due to Snam's activities are methane (CH₄), the main component of natural gas, and carbon dioxide (CO₂). Methane emissions arise from the release of natural gas into the atmosphere and are generated by the normal plant operation, by operations to connect new gas pipelines and their maintenance, or by accidental events occurring on infrastructure, whereas the CO₂ produced is directly correlated with fuel consumption. In 2020, like the year before, the contribution from the use of hydrofluorocarbons (HFC) in refrigeration systems was included in the evaluation of direct emissions (equal to approximately 0.001 million tons of CO_{2eq}).

Every day, Snam renews its commitment to reducing climate-changing emissions. To this end, the Company has set the following targets for reducing its Scope 1 and Scope 2 natural gas and CO_{2eq} emissions:

The preventive assessments of the effects on the environment and on the safety of new settlements are carried out in the context of Environmental Impact Assessment (VIA) procedures, at the end of which the responsible administrations, both at central and local level, issue the authorisations required by current legislation. The progress of the permit activities is reported in the paragraph "Progress of activities related to obtaining permits" in the chapters Natural gas transportation in the Integrated Management Report. Ensuring the safety and quality levels of the plants is of great importance to Snam, which is why the Group employs numerous technologies to guarantee complete, continuous and efficient control and monitoring of the network. Furthermore, great attention is paid to environmental and safety requirements in the workplace during the qualification and selection of suppliers. Snam ensures that its critical suppliers are equipped with quality, environmental and safety management systems certified to ISO 9001, ISO 14001 and OHSAS 18001 or ISO 45001 standards.

- 45% reduction in natural gas emissions by 2025 compared to 2015;
- 50% reduction by 2030 of all direct (Scope 1) and indirect (Scope 2) CO_{2eq} emissions, compared to 2018;
- Achieving carbon neutrality by 2040 for all direct (Scope 1) and indirect (Scope 2) CO_{2eq} emissions.

In 2020, the initiatives implemented to reduce these emissions, overall, avoided 200,000 tonnes of CO_{2eq}, the highest value recorded in recent years (+12% compared to 2019).

For more information on these initiatives, see the chapter "2020 Performance - Greenhouse gas emissions" in the 2020 Annual Report.

Regarding the **use of energy from renewable sources**, electricity generation from photovoltaic plants owned by the Company increased, reflecting the rise in 2020 of the total number of plants to 2,360 (+32% compared to 2019) and the increase in installed capacity from 1.13 MW to 5.12 MW (+3.99 MW). This increase is attributable to cogeneration plants (3.92 MW), the installation of new back-up plants in the gas transportation network and a new


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photovoltaic plant connected to the electricity grid.

Snam also plans to increase the percentage of **electricity purchased from renewable sources** to 55% by 2030. In 2020, the percentage of green electricity in relation to the electricity consumed was 49%, which is a very positive result.

Snam's commitment to battling climate change and energy efficiency can also be observed in the issuance of three **Transition Bonds**, in June and November 2020 and February 2021 respectively, to finance projects related to reducing CO₂ emissions, developing renewables, energy efficiency and the development of green projects on the basis of environmental criteria. Another example of

Snam's engagement is the creation of **Arbolia**, the benefit company created in collaboration between Snam and CDP [the Italian National Development Bank] with the goal of planting 3 million trees in Italy by 2030, which will absorb about 200 thousand tonnes of CO₂ per year and support national forestation efforts.

Another important initiative aimed at combating climate change and the environmental impact of the Group and its suppliers is Snam Plasticless. Its aim is to eliminate all plastics for packaging by 2023, except for the amount required for safety reasons. In 2020, a 60% reduction in plastic use was achieved, which is in line with the 2023 target.

Environmental monitoring and restoration in the development of the gas pipeline network

Snam believes that safeguarding nature in its areas of operation is of particular importance. For this reason, during the realisation phase of its construction activities, it implements appropriate project decisions to **avoid** and **minimise** impacts on biodiversity. Once the infrastructures are complete, the Company puts in place environmental restoration and **monitoring** projects in agreement and in collaboration with the responsible government bodies. In addition, if necessary, Snam adopts practices to **offset** its impacts.

The objective of **vegetation restoration**, with particular regard to reforestation, is not merely to reconstitute forest areas but to reconstitute the landscape in general and to revive the biological functionality of vegetated areas, especially in their role as habitats for fauna with specific biodiversity characteristics. Restoration and reforestation

is followed by the implementation of "horticultural initiatives", i.e. the care and maintenance, for a period of at least five years, of seedlings that have been planted.

The **monitoring projects** involve the sections of several pipelines that interfere, even only marginally, with natural areas high in fauna and ecological value. These programmes are aimed at verifying the renaturation process of the areas disturbed by the installation process, based on the comparison between the conditions after the restoration ("post-construction") and the original conditions ("pre-construction"). Monitoring is normally performed for the most significant habitats identified in the design phase. The km of pipelines subject to replanting depends on the km of lines laid during the year and the environments they have passed through.

Prevention of accidents and protection of health

The Snam Group has a long-term commitment to developing and promoting the protection of health and safety at its workplaces, as part of an ongoing process to improve its HSE performance in accordance with its **Health, Safety, Environment and Quality Policy**.

Accident prevention is carried out through the implementation of targeted initiatives aimed at eliminating or reducing risk factors inherent in employees' work. These initiatives are listed in the table below.


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Management area	Activities
Reduction of work-related risk factors, also through risk assessment activities	<ul style="list-style-type: none"> Assessment of all risks and consequent drafting of the document required by the Legislative Decree. 81/2008 In-depth analysis of the causes of accidents in order to identify possible interventions to eliminate, mitigate and correct risk factors Application of technical and managerial organisational solutions for equipment, facilities, workplaces, but also operational and behavioural methods Regular safety meetings, where staff are made aware of the causes of possible accidents and of any prevention and protection measures taken
Snam4Safety (improvement and prevention plans)	<ul style="list-style-type: none"> Creation and reinforcement of a culture of awareness of health and safety issues through training activities, technological innovation and work organisation Selection of winners of the "Zero Accident Prize", whereby employees of the sites commit to achieving 365 consecutive days without an accident (either at work or en-route). The winning staff member is awarded with a prize. In 2020, 10 teams, amounting to 1,535 employees, received the prize
Specific training	<ul style="list-style-type: none"> Technical and professional training in the classroom or online, including on-the-job training, with priority given to internal expert teachers and, where appropriate, cooperation with top-tier external institutes and training bodies In 2020, 11,021 hours of HSEQ training were conducted, totalling 2,856 participations
Supplier engagement	<ul style="list-style-type: none"> Evaluation of suppliers during the qualification phase Control and monitoring through feedback and inspections during the execution of works Periodic annual workshops both to illustrate the Company's strategic plans and to share operational best practices in the areas of safety, environment and transparency "Contractor Safety Trophy" awarded to contractors whose performance is assessed through the collection and analysis of specific indicators (e.g. accident indices and negative feedback on issues of interest)

The **protection of workers' health** is based on ongoing monitoring of risk elements in corporate processes and on the implementation of adequate prevention and protection measures. Work environment inspections are periodically carried out by the Duty Doctor and the Prevention and Protection department, in order to evaluate working and environmental conditions and to identify possible measures for prevention or improvement.

Snam employees are not susceptible to a high risk of contracting occupational illnesses, and those exposed to specific risk factors undergo periodic health surveillance and are covered by specific health protocols, in addition to any supplementary specialist visits. Employees whose work requires them to travel to non-European countries receive specific preventive care.

As part of its efforts to promote the health of its employees, Snam carries out various welfare initiatives, including, for example, a flu vaccination campaign, an early detection plan for cancer prevention, and agreements with specialised institutes.

Following the Covid-19 pandemic, these initiatives were extended to include the distribution to all employees of

pulse oximeters, capable of remotely reporting abnormal oxygen saturation values, and personal protective equipment. Staff were also granted free laboratory serological tests and benefited from the subscription of an insurance policy, fully funded by Snam, to ensure employees are covered in the event of hospitalisation caused by a Covid-19 infection. Moreover, employees were also given the opportunity to work from home in the appropriate manner through reinforced remote working programmes, thus guaranteeing social distancing. In addition, travels were suspended and safety measures were put in place for control rooms, facilities and local offices where the presence of staff was necessary to ensure continuity of the service.


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Management systems

Snam is also committed to the expanding and the maintaining of management systems that cover certain specific issues, such as health and safety at work, the environment and the quality of services provided. During

2020, Snam implemented all the necessary activities to extend the certification of the management systems to the new companies that entered the scope of consolidation and to maintain and update other existing certifications.

Company	Certification scope	Certification	Year of first certification
Snam	Management of operational continuity for the design, development and centralised management of processes and remote control systems for the dispatch of natural gas transportation	ISO 22301	2018
	Management of the security of information for the design, development and centralised management of processes and remote control systems for the dispatch of natural gas transportation	ISO 27001	2014
	Company	ISO 9001	2016
		ISO 14001	2015
		ISO 45001	2012
Snam Rete Gas	Company	ISO 9001	2016
		ISO 14001	2013
		ISO 45001	2010
	Natural gas dispatch and transportation activities	ISO 22301	2015
	Testing laboratory (LAB 764 Piped gaseous flows)	ISO 17025	2007
	Calibration laboratory (LAT 155 Natural gas mixtures)	ISO 17025	2002
GNL Italia	Company	ISO 14001	2000
		ISO 45001	2012
		ISO 9001	2020
Stogit	Company	ISO 14001	2002
		ISO 45001	2012
		ISO 9001	2008
ITG	Company	ISO 9001	2018
		ISO 14001	2010
		ISO 45001	2009
Snam 4 Mobility	Company	ISO 9001	
		ISO 14001	2018
		ISO 45001	
TEP	Company	UNI 11352	2013
		ISO 9001	2010


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Company	Certification scope	Certification	Year of first certification
Cubogas	Company	ISO 9001	2018
		ISO 14001	
		ISO 45001	
IES Biogas	Company	ISO 9001	2018
		SOA OS 22 CL VII	2019
Renerwaste S.r.l. (*)	Company	ISO 9001	2020
		ISO 14001	
Renerwaste Lodi S.r.l. (*)	Company	ISO 9001	2013
		ISO 14001	
Ecoprogetto Tortona S.r.l. (*)	Company	ISO 9001	2020
		ISO 14001	
Ecoprogetto Milano S.r.l. (*)	Company	ISO 9001	2019
		ISO 14001	
Evolve S.p.A. (**)	Company	UNI CEI 11352	2012
		UNI EN ISO 9001	2003
		UNI EN ISO 14001	2013
		OHSAS 18001 (***)	2017
		SA 8000	2018
		SOA certificate of qualification for the execution of public works	2007
Mieci S.p.A. (**)	Company	UNI CEI 11352	2018
		UNI EN ISO 9001	2011
		UNI EN ISO 14001	2014
		OHSAS 18001 (***)	2016
		SOA certificate of qualification for the execution of public works	2016
Tlux S.r.l. (85%) (**)	Company	/	/

(*) controlled by Snam 4 Environment S.r.l.

(**) controlled by Snam 4 Efficiency S.r.l.

(***) The transition from OHSAS 18001 to ISO 45001 has been completed for most of the Group's companies, with the exception of those acquired in October 2020, which are scheduled to be upgraded in 2021.


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KEY PERFORMANCE INDICATORS

Compared to 2019, the number of accidents involving employees increased slightly from 2 to 3, while those involving contractors more than halved from 5 to 2, 1 of which, regrettably, resulted in death. Snam's 2020 Scope 1 emissions amount to approximately 1.27 million tonnes of CO_{2eq}, a reduction of -5% compared to 2019. The reduction

in direct emissions is mainly attributable to initiatives to reduce natural gas emissions implemented in the reference period, which demonstrates the effectiveness of the decarbonisation strategies adopted by Snam over time.

