

# 2020

## Sustainability Report Towards Net Zero



energy to inspire the world





## COMPANY PROFILE

Snam is one of the world's leading energy infrastructure operators and ranks among Italy's largest listed companies, by market capitalization.

Through a sustainable and technologically advanced network, Snam guarantees the security of supply and is a key enabler in the energy transition. Through its international footprint Snam operates in Albania (AGSCo), Austria (TAG, GCA), France (Teréga), Greece (DESFA), Italy, UAE (ADNOC Gas Pipelines) and UK (Interconnector UK) and has recently started activities in China and India. Snam is also one of the leading shareholders in TAP (Trans Adriatic Pipeline).

The Group has the largest natural gas transportation network (over 41,000 km including international assets) and storage capacity (approx. 20 bcm including international assets) among its European peers and is also a leading player in regasification, through the LNG terminal in Panigaglia (GNL Italia) and its stakes in the Livorno (OLT) and Rovigo (Adriatic LNG) terminals in Italy and in the Revithoussa (DESFA) terminal in Greece.

In its 2020-2024 strategic plan, Snam plans an increase in investments to 7.4 billion euros and more focus on the energy transition businesses: biomethane (Snam4Environment), energy efficiency (Renovit), sustainable mobility (Snam4Mobility) and hydrogen. The company also operates in forestation (Arbolia) and is committed to achieving carbon neutrality (Scope 1 and Scope 2) by 2040.

The Group's business model is based on sustainable growth, transparency, the promotion of talents and diversity and the social development of local areas also through the initiatives of Fondazione Snam.

[www.snam.it](http://www.snam.it)



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## **SUSTAINABILITY REPORT 2020 TOWARDS NET ZERO**

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# Snam Reports



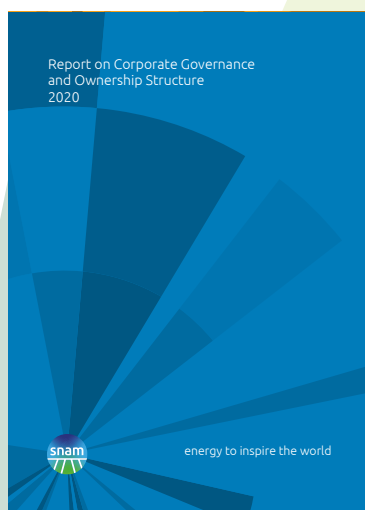
## ANNUAL FINANCIAL REPORT

It provides a comprehensive view both on the financial and non-financial performances through the Directors' Report - Integrated Report, the Consolidated Financial Statement, the Statutory Financial Statement and the Non-Financial Statement drafted according to the Legislative Decree 254/2016.



## FINANCIAL DISCLOSURE ON CLIMATE CHANGE

It describes the Company's governance, strategy and scenarios, risks and opportunities, metrics and targets for climate change management, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board.



## THE CORPORATE GOVERNANCE REPORT AND OWNERSHIP STRUCTURE

It provides detailed information about the Company, its governance structure, the ownership structure, the internal control and risk management system and related topics.



## REMUNERATION REPORT

It describes the Company's Remuneration Policy of Directors and Executives specifying the goals, the involved bodies, the procedures for its adoption and implementation in addition to the remuneration paid.

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## INTEGRATED REPORTING MEANS INTEGRATED THINKING

This is the assumption at the basis of Snam reporting, which for some time now has been pursuing the integration of its reporting processes. This approach aims at responding to the requests of all stakeholders by means of an extensive, transparent and complete, as well as responsible, corporate reporting. Thanks to the publication of several specific reports, Snam provides a timely and in-depth view of its activities, performance and future objectives.

# Sustainability Report



The **Sustainability Report** is a yearly voluntary document that Snam has been publishing since 2006 and that aims to describe in a transparent and clear way the progresses and points of improvement regarding the **environmental, social and governance topics (ESG)**.

The document is a tool for communicating the sustainability strategy, the activities carried out and the results achieved in this area, also with reference to the Sustainable Development Goals of the 2030 Agenda (SDGs).

The aim of the document is to strengthen the relationship and collaboration with a wide audience of stakeholders (citizens, institutions, communities, media, shareholders, investors, employees, suppliers, customers, authorities, etc.).

The Report is drafted according to the Comprehensive option of the **Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)**.

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# ENERGY TO INSPIRE THE WORLD: THE PURPOSE OF SNAM

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

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

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

**Purpose is a daily commitment for Snam:** it is part of its culture and strategy. With the new **Towards Net Zero** Strategic Plan, the Group has set itself the goal of taking **a leading role in the energy transition**, thanks to the new businesses (biomethane, hydrogen, energy efficiency, sustainable mobility) and the innovation component, and **aims of achieving carbon neutrality by 2040**, ahead of the European target set for 2050. To achieve the objectives outlined above, Snam adopts sustainable finance policies and tools that are consistent with its strategy and aimed at developing a transparent and efficient financial market.

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



## Energy transition and sustainable success in the Snam Bylaws

"Energy to inspire the world" is the message that guides Snam's *modus operandi* and was formally incorporated into the company's Bylaws in 2021. In fact, the Shareholders' Meeting of 2<sup>nd</sup> February 2021 approved an amendment to the Bylaws, which expressly recalls the energy transition businesses alongside the core businesses of the regulated activities, as well as the principle of pursuing sustainable success among the aims to which the Company's business activities must conform.



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## The Sustainable Development Goals

In pursuing its purpose, Snam reconciles its strategic choices with its commitment to achieving the Sustainable Development Goals (SDGs) defined by the United Nations in 2015. The 17 SDGs and their targets represent an important reference for Snam, which focuses its efforts on those that are closest to its mission, purpose and activities.

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



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



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



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



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



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



ENERGY

FUTURE

INNOVATION



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# SUSTAINABILITY DRIVING SNAM'S ACTIONS





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# LETTER TO THE SHAREHOLDERS AND STAKEHOLDERS

**Dear Shareholders and Stakeholders,**

**2020 was a year that shocked the world and redefined our idea of normalcy because of the pandemic that we still haven't left behind. Many of us have experienced difficult times and in some cases the loss of loved ones. We have completely changed the way we live, work, travel and relate to others. Some of these changes will remain forever. The economic consequences of the pandemic have been very heavy and will take several years to overcome.**

In this unprecedented context, Snam has distinguished itself both by its essential role in the energy system and by its commitment to ESG. On the one hand, we have continued to work tirelessly, remotely and in the field, to ensure the continuity of energy supplies during the most acute phases of the emergency, including by introducing extraordinary measures. For the thirteenth consecutive year, despite the difficulties, we managed to complete our investment projects in line with the forecasts. A challenge that once again showed the value of our people and the fundamental importance of our network for the energy security of Italy and Europe.

On the other hand, we immediately took steps to support the health system by procuring protective masks and lung ventilators, and to help, through donations and our know-how, third sector associations supporting the most fragile segments of the population, including through the Fondazione Snam and the contributions of our people.

Looking inwards, the emergency also forced us to rethink working methods and processes so that they functioned remotely and increasingly digitally. We have also activated new forms of engagement and welfare services focused on the health and well-being of our people and their families.

The events of 2020 have shown the world how inescapable it is now to address and overcome one of the major challenges of our generation: the fight against climate change. Despite the impact of the pandemic, the reduction in global CO<sub>2</sub> emissions over the past year has been less than expected, with a rebound in the second half of the year coinciding with the recovery of some economic activities. Precisely in 2020, Snam strengthened its position as an enabler of the energy transition and announced, as one of the first companies in its sector, its goal of carbon neutrality by 2040. We plan to achieve this target for Scope 1 and Scope 2 emissions (direct and energy indirect emissions) through an interim step at 2030, by which time we will have reduced our CO<sub>2</sub> equivalent emissions by 50%, capitalising on our efforts over the years to make our activities increasingly sustainable.

Snam's objective is also to make a contribution to reducing emissions for the entire economic system, upgrading its assets to transport increasing quantities of green gases. Furthermore, thanks to our business initiatives in energy efficiency, sustainable mobility, biomethane and hydrogen, by 2024 we will allow Italy to avoid emissions of 600,000 tons of CO<sub>2</sub>.

The plan we launched in 2020, with Euro 7.4 billion in total investments by 2024, has its environmental commitment and emphasises the centrality of ESG factors in our strategies as one of its pillars. Sustainable success is inherent in our purpose, "Energy to inspire the world", which from February 2021 has become part of Snam's Bylaws, following approval by the Shareholders' Meeting. In addition to the economic objectives, for the first time we have set for ourselves multi-year targets on environmental, social and governance dimensions, to the benefit of all our stakeholders. To confirm our commitment, we have once again renewed our adherence to the principles of the Global Compact and the Sustainable Development Goals (SDGs) defined by the UN. In order to report on our contribution to the 2030 Plan, we have prepared an ESG Scorecard through which we measure the company's performance in 13 areas, with material and quantitative targets to be achieved by 2023. Alignment with the SDGs also characterises our financial policies: by the end of the plan, sustainable finance will account for more than 60% of available funding compared with 40% as of today. In the ESG area, it was also an important year from the point of view of promoting diversity and inclusion, with new objectives and initiatives on gender equality, including the integration in the Diversity & Inclusion Policy of two new appendices, the first on gender equality and the second on the personnel selection phase, and the creation of the Inclusive Language Manifesto. Snam's effort has been rewarded with confirmation for the second year in a row in Bloomberg's Gender-Equality Index (GEI).

We continued to work together with our suppliers, purchasing goods, works and services worth Euro 1,832 million (+18% compared to 2019), confirming us as one of the companies that invest the most in Italy (96% of the total procurement).


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At the same time, we continued our international expansion by entering the networks of the United Arab Emirates, through the acquisition, the first outside Europe, of an investment in ADNOC Gas Pipelines together with other investors, and by winning, together with our Greek subsidiary DESFA, the tender for the management of the Kuwaiti regasifier, one of the largest plants of its kind in the world. In parallel, we entered India and continued to bring our expertise to China.

We have made significant progress on energy transition initiatives. As regards hydrogen, after the first experiments, we are continuing to work to make our network increasingly ready to accommodate growing quantities. Thanks to our infrastructure, we can be one of the enablers of the development of this energy vector, which is destined to play a decisive role in making Europe the first zero-emission continent by 2050, as shown by the strategies adopted by the

European Union and by several of its member states during 2020. In this sector we have entered into a technological partnership with De Nora, an Italian company of excellence and leader in technologies for water treatment and alkaline electrolysis. The objective is to position ourselves at the forefront of innovation, as demonstrated by the agreement with the British company ITM Power, which produces membrane electrolyzers.

As for energy efficiency, we integrated Snam's expertise with new acquisitions (Mieci and Evolve) and laid the foundations for the start-up of the Renovit platform, in which CDP Equity has a stake since January 2021 and is a candidate to become the leading Italian company in the sector. The commitment to sustainable mobility continued, with 29 new refuelling stations under contract in 2020, for a cumulative total of 132 stations, and Cubogas' growth in the compressor sector.



We also entered the agricultural biomethane infrastructure through the acquisition of 50% of "Iniziativa Biometano". Overall, investment in the energy transition business by 2024 will exceed Euro 700 million, almost double the previous plan. Urban forestry has also been added to these activities, with the creation of the benefit company Arbolia, the result of a joint effort with the CDP Foundation to make Italian cities and towns greener.

