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SNAM'S REPORTS



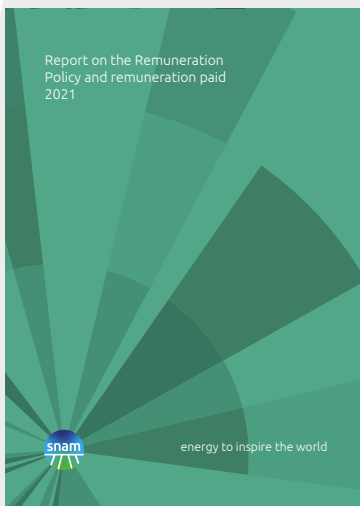
FINANCIAL DISCLOSURE ON CLIMATE CHANGE

Describes governance, strategy and scenarios, risks and opportunities, metrics and targets to manage climate change, in line with recommendations of the *Task Force on Climate-Related Financial Disclosures (TCFD)*.



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Provides detailed information about the company, its governance structure, the ownership structure, the internal control and risk management system and related topics.



REMUNERATION REPORT

Illustrates the Policy adopted by the Company for remuneration of Directors and Executives, specifying the purposes, bodies involved, procedures used for its adoption and implementation in addition to the remuneration paid.



SUSTAINABILITY REPORT

Presents performance and future objectives relative to environmental, social and governance issues (ESG), strengthening the relationship and cooperation with all Company stakeholders.


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ANNUAL REPORT

“**Integrated reporting means integrated thinking**”, this is the foundation behind Snam’s reporting which for several years now has been involved in integrating its reporting processes. The approach is intended to respond to all stakeholder requests through company reporting which is widespread, transparent and complete, as well as responsible. Thanks to the publication of various specific reports, Snam provides a detailed and in-depth overview of its annual activities, performance and challenges.



The **Annual Report**, which includes the **Directors' Report**, represents Snam’s **Integrated Report**, prepared following the Framework guidelines proposed by **IIRC** (International Integrated Reporting Council), which Snam has followed since 2015. In addition to the Directors’ Report, the document also contains the **Consolidated Financial Statements** and **Statutory Financial Statements**.

The purpose of the Directors’ Report is to represent, in addition to annual results, Snam’s model for creating sustainable value over the medium/long-term, highlighting existing connections between strategy, economic/financial performance and the social, environmental and economic situation in which the Group functions. The aspects dealt with in the Directors’ Report represent the main factors which may influence its economic/financial performance and their impacts on sustainability issues which are material for the Group.

The schedules below (Consolidated Financial Statements and Statutory Financial Statements) facilitate reconciliation of the various methods of reading proposed by the IIRC Framework and the contents of the Directors’ Report.

Additionally, the Directors’ Report also contains the **Consolidated Non-Financial Statement** (“Declaration” or “NFS”), prepared in compliance with the provisions of Italian Legislative Decree 254/2016. The NFS, which constitutes a specific section of the Report, contains information on company management and organisational methods, policies used, risks and methods used to manage the same, as well as information on performance with regards to sustainability issues of relevance to the Group. When necessary or expedient, the contents of the NFS include references to information available in other sections of the Directors’ Report, which can be easily identified by the blue “NFS” symbol placed next to the title of the relevant chapter/section.

NFS

Additionally, given Snam’s adhesion to the **Task Force on Climate-Related Financial Disclosure - TCFD**, sections of the document which contain information on the recommendations are identified through the light blue “TCFD” symbol found next to the title

TCFD


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CORPORATE BODIES

BOARD OF DIRECTORS ^(*)

Chairman ^(**)

Nicola Bedin

Chief Executive Officer

Marco Alverà ⁽¹⁾

Directors

Laura Cavatorta ^{(2) (3)}

Francesco Gori ^{(2) (3)}

Yunpeng He ⁽¹⁾

Antonio Marano ^{(1) (2)}

Francesca Pace ^{(1) (2)}

Rita Rolli ^{(2) (3)}

Alessandro Tonetti ⁽¹⁾

CONTROL, RISK AND RELATED-PARTY TRANSACTIONS COMMITTEE

Francesco Gori - Chairman

Francesca Pace

Antonio Marano

REMUNERATION COMMITTEE

Francesca Pace - Chairman

Rita Rolli

Alessandro Tonetti

INDEPENDENT AUDITORS ^(****)

Deloitte & Touche S.p.A.

(*) Appointed by the Shareholders' Meeting on 2 April 2019 and in office until the date of the Shareholders' Meeting that shall be called in 2022 to approve the financial statements at 31 December 2021.

(**) Appointed by the Shareholders' Meeting of 18 June 2020 based on a proposal by the shareholder CDP Reti S.p.A. - in office until the date of the Shareholders' Meeting that shall be called in 2022 to approve the financial statements at 31 December 2021. The Chairman is independent pursuant to the CLF.

(***) Established by the Board of Directors on 14 May 2019 in place of the Sustainability Committee.

(****) Engaged by the shareholders' meeting on 23 October 2019 for FYs 2020-2028.

(1) Candidate directors on the list presented by shareholder CDP Reti S.p.A.

(2) Independent directors pursuant to the Consolidated Law on Finance and the Code of Corporate Governance.

(3) Directors that were candidates on a list submitted jointly by Institutional Investors.

(4) Candidate standing auditors on the list presented by shareholder CDP Reti S.p.A.

(5) Directors that were candidates on a list submitted jointly by Institutional Investors.

BOARD OF STATUTORY AUDITORS ^(*)

Chairman

Stefano Gnocchi ⁽⁵⁾

Standing Statutory Auditors

Gianfranco Chinellato ⁽⁴⁾

Donata Paola Patrini ⁽⁴⁾

Standing Statutory Auditors

Federica Albizzati ⁽⁵⁾

Maria Gimigliano ⁽⁴⁾

APPOINTMENTS COMMITTEE

Antonio Marano - Chairman

Laura Cavatorta

Alessandro Tonetti

ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE ^(***)

Laura Cavatorta - Chairman

Rita Rolli

Yunpeng He



ENERGY TO INSPIRE THE WORLD: SNAM'S PURPOSE

In a time of transformation and change, **the company must be clear about the reason for which it exists**: its purpose. To find it, it is necessary to reshape the organisation and activate a collective exercise among people of research and analysis of the **added value that can be contributed to the world**. Today, more than ever, it is necessary to have a broader outlook and range of action than in the past, aiming to create solid relationships between people, suppliers and communities, responding to the needs of sustainable development for all stakeholders.

"Energy to inspire the world" is the purpose of Snam, where its history and values come together.

The Group's strong engineering tradition, its sense of belonging to the energy industry and its great capacity for building infrastructure, combined with its founding values and the role that the Group aims to have in the energy transition, have been the basis of the path that Snam has taken to achieve its purpose. **Snam is much more than a company that builds and manages energy infrastructures**: with the work of its people it guarantees secure supplies, enables millions of homes to be heated, connects countries and communities, creates opportunities for development while respecting the environment and is a key player in the energy transition.

Purpose is a daily commitment for Snam: it is part of its culture and strategy. With the new **Towards Net Zero Strategic Plan**, the Group has set itself the goal of taking a **leading role in the energy transition**, thanks to the new businesses (biomethane, hydrogen, energy efficiency, sustainable mobility) and the innovation component, and aims of **achieving carbon neutrality by 2040**, ahead of the European target set for 2050.

To achieve the objectives outlined above, Snam adopts sustainable finance policies and tools that are consistent with its strategy and aimed at developing a transparent and efficient financial market.

Sustainability is central to the Group's strategy and this is also demonstrated by the **ESG Scorecard**, which aims to explain and report to stakeholders in a timely and transparent manner the environmental, social and governance targets that Snam has defined in line with its sustainable development strategy



Energy transition and sustainable success in the Snam Articles of Association

"Energy to inspire the world" is the message that guides Snam's way of doing business and that, in 2021, was formally added to its Articles of Association. In fact, on 2 February 2021 the Shareholders' Meeting approved the amendment to the Articles of Association, expressly referencing energy transition business in combination with core regulated activities business, as well as including the pursuit of sustainable success among the goals which the Company's business must focus on.



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Sustainable Development Goals

In pursuing its purpose, Snam reconciles its strategic choices with its commitment to achieving the Sustainable Development Goals (SDGs) defined by the United Nations in 2015.

The 17 SDGs and their targets represent an important reference for Snam, which focuses its efforts on those that are closest to its mission, purpose and activities.

We build innovative energy infrastructures and offer integrated services that connect people and communities



We are committed to a stable supply with maximum safety and environmental protection



We promote the development of our people, ensuring respect for the dignity and diversity of each individual



We invest in tomorrow's energy sources and design infrastructure for a more sustainable future



We integrate with the territories and provide the communities in which we operate with skills, technologies and resources to create new opportunities and contribute to economic and social development



We follow an ethical and socially responsible business model, generating value for all our stakeholders



ENERGY

FUTURE

PEOPLE



HIGHLIGHTS 2020

FINANCIAL

2,770 mln €

Total revenues

+6.3% compared to 2019, despite the effects of Covid-19 on gas demand

2,197 mln €

Adjusted Ebitda,

+1.3% compared to 2019

1,164 mln €

Adjusted net profit,

+6.5% compared to 2019

1,101 mln €

Reported net profit,

+1.0% compared to 2019

1,189 mln €

Technical investments,

+23.5% compared to 2019 despite Covid-19

0.2495 €

Proposed dividend per

share, +5% compared to 2019

STRATEGY

Energy transition

Acquisition of 70% of Miecì and Evolve (energy efficiency) and 50% of Iniziative Biometano (agricultural biomethane); 45 million euros in total

Hydrogen

Entry into the share capital of ITM Power Plc, a technological leader in green hydrogen

International development

ADNOC Gas Pipeline - infrastructure manager in the United Arab Emirates: acquisition, through a consortium with 5 international funds, of a 49% stake



OPERATING

69.97 bcm

Gas injected into the national network, -7.2% compared to 2019

71.3 bcm

Gas demand in Italy, -4.3% compared to 2019

17.0 bcm

Total storage capacity, the largest on offer in Europe

12.5 bcm

Allocated storage capacity, 100% of available capacity

60 unloaded

Methane tankers unloaded, +5.3% compared to 2019

2.52 bcm

LNG volumes regasified, +5.0% compared to 2019

FINANCIAL

OPERATING



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ENVIRONMENT

-13%

compared to 2019
Total GHG emissions.
Declared carbon neutrality
by 2040

-11%

compared to 2019
Natural gas emissions 35 Mm³

+49%

Percentage of electricity
produced using renewable
sources compared to
electricity consumption