Indicator	GRI Standard	Measurement unit	2018	2019	2020
Employee accident frequency index		Accidents per 10 ⁶ hours worked	0.84	0.41	0.59
Contractor accident frequency index			0.41	0.71	0.25
Severity rate for employee accidents (a)		Work days lost per 10 ³ hours worked	0.02	0.03	0.01
Severity rates for contractor accidents (a)			0.03	0.07	0.93
Employee accidents (of which with serious consequences) (b)	403-9		4	2	3 (0)
<i>Of which fatal</i>	403-10		0	0	0
<i>Of which due to a traffic accident</i>		no.	2	0	0
<i>Of which due to a professional accident (maintenance, inspection, checks)</i>			1	1	2
<i>of which due to a general accident (slipping, collisions, tripping)</i>			1	1	1
Contractor accidents (of which with serious consequences) (b)			3	5	2 (0)
<i>Of which fatal</i>			0	0	1
Hours worked by employees			/	/	5,089,955
Hours worked by contractors			/	/	8,140,212
Recognised cases of professional illnesses for employees (b)			0	0	0
Employee absenteeism (c)			4.6	4.5	5.9
<i>Women</i>		%	4.8	5.1	3.6
<i>Men</i>			4.6	4.4	6.2
Emissions of CO _{2eq} – Scope 1 (d)			1,497	1,347	1,274
CO _{2eq} emissions - Scope 2 - Market based	305-1	10 ³ tCO _{2eq}	32	32	31
CO _{2eq} emissions - Scope 2 - Location based			34	38	39


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Indicator	GRI Standard	Measurement unit	2018	2019	2020
Energy consumption			13,281.0	12,152.2	12,154.4
<i>Of which natural gas</i>			12,801.4	11,627.9	11,597.5
<i>Of which diesel</i>			91.0	82.6	69.5
<i>of which petrol</i>			2.8	3.9	10.3
<i>Of which LPG</i>	302-1	TJ	0.4	0.4	0.4
<i>of which electricity (e)</i>			376.9	422.6	463.5
<i>of which thermal energy</i>			8.5	14.8	13.4
<i>green energy consumed</i>			139	186	226
Health and safety training					
<i>Hours provided</i>	404-1	hours	25,219	20,291	8,154
<i>Equity investments</i>			4,515	2,916	1,437
Environmental visits and surveys					
Medical visits	403-3	no.	1,350	1,984	2,109
<i>of which regular</i>			1,061	1,747	1,649
Environmental surveys			247	243	212
Protecting the environment and biodiversity					
Environmental restoration			227	63	98
New afforestation (f)	304-1	km of network	21	8	16
Horticultural initiatives			74	73	65
Environmental monitoring			445	747	1,094
Transportation network within Natura 2000 sites (g)		km	1.4	3.7	34.6

(a) Number of working days lost (calendar days) due to accidents at work resulting in absence of at least one day per thousand hours worked. Data is calculated by including the contribution of fatal accidents, for each of which 7,500 days of absence were considered.

(b) Work-related accident leading to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to his pre-accident state of health within 6 months (excludes fatal accidents).

(c) For the purposes of calculating the employee absenteeism rate, all hours worked (paid and unpaid) were excluded, excluding holidays and recoveries. The absenteeism rate does not include Executives and mandatory or voluntary maternity leave.

(d) The emissions of CO₂_{req} were consolidated according to the operational control approach. The GHG gases included in the calculation are CO₂ and CH₄ and the emissions are calculated with a GWP of methane equal to 28, as indicated in the scientific study by the Intergovernmental Panel on Climate Change (IPCC) "Fifth Assessment Report IPCC".

(e) The percentage of electricity produced from renewable sources and consumed by the Group depends on the individual national electricity mixes. For Italy, self-consumption of electricity from renewable sources also takes place.






(f) New afforestation area 285,722 m² (157,500 m² in 2019).

(g) Natura 2000 sites are special protection areas/sites of Community interest. The indicator denotes the km of lines laid in these sites in the year. For 2020, the Natura 2000 sites subject to infrastructure construction involved the following regions: Piedmont, Veneto, Emilia-Romagna, Tuscany, San Marino, Apulia and Sicily.


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SOCIAL ASPECTS

Future objectives and results achieved

SDGs	Action		Target	2020 performance
Responsible supply				
Target				
	Percentage spending to local suppliers on total procurement	ESG scorecard	50% by 2023	37%
	Increase Third Sector suppliers in Vendor list	ESG scorecard	+20% (year-on-year) until 2023 (*)	26
	Reduction of the quantity of plastic in the packaging of industrial supplies		-100% by 2023	-60%
Local community engagement				
	Percentage of employees hours devoted to Fondazione Snam initiatives supporting local communities	ESG scorecard	+10% (year-on-year) until 2023	4,100 hours
Infrastructure reliability				
	Average annual customer satisfaction rate in terms of service quality (**)	ESG scorecard	8.1 by 2023	8.2
	Percentage of the reliability levels on gas supply	ESG scorecard	99.9% up to 2023	99.99%

(*) With the exception of the 2021 target which is +10% compared to 2020.

(**) The value is understood as the average of the last three years.

ESG scorecard

KPI entered in the ESG Scorecard

MATERIAL TOPICS AND RISKS RELATED TO SOCIAL ASPECTS

Reliability of infrastructures, business continuity and cyber security: Snam works daily to ensure the reliability of its infrastructures and services in order to prevent and/or mitigate potential situations that could compromise the continuity of the business and public safety (e.g. emergencies, cyber-attacks). For more information, please see the chapter “2020 Performance - Maintenance of plant security and quality” of the 2020 Annual Report.

Relations with authorities and quality of services:

Snam is committed to providing a quality service capable of meeting the needs and expectations of its customers, ensuring a safe and reliable service over time, in compliance with the principles of fair competition and equal treatment and access to infrastructure; to this end, Snam conducts customer satisfaction analyses to improve the services it offers. Furthermore, Snam promotes constructive relations with regulatory authorities and institutions to develop satisfactory services for customers that are at the same time geared to market needs and demands. For more

information see the chapter “Business segment operating performance - Provision and development of regulated services” in the 2020 Annual Report.

Innovation: in view of a more complex and challenging economic outlook, Snam has paid special attention to the search for new technologies from a perspective of increasing efficiency in conducting its business and reducing the impact on the environment. For more information, see the chapter “Towards Net Zero strategy - Innovation for business development” in the 2020 Annual Report.

Economic performance and value creation: economic sustainability and business growth represent key objectives and factors that enable business activities as a whole. To this end, Snam is committed to fostering the creation of shared medium to long-term value for all categories of stakeholders through operational and financial efficiency. For more information, see the chapter “Financial review


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and Other Information” in the 2020 Annual Report.

Relations with local communities: by creating and supporting projects for local communities, Snam intends to have a positive impact on the social fabric in the areas in which the company operates reinforcing its “licence-to-operate”. For more information, see the chapter “Snam’s Profile - Relations with stakeholders” in the 2020 Annual Report.

Issues relating to the supply chain were not categorised as material as a result of the analysis carried out, but are nevertheless supervised by Snam. The Group has, for some time, adopted policies for selecting suppliers, contractors and commercial partners based on fair and transparent processes which set out the integration of sustainability criteria. For more information see the chapter “The power

of working together’ in the Sustainability Report 2020.

Brand reputation issues were likewise not categorised as material, but Snam safeguards and values its reputation through constant, proactive and diversified communication, striving for dialogue with its reference public and seeking to expand it further. The company communicates through an integrated multimedia strategy via traditional and digital channels, also engaging its employees and partners as brand ambassadors, and through events and campaigns to confirm Snam’s centrality in the country system and as a player in energy transition, nationally and internationally, with a special focus on the areas and communities in which it operates. For more information see the chapter “The power of working together” in the Sustainability Report 2020.

Risks and material topics related to social aspects

Risks	Material topics
STRATEGIC RISKS	<ul style="list-style-type: none"> ■ Reliability of infrastructures, business continuity and cyber security ■ Relations with authorities and quality of services ■ Innovation
FINANCIAL RISKS	<ul style="list-style-type: none"> ■ Economic performance and value creation
OPERATING RISKS	<ul style="list-style-type: none"> ■ Reliability of infrastructures, business continuity and cyber security ■ Relations with local communities

For a complete description of the risks, please refer to “Risks factors and uncertainties” contained in the “Risk management” section in the Integrated Management Report.

POLICIES, COMMITMENTS AND MANAGEMENT MODELS

Snam’s business development model is based on sustainable growth and the promotion of **economic and social development** and the **continuous dialogue** with all players in the communities and areas in which the business operates.

Snam, in line with the guidelines of its **Stakeholder Engagement Policy**, maintains regular and frequent relations with local government bodies and with local stakeholder associations.

Among the policies related to social aspects, the Group has drawn up its own **Sustainable Development Policy** and a **Policy for the Management of Philanthropic Activities and Social Initiatives**. In accordance with these documents, Snam is committed to foster local development through:

- A continuous exchange with institutions and other stakeholders about authorisation and environmental impact assessments procedures and, for some plants, socio-economic processes.


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- Fondazione Snam ⁵² promotes innovative “corporate citizenship” practices to promote civil, cultural and economic development in priority areas of public interest, encouraging partnerships and making design skills and expertise available.
- Collaboration with local associations, Confindustria Energia and the authorities, with which it handles issues relating to energy, economic and environmental policies.
- Collaboration, locally and nationally, with regulatory bodies and participation in associations and committees, lending its know-how and expertise on social innovation and sustainable development⁵³.

Through its **Code of Ethics**, Snam is committed to protecting and promoting human rights. In this regard, Snam upholds the framework provided by the **United Nation's Universal Declaration of Human Rights**, the **Fundamental Conventions of the ILO – International Labour Organization** – and the **OECD Guidelines for Multinational Enterprises**. In addition, the Group has set out a **Human rights policy** through which it pledges to prevent and denounce:

Relations with local communities

Snam has a presence, through its infrastructure, in almost all the country's regions, in areas and communities that are varied in terms of culture, traditions and economic, social and environmental conditions.

In creating new infrastructure and in managing existing infrastructure, Snam takes a strict, transparent, collaborative and constructive approach to ensure the environmental compatibility of the sites and to facilitate their acceptance by the stakeholders.

- all forms of discrimination and violence, forced or child labour;
- any form of sexual harassment or abuse regarding the personal and cultural diversity of individuals;
- harassment or attitudes in any way attributable to bullying.

In addition, Snam has also adopted a **Social Supply Chain Policy to facilitate the involvement of social enterprises in the supply chain**, i.e. private entities that carry out activities in the public interest, on a non-profit basis and for civic, solidarity and social purposes. Snam also encourages the application of this policy for its subcontractors, by rewarding certain attributes when evaluating bids.

Finally, in order to further strengthen its Internal Control and Risk Management System, the Snam Group has adopted the **Tax Control Framework (TCF)**, which provides a structured approach to the detection, assessment, management and control of tax risks, and has prepared the “Tax Control Framework - Tax Strategy” Guidelines.

Snam also evaluates, in relation to the performance of the most important works (compression systems or large natural gas pipelines), the direct and indirect economic and social impact on the territory and on the local communities with **Social Impact Assessment** tools and methods.

During the year 52 meetings, counting the transportation sector only, were held with local government authorities and regional associations to illustrate works projects.

⁵² More information on the Fondazione Snam can be found on the Company's website: www.snam.it/en/about-us/innovation_and_technology/index.html

⁵³ More information on relations between Snam and the associations is available on the Company's website at: www.snam.it/en/about-us/innovation_and_technology/index.html


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The main initiatives in local communities

School

Young Energy, a project aimed at fostering student orientation and bringing them closer to the world of work through initiatives focused on private-sector businesses. About 800 students from 8 technical schools were involved in 2020.

Con la Scuola, a project with the aim of helping schools to move from knowledge-based teaching to know-how-based teaching, where cooperation, involvement and creativity are the essential ingredients of a new way of school learning. In 2020, 40 institutions were involved, with a total of 300 teachers and 1,000 students.