In line with our commitment to carbon neutrality by 2040, and thanks to the actions we have put in place to reduce different types of emissions, we have reduced total GHG emissions by 13% compared to 2019. The environmental performance achieved has also enabled our company to be included in the CDP Climate Change A list and in the CDP Supply Chain A- list, the programme through which Snam has involved its strategic suppliers.

Last, but not least, 2020 was the year of the completion of the Southern Corridor, a key route for European energy supplies,

now and in the future. Snam has rapidly completed the connection of TAP to the national grid and, as a shareholder, has contributed its know-how to the success of the entire project. This is in addition to the efforts made in recent years to make Italy a functional energy hub for exports, a result achieved thanks to our investments in reverse flow.

Despite the uncertainty of the pandemic, we look to the future with optimism, thanks to the skills of our people and the strategic value of our assets. We believe that infrastructure will play a crucial role in restarting economic systems and in the energy transition towards a zero-emissions future, and that Snam is ideally positioned to take on these challenges as a key player.

**Marco Alverà**  
CEO



# 2020 HIGHLIGHTS

## FINANCIAL

23,723,772

Snam's shares purchased  
for a total cost of

114

Euro million

2,770

Euro million  
Revenues

1,424

Euro million  
Adjusted EBIT

1,101

Euro million  
Reported net profit

1,189

Euro million  
Technical investments

## OPERATIONAL

32,647

km Gas pipeline network

71.30

billion cubic metres  
Gas demand

69.97

billion cubic metres  
Natural gas injected  
into the network

17.0

billion cubic metres  
Total storage  
capacity

17,500

cubic metres  
Maximum capacity  
of daily regasification



FINANCIAL

OPERATIONAL


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## ENVIRONMENTAL

35.0

million cubic metres  
Natural gas emissions

1.74

million tonnes  
CO<sub>2eq</sub> emissions  
Scope 1, 2 and 3\*

200,000

tonnes CO<sub>2eq</sub>  
Emissions avoided

1,094

km Network subject to  
environmental monitoring

403

tonnes  
Emissions of nitrogen  
oxides (NOx)

(\*) Scope 3 emissions do not include  
the investments category of the  
GHG Protocol.

## SOCIAL

3,249

no.  
Employees

0.59

Employee injury  
Frequency index

66,385

hours  
Training provided

20.3%

% Women on the  
Board and in  
managerial roles

4,100

hours Volunteering in  
Fondazione Snam

376

no. New hired workers



## GOVERNANCE

2,758

Reputational audits  
of suppliers and  
sub-contractors

41%

BoD time dedicated to  
ESG matters in strategy  
meetings and induction  
sessions

8.6

Average annual degree of  
customer satisfaction

99.99%

Reliability levels  
on gas supply

GOVERNANCE

SOCIAL

ENVIRONMENTAL



## SNAM IN THE FRONT LINE AGAINST COVID-19

The year 2020 was characterised by uncertainties and complexities, a year in which the health emergency caused by the spread of Covid-19 disrupted everyone's daily life, creating a precarious, difficult environment and confronting people with unexpected situations.

The SARS-CoV-2 virus, which spread rapidly around the world and was declared a pandemic by the World Health Organisation on 11<sup>th</sup> March 2020, has caused negative consequences worldwide with impacts on the business environment, supply chains and, directly or indirectly, the entire socio-economic system.

Italy was among the first countries to be affected, identifying patient zero as early as 21<sup>st</sup> February 2020, the day on which Snam immediately took action with timely and rigorous measures that would characterise its operations for months to come, determined to **guarantee the safety and health of its people** and at the same time ensuring the **continuity of the service, which is essential for the country's energy security**.

The Company immediately created an inter-functional team of about 20 people working around the clock to manage and monitor the development of the events, to maintain constant contact with local and national institutions, with the Extraordinary Commissioner for the emergency and with the Civil Protection, in compliance with all the provisions issued by the Government and the regions.

One of the main points of attention was to keep employees constantly updated on the evolution of the pandemic and the company's management of the emergency. In fact, Snam has been close to its employees not only by activating all the necessary measures to prevent and protect the health of its people, but also by promoting listening initiatives, providing psychological support, and rethinking the Easy Intranet as a virtual meeting place, where thoughts and reflections can be shared. Thanks to the **#distantimauniti** initiative, the sense of community, cohesion and belonging to the company has been strengthened.

The pandemic has highlighted the importance of the social role of businesses, highlighting the need to respond to today's major challenges, including social inequality. With this in mind, Snam, guided by the purpose "Energy to inspire the world" and by a strong spirit of solidarity, together with all its people and also in collaboration with Fondazione Snam, institutions and more than 150 Third Sector organisations, has carried out numerous aid projects, reaching more than 600,000 people throughout Italy.

#distantimauniti




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## #Covid-19



### Proactive emergency management

21<sup>st</sup> February 2020: creation of an inter-functional team of about 20 people working 24 hours a day with the aim of **following the development of the emergency**, guaranteeing security and business continuity and **dialogue with stakeholders**

## #SnamKeepsMoving



### Immediate activation of precautions

Adoption of appropriate **precautionary measures and remote management systems** to secure control rooms, facilities and territorial offices and to ensure business continuity

## #StopItTogether



### 1,600 pulmonary ventilators 4.7 million masks

20 million allocated also through **Fondazione Snam** to carry out initiatives in favour of the Italian health system and the third sector

### 1,200 employees participated 4,000 hours

### Euro 1.1 million raised and donated 250 paid leave hours

«Shape the Future», a fundraising campaign to which employees

have been able to contribute through:

- **Payroll giving:** donation of one or more hours from the pay slip

- **Assignment of RAL:** assignment by executives of a percentage of their RAL (gross annual salary) between between 5% and 25%
- **Match-giving:** doubling of employee donation amount through matching by Fondazione Snam
- **Donation of internal days paid leave:** donation of employees' days paid leave to colleagues in need

### Over 200 families reached

Snam, through **Snam4Mobility** and in collaboration with **Wetaxi**, has transported food and other essential products in the Naples metropolitan area for free on behalf of **ActionAid** and **Proodos** using **CNG-powered** vehicles

## #WorkerCentricApproach



### Smartworking extension as of 24<sup>th</sup> February

Setting up and strengthening **smart working**, first in the areas most exposed to the virus, then extended to all regions, while maintaining activities essential for business continuity

### 3,200 pulse oximeters distributed

Distribution of **pulseoximeters** to measure the saturation or percentage of oxygen in the blood and heart rate to the entire company population

### 1,557 serological tests 231 swabs

**Preventive serological** screening on a voluntary basis available to the whole population, with access to a swab test if necessary

### 3 webinars with the CEO +400 shared messages

**Constant communication** with employees via daily emails and updates available on the Intranet. Creating a mailbox to answer questions and doubts and provide support. Creation of the "virtual wall" on the Intranet to collect employees' thoughts and reflections.

Creation of the sharing webinar campaign

### #distantimauniti

**Pulse survey Covid-19:** a questionnaire for monitoring the microclimate in the company

**Welfare initiatives:** reimbursement and search for babysitters, on-demand delivery service request and supply of meal vouchers, Covid policy to cover hospitalisation due to the pandemic virus, workshops on healthy eating, psychological support, yoga, pilates, mindfulness, postural gymnastics, digital detox, remedial platform, school guidance and video lessons, including one-to-one with certified teachers



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FONDAZIONE SNAM HAS  
CONTRIBUTED TO COMBATING  
THE CORONAVIRUS EMERGENCY

EMPLOYEES

WORKING TOGETHER

DONATIONS

SNAM

#Covid-19


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## FONDAZIONE SNAM

Fondazione Snam has contributed to combating the Coronavirus emergency by allocating funds to non-profit organisations that support the most vulnerable groups through assistance services.

In particular, Snam and the Foundation served the communities during the pandemic through the following actions:

- activation of the network of national and international contacts thanks to which medical supplies and personal protective equipment (PPE) were purchased and procured to be donated to the National Health System (NHS) and the Regions;
- donation of material "in kind" in support of fragile categories, through institutions and Third Sector organisations;
- **Social Impact Reloaded**, an initiative to support Third Sector innovation in response to the new scenario introduced by the pandemic.



**PARTNERS SUPPORTED**  
National Health System  
Institutions (Civil Protection,  
Regions, Municipalities)  
Third sector entities  
Research institutes Schools

Partner  
organisations

**>150**

Number of  
beneficiaries

**>600** thousand

Reached the whole country



**FIGURES**  
Economic donations  
**>2.5**  
Euro million

**>30**  
licences  
for online training

Donations of material "in kind"

machines	printers	PCs
<b>9</b>	<b>16</b>	<b>170</b>



**CATEGORIES REACHED**  
Seniors

**>145** thousand

People with different abilities

**>187** thousand

Women at risk of violence

**82** about

Economically fragile  
and homeless people

**844** about

Children and young  
people at risk of  
educational poverty  
(Education)

**592** about

People with diseases  
(non-Covid)

**>188**

Prevention of contagion\*

**>122** thousand

**>382** Others\*\*

\* Includes the support to organisations that work in coordination with health structures to implement measures to contain the virus.

\*\* The figure includes various support activities including support for network building and cultural activities



For more information on the activities carried out by Snam and Fondazione Snam, see the chapter "The power of working together - Engaging local communities".