-11%

compared to 2019
Issues of NO_x (403 tonnes)

Snam added to the **CDP A List** and the **A- list of CDP suppliers**

SOCIAL

20 mln €

to support the Italian healthcare
system and third sector
allocated, in part through
Fondazione Snam to fight the
pandemic

16 mln €

spent in 2020

**Gender
equality
index**

Inclusion on the Bloomberg
Gender Equality Index for the
second year in a row

507

female employees: +15%
compared to 2019

1,832 mln €

Procurement, +18% compared
to 2019

37%

procurement spent through
SME: +7% compared to 2019



GOVERNANCE

8.6

Average score obtained for
customer satisfaction

**Purpose,
energy
transition,
gender
parity**

added to the Company's
Articles of Association

7,453

Reputation audits carried out
on business partners

41%

Time dedicated to ESG issues
by the Board of Directors in
2020



ENVIRONMENT

GOVERNANCE

SOCIAL



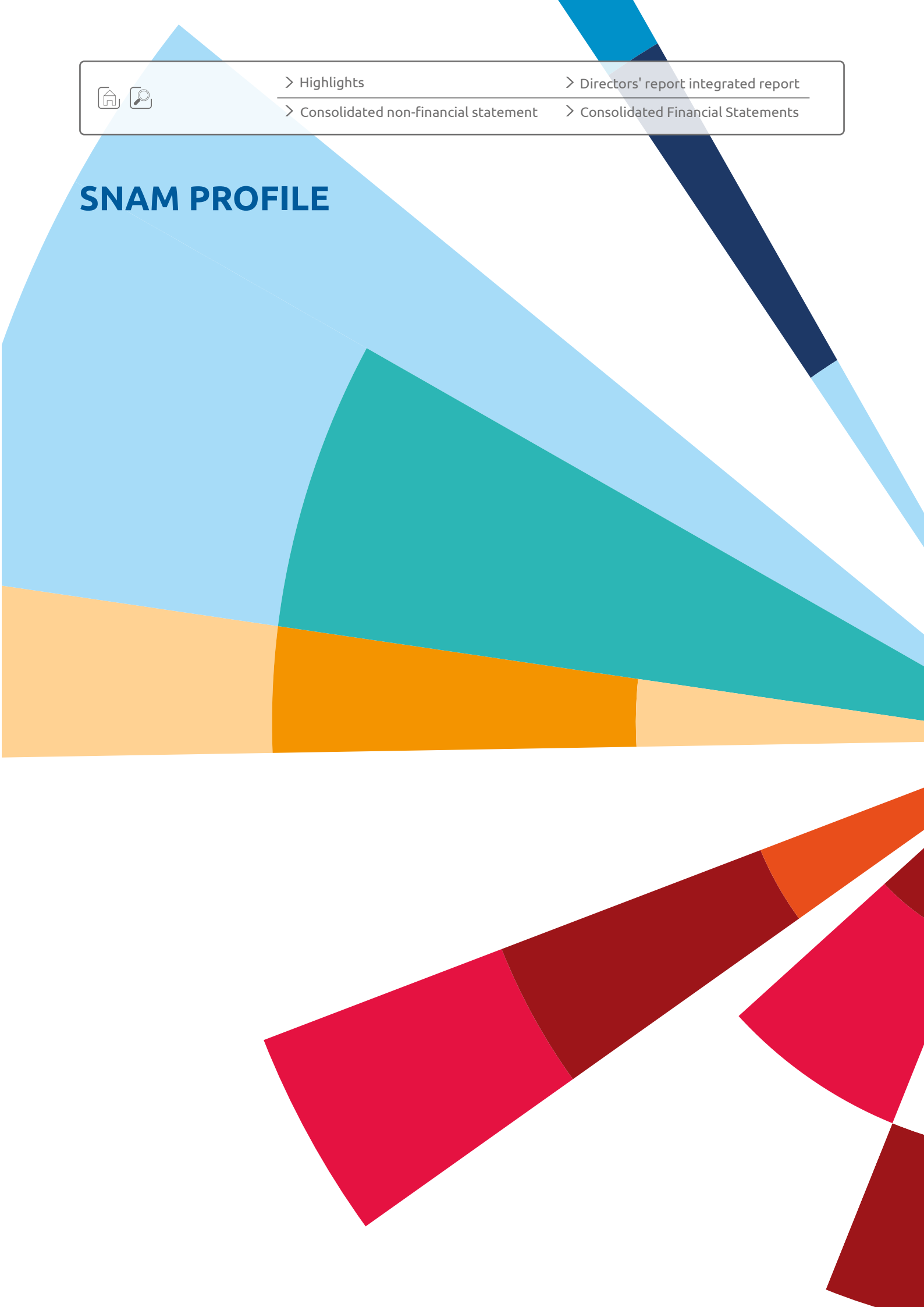
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SNAM PROFILE




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SUMMARY

Established in 1941, as Società Nazionale Metanodotti, later known as Snam, the company is the leading operator in Italy and Europe in the creation and integrated management of natural gas infrastructure. Over the years, the Company has developed a sustainable and technologically advanced network guaranteeing supply security, facilitating the energy transition and supporting development in the areas in which it operates.

In Italy, Snam is responsible for natural gas transportation, dispatching and storage as well as regasification of liquefied natural gas (LNG). With respect to these three core business sectors, Snam is the largest in Europe in terms of the size of its transmission network (over 41,000 km, including international assets) and in terms of natural gas storage capacity (around 20 billion cubic metres, including international assets). Relative to regasification business, Snam is one of the largest continental operators through the Panigaglia terminal and its equity investments in the Livorno (OLT) and Rovigo (Adriatic LNG) systems, as well as in Revithoussa (DESFA) in Greece, for total pro quota regasification capacity of around 8.5 billion cubic metres annually.

In addition to those three areas which have characterised Snam since its establishment, the Company has begun to invest many and ever increasing resources in new businesses: biomethane, energy efficiency, sustainable mobility and hydrogen. Thanks to these, Snam contributes to the decarbonisation of the Italian system, constructing compressed (CNG and bio-CNG) and liquefied (LNG, bio-LNG and small scale LNG - SSLNG) natural gas distributors, as well as biomethane infrastructure making use of organic and agricultural and agro-industrial waste, and providing energy efficiency services to condominiums, public administrations, and industry, while creating a foundation for hydrogen-based infrastructure.

Within Europe, Snam is notable for its agreements with the leading industry players and direct equity investments in the share capital of various companies. Additionally, the Group exports its know-how, offering engineering and technical/operational services to other gas operators, both domestically and internationally.

Through its international subsidiaries it operates in Albania (AGSCo), Austria (TAG, GCA), China (Snam Gas & Energy Services Beijing), United Arab Emirates (ADNOC Gas Pipelines), France (Terēga), Greece (DESFA), and the United Kingdom (Interconnector UK). Snam is also one of the main shareholders of TAP (Trans Adriatic Pipeline), the final section of the Southern Energy Corridor for gas.

Through its subsidiary Snam Gas & Energy Services, based in Beijing, Snam is involved in the development of the gas market in China through the distinctive skills it holds in this sector.

As can be seen in the amendments made to the Articles of Association in February 2021, Snam is committed to supporting the energy transition by making use of resources and energy sources that are compatible with protecting the environment and progressive decarbonisation, pursuing sustainable success.

Snam is a capital-intensive business and mainly focuses on regulated activities. Regulation makes provision for tariff systems that cover the costs incurred by the operator and for a fair return on invested capital. This means the Group is able to maintain a generally limited risk profile and remunerate shareholders sustainably, while also guaranteeing the provision of services to all operators along the chain with non-discriminatory criteria, establishing and respecting high quality and safety standards.

Snam's business model, which integrates environmental, social and governance aspects with an eye to a sustainable development model, is intended to make use of talent and ensure transparency with local communities and stakeholders, through constant dialogue and the social initiatives promoted by Fondazione Snam. In line with this view, Snam has kicked off a number of projects to promote an increasingly sustainable energy system not just in the sector in which it operates, but throughout the entire domestic system. At the same time, the Group has developed initiatives and projects for energy efficiency, compressed natural gas (CNG), liquefied natural gas (LNG), biomethane and hydrogen. Snam's approach to these



new businesses is intended to support independence, through the creation of dedicated business units with the aim of concentrating knowledge, expertise and know-how within individual projects to optimise results. 2020 saw a continuation of that begun by Snam in 2019, a year known as the “year of hydrogen”, thanks to multiple national and EU policies which, with reference to Italy, suggest 2% hydrogen on the network in 2030 and 5% in 2040. In this context, Snam signed various agreements and partnerships (including complementary ones with De Nora and ITM) with the objective of continuing to develop its own position in the hydrogen sector, serving as a leader not just in Italy, but also in international markets.

Since 2001, Snam has been listed on the Italian stock exchange and can be found on the Italian FTSE MIB and on some of the main international indices (Stoxx Europe 600 and Stoxx Europe 600 Utilities). Given the importance of sustainability in Snam's business and in its strategic decisions, the Group is also found on some of the most prestigious sustainability indices, including FTSE4Good. Turning to ESG ratings, Snam finds itself at the top of MSCI (MSCI World ESG and MSCI ACWI ESG), Sustainalytics, ECPI, Ethibel, Vigeo. In 2020, it was again included on the Gender-Equality Index (GEI) established by Bloomberg and was promoted to the CDP A List (former Carbon Disclosure Project).

An important event during the year was the presentation of the new 2020-2024 Strategic Plan, which renewed Snam's commitment to three fundamental pillars: strengthening core business, internationalisation, and contributing to the energy transition. The new plan, called “Towards Net Zero”, establishes long-term objectives, which see the Company working to achieve carbon neutrality by 2040, in advance of the targets set by the European Union. Investments are increased, dedicated to the energy transition focussing on technological development, innovation, and new business, going from 400 million euros to over 700 million euros. Objectives linked to reducing direct greenhouse gas emissions (Scope 1) and indirect ones (Scope 2) presented at the same time as the 2020-2024 Strategic Plan are challenging and ambitious. In fact, Snam plans to reduce these emissions by 50% by 2030, becoming a carbon neutral company by 2040.

