

Sustainable Paths

2015 Report on Corporate
Social Responsibility



Mission

Snam is Europe's leading operator in the creation and integrated management of natural gas infrastructure. It facilitates the conditions for fair-priced energy by efficiently managing the gas system, developing infrastructure, and offering integrated services for the market.

It promotes the integration of European networks, including through strategic partnerships with major operators in the sector along the continent's main energy corridors.

Snam follows an ethical and socially responsible business model that is capable of generating value for both the company and the community in which it operates, based on renowned professionalism and transparent dialogue with all stakeholders, whilst respecting the environment and the local area.

A clear and sustainable long-term development strategy based on one of the biggest industrial investment plans in the country allows the Company to attract capital from both Italy and abroad, thus promoting growth and job creation.

With over 6,000 employees, Snam is active in natural gas transportation, storage, regasification and urban distribution. It manages a national transportation network of over 32,000 km, nine storage sites, one regasification terminal and a local distribution network covering more than 57,000 km in total.



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In an environment where gas demand remained weak, albeit having finally reversed four years of consecutive decline, Snam achieved positive results in 2015, with its various business segments continuing to add value for both the company and its stakeholders.



Adjusted EBIT climbed by 0.9% compared with 2014 to € 2 billion, while adjusted net profit showed greater growth of 12.2% to €1.2 billion, boosted by better financial management, the contribution from assets acquired as part of the business development strategy and lower taxes following the elimination of the additional corporate income tax (IRES) charge.

By investing over €1.3 billion, we continued with our programme of upgrading the network and developing new services that are key to our business model. Perhaps most significantly, in December we took another major step in our international growth and development strategy – launched in 2012 to ensure secure and diversified sources of natural gas – by acquiring a 20% stake in Trans Adriatic Pipeline AG (TAP), the Company responsible for the project that will see gas transported from Azerbaijan to Europe.

Following on from the transactions completed in 2013 in France and 2014 in Austria in a bid to gain more influence along the East-West route, the investment in TAP and in Italian pipelines in order to increase northern Europe export potential is part of our strategic plan to transform Italy from a market that not only consumes gas but also transports it, capitalising on our strategic location in the Mediterranean. Our latest acquisition provides not only Snam but also Italy as a whole with a greater role to play and a more importation geopolitical position in Europe's energy sector.

Snam continues to be respected the world over for the commitment it makes to sustainable development and ethical business practice, and has won major new awards for its efforts. In January 2016, for the second year in a row, RobecoSAM awarded Snam the Silver

Class award in its Sustainability Yearbook, an elite classification which recognises the highest-scoring companies with regard to sustainability.

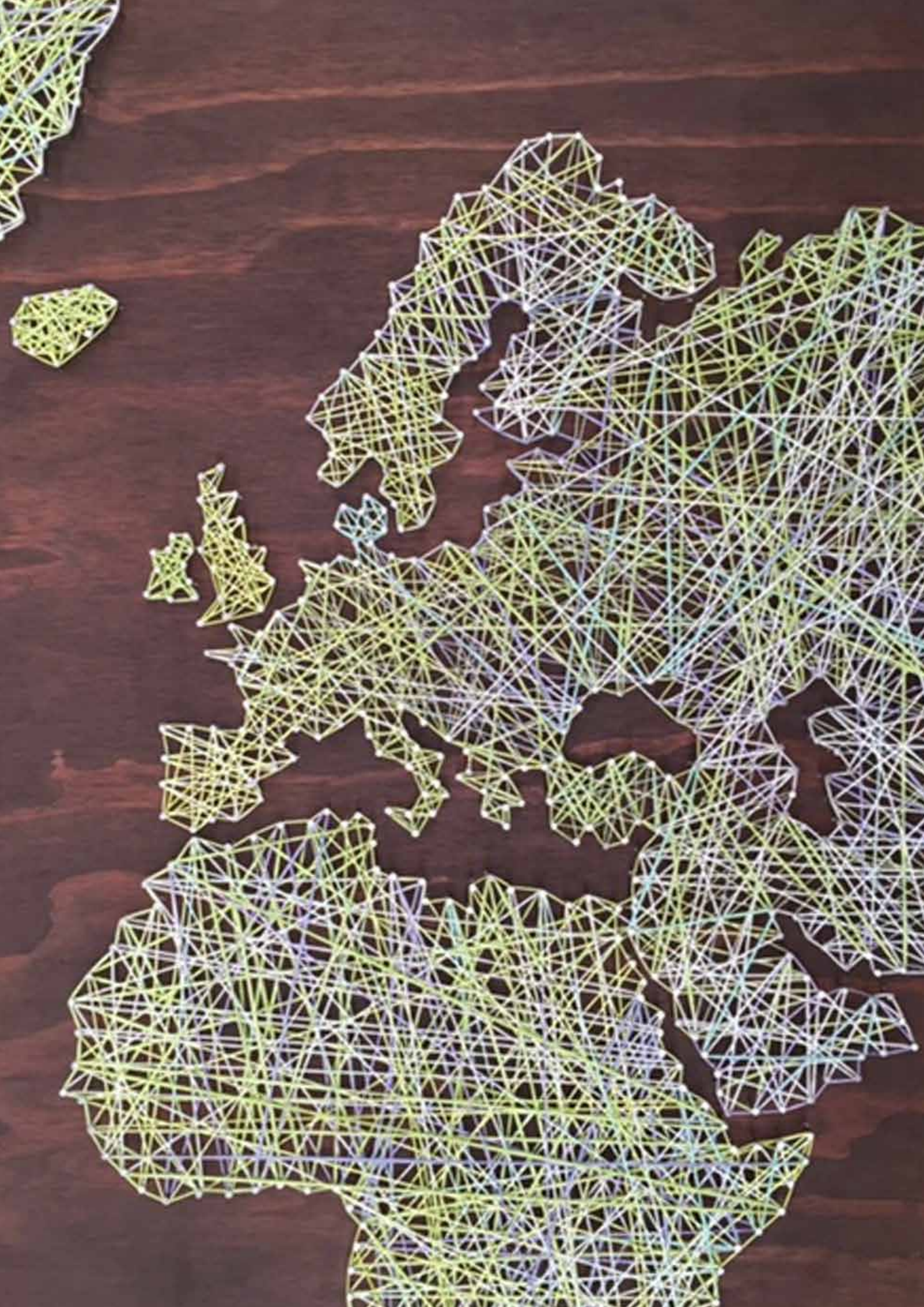
Snam's stock, which reached a record price of €4.93 on 3 December 2015, is a stable presence, and has been for many years in some cases, on the world's premier corporate sustainability indices such as the Dow Jones Sustainability World Index, the FTSE4Good, the Climate Disclosure Leadership Index (CDLI) and the various ECPI and Vigeo indices. Snam also confirmed its focus on sustainable growth with active support for the Global Compact, its principles and the Sustainable Development Goals. Snam is one of only four Italian companies in the United Nations Global Compact 100 (GC 100) index, which contains 100 companies that stand out on a global level both for their dedication to sustainability issues and for their financial performance.

All this is the result of the ever-expanding knowledge that Snam has built up over time concerning crucial topics for the business and its stakeholders, and also of how Snam has adopted a structured and uniform approach across the entire Group to gradually integrate these topics into its business development model. Indeed, to highlight the increasing strength of this approach and how it plays a part in our long-term outlook, for the first time our 2015 Annual Report adopts an integrated presentation of financial and extra-financial data and information. Our interpretation was based on recommendations in the International Integrated Reporting Framework and means we already comply with the requirements of the European Directive on this matter, which is expected to take effect by 2017.

Under this scope, the new "Sustainable Paths. Report on Corporate Social Responsibility" implements and further completes the sustainability information to meet the various international guidelines on reporting, with special reference to the GRI-G4 standard. The report focuses on stakeholder dialogue and how it is both a fundamental part of Snam's business model and relations as well as a way of contributing to social transformation by searching for innovative interpretations of Snam's role in the growth of the country as a whole.

The CEO
Carlo Malacarne





The Snam Group in 2015

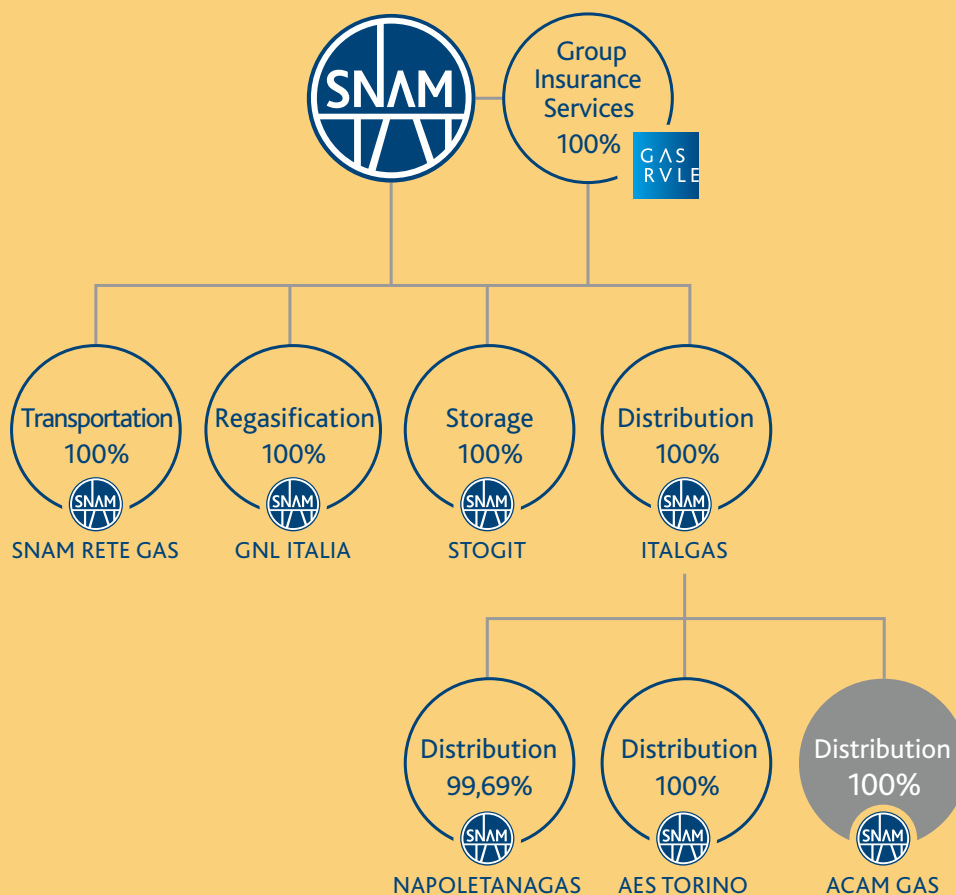
▷ GRI – G4 : 3, 4, 6, 7, 8, 9

As an integrated operator in gas infrastructure management, the Snam Group is active in the transportation and dispatch, storage and distribution of natural gas and the regasification of liquefied natural gas, carried out, respectively, through four operating subsidiaries wholly-owned by Snam S.p.A.: Snam Rete Gas, GNL Italia, Stogit and Italgas.

The scope of consolidation changed in 2015, with Acam Gas S.p.A. added in April after Italgas bought the remaining 51% stake in the company that it did not already own. As such, Italgas S.p.A. became the owner of 100% of Acam Gas S.p.A.'s share capital with effect from 1 April 2015.

The situation compared with 30 June 2014 also changed as a result of the consolidation in July 2014 of Gasrule Insurance Ltd and A.E.S. Torino S.p.A., respectively wholly-owned subsidiaries of Snam S.p.A. and Italgas S.p.A.

SCOPE OF CONSOLIDATION OF THE SNAM GROUP AT 31 DECEMBER 2015



PROFILE OF BUSINESS SEGMENTS

	Infrastructure	Activities	Operating data	2013	2014	2015	Change %
Transportation	Snam Rete Gas manages the gas pipeline network via 8 districts, 48 maintenance centres throughout Italy, 11 gas compression stations and a dispatching unit.	In transportation, the natural gas is loaded at delivery points connected to the import lines (Russia, northern Europe and North Africa), the regasification plants and the gas production and storage centres distributed throughout Italy. The gas is then transported for delivery, based on customer directions, to redelivery points connected to local distribution networks and to major industrial and thermoelectric consumers.	Transportation network (km in use)	32,306	32,339	32,534	0,6
			Installed power at the compression stations (MW)	867	894	877	(1,9)
			Gas injected into the network (billions of cubic metres)*	69,0	62,25	67,25	8,0
Regasification	GNL Italia manages the regasifier in Panigaglia (La Spezia), the first plant of its kind, which was built in Italy in 1971.	Regasification is the final activity in the liquefied natural gas (LNG) chain and involves taking gas extracted from deposits and then liquefied at -160° back to its original state for transportation on purpose-built ships. In the gas system, the LNG chain thus enables diversification of supply sources.	Number of tankers unloaded	1	1	1	-
			LNG regasification (billions of cubic metres)	0.05	0.01	0.03	-
Storage	Stogit manages nine storage fields in Lombardy, Emilia-Romagna and Abruzzo, under concession. The fields comprise deposits, wells, pipes, processing plants and compression stations. Stogit also manages an operational dispatching system.	Natural gas storage involves injecting the gas into the porous rock of an empty gas field, thereby essentially restoring the field to its original state. Once it has been stored, the gas can be reinjected into the transport system and delivered in accordance with demand from the market. Storage enables the difference between gas supply and demand to be offset, thereby ensuring continuity of supply.	Available storage capacity (billions of cubic metres)	11.4	11.4	11.5	0.9
			Natural gas moved through the storage system (billions of cubic metres)	18.42	15.70	19.58	24.7
Distribution	Italgas , with its subsidiaries Napoletanagas, A.E.S and Acam Gas, manages an integrated system of infrastructure, mainly self-owned, comprising gas withdrawal stations, local pipelines, pressure reduction plants and redelivery points where gas meters are installed.	The distribution service involves carrying gas from the transportation network connection points to the end-user redelivery points. It is conducted on behalf of companies authorised to sell gas.	Distribution network (km)	55,993	55,278	56,717	2.6
			Distribution concessions (number)	1,435	1,437	1,472	2.4
		The system is overseen, 24/7 and 365 days a year, by the Integrated Supervision Centre.	Active meters (millions)	5.928	6.408	6.526	1.8
			Gas distribution (billions of cubic metres)	7.352	6.500	7.599	16.9

* 2015 data are correct as at 14 January 2016. The data for 2014 are taken from the National Transportation Network Report.

HIGHLIGHT 2015

We acquired 20% of TAP and entered into an **agreement with SOCAR** to consolidate our international growth in Europe

We distributed €2,242 million of added value to **stakeholders**

We had more than **1,380 supply contracts** worth a total of €1.89 billion

We entered into **65 contracts** with customers to connect new gas delivery/redelivery points on the transportation network

Our stock was named in the **Dow Jones Sustainability Index** for the seventh consecutive year

Snam was named **Transmission System Operator of the Year** at the ninth European Gas Conference in Vienna

We made 273 new hires

Around **85%** of our employees took part in **training activities**. We provided an average of **26 training hours per employee**

There was another **reduction in contractor accident frequency** (-27.7% compared with 2014)

Shared value: We launched our "**A Vegetable Garden in the Network**" initiative at the first social agriculture world food day

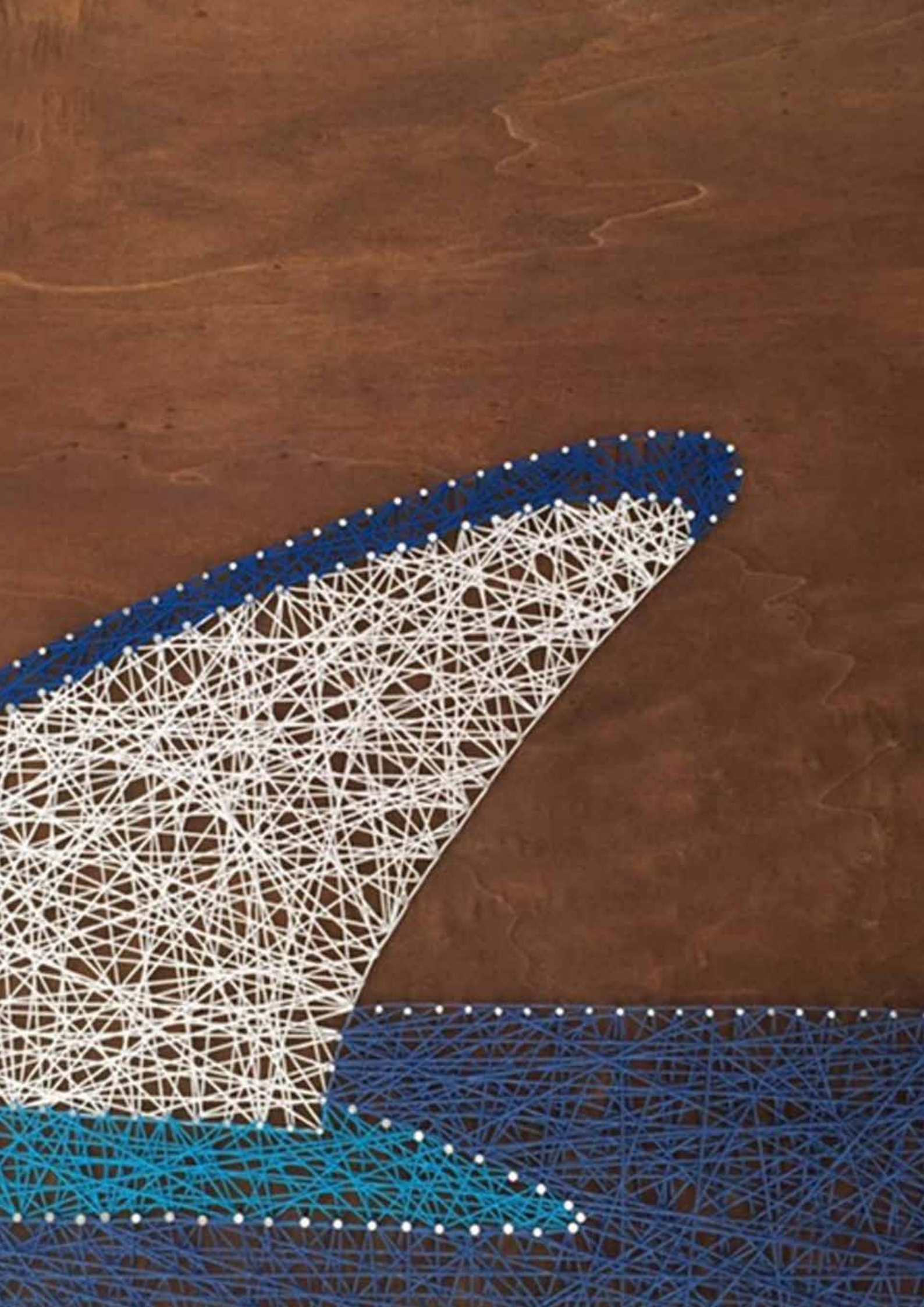
We carried out the **second staging** of our schools series "**Stories about the future**"

We obtained **ISO 14001 certification** for our environmental management system across the whole **Snam Group**

We **avoided 141,000 tonnes of CO_{2eq} emissions** thanks to our energy management measures

We put two new DLE turbocompressors into operation and **cut nitrogen oxide emissions by 12.9%**

Biodiversity. We carried out environmental monitoring on over 1,000 km of network and executed 140 km of cultivation treatments



OPERATING AND FINANCIAL RESULTS

OPERATING PERFORMANCE

Activities	
Transportation	A total of 67.25 billion cubic metres of gas was injected into the transportation network, an increase of 5 billion (+8.0%) on 2014. This rise was due mainly to higher natural gas demand in Italy (+5.53 billion cubic metres compared with 2014; +8.9%), basically because of greater consumption in the thermoelectric (+16.8%) and residential and tertiary (+11.5%) sectors, offset, in part, by higher withdrawals from storage (-0.53 billion cubic metres).
Regasification	The LNG terminal at Panigaglia (SP) regasified 0.01 billion cubic metres in 2015, in line with the previous year. LNG regasification was carried out as part of the peak shaving service, which was terminated on 31 March 2015.
Storage	A total of 19.58 billion cubic metres was moved through the storage system in 2015, an increase of 3.88 billion cubic metres (+24.7%) on the previous year. This rise was due mainly to higher withdrawals (+2.17 billion cubic metres; +28.7%), arising from considerable use of reserves by system operators, and also to greater injections to replenish reserves (+1.71 billion cubic metres; +21.0%).
Distribution	As at 31 December 2015, Snam had a gas distribution concession in 1,472 municipalities (compared with 1,437 a year earlier), of which 1,401 were operational. The number of active meters at end-user (households, businesses, etc.) redelivery points increased by 1.8% from 6.408 million at 31 December 2014 to 6.526 million.

Financial results*

Despite growing in 2015, gas demand in Italy remained low at 67.4 billion cubic metres. In spite of this, Snam managed to achieve pleasing results: adjusted EBIT was up 0.9% on 2014 to € 2 billion, while adjusted net profit increased by 12.2% year on year to € 1.2 billion. The improved performance was down to better financial management, a greater contribution from subsidiaries and associates and lower taxes brought about by the elimination of the additional IRES charge. The operating cash flows of € 2.1 billion – a five-year high – fully covered €1.3 billion of technical and financial investments and enabled us to reward Snam shareholders with a dividend of €0.9 billion.

Based on these results, the Board of Directors intends to put before the Shareholders' Meeting a dividend of € 0.25 per share, which still represents an attractive return in what are tougher times than we have seen in previous years.

* Please see the Annual Report for more details.

Allocation of added value ▷ GRI – G4: EC1

Snam generates wealth by contributing to the economic growth of the society and environment in which it operates, and it measures this wealth in terms of added value produced and distributed to its leading stakeholders. The table below helps to understand the economic effects produced by the Group and the value it creates for its stakeholders.

Snam generated added value of € 2.065 million in 2015, in line with the figure for 2014.

ADDED VALUE PRODUCED

(€ millions)	2013*	2014*	2015
Core business revenue	3,735	3,784	3,856
Other revenue and income	113	98	114
Net financial expense**	(16)	1	(15)
Income from equity investments	45	131	135
for deduction:			
Raw materials	(91)	(123)	(180)
Services	(401)	(404)	(389)
Use of third-party assets	(88)	(89)	(99)
Capital losses	(15)	(21)	(35)
Other operating expense	(25)	(70)	(28)
Increase on internal work capitalised in non-current assets – Cost of work and financial expense	94	100	95
Gross added value	3,351	3,407	3,454
Amortisation, depreciation and write-downs	(769)	(803)	(849)
Net added value	2,582	2,604	2,605

* Data for 2013 and 2014 have been restated to bring them into line with the methodology adopted in 2015.

** Gross of the capitalised portion.

DISTRIBUTION OF ADDED VALUE

(€ millions)	2013*	2014*	2015
Added value produced (A)	2,582	2,604	2,605
Added value distributed (B)	2,510	2,281	2,242
Employees**	461	436	483
Lenders	490	435	395
Bondholders	200	350	364
Banks	290	85	31
Shareholders***	845	875	875
Government	714	535	489
Direct taxes	690	509	467
Indirect taxes	24	26	22
Added value retained by the Group (A) - (B)	72	323	363

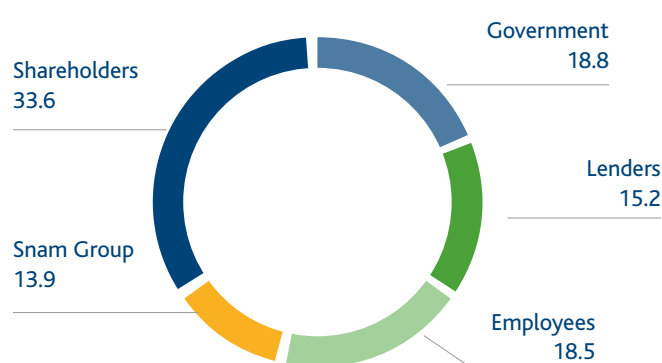
* Data for 2013 and 2014 have been restated to bring them into line with the methodology adopted in 2015.

** Includes service costs for personnel.

*** Data for 2015 refer to the dividend proposed by the Board of Directors and scheduled to be put before the Shareholders' Meeting of 27 April 2016.

The share of added value distributed to shareholders in the form of dividends remained broadly unchanged in 2015 (33.6%; the same as in 2014), while the share allocated to government in the form of indirect and direct taxes fell by 1.7 percentage points to 18.8%, caused by an adjustment to deferred taxes following the reduction of the IRES rate from 27.5% to 24% as of 1 January 2017, and the share awarded to lenders rose by 1.5 percentage points to 15.2% thanks to steps taken by the Group to optimise its financial structure. On the other hand, the share of added value distributed to employees in the form of direct remuneration (salaries, wages and post-employment benefits) and indirect remuneration (social security expenses and costs for staff-related services such as catering and travel expenses) increased by 1.8 percentage points to 18.5%, due mainly to charges arising from the closure of the Fondo Gas pension fund. The Group retained 13.9% of added value.

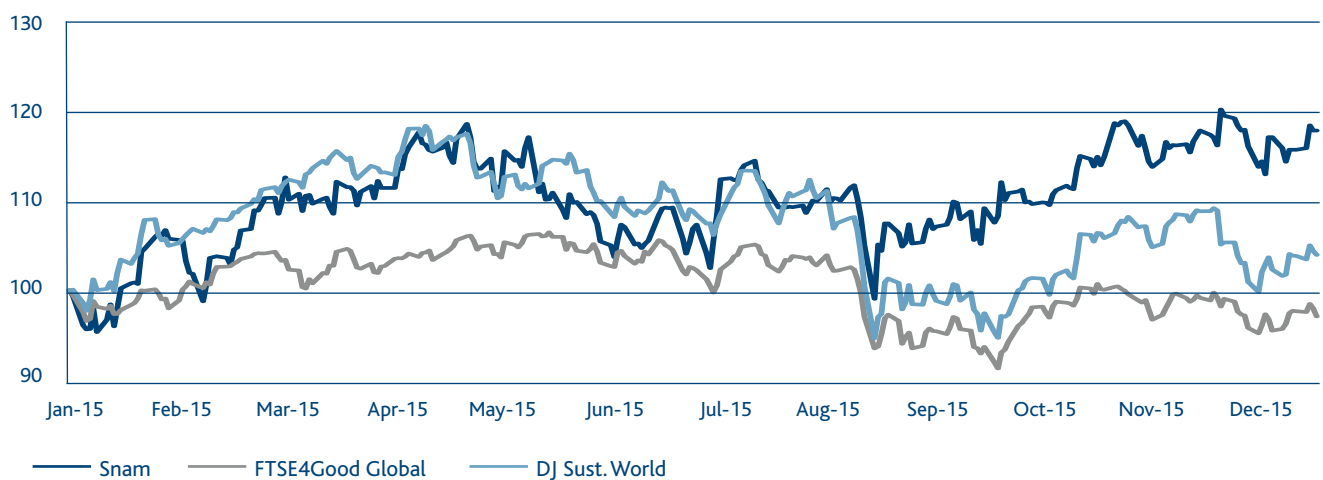
ALLOCATION OF ADDED VALUE (%)



The Snam stock in sustainability indices ▷ GRI – G4: 15

In 2015, the Snam stock was once again included in the major global SRI share indices based on company's economic, social and environmental sustainability performance. This makes the company more visible to socially responsible investors and to the financial market as a whole. As at 31 December 2015, the total share of Snam capital held by institutional investors who partly base their investment choices on corporate social responsibility was 4.7% (versus 4.4% a year earlier).

PERFORMANCE OF SNAM STOCK AND MAJOR ETHICAL SHARE INDICES



RobecoSAM, one of the world's leading sustainability ratings companies, included the Snam stock in the major sustainability share index, the Dow Jones Sustainability World Index, for the seventh consecutive year. In January 2016, for the second year in a row, RobecoSAM awarded Snam the Silver Class award in its Sustainability Yearbook, an elite classification which recognises the highest-scoring companies with regard to sustainability.

Snam also retained its presence in the prestigious FTSE4Good Index Series, where it has been since 2002, and, for the third consecutive year, in the CDP Italy Climate Disclosure Leadership Index. CDP is one of the world's leading not-for-profit climate change organisations.

In July 2015, the Snam stock was included for the second consecutive year in the MSCI World ESG and MSCI ACWI ESG indices. MSCI is a leading global provider of investment decision support tools to investment institutions worldwide.

In September 2015, to add to its presence in the Ethibel Pioneer and Ethibel Excellence investment registers, the Snam stock was added to the Ethibel Sustainability Index (ESI) Excellence Europe. Being selected for this index by the Ethibel Forum means that the company is an industry leader in CSR.

Snam also features in the following indices: the ECPI sustainability indices; the United Nations Global Compact 100 ("GC 100") index, developed as part of the UN's Global Compact initiative; and the Europe, Eurozone and World NYSE Euronext Vigeo 120 indices managed by Vigeo, a European leader in the CSR rating of companies.

The Snam stock also features in the Stoxx Global ESG Leaders Indices and has been classified as “PRIME” (with a B rating) by Oekom research, the leading international ratings agency for socially responsible investors, which works for institutional investors and financial services companies.



Relations with the financial community

Snam's communication policy has always intended to guarantee continuous dialogue with the entire financial community. The company aims to establish a trust-based relationship with shareholders, investors, analysts and all financial market operators, and to automatically provide them with exhaustive and timely information so they get the best possible knowledge of the Group's performance and strategy.

Snam considers an active policy of engagement with investors to be crucial in adding value in terms of shareholder satisfaction. This communication policy takes the form of several financial publications concerning the performance of the business and developments pertaining to sustainability, as well as regular meetings and initiatives.

KEY PERFORMANCE INDICATORS (KPIs)

KPI description	KPI date	Pre-set target	Target achieved in 2014	Sector	Status Activities
Meetings with SRI investors on SRI investors in the shareholding (%)	2010	Reach 33 by 2015	36	Snam Group	○
Number of meetings with institutional investors	2010	Reach 252 by 2015	287	Snam Group	○
Number of investor days / site visits with institutional investors	2010	Reach 1 by 2015	1	Snam Group	○

○ Target achieved
 ○ Annual target achieved
 ○ Activity in progress (KPI with targets for more than 1 year)
 ○ Target not achieved



Sustainable Capitals ▷ GRI - G4: 1

Snam's sustainability strategy plays a crucial and proactive role in creating value for the company and its stakeholders. It is the result of the ever-expanding knowledge that Snam has built up over time concerning fundamental sustainability topics, and also of how Snam has adopted a structured and uniform approach across the entire Group to gradually integrate these topics into its business development model.

It has been a long journey, founded above all on the continuous and far-reaching work of the people within the Group, who have developed and fostered a "culture of sustainability" without which we could not grow over the long-term or even play a part in the innovative processes that go hand in hand with changes to the societies in which we live. This has been the driving force behind our commitment to sustainability and the related measures aimed increasingly at maintaining and improving the esteem in which Snam is held by local and regional authorities, institutions and employees, at facilitating the development of infrastructure and at making the gas system safer and more productive for the community as a whole.

A full and acknowledged 'licence to operate' must include long-term relations with stakeholders, which Snam pursues by ensuring mutual trust, being available to listen and engage, acting openly and transparently, and attempting to maintain and develop constructive dialogue both outside and inside the company.

CAPITALS THAT CREATE SHARED VALUE ▷ GRI – G4: 24, 25, 26, 27

With its corporate mission of providing the energy that the market needs in a secure, efficient and sustainable manner, Snam's model gives stakeholders a key role in the development of the business. The recipients of the shared value created by the company's activities are authorities and institutions, shareholders and investors, gas system operators, employees and suppliers, each of which has its own prerogatives and expectations.