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# INFRASTRUCTURE FOR CHANGE



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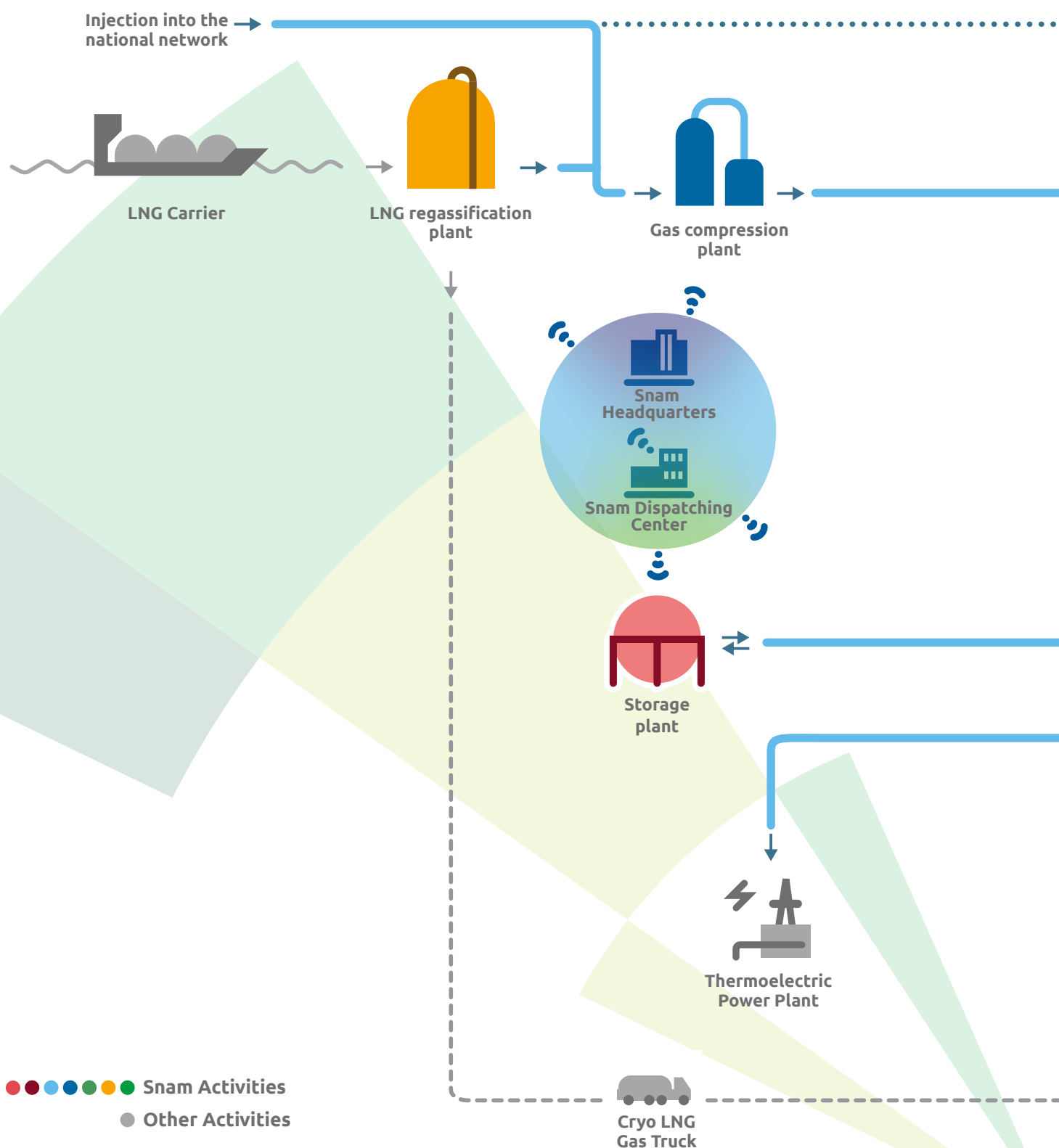
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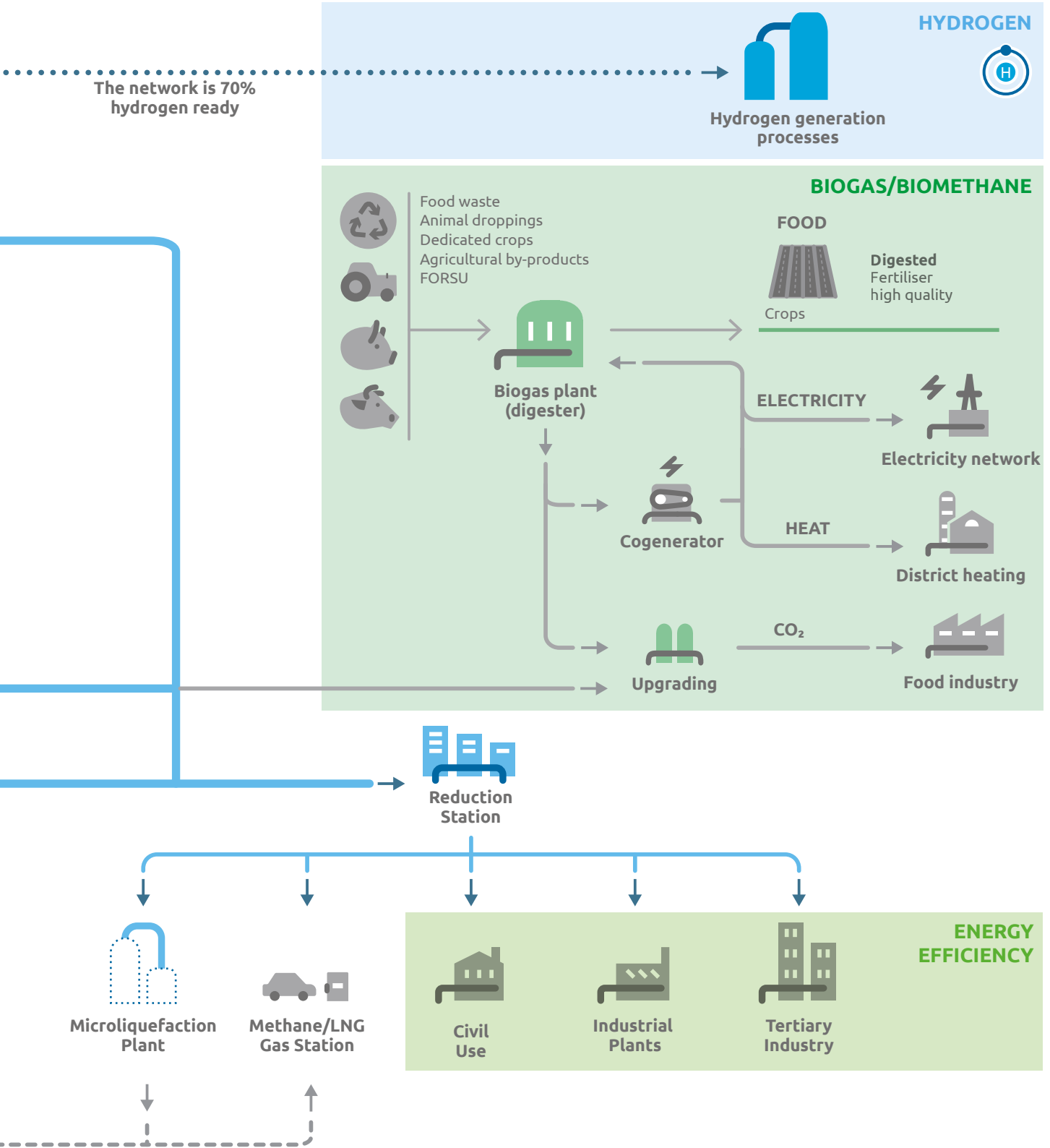




# SNAM OPERATIONS

## NATURAL GAS

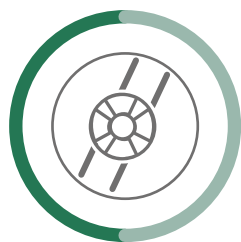






## CORE BUSINESS

### TRANSPORT



Natural gas is taken over at delivery points located in connection with import lines, regasification plants, and production and storage centres in Italy, and is transported and then delivered to redelivery points connected to local distribution networks and to large industrial and thermoelectric users.

The correct flow of gas in the pipelines is ensured by 13 **Snam Rete Gas** compression plants, located along the national network, and by a management and control structure consisting of 8 Districts, which supervise and control the activities of 48 Maintenance Centres distributed throughout the country, and a Dispatching Centre that remotely monitors and controls the transmission network and coordinates the compression plants.

Operating figures	Unit of measurement	2018	2019	2020	% change
Pipelines network	km	32,625	32,727	32,647	(0.2)
of which national pipelines network	km	9,697	9,727	9,649	(0.8)
of which regional pipelines network	km	22,928	23,000	22,998	(0.0)
Natural gas injected in the network	Bn m <sup>3</sup>	72.82	75.37	69.97	(7.2)
of which imported	Bn m <sup>3</sup>	67.70	70.86	66.11	(6.7)
of which national production	Bn m <sup>3</sup>	5.12	4.51	3.86	(14.4)
Power installed in the compression stations	MW	961	961	961	-




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## STORAGE

The storage system makes it possible to compensate for the different needs between gas supply and consumption, guaranteeing continuity of service during periods of gas demand peak (typically in the winter period) and gas storage (usually in the summer period).

Snam, through its subsidiary **Stogit**, is the largest storage operator in Italy and one of the largest in Europe. The Group manages a total of 9 plants that act in synergy with the Company's other transport and regasification infrastructures, contributing to the country's energy security.

Operating figures	Unit of measurement	2018	2019	2020	% change
Gas moved in the storage reservoirs	Bn m <sup>3</sup>	21.07	19.33	19.60	1.4
of which injected into storage	Bn m <sup>3</sup>	10.64	10.16	9.30	(8.5)
of which delivered from the reservoirs	Bn m <sup>3</sup>	10.43	9.17	10.30	12.2
Total storage capacity	Bn m <sup>3</sup>	16.9	17.0	17.0	-
of which available	Bn m <sup>3</sup>	12.4	12.5	12.5	-
of which strategic	Bn m <sup>3</sup>	4.5	4.5	4.5	-



## REGASIFICATION

The regasification activity consists in returning to its original state the gas previously extracted from the fields and liquefied at a temperature of -160°C to allow it to be transported on LNG carriers. After regasification, the gas is fed into the national transmission network.

Snam, through **GNL Italia**, operates the Panigaglia (La Spezia) plant, the first operational regasification plant built in Italy, in 1971.

Operating figures	Unit of measurement	2018	2019	2020	% change
Regasified Gas	Bn m <sup>3</sup>	0.91	2.40	2.52	5.0
Number of LNG carriers docked	no.	21	57	60	5.3
Daily regasification maximum capacity	m <sup>3</sup>	17,500	17,500	17,500	-



# BUSINESSES SUPPORTING THE ENERGY TRANSITION

**Biomethane, hydrogen, sustainable mobility and energy efficiency have become increasingly important for Snam in recent years, which, as set out in the new 2020-2024 Strategic Plan, has allocated increasing resources in terms of investments to develop these businesses.**

## BIOMETHANE

Biomethane is a renewable, flexible, efficient and programmable source that can be injected in existing transportation and storage infrastructures and that integrates perfectly and in a totally complementary way with other renewable sources such as solar and wind power. Thanks to the work of **Snam4Environment**, which specialises in the development of biomethane infrastructure, the technical know-how of **IES Biogas** and the internalisation of new skills through acquisitions of leading companies in the sector, Snam is promoting the spread and use of biomethane throughout Italy, contributing to the creation of value and promoting the energy transition of the country.

## HYDROGEN

Hydrogen is a versatile gas: it can be used both in industrial applications and in sustainable mobility, it does not emit carbon dioxide or other climate-changing gases, nor does it generate emissions that are harmful to humans and the environment, making it a gas that could have a major impact on achieving decarbonisation targets.

Snam, through its **Hydrogen business unit**, is active in the hydrogen market thanks to the signing of partnerships and agreements with leading companies in the sector, to the participation in working groups to spread the use of green gas in Europe, and to the ongoing research activities. Of the Snam network, 70% is already hydrogen ready, i.e. ready to accept increasing percentages of hydrogen.

## SUSTAINABLE MOBILITY

The use and spread of natural gas in the transport sector, both on land and at sea, as an alternative to traditional fossil fuels, is a realistic and concrete solution to combat climate change. Through **Snam4Mobility**, Snam offers integrated services in the field of "smart green" natural gas mobility, within which it has concluded numerous partnerships and collaborations for the development of infrastructure and the spread of CNG and LNG mobility throughout Italy. Snam is also investing in **Small-scale LNG (SSLNG)** with the aim of promoting liquid natural gas in sustainable mobility, particularly for rail, maritime and heavy land transport, with a significant reduction in emissions.

## ENERGY EFFICIENCY

Maximising energy efficiency by using energy more rationally, reducing consumption and consequently both energy and environmental costs, is a key to promoting decarbonisation and supporting the country's economic and social development. Through **Snam4Efficiency**<sup>1</sup>, the Group offers innovative energy efficiency solutions to residential customers, businesses and public administration, investing directly in decarbonisation, digitalisation and distributed energy generation.