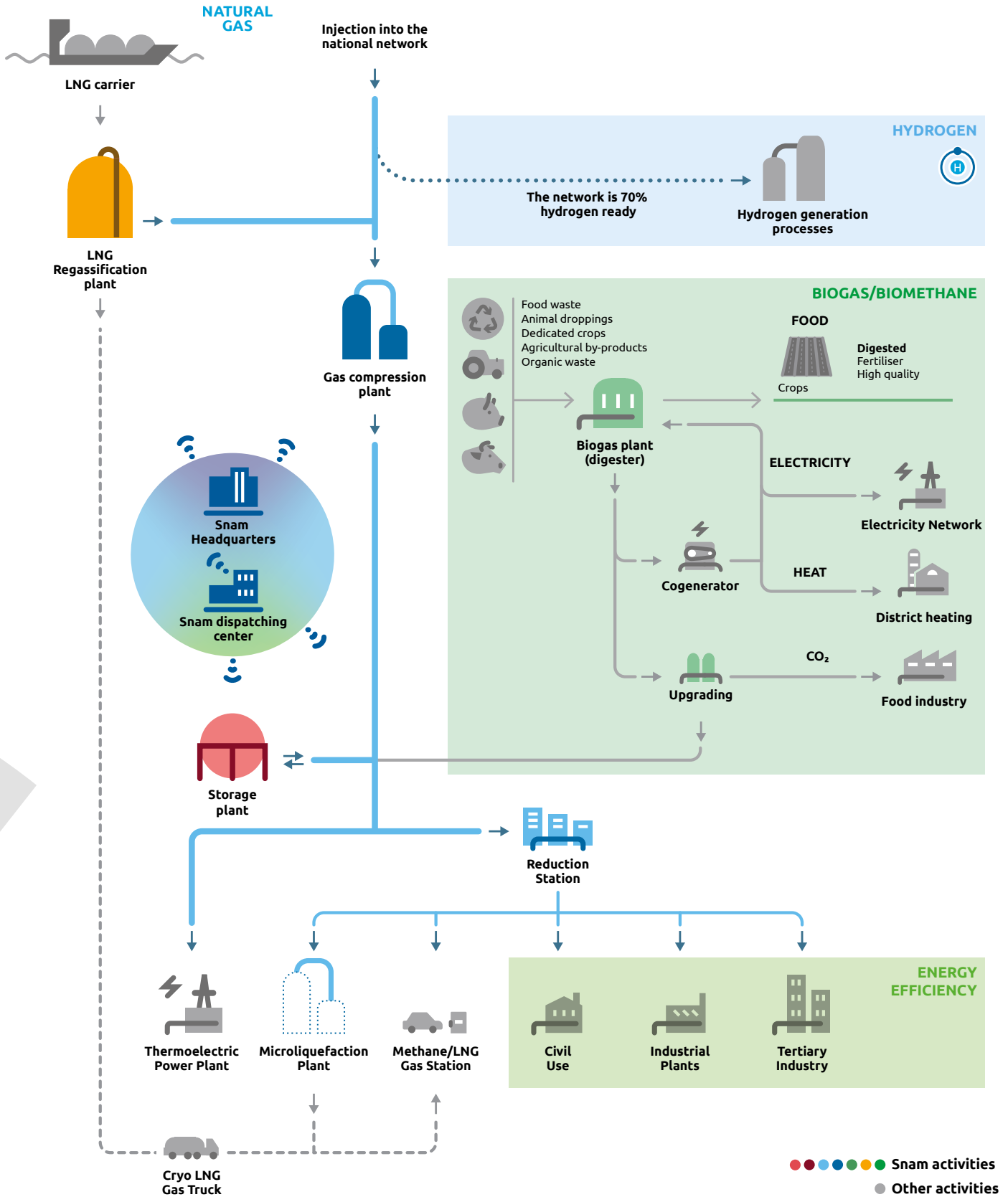
Additionally, the new Strategic Plan also saw the creation of the ESG Scorecard, a tool designed to ensure disclosure of the main environmental, social and governance aspects, while evaluating the Group's performance relative to certain targets established for the next three years, confirming the fact that Snam fully integrates social, environmental and governance issues into its decisions about its business plan, working to improve both sustainability and financial performance.

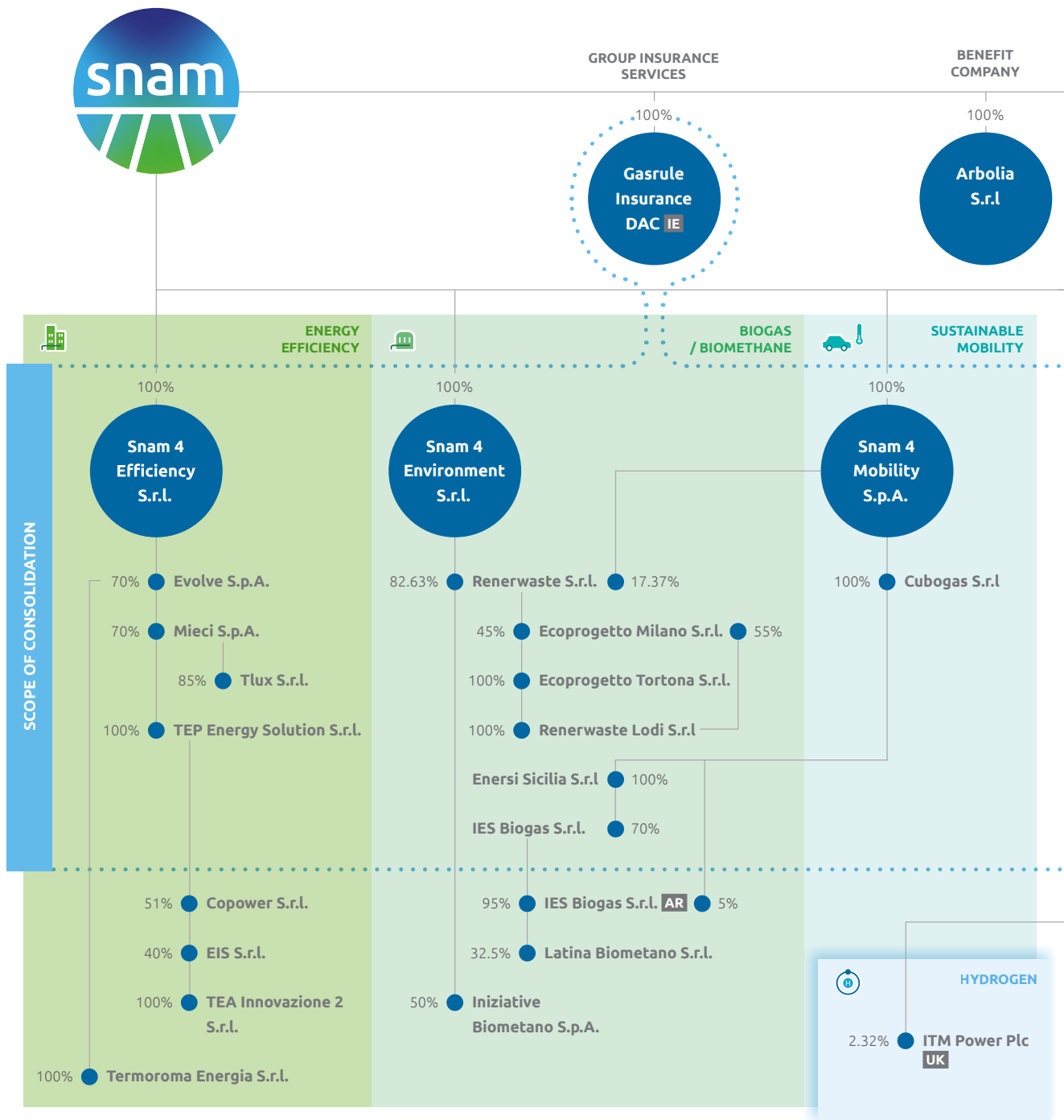
Over the years, the role played by the fight against climate change and by sustainability has grown, to elements which are profoundly integrated into the Group's business strategies. These range from development of new business, directly associated with the commitment to the energy transition, to investments in regulated energy infrastructure focussed on hydrogen ready replacements, to digitalisation and decarbonisation. From integrating sustainability objectives in its financial strategy, to the growing impact of sustainable finance within available funding, Snam works constantly to operate in an environmentally respectful manner and to support decarbonisation with concrete actions, creating long-term value for stakeholders.

This commitment has been formalised and added to the Articles of Association, a significant decision which highlights Snam's positioning as a company which is not content merely to be a simple constructor and operator of energy infrastructure, but desires to contribute to society, investing today to achieve tangible results tomorrow.



The world of gas




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The changes in the Snam Group's scope of consolidation as of 31 December 2020, with respect to that as of 31 December 2019, involve the acquisition on 5 October 2020, through the subsidiary Snam 4 Efficiency, of 70% of two companies working in the energy efficiency sector in Italy, Miecì S.p.A. and Evolve S.p.A.

