



36) RELATED-PARTY TRANSACTIONS

From 1 August 2019, CDP S.p.A. reclassified its equity investment in Snam, already classified as de facto control pursuant to international accounting standard IFRS 10 – Consolidated financial statements from 2014, as de facto control pursuant to Article 2359, paragraph 1 of the Italian Civil Code and Article 93 of the TUF.

Considering the de facto control of CDP S.p.A. over Snam S.p.A., Snam's related parties, based on the current group ownership structure, are represented not only by Snam's subsidiaries, associates and joint ventures, as well as by the parent company CDP S.p.A. and its subsidiaries and joint ventures, as well as the subsidiaries and joint ventures of the Ministry of Economy and Finance (MEF). Members of the Board of Directors, Statutory Auditors and Snam Group and CDP managers with strategic responsibilities, and their families, are also regarded as related parties.

As explained in detail below, related-party transactions mainly concern the exchange of goods and the provision of regulated services in the gas sector. Transactions between Snam and related parties are part of ordinary business operations and are generally settled under market conditions, i.e. the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the companies of the Snam Group.

Pursuant to the provisions of the relevant legislation, the Company has adopted internal guidelines to ensure that transactions carried out by Snam or its subsidiaries with related parties are transparent and correct in their substance and procedure.

Directors and statutory auditors declare potential interests that they have in relation to the Company and the Group every six months, and/or when changes in said interests occur; they also inform the Chief Executive Officer (or the Chairman, in the case of the Chief Executive Officer's interests), who in turn informs the other directors and the Board of Statutory Auditors, of individual transactions that the Company intends to carry out and in which they have an interest.

Snam is not subject to any direction or coordination activities. Snam manages and coordinates its subsidiaries, pursuant to Article 2497 et seq. of the Italian Civil Code.

In terms of related-party transactions, the following should be pointed out pursuant to the disclosure obligations set forth under Consob Regulation No. 17221 of 12 March 2010:

- the conclusion between Snam Rete Gas S.p.A. and Eni S.p.A. of the natural gas transportation agreement for the Thermal Year 2019-2020. On 5 February 2020, the value of the transportation contract exceeded the significance threshold of 140 million euros as defined in the Snam "Procedure for transactions in which directors and auditors have an interest and transactions with related parties";
- the conclusion between Snam Rete Gas S.p.A. and Enel Global Trading S.p.A. of the natural gas transportation agreement for the Thermal Year 2019-2020. On 3 September 2020, the value of the transportation contract exceeded the threshold of Euro 140 million euros identified in Snam's "Transactions with directors' and statutory auditors' interests and related party transactions" guideline.

The above contracts are defined in accordance with the procedures defined in the Snam Rete Gas S.p.A. Network Code approved by the Regulatory Authority for Energy Networks and the Environment (ARERA) pursuant to Resolution 75/2003, as amended.

The calculation of a fee for services rendered take place through application of the natural gas transportation and dispatching tariffs approved by Resolution of the Authority.

These contracts are configured as ordinary operations concluded at conditions equivalent to market or standard conditions because, pursuant to paragraph 2 of the guideline (published on the website www.snam.it): (i) they come under ordinary operations and related financial operations; (ii) the conditions applied are based on regulatory tariffs.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties are shown below for the current year and the previous one for comparison purposes. The nature of the most significant transactions is also stated.


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Commercial and other transactions

Commercial and other transactions can be broken down as follows:

(million €)	31.12.2019				2019				
	Receivables	Other assets	Payables	Other liabilities	Costs ^(a)			Revenue ^(b)	
					Goods	Services	Other	Services	Other
Companies under joint control and associates									
Interconnector UK	1			1				3	
Albanian Gas Services	1							1	
Senfluga									
TAG GmbH	3		2					2	
Terêga S.A.S.	1								
Trans Adriatic Pipeline AG (TAP)	4			21				15	
	10		2	22				21	
Fondazione Snam									
	1								
Parent company									
Cassa Depositi e Prestiti			100						
			100						
Companies controlled by the parent company Cassa Depositi e Prestiti									
Italgas group	1		2				1		1
	1		2						1
Companies jointly controlled by the parent company Cassa Depositi e Prestiti									
Saipem group			16			22			
Valvitalia Finanziaria S.p.A.			1		3	2			
			17		3	24			
Companies owned or controlled by the State									
Gestore dei mercati energetici S.p.A.	11		6						
Anas group	2	1	3		36			2	
Enel group (c)	65		24			1		354	
Eni group (c)	200		34			22		1,197	
Ferrovie dello Stato group	1		1					2	
Finmeccanica group						2			
	279	1	68		36	25		1,555	
Total	291	1	189	22	39	49	1	1,576	1

(a) These include costs for goods and services used for investment purposes.