Operating figures		Unit of measurement	2018	2019	2020	% change
BIOMETHANE	Biomethane fed into the grid	Bn m³	-	-	0.44	-
HYDROGEN	H-ready infrastructure	%	-	-	70	-
SUSTAINABLE MOBILITY	Cumulative number of CNG and LNG stations	no.	-	9	25	178
ENERGY EFFICIENCY	Reducing energy consumption	tonCO₂/year				
	Industrial		-	1,004	1,547	54
	Tertiary		-	889	682	(23)
	Condominiums		-	765	2,773	262

<sup>1)</sup> Snam4Efficiency become Renovit from 2021.


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# SNAM'S PRESENCE AND ROLE IN ITALY AND IN THE INTERNATIONAL INFRASTRUCTURE SYSTEM

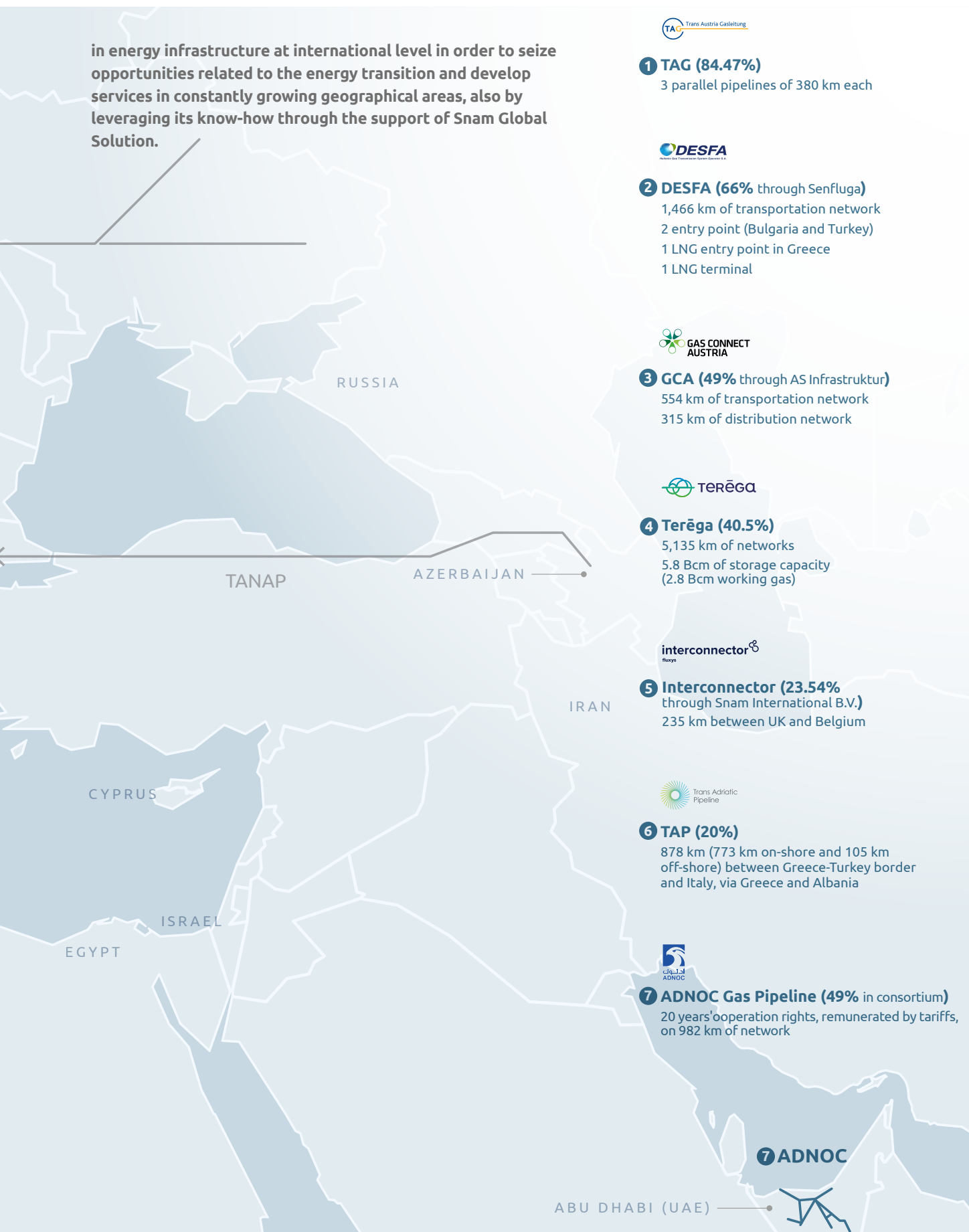



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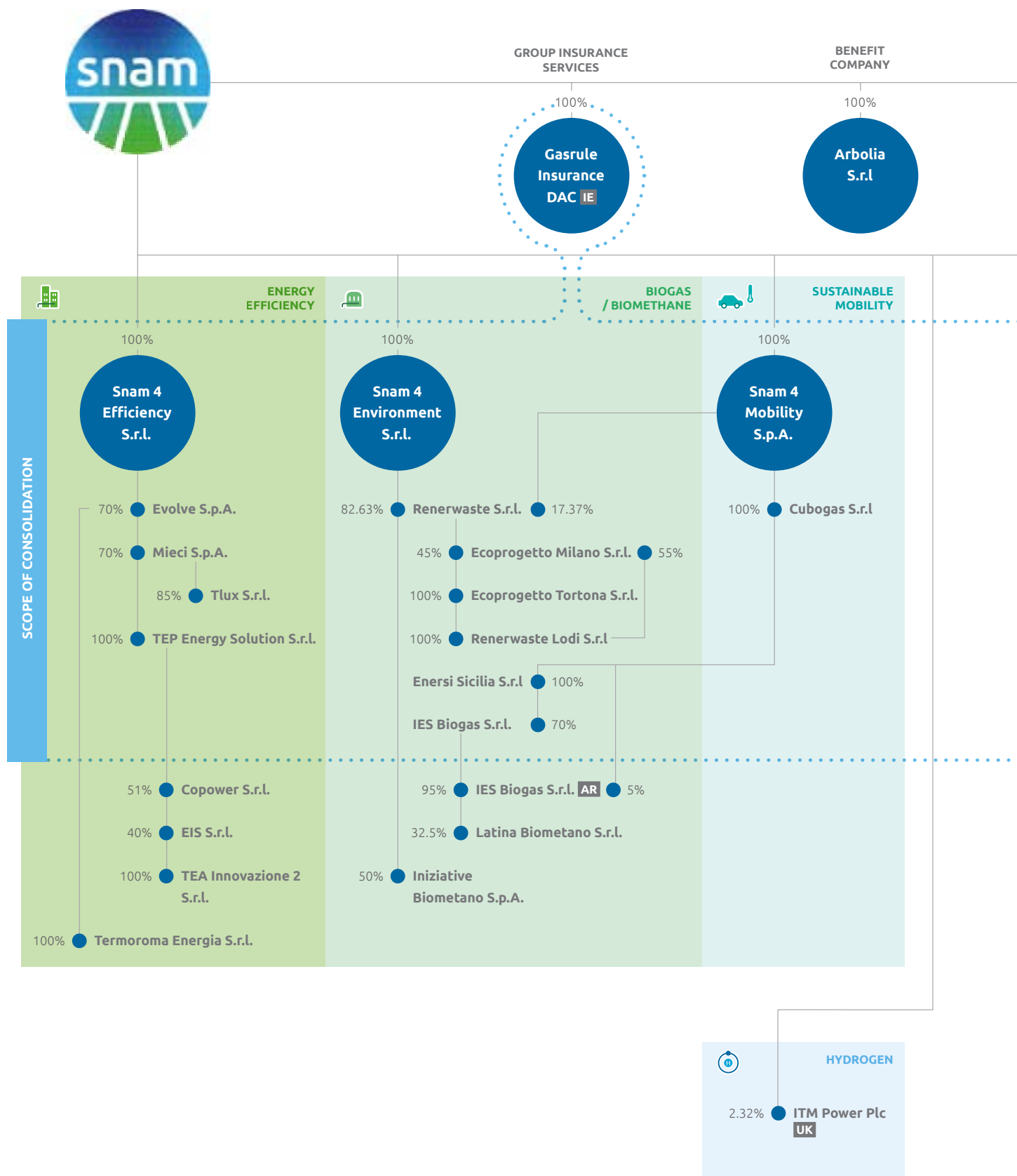
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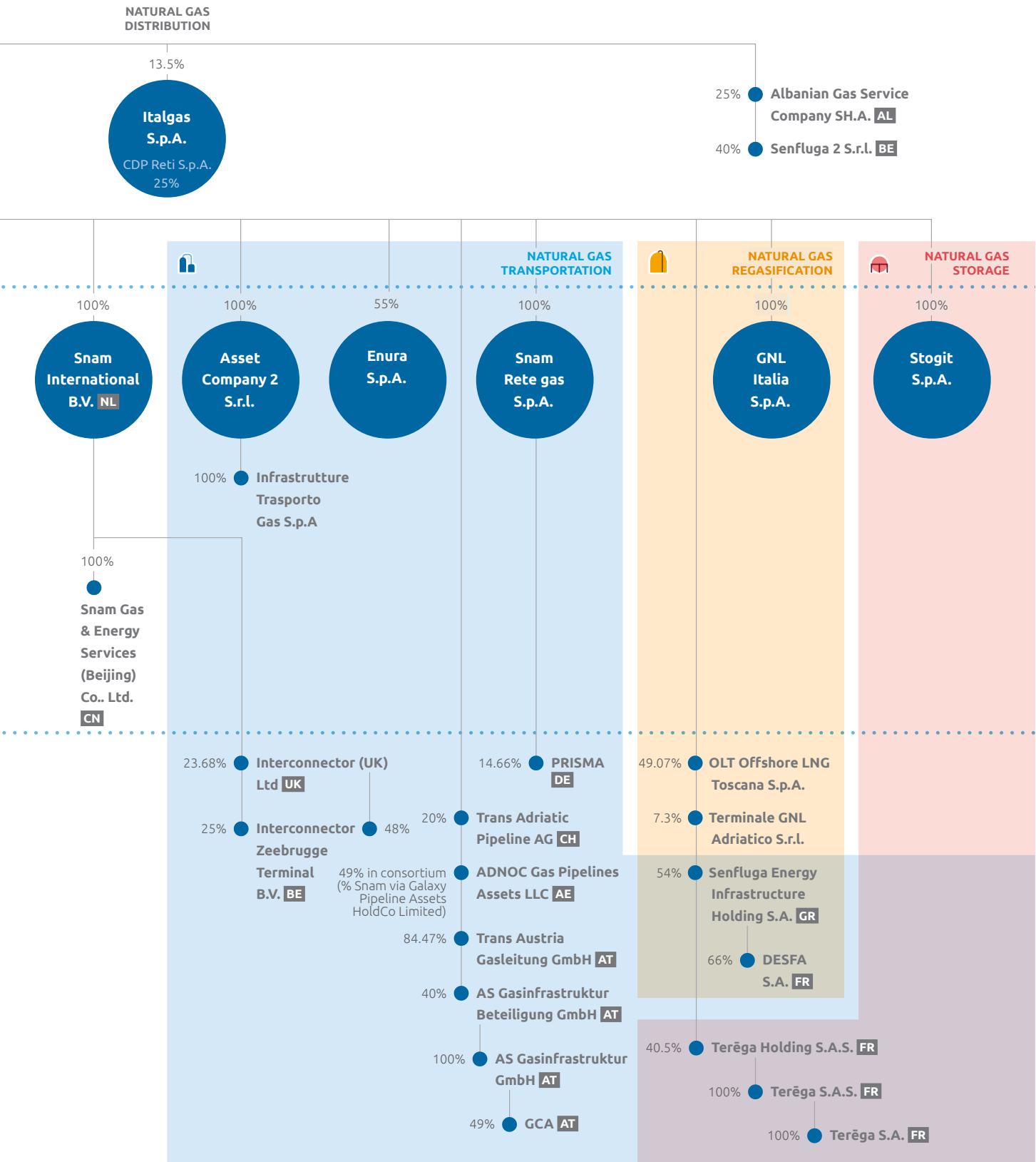
in energy infrastructure at international level in order to seize opportunities related to the energy transition and develop services in constantly growing geographical areas, also by leveraging its know-how through the support of Snam Global Solution.