The main equity investment transactions during 2020*, which had no impacts on the Group's scope of consolidation, involved:

- the sale, on 13 January 2020, of a 6% equity investment in the associate company Senfluga, after which Snam's stake in the company amounts to 54%. This sale resulted from agreements signed by

Senfluga shareholders to sell a total stake equal to 10%, in amounts proportional to the stakes held by each shareholder;

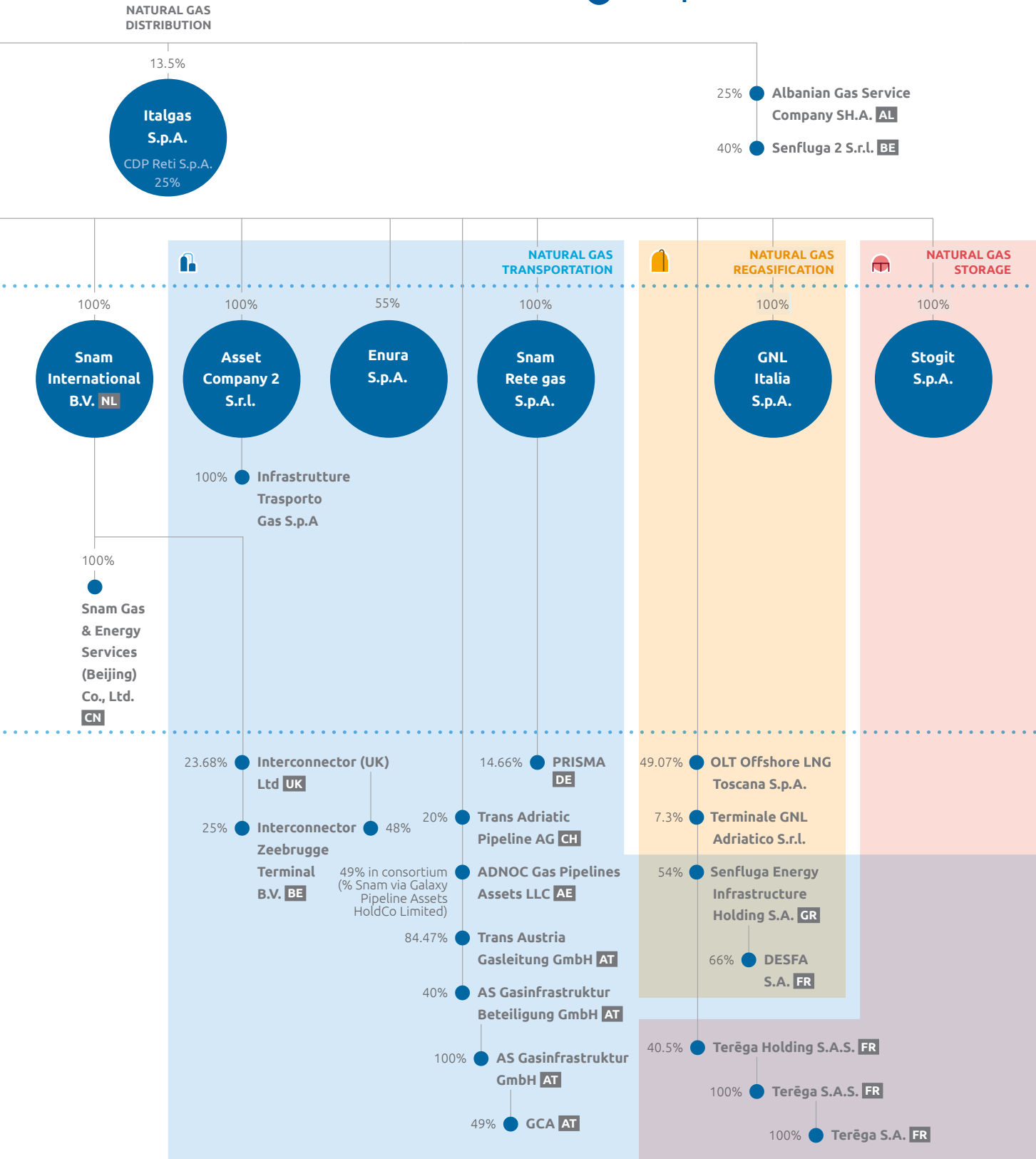
- the completion on 26 February 2020 of the acquisition of a 49.07% stake in OLT (Offshore LNG Toscana), based on which Snam obtained joint control over the regasification terminal with First State Investments International Ltd;

- the increase in the equity investment held in Tep Energy Solution S.r.l. (TEP) from 82% to 100% of share capital, through the exercising of a call option relative to the stakes held by minority interests (equal to 18%)**, carried out on 6 March 2020;
- (the acquisition on 15 July, in a consortium

with five international funds, of 49% of ADNOC Gas Pipeline LLC, a company which holds 20 year management rights for 38 gas pipelines in the United Arab Emirates;

- the acquisition on 30 September 2020, through the subsidiary Snam 4 Environment, of a 50% stake in the share capital of Femogas S.p.A., with joint control held with Iniziative Biometano S.p.A., a company which manages biogas and biomethane systems which use agricultural biomass obtained in Italy;
- entry into the share capital of ITM Power PLC in November 2020, one of the largest global producers of electrolyzers, gaining a stake of 2.318%.

NFS Group structure at 31 December 2020



* Additionally, on 18 November, the entry of Snam as a significant minority shareholder of Industrie De Nora was announced. The transaction was finalised on 8 January 2021.

** The controlling equity investment in TEP (82%), acquired in May 2018, on the basis of the contractual terms with the exercise of the put and call cross options on the interests of third-party (equal to 18%) is regulated as if Snam had acquired 100% control of TEP, without therefore detecting the interests of third parties shareholders.



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Snam's presence in Italy and in the international infrastructure system





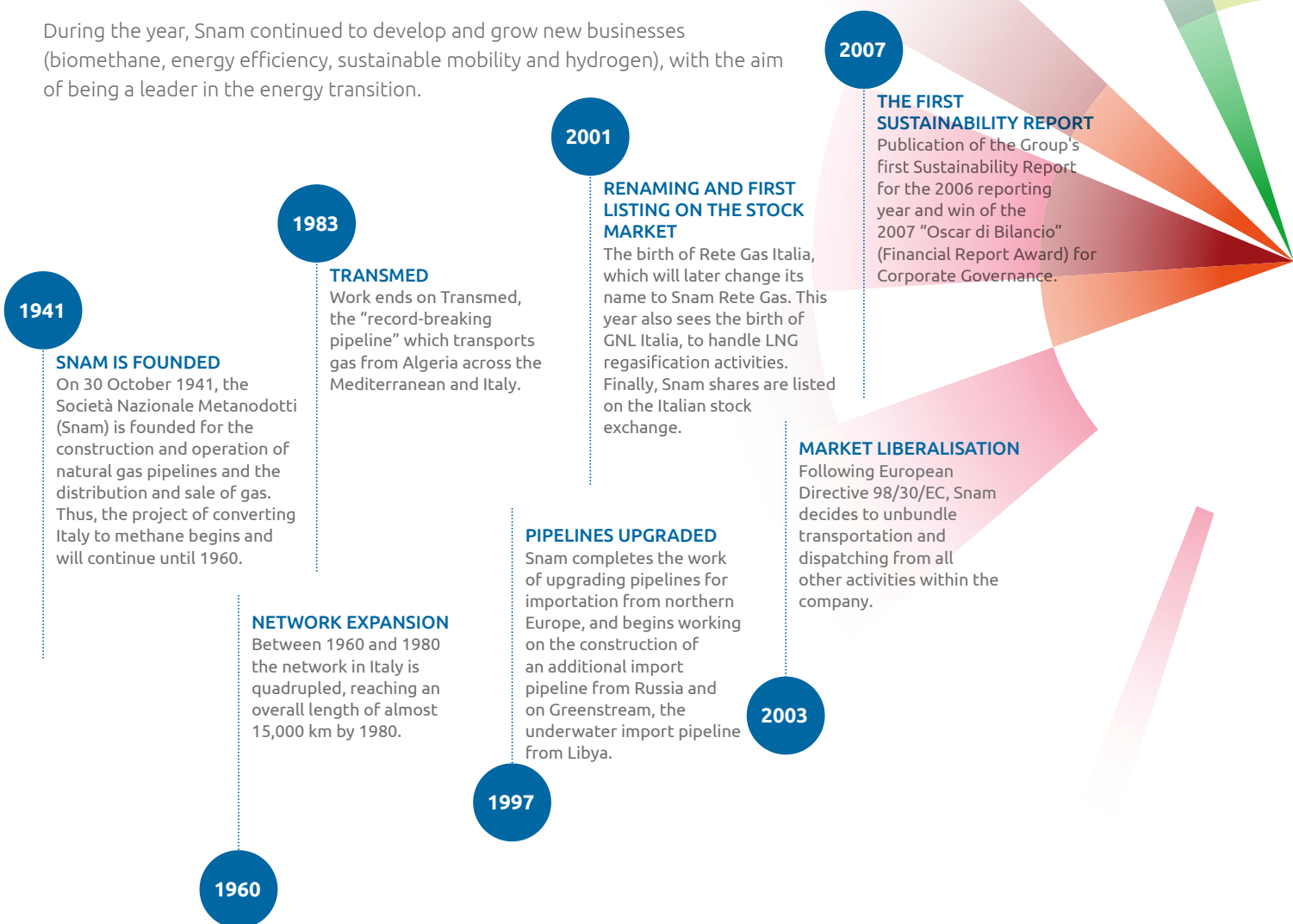

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2020: TOWARDS DECARBONISATION

2020 was a year of opportunities and challenges for Snam, which the Group was able to take advantage of and face, strengthening the decarbonisation process.

NEW BUSINESSES

During the year, Snam continued to develop and grow new businesses (biomethane, energy efficiency, sustainable mobility and hydrogen), with the aim of being a leader in the energy transition.




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2012

NEW CORPORATE STRUCTURE

New company name: Snam Rete Gas becomes Snam, leaving the former in charge of the transportation, dispatching, remote control and gas-metering elements of the business. The same year also marks the unbundling from Eni and the acquisition of 31.5% of Interconnector UK.

ACQUISITION OF ITALGAS AND STOGIT

Snam acquires 100% control of Stogit and Italgas from Eni for 4,509 million euros.

2009

2016

THE NEW CEO

Marco Alverà is appointed CEO of Snam. In the same year, the company splits away from Italgas and acquires 49% of Gas Connect Austria.

ACQUISITIONS

As of 2013, Snam begins a series of acquisitions (TIGF, TAG and TAP) to expand its international presence.

2013

2017

AGREEMENTS AND MEMORANDA

During the course of 2017, Snam signs a framework agreement with Eni for the development of methane stations. It also signs a number of Memoranda of Understanding with overseas operators, for collaborative and strategic purposes. In the same year, it acquires ITA and Adriatic LNG.

2018

THE NEW BRAND IDENTITY, DESFA AND THE NEW BUSINESSES

Snam restyles its brand identity, renewing its logo and brand values. It also defines its new purpose: "Energy to inspire the world". In the same year, negotiations begin for the acquisition of 66% of DESFA (Greece). Starting this year, Snam begins investing in biomethane and sustainable mobility.

2019

THE COMMITMENT TO ENERGY TRANSITION

Snam introduces a mix of hydrogen and natural gas into its transmission network for the first time. It also creates a business unit focused entirely on the hydrogen business and approves the new 2019-2023 Strategic Plan, taking on a crucial role in energy transition both for itself and for Italy.