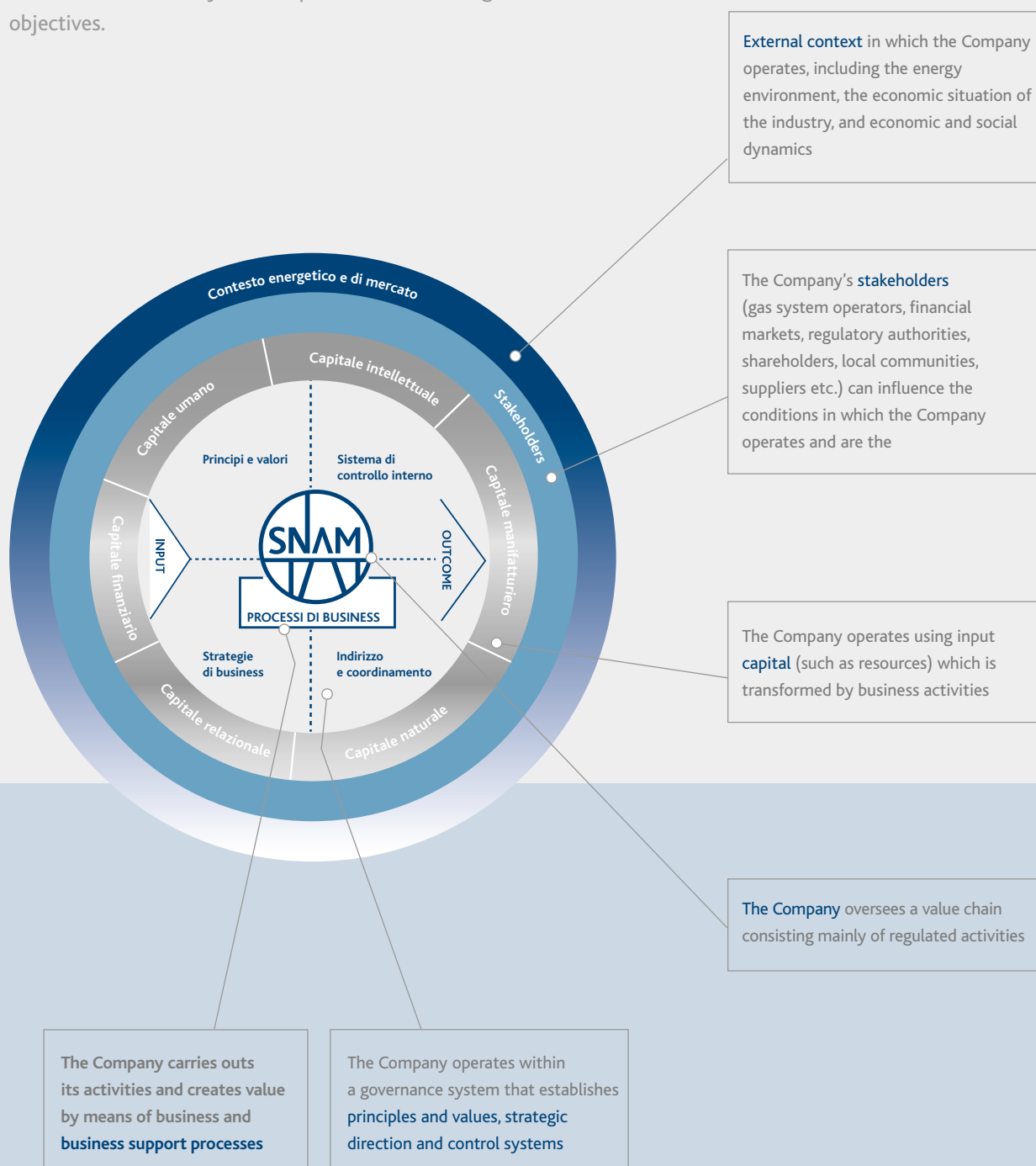
Within Snam's model, the stakeholders provide the viewpoints, outlooks, abilities and resources that represent the various forms of capital that Snam implements and are required for operating purposes. In order to achieve this, Snam requires that its ongoing relations with stakeholders be transparent, proper and impartial.

SNAM'S BUSINESS CAPITALS MODEL AS PER THE IIRC FRAMEWORK

Financial	The fundamental input for making investments in gas infrastructure. We fund these investments using our own resources and debt capital obtained either on the financial markets or through our own operating income.
Manufactured	The network of infrastructure for transporting, storing and distributing natural gas and regasifying LNG, required to perform services for operators and users.
Intellectual	Unique to Snam, this consists mainly of the IT systems, procedures and good operating practices developed over time by running the business.
Human	This includes the specific skills and experience acquired by our staff, primarily by way of internal development programmes (this is essentially a self-made capital), and the business culture with its distinctive values, above all a culture of safety.
Social and relationship	This is the licence to operate that the stakeholders award to Snam, sustained by relations with these stakeholders at European and national levels, as well as by Snam's presence in the areas that host its infrastructure.
Natural	The land, air and biodiversity that Snam is committed to preserving through efficient and responsible environmental management, mitigating the environmental impacts and consequences generated predominantly during the construction of infrastructure.

The Model

Snam's business model is designed to create value over the medium and long term for the shareholders and for all categories of stakeholders, by way of operating and financial efficiency and the pursuit of our strategic objectives.



Snam's stakeholders engagement policy

The more Snam grows and expands throughout Italy, the more it needs to communicate and interact with its stakeholders on a daily basis. This is why in an attempt to communicate proactively and engage in a continual dialogue with its stakeholders, Snam has developed over time (and continues to do so) a set of specific channels and tools for best managing these relations and always trying to create value.

Snam's approach to stakeholder engagement aims to:

- identify the different categories of stakeholder with which the Company interacts by monitoring changes in the environment and how the business is developing;
- analyse and understand the profile of the stakeholders and the position of the Company in relation to them;
- study the interests and issues relevant to each category of stakeholder by periodically updating the materiality analysis;
- report on and periodically communicate to stakeholders the operating results relating to material issues of mutual interest by way of the Sustainability Report and any other reporting and communication tool developed by the Company.

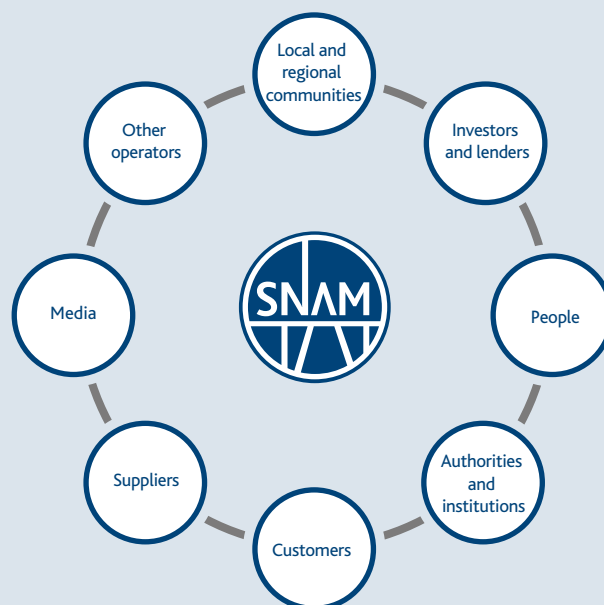
Each corporate structure contributes to the various stakeholder engagement activities in relation to its own prerogatives, roles and responsibilities.

Snam updated its stakeholder map in 2015, partly because of changes to economic and operating conditions (the acquisition of a majority stake by Cassa Depositi e Prestiti and the growth of the business outside Italy), taking account of the degree of mutual influence and dependency between the Snam Group and its stakeholders.

This new mapping exercise also provided an opportunity both to listen and gauge the quality of stakeholder relations and to get their perceptions on the materiality of key issues. We sent dedicated questionnaires to more than 1,000 stakeholders. A total of 305 people took part in the survey, consisting mainly of clients (132) and suppliers (74).

The stakeholders we surveyed provided a clear and fairly consistent view of the most pressing issues in the energy sector and how a large company like Snam can contribute in terms of creating value. The responses we received add further weight to the commitments Snam has made with regards to material sustainability issues.

STAKEHOLDER MAPPING



TOOLS AND CHANNELS OF COMMUNICATION WITH STAKEHOLDERS

A **listening exercise** that involved 1,000 stakeholders

We strengthened the Group's online identity by **revising entire sections of our website** to encourage stakeholder interaction

Two **customer satisfaction** surveys in the **transportation** and **storage** segments

Sixth staging of the suppliers workshop

Launch of the Group's **new intranet portal**

We staged 7 **industry conferences** enabling specialist utilities and infrastructure investors to meet the Company's senior managers

We organised **19 road shows** with the purpose of meeting shareholders and institutional investors in the leading financial centres of **Europe and North America**

Snam once again came **third in the Comprend classification of Italian companies** with the most effective online communication

We held **129 meetings** with local government authorities

We compiled the first ever **Snam Fact Book**, an up-to-date and exhaustive collection of facts, figures and results that give operators, investors, journalists and suppliers the best possible overview of the Company and its business

We held **108 one-to-one meetings** between management and investors, as well as **42 group meetings**

More than **400 primary schools** took part in our **"Schools Project"**

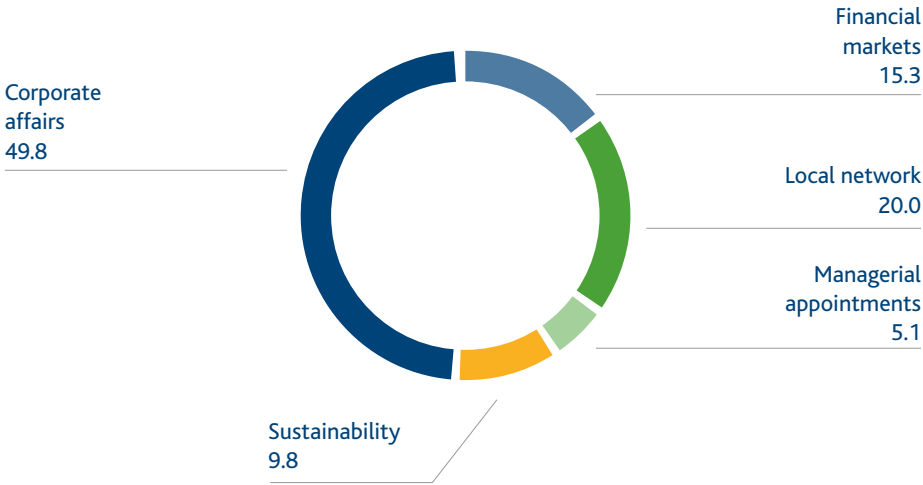
Snam Group: social and relationship capital enhanced by an ever stronger brand identity

Snam continued to enhance its online identity in 2015 by redesigning entire sections of its website and seeking closer integration with the Group’s social channels in order to

facilitate interaction between the different platforms, make the multimedia content more accessible and reach a larger and more diverse audience. As an example, the Governance and Conduct area of Snam.it was overhauled in a bid to improve transparency and drill down into the business ethics issues and how they tie in with our governance and legislative compliance policies.

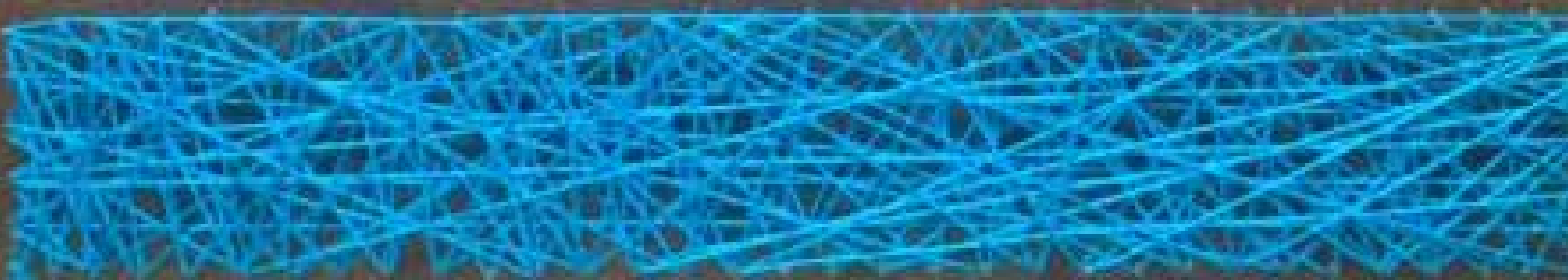
Over the course of 2015, a total of 275 articles on Snam appeared in the national and international press. We judged the content and tone of these articles to be positive or neutral in all but two cases, and the portion of articles deemed to be positive increased from 50% in 2014 to 55% in 2015. The main topics covered in the articles were corporate affairs, finance, operations and sustainability.

BREAKDOWN OF ARTICLES BY TOPIC (%)



MAIN TOOLS OF ENGAGEMENT

Tools of engagement	People	Authorities and institutions	Local communities and associations	Customers	Suppliers	Investors and lenders	Media	Other operators
Institutional documents	Annual Report – Corporate Governance and Ownership Report – Remuneration Report – Sustainability Report – Financial statements of subsidiaries – 10-year transportation network development plan – Il Metanino report containing statistical data							
Websites	Websites of all Group companies with specific dedicated areas							
Social networks	Twitter - Youtube - Facebook - Google+ - LinkedIn - Flickr - Instagram - Slideshare							
Online areas	Corporate intranet			Customer portals	Supplier portal			
Newsletters	Energies and special features					Fact Book The Snam shareholder News&Facts Financial Markets Review Sustainability – creating shared value Corporate Social Responsibility Review		
Relations – meetings	Executive meetings Cascade Project Union representative meetings Workshops	Institutional presentations in Europe and Italy Participation in EU/Italian public consultations on policy issues Parliamentary and local hearings Meetings with ANCI Meetings with local authorities Meetings with the Electricity and Gas Authority Meetings with ACER Workshops	Public meetings Open council meetings Meetings with citizens Meetings with industry associations Participation in technical committees	Workshop	Workshop Exploratory meetings	Roadshows One-to-one meetings Group meetings Conference calls Sector conferences Site visits / Investor days	Press releases Press Conferences Conference calls Interviews	Operational meetings
Awareness-raising initiatives	Objective Safety Project Health project Corporate volunteering Ecologically		PSchools Project Sustainable Paths series Tour of Italy in 80 Bookshops “M’illumino di Libri” Calendar		Spreading Global Compact principles Safety award			
Surveys	Surveys Feedback questionnaires			Customer satisfaction analysis	Feedback questionnaires Special visits Document analysis			



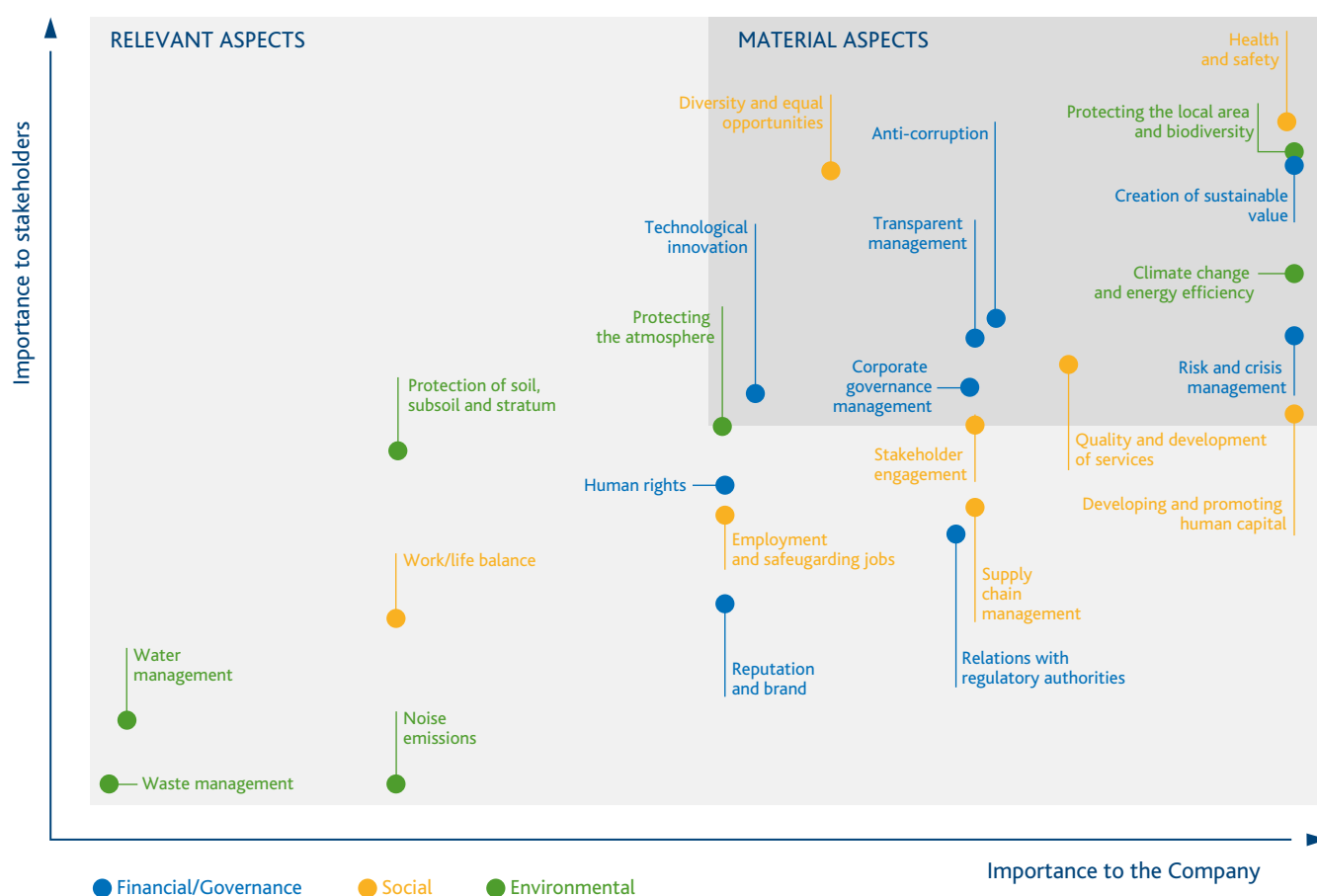
OUR COMMITMENT TO MATERIAL ISSUES ▸ GRI – G4: 1, 18, 19, 27, 35, 37

Materiality plays a key role in strengthening the Group's sustainability strategy. It defines the remits for interaction with stakeholders, giving rise to the value creation dynamics and giving Snam a focus for its reporting strategy.

Snam's policy is to continually update its assessment of the issues that traditionally come under its sustainability banner, thereby highlighting the most relevant topics and matching management guidelines with stakeholder opinions. We continued along this path in 2015, enhancing the analysis process by securing greater involvement from outside the Company. By listening to our stakeholders, we were able to get a more up-to-date and broader record of their viewpoints on material issues.

The material issues help us to define the sustainability targets that we aim to meet by way of dedicated projects and initiatives with varying time frames. These projects feature in the operating plans of each business function within the boundaries of its remit. Snam's Sustainability function is part of this continual improvement drive: it disseminates the incentives throughout the organisation, coordinates the progress of the Sustainability Plan, develops and directly contributes to certain projects, monitors and reports on the results of projects, and communicates with stakeholders.

MATERIALITY MATRIX



MATERIAL ISSUES AND BUSINESS CAPITAL INITIATIVES

Issues	2015 Initiatives	Actions to be implemented under the 2016-2019 Plan
FINANCIAL/GOVERNANCE	Creation of sustainable value <ul style="list-style-type: none"> - In March, we presented our four-year strategic plan for the 2015-2018 period to the financial community. - We distributed a total of € 2,535 million to our stakeholders. - We made technical investments worth € 1.27 billion. 	<ul style="list-style-type: none"> - Implement the 2015-2018 Strategic Plan.
	Corporate governance management <ul style="list-style-type: none"> - We published our Corporate Governance Report, which included an executive summary and a table showing an overview of compliance with the Code of Corporate Governance. - We analysed the major changes in the Code of Corporate Governance in order to ensure alignment of our own governance. - We set up the new Governance and Conduct section of our website. - We obtained ISO 14001 certification for our environmental management system across the whole Snam Group. 	<ul style="list-style-type: none"> - Implement measures to ensure ongoing compliance with the Code of Corporate Governance. - Maintain a level of governance in line with best international practice. - Prepare and publish the 2015 Corporate Governance Report. - Implement a structured and permanent board induction process for directors and statutory auditors for the duration of their mandate. - Update the Governance and Conduct section of our website. - Analyse governance issues that need addressing in relation to the investment choices made by institutional investors and assess the need and/or opportunity for further intervention. - Implement the quality management system across the Group and obtain ISO 9001 certification.
	Risk and Crisis Management <ul style="list-style-type: none"> - We shared and consolidated the metrics used to measure opportunities and began meetings with process owners to map these opportunities. - We carried out training in our business impact analysis support software (Archer) as part of the business continuity management programme. - We updated our business impact analysis. - We revised and enhanced our documentary framework. - We completed our preparatory work for ISO 22301 business continuity certification. 	<ul style="list-style-type: none"> - Extend the ERM model to identify and measure opportunities and consolidate it as a business process support instrument. - Always ensure that the organisational and regulatory system is in line with ERM analysis results. - Implement technological solutions to support the business continuity management process. - Assess the compliance of the management system with the international benchmark ISO 22301 standard. - Continue with half-yearly updates of the annual audit plan based on the key issues flagged by the corporate risk management system.
	Transparent management <ul style="list-style-type: none"> - We implemented the corporate system framework. - We updated the process for defining material issues. - We updated the stakeholder map and listened to the views of more than 1,000 stakeholders. - We completed our first integrated report in accordance with the IIRC Framework within the Annual Report. 	<ul style="list-style-type: none"> - Implement the corporate sustainable development model ensuring adequate supervision of matters relating to sustainability. - Design and create new reporting tools that integrate financial and CSR information. - Consolidate/update antitrust and privacy training programmes.
	Anti-corruption <ul style="list-style-type: none"> - We updated the Model 231 of Snam and concluded the Risk Assessment for Italgas following the introduction of self-laundering offences, false corporate communication offences and eco-offences. - We conducted 3,025 training hours dedicated to the Code of Ethics, Model 231 and anti-corruption. 1,920 people took part in this training. - We monitored the Anti-corruption Procedure and transposed the "Anti-corruption Regulatory Instruments" (the so-called Ancillary Procedures) of the principles therein. - We defined the contractual clauses on corporate administrative responsibility for crimes committed by employees and on anti-corruption. - We set up the new Business conduct, Code of ethics and Anti-corruption sections of our website. - We analysed the suitability of the Group's anti-corruption compliance programme in relation to best international practice. - We performed reputational checks on suppliers and subcontractors. 	<ul style="list-style-type: none"> - Update the Model 231 of our subsidiaries following the introduction of self-laundering offences, false corporate communication offences and eco-offences. - Conduct training on the Code of Ethics, Model 231 and Anti-corruption. - Retain the structured system of alerts for the internal control system, the Code of Ethics, Model 231 and, more generally, business conduct. - Continue to monitor the Anti-corruption Procedure. - Continue to analyse reputational checks on suppliers and subcontractors. - Consolidate the partnership with Transparency International Italia on topics of interest and training programmes, and join the network of Transparency International.

Issues	2015 Initiatives	Actions to be implemented under the 2016-2019 Plan
FINANCIAL/GOVERNANCE	Human rights <ul style="list-style-type: none"> - We continued to participate in activities promoted under the Global Compact. 	<ul style="list-style-type: none"> - Verify, through business intelligence surveys, respect for human rights and compliance with anti-corruption regulations by third parties (suppliers and customers). - Participate actively in the working groups promoted by the Global Compact.
	Reputation and brand <ul style="list-style-type: none"> - We strengthened our online identity by redesigning entire sections of our website and seeking closer integration with the Group's social channels. - We took part in national and international industry events. 	<ul style="list-style-type: none"> - Strengthen Snam's brand awareness and visibility inside and outside the Company via communication tools and initiatives in line with the development of the business.
SOCIAL	Developing and promoting human capital <ul style="list-style-type: none"> - We defined and implemented a new model of professional and managerial skills and a new system for assessing the skills and abilities needing work in our international teams. - We confirmed our new system for allocating and assessing sustainability targets. - We delivered a total of 160,405 training hours to 15,716 participants. - We continued to offer all our staff the opportunity to take an online English course and we launched dedicated linguistic studies programmes. 	<ul style="list-style-type: none"> - Assess managerial skills using ad hoc tools for our executives and managers, and draw up any necessary training initiatives. - Use specific programmes to increase the skill set of our employees. - Begin the second performance management cycle. - Implement the succession planning process to ensure coverage of key managerial positions.
	Employment and safeguarding jobs <ul style="list-style-type: none"> - We made 273 new hires. - We have agreed a permanent contract of employment with 97% of Snam employees. 	<ul style="list-style-type: none"> - Continue with the activities mentioned in the Snam Group's Industrial Relations Protocol.
	Diversity and equal opportunities <ul style="list-style-type: none"> - We increased the female portion of our workforce (+1.8% on 2014). 	<ul style="list-style-type: none"> - Develop ways of promoting diversity, particularly with regard to gender.
	Health and safety <ul style="list-style-type: none"> - We continued our awareness-raising and involvement initiatives under the "Objective Safety" plan. - We continued our training activities in this area, with 20,722 training hours delivered to 3,629 participants. - We reduced the frequency of accidents involving contractors. - We implemented a centralised HSE information system. 	<ul style="list-style-type: none"> - Continue with specific training activities and implement ad hoc communication plans (including digital projects). - Continue with the initiatives undertaken as part of "Objective Safety", and involve more corporate activities. - Prepare workplace environment survey programmes. - Create IT applications to support the HSE processes. - Develop awareness-raising initiatives on supplier safety. - Improve plant access conditions and the methods used to conduct operations.
	Work/life balance <ul style="list-style-type: none"> - We continued our welfare continuity programmes. - We implemented welfare services. 	<ul style="list-style-type: none"> - Implement the new welfare plan in an attempt to offer a broader range of services.
	Quality and development of services <ul style="list-style-type: none"> - We implemented and modernised our customer support information systems. 	<ul style="list-style-type: none"> - Improve the quality of services offered to our customers. - Conduct feasibility studies relating to the transportation of biomethane in the distribution network in light of changes to the regulatory framework.

Issues	2015 Initiatives	Actions to be implemented under the 2016-2019 Plan
SOCIAL	Strategic supply chain management	<ul style="list-style-type: none"> - We implemented the Supplier Portal. - We added more OHSAS 18001 certified candidates for A and B level work to our vendor list. - We monitored 243 suppliers and got feedback from 1,300 at the contract execution phase. - We checked 1,862 suppliers and subcontractors as to the regularity of their contributions. - We stepped up our anti-corruption oversight and shared our pact of ethics with Group suppliers. <ul style="list-style-type: none"> - Step up controls of the reputational requirements of our suppliers/contractors as part of the procurement process. - Implement a new IT system to support the supplier services assessment and qualification process. - Upgrade the Supplier Portal in terms of content and communication tools. - Make it compulsory for candidates for A and B level work to be OHSAS 18001 certified. - Implement the subcontracting management process. - Implement controls during the supplier qualification process (reputational and contribution regularity controls). - Get more information on suppliers' social and environmental responsibility in order to avoid risks and damage to our brand and reputation.
	Stakeholder relations and engagement	<p>SUPPLIERS</p> <ul style="list-style-type: none"> - We held our annual sustainability workshop. - Initiate and promote partnership and engagement measures to improve social and environmental performance.
		<p>RATINGS AGENCIES – INVESTORS – BANKS</p> <ul style="list-style-type: none"> - We took part in assessment conducted by the leading financial and sustainability ratings agencies. - We continued to communicate with bondholders and market analysts. - We set up the "Investor Relations" section of our website. - Maintain excellent relations with the ratings agencies and the high quality of disclosure to institutional and retail investors. - Develop guidelines on engaging with the financial community. - Maintain excellent relations with the Italian and international banking systems, partly with a view to diversifying our sources of funding.
		<p>CUSTOMERS</p> <ul style="list-style-type: none"> - We continued with our feasibility study on creating a single portal. - We continued to implement the online portals. - We carried out customer satisfaction surveys in the transportation and storage segments. - Develop and apply methods to measure customer satisfaction levels. - Computerise the front end for complaints management and the management of connection requests, starting with initial contact with customers. - Start to create a single portal for delivering commercial services to users. - Raise awareness among the transportation network metering station owners of the issues affecting interconnection.

Issues	2015 Initiatives	Actions to be implemented under the 2016-2019 Plan
SOCIAL	PEOPLE	<ul style="list-style-type: none"> - Create a digital version of the "Energies" and "Special Features" newsletters. - Continue to communicate with managers about the breakdown of their remuneration package. - Create meetings and interaction between the Group's young graduates. - Continue with the "Saperne di +" initiative in the aim of a top-down dissemination of the Company's strategic objectives.
	LOCAL COMMUNITIES AND ASSOCIATIONS	<ul style="list-style-type: none"> - Develop and schedule innovative tools for meeting and discussing with local government and institutional decision makers, including via the involvement of local employers' associations. - Organise meetings and discussions with regional authorities by way of educational activities. - Identify and develop shared-value initiatives. - Develop analysis and surveys on plans to build infrastructure in the different regions. - Apply models and/or instruments for measuring how the different regions would respond to plans to build infrastructure there. - Adopt corporate guidelines defining systematic methods for local and peripheral functions to engage local communities in new initiatives.
ENVIRONMENTAL	Protecting the local area and biodiversity	<ul style="list-style-type: none"> - Continue with environmental restoration and replanting activities.
	Protecting the atmosphere	<ul style="list-style-type: none"> - Install low-emission equipment and turbines.-
	Climate change and energy efficiency	<ul style="list-style-type: none"> - Optimise energy consumption. - Increase the use of energy from renewable sources. - Reduce natural gas emissions. - Upgrade the videoconferencing system.

The management rules and best practice underlying our intellectual capital ▸ GRI – G4: SO5

Snam believes that being clear and transparent when defining roles and responsibilities, thereby reducing uncertainty and ambiguity, is essential in order to be able to correctly apply all the rules and regulations that govern all the Company's activities. Hence the importance of the Corporate System Framework, a document created for the purpose of innovating and implying the Groups' organisational and regulatory processes.

In order to manage certain specific topics such as workplace health and safety, the environment, the quality of services offered and, more recently, energy efficiency, Snam has also chosen to widely adopt specific management systems and certify them in line with the most recognised international standards.

In 2015, Snam Corporate obtained UNI EN ISO 14001 certification for its environmental management system, thereby completing the certification process for the entire Group.

We also continued our ISO 9001 quality certification project at Snam Rete Gas, aimed at extending the management system across the entire Company. The project, which began in 2014, has a target of obtaining the certification by the end of 2016.

Group companies have taken all steps necessary to retain their existing certifications, including checks performed by employees and non-Group personnel. There are 43 auditors operating within the Snam Group, and they are also able to perform external audits.

A total of 288 audits were carried out in 2015 (218 by specialist internal staff and 70 by external companies). In addition, some 337 HSE audits were carried out on our contractors in order to verify the effectiveness of our management systems.

AUDITS (NO.)

	2013	2014	2015
Internal	256	254	218
External	56	60	70
Total	312	314	288

The decline in the number of overall audits is due to the increase in the number of integrated audits carried out on the various management systems.

MANAGEMENT SYSTEMS

Company	Certification scope	Type of certification and accreditation	Year of first certification	
Snam	Company	ISO 14001	2015	
		BS OHSAS 18001	2012	
Snam Rete Gas	Gas processing systems	ISO 22301	2015	
	Dispatching unit	ISO 22301	2015	
	Information security management for the dispatching and metering of natural gas	ISO 27001	2014	
	Company	ISO 14001	2013	
	Gas processing systems	ISO 9001	2013	
	Infrastructure planning unit	ISO 9001	2011	
	Company	BS OHSAS 18001	2010	
	Metering unit	ISO 9001	2010	
	Testing laboratory (LAB 764 Piped gaseous flows)	ISO 17025	2007	
	Dispatching unit	ISO 9001	2003	
	Calibration laboratory (LAT 155 Natural gas mixtures)	ISO 17025	2002	
	GNL Italia	Company	BS OHSAS 18001	2012
ISO 14001			2000	
Stogit	Company	BS OHSAS 18001	2012	
	Design and delivery of natural gas metering and accounting	ISO 9001	2008	
	Company	ISO 14001	2002	
Italgas	Company	ISO 50001	2012	
		ISO 14001	2001	
		BS OHSAS 18001	2001	
		ISO 9001	1996	
		Calibration laboratory (LAT 216)	ISO 17025	1994
		Testing laboratory (LAB 83)	ISO 17025	1994
Napoletanagas	Organismo di ispezione*	ISO 17020	2014	
	Company	ISO 14001	2003	
		BS OHSAS 18001	2003	
		ISO 9001	2000	
AES	Company	ISO 9001	2008	
		BS OHSAS 18001	2007	
		ISO 14001	2004	
ACAM Gas	Company	ISO 9001	2010	
		BS OHSAS 18001	2010	
		ISO 14001	2010	
		ISO 3834	2012	

* Type C inspection body for the "periodic checking of volume conversion systems linked to gas meters (Type 1) in accordance with Ministerial Decree 75/2012"



Sustainability in the Network

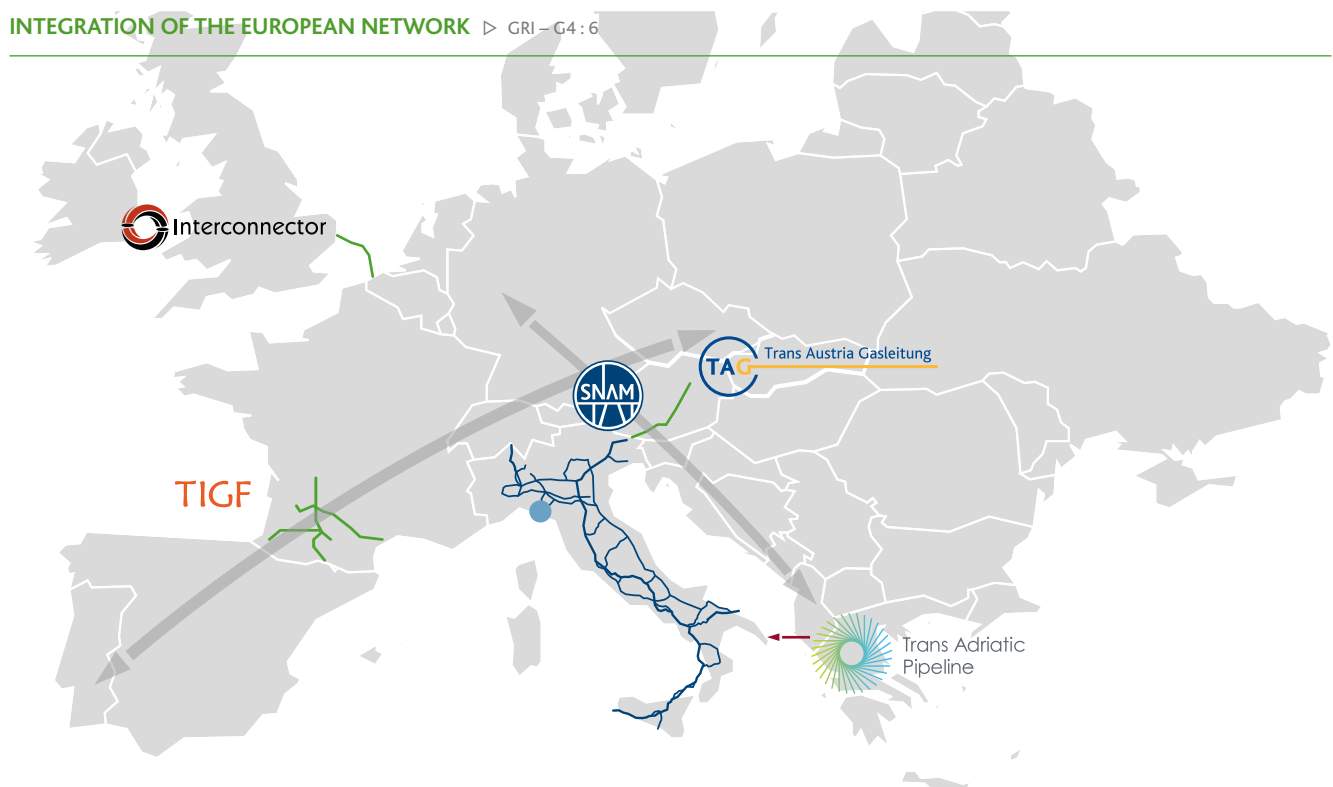
SUSTAINABILITY IN THE NETWORK ▸ GRI – G4: 2

Snam's business is driven by investment. In 2015 alone, more than € 1.3 billion of financial capital was transformed into the infrastructure and services required to take gas wherever it is needed. In this environment, the gas system operators and consumers attach considerable importance to the value of affordable prices and an uninterrupted high-quality service.