(b) Before tariff components that are offset in costs.

(c) Including balance sheet figures relating to balancing activities.


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(million €)	31.12.2020				2020				
	Receivables	Other assets	Payables	Other liabilities	Costs ^(a)			Revenue ^(b)	
					Goods	Services	Other	Services	Other
Companies under joint control and associates									
Interconnector UK									2
Albanian Gas Services	1							1	
Senfluga									
TAG GmbH	2		2			1			1
Terêga S.A.S.	1								
Trans Adriatic Pipeline AG (TAP)	5			1					26
Galaxy Pipeline Assets Holdco	17								
	26		2	1		2	1		29
Fondazione Snam	1					1			
Parent company									
Cassa Depositi e Prestiti			110						
			110						
Companies controlled by the parent company Cassa Depositi e Prestiti									
Italgas group	2		2						1
	2		2						1
Companies jointly controlled by the parent company Cassa Depositi e Prestiti									
Saipem group			20			26			
Valvitalia Finanziaria S.p.A.			1		3				
			21		3	26			
Companies owned or controlled by the State									
Gestore dei mercati energetici S.p.A.	26		25						
Anas group	1	2	2				3		
Enel group (c)	65		19						338
Eni group (c)	179		26			19	1		895
Ferrovie dello Stato group	1		2				3		
Finmeccanica group						1			
	272	2	74	1	3	48	7		1,233
Total	301	2	209	1	3	48	8	1,262	2

(a) These include costs for goods and services used for investment purposes.

(b) Before tariff components that are offset in costs.

(c) Including balance sheet figures relating to balancing activities.



Companies under joint control and associates

The most significant commercial relations with companies under joint control and associates include:

- the provision to TAP of services for the construction of transportation infrastructures governed by the Engineering and Project Management (EPMS) Agreement;
- the provision to TAG of services for the realisation of the transportation infrastructures governed by the Engineering, Procurement and Construction Management (EPCM) Agreement.

Companies jointly controlled by the parent company Cassa Depositi e Prestiti

The most significant commercial relations with companies under the joint control of Cassa Depositi e Prestiti include the purchase by Saipem of design and works supervision services for the realisation of natural gas transportation and storage infrastructures, regulated by agreements signed at normal market conditions.