2020

TOWARDS DECARBONISATION

Snam renews its commitment and increases its investments in new businesses to support energy transition. Approval is given for the new 2020-2024 Strategic Plan, which will result in decarbonisation by 2024.

Demonstrating this, in December 2020 Snam signed, together with Cassa Depositi e Prestiti (CDP) and Eni, an agreement to jointly carry out integrated projects in the energy transition business, throughout the entire value chain.

Relative to **sustainable mobility** business, Snam continued to grow, supporting the introduction and development of CNG, LNG and SSLNG mobility in Italy. In particular, with regard to the **Panigaglia LNG terminal**, requests for authorisation to construct infrastructures used by LNG on load transportation tankers were submitted to the competent bodies and authorisation is currently underway for the construction of a **micro-liquefaction plant** in Campania, to allow loading of tankers for distribution of LNG and bio-LNG in Italy. Additionally, during the year Snam signed agreements and partnerships, continuing negotiations, and establishing contracts with over 25 counterparts, for a total of approximately **132 contractualised stations, of which 20 LNG**.



Again with reference to sustainable mobility, Snam is involved in the H2iseO project, together with FNM and Trenord, to create the first Italian “Hydrogen Valley”, in Lombardy, in particular in Sebino and Valcamonica, with the objective of creating a fleet of hydrogen trains and associated infrastructure, starting in 2023.

For the **hydrogen** business, in 2020 Snam continued to develop hydrogen applications in the industrial sector for railway transportation, thanks to cooperative projects begun with Ferrovie dello Stato Italiane and Alstom, promoting its potential as a fundamental energy vector in the fight against climate change and in decarbonisation of “hard-to-abate” industries. The collaboration is intended to accomplish the **first conversions of railway sections from diesel to hydrogen**: the agreement already calls for the conversion of around 13 sections with a total length of approximately 700 km, with the installation of the first fuel cells with a capacity of 45 MW.

Additionally, in January 2020 the Group officially become part of **The Hydrogen Council**, a global coalition of leading energy sector, industrial and transportation companies committed to promoting the use of hydrogen to support the energy transition. With the intention of implementing new technological solutions for the energy transition based on green hydrogen¹ and the capture and reuse of CO₂, Snam has developed multiple partnerships to acquire technical skills, improve its technological position and become more competitive. In this sense, in November Snam announced the acquisition of a significant minority stake in **De Nora**, which was finalised on 8 January 2021. In addition to being a global innovator in sustainable energies and technologies for water treatment and a global technological leader in alkaline electrodes, with significant knowledge in the electrochemical field, the Company also holds a 34% stake in **ThyssenKrupp Uhde Chlorine Engineers (TKUCE)**, a joint venture with ThyssenKrupp, a world leader in water electrolysis, involved in multiple major projects for green hydrogen production. Also, in November, Snam signed an agreement with **ITM Power** which, among other things, called for the acquisition of a 2.32% equity investment in the company, through participation in a capital increase successfully completed on the market.

In December, Snam announced its participation in a global coalition of seven companies. Through the **“Green Hydrogen Catapult”** initiative, they aim to develop 25 MW in green hydrogen production capacity by 2026, halving current production costs, bringing them to less than \$2/kg. This threshold is the turning point to make green hydrogen and its derivatives (such as green ammonia) the ideal energy resource for various sectors, from the manufacturing of steel to fertilisers, from electricity generation to long haul shipping, for which there is potential short-term demand in Europe and globally.

Finally, at the end of the year a project was implemented by Snam, Tenaris and Edison to experiment with the production of steel using green hydrogen, to contribute to decarbonisation of the iron/steel sector. The project calls for the use of green hydrogen in the Tenaris steel mill in Dalmine. The initiative could

¹ Green hydrogen means hydrogen obtained solely through energy produced by renewable sources, such as solar, wind or recycled energy. It is obtained through electrolysis, that is by separating the hydrogen and oxygen in water, through an electrical-powered machine called an electrolyzer.


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also include the creation of a storage site for high pressure hydrogen and the use of oxygen in the smelting process. All of these activities will help to significantly reduce CO₂ emissions associated with the production of steel.

With respect to **energy efficiency** business, in October 2020 Snam 4 Efficiency finalised the acquisition of 70% of Miecì S.p.A. and Evolve S.p.A., for a total of around 50 million euros, expanding its portfolio of clients who can be offered integrated efficiency and technological services. During 2020, Snam, through TEP, completed 54 deep renovation projects for condominiums, leading to a reduction of CO₂ emissions of around 1.7 kton/year, for a total reduction of over 2.3 kton/year, when also considering the projects implemented the previous year. In the industrial sector, 4 new plants were commissioned and 6 were acquired through the merger with TEA, for a total of 17 plants operated, also considering the 7 constructed in previous years, allowing for reductions in CO₂ emissions of around 2.2 kton/year.

For **biomethane** business, Snam, through its subsidiary **IES Biogas**, designed and built advanced biomethane production systems, starting from waste and by-products from the food and waste industries, in particular FORSU (organic portion of municipal waste). Additionally, with an eye to internalising the skills of sector leaders and strengthening its position in the biomethane value chain, Snam completed its acquisition of **Renewaste S.r.l.**, involved in biogas and biomethane infrastructure and continued its projects with **Enersi Sicilia S.r.l.** to create a biomethane and compost production plant. It also acquired a 50% stake in **Iniziativa Biometano**, a company which manages biogas and biomethane systems powered by agricultural biomass.

INTERNATIONALISATION

In 2020, Snam continued to pursue its internationalisation strategy, developing relationships in key countries for the expansion of its business.

In February, Snam and SOCAR, the state energy company of the **Republic of Azerbaijan**, signed a cooperation agreement to study development of **renewable gas** and **sustainable energy**, also in terms of prospects for future use in the Southern Energy Corridor² and, therefore, the Trans Adriatic Pipeline (TAP).

In July, Snam finalised one of the most important transactions in the sector at the global level. A consortium consisting of Snam, the sole state operator, and five international funds acquired, 49% of ADNOC Gas Pipelines, a company which holds for 20 years the management rights to 38 gas pipelines in the **United Arab Emirates**.

Additionally, in August Snam and Pipechina (China Oil and Gas Piping Network Corporation, a company recently established by the Chinese government to supervise the development and management of gas infrastructure in the country) signed a Memorandum of Understanding for strategic cooperation including technical support (for transportation infrastructure, regasification and

² The Southern Energy Corridor is a 3,500 km route that travels seven countries, transporting gas from the Caspian Sea to Italy.


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storage of natural gas) and research and development for the energy transition in China (including experiments in the hydrogen sector), as well as possibilities for joint investments. Also in China, the supply of technical services to the main government energy companies continued in 2020, mainly for storage business.

Finally, in November Snam signed a series of cooperation agreements for the energy transition in the **Indian market**, in particular for hydrogen and sustainable mobility, with Adani Gas Limited, Greenko and Indian Oil.

SUSTAINABILITY AND CSR

In January 2020, Snam was added to the 325 companies around the world included on the **Gender-Equality Index (GEI) 2020** published by **Bloomberg**, demonstrating the Company's commitment to promoting and guaranteeing gender parity, which was also recognised in 2021 with its inclusion in the GEI 2021. In December 2020, the Group was promoted to the "Climate Change A List" (from the previous A-), published by CDP (formerly the Carbon Disclosure Project), for its actions aimed at reducing emissions, mitigating climate risks and developing a low carbon economy.

The importance the fight against climate change has for the Company is also demonstrated by the issuing in February 2019 of the first **Climate Action Bond** in Europe (and the second globally), a financial instrument used to allocate funds to projects for reducing CO₂ emissions, increase the use of renewables, and support energy efficiency and the development of green projects based on environmental criteria.

In February 2020, the first Climate Action Bond Report was published, which contains significant information for investors, including the framework used by Snam and the processes adopted to assess and select projects, as well as case studies of activities selected by Snam. These activities were followed by the highly successful issuing of three **Transition bonds**, which will be used for Eligible Projects, projects for the energy transition, for which the selection criteria is indicated in the Group's Transition Bond Framework, published in June. In February 2021, the second report on the Climate Action Bond was published, including analyses carried out on the Transition Bonds issued at that date.

Additionally, in September 2020, as a founding member of the **CFO Taskforce**, established as part of the Global Compact, Snam contributed to the publication of Guidelines for Finance and Investment linked to the SDGs, containing the first guidelines supported by the United Nations for investments and finance intended to guide companies in aligning their sustainability commitments with corporate finance strategies intended to create a significant impact on the SDGs.

Finally, with reference to the "sustainable loan", in 2020 Snam obtained the confirmation of a 2.5 basis point reduction in the cost of this loan for the second year in a row, due to achieving objectives linked to social and environmental sustainability parameters.

Among other activities linked to sustainable finance, Snam carried out an initial analysis on the alignment of its corporate investment plan with respect to


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SDG criteria and the European Taxonomy, analysing the delegated acts draft published in November 2020 by the European Commission to classify economic assets able to support the achievement of European environmental and climate goals. At the date of this report, the delegated acts were approved by EU co-legislators and they were subsequently implemented in the second/third quarter of 2021.

In June 2020, **Cassa Depositi e Prestiti** and Snam announced the foundation of **Arbolia** a **benefit company established to develop reforestation and CO₂ absorption projects** in Italian cities, to be carried out in part with the involvement of companies and private citizens who want to contribute to protecting the environment. The benefit company's goal is to plant 3 million new trees by 2030, to absorb around 200 thousand tonnes of CO₂.

THE NEW STRATEGIC PLAN

On 25 November 2020, Snam presented its **new 2020-2024 Strategic Plan, "Towards Net Zero"**. The new strategy is intended to strengthen Snam's core business, continue the Group's international expansion, and focus on innovation and new business for the energy transition, which will allow Snam to achieve carbon neutrality by 2040.

The new Plan establishes ambitious objectives: Snam intends to reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2030 compared to 2018 figures and reduce methane emissions by 45% by 2025 compared to 2015, in line with the United Nations Environmental Program (UNEP) framework. To achieve these objectives, the Group has planned investments totalling 7.4 billion.