However, knowing how to safely and efficiently manage a network and put it at the service of the market is about more than creating economic value. Snam believes that being a leader in the development of strategic infrastructure is above all about sharing the great responsibility of uniting people and the areas in which they live, enabling everyone to share in our precious resources such as the energy needed by families and businesses.

With this in mind, Snam continues to invest in order to create something of even greater value with its European partners: guaranteeing a continuous supply of an environmentally-friendly source of energy by breaking down the physical and intangible barriers to its circulation.

INTEGRATION OF THE EUROPEAN NETWORK ▷ GRI – G4 : 6



- National pipelines
- International assets
- LNG terminal

TIGF

Following the acquisition in 2013 (the current stake is 40.5%), Snam is a partner in the share capital of TIGF, which also includes GIC (31.5%), EDF (18%) and Crédit Agricole (10%).

TIGF, which transports and stores natural gas in south-west France, is a strategic infrastructure for integrating European gas markets and connecting the French and Iberian markets with those of central and northern Europe as part of a broader integration of European energy infrastructures.

MAIN ASSETS and PERSONNEL

- 5,064 km of network with six compression stations (101 MW), 13% of the total volume of gas transported in France;
- 5.7 billion m³ of storage capacity (working gas 2.8 bcm), approximately 25% of national capacity;
- Employees in service: 582.

TAP

20% stake acquired in December 2015

Strategic asset for:

- diversifying EU supplies by importing gas from Azerbaijan;
- contributing to creating a gas hub in Italy;
- the portfolio of related initiatives along the Southern Corridor.

MAIN ASSETS and PERSONNEL

- The asset is under construction. It connects Greece to Italy via Albania, with 765 km of onshore pipeline and 105 km of offshore pipeline, and an initial capacity of 10 bcm/y (scalable to 20 bcm/y);
- Employees in service: 196.

TAG

84.47% stake (89.22% of economic rights) acquired in TAG, the company that owns the gas pipeline linking the Slovak-Austrian border with the Tarnobrzeg entry point.

Strategic asset for:

- integration into the East-West Gas Corridor;
- creating reverse flows to southern German and eastern Europe / MAIN.

ASSETS and PERSONNEL

- Three parallel stretches of pipeline, each around 380 km long / Five compression stations
- Employees in service.

INTERCONNECTOR UK

2012 acquisition as a 50/50 joint venture with Fluxys of 31.5% of Interconnector UK, 51% of Interconnector Zeebrugge and 10% of Hubertor.

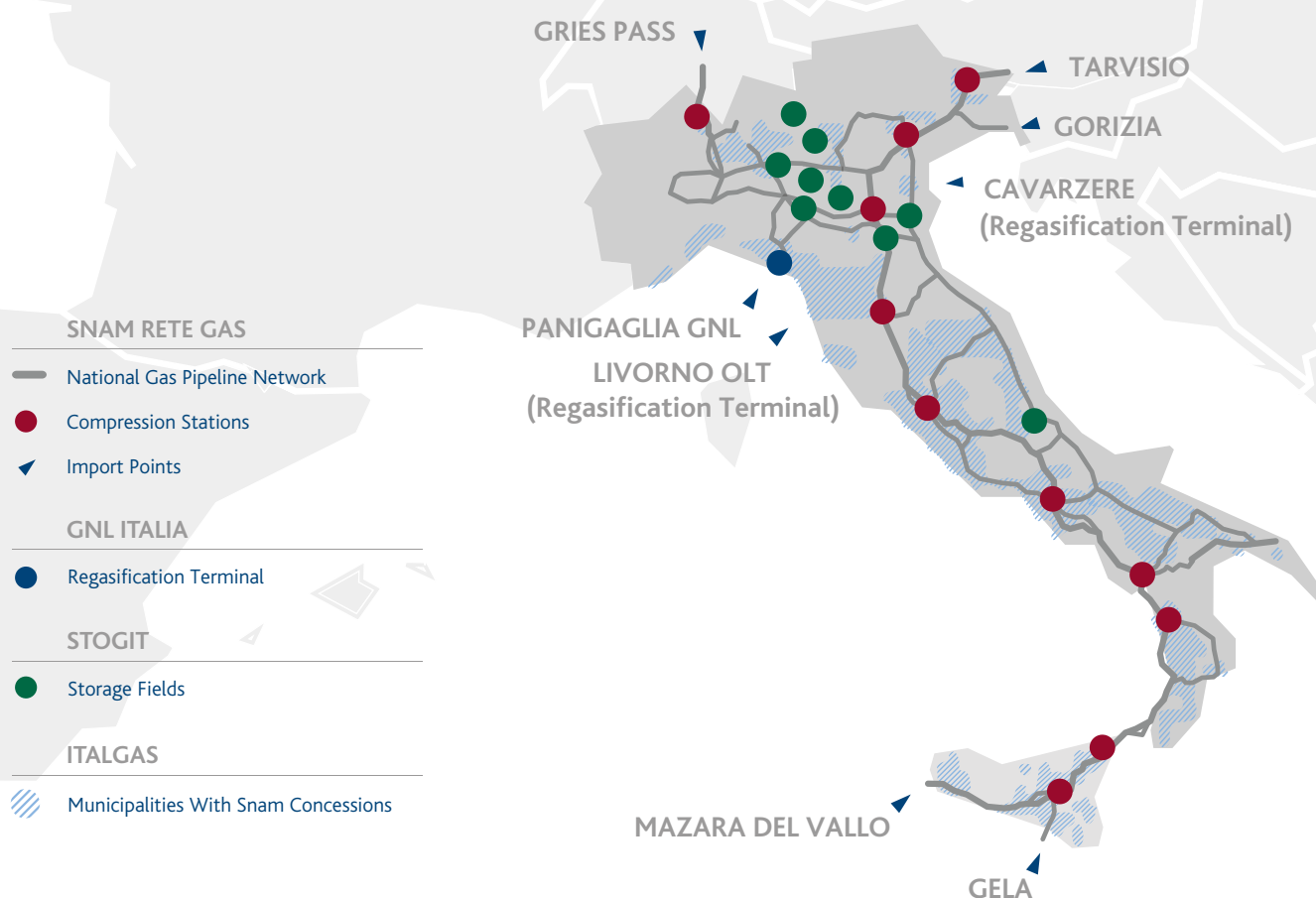
Strategic asset because:

- it secures supply in north-west Europe;
- it represents the final section of the South-North corridor, connecting one of Europe's biggest gas markets to the mainland;
- the bidirectional flow means flexible and diverse sources for the UK and continental Europe.

MAIN ASSETS and PERSONNEL:

- 235-km underwater gas pipeline from Bacton (UK) to Zeebrugge (Belgium);
- one terminal and one compression station at Bacton;
- one terminal and one compression station at Zeebrugge;
- Employees in service: 87.

NATIONAL GAS NETWORK ▸ GRI – G4 : 6



NEW TRANSACTIONS CONTRIBUTING TO SNAM'S INTERNATIONAL GROWTH

In 2015, Snam bought Statoil's 20% stake in Trans Adriatic Pipeline AG (TAP), the company responsible for developing the Southern Gas Corridor as a key channel enabling gas produced in Azerbaijan to be transported to European markets. This transaction marked another significant step in the international growth strategy begun by Snam in 2012 with the acquisition of 31.5% of

Interconnector UK in a joint venture with Fluxys, and continued in 2013 and 2014 with the respective acquisitions of 45% (this stake is now 40.5%) of TIGF in France, with a view to strengthening the Group's leading position among European infrastructure operators, and 84.47% of Trans Austria Gasleitung GmbH (TAG), the company that owns the Austrian section of the pipeline between Russia and Italy, a key asset in the East-West energy corridor, partly because of a potential reverse flow to Central Europe.

Investments and development of manufactured capital

The main investments in the development of new infrastructure were as follows:

- 211 million in works to enable physical transportation flows to be reversed at the interconnection points with northern Europe;
- 85 million in upgrading the transportation network from the entry points in southern Italy and € 67 million in upgrading the network and connecting new regional and national redelivery points;

- 126 million in developing new storage fields;
- 79 million in increasing storage capacity;
- 180 million in extending the distribution networks.

In light of the completed works and asset disposals, the gas pipeline network in operation has increased by a total of 61 km (+0.2% compared with 2013) while the installed power at compression stations has risen by 2.8 MW (+3.1%). Storage capacity is unchanged at 11.4 billion m³.

Gas system safety: an absolute priority and a shared value

The gas that Snam transports on a daily basis serves the energy needs of families and businesses. In this environment, customers and users attach considerable importance to the value of affordable prices and an uninterrupted high-quality service.

This has to be the main objective of the entity responsible for developing and managing the network. However, Snam is well aware that it must not come at the expense of another value that is so important to all concerned: the ability to use gas whenever it is required, whether at home or at work, ensuring the safety and protection of people and their property.

That is why Snam has put safety first, making it a cornerstone of its business culture and instilling it above all in its staff by encouraging the ongoing development of technical and operational skills so that gas is a safe and reliable source of energy for everyone.

Amid this environment of safety, quality and an uninterrupted service are intrinsically linked and represent a shared value.

TRANSPORTATION SEGMENT CONTROLS AND INSPECTIONS

	2013	2014	2015
Network inspected using smart pigs (km)	2,342	1,950	1,315
Network inspected using helicopters (km)	15,400	15,700	16,330

HOW SNAM PRESERVES ITS MANUFACTURED CAPITAL

Operating areas	Main activities	2015 figures
Checks on gas transportation lines	<p>The pipeline route is subjected to regular inspections on foot, by road vehicle and by helicopter in order to identify potentially dangerous situations caused, for example, by third-party work carried out near the pipelines. At the same time, we keep an eye on possible landslides at specific points along the route. The integrity of the pipelines is also monitored internally by devices known as smart pigs, which identify any defects.</p>	<p>We used smart pigs to inspect 1,315 km of network.</p> <p>We inspected 16,330 km of network by helicopter.</p>
Monitoring of the distribution network	<p>The network is monitored using ongoing remote readings of cathodic protection meters as well as manual readings. Our searches for atmospheric gas leaks from street-level pipes provide important additional information about the state of the network.</p> <p>In order that gas which is otherwise colourless and odourless can be detected in the event of a leak, we use odourisation facilities with innovative automatic injection systems that control the amount of odorant based on the volumes of gas distributed. In 2015, we modernised these facilities by installing automatic dosage systems.</p>	<p>We took ongoing remote readings at 9,100 points.</p> <p>We took 25,000 manual readings.</p> <p>We inspected 27,000 km of pipeline.</p> <p>We took 13,000 readings at networks and plants.</p>
Dispatching of gas	<p>Situated at various points along the gas pipeline network of more than 32,000 km are the 11 compression stations controlled directly from the recently renovated San Donato Milanese dispatch centre, which is responsible for keeping pressure at the appropriate level based on demand.</p> <p>Dispatching manages the gas flows in the national transportation network. The main pipelines and the compression stations of the Italian gas system are monitored and controlled remotely from an operations room. A video wall of around 46 m² provides operators with an overview of the national gas transportation network, the main points of interest and the relevant process information.</p>	<p>We performed round-the-clock monitoring and control of gas flows.</p> <p>We guaranteed operations in normal and emergency conditions.</p> <p>We worked with Italian and foreign operators connected to the network.</p>

A MORE EFFICIENT ENERGY MARKET

Snam works closely with other sector operators, its partners, to guarantee the safety of the two-way gas flows between the UK and Italy and France and the Iberian peninsula. This is the first important step towards the European integration of networks. Snam is committed to continuing to develop services for the market, both on its own and with its partners, focusing on production quality in an attempt to satisfy the ever-changing demands of shippers and end customers.

Against this background, Snam favours constructive relationships with regulators and institutions, which are a key part of our social and relationship capital as well as being the stakeholders with the most direct interest and involvement in integration processes. This guarantees that existing reserves are used in full and that additional capacity is developed via a framework able to offer not only stability, continuity and transparency, but also sufficient financial returns to make investment strategies sustainable.

Regulation in Italy	How Snam interacts with the Electricity and Gas Authority
<p>The quality and regularity of relations with the Electricity and Gas Authority play a crucial role in Snam's sustainable development model.</p> <p>Over time, tariff regulations, in particular, have become an essential condition not only for directing investments in the network but above all for extracting the most value from manufactured capital. At present, 97.9% of Snam's turnover is regulated revenue.</p>	<p>Each Group company, within its own remit:</p> <ul style="list-style-type: none"> – responds, whether directly or through industry associations, to the Electricity and Gas Authority's public consultations relating to the various business segments. These are used as a basis for new rules or for revising existing ones; – takes part in technical working groups set up by the Electricity and Gas Authority regarding changes to the regulatory framework; – draws up modifications to the Transportation, Distribution, Storage and Regasification Network Codes which are then submitted to the Electricity and Gas Authority for approval; – takes part in data-gathering exercises and surveys carried out over the course of the year in order to assess the state of the industry or the individual services, and periodically sends data to the Electricity and Gas Authority in compliance with disclosure obligations.
Snam's contribution to European integration	Progress in 2015
<p>The AEEGSI and Snam Rete Gas also operate at a European level within the Agency for the Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Gas (ENTSOG), respectively.</p> <p>These two bodies are, respectively, responsible for developing European guidelines and codes that will contribute towards the creation of a single natural gas market.</p>	<ul style="list-style-type: none"> – Common rules were drawn up on capacity allocation, balancing and interoperability, some of which will come into effect in 2016. – European codes on tariffs were drafted and changes were made to the CAM code on selling new transportation capacity. The legislative approval process is ongoing. – Preparation work was carried out on the Ten-Year Network Development Plan (TYNDP), published in March 2015. – Two Gas Regional Investment Plans (GRIPs) were drawn up, respectively covering the north-south link between Italy and northern Europe and the area of south-east Europe, featuring new guidelines on procuring natural gas from the Caspian Sea region. – Around 20 responses were drafted to public consultations, primarily initiated by the European Commission and ACER. Among the most significant topics up for consultation were EU energy policy developments, particularly the role of gas in the energy mix of the future and how infrastructure can enhance procurement safety, competitiveness and sustainability.

RELATIONS WITH THE ELECTRICITY AND GAS AUTHORITY

Description	Transportation	Storage	Distribution	Regasification
Responses to consultation documents	7	4	9	4
Responses to consultations/observations via associations*	11	6	11	6
Tariff proposals	3	6	8	2
Data-gathering exercises	87	75	136	25
Investigations**	3	-	2	-
Proposed changes to codes and contractual documents***	16	4	1	3
Proposed changes to approved codes and contractual documents	9	2	-	2

* Responses to consultations (Electricity and Gas Authority, Ministry for Economic Development and GME) via industry associations. On one occasion, the Company took part in a technical working group launched in 2015 and involving the Electricity and Gas Authority and industry associations.

** This includes exploratory investigations in the transportation segment.

*** This also includes proposals still being assessed by the Electricity and Gas Authority, including agreements and contracts with operators regarding regulated services.

The importance of tariffs on revenues and financial capital

The clarity, stability and transparency of the regulatory framework for determining revenues and tariffs plays a crucial role in the Company's economic sustainability and is also important for network users, who are affected by the costs of using infrastructure, and investors, who want to be able to predict what sort of return they can expect. Tariff criteria tend to be defined every four years (every six years for the distribution segment). The revenues recognised in all segments are determined in such a way as to guarantee the coverage of operating costs, depreciation and

amortisation and a fair return on net invested capital.

There are also incentives that differ according to the type of investments made over the course of each regulatory period. Every year, each Snam company makes a tariff proposal based on its own revenues that is submitted to the Electricity and Gas Authority for approval.

Regulatory Periods		
SNAM RETE GAS	January 2014	December 2017
GNL ITALIA	January 2014	December 2017
ITALGAS	January 2014	December 2019
STOGIT	January 2015	December 2018

By way of Resolutions 438/2013/R/gas, 514/2013/R/gas, 573/2013/R/gas and 531/2014/R/gas, the Electricity

and Gas Authority approved the criteria for determining the respective tariffs for the fourth regulatory period for regasification, transportation, distribution and storage.

Developing services to improve the market ▷ GRI – G4 : 4

Owing to the growth of services, the number of transportation operators in the Italian gas market has grown continually over the last decade, rising from 30 in 2003 to 139 in 2015. In the last year alone, 65 contracts were entered into for the creation of new delivery/redelivery points or upgrading of existing points, and more than 370 million cubic metres of daily transportation capacity was made available at network entry points. Access to the service was guaranteed to all operators who requested it.

Through Snam's partner platform PRISMA¹, from 1 November 2015, operators have been able to execute gas trades by acquiring transportation capacity on a within-day, daily, monthly, quarterly and annual (up to 15 years) basis during bidding sessions scheduled on the common European calendar published by ENTSOG. This capacity is in either unbundled form, i.e. only inputs to and outputs from the Italian transportation system, or bundled form, i.e. simultaneously buying capacity from Snam and the interconnected operator at the same exchange point, thereby increasing the frequency of transactions. This initiative is part of the European project to harmonise regulations, enabling operators to plan their European gas transportation activities more easily and flexibly.

IMPLEMENTATION OF EUROPEAN CODES

Bookings Via The Capacity Portal	Start Of Day-Ahead Capacity Auctions	Start Of New Secondary Market And Surrendered Capacity	Start Of Annual And Multi-Year Capacity Auctions	Start Of Monthly Capacity Auctions	Start Of Quarterly Capacity Auctions	Start Of Within-Day Capacity Auctions
Luglio 2009	April 2013	September 2014	November 2014	March 2015	June 2015	November 2015

In 2015, the available storage capacity increased from 11.4 billion standard cubic metres to 11.5 billion standard cubic metres (16 billion if strategic storage is included) after the first 100 million cubic metres of the field at Bordolano was made available. There was full take-up of the offered capacity for the 2015/16 thermal year, with demand outstripping supply as early as the June 2015 auction.

¹ PRISMA is an international project involving 37 European gas transmission operators from 16 countries. Its goal is to encourage harmonised service delivery and access rules and facilitate the creation of a single European gas market by offering transportation capacity through a single shared digital platform.

In order to manage trades between operators and relations with them, over time Snam has developed unique IT systems and online portals that are continually being enhanced.

IT SYSTEMS AND ONLINE PORTALS: ANOTHER PART OF OUR INTELLECTUAL CAPITAL

Systems/ portals	Task	Major innovations of the year
Logistica Gas software	To manage the commercial processes of daily planning, allocation and provisional and definitive balances.	Gestisce anche del MWh - la nuova unità di misura impiegata al posto del GJ - nei processi di nomina, rinomina e allocazione. Non appena l'Autorità ne disporrà la decorrenza, sarà in grado di gestire anche il processo di riprogrammazione infra-giornaliera, che consentirà agli Utenti di equilibrare le proprie posizioni di bilanciamento, e di sfruttare appieno le potenzialità del conferimento di capacità infra-giornaliera.
VTP software	To provide a point between supply and demand where bilateral trades of natural gas can take place on a daily basis, and to keep a record of these trades.	We updated the software to enable market operators to deliver to the Italian VTP gas futures negotiated on a third-party stock exchange, thereby expanding the range of derivatives and making the Italian market more liquid and integrated with other European markets.
ServiRe portal	To enable users to digitally manage the process of organising an alternative supply in the event of transmission service interruptions on SRG's pipeline network, the dumping and opening of redelivery points on the transportation network and the management of round-the-clock customer support centres at transport service users, distributors and owners of plants connected to the pipeline network.	We upgraded the portal to enable the use of a single channel of communication and real-time monitoring of request statuses, thereby making it easier for users to manage their related activities.
Stogit capacity portal	To manage the process of entering into storage capacity agreements.	We fine-tuned the auction allocation processes for peak and uniform modulation storage services. We completed, optimised and consolidated the previously implemented capacity transfer, contract and billing processes.
SAMPEI portal	To manage storage contracts in terms of gas movement and reserves.	We added calculation of the Ru factor used to establish the injection capacity of each individual user, automatic management of flows for the publication of data on the AGSI European portal and management of gas pledged in favour of the balancing operator. We developed functionalities for the management of several daily re-nomination cycles in compliance with Regulation (EU) 312/2014. Pursuant to the obligations mentioned in Regulation (EU) 1227/2011 (REMIT), Stogit's users must send a daily update on their reserves to ACER. The SAMPEI portal will be amended so that this information can be sent to ACER on behalf of each individual user.

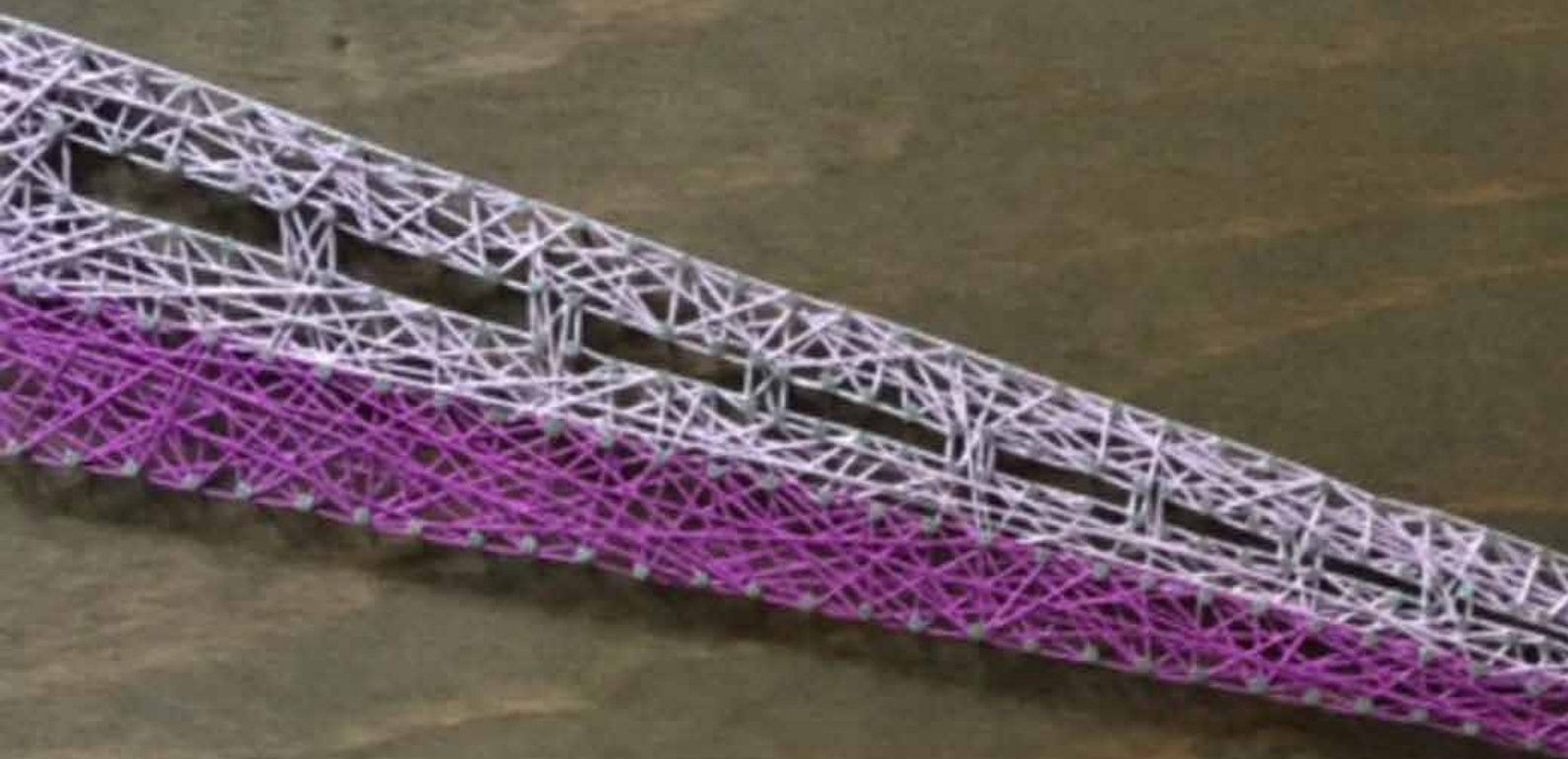
Snam's commitment to quality of service

Since 2011, our process for defining all transportation capacities has been ISO 9001 certified. This certification, which was renewed in 2015, is proof of Snam's ongoing commitment to developing quality systems from software used to model networks and solve the fluid dynamics equations that regulate physical gas flows. In this regard, we are currently attempting to obtain ISO 9001 certification for all processes linked to Snam Rete Gas's transportation business.

QUALITY DELIVERED (WITH REGARD TO NETWORK CODES)

	2013	2014	2015
Transportation			
Transportation capacity allocated under contract / Available transportation capacity (entry points – foreign interconnection points) (%)	87	85	85,6
Compliance with time frames for issuing connection offers (%)	100	100	100
Compliance with time frames for providing services subject to specific commercial quality standards (%)	100	100	100
Interruptions carried out with adequate warning (%)	93	95	92
Regasification			
Rispetto del tempo massimo per l'accettazione delle proposte di programmazione mensile delle consegne (%)	100	100	n.r.*
Compliance with maximum interruption/reduction of capacity for maintenance work at the terminal (%)	100	100	100
Storage			
Storage capacity allocated under contract / Available storage capacity (%)	86	100	100
Compliance with time frames for providing services subject to specific commercial quality standards (%)	100	100	100
Connection flow lines subject to supervision (%)	76	76	76
Total capacity not made available following service interruptions/reductions (%)	0	0	0
Distribution			
Compliance with time frames for providing services subject to specific commercial quality standards (%)	98.7	99.3	98.0
Timeliness in customer appointments (%)	99.5	99.3	98.4
Share of high- and medium-pressure network subjected to inspection (%)	37.2	46.3	49.2
Share of low-pressure network subjected to inspection (%)	35.1	44.4	45.5
Compliance with emergency response call-out time (%)	98,3	97.2	96.1

* n.r. = no response received



Shipper's Day

In 2015, Snam Rete Gas organised this dedicated event for shippers and traders in an attempt to highlight the major challenges facing the gas market following the increasing harmonisation of European regulations, present the Company's strategic direction and engage in more discussion and debate on

the issues affecting products and services available as part of an increasingly flexible range. The event was also an opportunity to share the results of our latest customer satisfaction survey and highlight the improvements we have made in response to users' testimonials as we try to continually enhance the quality of the services we provide. Nearly 200 people took part in the event, representing around 90 companies.

THE MORE OUR CUSTOMERS ARE SATISFIED, THE GREATER OUR REPUTATION AND SOCIAL AND RELATIONSHIP CAPITAL > GRI – G4 : 26, 27

Customer satisfaction in storage

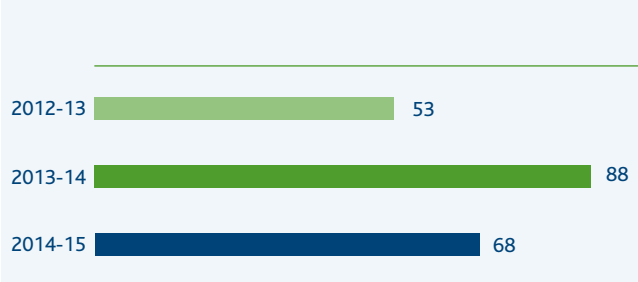
The level of storage users' satisfaction with regard to the clarity of the code, the availability and efficiency of information services and commercial management is measured every year. During this survey, we also welcome suggestions from users with a view to drawing up steps that should be taken to improve the areas covered by the questionnaire.

Data from the 2015 survey

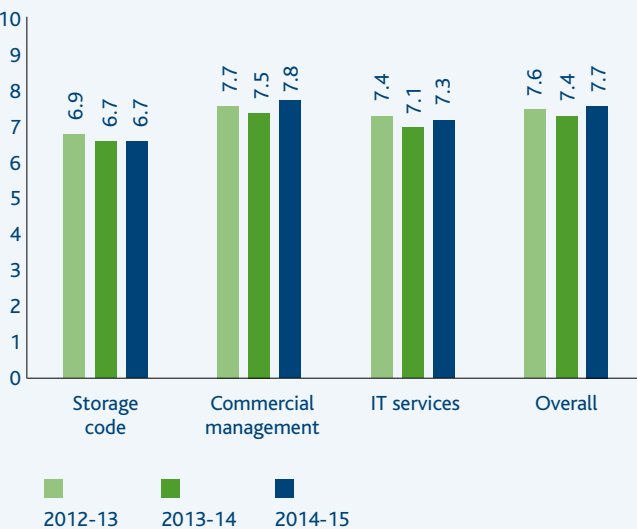
- We surveyed 73 customers who moved gas through the storage system in the 2014/15 thermal year.
- We received responses from 50 customers, giving a response rate of 68% (88% in 2014). The opinions provided show that we have considerably improved the service we offer.
- We continued to meet with customers, particularly those who acquired storage capacity for the first time in 2015. These included traders as well as the usual shippers.

Result

RESPONSE RATE BY THERMAL YEAR (%)



AVERAGE SCORE BY THERMAL YEAR (n.)



Customer satisfaction in transportation

The survey conducted in 2015 was our fourth such exercise and was carried out using innovative software that enabled users to fill out the questionnaire online.

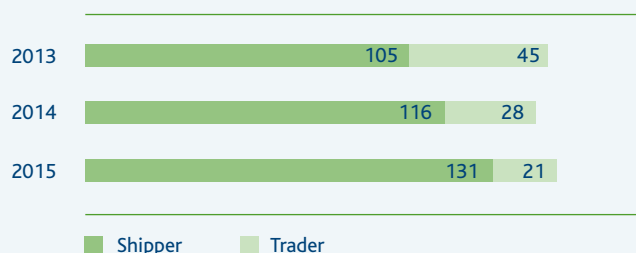
We surveyed users' satisfaction with the quality of services offered in the transportation and balancing segments, the commercial changes introduced in 2015, partly as a response to previous surveys (the Logistica Gas software, the kWh metering unit and allocation using the PRISMA platform), and possible changes to the commercial services we offer.

Data from the 2015 survey

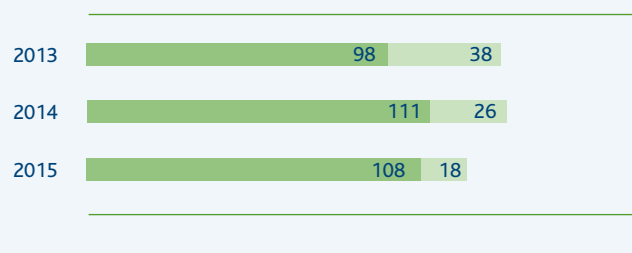
- We surveyed all shippers and traders with which Snam Rete Gas interacted in the 2014/15 thermal year.
- A total of 126 operators filled in the questionnaire, meaning a response rate of over 83%.
- In all, 90% of respondents said they were satisfied or very satisfied with the stakeholder engagement initiatives carried out by Snam Rete Gas to improve the services it offers and encourage effective relationships with its stakeholders.