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## GROUP STRUCTURE AT 31<sup>ST</sup> DECEMBER 2020







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# LISTENING TO STAKEHOLDERS





# LISTENING TO STAKEHOLDERS

The importance of building a transparent and collaborative relationship with all stakeholders in a transformation context has gained particular relevance during this year, especially at a time when the necessary measures to combat the pandemic and the requirement for interpersonal distance greatly affected business travels and meetings between people. Thanks to the Group's commitment and the reorganisation of its initiatives, Snam has continued its stakeholder engagement activities with a view to listening to and including all stakeholders, establishing a continuous and transparent dialogue, increasing mutual trust and serving the Group's decision-making processes in the best possible way.

Stakeholder listening initiatives involve all corporate structures, each within the scope of its own prerogatives, roles and responsibilities. In order to ensure a homogeneous approach to dialogue activities, since 2016, the Group has adopted a **Stakeholder Engagement Policy** that defines Snam's approach to this issue and has four key objectives:



## IDENTIFY

through a mapping exercise, the **different categories of stakeholders** with which the Company interacts by following the evolution of the context and the development of corporate activities

## ANALYZE and UNDERSTAND

the **profile of stakeholders** and the **company's positioning** towards them

## EXPLORE

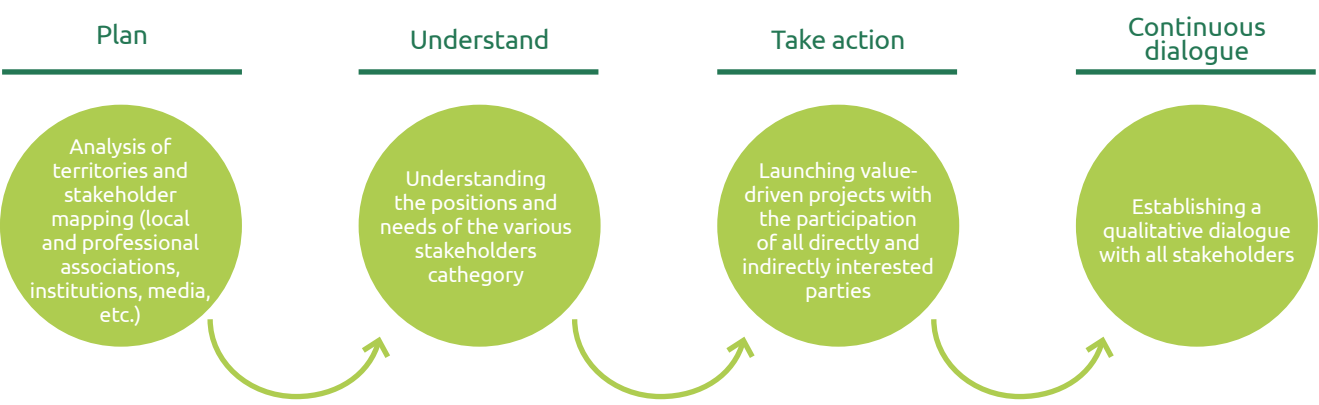
the most relevant **interests and issues** for each stakeholder category, including by periodically updating the materiality analysis

## COMMUNICATE

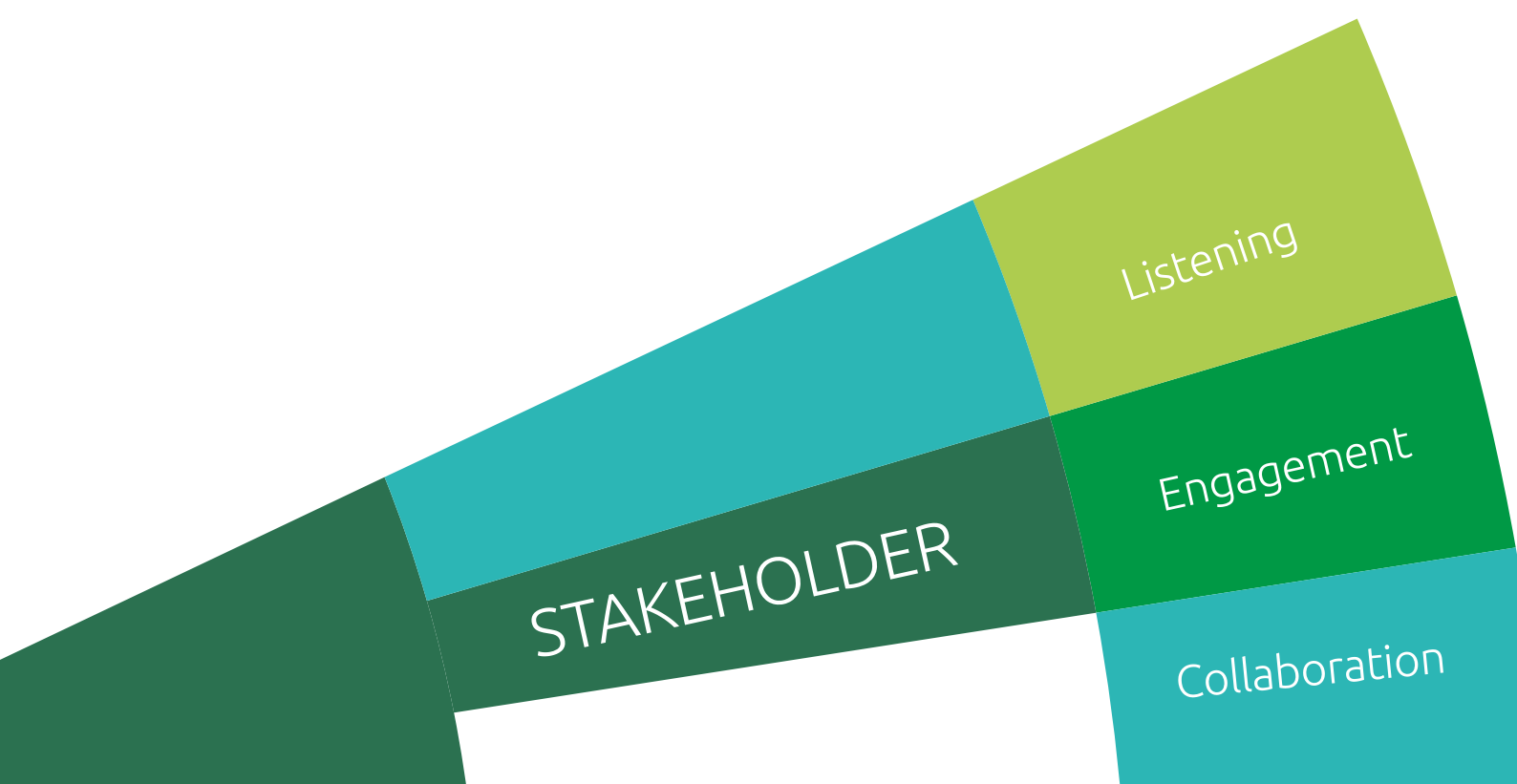
periodically with stakeholders providing them the **operating results** concerning the common material issues through the **Sustainability Report** and all other reporting and communication tools

# THE STAKEHOLDER ENGAGEMENT PROCESS AND ACTIVITIES

The stakeholder engagement process is based on constant and proactive communication between Snam and its stakeholders and aims to stimulate continuous and mutual growth.



Engagement activities focused in particular on energy transition and new business issues, as well as the Covid-19 pandemic, with the aim of sharing strategic lines, objectives and activities, as well as understanding the needs of stakeholders throughout the value chain. In the face of interpersonal distancing, the company has put in place alternative solutions and tools for dialogue, including, for example, enriching its engagement in organising online events.




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## STAKEHOLDER CATEGORY

## STAKEHOLDER ENGAGEMENT 2020



### EMPLOYEES

#### Intranet Easy

Easy, the Group's Intranet, considered a 'digital workplace', provides information and serves as a tool to raise people's awareness. The portal has been renewed thanks to the "Agile" re-design project and was released in July 2020: during the emergency, Easy has become a meeting point for all Snam people, allowing them to exchange thoughts, receive useful information and remain constantly updated.

#### Webinars

Webinars are tools used by Snam to conduct training and information activities, during which employees can interact with each other. Among the most popular ones, the medical and scientific information webinar with Prof. Burioni to promote responsible behaviour in pandemic risk prevention and containment and the one with the CEO presenting the strategic plan are worth mentioning.

#### Workshops

Workshops bring working groups together to discuss specific topics interactively. For example, with this tool, Snam has engaged employees to assess sustainability issues relevant to the Group in order to update the materiality matrix.

#### Video messages

Video messages update employees on the Group's initiatives and decisions, providing useful information for daily operations and raising awareness of relevant issues. Snam recorded seven video messages from the CEO to update and inform about the pandemic and one video message from Giovanni Albano, a Humanitas doctor working in the Covid-19 wards.

#### Meetings with trade unions

The relationship with the Trade Unions at national and local level is constant: during the year, 155 telematic meetings were held dedicated to the analysis of business development projects, the definition of productivity and profitability indicators for the 2020 Participation Bonus and smartworking methods to guarantee the protection of workers' rights.

#### Other initiatives

Snam organises numerous initiatives each year to involve employees more closely. This year, such activities were of fundamental importance in strengthening the sense of community and closeness.

- **#Distantimauniti**: internal engagement initiative implemented to strengthen listening and engagement activities during the pandemic. For more information see the chapter "The power of working together".
- **"Diamo Forma al Futuro"**: support for the planning and promotion of fundraising, in collaboration with Fondazione Snam.
- **Support initiatives for colleagues and families**: Covid-19 policy, healthcare services, serological test/swab campaigns, smartworking support (smart kit, data SIM and tethering service), Covid-response welfare packages.
- **Snamwood**: forestation and environmental awareness project, aimed at planting a forest of over 3,300 trees dedicated to all Snam people, in collaboration with Arbolia. An online contest allowed colleagues to vote on the name of the forest dedicated to them.