The new Strategic Plan also saw the creation of the ESG Scorecard, a tool designed to ensure greater disclosure of the main environmental, social and governance aspects, while evaluating the Group's performance relative to certain targets established for coming years, confirming the fact that Snam fully integrates social, environmental and governance issues into its business decisions.

THE COVID-19 PANDEMIC

Snam and Fondazione Snam implemented a number of projects to deal with the Covid-19 pandemic.

Starting in February 2020, at the beginning of the health emergency in Italy, Snam immediately created an **ad hoc team to manage the situation**, which maintained constant contact with Civil Protection, to guarantee the health and safety of its own personnel and continuity of its essential energy security services for the country. Additionally, the Group immediately activated smart working to limit the risks of direct contact in offices.

The company worked quickly to protect its people; to that end a health insurance policy was established for all employees relative to contagion risks and over 3,200 pulse oximeters were distributed, monitoring and prevention tools that make it possible to measure the blood oxygen levels and heartbeat,

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accompanied by professional medical assistance when necessary. Snam also offered preventive blood screening to all personnel, with access to a swab test if needed to ascertain a positive diagnosis. A number of internal initiatives were also begun to strengthen connections between people, from webinars to video messages from the CEO, as well as additional services to support remote working (delivery of smart-working kits, consisting of a monitor and a wireless keyboard and mouse) and well-being and life balance, including baby-sitting vouchers, online edutainment and study support services.

In addition to the main objective of supporting the organisation during a historic, complex and delicate situation, several important transformation and change projects were successfully completed, including digitalisation of processes and training where the internal corporate university, Snam Institute, was able to continue with training in a digital format, and despite the closure of offices during the first half of 2020 25,000 hours of training were provided, through 200 courses, involving approximately 2,500 employees.

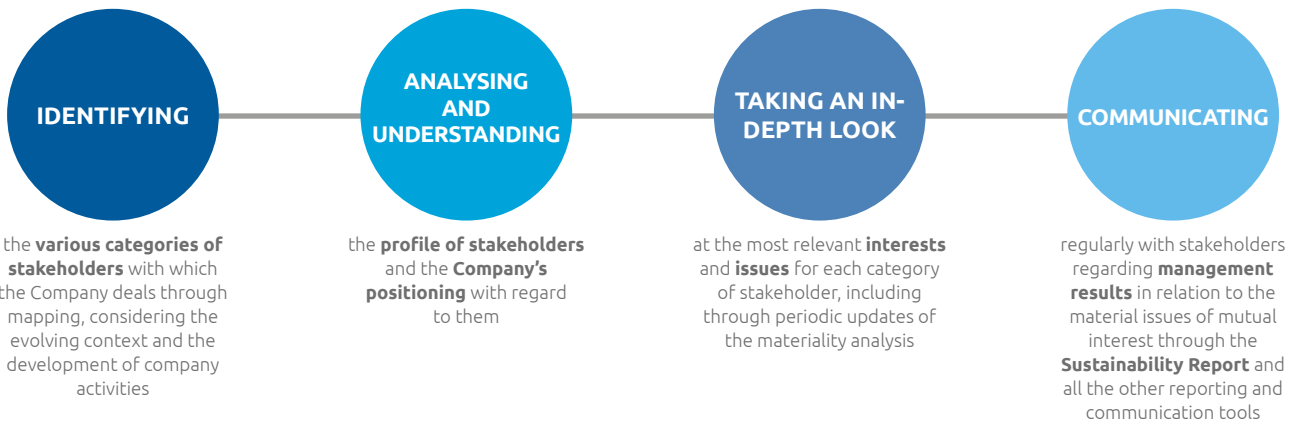
Moving on to look at the assistance Snam offered the health and social systems, in March 2020, in cooperation with Fondazione Snam, the Group allocated **20 million euros for initiatives to support the Italian health system and non-profit sector** to deal with the emergency. In particular, Snam invested in PPE and medical material (ventilators and masks), donated to support immediate medical needs. Some of these resources were also directed to the non-profit sector, cooperating with around 150 partners including institutions, third sector entities, research organisations and schools, to support the most vulnerable sections of the population, including the elderly, young people and children, victims of domestic violence, homeless people, individuals with disabilities and people affected by non-Covid diseases. Through this assistance, which ranged throughout Italy, Snam reached more than 700,000 people.

At the same time, Snam began a charity drive through Group employees, called "Di amo forma al futuro" (Let's shape the future), through a payroll giving initiative that offered the possibility of contributing through a voluntary donation. The initiative allowed Snam executives, starting with the CEO and top management, could decrease their gross remuneration from May through December 2020, to allow the company to activate charity initiatives. Additionally, all employees could contribute on a voluntary basis through cash donations or by donating one or more work hours through their individual paystub. The amounts collected were then matched by the company and transferred to entities involved in the health emergency. The campaign saw the participation of more than 1,200 employees who made a very significant impact.

NFS STAKEHOLDERS RELATIONS

The importance of building a transparent and cooperative relationship with all stakeholders in a situation of transformation was particularly clear during the past year, above all during a time in which the necessary measures to fight the pandemic and the requirement of maintaining interpersonal distance had heavy effects on work movements and encounters between people. Thanks to the Group's commitment and the reorganisation of its initiatives, Snam continued stakeholder engagement activities with an eye to listening to and including all, creating a continuous and transparent dialogue, increasing reciprocal trust to better serve the Group's decision-making processes.

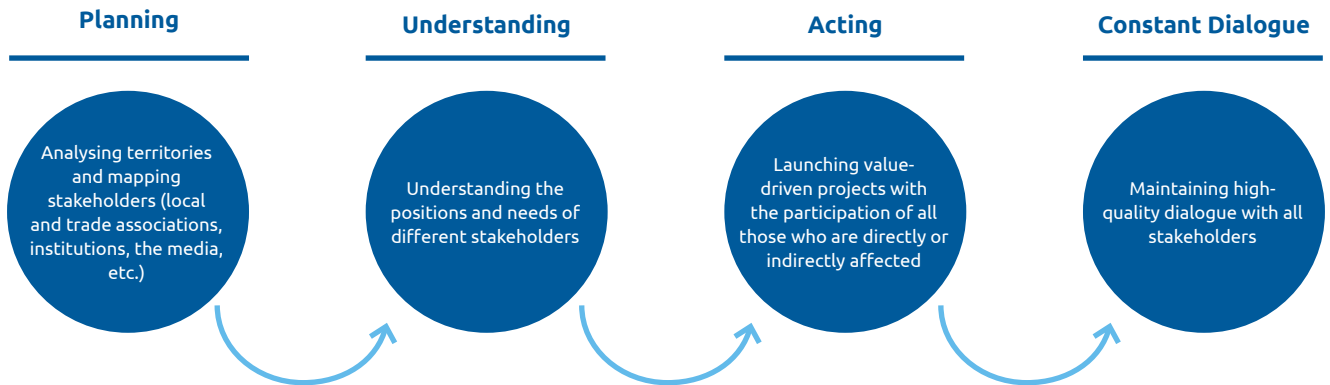
Stakeholder dialogue initiatives include all company structures, relative to their individual tasks, roles, and responsibilities. In order to guarantee a homogeneous approach to these dialogues, since 2016 the Group has followed a **Stakeholder Involvement Policy** which defines Snam's approach to this issue and establishes **four fundamental objectives**:





STAKEHOLDER ENGAGEMENT PROCESSES AND ACTIVITIES

The stakeholder engagement process is based on **constant and proactive communication between Snam and its stakeholders** with the goal of supporting continuous and reciprocal growth.



Engagement activities focussed in particular on energy transition and new business issues, as well as the Covid-19 pandemic, with the aim of sharing guidelines, objectives and activities, as well as understanding stakeholder needs throughout the value chain. In the face of social distancing, the Company implemented solutions and alternative tools for dialogue, for example increasing its commitment to the organisation of online events.


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STAKEHOLDER ENGAGEMENT 2020



EMPLOYEES

Intranet Easy	Easy, the Group's intranet, is a "digital workplace" that provides information and serves as a tool to increase awareness for employees. The portal was updated thanks to the Agile re-design project and was released in July 2020: during the emergency, Easy became a meeting place for all of Snam's people , allowing them to exchange thoughts, receive useful information and stay constantly up to date.
Webinars	Webinars are tools used by Snam to provide training and offer information , during which employees can interact with each other. Of those with the highest attendance, worthy of special note were the medical/scientific webinar with Professor Burioni to support responsible pandemic prevention and containment actions and that held by the CEO to present the Strategic Plan.
Workshops	Workshops are tools that make it possible to bring working groups together to discuss specific issues in an interactive manner. For example, using this tool Snam worked with employees to assess sustainability issues significant to the Group, with the goal of updating the materiality matrix.
Videomessages	Videomessages update employees about Group initiatives and decisions, providing useful information on daily operations and raising awareness about relevant issues . Snam sent seven videomessages to provide updates and information about the pandemic recorded by the CEO and another message recorded by Giovanni Albano, a Humanitas doctor working in Covid-19 departments.
Meetings with Unions	Communication with national and local unions is constant: during the year 155 remote meetings were carried out to analyse business evolution projects, define productivity and profitability indicators for the 2020 profit-sharing premium and to establish smartworking methods that guarantee protection of worker's rights .
Other initiatives	Every year Snam organises numerous initiatives to increase employee involvement. This year these activities were fundamental in strengthening a sense of community and closeness. <ul style="list-style-type: none"> ■ #Distantimauniti (Separate but united): an internal engagement initiative carried out to strengthen listening and involvement activities during the pandemic. ■ "Diamo forma al futuro" (Let's shape the future): supported the design and promotion of the charity drive, in cooperation with Fondazione Snam. ■ Support initiatives for colleagues and families: Covid-19 insurance policy, healthcare assistance services, blood/swab test campaigns, smart-working support (smart kit, data SIM cars and tethering service), Covid-response welfare offering packages. ■ Snamwood: a reforestation and environmental project, intended to plant over 3,300 trees, dedicated to all Snam employees, in cooperation with Arbolia. An online contest allowed those participating to vote on the name of the forest to be created.












SUPPLIERS

Suppliers Portal	Active since 2013, this contains Snam's procurement policy and provides an additional contribution to the transparency, traceability and completeness of the information provided to current and potential suppliers . As of 31 December 2020, 2,275 suppliers were registered, with very active participation.
Questionnaires and workshops	Suppliers are constantly involved and kept up to date about Snam's strategies and projects through questionnaires and online workshops. In particular, the central themes of 2020 were climate change and awareness of ESG issues .