Result

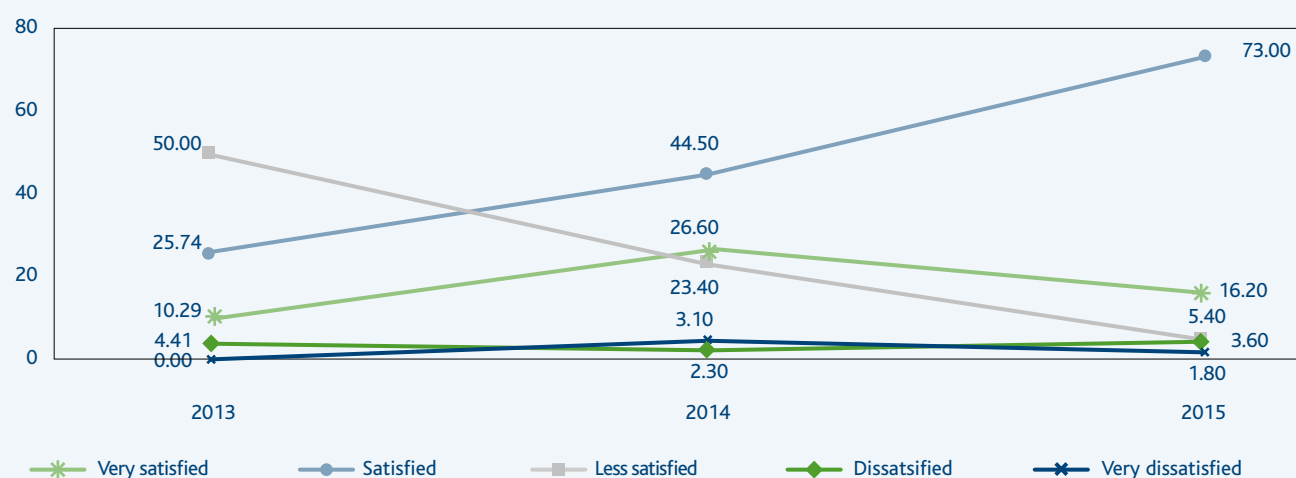
QUESTIONNAIRES SENT OUT (NO)



QUESTIONNAIRES RECEIVED BACK (NO)



RATINGS ON THE CUSTOMER SATISFACTION INITIATIVE



LEGALITY AND SAFETY DEVELOPED THROUGH HUMAN CAPITAL

Legality and safety are fundamental requirements of our Company: they help to promote the rounded development of our staff, both at work and in their personal lives. Above all, however, they can be used as the building blocks for our set of corporate values because they are an example of how individual responsibility goes hand in hand with the common good.

Using our own regulatory system, we have defined rules and best practice to comply with anti-corruption and crime laws and to safeguard workplace health and safety. Snam's listening and engagement activities surrounding these issues have become central to our approach to compliance because, as part of broader educational and relationship efforts, they can make our systems exponentially more effective.

Snam has a unique culture of safety and legality, and this is a value it shares with its stakeholders.

Anti-corruption ► GRI – G4: 56, SO3

Snam has long been committed to implementing its anti-corruption compliance programme, which this year focused on training executives and managers as well as staff working in the areas of the Company deemed to be most susceptible to corruption. Overall in 2015, we delivered 3,025 training hours to 1,920 participants on the Code of Ethics, Model 231 and anti-corruption.

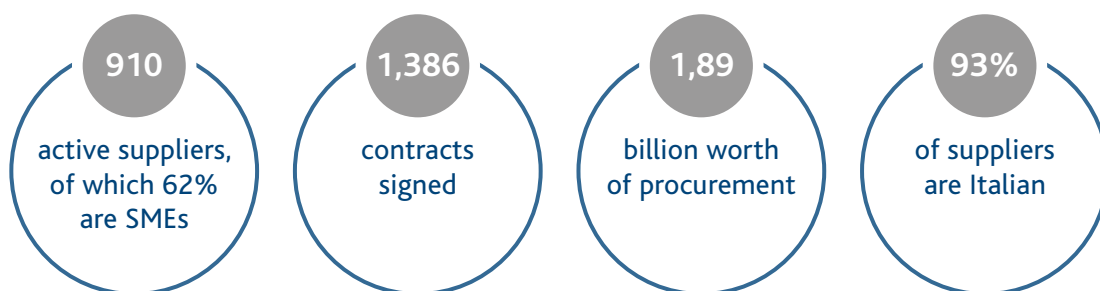
In 2015, Snam also wanted to step up its anti-corruption oversight vis-à-vis suppliers. Our supply chain is spread throughout Italy and we are strongly linked to it: those who supply us with goods and services are an integral part of our human capital and help to create value because they are directly involved in the core processes of developing and maintaining the infrastructure network.

Snam believes that creating valuable partnerships with its suppliers means, above all, having transparent and ethical relationships with them in full compliance with the principle of free competition, and involving them in our long-term performance with a view to enjoying reciprocal growth in compliance with the law.

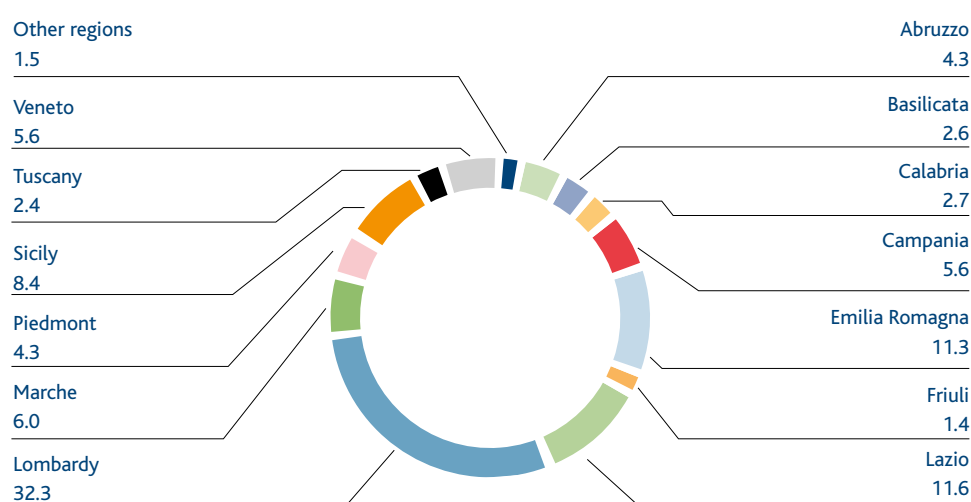
In order to formalise this reciprocity, Snam asks its suppliers to sign up to an Ethics and Integrity Agreement that aims to ensure transparent relations, professional morality throughout the supply chain (including subcontractors) and for the entire duration of the relationship, and powers to intervene in the event of non-compliance or breaches, under the terms and conditions established in Group procedures.

In 2015, Snam wanted to dedicate part of its annual event "Quality and transparency in company-supplier relations" to transparency and anti-corruption. Over 420 participants, comprising Snam personnel and suppliers, took part in the workshop, which was also attended by senior management.

SNAM'S 2015 PROCUREMENT DATA ▸ GRI – G4: 12, EC9



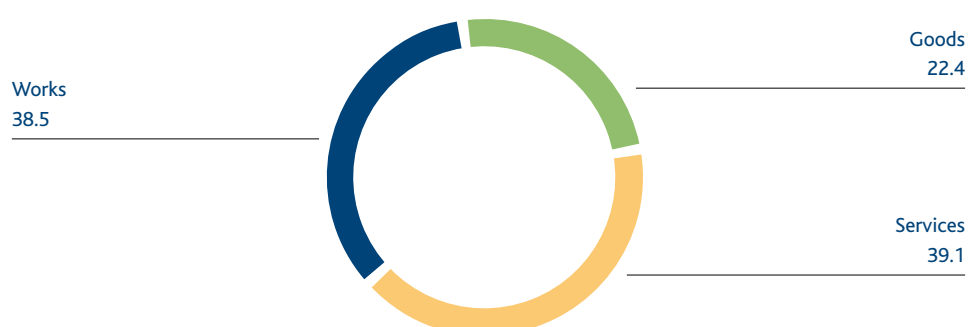
GEOGRAPHICAL DISTRIBUTION OF ITALIAN PROCUREMENT (%)



Trust - an essential element of our sustainable development model

Businesses that want to provide goods, works or services to Snam Group companies do not only have to satisfy our quality, price and reliability requirements but also share our passion for innovation and our commitment to reducing social and environmental risks and impact throughout the supply chain, committing themselves to a clear and responsible relationship.

PROCUREMENT BY TYPE (%)



VENDOR MANAGEMENT IN 2015

Phases	Activities	2015 data
Checks during the qualification phase	<p>Assessment is based on key issues broken down into four different levels (A, B, C, D) allocated to each category of goods depending on technological complexity and impact on Snam's performance.</p> <p>Many elements are assessed, starting with technical and operational capabilities. We pay particular attention to the candidate's financial reliability and to their commitment to workplace health and safety and environmental protection.</p> <p>We have further requirements relating to the most critical categories of goods (A and B), such as possessing management systems that have been certified in accordance with international standards.</p>	<p>We audited 19 key suppliers at the qualification stage</p> <p>295 suppliers were subject to renewals and new allocations</p> <p>As at 31 December 2015, there were 2,547 suppliers on the vendor list.</p>
Service monitoring during the contract execution phase	<p>Monitoring includes audits, inspections and assessments of services with the help of the teams responsible for managing the contracts.</p>	<p>We got 1,300 pieces of feedback from 243 suppliers</p> <p>We performed 6,750 checks on 1,862 suppliers and subcontractors as to the regularity of their social security contributions, uncovering 308 irregularities (4.6%).</p>
Performance evaluation	<p>Snam uses a ratings index that assess compliance with technical and HSE contractual requirements (Quality), compliance with delivery deadlines (Punctuality) and relations for the duration of the contract (Conduct). We periodically send our evaluation to the suppliers in the form of analysis.</p> <p>Snam is entitled to limit, suspend or revoke the qualification of any supplier that falls short of the agreed standards. This may occur in the event of failure to meet technical and organisational requirements, a negative evaluation of services provided by the supplier or its subcontractors, or failure to comply with measures regarding social security contributions or rules in Snam's Code of Ethics.</p> <p>Suppliers who manage to complete their gas infrastructure construction or maintenance work with no accidents will be rewarded in their score.</p>	<p>There were 92 instances of non-compliance, for which we issued warnings, suspensions or revocations.</p>

The Supplier Portal – transparent and efficient

Snam's Supplier Portal, the online platform that has quickly become the main instrument through which suppliers can get in touch with Snam, has been active since 2013. The portal is at the heart of Snam's procurement policy, enhancing the daily operations of all those involved in managing the entire supply chain. It contains information, analysis, best practice (for example on employee health and safety, human rights and respect for the environment), documents, updates on supplier qualification procedures, tenders and access to e-business. It also contains the most important

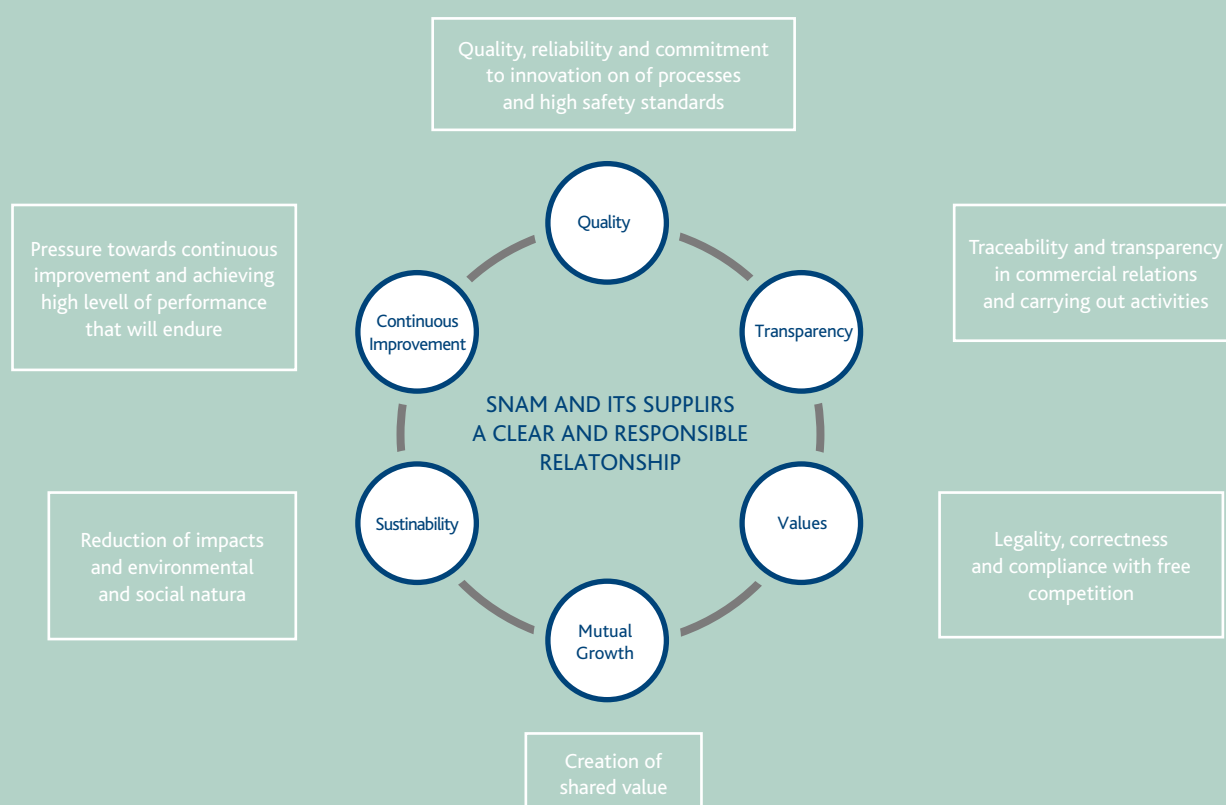
data and indicators on Snam's procurement, helping to make information more complete and transparent. At present, around 1,500 suppliers are registered to the portal, up 50% on the previous year, and each of them has a private area through which they can access information on the segments for which they are qualified suppliers, their current agreements, workplace safety performance, administrative items and forms. We made additions to the various sections of the portal in 2015 to improve the levels of dialogue and knowledge sharing with our suppliers. More than 89,000 people (+7% on 2014) visited the portal in 2015, accessing it over 234,000 times (+5%).

Annual workshop for strengthening Company-supplier relations

Snam once again held its annual workshop for suppliers, giving it a chance to talk with its suppliers, consolidate quality standards throughout the supply chain and share its model of sustainable growth.

We discussed topics such as high-quality and transparent relations with suppliers, sustainability and shared value as a lever for responsible corporate growth, and the importance of quality, safety and environmental certification with regard to reputation and competitiveness. We focused, in particular, on workplace safety and the high standards of environmental protection to which the Group and its suppliers are asked

to adhere. Dedicated working groups tackled subjects like the Ethics and Integrity Agreement with suppliers, the subcontractor management system, the supplier qualification and assessment system, the eco-friendly and sustainable solutions for constructing and maintaining buildings and plants, enterprise risk management, and safety at Snam Rete Gas construction sites and Stogit and GNL Italia facilities. Another working group was dedicated to presenting Italgas's new model for managing construction site activity. Going forward, these initiatives represent the basis on which Snam will ensure quality, transparency and cooperation in its relationships with the supply chain – crucial elements for the growth of the Group as a whole and for the entire community.



All A and B suppliers in the "Works" category have ISO 9001 and ISO 14001 certified quality and environmental management systems, while 95% have OHSAS 18001 certification (employee health and safety). We aim to get this second percentage up to 100% by the end of 2016.

KEY PERFORMANCE INDICATORS (KPIs)

KPI description	Date of KPI	Target	Result 2015	Segment	Status of activity
Portion of A and B "Works" suppliers that are OHSAS 18001 certified	2014	Reach 90% by 2015	95	Snam Group	○

○ Target achieved
 ○ Annual target achieved (KPI with targets for more than 1 year)
 ○ Activity in progress
 ○ Target not achieved

SUPPLIER DISPUTES (NO.)

	2014	2015
Total number of disputes outstanding at end of year	22	23
Disputes entered into during the year	7	8
Disputes resolved during the year	16	13

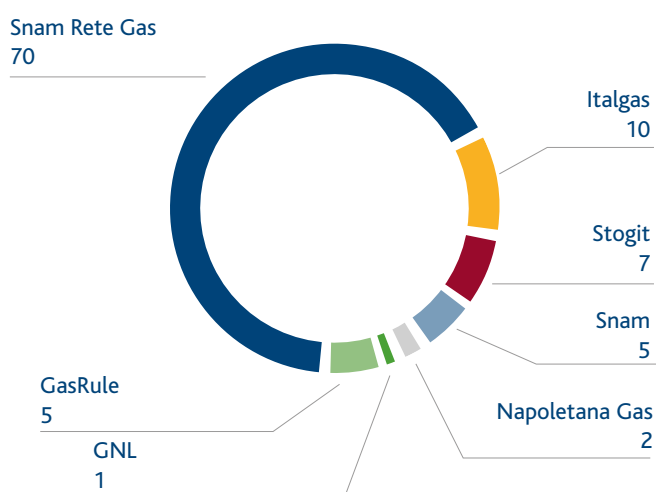


Supplier due diligence

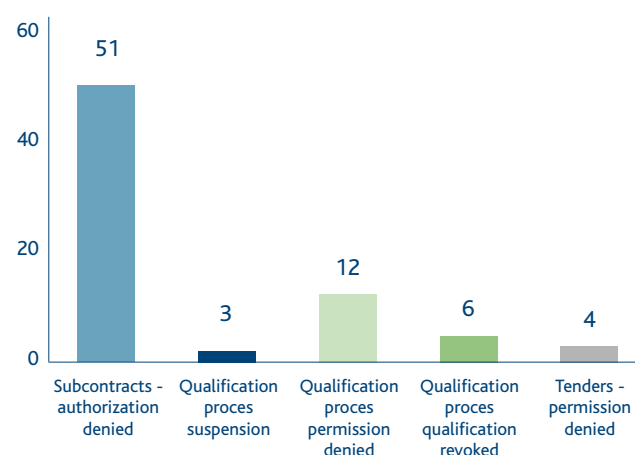
In 2015, more than 2,000 reputational checks were carried out on suppliers, subcontractors and potential suppliers of the Snam Group. The checks covered: subcontract authorizations (1,083), supplier qualification processes (1,000) and participation in calls to tender (79).

The checks revealed 461 reputational alerts. As a result of the checks carried out on reputational alerts by the assessment team, 76 disciplinary measures were adopted.

REPUTATIONAL CHECKS BREAK-DOWN BY GROUP COMPANY (%)



MEASURES ADOPTED (NO.)



Suppliers Ethic Agreement

For a shared business culture of integrity - legality

- Fighting public and private corruption.
- Rejecting all direct and indirect crimes against government, however they are committed.
- Fighting mafia infiltration into the legal economy.
- Protecting and safeguarding the environment to ensure sustainable development for future generations.
- Safeguarding workplace and construction site health and safety.
- Upholding the freedom of association and collective contracts, and preventing forced labour and the economic exploitation of minors.
- Complying with the principles of proper competition.

SUPPLIER SUSTAINABILITY ANALYSIS ▷ GRI – G4: EN32, EN33, LA14, LA15, HR10, HR11

Suppliers ⁽¹⁾	Number			Employment practices ⁽²⁾			Environmental criteria			Human rights ⁽³⁾		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Goods												
Qualified suppliers	1,538	1,472	867	36.7%	37.9%	44.4%	36.7%	37.9%	44.4%	100%	100%	100%
of which A and B level	262	227	160	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	71	129	56	35.2%	25.6%	60.7%	35.2%	25.6%	60.7%	100%	100%	100%
of which A and B level	9	17	10	100%	100%	100%	100%	100%	100%	100%	100%	100%
Works												
Qualified suppliers	504	474	415	61.3%	73%	72.8%	61.3%	73%	72.8%	100%	100%	100%
of which A and B level	122	141	124	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	66	115	37	48.5%	70.4%	78.4%	48.5%	70.4%	78.4%	100%	100%	100%
of which A and B level	15	51	9	100%	100%	100%	100%	100%	100%	100%	100%	100%
Services												
Qualified suppliers	3,163	2,391	1,819	38.6%	41.9%	36.8%	38.6%	41.9%	36.8%	100%	100%	100%
of which A and B level	235	269	218	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	216	401	131	28.2%	30.4%	43.5%	28.2%	30.4%	43.5%	100%	100%	100%
of which A and B level	15	48	22	100%	100%	100%	100%	100%	100%	100%	100%	100%

¹ A supplier may hold several qualifications for different categories.

² Aspects relating to health and safety.

³ Aspects relating to ethics (regularity of social security contributions, Law 231, child labour, forced labour, etc.).

Keeping our human capital safe ▷ GRI – G4: LA6, LA9

Over the years, Snam has managed to reduce the number and severity of accidents suffered by its employees and contractors. We are focused on workplace safety to the extent that bonuses awarded to our managers and executives depend partly on meeting targets in this area. In spite of this, in 2015 there were three fatal incidents involving our employees: one during an inspection to find a gas leak in a city centre, one during work on a gas distribution pipeline and one following a sudden illness that can probably be attributed to natural causes. There was also one fatal road accident during an employee's commute.

Thanks to our stakeholder engagement efforts and monitoring and awareness-raising initiatives, we managed to reduce the supplier accident frequency index by 27% compared with 2014 and keep the severity index at a low level.

HOW SNAM WORKS TO PREVENT ACCIDENTS

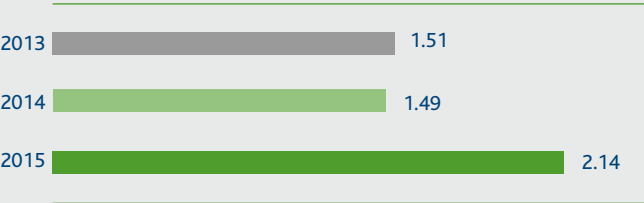
Management strategies	Actions
Centralising operating systems	In 2015, we continued to implement and align documents and procedures, and we extended these practices to our suppliers.
Reducing the risk factors typically associated with our work	<p>An in-depth analysis of the causes of accidents can identify possible measures for eliminating, mitigating or correcting risk factors by performing organisational, technical or operating solutions on equipment, plants, workplaces, and by implementing certain methods of operation and conduct.</p> <p>The actions and results arising from our accident survey are subjected to further analysis at regular safety meetings, during which staff are informed about the causes of accidents and the measures taken to prevent them.</p>
"Project Safety" (improvement and prevention plans)	<p>In 2015, our improvements focused mainly on educating and raising awareness among staff, with a view to promoting safe and careful conduct, on complying with operating and safety procedures and on the correct use of work equipment and protective measures.</p> <p>In addition, we have our "Zero Accidents Award", whereby employees commit to achieving 365 consecutive days with no accidents at work on their commute. Every year, the winning team receives a significant reward.</p>
Specialist training	We provide classroom and on-the-job technical and professional training on these issues, favouring teaching by our own experts and calling on high-quality external training entities and institutions where appropriate.
Supplier engagement	<p>Suppliers are evaluated carefully at the qualification stage and then controlled and monitored via feedback and inspections during the work execution phase.</p> <p>Each year, we hold regular workshops with suppliers to present to them the Company's strategic plans and to share best operating practice in safety, environmental and transparency matters.</p>

WORKPLACE ACCIDENTS (NO.)

	2013	2014	2015
Total employee accidents	15	15	22
Total contractor accidents	22	16	12

EMPLOYEE WORKPLACE ACCIDENTS (NO.)

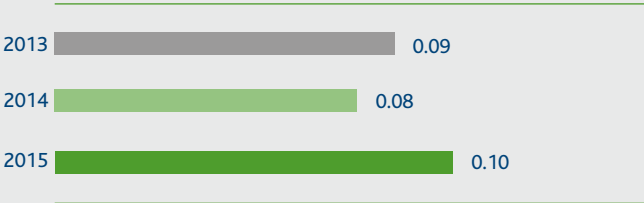
Frequency



Number of non-commuting accidents, resulting in at least one day off work, per one million hours worked.

EMPLOYEE WORKPLACE ACCIDENTS (NO.)

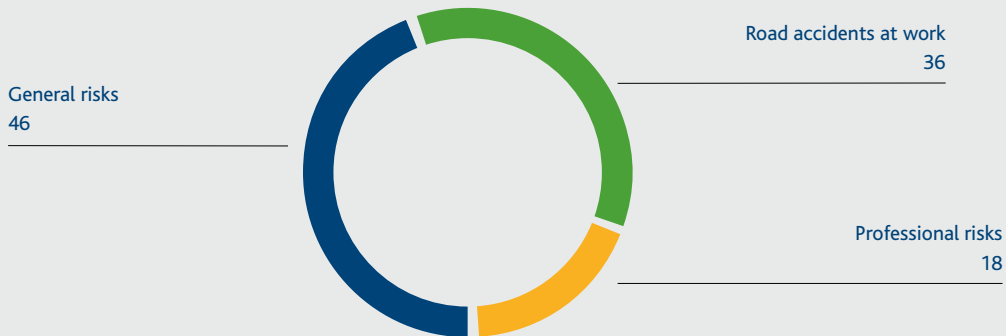
Severity



Number of working days lost, as a result of non-commuting accidents leading to at least one day (calendar days) off work, per one thousand hours worked. Data do not include fatal accidents.

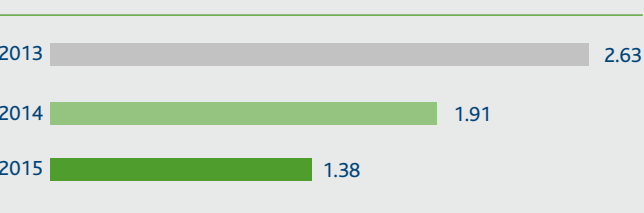
The increase in the frequency of accidents is due, in the main, to gas distribution activities where a greater number of accidents were recorded than in the previous part, also partly as a result of new companies joining the corporate scope.

CASES OF EMPLOYEE ACCIDENTS (%)



CONTRACTOR WORKPLACE ACCIDENTS (NO.)

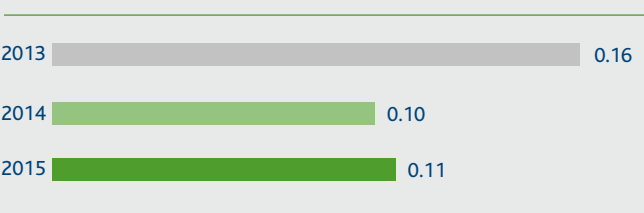
Frequency



Number of non-commuting accidents, resulting in at least one day off work, per one million hours worked.

CONTRACTOR WORKPLACE ACCIDENTS (NO.)

Severity



Number of working days lost, as a result of non-commuting accidents leading to at least one day off work, per one thousand hours worked.

HEALTH AND SAFETY TRAINING (NO.)

	2013	2014	2015
Training hours delivered	34,641	53,433	20,722
Participants	4,255	5,886	3,629

"ZERO ACCIDENTS" YEAR IN 2015*

Company	Grouping
Snam Rete Gas	North District, Stations, Operations (S. Donato), South-West District, Sicily District, North-West District, Staff (S. Donato), West Central District, South-East District
Italgas	South Distribution Networks Project, North-East District, Rome Gas Distribution, North-West District, Palazzo Uffici HQ in Turin, Sicily District, Central District
Stogit	Fiume Treste Operating Unit, Crema (HQ), Ripalta-Sernano Operating Unit, Cortemaggiore-Bordolano Operating Unit, Brughiero-Settala Operating Unit, Minerbio-Sabbioncello Operating Unit
Napoletanagas	The whole company
Gnl Italia	The whole company
AES	The whole company

* Groupings that completed 365 days with no accidents in 2015. Project not in force at Snam Corporate, Acam Gas and Gasroule.

Looking after health ▷ GRI – G4: LA7

Snam's employees are not at high risk of contracting occupational illnesses. Those members of staff who are exposed to particular risks receive regular health checks from a doctor-led team based on specific healthcare protocols defined in accordance with the particular risk faced. In addition, specialists will come out to visit them if required. We carry out key surveys in particular working environments designed to monitor microclimatic, biological and physical agents.

We give specific courses of preventive medicine to members of staff who have to travel outside Europe, and we test for alcohol consumption at some sites to check that the ban on drinking in the workplace is being upheld. Lastly, Snam promotes various employee healthcare initiatives through its corporate welfare system.

HEALTHCARE MONITORING (NO.)

	2013	2014	2015
Medical visits	2,674	2,630	2,766
Periodical medical visits	2,610	2,387	2,190
Diagnostic examinations	2,989	2,203	3,827
Environmental surveys	260	532	245
Occupational illnesses diagnosed	0	0	0

WORKPLACE HEALTH PROMOTION (WHP)

As part of its Workplace Health Promotion, nine of Snam's premises in Lombardy have been recognised as "places of work that promote employee healthcare".

In 2015, the programme focused on "Road safety and sustainable mobility" and "Alcohol and drugs". Both initiatives aim to propose and promote practices and habits that, if adopted at work, can also be beneficial in our employees' personal lives.

"Road safety and sustainable mobility" initiatives

- A new company vehicle usage and management procedure with detailed organisational methods for vehicle use, useful information for drivers, a control and maintenance system to keep the vehicles in good condition and a series of measures for locating vehicles.
- Identification of criteria for purchasing new company vehicles, particularly better safety features and alternation between summer and winter tyres.
- Feasibility of specific training on safe driving.
- Assessment of initiatives to encourage the use of public transport.
- Assessment of special agreements for the purchase of road safety equipment (child seats, helmets and motorcycle armour).

"Alcohol and drugs" initiatives

- A course on the risks of alcohol consumption and infographics aimed at raising employees' awareness about certain myths regarding alcohol and about the effects and risks arising from the abuse of alcohol.
- New corporate rules banning the sale, administering and consumption of alcohol at workstations, in canteens and anywhere where employees can use a meal voucher, in accordance with our commitment to being an alcohol-free company.

WHP PROGRAMME PHASES 2014-16



WORKERS RECEIVING REGULAR HEALTH CHECKS (NO.)

	2013	2014	2015
Total number of workers exposed	4,027	3,553	4,210
Workers who sit at a computer station	3,270	2,712	3,574
Workers with responsibility in an emergency	841	832	862
Workers exposed to chemical agents	326	135	185
Workers responsible for moving heavy loads	104	99	147
Night workers	84	88	77
Workers exposed to noise pollution	19	145	76
Workers at risk for other reasons	351	375	357



HOW HUMAN CAPITAL CONTRIBUTES TO CHANGE

▷ GRI – G4: LA1

It is becoming increasingly difficult to grow a business in the European gas market because it requires diverse skills, teamwork and an ever greater capacity to innovate. This means improvements to human capital are crucial in continuing to create value.

Snam has always benefited from high levels of technical and managerial ability, know-how, innovation and vision. Every year, the Company works hard to strengthen its systems and policies for shaping leadership and employee performance, giving staff all the tools they need to be agents of change.

In this way, the Snam Group supports its objective of widespread leadership, giving each position a function and responsibility in relation to achieving specific corporate targets and evaluating the results in a transparent manner. On this basis, in 2015 we implemented our new management skills development model which, together with our new performance evaluation system, shapes personal development programmes in accordance with our business development strategies.

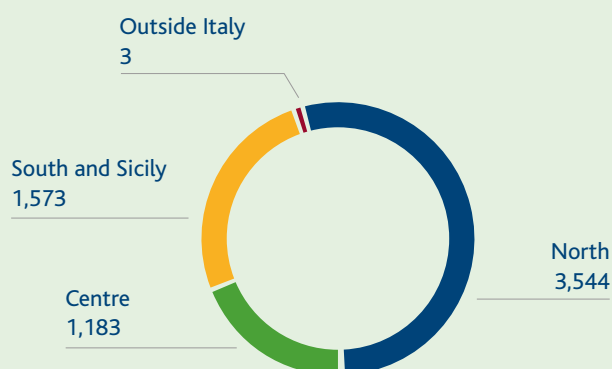
Surveys have shown that our employees feel a strong sense of belonging, and we can use this to make them active and contributory participants of change by continually improving the way we share information and communicate with them.

In so doing, we have the outline of a new agreement between the Company and its people: Snam commits to offering new growth opportunities to those who give us their talent and skills; our staff commit to seeing change as a chance to acquire new skills and accelerate their own personal development. This is a cultural shift that Snam has chosen with a view to creating an even more dynamic, open and competitive company.