Companies owned or controlled by the State

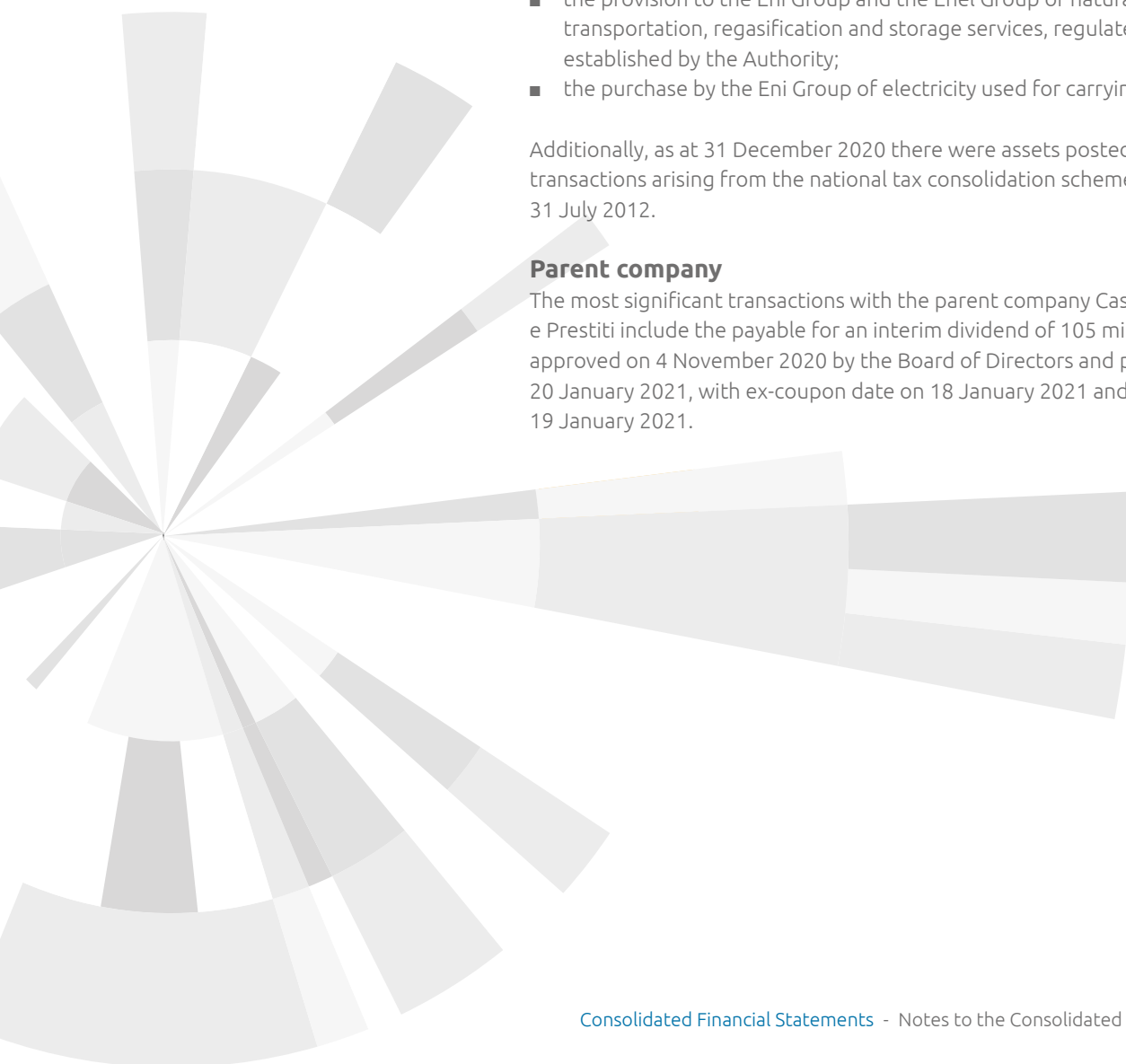
The most significant commercial relations with companies controlled or owned by the State involve:

- the provision to the Eni Group and the Enel Group of natural gas transportation, regasification and storage services, regulated by tariffs established by the Authority;
- the purchase by the Eni Group of electricity used for carrying out activities.

Additionally, as at 31 December 2020 there were assets posted in reference to transactions arising from the national tax consolidation scheme in force until 31 July 2012.

Parent company

The most significant transactions with the parent company Cassa Depositi e Prestiti include the payable for an interim dividend of 105 million euros, approved on 4 November 2020 by the Board of Directors and payable from 20 January 2021, with ex-coupon date on 18 January 2021 and record date on 19 January 2021.




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Financial transactions

Financial transactions can be broken down as follows:

(million €)	31.12.2019			2019	
	Receivables	Payables	Guarantees and commitments	Charges	Income
Companies under joint control and associates					
- Trans Adriatic Pipeline AG (TAP)			1,363		
			1,363		

(million €)	31.12.2020			2020	
	Receivables	Payables	Guarantees and commitments	Charges	Income
Companies under joint control and associates					
Trans Adriatic Pipeline AG (TAP)			1,242		
EBS società agricola a r.l.	5				
OLT Offshore Toscana	303				12
	308		1,242		12

Companies under joint control and associates

Financial relations with companies under joint control and associates include:

- the debt service guarantee on the loan agreement of the associate TAP, in the phase relating to the construction and start-up of the plant;
- Snam S.p.A.'s remaining commitment as a shareholder and in relation to the project funding for the construction of the pipeline on the basis of the shares owned, equal to 20%, with regard to TAP⁴³;
- the long-term financial receivable following the takeover of the residual share of a shareholders' loan, from Iren S.p.A. in favour of OLT, against the acquisition of the 49.07% share in the share capital.

⁴³ For more information, see Note 26, "Guarantees, commitments and risks – Commitments, guarantees and pledges - TAP".