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STAKEHOLDER ENGAGEMENT 2020

 CLIENTS	Workshops	<p>Client workshops represent an opportunity to meet and exchange opinions to learn more about relevant market issues, as well as to discuss innovations and operating trends for balancing and transportation, storage, and regasification. The year ended with three commercial workshops on the issues of transportation, balancing, storage and regasification and on Ten Year Plans, with four co-design workshops for the Jarvis project to ensure the design is in line with client expectations and a workshop on evaluating sustainability issues.</p>
 BUSINESS PARTNERS	Other initiatives	<p>Customer satisfaction surveys sent to shippers and traders and extended to Snam's core business activities (83.6% participation rate for 2020, with an average satisfaction score of 8.6 out of 10).</p>
 INVESTORS AND FINANCIERS	Partnerships, collaborations and agreements	<p>Snam works in close contact with its business partners, with which it establishes partnerships, agreements and Memorandums of Understanding of strategic importance for developing business. The main agreements signed during the year were related to the creation of infrastructure, research, and feasibility studies in the context of new business for the energy transition.</p>
 COMMUNITIES, LOCAL AREAS AND ASSOCIATIONS	Roadshow	<p>Snam continued to promote dialogue with shareholders and institutional investors thanks to 10 roadshows held virtually in the largest European and North American financial centres, making it possible to meet 345 investors (of which 140 ESG), an increase of 18% with respect to the previous year.</p>
 INSTITUTIONS	Sector conferences	<p>Snam participated in 15 sector conferences aimed at investors specialising in the utilities and infrastructure sector in order to create an opportunities for meetings and communications between these investors and Snam top management.</p>
 AUTHORITIES	School involvement	<p>Involvement with schools mainly occurs through ad hoc projects, such as:</p> <ul style="list-style-type: none"> ▪ Young Energy, a project aimed at fostering student orientation and bringing them closer to the world of work through initiatives focused on corporate business. ▪ With the School, a project established by Snam in cooperation with LUISS Business School and the Elis Consortium, intended to strengthen the link between schools and business, contributing to the renewal and evolution of the school as an organisation.
 AUTHORITIES	Local community involvement	<p>Snam, also through Fondazione Snam, is committed to involving local communities through initiatives in certain priority sectors such as environmental protection, educational poverty and gender equality. Involvement of local communities also occurs through employee engagement, in which Snam employees dedicate their own time to Foundation activities that support local communities.</p>
 INSTITUTIONS	Meetings with local, regional and national institutions	<p>Snam believes it is fundamental to maintain constant relations with national, regional and local administrations to ensure required information is provided about company activities, support the acceptability of local plants and to present requests to obtain the authorisations needed to build new infrastructure. In 2020, 50 meetings with mayors were held in municipalities involved in Group activities, as well as 2 meetings with local agricultural associations.</p>
 AUTHORITIES	Meetings and task forces	<p>Snam maintains its relationship with Autorità di Regolazione per Energia Reti e Ambiente (ARERA), organising meetings and task forces, responding to consultation documents and proposals, collecting data and carrying out continuous monitoring of its actions with respect to directives issued by the Authority.</p>


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STAKEHOLDER ENGAGEMENT 2020



MEDIA

Digital engagement

In recent years, Snam has strengthened its digital engagement by offering all stakeholders digital communication which is transparent, timely and accurate. This allowed the Group to be **included**, with a score of 91.4 out of 100, in the **Webranking awards**, a classification issued by Lundquist, in cooperation with the Swedish company Comprend.

Other communication initiatives

Snam has adopted an integrated communication style, using both traditional and digital channels, with modern language able to emphasise its commitment to sustainability. Among its other communication initiatives, Snam has created:

- **Snamcast – Talks to inspire the world:** an eight episode podcast that speaks to sustainability-related issues, including new energy sources, energy efficiency and savings, the circular economy and many other ideas to create a new future.
- **Snam Talks:** a six-episode video series, which presents projects and ideas for a more sustainable future through the stories of men and women coming from various paths, cultures, and professions.
- **Influencer marketing campaign** with the “Il Milanese imbruttito”, to disseminate information about the advantages offered by natural gas-based mobility.



OTHER OPERATORS

Sector associations

Snam works in close contact with other sector operators, above all to create an integrated European network and continue development of market-oriented services. In Europe, Snam actively participates in **task and research groups** on the role of gas in the future energy mix and on how new renewable energy vectors can help support the energy transition process. In this sense, Snam is part of the following associations, among others:

- **EU Clean Hydrogen Alliance**, an alliance begun at the European level to achieve the objectives of the Green Deal, eliminating net CO₂ emissions by 2050, also thanks to the support of hydrogen.
- **Oil and Gas Methane Partnership (OGMP) 2.0**, organised by the United Nations Environment Programme (UNEP).
- **CEO Action Group**, joint declaration by the World Economic Forum to support the Green Deal as a growth strategy for Europe, with an eye to post Covid-19 recovery on the path to net-zero emissions, based on circularity, renewable energy and low carbon industry.
- **Sustainability Alliance**, an ecosystem project, in cooperation with growITup (an Open Innovation platform created by Cariplo Factory in partnership with Microsoft Italia), to promote sustainable growth in Italy through digital tools.
- **European Gas Research Group (GERG)**, a European research group that develops research and innovation projects for European natural gas transporters. In 2020, Snam participated in the project to identify and measure natural gas emissions linked the gas transportation system.
- **European Pipeline Research Group (EPRG)**, a research association focussing on issues relative to pipelines, made up of the main gas transportation companies and pipeline producers in Europe. Through EPRG, in 2020 Snam studied the behaviour of steel used in existing gas pipelines after injection of hydrogen.

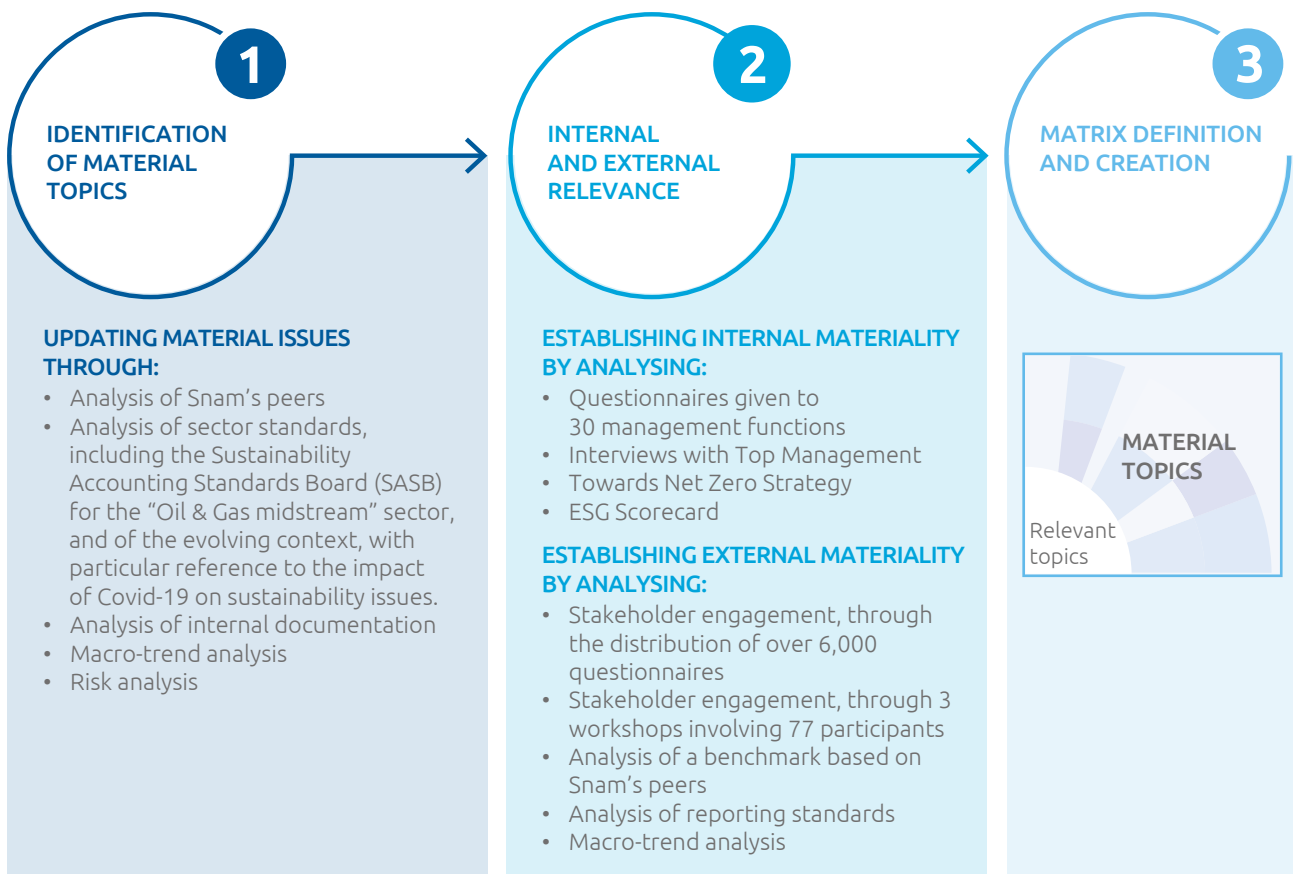


NFS MATERIAL TOPICS IN RELATION TO THE ACTIVITIES CARRIED OUT

Through stakeholder engagement activities carried out through the year, the Group updated its materiality analysis to identify relevant sustainability issues that offer a significant indication of the organisation's economic, environmental and social impacts, or which influence stakeholder decisions.

This analysis, which is done annually, included consideration of the areas established under Italian Legislative Decree 254/2016 and the main aspects which characterise the sector in which Snam works, to the extent needed to ensure a full understanding of the Company's activities, its performance, results and the impacts generated.