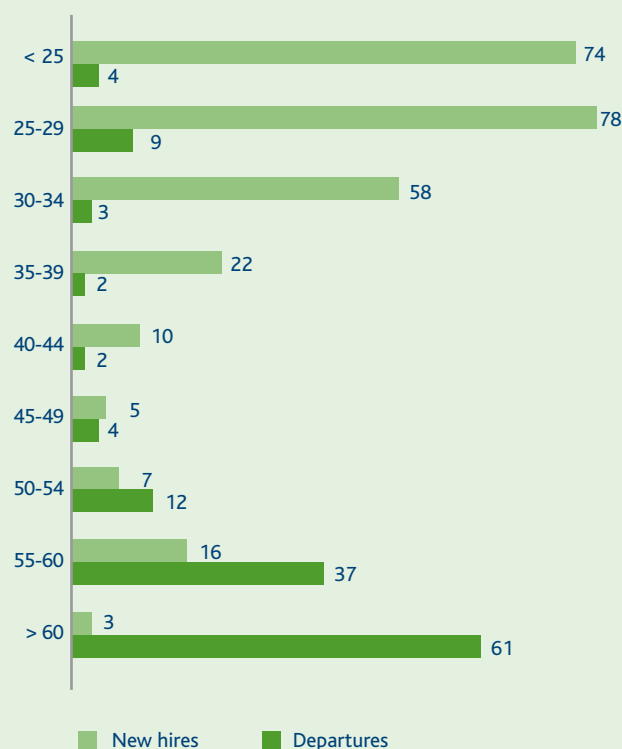
SNAM GROUP WORKFORCE (NO.)

	2013	2014	2015
Executives	116	124	129
Managers	579	602	629
Office workers	3,271	3,280	3,435
Manual workers	2,079	2,066	2,110
Total employees	6,045	6,072	6,303

EMPLOYEES BY GEOGRAPHICAL AREA (NO.)



NEW HIRES AND DEPARTURES IN 2015 BY AGE BRACKET (NO.)

**"LEADERSHIP DEVELOPMENT PROGRAMME"**

For the second consecutive year, Snam has moved ahead with its programme for the development of managerial skills (for younger employees, to stimulate growth and favour their participation) and international teamwork capabilities.

In 2015, more than 100 people selected from amongst High Flyers (young employees with top performance, high potential and the motivation to grow), managers, executives and middle managers with high performance and potential participated in the programme.

The managers, executives and middle managers with high potential began a two-year course - designed in collaboration with SDA Bocconi School of Management - which will be completed in 2016

and aims to expand the vision of the business during Snam's evolution in Europe.

Some of the main topics addressed by the course were: Communication and Negotiation; Economic/ Financial Aspects; Business; Market and Global Customers. In addition to lessons in the classroom, the programme also includes periodic meetings and project work, the results of which were presented to the company's top management.

High Flyers have been engaged in a two-year programme which will be completed in 2016, on topics such as the basics of economics and communication techniques. Participants also took part in project work and a business game, which highlighted trends in competitive compared to regulated environments.

The Snam managerial skills model

The Snam Managerial Skills Model was developed and implemented in 2015. With the contribution of Group executives, 7 critical managerial skills were established based on the identification of observable behavioural indicators. Those evaluated - all company managers and executives - also benefit from a two-year development plan created by the evaluator and the evaluated employee, in order to develop one or two of the most critical skills identified.

Italgas Change Management Plan





In 2015, in synergy with the parent company Snam, Italgas launched a systematic Training and Change Management plan to accompany the development of corporate activities. The Plan began with a workshop involving all executives entitled "Protagonists of our Future", focused on sharing outlooks for Italgas, the new organisation and the initial activities that await the Company. Subsequently, more than 150 district heads and operations and staff managers participated in a training session, "Let's measure the distance", on innovative change management procedures in terms of content and proactivity, which made it possible to detect gaps for the transition to a model featuring greater responsibility and empowerment.

Teaching new skills and professional capabilities ▷ GRI – G4: LA9, LA10, SO4

To follow up on the commitments made in prior years, the training Key Performance Indicators (KPI) have been confirmed for the 2014-2015 two-year period, pre-setting a quantitative target to be reached both in the provision of average hours per employee and in staff involvement. The two targets pre-set for the year have been surpassed.

KEY PERFORMANCE INDICATORS (KPI)

KPI description	KPI date	Pre-set target	Target achieved in 2015	Sector	Status of activity
Average hours per employee (no.)	2013	Achieve 25 in 2015	25.5	Snam Group	○
Involvement of corporate population (%)	2013	Achieve 83% in 2015	84.7	Snam Group	○

 Target achieved
  Annual target achieved (KPI with targets for more than 1 year)
  Activity in progress
  Target not achieved

Training is conducted in classrooms and on-the-job, favouring in-house teaching from experts and, where appropriate, collaborating with external training institutions and organisations of excellence. E-learning modules are used for the widespread dissemination of specific knowledge.

In light of its greater opening to the international market, Snam remained committed to online language training courses provided, with various teaching methods and degrees of detail, to executives, managers, office workers and manual workers. In 2015, approximately 80 employees took advantage of advanced language training through half-year courses with individual lessons and periods of study abroad.

MAIN TRAINING INITIATIVES

Description	Hours provided (no.)	Participants (no.)	Recipients
Management training: initiatives to support new development systems (managerial skills), new courses for the improvement of critical soft skills, etc.	4,768	639	Executives, middle managers and office workers
Management Training: Leadership Development Programme	2,990	284	High Flyers, experts, managers
Management Training: Recent graduate orientation courses	2,748	187	Recent graduates hired by the Group in 2015
Training dedicated to maintenance of plants and know-how on technical systems	91,641	5,180	Technical operating office and manual worker population
Foreign languages	13,424	453	Executives, managers, office workers and technical specialists

In 2015, 3,025 hours of training were also provided to 1,920 people on matters relating to the code of ethics, model 231 and anti-corruption.

The human capital of the future

Within a business environment that is continuously evolving towards international environments, it is fundamental for resources hired by the Group to acquire distinctive professional and managerial skills.

All new recent graduate and expert hires are involved in an orientation course focusing on the topics of corporate organisation, the business (e.g., gas supply chain and economic and management logics of regulated markets) and "critical" soft skills, within a programme that combines classroom activities, remote courses and on-site visits to operating sites.

Transparency of Performance Management ▸ GRI – G4: LA11

Compensation systems are periodically updated based on a comparison with the reference compensation markets and criteria inspired by meritocracy and internal equity. These systems specifically aim to ensure recognition of the results achieved by an employee, the quality of professional contributions and the employee's development potential. Competitive positioning and fairness in remuneration practices for managerial and professional human resources were optimised and verified once again in 2015.

HOW SNAM INCENTIVISES ITS HUMAN CAPITAL

Target population Compensation systems

Long-term management incentives

The need to improve the convergence between management and shareholder objectives and increase the correlation between management actions and company strategy drove Snam to prepare a new long-term monetary incentive plan in 2015, with the introduction of total shareholder return in combination with adjusted net profit.

The management plan includes claw-back provisions for situations in which the results achieved are found to be ineffective or short-lived due to malicious or negligent conduct of other Company employees, or of the incentive recipient.

In addition, Snam continued to be committed to enhancing and boosting the transparency of the benefits system, by providing all managers with the total reward statement, an informational package detailing the breakdown of individual compensation.

Collective incentive programme

All Group companies include the "Profit-sharing scheme", established by the respective CCNLs (collective agreements), based on Company profitability (ROACE) and productivity, as measured in relation to annual targets agreed between the Company and union representatives.

Incentives for young talent

Snam has established a system aimed at supporting the motivation and retention of more talented resources by even more accentuated differentiation connected with performance, professional abilities and managerial potential.

Snam a partner of MIP

In 2015, Snam continued its collaboration with MIP School of Management, the consortium between Politecnico di Milano and several large public and private international industrial groups, of which Snam became a shareholder in 2014.

This investment makes it possible to guide specific research and training activities consistent with business objectives, collaborate

in the provision of courses by providing instructors and actively participate in projects/traineeships and in placement activities with the goal of developing customised training based on company requirements.

Snam is also researching forms of collaboration with other Italian institutes of higher education to make innovation within the Group increasingly rapid and effective.

TARGETS ASSIGNED TO SUSTAINABILITY ISSUES ▸ GRI - G4: 51, 53, 71, LA11

	2013		2014		2015	
	Assigned (no.)	Achieved (%)	Assigned (no.)	Achieved (%)	Assigned (no.)	Achieved (%)
Executives	117	100	122	100	114	90
Managers	155	100	594	100	426	92
Other personnel	15	100	341	100	310	94

The number of managers assigned a sustainability target declined due to the improved attribution of objectives to professional figures based on their functions.

All job positions at Snam, Snam Rete Gas, GNL Italia and Stogit are subject to comprehensive analytical appraisal based on the following factors: complexity, responsibility, experience and autonomy (C.R.E.A.). In 2015, 324 CREA appraisals were approved. All evaluation processes are formalised and involve feedback sessions that are an important opportunity for discussion and communication between manager and employee with a view to gathering information that can be used to draw up new actions for developing and maximising the potential of our people.

Promoting internal cohesion and a sense of belonging

Communication is an important tool for making people aware of and active participants in the company's development strategies in all areas: transparent and credible internal communications cultivate a sense of belonging and create internal cohesion, which are fundamental resources within the Snam business model.

The panel of increasingly advanced and interactive instruments that Snam uses for its communications and their specialised content aim to raise awareness of company strategies and organisational and technological news, provide information about welfare initiatives for employees and their families, and provide a forum for the collection of employee perspectives, to better meet information needs.

HOW SNAM DEVELOPS INTERNAL RELATIONAL CAPITAL

Tools	Description
"Easy" the new intranet portal	The tool that transformed our way of thinking about the intranet space: from repository of information to a veritable digital workplace. Today, the Group's intranet is a space for information and raising awareness for all Snam's employees, but also a forum for knowledge-sharing and development. Indeed, the portal includes thematic sections of interest across the entire company and reaches all employees in real time (including via remote connections) with news, the launch of projects and initiatives, innovations and analyses. It also provides the "let's work together" space, which employees working in teams can use to exchange work documents, share opinions and view notices regarding the working group, all in real time.
Sapernedi+	This is an initiative that aims to widely disseminate the Group's corporate values and strategies and to promote discussion of themes, problems and solutions related to the individual organisational units. In 2015, more than 5,000 employees, representing 82% of the Group's total workforce, participated in this initiative. Approximately 250 meetings took place at company sites located throughout the country: this made it possible to reach, once again, every centre, every operating hub, every district and every station, every one of the Group's organisational structures.
Newsletters, posters, brochures and other literature	To engage all of its people, Snam also creates and uses paper publications: from the "Energie" house organ to the "Objective Safety News" newsletter, brochures on useful topics and posters. The "Energie" magazine, which is sent to all employees, covered the evolution and changes impacting the entire company in 2015 and, through the "Speciali di Energie" supplement, provided readers with detailed information of particular relevance for Snam's people (e.g., the Workplace Health Promotion Programme). Posters, flyers and roller banners are also distributed to the local company offices to convey images, reminders and slogans and call attention to initiatives and news (e.g., new intranet), opportunities (e.g., summer trips for employees' children) and important topics (e.g., workplace safety).
Videos	In 2015, the number of videos posted on the intranet and projected during meetings and conventions continued to rise exponentially. Animation, videos and infographics have been particularly effective tools for communicating innovations and raising awareness on specific topics, to transmit company experiences in a more intimate manner and to share company strategies.
Management meetings	During the year, several meetings dedicated to the management (executives and managers) were organised, which also included a residential model aiming to boost meeting participation and strengthen team spirit. These meetings created specific opportunities to reflect on key events in business operations, and to ensure adequate information and constant involvement and assumption of responsibility with regard to corporate strategies and objectives.

INTERNAL COMMUNICATION NUMBERS (NO.)


	2013	2014	2015
Communications and news on the intranet	77	105	115
Topics addressed in company newsletters	44	47	48
Videos shown online at meetings	5	20	39





"Help from the network": Let's volunteer

More than 90 of the Group's people dedicated roughly 450 hours to the fifth year of the company volunteer initiative "Help from the network". € 6,500 was collected and all of it was donated to the 6 non-profit associations involved in the 2015 edition - ANT Foundation (non-profit organisation dedicated to free at-home social and healthcare assistance for cancer patients); ABIO Italia Foundation (association for children in hospital); AISM (Italian Multiple Sclerosis Society);

CESVI (Italian non-governmental organisation committed to the fight against poverty in 31 countries worldwide); Le Stelle di Lorenzo (national association dedicated to seriously ill children undergoing prolonged medical treatment) and LILT (Italian League Against Cancer). Compared with the previous year, there was an increase in the number of associations as well as the number of offices involved. The Panigaglia site participated for the first time, alongside the returning sites of San Donato Milanese, Crema, Turin, Rome and Naples. The objective for 2016 is to keep hours dedicated to volunteer activity at around 400.

KEY PERFORMANCE INDICATORS (KPI)

KPI description	KPI date	Pre-set target	Target achieved in 2015	Sector	Status of activity
Company volunteer hours (no.)	2014	Increasing hours by 20% per year until 2015 (based on the figure of 324 hours in 2014)	446	Snam Group	

 Target achieved  Annual target achieved (KPI with targets for more than 1 year)  Activity in progress  Target not achieved

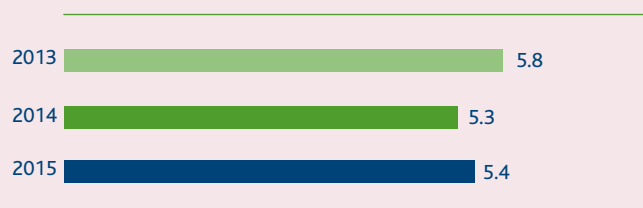
Wellbeing among personnel, which is also good for the company ▷ GRI – G4: LA2

Snam's corporate welfare system is based on a long tradition of caring about people. With the aim of meeting emerging needs and the requirements of different groups within the corporate population, it uses the most progressive experiences of the largest Italian companies as a yardstick for growth and change from year to year.

Alongside the most traditional and well-established components of the supplementary pension and supplementary healthcare fund, which in most cases also benefit from a company contribution, there are other initiatives and services available for people in the following main areas: family, health, time and space, savings and relationships, presented to employees in a clear and exhaustive manner in an ad hoc section of the company intranet.

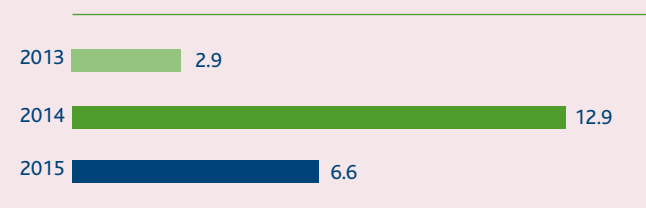
A guide has also been published on the intranet for both biological and adoptive parents with a view to raising awareness about their rights and highlighting the Company's dedication to parenting.

ABSENTEEISM (%)



Absenteeism rate = (hours absent/workable hours)*100

PERSONNEL TURNOVER (%)



Turnover = (incoming + departures)/average headcount employed)*100

SNAM'S CORPORATE WELFARE SYSTEM

Areas of intervention	Initiatives
Family	<ul style="list-style-type: none"> Themed outings for adolescents focusing on English language studies, sports and respect for nature. In 2015, activities were concentrated in Cesenatico and Piani di Luzza, in the province of Udine, within a laboratory dedicated to mountains, nature and tourism. Summer Camp, which was held in 2015 at the Cascia site with classroom lessons, laboratories and themed workshops, in addition to games, outings and parties to engage young people. Nursery school: near the San Donato Milanese office, 12 children attended the nursery school and the kindergarten dedicated to employees' children. Purchase of discounted textbooks. Family S.O.S.: service that offers a helpdesk online/by telephone managed by a professional (psychologist/social worker) capable of providing advice about personal and family issues that may arise in employees' lives.
Health and wellbeing	<ul style="list-style-type: none"> Early cancer detection programme in cooperation with the Italian League against Cancer. Health check-up programmes for managers. The opportunity to engage in physical activities at selected and approved sports centres in the vicinity of the office buildings, at preferential rates. Nutritional support with high-quality corporate catering, involving the use of first-rate raw materials, keeping the nutritional value in the preparation process and maintaining the quality of the environments and facilities where the service is provided. Take-away service offering ready-made dishes to eat at home. Participation in the Workplace Health Programme initiative: programme for the implementation of best practices, launched by the Lombardy Region, carried out with the scientific support of the ASL local health authority and the collaboration of company physicians. Agreement with the Monzino Cardiology Centre (CCM) for the provision of completely private specialist services (hospital stays, out-patient services, day services and telemedicine) for employees and their family members.
Time and space	<ul style="list-style-type: none"> According to job and workplace type, the following are provided: <ul style="list-style-type: none"> flexible arrival/departure/lunch break times; flexitime for office workers (flexibility based on a multi-week schedule); a working hours account so that, if authorised, they can recover overtime. Assistance with filling in 730 tax forms. "Partenza da casa" [leaving home] for technical staff. This procedure, active since 2013, stipulates that employees should go directly, using their company vehicle, to the first location assigned to them to carry out their work, rather than going to their operating centre.
Saving and relationships	<ul style="list-style-type: none"> Possibility of obtaining personal loans, insurance policies and credit cards, hire cars, buy name-brand products or book holidays with preferential terms. Possibility for employees of the main Snam offices to purchase discount public transportation passes. Shuttle service between the San Donato Milanese headquarters and the metropolitan train station. Employees have the opportunity to enjoy free or reduced-cost tickets to visit museums and exhibitions or attend concerts and operas.

In 2015, Snam rewarded employees with 25 years of service, as it does every year. The people who reached the target received a long-service award and fuel vouchers as recognition of this achievement and their individual contributions to the Company's growth. Of the 329 people recognised: 30 were from Snam, 97 from Snam Rete Gas, 160 from Italgas, 4 from AES, 12 from Stogit, 1 from GNL Italia and 25 from Napoletanagas.

Human capital open to everyone's contribution ▷ GRI – G4: LA3

Snam respects the dignity of everyone and offers equal opportunities in all phases and all aspects of employment, avoiding any form of discrimination that may arise from differences in gender, age, state of health, nationality or political or religious opinions.

The Group employs 306 people with disabilities, whose development programmes focus on training and integration into corporate processes. There is not a significant presence of ethnic and linguistic minorities in our workforce, partly due to the fact that Snam operates only in Italy.

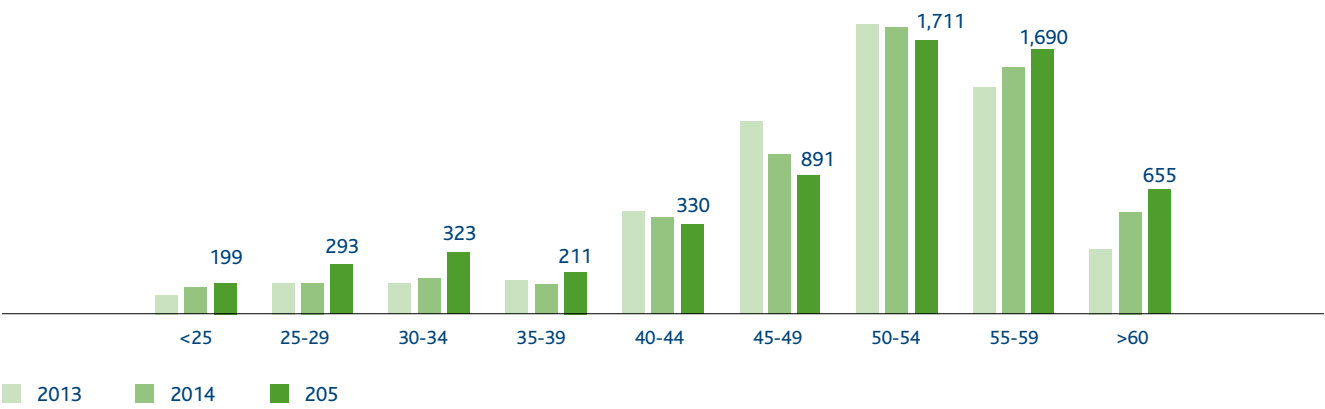
HOW SNAM PROMOTES EQUAL OPPORTUNITIES

Area	Initiatives
Women at Snam	<ul style="list-style-type: none"> ■ 11.3% of the company's population is female (15% of the people hired during the year are women). ■ 7% of the company's executives and 13.3% of the managers are women. ■ One of the Group's 3 new executives, appointed in July 2015, is a woman. ■ The ratio of women to men in top positions is 13%, although this percentage has the potential to increase in the future. Indeed, 33.3% of the managers participating in the Leadership Development programme are women and women account for 38.8% of the High Flyers.
Support for parents and work-life balance	<ul style="list-style-type: none"> ■ A total of 38 workers (of which 28 women) took maternity or paternity leave in 2015. At the end of 2015, 21 people returned to work; there are still 17 active positions (26 in 2014). Employees keep their company benefits while on maternity leave, and during the mandatory leave period, they receive maternity pay at 100% of the salary of the month prior to commencement of leave (compared with 80% as required by law). ■ During the year 478 employees went on parental leave (97 women) and 424 positions were closed (of which 423 returned to work). Therefore, there are still 54 active leave positions (9 women and 45 men). ■ At the end of 2015, there were 92 part-time contracts in force. Snam and the law provide opportunities for hours/periods away from work, depending on the personal situations of employees.

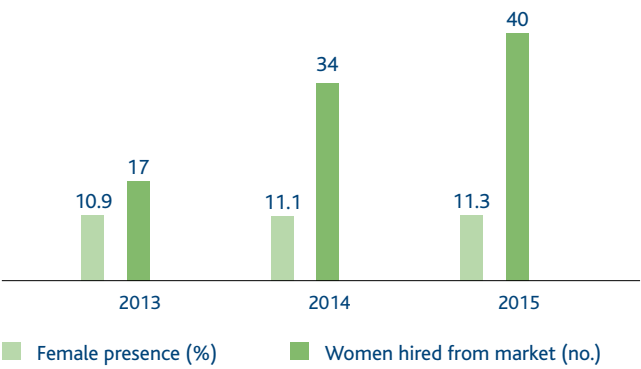
STAFF TRAINING BY GENDER (NO.)

	2013	2014	2015
Average training hours delivered to men (hours/year)	32.7	30.2	26.6
Average training hours delivered to women (hours/year)	33.6	17.4	16.8

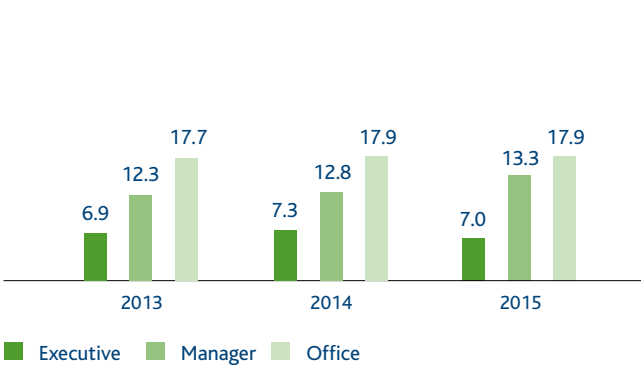
AGE DIVERSITY: EMPLOYEES BY AGE GROUP (NO.)



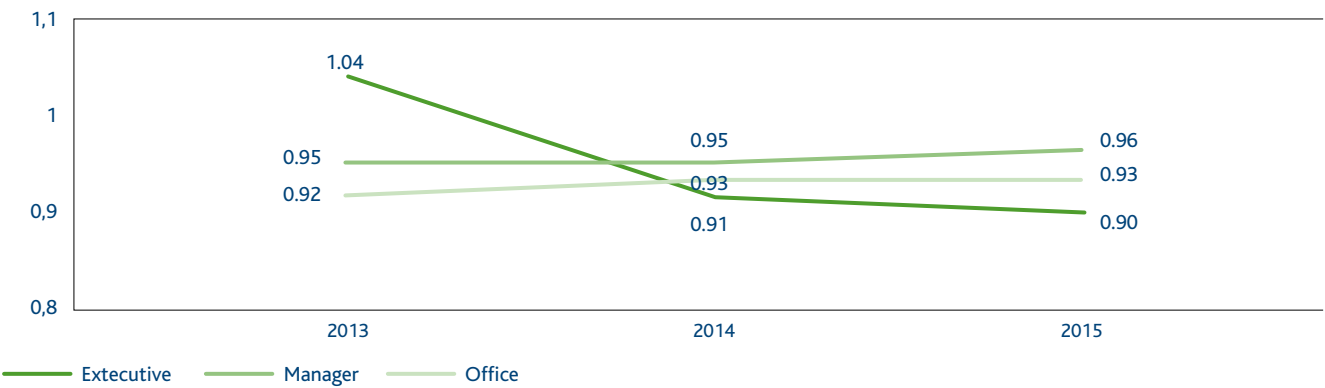
FEMALE



FEMALE PRESENCE BY ROLE (%)



WOMEN/MEN PAY DIFFERENTIAL



Industrial relations ▷ GRI – G4: 11

The union agreement on the launch of the SMART GAS project, which defines the regulatory reorganisation of the Company and the introduction of innovative technologies and new devices for use by workers in the field, was signed with the national secretaries of the trade union organisations, the labour science organisations and the unitary union representative (RSU) committee for negotiations. A dedicated joint technical commission formed by representatives of the company and the trade unions is currently responsible for monitoring in order to analyse the technical aspects of the project and resolve any problems.

The signing of the agreement with the national functions, supported by RSU delegations throughout the country, on the new Italgas operating and organisational model meant to further reinforce distribution service quality and safety levels as well as continuity, was very important for the Group.

In the gas-water segment, after a detailed process the issue concerning the closure of the Gas Fund has finally been resolved. Indeed, the union agreement signed in November, made possible by a dedicated legislative intervention, put an end to the issue mentioned above which, in view of the launch of area tenders, had been of significant concern to all of the sector's major players.

Projects and initiatives meant to strengthen the business of the Group's various companies generated excellent results in the storage field as well. Indeed, after the relative statement of agreement was signed, the new Bordolano compression station was completed and began operating.

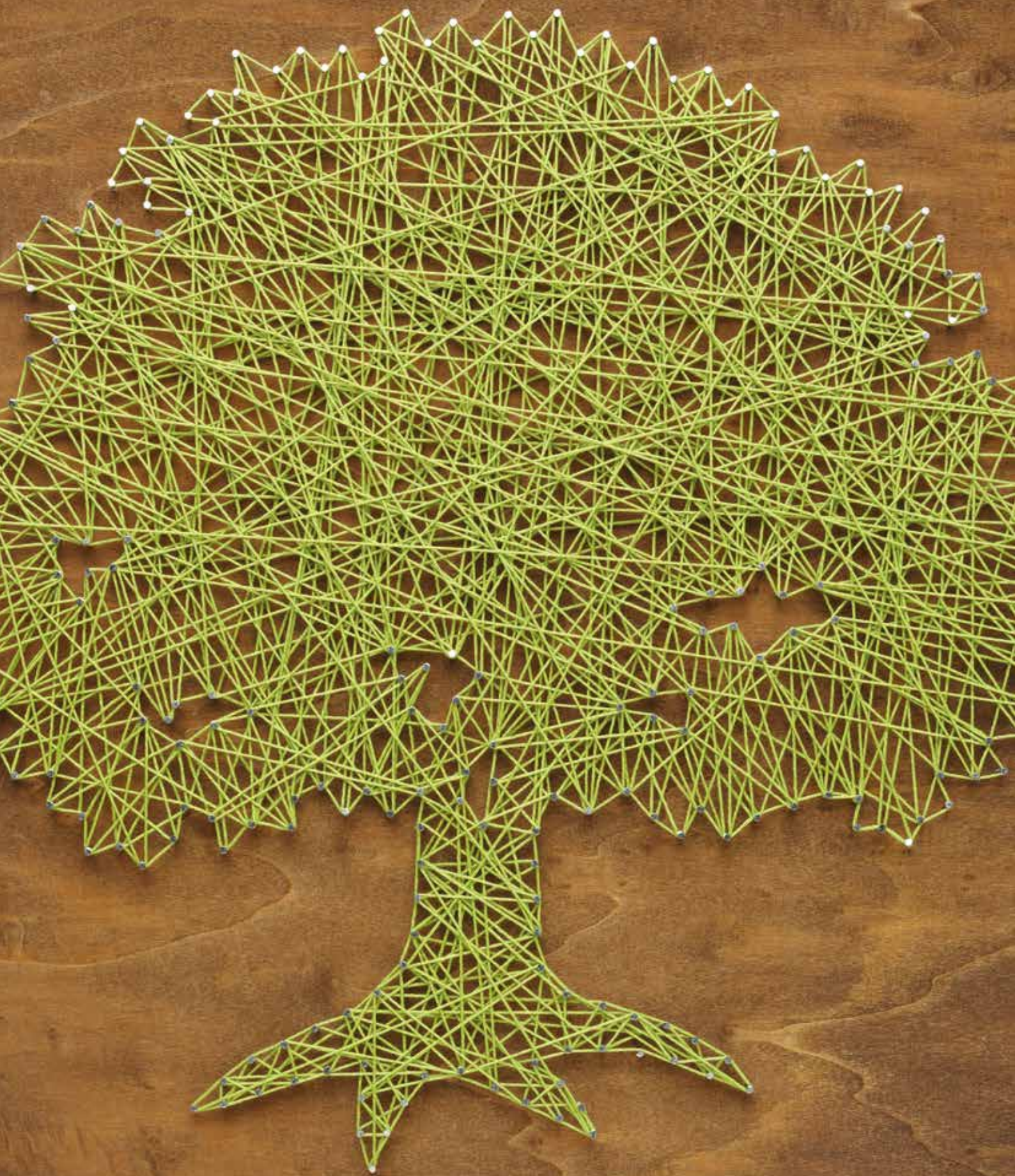
Based on our strong conviction that socially sustainable business development benefits the company and our people, we signed the union agreement on the launch of a trial form of flexible working (SMART WORKING) set to begin already at the start of 2016. This trial, which is currently limited to certain Snam staff departments, will be completed this year. After the results are analysed, a decision will be taken as to whether apply this programme to all Group Companies.

At the end of 2015, the union procedure pursuant to Article 47 of Law 428/1990 as amended relating to the deed of merger of Azienda Energia e Servizi Torino S.P.A. (A.E.S.) with Società Italiana per il Gas S.p.A. (Italgas) was launched. The union agreement upon completion of this procedure was signed within the terms established by law and the deed of merger will take effect as of January 2016.

Negotiations are underway for the renewal of the two national labour agreements applied within the Group.

EMPLOYEE LABOUR DISPUTES (NO.) ▷ GRI – G4 : LA16

	2014	2015
Total disputes pending at 31/12	47	53
opened during the year	55	29
closed during the year	49	34



RESPONSIBLE MANAGEMENT OF NATURAL CAPITAL

Snam has infrastructure in nearly every region of Italy, in areas and communities with different cultures and traditions as well as different economic, social and environmental conditions.

In this context, Snam's policy is to build new and manage existing infrastructure by adopting a rigorous, transparent, cooperative and constructive approach to ensure that establishments are environmentally compatible and to encourage their acceptability to stakeholders. In the course of the year and in the transportation sector alone, 129 meetings were held with local administrations and community associations to illustrate projects for the implementation of works.

Over time, Snam has built up relational capital made of a network of ad hoc relationships with local industry associations and other local companies working in the association system, also to address the energy, economic and environmental policy topics that impact communities. In recent years, the Snam Group has accordingly increased the presence of its people on the management bodies of industry associations as well as associations that work to build relationships and protect the environment, in support of its business. The Company works with local and national authorities, participates in the work of several associations and committees and provides its commitment and expertise to become an active participant in processes of social innovation and sustainable development by completing projects with "shared value".

Around € 753,000 was spent on donations, sponsorships and local initiatives in 2015, excluding environmental compensation.

CREATING VALUE FOR THE COMMUNITY

"Stories about the Future" project in schools

In its second year, the "Stories about the Future" educational project aims to raise the awareness of primary school students (third, fourth and fifth grades) surrounding sustainability topics. Last year's initiative, "The Network of Learning: science, knowledge... science fiction!", revolved around the culture of science, technological discoveries, and the issues of energy and energy procurement - and focused on the key values of cooperation, exchange and dialogue within scientific research.

As in its first year, the project was sponsored by the Ministry of the Environment and was carried out in association with Federparchi.

Nearly 20,000 students from roughly 900 classes in around 400 primary schools, mostly in Italy, participated in the project.

The project wrapped up with a competition of ideas submitted by the participating classes, resulting in the development of around 500 creative entries. The top three schools were awarded an IWB (interactive whiteboard), a microscope with tablet and a physics laboratory set. Twenty additional schools received honourable mentions.

Giro d'Italia in 80 bookshops

Uniting Italy through an ideal network of bookshops, routes, museums and cities, thanks to the support and experience of a network. This is the objective of the "Giro d'Italia in 80 bookshops", a cycling and cultural tour that brings Italy together through an ideal network of bookshops, museums and cities. This year, the 1400-kilometre tour wound its way from May to July down the Adriatic coast from Friuli-Venezia Giulia to Apulia, stopping by in several areas where Snam has traditionally had a strong presence. The tour began in Tarvisio, where Russian gas enters Italy, and then continued on to other destinations such as Venice, where the Group provides distribution services, and Emilia-Romagna, the location of three storage facilities as well as a compression station. A cycling trip to bring together the Italian world of reading and literature, passing through bookshops, piazzas, libraries and schools, featuring publishers and cyclists, librarians and readers, cycling enthusiasts and booksellers.

Cultivating value: a vegetable garden in the network

The social agricultural initiative "A Vegetable Garden in the Network", launched and carried out in 2015 on a plot of land owned by Snam Rete Gas adjacent to the Terranuova Bracciolini (Arezzo) compression station. The company leased the land free of charge to the social cooperative Betadue, which is dedicated to the employment of disadvantaged people and specialised in the management of green spaces used for farming. The vegetable garden's products are used in a short-range catering network that prepares the meals served in Valdarno schools and communities.