Sprint! La scuola con una marcia in più promotes an alliance between schools, families and third sector organisations to create an experimental model for combating educational poverty among minors and preventing forms of juvenile distress. In 2020, the project involved more than 700 children, 100 parents and 50 teachers and education staff.

Fragile categories

Tesori - Terre Solidali in Reti Inclusive is an initiative aimed at implementing environmental and agricultural projects involving vulnerable social groups. Snam makes unused land available to communities. Between 2019 and 2020, Snam supported projects in the areas of Recanati (MC) and Ronco all'Adige (VR).

Welfare, che impresa! is a competition that gives financial and educational support to the winner. In 2020, the first prize was awarded to the social cooperative **ZeroPerCento**, which creates employment opportunities for young people with disabilities.

Company volunteering

In 2020, despite the difficulties of the Covid-19 pandemic, company volunteering activities continued, often rethinking their original design by using digital solutions to ensure social distancing. The initiatives involved more than 1,200 employees who donated a total of **4,100 hours**, of which 4,000 through payroll giving and 100 through expert volunteering.

Land redevelopment and social development

Corvetto Adottami is an initiative that involves local communities to contribute to the redevelopment and social development of Milan's Corvetto district. The activities pursue three strands: social innovation, combating educational poverty and improving the environment and energy efficiency. In 2020, the initiative launched social inclusion projects involving the Istituto Comprensivo Candia and the social enterprise "MadeinCorvetto" and urban regeneration projects like "Il Tappeto Volante".

ForestaMI is a project, also supported by the Municipality of Milan, aimed at planting 3 million trees by 2030. In 2020, Fondazione Snam has identified the first strategic project, **Serravalle**, to which it will contribute financially in partnership with Tep Energy Solution and at a planning and design level through Arbolia.

Tackling energy poverty

In 2020, Fondazione Snam renewed its commitment to Energy Poverty by carrying out a series of activities that will evolve during 2021.

In particular, the activities comprise the publication of a research study aiming at defining, measuring and describing the phenomenon of energy poverty and the main countermeasures. In addition, a call for projects will be launched to support the development of project activities aimed at combating energy poverty.

Supporting local communities during the Covid-19 pandemic

In 2020, Fondazione Snam and Snam intervened to support, in addition to the health system, the most vulnerable social groups who risked slipping into worse conditions as a result of the pandemic. Initiatives to support vulnerable groups have reached more than **600 thousand beneficiaries** through the support of projects promoted by more than **150 partners**. Partners were supported with financial and material donations to aid projects working with the Elderly, People with different abilities, Women at risk of violence, People at risk of financial distress and homelessness, Children and Youth at risk of educational poverty, People affected by diseases and Foreigners.

In addition, Fondazione Snam has awarded prizes in the "**Impatto Sociale Reloaded**" competition to three organisations, supporting the reorganisation process initiated as a result of the pandemic.


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Quality of services

For Snam, **customer care** represents the consolidation of a path through which the Company aims to increase dialogue, engagement, and interaction with customers.

Customer Engagement activities in 2020 were strongly influenced by the emergency situation caused by Covid 19, making it necessary to revise and reorganise them. In keeping with original plans, stakeholder engagement activities were carried out with workshops on issues of transportation, balancing, storage and regasification, and Ten-year Plans, as well as co-design sessions for the Jarvis project, the commercial platform for integrated business services, amounting to a total of **3 commercial workshops** and **4 co-design workshops**.

In addition, ad-hoc surveys were carried out after each workshop in order to have improved analysis material to measure customer satisfaction. In December 2020 a new

online survey was conducted, involving all shippers and traders with whom Snam collaborated in the thermal year 2019-2020 just ended.

Furthermore, as already done in previous years, the Group conducted the Customer Satisfaction questionnaire with the aim of assessing the next developments in the commercial services offered for the transportation, storage and regasification businesses.

The **survey participation rate was 83.6%**, with an **average satisfaction score of 8.6** (on a scale of 0 to 10) for 2020 alone, and **8.2 measured as average over the three-year period**, a result that testifies the satisfaction with the customer engagement activities developed by Snam, implemented to improve the services it offers and to consolidate proactive collaboration with all its stakeholders.

The value of brand reputation

During 2020, Snam continued to consolidate its **brand identity**, reinforcing the company's positioning on the issues of energy transition and the decarbonisation of local communities.

The aim is to communicate proactively and transparently with all its stakeholders, from the press to the ever larger audience reached through social media and the Group website and the many supervision and dialogue

activities conducted with the local communities involved in the main projects. Snam has significantly increased its visibility in recent years. In particular, there has been a more noticeable presence in the international media concerning topics of global interest, first and foremost the energy transition.

Supply chain relations

Snam considers its suppliers to be an essential component of its business model and aims to establishing an **ongoing dialogue** with them to assess issues of responsibility, sustainable development and the creation of value to be shared throughout the supply chain.

Cooperation with the supply chain to ensure high levels of procurement is an essential point in Snam's journey towards excellence, as sharing know-how, best practices and information ensures the creation of a common vision.

In accordance with this approach, Snam has involved its suppliers in specific initiatives aimed at surveying their knowledge regarding climate change and mapping in detail

the effective sustainable management of their activities.

Snam also continued to engage a selection of its main suppliers, corresponding to 75% of total procurement, in the **CDP (formerly Carbon Disclosure Program) - Supply Chain** programme with the aim of collecting their data on greenhouse gas emissions. 60% of the participants responded to the questionnaire (+ 7% compared to 2019).

In the context of the CDP Supply Chain assessment, Snam received a score of A-, which demonstrates its commitment in its engagement activities with suppliers to issues related to the reduction of emissions and the development of sustainable strategies.


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Continuous communication with suppliers is facilitated through the **Suppliers Portal**, a web platform active since 2013, where suppliers can access their reserved area and various documents, published with the aim of keeping them up-to-date on the processes governing qualification and procurement activities. Thanks to the Supply Portal, the Company can implement its procurement policy with absolute transparency, ensuring the traceability and

Added Value

At Snam, sustainability and value creation are strongly connected concepts. Sustainability creates value for the Company and the stakeholders and establishes a connection between the business and corporate social responsibility. The wealth produced by Snam contributes to the economic growth of the society and environment in which it operates. This wealth is measured in terms of **Added Value produced and distributed** to its key stakeholders.

Snam calculates the added value based on the standard prepared by the Gruppo di Studio per il Bilancio Sociale (GBS) and the GRI Standards.

In 2020, the gross global Added Value produced by Snam was 2,758 million euros, an increase of 63 million euros or 2.3% compared with 2019 (2,695 million euros).

38.7% of the gross global Added Value produced by Snam was reinvested within the Group (in line compared with 2019, 39.2%), of which around 72.3% was employed for the amortisation of group assets (71.2% in 2019). With regard to the main reference stakeholders, the value distributed to financing bodies fell in 2020 (6.4%; -1.4 percentage points compared with 2019), following a reduction in financial expenditures attributable to the effects of the actions taken to optimise the financial structure between 2016 and 2020, specifically the liability management operations. The value distributed to shareholders through the distribution of dividends increased (29.6%; 28.9% in 2019). With an increasing dividend (+5% compared with 2019), confirmation of the commitment to guarantee shareholders attractive and sustainable remuneration, more than compensating the reduction of the number of outstanding shares following Snam's buyback programme.

With reference to employees, there was an increase in the Added Value distributed (10.1% or +0.5 percentage points compared with 2019) through direct remuneration consisting of salaries, wages and TFR (employee severance

completeness of the information published.

At the end of 2020, there were more than 2,275 suppliers registered on the portal, with 66% accessing the portal more than once per day, a figure which, together with the more than 676,000 pages read, is a testament to the activity and engagement fostered by the website.

indemnity) and indirect remuneration composed of social security contributions and staff-related service costs (canteen services, reimbursement of travel expenses, welfare). With regard to costs for staff services, against a backdrop of cost containment related to lock-down measures following the Covid-19 health emergency, Snam supported its employees through welfare initiatives, the purchase of protective equipment and health monitoring devices (pulse oximeters), and initiatives to sanitise work environments.

The value allocated to the Public Administration through the payment of direct and indirect taxes is in line with 2019 (14.5% or +0.1% compared with 2019).

Finally, more than 19 million euros was allocated to local communities (0.7% of the value generated; 0.1% in 2019). The significant increase compared to 2019 is proof of Snam's commitment, also through the Foundation, to support the Italian health system and the third sector in combating the Covid-19 emergency, through donations in kind and money for approximately 16 million euros. This is complemented by sponsorships, donations and environmental offsets made in accordance with the law amounting to a total of approximately 3 million euros (in line with 2019).

During 2020, Snam spent approximately 173 million euros on environmental, health and safety protection (155 million euros on investments and 18 million euros on operating costs).



Approach to tax

In line with the **Code of Ethics**, Snam and its direct and indirect subsidiaries apply **principles of fairness, transparency, honesty and integrity**, which in the tax area are implemented in the correct discharge of tax obligations in compliance with the rules; in managing tax matters, **the Group aims for the “certainty” of its tax adopted positions.**

In order to further strengthen its Internal Control and Risk Management System, the Snam Group has adopted the **Tax Control Framework (TCF), which provides a structured approach to the detection, assessment, management and control of tax risks.**

The implementation of the TCF for Snam S.p.A. and Snam Rete Gas S.p.A. was instrumental to the **admission, on 2 December 2019, to the collaborative compliance regime** laid out by Legislative Decree no. 128/2015 (so-called “cooperative compliance”). The regime enables continuous and preventive dialogue with the Italian Tax Agency and reflects the constant application of the principles of fairness, transparency and awareness of the fulfilment of the tax obligation defined in the “Tax Control Framework - Tax Strategy” Guidelines.

These guidelines define the company’s policy concerning taxation and is available in an extract on the web page www.snam.it/en/Sustainability/snam_commitments/tax_policy.html.

The Tax Strategy sets out to achieve the following aims:

- Tax Value, i.e. the **effective management of the tax ‘cost’ inherent to the company’s business;**
- Risks and Reputation, i.e. the control of fiscal risks with a view to protecting the **reputation of the Company and the Group;**
- Tax Compliance, i.e. **integrity in the management of tax compliance and the determination of the tax liability** of Group companies;
- Promotion of shared values, i.e. **promoting awareness at all levels of the company of the importance that Snam attributes to the values of transparency, honesty, fairness and compliance with regulations;**
- Relations with the tax authorities, i.e. establishing **relations** with the tax authorities based on **good faith and transparency;**
- Best use of resources, i.e. developing and **strengthening the professional skills of resources involved at any level in the tax process.**

The Tax Control Framework carries out **periodic assessment and monitoring activities**, which are reported to the relevant corporate functions, the Company’s Administrative and Control Bodies and the financial authorities.


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In order to ensure maximum transparency of the tax management procedures, Snam provides its financial, economic and tax information for each jurisdiction in which it operates. This reporting provides an indication

of the magnitude of the Group activities and their tax contributions in these jurisdictions.

Country	Description of the main activities of the organization	Number of employees	Revenues from third parties (€ Mln)	Revenues from intercompany transactions in other tax jurisdictions (€ Mln)	Pre-tax profit/loss (€ Mln)	Tangible assets other than cash and cash equivalents (€ Mln)	Corporate income taxes paid on a cash basis (€ Mln)	Corporate income taxes accrued on profits/losses (€ Mln)
Italy	Snam operates in transport and dispatching, storage of natural gas and regasification of liquefied natural gas (LNG) activities in Italy. In addition to its core business, the company is also increasingly investing in new businesses related to the energy transition, from sustainable mobility to energy efficiency and the development of renewable gases such as biomethane and hydrogen	3,008	2,828.07	1,010.70	2,153.32	16,406.20	387.34	400.43
Albania	Engineering and Project Management services and supervision of pipeline laying activities	0	-	0.21	0.02	-	-	0.00
The Netherlands	Subholding activities	2	8.03	-	7.85	-	-	-
United Kingdom	Engineering and Project Management services and oversight of a compressor station upgrade activity	0	-	0.09	0.01	-	-	0.00
Ireland	Captive insurance business	2	1.90	9.15	1.82	-	0.19	0.23
China	Development of the Snam Group's activities in the Chinese market	3	0.14	1.16	-0.23	0.00	0.01	-
Total		3,015	2,838.14	1,021.31	2,162.79	16,406.20	387.54	400.66

Note: The scope of information and the data reported in this section represent "country-by-country" reporting, pursuant to Art. 1, paragraphs 145 and 146, of Law No. 208 of 28/12/2015.