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## STAKEHOLDER CATEGORY

## STAKEHOLDER ENGAGEMENT 2020



### SUPPLIERS

#### Supplier Portal

Active since 2013, it contains Snam's procurement policy and provides a further contribution in terms of transparency, traceability and completeness of the information provided to current and potential suppliers. As of 31 December 2020, there were 2,275 registered suppliers with very active participation.

#### Questionnaires and workshops

Suppliers are constantly involved and updated on Snam's strategies and operations through questionnaires and online workshops. In particular, 2020 saw climate change and ESG sensitivity as central themes.



### CUSTOMERS

#### Workshops

Customer workshops provide an opportunity to meet and exchange views on relevant market issues, as well as an opportunity to discuss innovations and operational trends in balancing and transport, storage and regasification activities.

The year ended with three commercial workshops on the topics of transport, balancing, storage and regasification and the Ten-year Plan, four Jarvis project co-design workshops to design in line with customer expectations and a workshop dedicated to assessing sustainability issues.

#### Other initiatives

Customer satisfaction survey addressed to shippers and traders and extended to Snam's core business activities (participation rate in 2020 was 83.6%, with an average satisfaction score of 8.6 out of 10).



### INVESTORS AND LENDERS

#### Roadshows

Snam has continued to promote dialogue with shareholders and institutional investors through 10 roadshows held in virtual format. A total of 345 investors were met in 2020 (of which 140 ESG), up 18% on the previous year.

#### Sector conferences

Snam has organised 15 sector conferences aimed at investors specialising in the utilities and infrastructure sector in order to create a meeting point and dialogue between them and Snam's top management.



### COMMUNITY, TERRITORY AND ASSOCIATIONS

#### Engagement of local communities

Snam, also through **Fondazione Snam**, is committed to involving local communities with initiatives aimed at social innovation, improving the environment and energy efficiency.

The engagement of local communities also takes place through employee engagement activities, where Snam employees themselves dedicate part of their time to the Foundation's activities in support of local communities.

#### Involvement of schools

The involvement of schools is mainly through *ad hoc* projects, such as:

- **Young Energy**, project aimed at facilitating student orientation and bringing them closer to the world of work through initiatives focused on corporate business.
- **Con la Scuola**, a project set up by Snam in collaboration with LUISS Business School and Consorzio Elis, aimed at strengthening the link between schools and businesses, thus contributing to the renewal and evolution of schools as an organisation.


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## STAKEHOLDER CATEGORY

## STAKEHOLDER ENGAGEMENT 2020



### BUSINESS PARTNERS

#### Partnerships, collaborations and agreements

Snam works closely with business partners, with whom it creates partnerships, agreements and *Memoranda of Understanding* of strategic importance for business development. The main agreements signed during the year concerned the creation of infrastructures, research and feasibility studies in the area of new businesses for the energy transition.



### INSTITUTIONS

#### Meetings with local, regional and state institutions

Snam believes it is essential to maintain a constant relationship with state, regional and local administrations in order to satisfy requests for information on the company's activities, promote the acceptability of plants in the area and submit applications to obtain the necessary authorisations for the construction of new infrastructure. In 2020, 50 meetings were held with mayors of municipalities affected by the group's activities and 2 meetings with local farmers' associations.



### AUTHORITY

#### Technical tables

Snam maintains active relations with the Regulatory Authority for Energy, Networks and the Environment (ARERA) by organising meetings and technical tables, responding to consultation documents and proposals, collecting data and performing continuous monitoring of its work with respect to the Authority's directives.



### MEDIA

#### Digital engagement

In recent years, Snam has strengthened its digital engagement activities by providing transparent, timely and truthful digital communication to all stakeholders, guaranteeing its inclusion in the Webranking podium: a ranking prepared by Lundquist, in collaboration with the Swedish company Comprend, which awarded the Group a score of 91.4 points out of 100.

#### Other communication initiatives

Snam has adopted an integrated communication style between traditional and digital channels with an immediate language that enhances its commitment to sustainability. Among other communication initiatives, Snam has created:

- **Snamcast - Talks to inspire the world:** a podcast of eight episodes that aims to give voice to topics related to sustainability, talking about new energy sources, energy efficiency and energy saving, circular economy and many other ideas that generate future.
- **Snam Talks:** a six-episode video series that presents projects and ideas for a more sustainable future through the stories of men and women from different backgrounds, cultures and professions.
- **Influencer marketing campaign** with "Il Milanese Imbruttito" to publicise the advantages of natural gas mobility.


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## STAKEHOLDER CATEGORY

## STAKEHOLDER ENGAGEMENT 2020



OTHER  
OPERATORS

### Sector associations

Snam works closely with other operators in the sector, especially to create an integrated European network and to continue the development of market-oriented services. At European level, Snam actively participates in technical and research tables about the role of gas in the future energy mix and on how new renewable energy operators can support the energy transition process. In this respect, Snam is a member of the following associations, among others:

- **EU Clean Hydrogen Alliance**, alliance launched at European level to achieve the Green Deal objectives of zero net CO<sub>2</sub> emissions by 2050, also thanks to the support of hydrogen.
- **Oil and Gas Methane Partnership (OGMP) 2.0**, organised by the United Nations Environment Programme (UNEP).
- **CEO Action Group**, joint statement for the European Green Deal by the World Economic Forum supporting the Green Deal as a growth strategy for Europe, in the post-Covid-19 recovery towards net-zero emissions, based on circularity, renewable energy and low-carbon industry.
- **Alliance for Sustainability**, an ecosystem project, in collaboration with growITup (Open Innovation platform created by Cariplo Factory in partnership with Microsoft Italy), aimed at promoting sustainable growth in Italy through digital.
- **European Gas Research Group (GERG)**, a European research group developing research and innovation projects among European natural gas transporters. In 2020, Snam participated in the project for the detection and measurement of natural gas emissions from the gas transport system.
- **European Pipeline Research Group (EPRG)**, a research association on pipeline issues to which the main European gas transport and pipe manufacturing companies belong. In 2020, Snam through EPRG studied the behaviour of steel used in existing pipelines in response to hydrogen injection.


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## MAIN EVENTS AND INITIATIVES IN 2020

**Snam has taken part in and organised numerous events and initiatives in order to strengthen and spread knowledge of the Group's various businesses, especially in a period of continuous evolution that sees the Company renewing itself and moving towards the development of new businesses to support the energy transition aimed at the decarbonisation.**

### Energy transition and technological innovation

Snam was among the protagonists of the 23rd edition of **Ecomondo**, the Rimini trade fair on technological innovation and sustainable development. On this occasion, Snam set up its "Green Village", a pavilion consisting of four islands dedicated to energy efficiency, biomethane, sustainable mobility and innovative forms of gas storage and compression.

As far as sustainable mobility is concerned, Snam has participated in numerous dedicated events at national level, including Quattroruote's "Q Talk", Forum Automotive, Grand Opening & Ecomobility Days, Oil & Non Oil, Visionary Days, the event launching the agreement with DN Logistica and Scania to enhance LNG as a sustainable fuel for heavy transport and the "Quattroruote Days" in which CEO Marco Alverà took part.

With regard to energy efficiency issues, the Group took part in talks and events in the sector, including "Efficient and sustainable condominiums: an opportunity for Taranto", the IFHE International Congress, the Gabetti Lab Ecobonus Day, "Sustainability up close", "Sustainable cities" (in collaboration with Luiss Business School and Confindustria) and the Anaci Webinar.

In addition, a number of **sponsorships** have been activated in 2020 to consolidate its position as a key player in the energy transition. The main ones were: Forum The European House – Ambrosetti Cernobbio, European Gas Conference, Meeting di Rimini, Pontignano Conference, Ecomondo, EcoMed, ForumUniCig, Ecofuturo. Finally, Snam also brought its experience of innovation to Digital Week, the event promoted by the City of Milan to discuss digital transformation in all its aspects. During the event, the company had the opportunity to meet with stakeholders from the digital ecosystem and start-ups, telling them about its path of technological evolution and digitalisation.






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## Enhancement of territories

To promote the enhancement of the territories in which it operates, Snam has created the volume **The Thin Line**, a publishing project that recounts, through the images of places and the voices of communities, the journey through five Italian regions in which Snam operates, highlighting the company's ability to integrate into different contexts. The testimony of the stakeholders and the photos taken refer to the route of the network that crosses the country in full respect of ecosystems, guaranteeing sustainable development and a response to the climate challenge.

The Thin Line, which adds to the editorial works on the commitment to protecting and enhancing territories and the environment already carried out in recent years, describes the development path that the Company has always taken throughout its history, the values in which it believes and what it will create in the future.

## Increasingly plasticless

The issue of the use and recycling of plastics is fully in line with Snam's commitments to combat pollution, climate-changing emissions and promote a circular economy.

To reinforce the programme initiated to reduce the use of plastic materials and aware of the serious environmental problems deriving from their disposal, the Company participates in the LifeGate PlasticLess® project which, with the help of Seabin technology or floating bins positioned in port waters, aims to clean the seas of dispersed plastic waste, promoting the spread of good sustainable practices. Positioned at strategic points in harbours and boat clubs, these little allies catch over 500 kg of plastic waste a year, including the tiny and insidious microplastics and microfibres which, if ingested by aquatic fauna, cause damage and enter the food chain, ending up right on our tables.

The first step in supporting the project was taken by Snam together with LifeGate in the port of Messina with the installation of a new Seabin device, the inauguration of which was the occasion for a digital meeting between the company and the local authorities and to reaffirm the company's commitment to defending the environment and enhancing local areas.



Green Hydrogen Catapult: global coalition to stimulate the development of

**25 GW**

of green hydrogen production capacity by 2026.

## Hydrogen advocacy activities

For years now, the Group has been spokesman for the need to increase the production and penetration of green hydrogen worldwide, also by using existing infrastructures, in order to disseminate and develop best practices that contribute to achieving the objectives of decarbonisation and energy transition in the most efficient way possible. To this end, the **Green Hydrogen Catapult** has been created, involving not only Snam but also a number of industry leaders in green hydrogen, including ACWA Power (Saudi Arabia), CWP Renewables (Australia), Envision (Italy), Iberdrola (Spain), Ørsted (Denmark) and Yara (Norway), to stimulate the development of 25 GW of green hydrogen production capacity by 2026 and with the aim of halving current production costs to below USD 2 per kilogram. In addition, Group CEO Marco Alverà has been a guest at major international events relating to the hydrogen business: the Atlantic Council Global Energy Forum, the Hydrogen Council CEO Meeting, the World Hydrogen Congress, the European Hydrogen Forum, the Financial Times Energy Transition Forum and the WoodMac Energy Summit. As part of the partnership with Sole24Ore, Snam also took part in the "Italian Energy Summit" and the "Made in Italy Restart", organised in collaboration with the British newspaper Financial Times.