Videos, photographs and Group social network updates captured the intimate details of the garden and the people who work there every day. Photographer Christian Sinibaldi took a series of shots of this initiative which were displayed at an exhibit inaugurated in Milan last September in the Vigna di Leonardo and later were featured at Expo 2015 in multimedia format. His scenes paint a picture of the network of solidarity and social integration that was created around this project.

Books illuminate me

A cultural project founded to promote the Museum and historical archives of Italgas in Turin, an integral part of the fabric of the city and open to local cultural engagement. With more than 1,000 linear metres of documents, 6,000 volumes, 35,000 newspapers and 350 tools and pieces of equipment, the Italgas Museum tells not only the story of the Company, but also the story of Italy and our energy development. The archive has been recognised as an "Archive of Historical Interest" by the Piedmont and Valle d'Aosta Archives Authority.

The "M'illumino di libri" ("Books illuminate me") initiative features a series of events and meetings at the Museum revolving around the promotion of books and reading. The Italgas Museum also opened its doors to host a series of laboratories, workshops and events in association with the "Booksound" competition, a project that promotes reading books aloud, for lower and upper secondary school students.

Children's festival

Three days of events (around 120) promoted by the Municipality of Florence and sponsored by UNESCO, with meetings, workshops, experiences and pathways all within the reach of children, with a special focus on their world, their expectations and their expression. Snam participated in this initiative with its motor activities project and laboratory called Al Fantacastello - Explore Energy, a playground equipped with slides, intersections and pathways featuring touch and sound, enabling children to explore the various elements the world of energy networks is made of, to combine them, to find new connections and surprising points of view, through the spontaneity of play.

Talent Days

This initiative targets employees' children aged 16 to 29 and involved the participation of 75 young people in orientation days in Bologna, Mestre, Milan, Rome, Naples and Messina. The days featured inter-company workshops to provide young people with information and instruction about the job market and choosing a university, through: discussion groups, self-assessments, mock job interviews, CV preparation and specialised research portals. Several HR Directors and HR Managers from a range of businesses shared their knowledge, experience and professional skills, giving the young people practical advice to help them best plan their professional career paths. In the coming years, this initiative will be carried out in other cities as well.

Sustainable use of natural capital GRI – G4: EN12, EN13, EN14, EN31, SO1, SO2

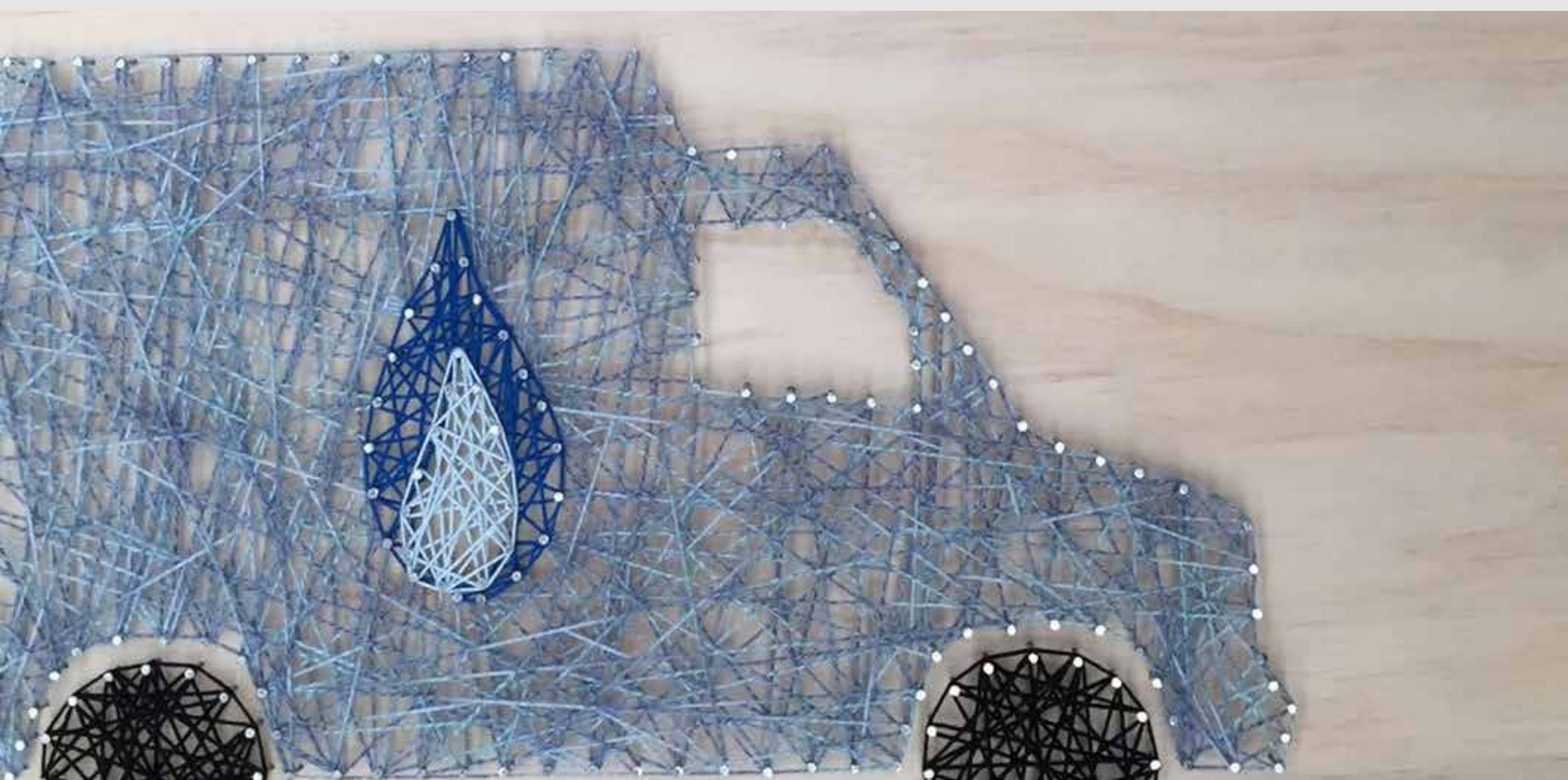
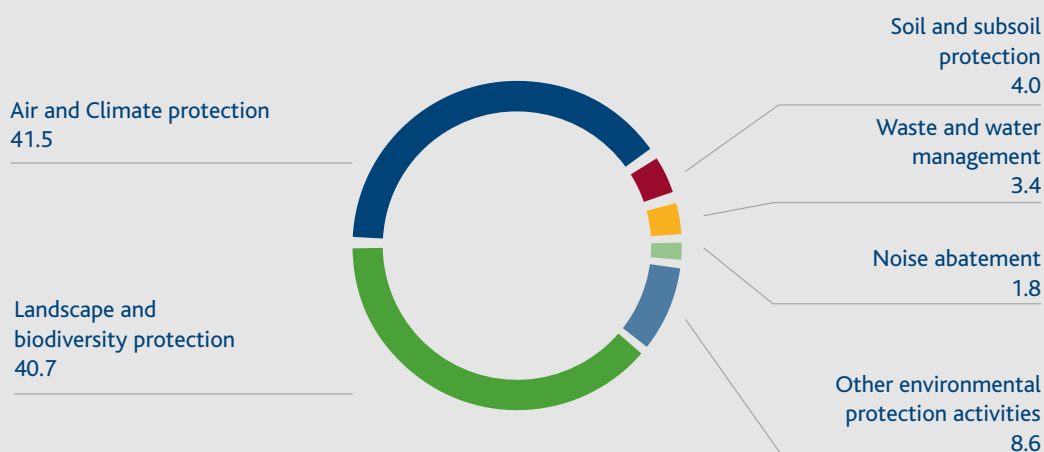
Safeguarding the environment is an integral part of corporate policy and investment decisions for all Snam's activities, and the Company is fully committed to an approach in which the environment and economic development can exist side by side, without neglecting the protection of local areas.

The key themes and the nature of Snam's operations have caused the Company to focus on two main challenges: combating climate change and reducing energy consumption, and safeguarding nature and biodiversity.

This commitment has been applied in a whole range of environments: promoting sustainable use of natural resources; preventing pollution and protecting ecosystems and biodiversity; implementing operating and management actions to reduce greenhouse gas emissions, with an approach that aims to mitigate climate change; and managing waste to reduce production and promote recovery at its final destination.

Snam adopts specific certified management systems to oversee corporate processes and activities. In 2015, environmental expenses amounted to € 164.1 million (€ 147.7 million for investments and € 16.4 million for management costs).

ENVIRONMENTAL EXPENSES BY TYPE (%)



HOW SNAM PROTECTS NATURAL CAPITAL WHEN IT BUILDS INFRASTRUCTURE

Phase	Activity
Feasibility	Preliminary assessments are conducted regarding the effects of all construction cycle phases on natural capital. These assessments are made as part of the Environmental Impact Assessment (EIA), after which the administrations in charge, both centrally and locally, issue the authorisations provided for by current regulations.
Planning	In the gas pipeline design phase, the path is chosen from among different alternatives, seeking to avoid or reduce to the necessary minimum the network's passage through areas of significant natural or cultural interest, archaeological areas, geologically unstable areas and man-made areas or those in which new residential developments are expected.
Construction	In special cases, procedures and technologies are used, consistent with technical feasibility, which lessen interference with the surrounding environment, such as reducing the extent of the work area, minimising provisional worksite infrastructure and trenchless execution techniques (tunnels and micro-tunnels), as alternatives to traditional excavation. Once installation is done, accurate environmental restoration activity is carried out so as to return the land to its original conditions.

EIA DECREES OBTAINED DURING THE YEAR

Name	Length (km)	Regions involved	Competent agencies	Date of decree
Raldon - Legnago methane pipeline upgrade: Isola della Scala-Cerea DN 250 (10") - DP 75 bar; Cerea Spur DN 250 (10") - DP 12 bar; connections and associated decommissioning	29.50	Veneto	Province of Verona	05/03/2015
Recanati - Foligno methane pipeline DN 1050 (42") - DP 75 bar	113.03	Umbria; Marche	MATTM	06/03/2015
Agrigento - Piazza Armerina methane pipeline DN 1200 (48") - DP 75 bar	75.10	Sicily	MATTM	16/03/2015
Pontremoli - Cortemaggiore methane pipeline DN 900 (36") - DP 75 bar and associated works	130.73	Tuscany; Emilia-Romagna	MATTM	07/08/2015
Manfredonia methane pipeline branch variation DN 500 (20") - DP 64 bar	2.30	Apulia	Province of Foggia	03/12/2015

PROVISIONS FOR VERIFICATION OF WHETHER SUBJECT TO EIA OBTAINED DURING THE YEAR

Name	Length (km)	Regions involved	Competent agencies	Date of provision
Pezzan-Lancenigo methane pipeline link DN 200 (8") - DP 24 bar; Treviso Nord spur upgrade DN 250 (10") - DP 12 bar and associated works	5.75	Veneto	Province of Treviso	23/03/2015
Ital Gas Storage methane pipeline connection in Cornegliano Laudense DN 1050 (42") - DP 75 Bar	9.80	Lombardy	MATTM	03/06/2015
Corato methane pipeline spur variation DN 150 (6") - DP 75 bar	5.10	Apulia	Province of Bari	08/07/2015
Polignano a Mare methane pipeline spur DN 150 (6") - DP 24 bar and associated works	2.29	Apulia	Province of Bari	12/11/2015

EIA REQUESTS SUBMITTED TO THE MINISTRY OF THE ENVIRONMENT AND THE MINISTRY OF CULTURAL HERITAGE

Name	Length (km)	Regions involved	Date of submission
TAP methane pipeline interconnection DN 1400 (56") - DP 75 bar	55.09	Apulia	10/11/2015

EIA REQUESTS SUBMITTED TO REGIONAL OR PROVINCIAL AUTHORITIES

Name	Length (km)	Regions /Provinces involved	Date of submission
Manfredonia methane pipeline branch variation DN 500 (20") - DP 64 bar	2.30	Apulia/Province of Foggia	31/03/2015

REQUESTS FOR VERIFICATION OF WHETHER SUBJECT TO EIA SUBMITTED TO REGIONAL OR PROVINCIAL AUTHORITIES

Name	Length (km) Power (MW)	Regions involved / Provinces	Date of submission
Cortemaggiore - Genoa methane pipeline DN 400 (16") - DP 12 bar and associated works: Variation in the Municipalities of Rottofreno, Calendasco and Piacenza.	11.90	Emilia-Romagna/ Province of Piacenza	26/03/2015
Osio Sopra pressure reduction plant	1.8 MW	Lombardy/Province of Bergamo	10/04/2015
Methane pipeline capacity doubling link Agip wells Falconara to Ravenna - Chieti DN 500 (20") - DP 70 bar and Methane pipeline link Agip wells Falconara to Ravenna - Chieti DN 250 (10") - DP 70 bar - variations for installation of traps and filters and associated works.	0.75	Marche	01/07/2015
Methane pipeline classification reduction Chieti - Rieti DN 400 (16") - DP 24 bar	14.66	Abruzzo; Lazio	20/07/2015

Biodiversity

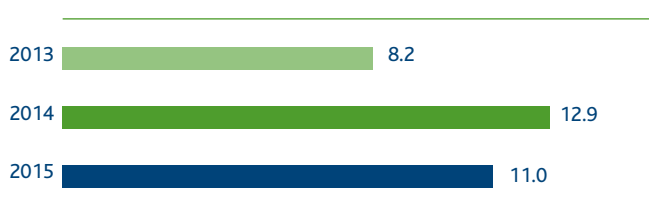
In terms of environmental sustainability, Snam considers it particularly important to safeguard the natural value of local areas affected by new works, beginning with specialised field investigations to acquire knowledge that is as complete as possible of the local area traversed. The results of these investigations help to define and implement the most appropriate design choices for reducing to a minimum the biodiversity impacts generated, particularly in the execution phases, which are followed by environmental restoration and monitoring thereof, carried out in agreement and in cooperation with the entities in charge.



The objective of vegetation restoration, in particular reforestation, is not merely to reconstitute forest areas but to reconstitute the landscape in general and to revive the biological functionality of vegetated areas, understood especially in their role as habitats for fauna with specific biodiversity characteristics. Restoration and reforestation are followed by the execution of "plant care", i.e. caring for and maintaining the bedded-out plants for a period of at least five years. In particular, in 2015 11 km of new forests were planted in an area of approximately 143,700 m².

Monitoring projects concern the courses of some methane pipelines that interfere, even marginally, with natural local areas high in fauna and ecological value, and they are geared towards the verification of the process of renaturalising areas affected by works, based on a comparison of conditions after restoration ("post-completion") and the original conditions ("pre-completion"). Monitoring is normally performed for the most significant habitats identified in the design phase.

METHANE PIPELINES PASSING THROUGH NATURA 2000 SITES (KM)



NATURA 2000 SITES AFFECTED BY THE COURSE OF METHANE PIPELINES

▷ GRI - G4: EN11

Special Protection Zone/Site of EU interest	km
Punta Baffe, Moneglia, Val Petronio	0.306
Baraccone (Po - Dora Baltea confluence)	1.029
Ticino Forests	3.750
Po River Alessandria Vercelli section	0.505
Habitats and environmental restoration in Bentivoglio S. Pietro in Casale, Malalbergo and Baricella	1.715
Metauro River from Pian di Zucca to the mouth	1.955
Fiumara La Verde	0.600
Pertusillo Lake	1.150
Total	11.01

ENVIRONMENTAL RESTORATION AND MONITORING (NETWORK KM)

	2013	2014	2015
Restoration	131	78	240
Reforestation	22	16	11
Plant care	135	124	140
Environmental monitoring	1,063	1,055	1,009

MAJOR ENVIRONMENTAL MONITORING AND RESTORATION DURING THE YEAR

Entity	Name	Activities conducted
Sicily Region	Bronte - Montalbano methane pipeline	Collaboration with the Sicily state forests agency continued, with the growing of native forest plants destined for reforestation projects along the course of the methane pipelines laid in the Nebrodi regional park. The final plant care was carried out in 2015, along with the replacement of the last plants that had not taken root.
Lombardy Region Veneto Region	Zimella – Cervignano methane pipeline	Throughout 2015, restoration was carried out along the Zimella – Cervignano methane pipeline, an important gas pipeline 172 km long (underground piping 1,400 mm in diameter), which runs through agricultural areas in the plains between Veneto and Lombardy. In this case, the environmental restoration regarded primarily the return of portions of land used for the pipeline laying works to their original agricultural use, by restoring their morphology and fertility.

Bronte-Montalbano methane pipeline environmental monitoring completed

2015 was the fifth and last year of environmental monitoring along the Bronte - Montalbano methane pipeline. The pipeline is 23 km long, of which roughly 15 km is located inside the Nebrodi regional park and crosses natural areas with grass growth such as natural and semi-natural pastures, shrub growth and forests. Monitoring was particularly focused on a short section of beech woods in the most attractive part of the park, which is also located at the highest altitude crossed by the pipeline, in the Prete Bianche area. The other forested areas crossed by the pipeline are woods and mixed reforested sections of broad-leaved trees and conifers.

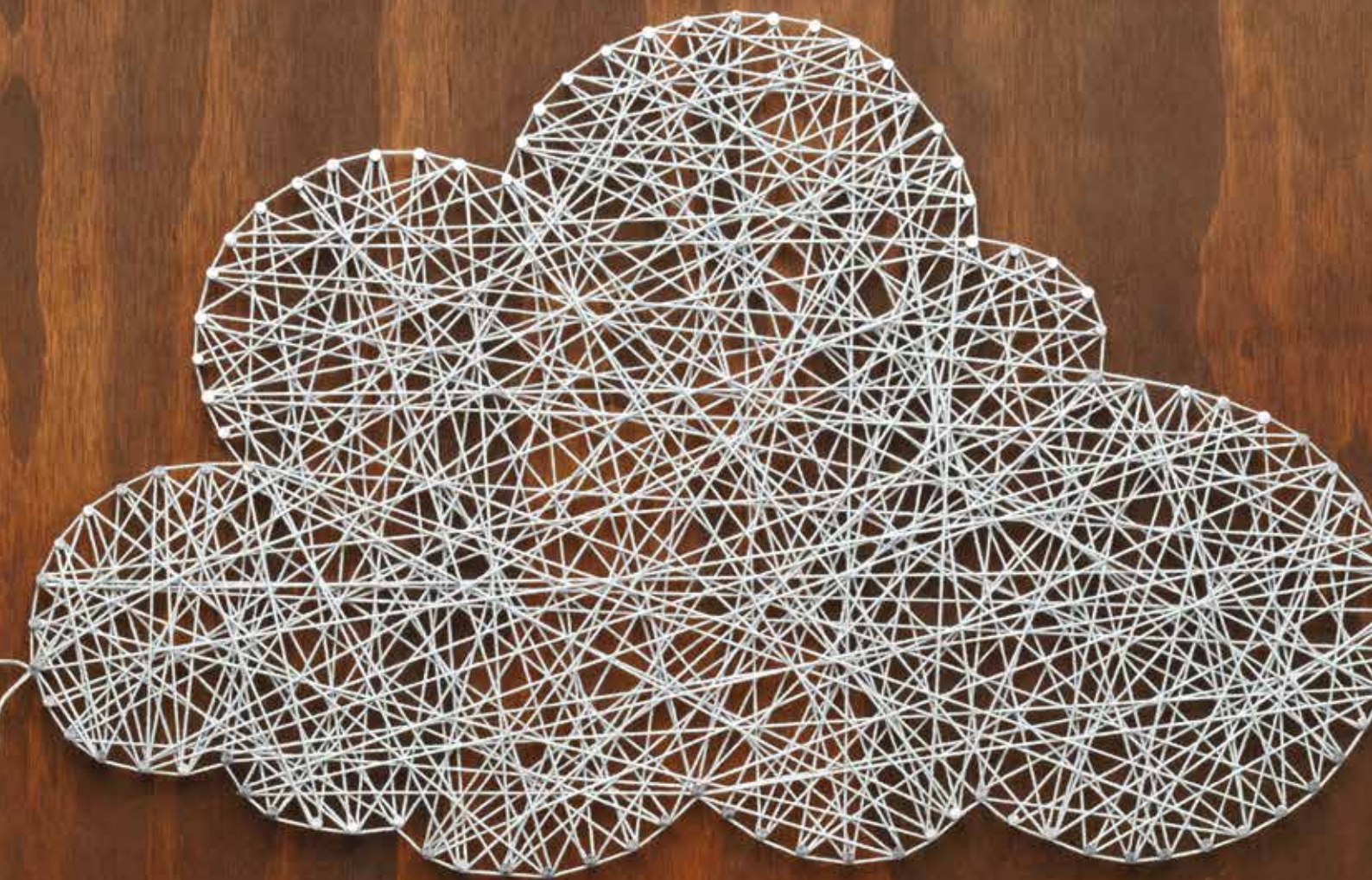
The pipeline was laid in 2009-2010. In 2011, replanting took place using native forest plants supplied by Sicily state forests agency nurseries, particularly raised at the Flascio Nursery located near the methane pipeline route. From 2011 and 2015, plant care was carried out in the reforested areas using regional

native plants from nurseries to replace plants that had not taken root.

At the same time, also from 2011 to 2015, periodic specialised surveys were conducted in connection with the environmental monitoring to check on the evolution of the new ecosystems generated by the replanting carried out along the methane pipeline route.

The objective of environmental monitoring was to check the evolutionary trends of the ecosystems during the five years subsequent to replanting, making a comparison with prior conditions, and to characterise factors of flora and fauna biodiversity. The following environmental components were monitored: vegetation, soil and fauna.

Vegetation and soil monitoring took place at six sampling sites (test areas) located along the route, representing the main natural environments impacted: pastures, shrub growth, broad-leaved tree and conifer forests, beech woods and humid grasslands.



Climate protection > GRI - G4: EN7, EN15, EN16, EN17, EN19

Greenhouse gases

The greenhouse gases (GHG) emitted into the atmosphere by the activities of Snam are carbon dioxide (CO₂) and methane (CH₄), the main component of natural gas. CO₂ is a by-product of the combustion process and is directly associated with the consumption of fuels, while the emissions of natural gas, and therefore CH₄, derive partly from the normal operation of the plants and partly from the atmospheric emissions due to the connection of new pipelines and maintenance or to accidental events of the transportation and distribution networks.

In addition to using natural gas as its main fuel, Snam is implementing a series of energy management initiatives to minimise GHG emissions in its operating activities by employing specific containment programmes.

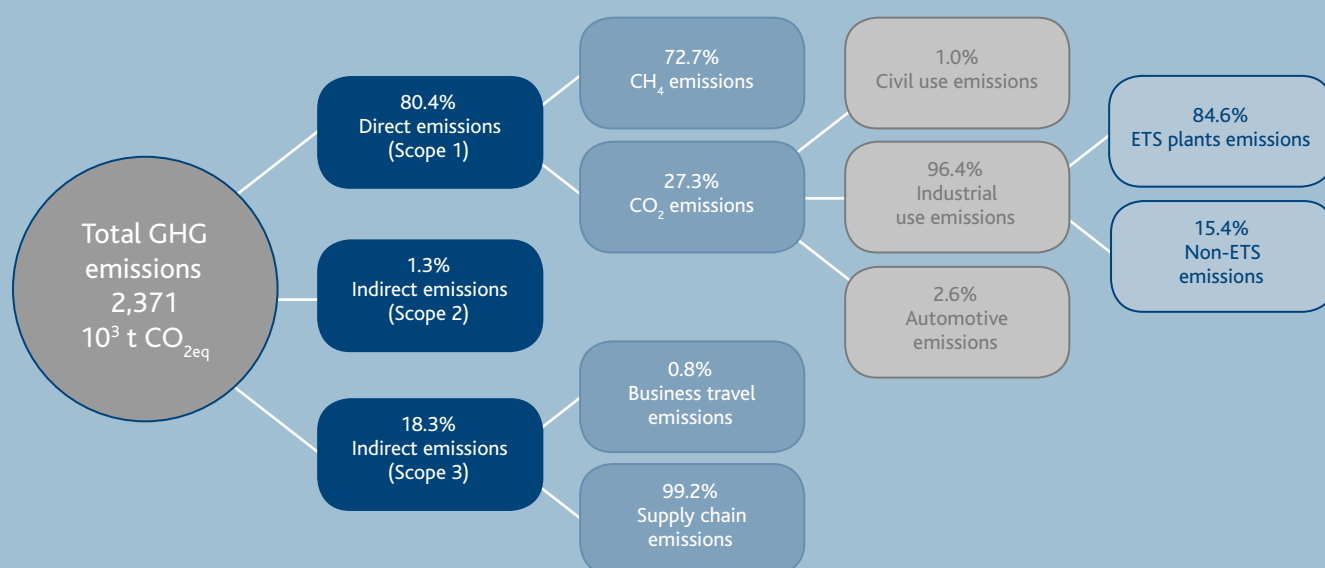
In 2015, total GHG emissions (direct Scope 1, and indirect Scope 2 and Scope 3) were approximately 2.37 million tonnes².

TOTAL GHG EMISSION - SCOPE 1-2-3 (10³ t)



² In 2015, the method for calculating CO_{2eq} emissions was updated to take into account the information provided in the most recent scientific study conducted by the Intergovernmental Panel on Climate Change (IPCC), "Fifth Assessment Report IPCC", which assigned methane a GWP of 28 (GWP of 25 in previous years), as well as the updating of distribution network gas emission indices. Distribution emission indices were updated based on specific research conducted by a leading international company, which took into consideration the new technology used in the network in recent years (materials, equipment and junction technologies).

GREENHOUSE GAS EMISSIONS - SNAM GROUP



How Snam works to limit greenhouse gas emissions ► GRI - G4: EN19

- installation of new higher energy efficiency turbines and more efficient heat generators
- installation of photovoltaic plants in buildings and network plants
- replacement of several traditional light sources with LED lights
- natural gas recovery operations (recompression of gas in the transportation network and compression stations)
- replacement of cast-iron pipes in the gas distribution networks
- replacement of several natural gas-fuelled pneumatic actuators
- acquisition of electricity produced from renewable sources for certain sites that use a particularly high amount of energy
- installation of a system for distributing flows more evenly on reduction lines in some gas measurement and regulation plants
- renovation of buildings to improve their energy efficiency rating
- decreased use of air conditioning through the "no ties" summer programme

**Avoided
141,000
tonnes
of CO_{2eq}**

The environmental advantages of natural gas

At equal energy usage, the carbon dioxide produced by the combustion of natural gas is 25-30% less than petroleum products and 40-50% less than coal. The decrease in emissions per unit of energy produced is further accentuated by the possibility of using natural gas in high-performance applications and technologies, such as condensation boilers, co-generation plants and combined cycles for producing electricity. A gas-powered combined cycle with an output of 56-58%, compared with an output of about 40% from traditional steam-powered cycles, makes it possible to reduce CO₂ emissions by 52% compared with a traditional fuel oil-powered plant and by 62% compared with a coal-powered plant.

TYPICAL COMPOSITIONS OF GAS INJECTED INTO THE TRANSPORTATION NETWORK THERMAL YEAR 2014-2015 - AVERAGE VALUES

Composition	Unit of measur.	Importation Tarvisio (Russian Gas)	Importation Passo Gries (Northern Europa)	Importation Mazara del Vallo (Algerian Gas)	Importation Gela (Libyan Gas)	Importation Panigaglia (LNG)	Injection Ravenna (National Gas)	Injection Falconara (National Gas)	Interconnect. LNG Minerbio	Importation OLT Livorno (GNL)
Methane	%MOLE	95.554	90.807	85.200	84.890	90.154	99.634	99.440	92.997	89.272
Ethane	%MOLE	2.632	4.733	9.205	6.418	7.080	0.059	0.019	6.672	7.073
Propane	%MOLE	0.582	0.821	1.422	2.076	1.070	0.012	0.002	0.080	1.138
Isobutane	%MOLE	0.097	0.141	0.131	0.285	0.081	0.005	0.002	0.005	0.129
Normal Butane	%MOLE	0.095	128	0.176	0.449	0.100	0.001	0.002	0.005	0.277
Isopentane	%MOLE	0.021	0.041	0.034	0.119	0.004	0.004	0.003	0.003	0.026
Normal Pentane	%MOLE	0.014	0.028	0.033	0.078	0.001	0.004	0.003	0.003	0.012
Hexanes +	%MOLE	0.019	0.037	0.038	0.021	0.001	0.000	0.000	0.000	0.020
Nitrogen	%MOLE	0.646	1.912	1.974	4.072	0.698	0.248	0.459	0.220	1.901
Carbon dioxide	%MOLE	0.337	1.322	1.676	1.477	0.000	0.033	0.068	0.001	0.117
Helium	%MOLE	0.001	0.030	0.111	0.115	0.000	0.000	0.002	0.024	0.035
Oxygen	%MOLE	-	-	-	-	0.085	-	-	-	-
Higher heating value	kJ/m ³	38,720	38,724	40,188	39,522	40,483	37,713	37,598	39,657	40,087
Lower heating value	kJ/m ³	34,904	34,936	36,309	35,719	36,547	33,955	33,851	35,770	36,193

m³ referring to 15 °C and 1.01325 bar (standard conditions).

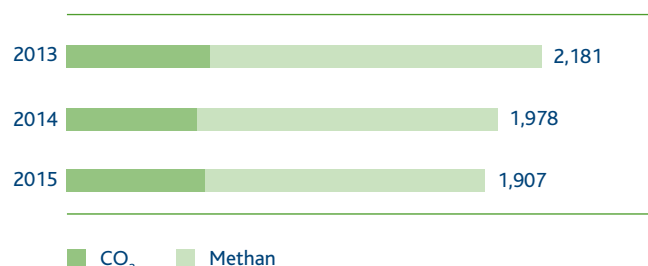
Direct CO_{2eq} emissions (Scope 1)

In 2015, direct CO_{2eq} emissions were approximately 1.91 million tonnes. Direct CO₂ emissions from combustion stood at approximately 0.52 million tonnes, while CO_{2eq} emissions deriving from methane emissions were approximately 1.39 million tonnes.

In 2015, the Group's natural gas emissions decreased compared with 2014, from 95 Mm³ to 78.5 Mm³, also taking into account the contribution of the Acam Gas distribution network, accounted for as of 2015. This decrease is partially attributable to the emission reduction activities carried out in gas storage, but it is primarily due to the gas distribution networks following the review of the emission estimation method.

In order to contain natural gas emissions from the transportation network, activities were continued which involve gas recovery through online and compression plant gas recompression interventions (3.6 million cubic metres of natural gas were recovered, representing approximately 63,600 tonnes of CO_{2eq}), as well as the replacement of several plants in the transportation network and storage facilities and pneumatic equipment. As regards containing natural gas emissions in distribution networks, the Company continued to replace cast-iron piping with higher-performance piping (replacing about 29 km of networks).