The process to update material topics included the following activities:

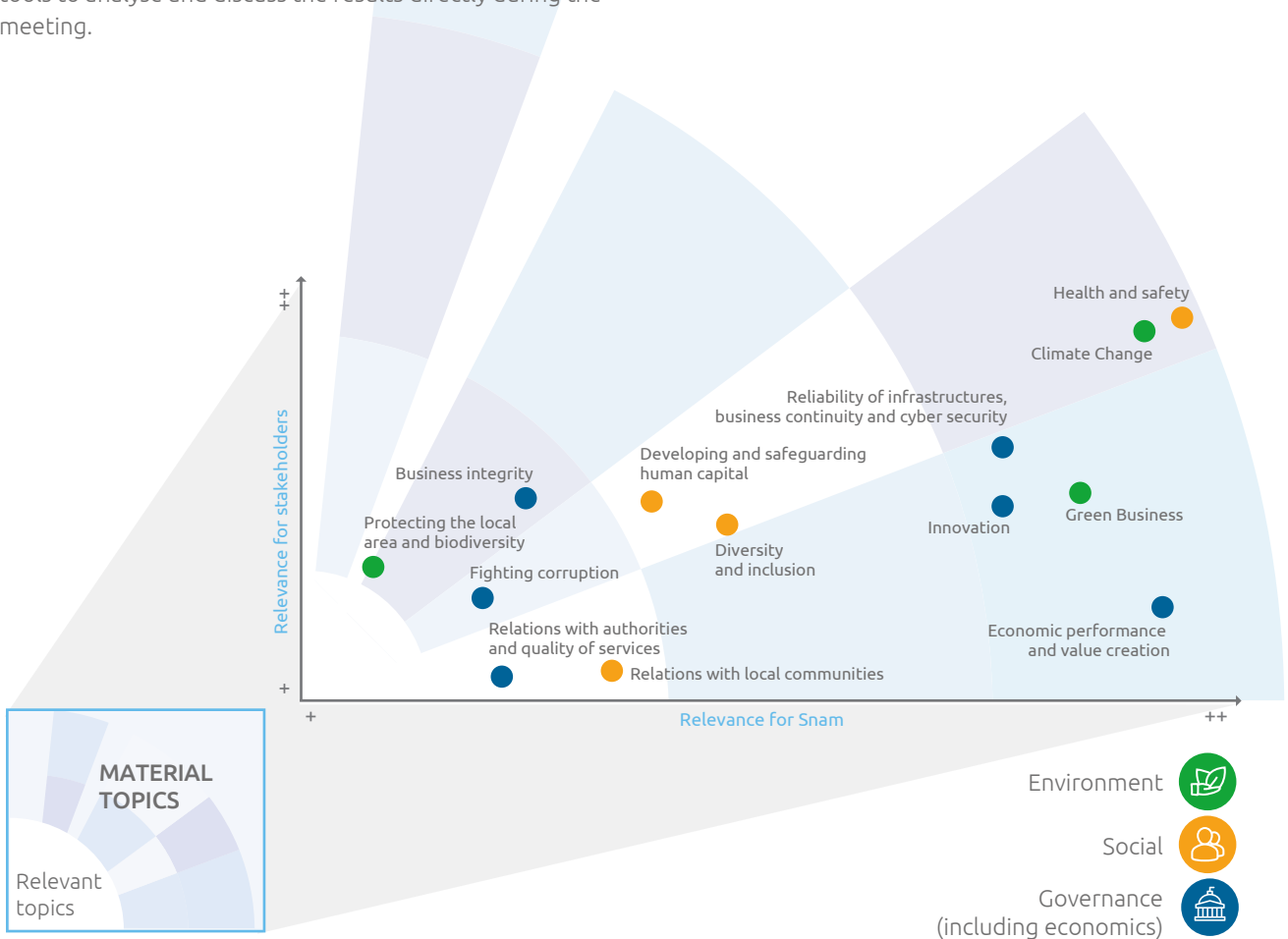





















To assess the external relevance of issues, over 6,000 stakeholders were reached through specific questionnaires (including employees), with an overall response rate of around 32%. Additionally, three insight workshops were carried out with the involvement of 77 people, including suppliers, clients, and employees. The 2020-2024 Strategic Plan was presented during these meetings, with special attention paid to sustainability issues, introduced together with all the issues to be evaluated with regards to the materiality analysis. Participants were then able to evaluate these issues in real time through the use of an interactive tools to analyse and discuss the results directly during the meeting.

To assess internal materiality, Snam managers were involved so as to obtain a holistic and shared view of the Company's priorities.



The result of this process led to the identification of material sustainability issues and definition of the materiality matrix. This materiality matrix was then validated by management and the Company's Chief Executive Officer, and then presented to the Environmental, Social and Governance (ESG) Committee and the Board of Directors.




















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ISSUES	DEFINITION	SDGs
Health and safety 	Adopting practices and systems to safeguard the health and safety of employees and third parties involved in company activities (e.g. suppliers), including in relation to the pandemic.	 
Climate Change 	Promoting strategies for the control of climate change, in order to reduce greenhouse gases and environmental impact. Developing initiatives to improve energy efficiency in the Group's plants and sites, promoting a more sustainable way of doing business by using and producing energy from renewable sources.	 
Reliability of infrastructures, business continuity and cyber security 	Ensuring the reliability of infrastructures and services in order to prevent and/or mitigate potential situations that could compromise the business continuity (e.g. emergencies, pandemic-related issues). Managing computer security, particularly in relation to potential cyber attacks, and in the light of the ever-increasing use of IT tools (which has further accelerated in the wake of the Covid-19 pandemic).	
Green business 	Promoting a low-carbon, circular economy by integrating operations with new businesses that support the decarbonisation processes, such as biomethane, hydrogen, the use of gas for sustainable mobility (CNG, LNG), and new technologies capable of incorporating renewable energy from the environment.	 
Business Integrity 	Conducting activities with integrity and fairness, in accordance with legal standards, regulations, prescriptions and company policies which add to and improve on the former. Ensuring a responsible approach to fiscal strategy and guaranteeing the efficiency of corporate governance, with a particular focus on the issues of remuneration and balanced participation in the main corporate governance bodies.	
Developing and safeguarding human capital 	Encouraging professional development and policies for attracting and retaining talent, strengthening the technical, managerial and organisational skills of employees. Embracing new technologies for the purposes of recruiting personnel, ongoing training and employee development. Promoting a work/life balance for personnel through welfare initiatives (e.g. smart working), including in relation to the pandemic and with a particular focus on the most vulnerable individuals.	



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ISSUES	DEFINITION	SDGs
Economic performance and value creation 	Promoting the creation of shared value in the medium-/long-term for all categories of stakeholders, through operational and financial efficiency and committing to the development of business activities capable of generating value for all stakeholders.	
Innovation 	Searching for new technologies with the aim of increasing efficiency in conducting business and reducing environmental impact, including from a circular economy perspective. Making the most of technological innovation (e.g. the cloud, AI, etc.) to increase efficiency in operations and in the services offered, to digitalise and optimise the monitoring and management of infrastructures, and to easily integrate new Green business opportunities.	
Relations with authorities and quality of services 	Guaranteeing customers a safe and reliable service over time, in accordance with the principles of competition, equal treatment and access to infrastructures, and promoting constructive, transparent relations with the regulatory authorities and with institutions in order to develop services which satisfy customers while at the same time considering the needs and demands of the market.	
Diversity and inclusion 	Promoting and guaranteeing equal opportunities for all employees, valuing and protecting diversity (in terms of race, religion, culture, gender, sexual orientation and age), and promoting initiatives for dialogue and collaboration in order to grasp the opportunities offered by different experiences, expertise, abilities and backgrounds.	 
Relations with local communities 	Involving local communities in order to develop projects that can effectively meet the expectations of stakeholders, and supporting local communities during times of crisis and economic/health-related uncertainty, also in order to strengthen the licence to operate.	 
Fighting corruption 	Adopting preventive arrangements and targeted policies, in addition to promoting partnerships dedicated to fighting corruption and crime in general, and fostering a culture of legality.	
Protecting local areas and biodiversity 	Safeguarding the landscapes of the territories where Group plants or facilities are located and safeguarding the environment both during commissioning and ordinary management, including policies to protect the soil, subsoil and water table during operations.	 





Because of the pandemic, the issue of **health and safety** was again confirmed as a priority for the Group, as was **climate change**, which saw an increase with respect to 2019, confirming its commitment to decarbonisation. Additionally, **relations with authorities and quality of services** saw its position rise higher, becoming one of the material topics.

On the other hand, in contrast to 2019, the issue of **brand reputation** was not included among material topics, despite its continuing relevance, thanks to the significant brand building work done in past years that clearly strengthened the Group's approach to this issue.

The analyses described above also made it possible to identify further issues which, although not material, are, however, relevant for Snam or its stakeholders and are carefully supervised and monitored:

- **Supply chain:** the use of selection policies for suppliers, collaborators and commercial partners based on equitable and transparent processes that integrated sustainability criteria intended to promote socially responsible practices among suppliers, with the aim of establishing long-term cooperative relationships and developing innovative approaches in the context of the circular economy.
- **Waste management:** efficient management of the disposal of materials used during productive activities and when constructing Group infrastructure. The waste produced by Snam mainly derives from the maintenance and management of plants but has always been an environmental aspect of limited relevance, both in terms of the quantity and type of waste. Other waste derives from sludge, typically generated through well drilling activity.
- **Water resource management:** optimisation of the consumption and management of water resources involved in Snam activities and the adoption of policies and practices which support responsible water use. Snam uses seawater to cool the auxiliary equipment at the liquefied natural gas regasification plant, which is fully returned to the sea in the same amount but at a higher temperature (in accordance with the law). Fresh water is used for irrigation, when taken from wells, and for office and the fire extinguishing system, when taken from the aqueduct.
- **Employment:** the promotion of stable and continuous employment, guaranteeing a healthy workplace and generational turnover in line with business

development, as well as a welfare system and effective work/life balance.

- **Brand reputation:** taking advantage of and protecting the brand through constant relations with all relevant Group stakeholders, in particular the financial community and investors.
- **Respect for human rights:** promoting respect for human rights throughout the value chain (suppliers, employees, clients). Given the type and geographical placement of its business, Snam considers protection of human rights to be linked in particular to aspects of diversity and equal opportunity, in this context in particular relative to 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.
- **Air quality protection:** promotion of initiatives to reduce and limit the emission of air pollutants. The only significant pollutant emissions produced by Snam are emissions of nitrogen oxide (NOx), which mainly derive from the burning of natural gas in turbines installed in the compression plants (thrust and storage).