Entities registered in Italy: Snam S.p.A., Snam Rete Gas S.p.A., GNL Italia SpA, Stogit S.p.A., Snam 4 Mobility S.p.A., Asset Company 2 S.r.l., Infrastrutture Trasporto Gas S.p.A., Cubogas s.r.l., Snam 4 Efficiency S.r.l. (formerly Asset Company 4 S.r.l.), Tep Energy Solution S.r.l., Enura S.p.A. (formerly Asset Company 5 S.r.l.), Asset Company 6 S.r.l., IES Biogas S.r.l., Enersi Sicilia, Renerwaste S.r.l., Renerwaste Lodi S.r.l., Ecoprogetto Milano S.r.l., Ecoprogetto Tortona S.r.l., Tea Servizi S.r.l. Entities registered in Albania: Snam Rete Gas S.p.A. - Branch Albania. Entities registered in the Netherlands: Snam International B.V. Entities registered in the United Kingdom: Snam Rete Gas S.p.A. - Branch UK. Entities registered in Ireland: Gasrule Insurance D.A.C. Entities registered in China: Snam Gas & Services (Beijing) Co. Ltd.


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KEY PERFORMANCE INDICATORS

In 2020, the gross global Added Value produced by Snam was 2,758 million euros, an increase of 63 million euros or 2.3% compared with 2019 (2,695 million euros). The percentages distributed to the main reference stakeholders (lenders, shareholders, employees, public administrations) are in line with those of 2019, with the exception of the

value distributed to local communities, which increased by 0.6 percentage points compared to 2019, attributable to donations in kind and money donations to support the Italian health system and the third sector during the fight against the Covid-19 emergency.

Indicator	GRI Standard	Measurement unit	2018	2019	2020
Added value produced (A)			2,532	2,695	2,758
Added value distributed (B)			1,634	1,639	1,690
Employees (*)			280	258	278
Local community Donations and sponsorships and Statutory environmental offsetting			3	3	19
Lenders	201-1	Million euros	249	211	178
Shareholders (**)			746	780	816
Public administrations			356	387	399
Direct taxes			341	375	370
Indirect taxes			15	12	29
Added value retained by the Company (A)-(B)			898	1,056	1,068









(*) Includes staff-related service costs..

(**) The 2020 figure refers to the dividend proposed by the Board of Directors subject to the approval of the Shareholders' Meeting of 28 April 2021.


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ASPECTS CONCERNING THE MANAGEMENT OF PERSONNEL

Future objectives and results achieved

SDGs	Action		Target	2020 Performance
Gender diversity & inclusion				
	Percentage of women in executive and middle-management positions (*)	ESG scorecard	25% by 2023	20.3%
	Percentage of women in succession planning (first and second line of reporting and key positions) (*)	ESG scorecard	27% by 2023	22%
Welfare				
	Percentage participation in welfare initiatives	ESG scorecard	54% by 2023	39%
				
Employee engagement				
	Percentage employee engagement index	ESG scorecard	75% by 2023	82%
	Elimination of disposable plastic in offices		-100% by 2020	Postponed to 2021 due to Covid-19
Training				
	Training hours provided		320,000 hours by 2023	66,385
				
Performance Management				
	Adoption of the Performance Management programme		Widening of the perimeter to all the subsidiaries at 2020	Postponed to 2021 due to Covid-19

(*) Operating scope covered includes the following companies: Snam S.p.A. Snam Rete Gas, Snam 4 Mobility, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, Ies Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP, TEA.

 KPI entered in the ESG Scorecard


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MATERIAL TOPICS AND RISKS RELATED TO STAFF MANAGEMENT

Diversity and inclusion: for Snam, protecting employees promoting merit and diversity means actively advocating the creation of an inclusive and effective work environment through initiatives of dialogue and collaboration.

Developing and safeguarding human capital: Snam is committed every day to the development of the expertise and potential of its people, encouraging professional development, implementing policies to attract and retain talent, and promoting the transfer of skills and experience. Increasing the technical, managerial and organisational skills of its employees, also through training activities

and the activation of systematic listening systems for employees, is therefore of vital importance. Snam considers the well-being of its employees to be a priority and therefore develops welfare initiatives to guarantee a good work-life balance.

The issue of employment is important for Snam, but it was not categorised as material during the analysis conducted, taking into consideration the fact that the Company operates in countries featuring well-defined rules on the protection of workers.

Risks and material topics associated with aspects concerning the management of personnel

Risks	Material topics
EMPLOYEES AND PERSONNEL IN KEY ROLES Risk of losing “key” personnel or of inability to attract, train or keep qualified personnel or situations in which the ability to implement the long-term business strategy is negatively affected owing to significant disputes with employees	<ul style="list-style-type: none"> ■ Developing and safeguarding human capital ■ Diversity and inclusion

For a complete description of the risks, please refer to “Risks factors and uncertainties” contained in the “Risk management” section in the Integrated Management Report.

POLICIES, COMMITMENTS AND MANAGEMENT MODEL

Through the **Sustainable Development Policy**, the **Human Rights Policy** and the new **Diversity & Inclusion Policy**, enhanced in 2020, with the **Diversity & Inclusion Policy: Gender equality** and **Diversity & Inclusion Policy: Recruiting**, Snam is committed to:

- Develop its system of professional and managerial skills supporting the growth of its resources;
- Attract and retain qualified resources;
- Ensure the involvement of staff so that they participate actively in the improvement processes;
- Adopt work practices based on a culture of diversity and equal opportunities, safeguarding the dignity, freedom and equality of all employees and partners;
- Create a welcoming work environment with no direct or indirect discrimination of any kind;
- Protect jobs, working conditions and trade-union freedoms;
- Guarantee pay rises based strictly on merit and skill;
- Protect the system of values and principles in matters

of transparency and sustainable development.

The Group commitment to ensure gender diversity⁵⁴ has been strengthened with Snam’s membership in **Valore D**, **InspirinGirls** and **Parks**, associations and campaigns that promote diversity, talent and female leadership for the growth of companies and the country. Internally, the Group has published the **Inclusive Language Manifesto** to spread a culture of language that respects all identities, conditions, affiliations, orientations and cultures, and has implemented, thanks to the Inclusion Team, the **#Snam4Diversity Talks**, training events aimed at discussing diversity and inclusion issues.

In addition, Snam has once again been acknowledged by **Bloomberg’s Gender Equality Index (GEI) 2021**, which tracks the financial performance of companies most committed to promoting gender equality in the world.

Finally, Snam guarantees all workers the right to express

⁵⁴ See Article 3, paragraph 1, letter d of Legislative Decree no. 254 of 30 December 2016.


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their thoughts freely, to join associations and to engage in trade union activities. Dialogue with social partners⁵⁵ is classified and regulated by the current **Protocol for Industrial Relations**, signed in 2013.

Trends in employment, diversity and inclusion

To continue to play a key role within an ever-changing environment while establishing as leaders in an international market abundant with opportunities, it is necessary to exploit the full potential of the human capital and help it to grow continuously.

Creating a shared corporate culture through purpose, promoting transparent and constant internal communication, and working on the growth of know-how enables the creation of a **cohesive community** of workers, in which their personal development is encouraged and praised through entrepreneurship, motivation and capacity to make the change.

Snam, in alignment with its Sustainable Development Goals, generates stable and continuous employment relationships involving qualified and specialist activities (54% of employees have a technical diploma and 29% are graduates). Moreover, the **Snam Institute** aids the Company in its ambition to exploit the potential of its skills not only internally, but also externally.

As of 31 December 2020, out of a total of 3,249 employees, 93.4% have a permanent employment contract while 42 have part-time employment contracts and 197 apprenticeships contracts; a further 43 employees have a third party contract (32 in 2019). The average age of Snam Group employees is 44.5 years, while the average length of service is around 17.2 years.

Staff aged under 40 (1,274) account for 39.2% of the company workforce, increased by 110 employees compared with 2019, partly thanks to the hiring of young talent in recent years.

The absenteeism rate of 5.9% in 2020 is broadly in line with previous years and is slightly increased because, in agreement with trade unions, those who were unable to work from home were granted a period of paid leave equal to or more than 6 days.

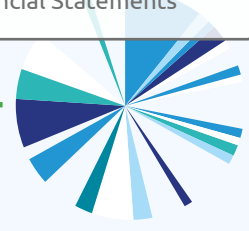
For more information on employment dynamics and industrial relations, see the chapter "Performance in 2020", while for information on employee engagement activities in 2020, see the chapter "Snam's Profile – Stakeholder relations" contained in the 2020 Annual Report.

The turnover rate for 2020 (11.9%) is consistent with the 2019 figure thanks to the hiring campaign, as well as acquisitions completed during the year.

Gender diversity and inclusion are issues to which Snam pays particular attention, which is why the **Inclusion Team** was created, a cross-functional group of 35 people representing diverse employees and which promotes a culture of diversity and equal opportunities, in order to create an environment that fully exploits the potential of the different individuals that contribute to the business. The Inclusion team has drawn up the action plan "#Snam4Diversity, Energia che Include", which comprises a series of initiatives aimed at spreading a culture of diversity.

With regard to the gender distribution of employees, at the end of the year, there were 507 female staff members, an increase on the previous year (+14.9%), while the Group employed 117 people with disabilities, who Snam aims to include and integrate in company processes.

⁵⁵ See Article 3, paragraph 1, letter d of Legislative Decree no. 254 of 30 December 2016. At the end of 2020, 22.3% of employees were members of a union.


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Boardroom diversity

The Company believes that diversity is a value that makes a positive contribution to the effectiveness of the actions of corporate bodies. Considering this, Snam aims to integrate a variety of professional skill sets in the composition of its administration, management, and control bodies, complemented by different experiences, and enriched by age and gender diversity.

In 2020, the Bylaws were amended in order to bring the current provisions concerning election method of board members in line with the new provisions on gender balance set out in paragraph 1-ter of Article 147-ter of the Consolidated Law on Finance, which stipulates a gender composition criterion, whereby the lesser represented gender must account for at least one third of the members of the administration and control bodies. That being so:

- Three out of nine board members are female (one third of the total);
- The Board of Statutory Auditors is composed of three Standing Statutory Auditors (one of whom is a female) and of two female Alternate Statutory Auditors;
- Two Chairpersons of the Committees out of four are female.

In addition, on the 2nd of February 2021, the Shareholders' Meeting approved the amendment of Article 13 of the Bylaws in order to establish that the least represented gender must account for at least two-fifths of the Board of Directors. The change will enter into force as of the next mandate.

- The Company ensures the monitoring of the situation in relation to diversity and the complementary nature of professional profiles and take actions to increase the knowledge of the members of the administrative and control bodies through board inductions, through which specific industry expertise is acquired.

As far as age is concerned, Snam's Articles of Association do not contain specific limits for members of corporate bodies. It is believed that statutory limits are not required because adequate diversity is already guaranteed, as demonstrated by the following figures:

- The age of Snam's board members spans between 43 and 68 years, with an average age of 53;
- The age of Snam's statutory auditors spans between 44 and 69 years, with an average age of 55.

In March 2020, Snam conducted an evaluation of the functioning of the Board of Directors and of its committees and of their size and composition, also considering elements such as the professional characteristics, the experience – including managerial experience – and the gender of its members and their seniority.

For further details on the subject of diversity in relation to the composition of the administrative, management and control bodies pursuant to Article 10 of the Decree, please refer to the paragraph "Description of the Snam policy on diversity" in the 2020 Report on corporate governance and ownership structures.