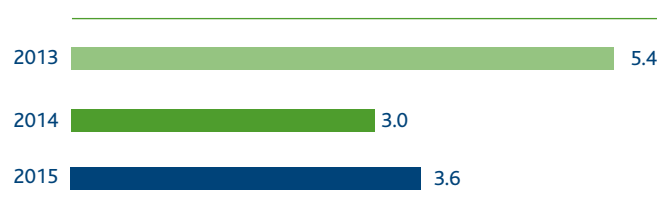
DIRECT EMISSIONS CO_{2eq} - SCOPE 1 (10³ t)



NATURAL GAS EMISSIONS (10⁶ m³)



NATURAL GAS RECOVERED TRANSPORTATION ACTIVITY (10⁶ m³)



KEY PERFORMANCE INDICATORS (KPI)

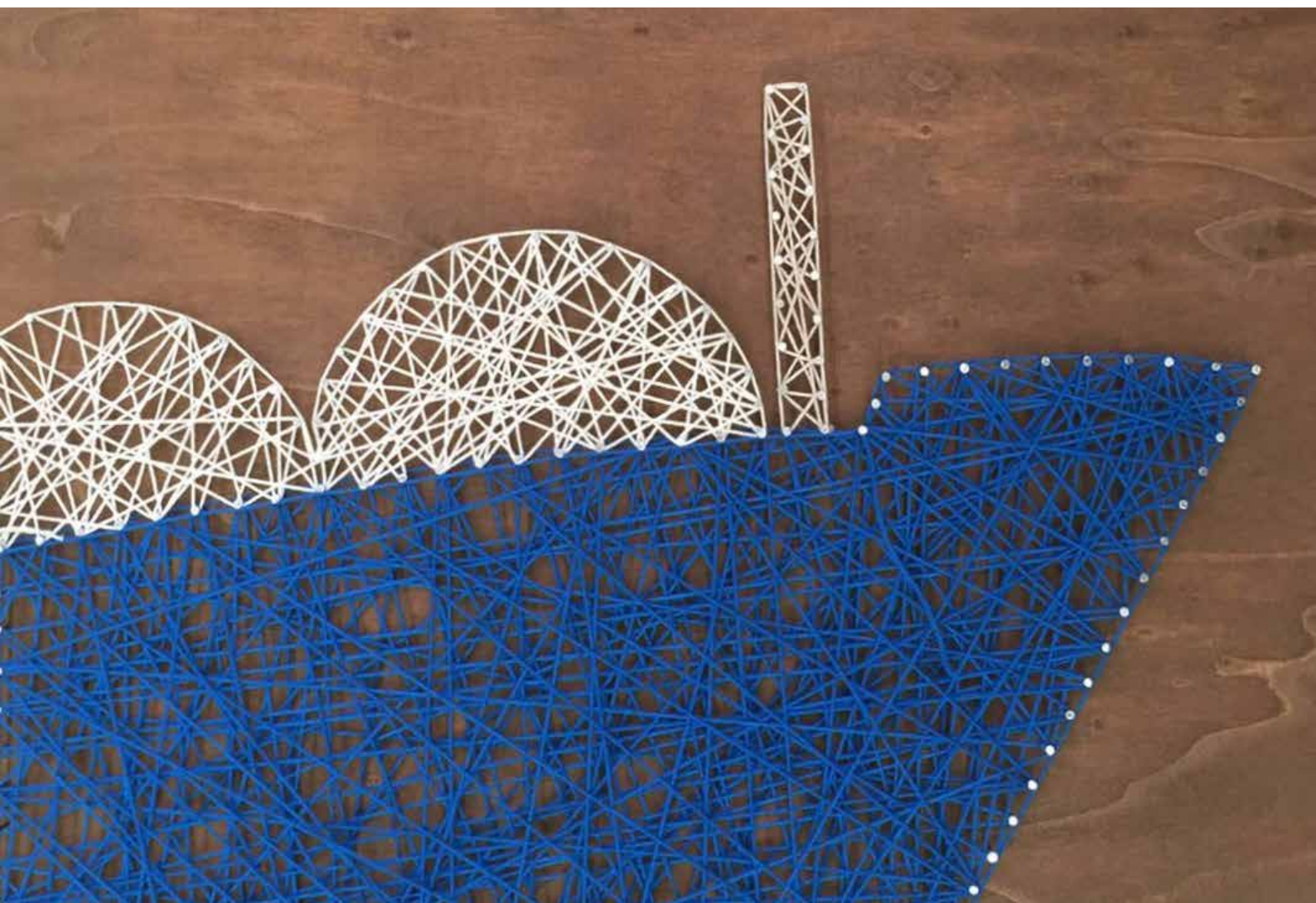
KPI description	KPI date	Pre-set target	Target achieved in 2015	Sector	Status of activity
Natural gas recovered out of total potential emissions from maintenance activities (*)	2015	Recover 30% every year (2015-2018 period)	35	Transportation	○
Contain natural gas emissions in the transportation network	2014	Keep natural gas emissions per year below 1,240 m ³ /km until 2017	1,138	Transportation	○
Replacement of cast-iron networks (km)(**)	2010	Replace the entire grey cast-iron network by 2017	327	Distribution	○
Contain natural gas emissions in the distribution network (***)	2014	Reach natural gas emissions of 790 m ³ /km by 2017	501	Distribution	●

● Target achieved ○ Annual target achieved (KPI with targets for more than 1 year) ○ Activity in progress □ Target not achieved

(*) KPI renewed for the 2015-2018 period as well.

(**) KPI postponed to 2017.

(***) Italgas and Napoletanagas Network.



Indirect emissions (Scope 2)

Indirect CO_{2eq} emissions arise from the use of electricity; in 2015 they made up approximately 31,150 tonnes (-1% compared with 2014)³.

In 2015, Snam increased the number of plants supplying it with electricity generated from renewable sources, including: the Messina and Terranuova Bracciolini compression stations (Snam Rete Gas); the gas storage concession in Brugherio (Stogit); and the regasification plant in Panigaglia (GNL Italia). This operation, as well as the use of photovoltaic panels for power generation, enabled the avoidance of approximately 7,560 tonnes of CO_{2eq} equal to roughly 25% of the Snam Group's total indirect emissions (scope 2).

INDIRECT EMISSIONS CO_{2eq} - SCOPE 2 (10³ t)



Indirect emissions (Scope 3)

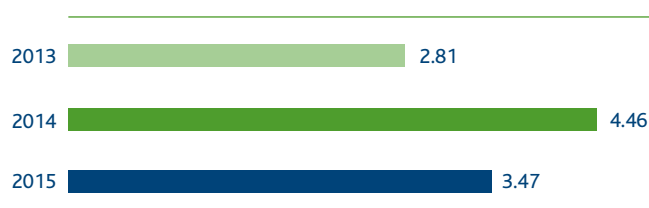
Indirect Scope 3 emissions refer to CO_{2eq} emissions related to the supply chain (goods, labour and services) and business travel (business trips, journeys by Snam's employees as part of their working activities).

In 2015, CO_{2eq} emissions were approximately 433,000 tonnes (+30% compared with 2014)⁴. This increase is due to supply chain activities, which resulted in greater procurement (+61.5%) compared with the previous year.

INDIRECT EMISSIONS - SCOPE 3 - SUPPLY CHAIN (10³ t CO_{2eq})



INDIRECT EMISSIONS - SCOPE 3 - BUSINESS TRAVEL - (10³ t CO_{2eq})



Indirect Scope 3 emissions relating to the supply chain were calculated using methods developed by a leading international company in carbon footprint analysis.

³ Indirect CO_{2eq} deriving from the use of electricity from non-renewable sources was calculated considering the updated factor published by ISPRA (Italian Institute for Environmental Protection and Research) in 2015 in the "National Inventory report 2015".

⁴ Scope 3 indirect CO_{2eq} emissions-supply chain do not consolidate AES and ACAM Gas. Scope 3 indirect CO_{2eq} emissions-business travel do not consolidate ACAM Gas.

Emissions Trading ▷ GRI – G4: EC2

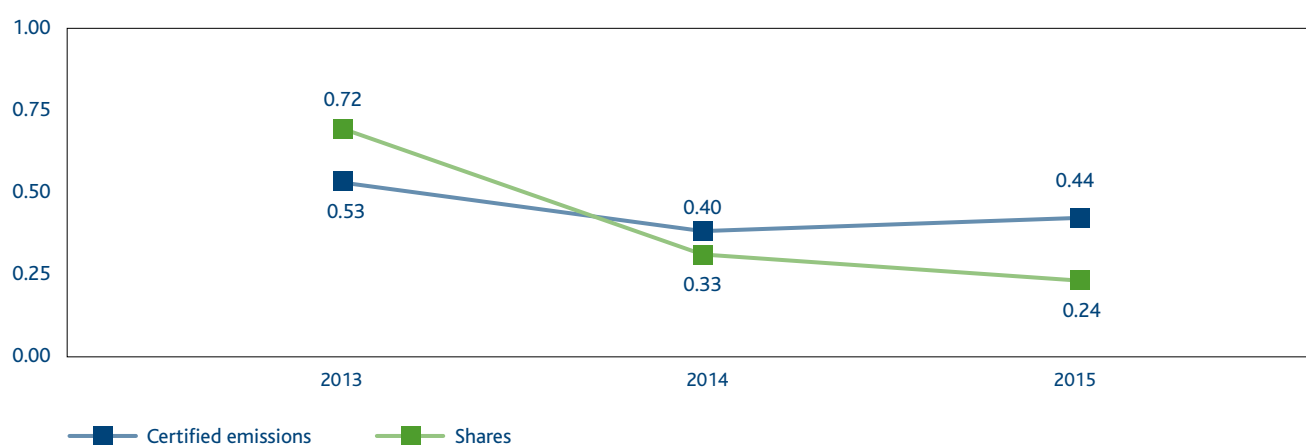
With the start of the third regulatory period (2013-2020), the authorisation system for greenhouse gas emissions, previously regulated by Legislative Decree 216/2006, was updated and amended by Legislative Decree 30 of 13 March 2013, in force since 5 April 2013. According to the new provisions, the main objective of the decree was to update regulations regarding greenhouse gas emission authorisations as well as constantly reduce quotas of emissions released free of charge. The quotas will be assigned to each plant with progressively decreasing and no longer constant (as in the second regulatory period) assignments, and they will also depend on the effective functionality of the plants.

In 2015, total CO₂ emissions issued by the Snam Group and certified by an accredited body, according to the provisions of the competent national authority, amounted to 0.44 million tonnes, out of a total of 0.24 million annual quotas issued by the Ministry for the Environment, Land and Sea (negative balance of 0.2 million quotas). This deficit is easily offset by the quotas already present in the registers of the individual plants, accumulated as a result of surpluses in previous years.

SNAM GROUP EMISSIONS TRADING PLANTS

Activity	No. of plants	Names of plants
Transportation	11	Gas compression stations in Enna, Gallese, Istrana, Malborghetto, Masera, Melizzano, Messina, Montesano, Poggio Renatico, Tarsia, Terranuova Bracciolini
Storage	8	Gas compression storage stations in Cortemaggiore, Fiume Treste, Minerbio, Ripalta, Sabbioncello, Sergnano, Settala and Bordolano
Regasification	1	Liquefied natural gas regasification plant in Panigaglia

CO₂ EMISSION



Energy consumption ▷ GRI – G4: EN3, EN6

The Group's main energy consumption is due to the gas turbines used in compression stations to provide gas with the pressure necessary for transportation (compression consumption) or storage (storage consumption).

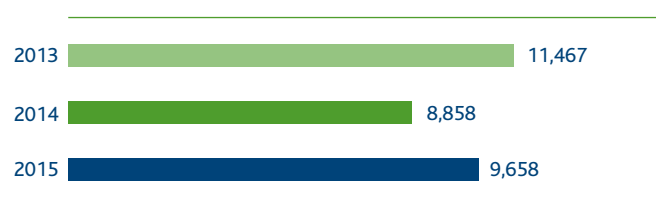
To limit energy consumption, the best available technologies are used. The fuel consumption of the compression stations is controlled by the dispatching unit through the use of software systems that make it possible to manage the transportation network as efficiently as possible, in keeping with transportation and storage needs, with an optimal configuration of the individual plants.

In 2015, total energy consumption was around 9,658 TJ, up 9% compared with 2014.

This increase was due to the greater quantities of gas transported (+8% compared with 2014) and stored (more than 20% compared with 2014). In particular, the rise in stored gas was considerably greater than the rise in consumption, due to the increasingly extensive use of high-efficiency turbines to improve energy performance.

The energy source most used was natural gas, which covered 93.8% of the total energy needs. The other sources used were electricity (4.2%) and other fossil fuels (diesel oil, petrol, LPG and heat), which together amount to 2%.

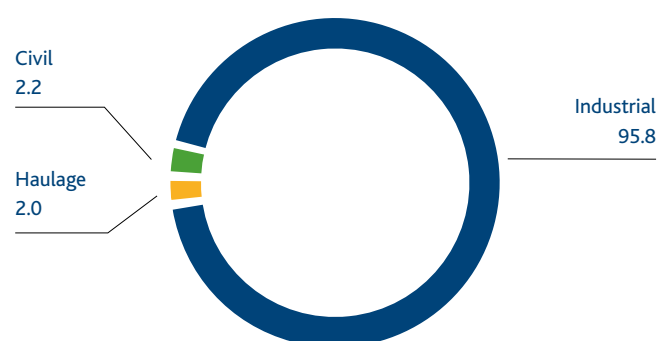
ENERGY CONSUMPTION (TJ)



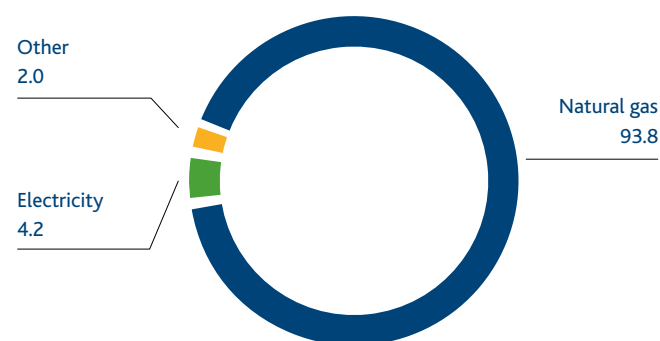
ENERGY CONSUMPTION BY ACTIVITY (%)



ENERGY CONSUMPTION BY USE (%)



ENERGY CONSUMPTION BY SOURCE (%)



Green Data Centre

Snam's new Green Data Centre, which houses the Group's entire IT infrastructure, was acquired in 2015. Energy efficiency is a key factor in the IT systems revolution to which the company has been committed for years. The data centre

relies on a redundant power supply source which significantly reduces energy leakage and more than 75% of the time uses outside air for heat disposal and server cooling, reaching a Power Usage Effectiveness (PUE) value - understood as the ratio between the total electricity consumption of a data centre and that of only the IT devices - of less than 1.2.

Production and the use of energy from renewable sources ► GRI - G4: EN3

Being aware of the importance of using energy from renewable sources, the Company has launched programmes that involve the installation of photovoltaic facilities in its buildings (local headquarters and maintenance centres) and in some natural gas withdrawal and pressure reduction stations in the distribution network.

SNAM GROUP RENEWABLE SOURCE PLANTS

Type	2013			2014			2015		
	(no.)	Total Capacity (kW)	Energy Produced (kWh)	(no.)	Total Capacity (kW)	Energy Produced (kWh)	(no.)	Total Capacity (kW)	Energy Produced (kWh)
Wind generators	1	1,5	202,259	1	1,5	477,213	1	1,5	740,082
Photovoltaic plants	802	478.5		951	611.5		1,043*	818.5	
Solar thermal plants							1	151	
Total	803	480		952	613		1,045*	971	

* Of which 999 installations of backup.

The installed power of the Snam Group's renewable source plants increased by 358 kW compared with 2014, from 613 kW to 971 kW (+58%) due to the new photovoltaic plants connected to the network in the course of the year and the solar thermal plant. The total number of plants rose from 952 to 1,045 (+9.8%), essentially as a result of the new back-up systems for the monitoring of gas redelivery point plants.

The total energy produced by renewable source plants increased significantly compared with 2014, from 477,000 kWh in 2014 to 740,000 kWh in 2015 (+55%). This increase was due to the new plants installed in 2015 as well as the connection of plants installed in previous years that had not yet been connected to the network.

PERFORMANCE INDICATORS ▷ GRI - G4: EN6, EN7

KPI description	KPI date	Pre-set target	Target achieved in 2015	Sector	Status of activity
Photovoltaic plants	2014	Install power of 40 kW by 2016 ¹ Produce 40,000 kWh/year beginning in 2017 ¹	20 0	Storage	○
Photovoltaic plants	2014	Install power of 370 kW by 2016 ² Produce 260,000 kWh/year beginning in 2017 ³	375 364,104	Transportation	●
Photovoltaic plants	2014	Install power of 170 kW by 2017 Produce 120,000 kWh/year beginning in 2018	5 4,105	Distribution	○
High efficiency heat generators in R&R cabins	2014	Install power of 30 MW by 2017	23	Transportation	○
Turboexpander in R&R cabins	2014	Install a plant by 2017 produce 4,000,000 kWh/year beginning in 2018	-- --	Distribution	○
Plants with a system for distributing R&R cabin flows more evenly	2014	Install 26 plants by 2017 Save 150,000 m ³ /year of natural gas beginning in 2018	4 13,000 m ³	Distribution	○
Installation of LED systems for R&R cabins	2014	Install 40 plants by 2017	--	Distribution	○
Energy class B buildings	2014	Renovate 8 buildings from en. class E to B by 2017 Save 50,000 m ³ /year of natural gas beginning in 2018	4 30,000 m ³	Storage	○

● Target achieved
 ○ Annual target achieved (KPI with targets for more than 1 year)
 ○ Activity in progress
 ○ Target not achieved

¹ Target post-poned of one year.

² Target achieved one year in advance.

³ Target achieved two years in advance.

Air protection ▷ GRI - G4: EN21

The use of natural gas as its principal energy source enables the Company to minimise emissions of sulphur oxides and particulate matter.

Nitrogen oxide (NOx) emissions, the only significant polluting emissions, arise from the combustion of natural gas in the gas turbines installed in the compression stations (compression and storage). To reduce these emissions, a programme was established several years ago to modify the existing turbines and install new units with low emission combustion (DLE) systems.

In 2015, the DLE turbocompressors were put into service at the Enna (TC3) and Cortemaggiore (TC1) plants.

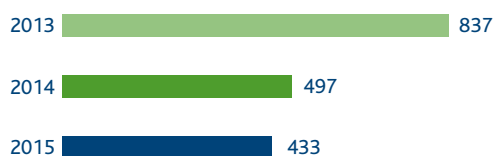
Total emissions of nitrogen oxides in 2015 were 433 tonnes (-12.9% compared with 2014). This decrease was due to the increasingly extensive use of low emission DLE turbines, which accounted for 88% of hours of operation for transportation and 89% for gas storage.

This reduction is even more impressive if we consider that the fuel gas used for the operation of gas turbines, which is responsible for the most significant portion of emissions, rose for transportation (+4.6%) as well as gas storage (+15.3%).

NOx emissions into the atmosphere are determined based on direct measurements or, if these are not available, on emission factors present in the relevant literature (the EMEP/EEA Air Pollutant Emission Inventory Guidebook of the European Environment Agency).

The table shows all the objectives pre-set in 2010 through key performance indicators (KPI) with targets in 2015 that aimed to reduce emissions of nitrogen oxides. The targets of three of the four KPIs were achieved one year early.

TOTAL EMISSION NOx (t)



KEY PERFORMANCE INDICATORS (KPI)

KPI description	KPI date	Pre-set target	Target achieved in 2015	Sector	Status of activity
Rated NOx emissions on turbine installed capacity	2010	Achieve 6 mg/ (Nm ³ MW) by 2015	5.6	Storage	○
No. of DLE turbines out of total no. of turbines	2010	Achieve 75% by 2015	Achieved in 2014	Transportation	○
No. of DLE turbines out of total no. of turbines	2010	Achieve 85% by 2015	Achieved in 2014	Storage	○
No. of hours of operation of DLE turbines out of total hours of operation of turbines	2010	Achieve 85% by 2015	Achieved in 2014	Transportation	○

○ Target achieved
 ○ Annual target achieved (KPI with targets for more than 1 year)
 ○ Activity in progress
 ○ Target not achieved

Other environmental performance

Waste management

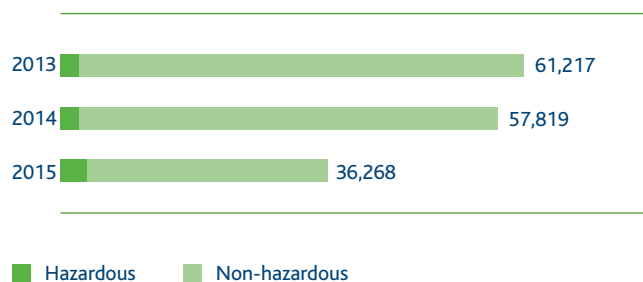
The waste that Snam produces can be traced mainly to three areas of activity: production, site reclamation and well drilling. Waste from production activities has always been a relatively insignificant environmental factor in terms of both the quantity and the type of waste. The waste generated derives mainly from the maintenance and management of the plants; the quantity produced also consists of ferrous materials, which are recovered in full.

Waste from reclamation activities results from the environmental requalification of 31 areas, with a total buildable area of around 135 hectares, contaminated as a result of earlier industrial activities, mainly due to the production of manufactured gas. Reclamation waste can also be produced during the laying of pipelines through contaminated sites not owned by Snam in which it must operate.

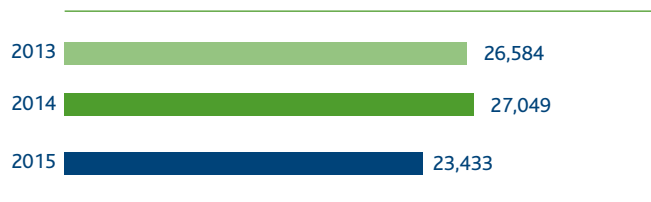
Waste deriving from well drilling consists mainly of slurries typically produced in some phases of the storage activity.

Total waste production was approximately 36,288 tonnes in 2015, down by 37% compared with the previous year. Out of the total waste produced, 91.4% belongs to the non-hazardous waste category and 8.6% to the hazardous waste category. 64.6% of waste was generated by production activities, 20.9% by well drilling and the remaining 14.5% by reclamation activities.

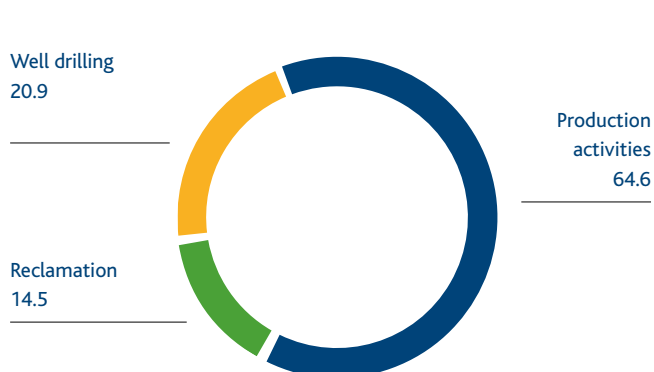
WASTE GENERATION (t)



WASTE FROM PRODUCTION ACTIVITIES (t)



WASTE GENERATION BY ACTIVITY (%)



Again this year, Snam supported and actively participated in Let's Clean Up the World, an initiative organised by Legambiente which in September involved thousands of people in cleaning up squares, gardens, parks, rivers and beaches throughout Italy.

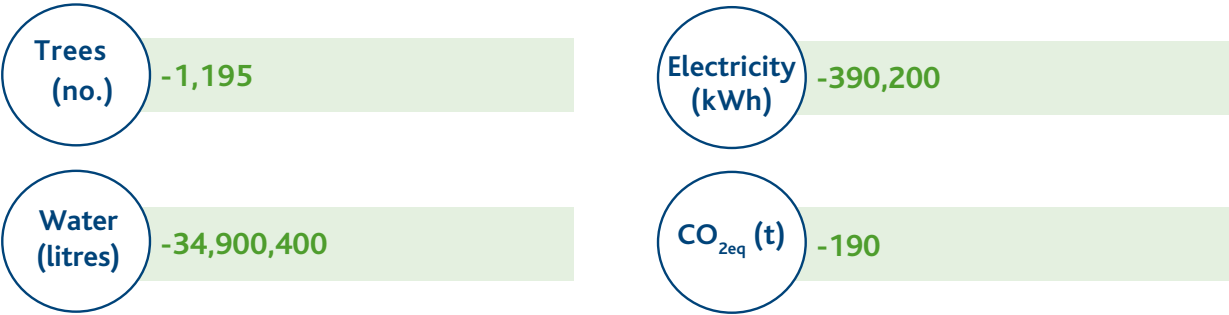
Ecologically

The “Ecologically” project, launched in 2010, continued. This includes initiatives that aim to promote good eco-sustainable practices even in the office, with small daily gestures that help to improve the quality of the surrounding environment.

“All paper recycled” means making all personnel at all Group sites aware of the advantages of using recycled paper, whilst raising awareness of environmental protection issues.

In 2015 the use of recycled paper with respect to total paper bought was 55%, allowing the Group to save natural resources and control carbon dioxide emissions.

The use of recycled paper in the company resulted in savings amounting to:



Water management

Water procurement and discharge in the activities of Snam represents a relatively insignificant environmental factor, in terms of both the quantities used and the type of discharges. In 2015, approximately 4.32 million cubic metres of water were procured (4 million of sea water and 0.32 million of fresh water). The procurement of sea water remains practically constant over time, as it is used for cooling auxiliary equipment in the LNG regasification plant. Fresh water procurement declined by 5% compared with 2014.

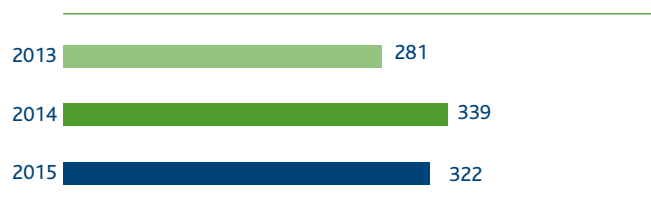
Fresh water is used primarily for office activities, fire-fighting apparatus and the irrigation of green spaces.

With regard to water discharges, the sea water is released into the sea as is, without any treatment, while the waste water is channelled into the sewage networks (68% of the total) or discharged, after treatment, into the soil and into surface water bodies (32% of the total).

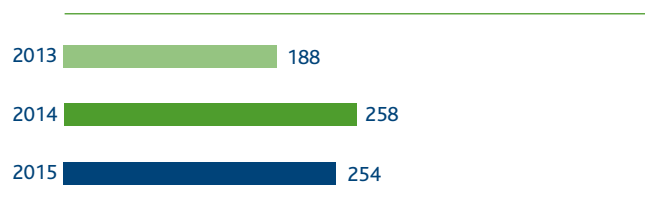
To control the discharge of domestic waste water, 18 closed-cycle phyto-purification plants were installed over the years at corporate sites away from the sewage networks. These phyto-purification plants eliminate discharge since waste water is treated and fully absorbed by planted vegetation following the separation of sedimentable solids.

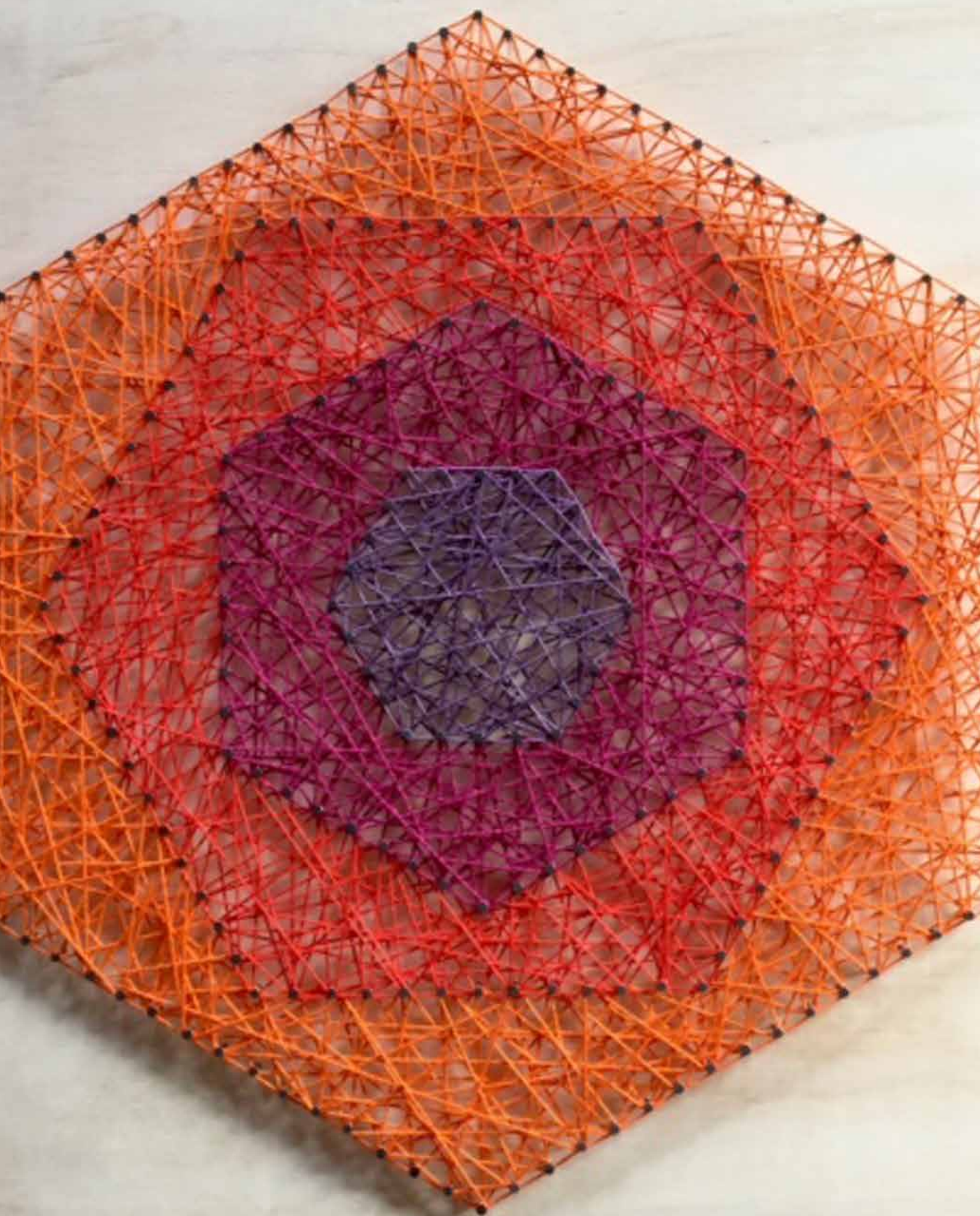
In the storage business, in the upstream phase, approximately 5,560 cubic metres of process water were produced. Of this water, about 2,238 cubic metres were reinjected as is, while the rest (about 3,322 cubic metres) was sent to a purification plant for treatment.

FRESH WATER PROCUREMENT (10³ m³)



FRESH WATER DISCHARGES (10³ m³)





ANNEX

DATA AND PERFORMANCE INDICATORS

SNAM GROUP – MAIN OPERATING DATA

	2013	2014	2015
Natural gas transportation			
Gas injected into the network (10 ⁹ m ³)	69.00	62.25	67.25
Gas pipeline network (km)	32,306	32,339	32,534
Average distance covered by gas in the Italian transportation network (km)	485	404	419
Gas compression stations for transportation (no.)	11	11	11
Installed capacity at gas compression stations (MW)	867	894	877
Liquefied natural gas regasification			
Liquefied natural gas injected into the network (10 ⁹ m ³)	0.05	0.01	0.03
Number of methane tankers unloaded	1	1	1
Natural gas storage			
Gas injected into storage sites (10 ⁹ m ³)	8.92	8.13	9.84
Gas provided from storage sites (10 ⁹ m ³)	9.50	7.57	9.74
Operating concessions (no.)	8	8	9
Natural gas distribution			
Distribution network (km)	52,993	55,278	56,717
Gas carried in the distribution network (10 ⁹ m ³)	7,352	6,500	7,599
Concessions (no.)	1,435	1,437	1,472

SNAM GROUP – MAIN ECONOMIC DATA*

	2013	2014	2015
Economic and financial data			
Total revenues (€ million)	3,529	3,566	3,649
Operating costs (€ million)	726	790	850
EBIT (€ million)	2,034	1,973	1,950
Net profit (€ million)	917	1,198	1,238
Technical investments (€ million)	1,290	1,313	1,272
Net invested capital at 31 December (€ million)	19,320	20,824	21,365
Shareholders' equity including minority interests (€ million)	5,994	7,172	7,586
Group shareholders' equity at 31 December (€ million)	5,993	7,171	7,585
Net financial debt at 31 December (€ million)	13,326	13,652	13,779
Free cash flow (€ million)	(92)	297	771
Added value produced (mil. €)	2,582	2,604	2,605
Added value distributed (mil. €)	2,510	2,281	2,242
Snam stock			
Number of shares in share capital (millions)	3,381.6	3,500.6	3,500.6
Number of shares outstanding at 31 December (million)	3,380.0	3,499.5	3,499.5
Average number of shares outstanding during the year (million)	3,379.5	3,384.7	3,499.5
Year-end official share price (€)	4.04	4.11	4.85
Average official share price for the year (€)	3.66	4.23	4.51
Market capitalisation (€ million)	13,655	14,383	16,973
Dividends paid during the period (€ million)	845	507	875

* For comments on the economic and financial results, please refer to the Annual Report.