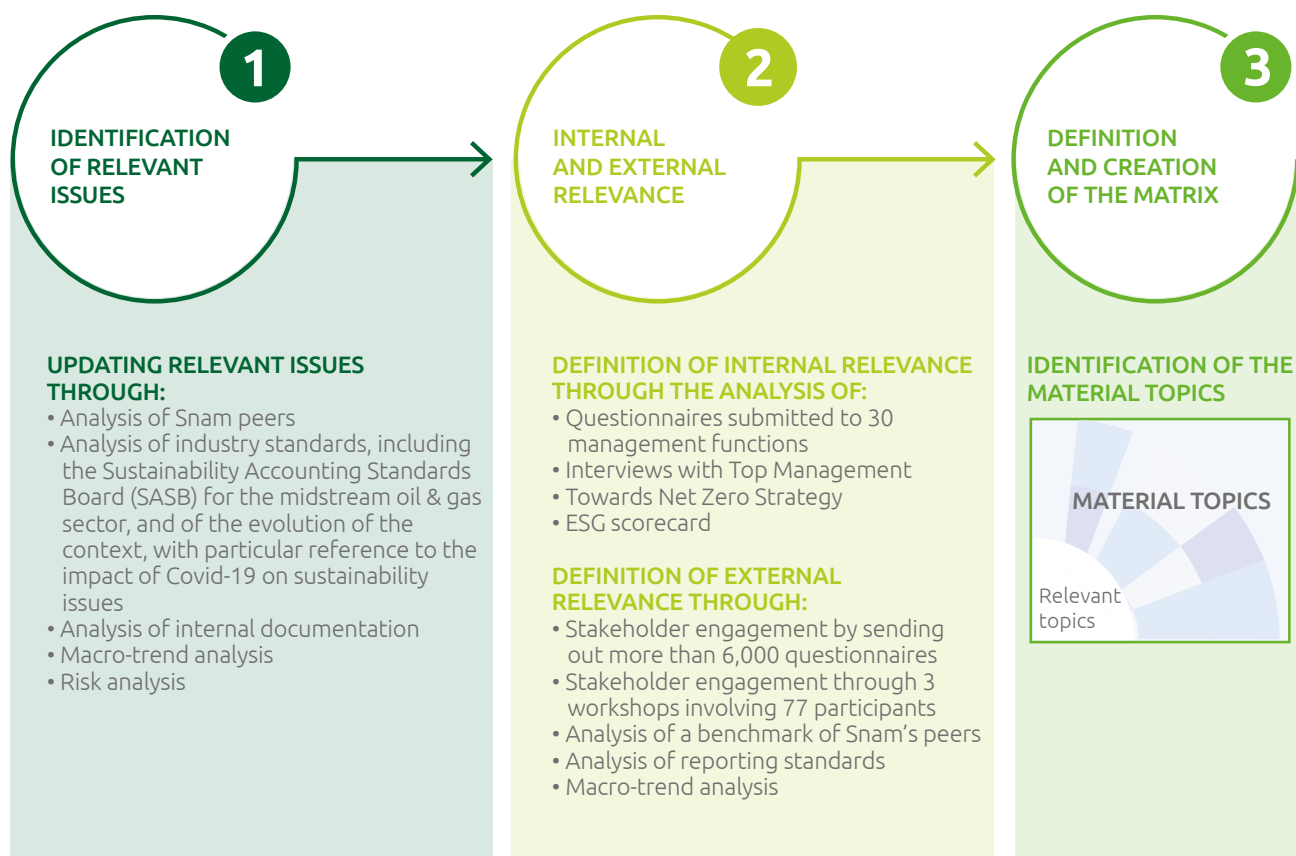


# THE MATERIALITY ANALYSIS

Through the stakeholder engagement activities carried out during the year, the Group updated its **materiality analysis** in order to identify the most relevant sustainability issues (material topics) that significantly reflect the economic, environmental and social impacts of the organisation, or that influence stakeholder decisions.

In the analysis, which is carried out on an annual basis, the areas as provided for in Legislative Decree 254/2016 and the characteristic aspects of the sector in which Snam operates were considered, to the extent necessary to ensure an understanding of the Company's activities, its performance, its results and the impact it has produced.

The process for updating the material topics included the following activities:



In order to assess the external relevance of the issues, more than 6,000 stakeholders were reached through specific questionnaires (including employees), with an overall response rate of around 32%. In addition, three in-depth materiality workshops were held involving 77 people including suppliers, customers and employees. During these meetings, the 2020-2024 Strategic Plan was illustrated, with particular reference to sustainability issues, and the set of issues to be assessed as part of the materiality analysis was presented. Participants were then able to evaluate these issues in real time through the use of an interactive tool that allowed them to analyse and discuss the results directly during the meeting.


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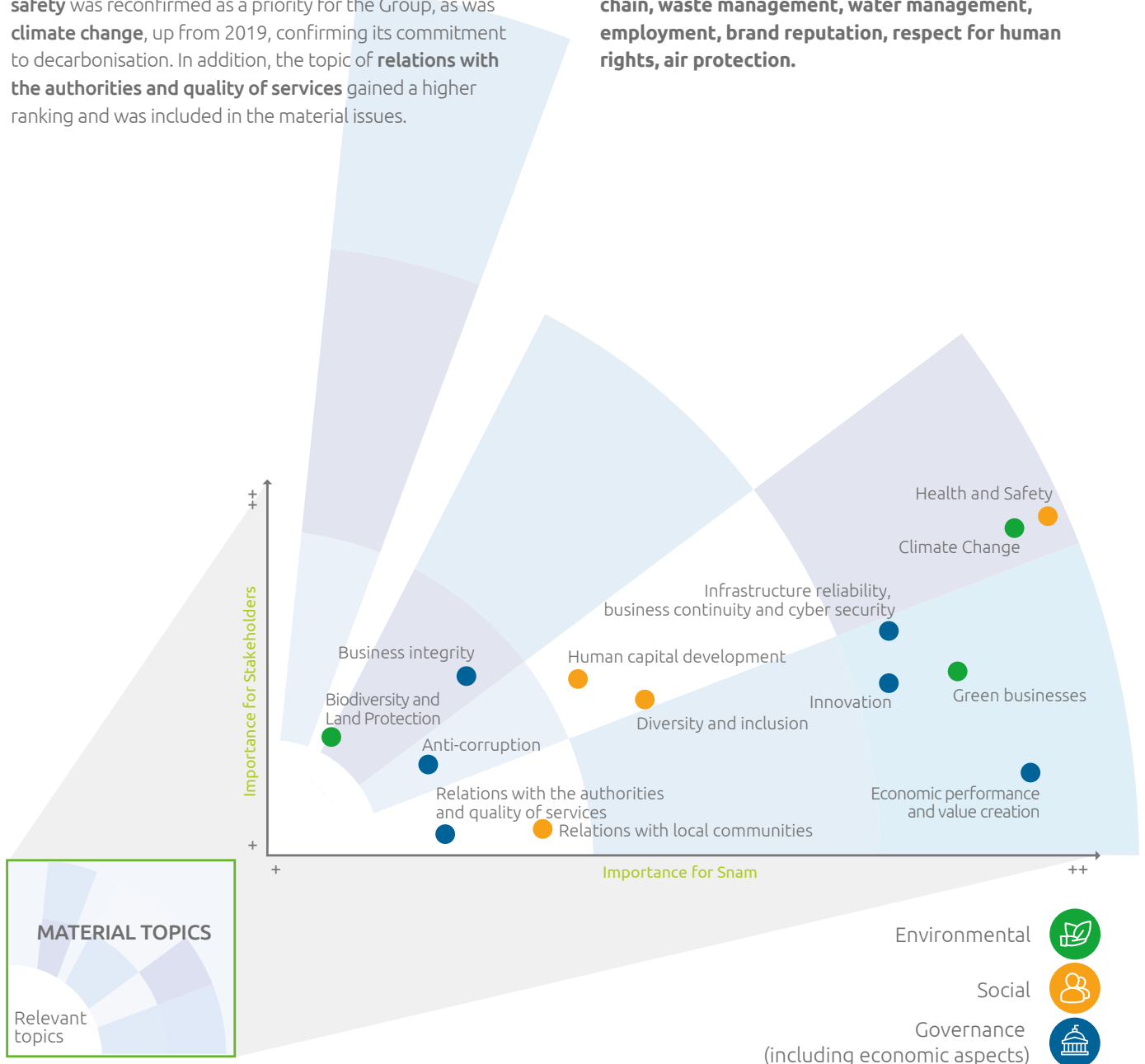
To assess internal relevance, Snam managers were involved in order to have a holistic and shared view of the Company's priorities.

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

In view of the pandemic event, the issue of **health and safety** was reconfirmed as a priority for the Group, as was **climate change**, up from 2019, confirming its commitment to decarbonisation. In addition, the topic of **relations with the authorities and quality of services** gained a higher ranking and was included in the material issues.

However, unlike in 2019, and although it continues to remain relevant, the issue of **brand reputation** has not been included among the material issues, thanks to important brand building work carried out in previous years, which has led to a clear consolidation of the Group's approach to this aspect.

The analyses described above have also made it possible to identify issues which, although not material, are nevertheless relevant to Snam or its stakeholders and which are carefully monitored and controlled: **supply chain, waste management, water management, employment, brand reputation, respect for human rights, air protection.**



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Adopt practices and management systems to safeguard the health and safety of employees and third parties involved in company activities (e.g. suppliers), also with reference to pandemic events.

**3 8****Climate Change**

Promote climate change mitigation strategies, so as to reduce greenhouse gases and environmental impact. Develop energy efficiency initiatives at the Group's plants and sites, promote more sustainable business conduct through the use and production of energy from renewable sources.

**7 13****Infrastructure reliability, business continuity and cyber security**

Ensure the reliability of infrastructures and services in order to prevent and/or mitigate potential situations that could compromise business continuity (e.g. emergencies, pandemic events). Manage cyber security with particular reference to potential cyber attacks, also in the light of the continuous increase in the use of IT tools (also accelerated by the COVID-19 pandemic).

**9****Green businesses**

Integrate in its operations, in support of a low-carbon and circular economy, new businesses that accompany the processes of decarbonisation, such as biomethane, hydrogen, use of gas for sustainable mobility (CNG, LNG) and new technologies capable of incorporating renewable energy from the environment.

**11 13****Business Integrity**

Carry out activities with loyalty and fairness in compliance with the law, regulations, prescriptions and supplementary and improving company provisions. Ensure a responsible approach to fiscal strategy and ensure the efficiency of corporate governance, with particular attention to the issues of remuneration and balanced participation in key corporate governance bodies.

**16****Human capital development**








Encourage professional growth paths and policies for attracting and retaining talent, and enhancing the technical, managerial and organisational skills of employees.

Embrace new technologies in order to ensure the recruitment, continuous training and development of employees.

Promote work-life balance for staff through welfare initiatives (e.g. smart working), also with reference to pandemic events and with particular attention to the most vulnerable.