Development of human capital

As last year, Snam's **career and skills development activities** focused on improving the leadership model, consolidating the new skills model, identifying and developing talent throughout the organisation, keeping succession plans solid and structured, thereby guaranteeing a sustainable succession line, and increasing engagement levels.

During 2020, the third Performance Management cycle was launched, but, because of limitations caused by the

Covid-19 emergency, it did not include the entire Snam workforce in its assessment scope as planned. This initiative has therefore been postponed until 2021.

To assess the performance of Snam's employees, all roles, with the exception of senior directors, undergo analytical and overall evaluation on the subjects of Complexity, Responsibility, Experience and Autonomy (CREA). In 2020, 320 CREA assessments were approved.


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Training plays a fundamental role in supporting management and the entire company population in pathways to developing managerial capacity, technical skills, and a background of specific expertise. In order to preserve technical know-how to develop it and transfer it to the new generations, **Skill Centres** were set up in 2019: groups of people across the organisational structures who possess consolidated and recognised know-how and expertise in specific areas that are important for the business. The 16 Skill Centres that were set up involved 110 Group staff, identifying 175 experts and 145 trades, working to create the 16 volumes that make up the Snam technical "trades" encyclopaedia.

These centres are also supported by an **Internal Faculty** composed of 80 employees who transfer their technical and business expertise to other colleagues through a by-Snam-to-Snam logic.

Company welfare

From 2018, as part of a Welfare Plan to respond to people's current needs and requirements, the digital platform named "**Snammy**" was developed with five areas of interest: Family, Education, Work life balance, Wellness and leisure, Health.

In the **Family and Education** area, in addition to the "**dediCARE**" service - which helps solve small and large family problems, from care for the elderly to school tutoring - specific psychological, relational and family support services have been set up to deal with the problems arising from the pandemic. Employees were able to access a search portal for childcare services, which also provided for partial reimbursement of any expenses incurred, and a platform was set up with online lessons for children of employees at all levels of education with a school guidance service.

In the **Wellness and Leisure** area, in addition to agreements with major health institutions and prevention programmes, a range of topical workshops were introduced, for example of pilates, yoga, posture training as well as mindfulness, healthy eating and digital detoxing. Furthermore, in the post-emergency phase, a **psychological support and resilience webinar** with a specialised psychologist was set up.

In the **Health** area, comprehensive support was provided for some health initiatives, such as the introduction of monitoring services for vital signs through the distribution

During 2020, 66,385 hours of training were delivered with 17,277 participations, involving 90% of the company workforce (95% of women participated in at least one training course). On average, 20.4 hours of training took place per employee (20.8 hours on average for male staff and 18.5 for female staff). The decrease in the number of training hours compared to the previous year is attributable on the one hand to a reduction in the number of compulsory training hours, and on the other hand to the need to redesign training in order for it to take place in a remote setting.

A great deal of effort has been put into employee training programmes on sensitive issues such as health, safety and the environment. On the matters of business ethics and anti-corruption, in 2020 1,414 hours of training were provided with 1,408 participants.

to all staff of **pulse oximeters**, capable of remotely raising alarms for abnormal saturation values. **Health guidance** is also available with the aim of helping employees find a general practitioner or suitable specialist. In addition, an **insurance policy** has been signed to provide cover for all employees, fully paid for by Snam, in the event of hospitalisation after contracting Covid-19.

Even before the health emergency, Snam offered its staff flexible working schemes, including remote work, flexible working hours, and "short Fridays", i.e. the option of stopping work at 1 p.m. In the wake of the Covid-19 pandemic, our welfare system was enriched with a number of tools made available to employees in order to better cope with the difficulties caused by the health emergency, including authorising all the Group's local offices in Italy to **work remotely** immediately from the beginning of the crisis, ahead of the government regulations of March 2020 (which stipulated the closure of all businesses not deemed necessary or strategic).

The "**Flexible Benefits**" system has also been continued, increasing the purchasing power of employees who take part in the initiative, transforming a portion of the profit-sharing bonus scheme, up to the entire amount, into a welfare credit that can be used to purchase services in the areas of health, school and training, cultural and sporting activities, travel, mobility and supplementary pension contributions for staff and their family members. The advantage of converting part of the bonus into a


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welfare credit is that, for this amount, no tax is due and the company is able to grant staff an additional bonus,

increased proportionally from 8% to 20% depending on the amount converted.

KEY PERFORMANCE INDICATORS

The following indicators show the results of the management of social and staff aspects, with an indication of the reference GRI standard. The main changes between 2020 and 2019 were a reduction in the number of training hours provided to employees due to the Covid-19 pandemic, which prevented on-site training, largely

replaced by e-learning. In addition, the number of new employees increased by 145 in 2020, demonstrating Snam's willingness to continue on its growth path, unaffected by the pandemic. The management hierarchy of the Company, composed of middle managers and executives, comprises 680 staff, 20% of whom are women, in line with 2019.

Indicator	GRI Standard	Measurement unit	2018	2019	2020
Total number of employees		no.	3,016	3,025	3,249
Employees by type of contract					
Permanent contract (of which women)			2,812 (395)	2,817 (417)	3,036 (480)
Apprentice or first employment contract (of which women)			185 (20)	193 (23)	197 (24)
Fixed-term contract (of which women)			19 (4)	15 (1)	16 (3)
Employees by type of employment					
Full time (of which women)	102-8		2,975 (382)	2,987 (407)	3,207 (474)
Part time (of which women)		no.	41 (37)	38 (34)	42 (33)
Employees by geographical area					
Northern Italy			2,302	2,294	2,495
Central Italy			220	241	246
Southern Italy and Sicily			490	477	498
Abroad			4	13	10


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Indicator	GRI Standard	Measurement unit	2018	2019	2020
New hires (of which women)			195 (42)	172 (38)	376 (84)
< 30 years (of which women)			110	104	105 (28)
between 30 and 50 years (of which women)			78	59	111 (39)
> 50 years (of which women)			7	9	10 (2)
of which university graduates		no.	108	92	151
of which school graduates			86	79	71
of which possessing other title			1	1	4
Other new employees (non-consolidated companies, acquisitions, tenders, etc.)			126	59	150
Hire rate (*)	401-1		6.5	5.7	7.3
< 30 years (**)		%	22.8	20.1	20.6
between 30 and 50 years (**)			6.9	5.2	8.5
> 50 years (**)			0.5	0.6	0.7
Departures (of which women)			189 (24)	198 (19)	152 (19)
< 30 years (of which women)		no.	8	18 (2)	13 (4)
between 30 and 50 years (of which women)			30	34 (12)	31 (11)
> 50 years (of which women)			151	146 (5)	99 (1)
Turnover rate (***)		%	6.3	6.6	4.6
Voluntary departure rate (****)			1.2	1.5	1.5
Training					
Total hours			107,771	114,179	66,385
Executives			4,392	5,669	3,390
Middle Managers			19,072	16,950	13,766
White collars			49,650	58,238	28,333
Blue collars			34,657	33,322	20,896
Average hours of training for men	404-1	no.	36.9	38.4	20.8
Average hours of training for women			28.7	33.8	18.5
Average hours of training for Executives			41.0	51.1	25.9
Average hours of training for middle managers			39.7	34.4	25.1
Average hours of training for white collars			29.5	34.6	16.1
Average hours of training for blue collars			46.4	45.2	26.0


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Indicator	GRI Standard	Measurement unit	2018	2019	2020
Key training initiatives					
Technical training (of which participations)			58,120 (4,454)	47,705 (8,023)	35,304 (5,706)
Health, safety, environment and quality (of which participations)		no. hours	28,345 (4,953)	29,755 (5,580)	12,021 (2,856)
Management training (of which participations)			19,257 (3,822)	19,524 (4,356)	11,174 (4,862)
Diversity of governing bodies					
Members of the Board of Directors			9	9	9
<i>of which women</i>	405-1	no.	4	3	3
Diversity of employees					
Executives (of which women)			107 (18)	111 (20)	131 (27)
Middle Managers (of which women)			480 (90)	493 (87)	549 (109)
White collars (of which women)		no.	1,682 (311)	1,683 (333)	1,764 (369)
Blue collars (of which women)			747 (0)	738 (1)	805 (2)
Female executives			16.8	18.0	20.6
Female middle managers	405-1		18.8	17.6	19.8
Female white collars			18.5	19.8	20.9
Female blue collars		%	/	0.1	0.2
Employees < 30 years			16	17	16
Employees between 30 and 50 years			38	38	40
Employees > 50 years			46	45	44
Absenteeism rate		%	4.6	4.5	5.9
Staff turnover (*****)		%	13.0	12.3	11.9

(*) Total hire rate = (number of employees hired / average headcount) x 100.

(**) The hire rate by age group = (number of employees hired in the age group / the total number of employees in the corresponding age group as at 31/12) x 100.

(***) Turnover rate = (departures / total number of employees as at 31/12) x 100. Departures due to transfers to non-consolidated companies are excluded.

(****) Voluntary departure rate = (departures from resigning / average headcount) x 100.

(*****) Turnover = ((employees hired + departures) / average headcount in work) x 100. Departures due to transfers to non-consolidated companies are excluded.


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PROTECTING HUMAN RIGHTS

MATERIAL TOPICS AND RISKS RELATED TO STAFF MANAGEMENT

Safeguarding human rights is a subject that, given the type and geographical area of Snam's activities, is associated with a limited risk profile and it hasn't been regarded as significant following the recent updating of the materiality analysis. Snam believes that the issue of safeguarding human rights is strongly linked to aspects of diversity and

equal opportunities, expressed specifically in this area from the perspective of non-discrimination. Further issues may potentially arise along the supply chain, for which specific initiatives have been implemented to ensure the upholding of human rights in business relations (for more details see the section 'Social aspects - Supply chain relations').

POLICIES, COMMITMENTS AND MANAGEMENT MODEL

Snam's Code of Ethics enshrines our commitment to protect and promote human rights, which we believe are inalienable and unavoidable liberties for all human beings and represent the basis for building societies founded on the principles of equality, solidarity, repudiation of war and the protection of civil and political rights, social, economic and cultural rights and so-called third generation rights (right to self-determination, peace, development and protection of the environment).

In this regard, Snam strives to uphold the framework provided by the United Nation's Universal Declaration of Human Rights, the Fundamental Conventions of the ILO – International Labour Organization – and the OECD Guidelines for Multinational Businesses.

In relation to these aspects, Snam has also adopted a Human Rights Policy through which it pledges to prevent and repudiate:

- all forms of discrimination and violence, forced or child labour;
- any form of sexual harassment or that referring to the personal and cultural diversity of individuals;
- harassment or attitudes in any way attributable to bullying.

Snam human Rights Policy and the new Diversity & Inclusion Policy defined in 2019 and supplemented in 2020 with two appendices (the Diversity & Inclusion Policy: Gender equality and Diversity & Inclusion Policy: Recruiting) reaffirm our commitment, already stated in the specific policies mentioned in the previous chapters, to promote personal well-being, both on an individual and societal level, based on the following principles and management guidelines:

- safeguarding dignity, freedom and equality of human beings;
- protecting jobs, working conditions and trade-union freedoms;
- the confidentiality of personal data;
- protection of health and safety;
- guaranteeing career growth and pay based strictly on merit and skill;
- protection of the system of values and principles in matters of transparency and sustainable development;
- creation of a welcoming work environment with no direct or indirect discrimination of any kind.


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KEY PERFORMANCE INDICATORS

The following indicators show the results of the management non-discrimination initiatives, with an

indication of the reference GRI standard. In 2020, no reports of discriminatory incidents were received.




Indicator	GRI Standard	Measurement unit	2018	2019	2020
Reports received for episodes related to discriminatory practices (*)			/	1	/
<i>of which reports examined</i>			/	/	/
<i>of which ongoing corrective actions</i>	406-1	no.	/	/	/
<i>of which completed corrective actions</i>			/	/	/
<i>of which archived reports</i>			/	1	/

(*) The figure published in the 2019 NFS has been amended following completed investigations and the closure of a report.