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Impact of related-party transactions or positions on the balance sheet, income statement and statement of cash flows

The impact of related-party transactions or positions on the balance sheet and income statement is summarised in the following table:

(million €)	31.12.2019			31.12.2020		
	Total	Related entities	% Share	Total	Related entities	% Share
Statement of financial position						
Trade receivables and other current receivables	1,376	291	21.1	1,676	301	18.0
Other current and non-current assets	59	1	1.7	147	2	1.4
Other current and non-current financial assets	44			427	308	72.1
Trade payables and other payables	1,801	189	10.5	2,029	209	10.3
Other current liabilities	106	22	20.8	70	1	1.4

The impact of related-party transactions on the income statement is summarised in the following table:

(million €)	2019			2020		
	Total	Related entities	% Share	Total	Related entities	% Share
Income Statement						
Core business revenue	2,635	1,576	59.8	2,735	1,262	46.1
Other operating revenues and income	30	1	3.3	35	2	5.7
The purchase of goods and services and other operating costs	281	61	21.7	429	24	5.6
Staff costs	180	(2.0)	(1.1)	188	(2)	(1.1)
Financial income	11			26	12	46.2

Related-party transactions are generally governed on the basis of market conditions, i.e. the conditions that would be applied between two independent parties.


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The principal cash flows with related parties are shown in the following table.

(million €)	2019	2020
Operating revenues and income	1,577	1,264
Operating costs and expenses	(59)	(22)
Change in trade receivables and other current receivables	129	(10)
Change in trade payables and other current payables	(87)	12
Change in other current and non-current assets		(1)
Change in other current liabilities	(5)	(21)
Cash flow from operating activities	1,555	1,233
Investments:		
- Tangible and intangible fixed assets	(30)	(37)
- Long-term financial receivables		(332)
- Change in payables and receivables relating to investments	(3)	3
Cash flow from investing activities	(33)	(366)
Divestments:		
- financial receivables (returns)		33
Net cash flow from investing activities	(33)	(333)
Short-term financial receivables		(5)
Cash flow from financial activities		(5)
Total cash flows to related entities	1,522	895

The effect of cash flows with related parties is shown in the following table:

(million €)	2019			2020		
	Total	Related entities	% Share	Total	Related entities	% Share
Cash flow from operating activities	1,486	1,555		1,597	1,233	77.2
Cash flow from investing activities	(1,004)	(33)	3	(1,632)	(333)	20.4
Cash flow from financial activities	497			228	(5)	


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37) PUBLIC FUNDS - INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPHS 125-129, LAW NO. 124/2017 (TO BE UPDATED)

Pursuant to Article 1, paragraph 125 of Law No. 124/2017 and later amendments, the information with regard to funds received from Italian public bodies by Snam S.p.A. and its wholly-consolidated subsidiaries are reported below. The consolidated information takes into account the funds received from Italian state bodies/public bodies. Specifically, the following are not presented: (i) forms of incentives/subsidies received in application of a general aid scheme to all those entitled; (ii) considerations relating to the provision of work/services, including sponsorships; (iii) refunds and indemnities paid to parties involved in training and orientation internships; (iv) contributions for ongoing training by inter-professional funds in the form of a legal association; (v) association contributions for membership of trade and regional associations, as far as to foundations, or equivalent organisations, functional to the activities related to the business. The funds are identified according to the cash criterion.

Disclosure requirements on the issue of the transparency of public funds granted, pursuant to Law 124 of 2017, Article 1, paragraph 126, are not applicable to the Snam Group.

In 2020, there were no disbursements of more than 10 thousand euros made by the same party, including through a number of acts. Pursuant to the provisions of Article 3-quater of Legislative Decree 135/2018, converted with amendments by Law No. 12 of 11 February 2019 for any funds received, refer to the guidelines contained in the National State Aid Register pursuant to Article 52 of Law No. 234 of 24 December 2012.

38) SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, it should be stated that no significant non-recurring events or transactions took place during the course of the year.

39) POSITIONS OR TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the course of the year.

40) KEY EVENTS AFTER THE END OF THE FINANCIAL YEAR

With reference to key events occurring after the end of the financial year, we note the acquisition, on 8 January 2021, of a quota equal in total to 37%, of Industrie De Nora S.p.A., an innovator on a global scale in sustainable energy and water treatment technologies, on the basis of a 100% enterprise value of approximately 1.2 billion.

41) PUBLICATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised for publication by Snam's Board of Directors at its meeting of 17 March 2021, in accordance with the law.