SNAM GROUP - MAIN EMPLOYEE DATA AND INDICATORS

	2013	2014	2015
Total employees (no.)	6,045	6,072	6,303
Average headcount (no.)	6,024	6,107	6,196
Employee average age (years)	49	48	49
Length of service (years)	24	24	24
Workers (no.)	2,119	2,079	2,066
Employees by business segment			
Corporate (no.)	703	706	715
Transportation (no.)	1,952	1,874	1,918
Distribution (no.)	3,008	3,124	3,298
Storage (no.)	303	291	299
Regasification (no.)	79	77	73
Employees by classification			
Executives (no.)	116	124	129
Managers (no.)	579	602	629
Office workers (no.)	3,271	3,280	3,435
Manual workers (no.)	2,079	2,066	2,110
Employees by type of contract			
Permanent contract (no.)*	5,748	5,749	5,995
Apprenticeship or trainee contract (no.)	202	229	215
Temporary contract (no.)	0	1	1
Part-time contract (no.)	95	93	92
Employees by gender			
Men (no.)	5,386	5,397	5,591
Women (no.)	659	675	712
Women/men pay differential (executive category)	1.04	0.91	0.90
Women/men pay differential (manager category)	0.95	0.95	0.96
Women/men pay differential (office worker category)	0.92	0.93	0.93

continue

* In 2015, there were 23 additional workers with staff leasing contracts (29 in 2014).

continued

	2013	2014	2015
Incoming and departing employees			
Hired from the market (total) (no.)	67	185	273
of whom university graduates (no.)	46	75	105
of whom high school graduates (no.)	21	110	150
of whom women (no.)	17	34	40
of whom men (no.)	50	151	233
Other incoming employees (non-consolidated companies, tender acquisitions, etc.) (no.)	16	213	109
Percentage of university graduates hired (%)	68.7	40.5	38.5
Departures during the year (no.)	89	386	151
Turnover (%)	2.9	12.9	6.6
Absenteeism rate (%)	5.8	5.3	5.4
Training			
Training hours (no.)	198,357	174,916	160,405
Participants (no.)	23,811	17,043	15,716
Average training hours per employee (no.)	33	29	26
Training hours delivered to executives (no.)	6,133	4,974	3,943
Training hours delivered to managers (no.)	23,699	14,509	18,814
Training hours delivered to office workers (no.)	117,942	73,404	86,010
Training hours delivered to manual workers (no.)	50,584	82,029	51,638

SNAM GROUP - MAIN HSE DATA AND INDICATORS

	2013	2014	2015
Health and safety			
Employee accidents (no.)	15	15	22
Employee accident frequency index	1.51	1.49	2.14
Employee accident severity index	0.09	0.08	0.10
Contractor accidents (no.)	22	16	12
Contractor accident frequency index	2.63	1.91	1.38
Contractor accident severity index	0.16	0.10	0.11
Employee and contractor Accident Frequency Index	2.02	1.68	1.79
Employee and contractor accident severity index	0.12	0.09	0.11
Energy			
Energy consumption (TJ)	11,467	8,858	9,658
Emissions			
Natural gas emissions (10 ⁶ m ³)	98.8	95.0	78.5
GHG emissions Scope 1-2-3 (10 ³ t CO _{2eq})	2,574	2,341	2,371
GHG emissions Scope 1 (10 ³ t CO _{2eq})	2,181	1,978	1,907
GHG emissions Scope 2 (10 ³ t CO _{2eq})	32.2	31.4	31.1
GHG emissions Scope 3 (10 ³ t CO _{2eq})	361	333	433
NOx emissions (t)	837	497	433
CO ₂ emissions (t)	327	265	292
CO ₂ emissions/energy used (kg/GJ)	54.3	54.0	53.9
NOx emissions/energy used (kg/GJ)	0.073	0.056	0.045
Waste			
Total waste production (t)	61,217	57,819	36,288
Non-hazardous waste production (t)	58,039	54,144	33,176
Hazardous waste production (t)	3,178	3,676	3,112
Waste recovered from production activities (%)	96	54	56

continue

continued

	2013	2014	2015
Water procurement and discharge			
Freshwater procurement (10 ³ m ³)	281	339	322
Freshwater discharged (10 ³ m ³)	188	258	254
Sea water procurement (10 ³ m ³)	4,000	4,000	4,000
Sea water discharged (10 ³ m ³)	4,000	4,000	4,000
HSE management			
Training hours on health and safety matters (no.)	34,641	53,433	20,722
Training hours on environmental matters (no.)	1,970	478	2,725
Environmental expenses (€ million) ¹	166.6	170.1	164.1
Health and safety expenses (€ million) ¹	51.7	43.8	45.7
Doctor's visits (no.)	2,674	2,630	2,766
Regular doctor's visits (no.)	2,610	2,387	2,190
Diagnostic exams (no.)	2,989	2,203	3,827
Total HSEQ audits performed (no.)	312	314	288
Environmental investigations (no.)	260	532	245

¹ Data do not include AES and Acam Gas.

BUSINESS SEGMENTS - MAIN HSE DATA AND INDICATORS

	2013	2014	2015
NATURAL GAS TRANSPORTATION			
Health and safety			
Employee accidents (no.)	10	7	3
Contractor accidents (no.)	20	11	7
Employee frequency index	3.19	2.23	0.97
Employee severity index	0.20	0.17	0.05
Contractor frequency index	3.53	1.84	1.13
Contractor severity index	0.23	0.08	0.05
Energy and environment			
Energy consumption (TJ)	6,434	4,153	4,278
Scope 1 CO _{2eq} emissions (t)	984,640	810,408	883,826
Natural gas emissions (10 ⁶ m ³)	40	37.2	37
Natural gas recovered (10 ⁶ m ³)	5.4	3.0	3.6
NOx emissions (t)	455	237	225
Energy consumption/energy compressed (%)	0.25	0.23	0.23
CO ₂ emissions/gas compressed (kg/10 ⁶ m ³)	5,834	5,941	5,805
Natural gas emissions/km of network (m ³ /km)	1,238	1,151	1,138
NOx emissions/gas compressed (kg/10 ⁶ m ³)	7.5	6.3	5.7
Average rated turbine NOx emissions/total installed capacity ([mg/Nm ³]/MW)	5.7	5.4	4.6
DLE turbine hours of operation/total turbine hours of operation (%)	76	87	88
LIQUEFIED NATURAL GAS REGASIFICATION			
Health and safety			
Employee accidents (no.)	0	0	0
Contractor accidents (no.)	0	1	0
Employee frequency index	0	0	0
Employee severity index	0	0	0
Contractor frequency index	0	32.72	0
Contractor severity index	0	0.43	0

continue

continued

	2013	2014	2015
Energy and environment			
Energy consumption (TJ)	45	31	52
Scope 1 CO _{2eq} emissions (t)	53,654	32,169	38,659
Natural gas emissions (10 ⁶ m ³)	3.4	1.9	2.0
NOx emissions (t)	1.1	0.3	1.1
Energy consumption/LNG injected into the network (%)	(*)	(*)	(*)
CO _{2eq} emissions/LNG injected into the network – (kg/10 ⁶ m ³)	(*)	(*)	(*)
NATURAL GAS STORAGE			
Health and safety			
Employee accidents (no.)	0	1	0
Contractor accidents (no.)	2	2	1
Employee frequency index	0	2.02	0
Employee severity index	0	0.01	0
Contractor frequency index	2.07	1.98	0.89
Contractor severity index	0.01	0.17	0.18
Energy and environment			
Energy consumption (TJ)	4,410	4,117	4,740
Scope 1 CO _{2eq} emissions (t)	424,042	410,728	450,162
Natural gas emissions (10 ⁶ m ³)	11.7	11.7	10.7
NOx emissions (t)	349	227	175
Natural gas emissions for storage/gas stored (%)	0.061	0.067	0.051
NOx emissions/gas stored (kg/10 ⁶ m ³)	39.1	28.0	17.8
Average rated turbine NOx emissions/total installed capacity ([mg/Nm ³]/MW)	9.6	6.2	5.6

continue

* Figure not significant due to reduced regasification activity.

continued

	2013	2014	2015
NATURAL GAS DISTRIBUTION			
Health and safety			
Employee accidents (no.)	5	6	18
Contractor accidents (no.)	0	1	4
Employee frequency index	0.98	1.15	3.34
Employee severity index	0.04	0.06	0.16
Contractor frequency index	0	0.76	3.13
Contractor severity index	0	0.13	0.35
Energy and environment			
Energy consumption (TJ)	521	527	571
Scope 1 CO _{2eq} emissions (t)	718,380	724,588	534,192
Natural gas emissions (10 ⁶ m ³)	43.7	44.2	28.7
Natural gas emissions/km of network (m ³ /km)	828	813	511
CO _{2eq} emissions/gas distributed - Scope 1 (kg/10 ⁶ m ³)	97,712	111,475	70,298

Note on Methodology ▷ GRI – G4: 18, 20, 21, 28, 29, 30, 31, 32, 33, 48

Introduction and document presentation

The report on operations that Snam has attached to its 2015 consolidated financial statements represents its first attempt at the integrated reporting of economic, financial and non-financial data and information based on a distinctive layout developed in light of the IIRC (International Integrated Reporting Council) framework, with a view to presenting the business model and the creation of sustainable value.

At the same time, the Company decided to continue publishing a separate sustainability report, in synergy with the report described above, in order to provide a full and comprehensive account of material topics for the benefit of all stakeholders, particularly SRI and Global Compact analysts, which also complies with GRI-G4 guidelines.

This Report on Corporate social responsibility therefore replaces the Sustainability Report, which was published for nine years until last year, and is meant in particular to enhance relations between the company and its stakeholders and also present how sustainability processes and actions contribute to creating value in its various areas of operations.

Scope and criteria of consolidation

The report contains data and information referring to the year ending on 31st December 2015, except for the information on corporate governance and ownership structure, which was updated as of the date of publication. The activities included within the reporting scope are:

- Corporate (Snam S.p.A. with the subsidiary Gasrule Insurance Limited);
- Transportation (Snam Rete Gas S.p.A.);
- Liquefied natural gas regasification (GNL Italia S.p.A.);
- Storage (Stogit S.p.A.);
- Distribution (Italgas S.p.A. with subsidiaries Napoletanagas, A.E.S and Acam Gas).

The reporting scope has expanded since last year, and now also includes the activities of Acam Gas S.p.A., a natural gas distribution company that has been wholly owned by Italgas since 1st April 2015.

However, there are no differences with respect to the consolidation criteria adopted in the Annual Report.

Reporting process and procedures

The process of gathering data and information and preparing the report was coordinated and managed by the Sustainability unit of the parent company, Snam, in cooperation with the various corporate departments and the operating companies. Publication of the document, simultaneous with that of the Annual Report, was subject to approval by the Snam Board of Directors on 16th March 2016.

The economic and financial, operating and governance data are taken directly from the Annual Report and the Report on Corporate Governance and ownership structure. Data concerning the environment, employees and the other aspects addressed in the document were gathered from the applicable departments.

The calculation methods used to determine the various figures are indicated in the specific related sections. To ensure the comparability over time of the indicators deemed most significant and to give the reader the chance to compare the performance achieved, current values have been placed alongside those for the previous two years, using graphs and tables. The document aims to provide a balanced picture of both positive and negative aspects and, when deemed appropriate, to comment on the results obtained, including the events and actions concerning the Group in 2015.

The content of the report is also supplemented with additional information published in the sustainability section of the

website www.snam.it

Application of the GRI-G4 guidelines

The report was drafted in accordance with version G4 of the Global Reporting Initiative's Reporting Guidelines. The breadth and depth of reporting on the topics addressed in the document reflect the results of the materiality analysis conducted based on a specific methodology and updated each year during the sustainability commitment and action planning cycle. In this respect, the results of a broad, detailed company stakeholder engagement activity which was carried out in 2015 were used to refine the assessment of material aspects.

Material Aspects	Aspect Boundary		Limitation of Aspect Boundary	
	Within the Organization	Outside the Organization	Within the Organization	Outside the Organization
Economic Performance	T, D, S, R, C	Investor. Client	-	-
Procurement practices	T, D, S, R, C	Suppliers	-	Reporting not extended second-tier suppliers
Energy	T, S	Suppliers	-	Suppliers' energy consumption not accounted
Biodiversity	T	-	-	n.a.
Emissions	T, D, S, R	Suppliers	-	Suppliers' pollutant air emissions not accounted
Overall	T, S	-	-	n.a.
Suppliers Environmental Assessment	T, D, S, R, C	Suppliers	-	Reporting not extended second-tier suppliers
Employee	T, D, S, R, C	-	-	n.a.
Labor/Management Relations	T, D, S, R, C	-	-	n.a.
Occupational Health and Safety	T, D, S, R, C	Suppliers	-	-
Training and education	T, D, S, R, C	Suppliers	-	Suppliers' training not accounted
Labor Practices Grievance Mechanisms	T, D, S, R, C	-	-	n.a.
Suppliers assessment for labor practices	T, D, S, R, C	Suppliers	-	Reporting not extended second-tier suppliers
Suppliers Human Rights assessment	T, D, S, R, C	Suppliers	-	Reporting not extended second-tier suppliers
Local communities	T, D, S, R, C	-	-	n.a.
Anti-Corruption	T, D, S, R, C	Suppliers	-	Reporting not extended second-tier suppliers
Compliance	T, D, S, R, C	-	-	n.a.

Legend:

T: Transportation D: Distribution S: Storage R: Regasification C: Corporate n.a.: Not applicable

In order to apply the G4 standard, the results of the materiality analysis are associated with the list of material aspects set forth in the standard. The result is provided in the correspondence table attached on p. 105.

On the basis of the coverage of the standard disclosures and indicators associated with the material aspects, the level of adherence to the G4 standard self-declared by Snam is “in accordance – comprehensive”.

With regard to the material aspects for which reporting has not been extended to the external scope (Limitation of Aspect Boundary), Snam will undertake specific actions in the coming years to enable the reporting scope to be progressively broadened.

In addition, the business model and company capital described on pp. 18-19 are broken down according to the instructions provided in the “International Integrated Reporting Framework” published by the IIRC.

Assurance

The report was subject to a legally-required audit by the independent auditor appointed (Reconta Ernst & Young S.p.A.) based on the principles and guidelines of the International Standard on Assurance Engagements (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB). The audit results are included in the Independent Auditor's Report attached to this Report.

Reference period:	2015
Report coverage:	Annual
Previous report:	2014 Sustainability Report
Contact person	Domenico Negrini Bruno Andreetto Snam S.p.A. Piazza Santa Barbara, 7 San Donato Milanese (MI)
Accessibility:	www.snam.it
email:	domenico.negrini@snam.it bruno.andreetto@snam.it

GRI CONTENT INDEX

Legend: **SR:** Sustainable Paths - Report on Corporate Social Responsibility **AR:** Annual Report
 RR: Remuneration Report **CGR:** Corporate Governance Report

Note on methodology

		Reference Document	Page reference/ notes	External Assurance page 116-118
Strategy and Analysis				
G4-1	Sustainability strategy	SR	17-29	
G4-2	Risk and opportunity impacts	AR	105-111	
Organizational profile				
G4-3	Name of the organization	SR	Cover	✓
G4-4	Brand, products and services	SR	7-8, 11, 40-42	✓
G4-5	Location of general headquarters		The company headquarters is San Donato Milanese http://www.snam.it/en/about-us/headquarter/index.html	✓
G4-6	Local market presence, included significative impacts concerning products, activities, services and relationships	SR	7-8, 34-36	✓
G4-7	Ownership structure	SR	7	✓
G4-8	Markets served	SR	7-8	✓
G4-9	Size of the organization	SR	8	✓
G4-10	Total number of employees, broken down by type of contract, by sex and geographic area	SR	27, 58-59, 97-98	✓
G4-11	Total number of employees covered by collective labor agreements		National collective labour agreements (CCNL) apply to all Snam workers (the Energy and Petroleum Industry Agreement for the transportation, storage and regasification segments, and the Gas and Water Agreement for distribution). Snam guarantees all workers the right to freely express their thoughts, join associations and engage in union activities. At the end of 2015, 49.5% of employees were members of a trade union.	✓

GENERAL STANDARD DISCLOSURES		Reference Document	Page reference/ notes	External Assurance page 116-118
G4-12	Supply chain description (n. supplier, volumes e procurement markets)	SR	47	✓
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	SR	7, 47	✓
G4-14	Explanation of any method of application of the prudence principle or approach	AR	Risk and uncertainty factors 106	
G4-15	Signing and adoption of codes of conduct, principles and charters developed by external organizations	AR	24	
G4-16	Participation in trade associations	Website	http://www.snam.it/en/Sustainability/responsibility_towards_everyone/technological_and_regional_partnerships.html	
Identified material aspects and boundary				
G4-17	List all entities included in the organization's consolidated financial statements and those not covered by the report	SR	Note on methodology	✓
G4-18	Process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for defining report content	SR	25 Note on methodology	✓
G4-19	List all material aspects identified	SR	25	✓
G4-20	For each material aspect, report the aspect Boundary within the organization	SR	Note on methodology	✓
G4-21	For each material aspect, report the aspect Boundary outside the organization	SR	Note on methodology	✓
G4-22	Report effect of any restatements of information provided in previous reports , and the reasons	There are no significant modification		✓
G4-23	Significant changes from previous reporting periods	SR	Note on methodology	✓
Stakeholder engagement				
G4-24	List of stakeholders with which the Company interacts	SR	20	✓
G4-25	Principles for identifying stakeholders	SR	20	
G4-26	Approach adopted for the activity of involving stakeholders	SR	21, 23, 44-45	
G4-27	Results of involvement	SR	25, 44-45	

GENERAL STANDARD DISCLOSURES		Reference Document	Page reference/ notes	External Assurance page 116-118
Report profile				
G4-28	Period of reference of the document	SR	Note on methodology	✓
G4-29	Last report published	SR	Note on methodology	✓
G4-30	Frequency of reporting	SR	Note on methodology	✓
G4-31	Contacts	SR	Note on methodology	✓
G4-32	Report the in accordance options and table of G4 content	SR	Note on methodology	✓
G4-33	Policies and practices on independent auditing	SR	Note on methodology	✓
Governance				
G4-34	Governance structure, including committees of the highest governance body	CGR	28-30	
G4-35	Process for delegating authority from the highest governance body to senior executives and other employees about economic, environmental and social topic.	SR	25	
G4-36	Executive-level position about sustainability topics and whether post holders report directly to the highest governance body	CGR	49	
G4-37	Process for consultation between stakeholder and the highest governance on economic, environmental and social topic and feedback processes.	SR	25	
G4-38	Composition of the highest governance body and its committees	CGR	62, 73, 76, 80	
G4-39	Combined chair and executive officer		Snam President is not executive	
G4-40	Nomination and selection of highest governance body and the criteria used for selecting highest governance body	CGR	55-56, 59-60	
G4-41	Conflicts of interests	CGR	68-69	
G4-42	Roles of the highest governance body in developing, approving and updating strategies and policies on sustainability topic.	CGR	49	
G4-43	Measures to develop highest governance body knowledge on economic, environmental and social topics.	CGR	90-91	
G4-44	Processes for evaluating highest governance body's performance of economic, environmental and social topics.	CGR	52-55	
G4-45	Role of highest governance body to identify impact areas, risks and opportunities about sustainability topic.	AR	25	
G4-46	Role of highest governance body in review of risk management on sustainability topic.	AR	25	
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	AR	Annual 106-112	
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	SR	Note on methodology	

GENERAL STANDARD DISCLOSURES		Reference Document	Page reference/ notes	External Assurance page 116-118
G4-49	Process for communicating critical concerns to the highest governance body	CGR	93	
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them.	AR	112	
G4-51	Remuneration policies for the highest governance body and senior executives and how performance criteria in the remuneration policy are related to the highest governance body's and senior executives' economic, environmental and social performances.	RR	31-35	
G4-52	The process for determining remuneration and whether remuneration consultants are involved and if they are independent.	RR	12-16	
G4-53	Stakeholder engagement on remuneration process		Compensation policy has been submitted to the agreement of shareholders in the occasion of the annual shareholders meeting. This year 97.08% of attendees has agreed with the policy. This positive trend has been going on since 2012, when shareholders have been consulted for the first time, with an average score of 97.4%. With this result, Snam is among the best company of FTSE MIB and of one the best practice of the industry.	
G4-54	The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees in each country of significant operations		Confidential	
G4-55	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees in each country of significant operations.		Confidential	
Ethics and Integrity				
G4-56	Mission, values and Code of Conduct	SR	46	✓
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior (helpline, etc.)		http://www.snam.it/en/governance-conduct/business-conduct/whistle-blowing/index.html	
G4-58	Processes for reporting concerns about unethical or unlawful behavior and for encouraging ethical behavior (hotlines, etc.)		http://www.snam.it/en/governance-conduct/business-conduct/whistle-blowing/index.html	

SPECIFIC STANDARD DISCLOSURES

Material aspects		Reference Document	Page reference/ notes	Omissions	External Assurance page 116-118
CATEGORY: ECONOMIC					
Economic Performance					
DMA		SR	7-8, 18-19, 25, 34-45		
EC1	Economic value generated and distributed directly	SR	12-13		✓
EC2	Economic and financial implications associated with climate change	SR	86		✓
EC3	Coverage of obligations assumed at the time of defining the pension plan (benefit plan obligations)		In 2015 Snam has fulfilled social contributions in compliance with by applicable law		
EC4	Significant financial assistance received from government		Absent		
Procurement practices					
DMA		SR	25, 47-52		
EC9	Policies, practices, and percentage of expenses concentrated on local suppliers	SR	47		✓
CATEGORY: ENVIROMENTAL					
Energy					
DMA		SR	25, 87-89		
EN3	Direct and indirect energy consumption broken down by primary energy source	SR	87-88		✓
EN4	Energy consumption outside of the organization			No data available. Snam is considering how to implement reporting	
EN5	Energy Intensity	SR	101-102		
EN6	Energy saving	SR	89		✓
EN7	Reductions in energy requirements of products and services	SR	89		

SPECIFIC STANDARD DISCLOSURES

Material aspects		Reference Document	Page reference/ notes	Omissions	External Assurance page 116-118
Biodiversity					
DMA		SR	25, 74-78		
EN11	Size of land owned, leased or managed in protected areas (or adjacent to protected areas) or in areas with high biodiversity outside of protected areas	SR	77		
EN12	Description of the major impacts of activities, products and services on the biodiversity of protected areas or of areas with high biodiversity outside	SR	73-78		✓
EN13	Protected or restored habitats	SR	73-78		✓
EN14	Number of protected species that have their habitat in the organisation's areas of operation, broken down by level of risk of extinction			not applicable	
Emissions					
DMA		SR	25, 80-86, 90		
EN15	Total direct greenhouse gas emissions by weight (scope I)	SR	80-85		✓
EN16	Total indirect greenhouse gas emissions by weight (scope II)	SR	80-85		✓
EN17	Other indirect greenhouse gas emissions by weight (scope III)	SR	80-85		✓
EN18	Carbon intensity	SR	99, 101-103		
EN19	initiatives to reduce greenhouse gas emissions and results achieved	SR	80-85		✓
EN20	Emissioni di sostanze nocive per l'ozono per peso	SR	Absent		
EN21	NOx, SOx and other significant emissions into the air broken down by type and weight	SR	90		✓
Overall					
DMA		SR	25, 73		
EN31	Expenses and investments in environmental protection, broken down by type	SR	73		✓
Suppliers Enviromental Assessment					
DMA		SR	25, 48, 52		
EN32	Percentage of new suppliers that were screened using environmental criteria	SR	52		✓
EN33	Significant actual and potential I negative environment impacts in the supply chain and actions taken	SR	52		✓

SPECIFIC STANDARD DISCLOSURES

Material aspects		Reference Document	Page reference/ notes	Omissions	External Assurance page 116-118
CATEGORY: SOCIAL					
LABOR PRACTICES AND DECENT WORK					
Employment					
DMA		SR	25, 58-69		
LA1	Total number and rates of new employee hires and turnover by age group, gender and region	SR	58-59		✓
LA2	Benefits provided for permanent workers		There are no significant modification		
LA3	Rate of return to work after parental leave	SR	67		✓
Labor/Management Relation					
DMA		SR	25, 58-69		
LA4	Minimum period of notice for operational modifications (organisational changes), specifying whether or not such conditions are included in the collective labour agreement		The provisions of the national collective labour agreements are applied (see G4:11)		
Occupational Health and Safety					
DMA			25, 53-56		
LA5	Percentage of workers represented on the health and safety committee		Worker representation is ensured through ref. T.U. Legislative Decree No. 81/2008 and the national agreements		
LA6	Rate of workplace accidents, sickness, lost work days, absenteeism and total number of deaths, broken down by geographic area	SR	52-55, 66		✓
LA7	Workers with high incidence or high risk of diseases related to their occupation	SR	55		
LA8	Union agreements on health and safety		Worker representation is ensured through ref. T.U. Legislative Decree No. 81/2008 and the national agreements		
Training and education					
DMA		SR	25, 55, 60-62, 67		
LA9	Average annual hours of training per employee, broken down by worker classification	SR	52-55, 60-61		✓
LA10	Programmes for managing skills and for promoting training/ continuing education in support of the continuing employment of employees and for managing the final phase of their careers	SR	60-61		
LA11	Percentage of employees who regularly receive performance and career development evaluations	SR	62-63		✓

SPECIFIC STANDARD DISCLOSURES

Material aspects		Reference Document	Page reference/ notes	Omissions	External Assurance page 116-118
Suppliers assessment for labor practices					
DMA		SR	25,58-69		
LA14	Percentage of new suppliers that were screened using labor practices criteria	SR	52		✓
LA15	Significant actual and potential negative impact for labor practices in the supply chain and actions taken	SR	52		✓
Labor Practices Grievance Mechanisms					
DMA		SR	25, 58-69		
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	SR	69		
SOCIETY					
Supplier human rights assessment					
DMA		SR	25,58-69		
HR10	Percentage of new suppliers that were screened using human rights criteria	SR	52		✓
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	SR	52		✓
Local communities					
DMA		SR	25, 71-72, 74-76		
SO1	Nature, objective and effectiveness of programmes and/or practices for evaluating and managing impact on a given community, including activity	SR	73-76		
SO2	Commencement, operation and decommissioning phases	SR	73-74		
Anti-Corruption					
DMA		SR	25, 46, 51		
SO3	Percentage of business units analysed for corruption risk	SR, AR	46, 51, 105-111		✓
SO4	Percentage of employees with anti-corruption training	SR	61		✓
SO5	Actions taken in response to incidents of corruption	AR	112		
Compliance					
DMA		CGR	Complete document		
SO8	Total legal actions regarding unfair competition, anti-trust and monopolistic practices and respective judgments	AR	239-244		

GLOBAL COMPACT RECONCILIATION TABLE

The ten principles	2015 Sustainability Report	Page
Human Rights		
Principles 1, 2 - Companies are asked to promote and respect universally recognised human rights in their respective spheres of influence and to make sure they are not complicit, even indirectly, in human rights violations.	<p>Respect for human rights is expressly mentioned in the Snam Code of Ethics and in contractual relations with suppliers. To contractually document this reciprocal commitment, Snam asks its suppliers to comply with the Ethics and Integrity Pact, which aims to guarantee transparent relationships, the fulfilment of professional ethics requirements throughout the company supply chain (including subcontractors) and for the entire term of the relationship, the power to take action in cases of non-compliance, in accordance with the forms and terms established in Group procedures, and verified and declared violations.</p> <p>More than 420 people, including Snam Group personnel and suppliers, participated in a workshop entitled "Quality and transparency in company-supplier relations" devoted to the topics of transparency and combating corruption.</p> <p>100% of qualified suppliers were analysed with regard to human rights issues.</p> <p>Awareness and involvement initiatives under the "Objective: Safety" plan continued.</p> <p>Training activities on health and safety continued (approximately 20,722 hours delivered, with 3,629 attendees).</p> <p>Contractor accident frequency index reduced.</p> <p>Promotion of employee health through the WHP programme.</p> <p>Welfare system improved with new services and initiatives.</p>	47-52 53-56, 66
Labour		
Principles 3, 4, 5, 6 - Businesses are required to uphold freedom of association and the recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the abolition in practice of child labour; and the elimination of all forms of discrimination in respect of employment and work.	<p>The Energy and Petroleum and Gas-Water national collective labour agreements are applied and all workers are guaranteed union rights.</p> <p>New model of professional and managerial skills and the new performance assessment system establishing business as well as sustainability targets confirmed.</p> <p>Continuation of managerial development course, involving approximately 100 people in 2015.</p> <p>A total of more than 160,400 hours of training provided to more than 15,700 participants.</p> <p>Opportunity to join an online English course continued for all staff and advanced language courses launched with the participation of roughly 80 employees.</p> <p>Female presence increased.</p>	58-69
Environment		
Principles 7, 8, 9 - Companies are asked to maintain a preventive approach to environmental challenges; to undertake initiatives that promote greater environmental responsibility; and to encourage the development and dissemination of technologies that respect the environment.	<p>Snam devotes particular attention to the theme of biodiversity, taking as a reference the Sustainable Development Objectives and in particular that with respect to the sustainable use of the earth.</p> <p>240 km of replanting completed, more than 1,000 km of environmental monitoring performed and 11 km of reforestation completed.</p> <p>Participation in Let's Clean Up the World with the school in Bordolano.</p> <p>Educational initiative dedicated to science carried out with almost 200,000 students, with the sponsorship of the Ministry of the Environment and Federparchi.</p> <p>Social agricultural initiative "A vegetable garden in the network" carried out.</p> <p>Third book in the "sustainable pathways" series, Il Parco della Maiella, published, and the fourth book regarding Parco del Ticino in the publication stage.</p> <p>Energy Management activities carried out to reduce energy consumption, with 141,000 tonnes of CO_{2eq} emissions avoided.</p> <p>New photovoltaic plants connected to increase installed power by 58%, and higher number of plants supplied with electricity generated from renewable sources.</p> <p>ISO 14001 environmental management system certification obtained for the entire Snam Group.</p>	30, 71-93
Anti-corruption		
Principles 10 - Companies commit to fighting corruption in any form, including extortion and bribery.	<p>Snam and Italgas Model 231 updated following the introduction of the crimes of self-laundering, false accounting and eco-crimes.</p> <p>Ethics and Integrity Pact completed, and suppliers called upon to comply</p> <p>3,025 hours of training on the matter provided, with the participation of 1,920 people</p>	26, 48, 51

LETTERA DI ASSURANCE



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**Independent auditors' report on the document "Sustainable Paths - 2015 Report on Corporate Social Responsibility"
(Translation from the original Italian text)**

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

We have carried out a limited assurance engagement of the document "Sustainable Paths - 2015 Report on Corporate Social Responsibility" (hereinafter "Report on Corporate Social Responsibility") of Snam S.p.A. and its subsidiaries (hereinafter "Snam Group") as of December 31, 2015.

Management's responsibility on Report on Corporate Social Responsibility

The Management is responsible for the preparation of the Report on Corporate Social Responsibility in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI - Global Reporting Initiative, that are detailed in the paragraph "Note on Methodology" of the Report on Corporate Social Responsibility, as well as for that part of internal control that they consider necessary in order to allow the preparation of a Report on Corporate Social Responsibility that is free from material misstatements, even caused by frauds or not-intentional behaviors or events. The Management is also responsible for defining the Snam Group's objectives regarding the sustainability performance and for the reporting of the achieved results, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work has been conducted in accordance with the criteria established by the principle "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board for the engagements that consist in a limited assurance. This principle requires the respect of relevant ethical principles, including those related to independence, as well as the planning and the execution of our work in order to obtain a limited assurance that the Report on Corporate Social Responsibility is free from material misstatements. These procedures included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Report on Corporate Social Responsibility, documents analysis, recalculations and in other procedures in order to obtain evidences considered appropriate.

The procedures performed on the Report on Corporate Social Responsibility were related to the compliance with the principles for defining report content and quality, as articulated in the "G4 Sustainability Reporting Guidelines", and are summarized below:

- a. Comparison of the economic and financial data and information included in the Report on Corporate Social Responsibility with those included in the Snam Group's consolidated financial statements as of December 31, 2015 on which we issued our audit report, pursuant to art. 14 and 16 of Legislative Decree dated January 27, 2010, on April 5, 2016;

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- b. Analysis, through interviews, of the governance system and of the process to manage the issues related to the sustainable development regarding Snam Group's strategy and operations;
- c. Analysis of the process relating to the definition of material aspects included in the Report on Corporate Social Responsibility, with respect to the criteria applied to identify priorities for the different stakeholders' categories and to the internal validation of the process outcome;
- d. Analysis of the operating mode of the processes supporting the initiation, recording and management of the quantitative data reported in the Report on Corporate Social Responsibility. In particular, we have carried out the following procedures:
 - interviews and discussions with personnel of the Management of Snam S.p.A. and of its subsidiaries Snam Rete Gas S.p.A. and Stoccaggi Gas Italia S.p.A., to obtain an understanding about the information, accounting and reporting systems in use for the preparation of the Report on Corporate Social Responsibility, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Report on Corporate Social Responsibility;
 - on-site verifications at the Minerbio (BO - Italy) operating site of Stoccaggi Gas Italia S.p.A. and at the Cermenate (CO - Italy) worksite "Metanodotto Vertemate-Cermenate-Cantù" of Snam Rete Gas S.p.A.;
 - analysis on a sample basis of the documentation supporting the compilation of the Report on Corporate Social Responsibility, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct processing of data and information referred to the objectives described in the Report on Corporate Social Responsibility;
- e. Analysis of the compliance and internal consistency of the qualitative information included in the Report on Corporate Social Responsibility to the guidelines identified in paragraph "Management's responsibility on Report on Corporate Social Responsibility" of the present report;
- f. Analysis of the process relating to the involvement of the stakeholders, with reference to the procedures applied, through the review of minutes or any other existing documentation relating to the main topics arisen from discussions with them;
- g. Obtaining of the representation letter, signed by the legal representative of Snam S.p.A., relating to the compliance of the Report on Corporate Social Responsibility with the guidelines indicated in paragraph "Management's responsibility on Report on Corporate Social Responsibility", as well as to the reliability and completeness of the information and data presented in the Report on Corporate Social Responsibility.

The data and information which are subject to the limited assurance are reported, in compliance with "G4 Sustainability Reporting Guidelines", in the table "GRI Content Index" of the Report on Corporate Social Responsibility.



Our engagement is less in scope than a reasonable assurance engagement in accordance with ISAE 3000 and, as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the "Sustainable Paths - 2015 Report on Corporate Social Responsibility" of Snam Group as of December 31, 2015 is not in compliance, in all material aspects, with the guidelines "G4 Sustainability Reporting Guidelines" issued in 2013 by the GRI - Global Reporting Initiative, as stated in the paragraph "Note on Methodology" of the Report on Corporate Social Responsibility.

Turin, April 5, 2016

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

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



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Snam

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