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PREVENTION OF ACTIVE AND PASSIVE CORRUPTION

Future objectives and results achieved

SDGs	Action		Target	2020 Performance
Anti-corruption				
 	Percentage of third party counterparts on which reputational due diligence checks have been performed	ESG scorecard	100% up to 2023	100%
Governance				
	Percentage of BoD time dedicated to ESG matters in strategy meetings and induction sessions	ESG scorecard	at least 40% up to 2023	41% (*)

(*) Data extracted from the minutes of Board meetings from January 2020 to December 2020 and from the Corporate Governance Report and including Board Induction sessions.

ESG scorecard

KPI entered in the ESG Scorecard

MATERIAL TOPICS AND RISKS RELATED TO THE PREVENTION OF ACTIVE AND PASSIVE CORRUPTION

Business integrity: Snam considers maintaining business integrity essential for its economic and social relations, promoting honesty, transparency and fairness in its business processes, in compliance with the principles and values on which the Group is based.

Fighting corruption: Snam recognises corruption as a serious threat to its development. For this reason, The Group conducts its business in full compliance with the rules and pledges to fight against corruption nationally and internationally, in relations with both public and private officials.

Risks and material topics associated with aspects concerning the prevention of active and passive corruption

Risks	Material topics
LEGAL AND NON-COMPLIANCE RISK Risk of possible breach of laws and regulations and of an inadequate reputational profile for suppliers and subcontractors	<ul style="list-style-type: none"> ■ Business integrity ■ Fighting corruption

For a complete description of the risks, please refer to "Risks factors and uncertainties" contained in the "Risk management" section in the Integrated Management Report.

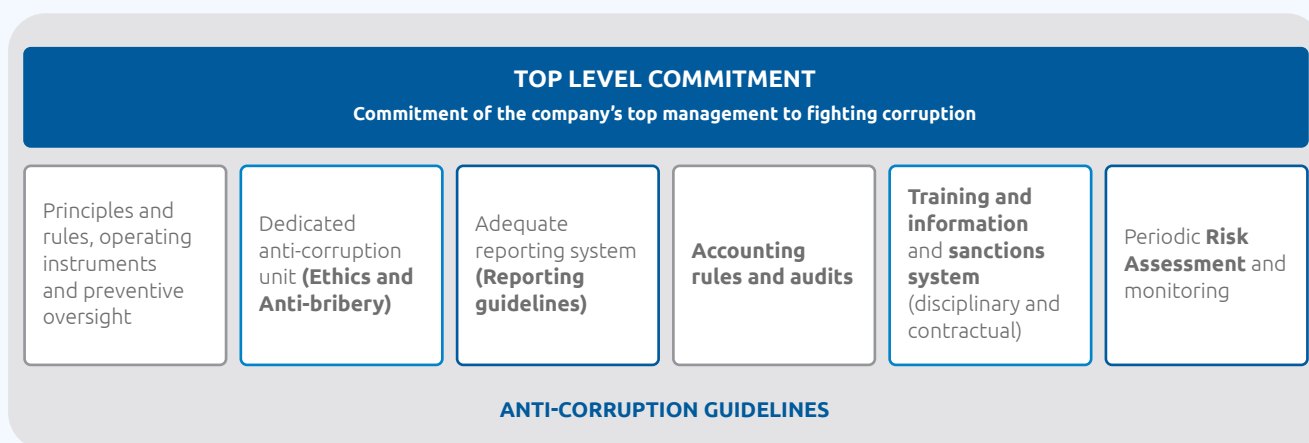

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Policies, commitments and management model

Anti-corruption Compliance Programme

Snam has defined an **Anti-corruption Compliance Programme** designed to identify and assess corruption risks related to its business activities and to prevent the violation of both internal and external rules. This

programme does not only adopt the **231 Model** (aimed at preventing offences from which administrative liability for offences by the company arises, including corruption offences) but, consistent with the provisions of international guidelines and best practices, has also implemented the following instruments⁵⁶:



Anti-Corruption Guidelines

The **Anti-corruption Guidelines** are an integral part of a broader corporate ethics control system, aimed at ensuring Snam's compliance with national and international **Anti-corruption Laws** and with the best international standards in the fight against corruption, also with the goal of protecting Snam's reputation, with particular regard to the **selection of suppliers and business partners**, the management of relations with such parties and the relevant protective contractual clauses. Furthermore, the Guidelines comply with the tenth principle of the Global Compact, which repudiates corruption "in all its forms, including extortion and bribery" and clearly outline permissible and

prohibited conduct.

The Anti-Corruption Guidelines apply to Snam and its subsidiaries and have also been brought to the attention of investee companies, with the aim of promoting conduct and information flows consistent with those expressed by Snam. Furthermore, Snam uses its influence, as far as the circumstances reasonably permit so, to encourage the companies and the entities in which Snam owns a non-controlling shareholding and associated businesses to meet the standards specified in the Anti-corruption Guidelines⁵⁷.

⁵⁶ In this regard, the Code of Ethics provides, inter alia, that Snam rejects any kind of corruption (in all its forms with reference to any public or private entity) and that practices of corruption, unlawful favours, collusive behaviour, solicitations, direct and/or through third parties, personal and career advantages for themselves or others, are without exception prohibited.

⁵⁷ The Anti-corruption Guidelines are available on the Company website at: www.snam.it/export/sites/snam-rp/repository/file/Governance/procedure/anticorruzione/Snam_anticorruzione_anticorruption.pdf


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Anti-corruption Compliance Programme Highlights

- Zero Tolerance Policy towards any form of corruption
- Specific rules and controls in relation to the activities identified as potentially “at risk” and to the activities concerning the effective implementation of anti-corruption compliance
- Clear distinction between permitted conduct and prohibited conduct
- Special attention to relations with public officials and with suppliers and sub-contractors and, in general, with all associated businesses
- Establishment of the Ethics & Anti-bribery dedicated function
- Annual monitoring of activities with the involvement of managers
- Specific training launched in 2016 for over 1,442 participants, which continued in 2017 and 2018 for all new hires, renovated in 2019 for all the concerned company workforce (2,906 people) and further conveyed to new hires in 2020
- Preparation of the “Anti-corruption Mini Guide”, distributed to all Snam staff as a document that can easily be consulted, designed to reinforce our anti-corruption culture
- Example of “absolute excellence” from Transparency International Italy following its “Assessment on Transparency in Reporting on Anti-Corruption”
- 7,453 reputation audits were carried out on business partners in 2020 (2,758 of which were suppliers and sub-contractors)

Collaboration with Transparency International and other initiatives

Since 2016, Snam has been working alongside **Transparency International** to develop a partnership under the scope of the **Global Corporate Supporters Forum**. As part of the agreement, Snam is one of the international partners of the Forum as the first Italian company to be in conformity with the standards of **good governance, transparency and accountability** promoted by Transparency International, in the context of the global commitment against corruption and promoting ethical business conduct.

In 2020, thanks to Snam’s constant commitment to the issues of anti-corruption, business ethics, integrity and transparency, and despite the challenges caused by the Covid-19 emergency, the company was involved in various multilateral initiatives, including:

- *Safeguards for a resilient Covid-19 response and recovery*, first event of the year organised by the OECD since the start of the pandemic;
- participation in the *Business Integrity Forum organised by Transparency International Italia* where Snam took part in several panels and in the institutional round table “*Toward G20/b20 Italian Presidency*”;
- B20 Saudi Arabia:
 - summit held in October, celebrating the official handover of the presidency of the International Business Forum to Italy;
 - Saudi Presidency: (i) *Pursue a Culture of High*

Integrity in the Public and Private Sectors; (ii) Leverage Emerging Technologies to Manage Risks relating to Corruption and Fraud; (iii) Enhance Integrity and Transparency in Public Procurement;

- side events: (i) *Reviving Business for a New Normal*, (ii) *Enhancing Integrity for Responsible and Inclusive Growth*; (iii) *Pre-summit Shaping a More Inclusive World Reviving Business for a New Normal*;
- *Compliance in times of crisis* organised by the *Partnering Against Corruption Initiative* of the World Economic Forum;
- OECD events: (i) *Asia Network on Corporate Governance of State-Owned Enterprises*; (ii) *Working Party on Responsible Business Conduct*; (iii) *OECD Working Group on Bribery*; (iv) *Working Party on State Ownership and Privatisation Practices*.

In addition to the role of Vice Chair within the Anti-Corruption Committee acquired in 2019, in order to better address ESG issues at a multilateral level, Snam has also been selected as an active member of the Corporate Governance Committee of BIAC (Business at OECD). With the same purpose, the company participated in the World Economic Forum’s “ESG and Corporate Governance” round table.

In addition, Snam has eliminated all manual data procedures and has improved the traceability, transparency and security


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of all its operations by digitising its information flows to the National Anti-Corruption Authority through a direct

interface between their respective computer systems and the assignment of a tender identification code (CIG).

Key performance indicators

The indicators below show the results of the management of the aspects related to the prevention of corruption, with an indication of the reference GRI standard.

In 2020, the training cycle launched in 2016 continued with the aim of applying the concepts of business ethics, legality and anti-corruption in our daily operations, enabling the participants to recognise potential Red Flags and manage them. The training on these issues has a cyclical nature,

designed to follow the evolution of the regulations applicable to the Company and the related amendments to the internal regulatory system. The figures for training on the code of ethics and anti-corruption are decreasing, because the 'compliance path', which started in 2019, was mostly provided to new employees in 2020. With regard to reports, it should be noted that the one received refers to an anonymous report alleging corruption in the management of certain suppliers.

Indicator	GRI Standard	Measurement unit	2018	2019	2020
Cases of proven corruption			0	0	0
Reports received on corruption and under examination	205-3		0	0	1
Reports received on corruption and archived because unfounded		no.	0	0	0
Hours of training on anti-corruption, code of ethics and model 231	205-2		321	4,028	1,414
Participations in training on anti-corruption, code of ethics and model 231 (*)			112	3,981	1,408

(*) Instead of the participants, the number of participations is reported as recorded in the attendance recording system for training purposes.


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GRI STANDARDS CORRELATION TABLE

T = Transport

S = Storage

R = Regasification

C = Corporate

M = Sustainable mobility

B = Biomethane

E = Energy efficiency

H = Hydrogen

Group = T, S, R, C, M, B, E, H

Material topics	GRI aspects	Scope of the aspect		Reporting restrictions	
		Internal	External	Internal	External
Health and safety	GRI 403 Occupational Health & Safety	Group	Suppliers	-	-
Climate change	GRI 305 Emissions	Group	Suppliers	-	Emissions related to energy consumption of suppliers
	GRI 302 Energy	Group	Suppliers	-	Energy consumption of suppliers
Reliability of infrastructures, business continuity and cyber security	-	Group	-	-	-
Green business	-	Group	-	-	-
Innovation	-	Group	-	-	-
Economic performance and value creation	GRI 201 Economic Performance	Group	-	-	-
Diversity and inclusion	GRI 405 Diversity and Equal opportunities	Group	-	-	-
	GRI 406 Non discrimination	Group	-	-	-
Developing and safeguarding human capital	GRI 401 Employment	Group	-	-	-
	GRI 404 Training and Education		-	-	-
Business integrity	GRI 205 Anticorruption	Group	Suppliers	-	-
	GRI 207 Tax	Group	-	-	-
	GRI 419 Socioeconomic compliance	Group	-	-	-
Relations with local communities	GRI 203 Indirect economic impact	Group	-	-	-
	GRI 413 Local communities	Group	-	-	-
Fighting corruption	GRI 205 Anticorruption	Group	Suppliers		
Protecting local areas and biodiversity	GRI 304 Biodiversity	T, B	Suppliers		
Relations with authorities and quality of services	-	Group	-		


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GRI CONTENT INDEX

AR: Annual report

NFS: Non-Financial Statement

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
GRI 102 – General disclosure 2016				
Organizational profile	102-1	Name of the organization		Snam S.p.A.
	102-2	Activities, brands, products, and services	AR "Snam's Profile - Summary"	
	102-3	Location of headquarters		Snam's headquarters are located in San Donato Milanese www.snam.it/it/chi-siamo/la-sede/
	102-4	Location of operations	AR "Snam's Profile - Snam's presence in Italy and in the international Infrastructure system"	
	102-5	Ownership and legal form	AR "Snam and the financial markets, Snam Shareholder composition at 31 December 2020"	
	102-6	Markets served	AR Services "Snam's Profile - Summary" AR "Snam's Profile - Snam's presence in Italy and in the international infrastructure system"	
	102-7	Scale of the organization	AR "Snam's Profile - Snam's presence in Italy and in the international infrastructure system" AR "2020 Performance - Results" AR "2020 Performance - Operating review and sustainability impacts, Volumes of activities" AR "2020 Performance - Operating review and sustainability impacts, Staff employment and development" NFS "Aspects concerning the management of personnel" NFS "Introduction and guide to reading the document"	
	102-8	Information on employees and other workers	NFS "Aspects concerning the management of personnel"	The distribution by gender and region of the number of employees by type of contract is not relevant
	102-9	Supply chain	AR "2020 Performance - Operating review and sustainability impacts, Supply chain management" NFS "Introduction and guide to reading the document"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
GRI 102 – General disclosure 2016				
	102-10	Significant changes to the organization and its supply chain	NFS "Introduction and guide to reading the document AR "2020 Performance - Operating review and sustainability impacts, Supply chain management"	
Organizational profile (cont'd)	102-11	Precautionary Principle or approach	AR "Governance - Control system" AR "Risk management - Management of risks and opportunities" AR "Business segment operating performance - Natural gas transportation, Progress of work to obtain permits" NFS "Environmental and health and safety aspects"	
	102-12	External initiatives		Snam is a member of, among others, the Global Compact and Task Force on Climate Related Financial Disclosure (TCFD)
	102-13	Membership of associations		Section "Snam and associations" published on the company website www.snam.it/it/chi-siamo/innovazione_e_tecnologia/
Strategy	102-14	Statement from senior decision-maker	AR "Letter to the shareholders and stakeholders"	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	AR "Governance - Governance and organisation, Snam's organisational model" NFS "Prevention of active and passive corruption"	
Governance	102-18	Governance structure	AR "Governance - Governance and organisation"	
Stakeholder engagement	102-40	List of stakeholder groups	AR "Snam's Profile - Relations with stakeholders, Stakeholder engagement processes and activities"	
	102-41	Percentage of employees covered by collective bargaining agreements		100%. The CCNL applies to non-executive staff (Energy and Oil contract, Metal workers contract, Commercial contract). The National Contract for Executives of Companies producing Goods and Services is applied to executives
	102-42	Identifying and selecting stakeholders	AR "Snam's Profile - Relations with stakeholders, Stakeholder engagement processes and activities"	
	102-43	Approach to stakeholder engagement	AR "Snam's Profile - Relations with stakeholders"	
	102-44	Key topics and concerns raised	AR "Snam's Profile - Relations with stakeholders"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
GRI 102 – General disclosure 2016				
Reporting practice	102-45	Entities included in the consolidated financial statements and excluded from the NFS	NFS "Introduction and guide to reading the document"	There are no differences in the scope of consolidation
	102-46	Defining report content and topic Boundaries	NFS "Introduction and guide to reading the document"	
	102-47	List of material topics	AR "Snam's Profile - Relations with stakeholders, Material topics in relation with activities carried out"	
	102-48	Restatements of information		Changes from the previous report are indicated in the text
	102-49	Changes in reporting	AR "Snam's Profile - Relations with stakeholders, Material issues in relation with activities carried out" NFS "Correlation table for GRI"	
	102-50	Reporting period	NFS "Introduction and guide to reading the document"	
	102-51	Date of most recent report		Last published document: 2019 Consolidated Non-Financial Statement, included in the Directors' Report – 2019 Integrated Report in the 2019 Annual Report
	102-52	Reporting cycle		The NFS is published annually
	102-53	Contact point for questions regarding the report		Domenico Negrini (domenico.negrini@snam.it)
	102-54	Claims of reporting in accordance the GRI Standards	NFS "Introduction and guide to reading the document"	
	102-55	GRI content index	NFS "GRI Standards correlation table"	
	102-56	External assurance	NFS "Independent auditor's report"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Economic topics (GRI 200)				
GRI 201 Economic performance 2016	103-1, 103-2, 103-3	Management approach	AR "Risk Management" NFS "Social aspects" NFS "GRI Standards correlation table"	
	201-1	Direct economic value generated and distributed	AR "2020 Performance - Results" NFS "Social aspects"	
GRI 203 203 Indirect economic impacts 2016	103-1, 103-2, 103-3	Approach to the management of the topic	NFS "Social aspects" NFS "GRI Standards correlation table"	
	203-1	Infrastructure investments and services supported	AR "Snam's Profile" AR "Towards Net Zero - 2020-2024 Strategic Plan"	
	203-2	Significant indirect economic impacts	AR "Snam's Profile - 2020: towards decarbonisation, The Covid-19 pandemic" NFS "Social aspects"	
GRI 205 Anti- corruption 2016	103-1, 103-2, 103-3	Management approach	AR "Governance - Control system, Internal Control and Risk Management System (SCIGR)" NFS "Prevention of active and passive corruption" NFS "GRI Standards correlation table"	
	205-2	Communication and training about anti-corruption policies and procedures	NFS "Prevention of active and passive corruption"	100% of employees and members of the Board of Directors were informed with regard to Snam's anti-corruption policies and procedures
	205-3	Confirmed incidents of corruption and actions taken	NFS "Prevention of active and passive corruption"	No incidents of corruption were detected in 2020
GRI 207 Tax 2019	103-1, 103-2, 103-3	Management approach	NFS "Social aspects, Approach to tax" NFS "GRI Standards correlation table"	
	207-1	Approach to tax	NFS "Social aspects, Approach to tax"	
	207-2	Tax governance, control, and risk management	NFS "Social aspects, Approach to tax"	
	207-3	Stakeholder engagement and management concerns related to tax	NFS "Social aspects, Approach to tax"	
	207-4	Country-by-country reporting	NFS "Social aspects, Approach to tax"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Environmental topics (GRI 300)				
GRI 302 Energy 2016	103-1, 103-2, 103-3	Management approach	NFS "Environmental and health and safety aspects NFS "GRI Standards correlation table"	
	302-1	Energy consumption within the organization	AR "2020 Performance - Operating review and sustainability impacts, Energy consumption" NFS "Environmental and health and safety aspects"	
GRI 304 Biodiversity 2016	103-1, 103-2, 103-3	Approach to the management of the topic	AR "2020 Performance - Operating review and sustainability impacts, Technical investments, Safety and quality levels for systems" NFS "Environmental and health and safety aspects NFS "GRI Standards correlation table"	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	AR "2020 Performance - Operating review and sustainability impacts, Technical investments, Safety and quality levels for systems" NFS "Environmental and health and safety aspects"	
GRI 305 Emissions 2016	103-1, 103-2, 103-3	Management approach	AR "Towards Net Zero - Snam's Net Zero Carbon strategy" NFS "Environmental and health and safety aspects NFS "GRI Standards correlation table"	
	305-1	Direct (Scope 1) GHG emissions	AR "Towards Net Zero - Snam's Net Zero Carbon strategy" AR "2020 Performance - Operating review and sustainability impacts, Greenhouse gas emissions" NFS "Environmental and health and safety aspects"	
	305-2	Energy indirect (Scope 2) GHG emissions	AR "Towards Net Zero - Snam's Net Zero Carbon strategy" AR "2020 Performance - Operating review and sustainability impacts, Greenhouse gas emissions" NFS "Environmental and health and safety aspects"	
Social topics (GRI 400)				
GRI 401 Employment 2016	103-1, 103-2, 103-3	Management approach	NFS "Aspects concerning the management of personnel" NFS "GRI Standards correlation table"	
	401-1	New employee hires and employee turnover	AR "2020 Performance - Operating review and sustainability impacts, Staff employment and development" NFS "Aspects concerning the management of personnel"	The breakdown of the data by country are not reported as it is not applicable (almost all the employees are located in Italy)


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Social topics (GRI 400)				
GRI 403 Occupational Health and Safety 2018	103-1, 103-2, 103-3	Management approach	NFS "Environmental and health and safety aspects NFS "GRI Standards correlation table"	
	403-1	Occupational health and safety management system	NFS "Environmental and health and safety aspects	
	403-2	Hazard identification, risk assessment, and accident investigation	NFS "Environmental and health and safety aspects	
	403-3	Occupational health services	NFS "Environmental and health and safety aspects	
	403-4	Worker participation, consultation, and communication on occupational health and safety	NFS "Environmental and health and safety aspects	Worker representation is also ensured by law (see Consolidated Text of Legislative Decree 81/2008) and national contracts. During 2020, numerous trade union agreements were signed on various issues (dispatch isolation, establishment of local committees for the application of the anti-Covidhealth protocols, collective closures, profit-sharing schemes)
	403-5	Worker training on occupational health and safety	NFS "Environmental and health and safety aspects	
	403-6	Promotion of worker health	NFS "Environmental and health and safety aspects	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFS "Environmental and health and safety aspects	
403-8	Workers covered by an occupational health and safety management system	NFS "Environmental and health and safety aspects	94.4% of employees are covered by an occupational health and safety management system	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Social topics (GRI 400)				
GRI 403 Occupational Health and Safety 2018	403-9	Work-related injuries	AR "2020 Performance - Operating review and sustainability impacts, Health and safety" NFS "Environmental and health and safety aspects	All the injuries involving employees and contractors occurred in Italy (for employees 3 in the North and for contractors 1 in the Centre and 1 in the South). The injuries involved only male staff. The rate of fatalities as a result of accidents at work was 0 for employees and 0.12 for contractors. The rate of high-consequence work-related injuries (excluding fatal accidents) is 0 for both employees and contractors. The rate of recordable work related accidents, which is the same as the injury frequency rate, is 0.59 for employees and 0.25 for contractors, calculated as the ratio between the number of injuries of the related type and the number of hours worked in the related category, multiplied by 1,000,000. The hours worked of employees and contractors taken into account for the calculation are respectively 5.09 and 8.14 million hours.
	403-10	Work-related ill health	NFS "Environmental and health and safety aspects	Contractors, like employees, are not exposed to risks that will generate occupational illnesses over time. Moreover, considering the fact that health surveillance protocols are implemented for contractors by the employer of the contracting companies, the collection of data on the occupational illnesses of contractors is not applicable
GRI 404 Training and Education 2016	103-1, 103-2, 103-3	Management approach	NFS "Aspects concerning the management of personnel" NFS "GRI Standards correlation table"	
	404-1	Average hours of training per year per employee	AR "2020 Performance - Operating review and sustainability impacts, Staff employment and development" NFS "Aspects concerning the management of personnel"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Social topics (GRI 400)				
GRI 405 Diversity and Equal Opportunity 2016	103-1, 103-2, 103-3	Management approach	NFS "Aspects concerning the management of personnel" NFS "GRI Standards correlation table"	
	405-1	Diversity of governance bodies and employees	AR "Governance - Governance and organisation, Diversity and skills matrix" NFS "Aspects concerning the management of personnel"	In 2020, 3 members of the Board of Directors were in the 30-50 age group, 6 were over 50 (in 2018 and 2019, 2 were in the 30-50 group and 7 were over 50). Employees under 30 years of age: 0 executives, 2 middle managers, 283 white collars, 225 blue collars. Employees aged between 30 and 50: 79 executives, 298 middle managers, 689 white collars, 236 blue collars. Employees over 50 years of age: 52 executives, 249 middle managers, 792 white collars, 344 blue collars
GRI 406 Non discrimination 2016	103-1, 103-2, 103-3	Management approach	NFS "Protecting human rights" NFS "GRI Standards correlation table"	
	406-1	Incidents of discrimination and corrective actions taken	NFS "Protecting human rights"	
GRI 413 Local Communities 2016	103-1, 103-2, 103-3	Management approach	NFS "Social aspects" NFS "GRI Standards correlation table"	
	413-1	Operations with local community engagement, impact assessments, and development programs	AR "Business segment operating performance - Natural gas transportation, Progress of work to obtain permits" NFS "Social aspects"	
GRI 419 Socioeconomic Compliance 2016	103-1, 103-2, 103-3	Management approach	NFS "Prevention of active and passive corruption" NFS "GRI Standards correlation table"	
	419-1	Non-compliance with laws and regulations in the social and economic area	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA (in "Notes to the consolidated financial statements")" NFS "Prevention of active and passive corruption"	



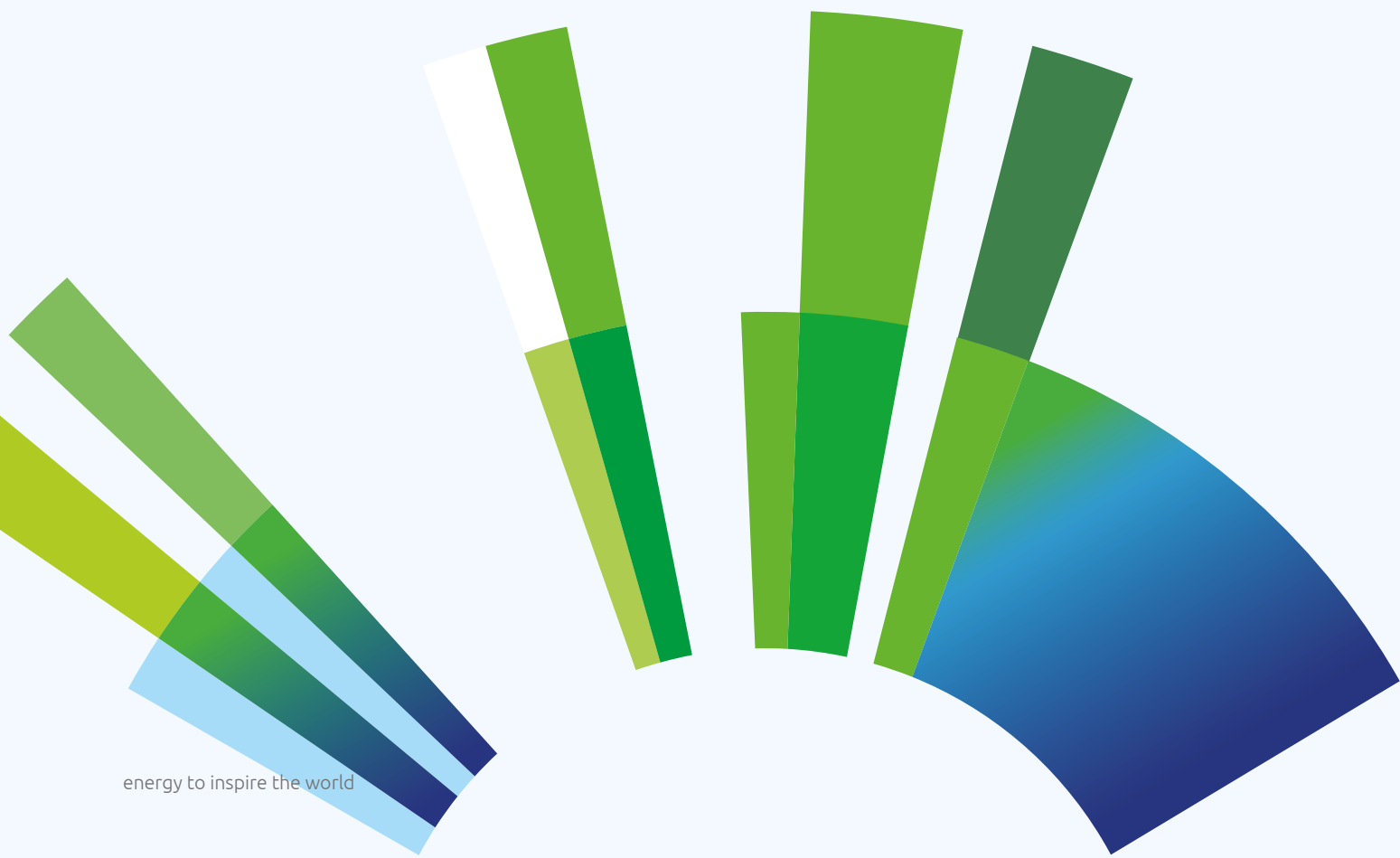
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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Snam's Material topics not associated with the GRI material topics				
Green business	103-1, 103-2, 103-3	Management approach	AR "Towards Net Zero - 2020-2024 Strategic Plan" NFS "Environmental and health and safety aspects" NFS "GRI Standards correlation table"	
Reliability of infrastructures, business continuity and cyber security	103-1, 103-2, 103-3	Management approach	AR "2020 Performance - Operating review and sustainability performance, Technical investments, Safety and quality levels for systems" NFS "Social aspects" NFS "GRI Standards correlation table"	
Innovation	103-1, 103-2, 103-3	Management approach	AR "Towards Net Zero - Innovation for business development" NFS "Social aspects" NFS "GRI Standards correlation table"	
Relations with authorities and quality of services	103-1, 103-2, 103-3	Management approach	AR "2020 Performance - Operating review and sustainability performance, Technical investments, Safety and quality levels for systems" AR "Business segment operating performance - Relations with the Regulatory Authority" NFS "GRI Standards correlation table"	




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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Snam S.p.A. (the "Company") and its subsidiaries (hereinafter "Snam Group" or "Group") as of December 31, 2020 prepared on the basis of art. 4 of the Decree, presented in the specific section of the Directors' Report and approved by the Board of Directors on March 17, 2021 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards") which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.



Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the Consolidated Financial Statements of the Snam Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.



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Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.
- In particular, we carried out interviews and discussions with the management of Snam S.p.A. and with the employees of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company and subsidiaries level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for entities Snam S.p.A., Snam Rete Gas S.p.A. and Stogit S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Snam Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and GRI Standards.

Other matters

The NFS for the years ended December 31, 2018 and December 31, 2019, whose data are presented for comparative purposes, have been subject to a limited assurance engagement by another auditor that on March 11, 2019 and on May 11, 2020, expressed unmodified conclusions.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
 Partner

Milan, Italy
 April 6, 2021

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


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SASB AND TCFD CORRESPONDENCE TABLES

SASB CORRESPONDENCE TABLE

AR = Annual Report

NFS = Non-Financial Statement

SR = Sustainability Report

Dimension	Category	Disclosure	Description	Reference document and chapter/paragraph	Omissions/Notes
Environmental	GHG Emissions	EM-MD-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	AR "2020 Performance - Operating review and sustainability impacts, Greenhouse gas emissions" NFS "Environmental and health and safety aspects"	
		EM-MD-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	AR "Towards Net Zero - Snam's Net Zero Carbon strategy" NFS "Environmental and health and safety aspects"	
	Air quality	EM-MD-120a.1	Emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, (3) volatile organic compounds (VOCs) and (4) particulate matter (PM10)	AR "Business segment operating performance - Natural gas transportation, Energy consumption and emissions" AR "Business segment operating performance - Regasification of liquefied natural gas, Energy consumption and emissions" AR "Business segment operating performance - Natural gas storage, Energy consumption and emissions"	
	Ecological impacts	EM-MD-160a.1	Description of environmental management policies and practices for active operations	AR "2020 Performance - Operating review and sustainability impacts, Technical investments, Safety and quality levels for systems" NFS "Environmental and health and safety aspects" SR "For a Net Zero world - Protect the earth and biodiversity"	


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Dimension	Category	Disclosure	Description	Reference document and chapter/paragraph	Omissions/Notes
Environmental	Ecological impacts	EM-MD-160a.2	Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat	NFS "Environmental and health and safety aspects	
		EM-MD-160a.3	Terrestrial acreage disturbed, percentage of impacted area restored	NFS "Environmental and health and safety aspects	
		EM-MD-160a.4	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered		Indicator irrelevant for Snam
Leadership & Governance	Competitive behaviour	EM-MD-520a.1	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA (in "Notes to the consolidated financial statements")	
	Operational Safety, Emergency Preparedness & Response	EM-MD-540a.1	Number of recordable pipeline accidents, significant percentage	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA (in "Notes to the consolidated financial statements")	
		EM-MD-540a.2	Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected	AR "2020 Performance - Operating review and sustainability impacts, Technical investments, Safety and quality levels for systems"	4.5% of the natural gas transportation network inspected with smart pigs; 63.3% inspected by helicopter flyover; 32.3% inspected with leak detection technique and 13.6% with geological monitoring
		EM-MD-540a.3	Number of (1) accident releases and (2) non-accident releases (NARs) from rail transportation		Indicator irrelevant for Snam
		EM-MD-540a.4	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles.	NFS "Environmental and health and safety aspects	


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TCFD RECOMMENDATIONS CORRESPONDENCE TABLE

AR: Annual Report

NFS: Non-Financial Statement

SR: Sustainability Report

TCFD: Task Force on Climate-related financial Disclosure

TCFD Recommendations	Disclosure
GOVERNANCE Disclose the company's governance around climate-related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> ■ AR "Governance - Governance and organisation, Sustainability governance" ■ TCFD "Governance for climate change management - The role and Presidium of the Board"
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> ■ AR "Risk management - Management of risks and opportunities" ■ TCFD "Governance for climate change management - The role of management"
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.	<ul style="list-style-type: none"> ■ AR "Risk Management - Elements of risk and uncertainty, Strategic risks" ■ TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change" ■ The ERM model and the risks and opportunities associated with climate change - The opportunities associated with climate change"
b) Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> ■ AR "Risk Management - Elements of risk and uncertainty, Strategic risks" ■ TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change" ■ The ERM model and the risks and opportunities associated with climate change - The opportunities associated with climate change"
c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> ■ AR "Towards Net Zero - Snam's Net Zero Carbon strategy" ■ TCFD "The reference context and scenarios" ■ TCFD "Towards Net Zero: Snam's strategy" ■ TCFD "Act for the future - Snam and its commitment to the fight against climate change"


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TCFD Recommendations

Disclosure

RISK MANAGEMENT

Disclose how the company identifies, assesses, and manages climate-related risks.

<p>a) Describe the company's processes for identifying and assessing climate-related risks.</p>	<ul style="list-style-type: none"> ■ AR "Risk Management - Elements of risk and uncertainty, Strategic risks" ■ TCFD "The ERM model and the risks and opportunities associated with climate change - The ERM model for centralised risk management"
<p>b) Describe the company's processes for managing climate-related risks.</p>	<ul style="list-style-type: none"> ■ AR "Risk Management - Elements of risk and uncertainty, Strategic risks" ■ TCFD "The ERM model and the risks and opportunities associated with climate change - The ERM model for centralised risk management"
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.</p>	<ul style="list-style-type: none"> ■ TCFD "The ERM model and the risks and opportunities associated with climate change - The ERM model for centralised risk management"

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

<p>a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<ul style="list-style-type: none"> ■ AR "Towards Net Zero - Snam's Net Zero Carbon strategy" ■ NFS "Environmental and health and safety aspects" ■ TCFD "Act for the future - Snam and its commitment to the fight against climate change" ■ TCFD "Performance indicators"
<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<ul style="list-style-type: none"> ■ AR "Towards Net Zero - Snam's Net Zero Carbon strategy" ■ AR "2020 Performance - Operating review and sustainability impacts, Greenhouse gas emissions" ■ NFS "Environmental and health and safety aspects" ■ TCFD "Act for the future - Snam and its commitment to the fight against climate change, The reduction of GHG emissions" ■ TCFD "Performance indicators"
<p>c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.</p>	<ul style="list-style-type: none"> ■ AR "Towards Net Zero - Snam's Net Zero Carbon strategy" ■ NFS "Environmental and health and safety aspects" ■ TCFD "Act for the future - Snam and its commitment to the fight against climate change" ■ TCFD "Performance indicators"