**8**

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ISSUES	DEFINITION	SDGs
<b>Economic performance and value creation</b> 	Promote the creation of shared medium to long-term value for all categories of stakeholders, through operational and financial efficiency and commit to the development of business activities capable of generating value for all stakeholders.	8
<b>Innovation</b> 	Research new technologies aimed at increasing the efficiency of business and reducing environmental impacts, also with a view to the circular. Exploit technological innovation (e.g. cloud, AI, etc.) for greater efficiency of operations and services offered, to digitise and optimise the monitoring and management of infrastructure and to easily integrate new green business opportunities.	9
<b>Relations with the authorities and quality of services</b> 	Ensure that customers receive a safe and reliable service over time, in compliance with the principles of competition and equal treatment and access to infrastructure and promote constructive and transparent relationships with regulatory authorities and institutions, in order to develop satisfactory services for customers and at the same time oriented to the needs and demands of the market.	16
<b>Diversity and inclusion</b> 	Promote and ensure equal opportunities to all employees, enhance and protect diversity (concerning race, religion, culture, gender, sexual orientation, and age) promoting dialogue and collaboration initiatives to seize the opportunities arising from different experiences, knowledge, skills, and background.	5 10
<b>Relations with local communities</b> 	Engage local communities in order to develop project activities capable of effectively responding to stakeholder expectations and supporting local communities in times of economic uncertainty, also in order to strengthen the license to operate.	8 11
<b>Anti-corruption</b> 	Adopt preventive measures and targeted policies, and promote partnerships aimed at combating corruption and crime in general and at spreading a culture of legality.	16
<b>Biodiversity and Land Protection</b> 	Safeguard the landscape heritage of the territories where the Group's plants or sites are located and promote environmental protection during both commissioning and ordinary operations, by integrating soil, subsoil and groundwater protection policies into its operational activities.	14 15





## ADDED VALUE PRODUCED AND DISTRIBUTED

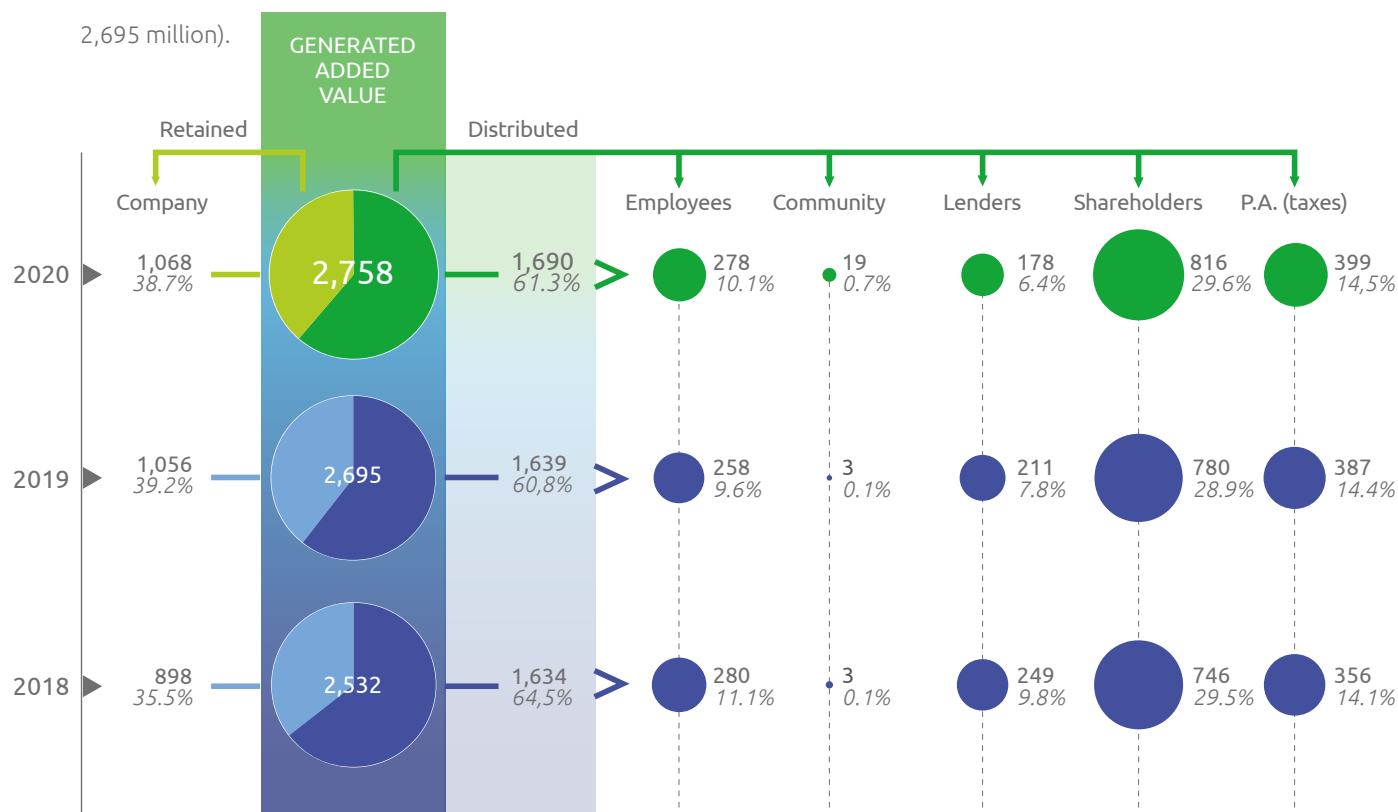
In 2020, Group revenues amounted to Euro 2,770 million (+4% compared to 2019), a value that Snam sees as a result of the value creation process carried out during the year and not only as a financial result.

For the Group, sustainability and creation of value are in fact closely related concepts: Sustainability creates value for the company and its stakeholders, correlating business and corporate social responsibility. Through its activities, the Company produces wealth, **Added Value**, which contributes, directly and indirectly, to the economic growth of the context in which it operates.

The Added Value is calculated based on the standard prepared by the Gruppo di Studio per il Bilancio Sociale (GBS or Sustainability Report Study Group) and GRI Standards, the national and international reference frameworks, respectively, for identifying and calculating the benefit created by a company's business. The calculation is made with reference to the values taken from the legally-required Income Statement, thereby becoming a useful tool for all stakeholders in understanding the economic impacts that the Group produces.

In 2020, the Gross Global Value Added produced by Snam amounted to **Euro 2,758 million**, an increase of Euro 63 million, or 2.3%, compared to 2019 (Euro

### Added Value (Euro millions)




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## Snam's fiscal responsibility

In line with the Code of Ethics, Snam and its subsidiaries apply principles of **fairness, transparency, honesty and integrity**, which in the tax area are implemented in the correct fulfillment of tax obligations. In order to ensure the constant application of these principles, the Snam Group has adopted the **Tax Control Framework (TCF)**, which allows a structured approach to the detection, assessment, management and control of tax risks, through periodic assessment and monitoring activities, and which has allowed admission to the cooperative compliance regime.

Snam's **Fiscal Strategy** has the following objectives:

- Tax Value, i.e. the effective management of the tax 'cost' inherent in a company's business;
- Risks and Reputation, i.e. the control of fiscal risk with a view to protecting the reputation of the Company and the Group;
- Tax Compliance, i.e. integrity in the management of tax compliance and the determination of the tax liability of Group companies;
- Sharing values, i.e. promoting awareness at all levels of the company of the importance given to the values of transparency, honesty, fairness and compliance;
- Relations with tax authorities, i.e. establishing relations with tax authorities based on good faith and transparency;
- Resource enhancement, i.e. developing and strengthening the professional skills of resources involved in any capacity in the tax process.



For more information on Snam's approach to taxation, see the chapter "Consolidated non-financial statement - Social aspects" in the 2020 Annual Report.



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# TOWARDS NET ZERO







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## TOWARDS NET ZERO

**The Covid-19 pandemic has highlighted the fragilities of the global socio-economic system whose imbalances will leave a clear mark in the years to come, highlighting the need to act and continue moving towards an increasingly sustainable development model. In this context of uncertainty, economic players, politicians and civil society seem to have become aware of the imbalance in global priorities and of the need for a shift towards sustainability, taking into account the needs of all stakeholders.**

With this in mind, governments and institutions have turned their efforts to emergency management with the imperative objective of protecting people, while at the same time seizing the opportunity to integrate a commitment to the UN Sustainable Development Goals into international recovery strategies.

Just as pandemic recovery will require as systemic and globally coordinated a response as possible among governments, climate change must also be addressed by considering the indirect environmental and social consequences that have amplified the impact of the pandemic risk. Alongside the combat against Covid-19, in fact, pollution and climate change remain two of the global priorities, also in light of the fact that the effects of the pandemic, and according to some studies also the causes, have been exacerbated by air pollutants, rising temperatures and loss of biodiversity.

In September 2020, the European Council presented **NextGenerationEU**, which will help repair the damage caused by the pandemic to create a post-Covid-19 Europe that is greener, more digital, resilient and fit for present and future challenges, setting specific parameters for the use of funds aligned with those of the European Green Deal. Innovations also continue on the climate change front: following the February 2021 elections, the United States rejoined the Paris Agreement and China announced in September 2020 that it would achieve carbon neutrality before 2060.

Achieving the global climate targets, which many countries have announced or are working on for the next 30 years, requires significant investment in the **decarbonisation of the energy sector**, which faces a twofold challenge: on the one hand, accompanying the recovery by securing energy supplies; on the other hand, preparing for an epochal transformation, which sees energy transition as the fundamental tool for combating climate change.

The difficult context of 2020 has highlighted the need for an integrated economic response that puts health and sustainability first. It is clear, therefore, that recovery and a return to a context of real growth will depend on the extent to which people, businesses and communities actively participate and are ready to set themselves ambitious goals such as combating inequalities, developing a green economy and spreading a model of sustainable consumption and development. Global institutions, especially the European ones, have confirmed and relaunched their commitment to combating climate change and developing a fair and resource-efficient society, making the evolution of the energy sector essential.

In this context, Snam is determined to play a **leading role** in achieving the objectives outlined at European and global level for the success of the energy transition and the creation of a sustainable economic model, seizing the opportunities that this important challenge offers..


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# THE 2020-2024 STRATEGIC PLAN

The 2020-2024 Strategic Plan, Towards Net Zero, considering the repositioning of the Group that has taken place in recent years thanks to the skills of its people and the increasing importance of digitalisation, envisages a key role for Snam in the energy transition, with the assumption of the role of enabler for a low-carbon economy at national and international level through the strengthening of its core business and the development of green gas.

The ambitious objectives set out in the new Strategic Plan envisage concrete short-, medium- and long-term actions to become **Net Zero Carbon by 2040**, made possible also thanks to a Euro 7.4 billion euro investment plan, most of which is aimed at decarbonisation and increasing the share of the hydrogen ready network, which has already reached 70% of the total.

To achieve carbon neutrality, the Plan also integrates a series of environmental, social and governance targets, included in the new **ESG Scorecard**, to provide stakeholders with a holistic view of the Company's engagement and growing awareness in these areas.



## The six pillars of the 2020-2024 Plan

### Net-Zero Carbon by 2040 and ESG leader



- Plan for the **Reduction of GHG emissions** - Scope 1 and 2
- Collaboration with suppliers and subsidiaries to achieve a progressive and significant reduction of their emissions
- New **ESG Scorecard**

### Long-term core business growth



- Upgrade of the network in view of **Hydrogen ready** and introduction of increasing percentages of hydrogen
- Conversion of compressor stations to **dual fuel** to promote grid balancing

### Execution capacity and technological innovation



- Construction of the most technologically advanced gas transmission company in the world
- Acquisition of **technological advantage** regarding H<sub>2</sub> and H<sub>2</sub>O
- Enhancement of core competencies in similar sectors

### Energy transition



- Internalization of skills and expertise
- Leading role in growth markets
- Strengthening of core business assets

### International profile



- Increasingly geographically diversified asset portfolio
- Asset-light approach to enter high potential countries
- Monetisation of own skills through Snam Global Solutions

### Sound financial structure and diversified



- Maintaining current credit standards
- Stable revenue growth
- Consistency with ESG



## CARBON NEUTRALITY

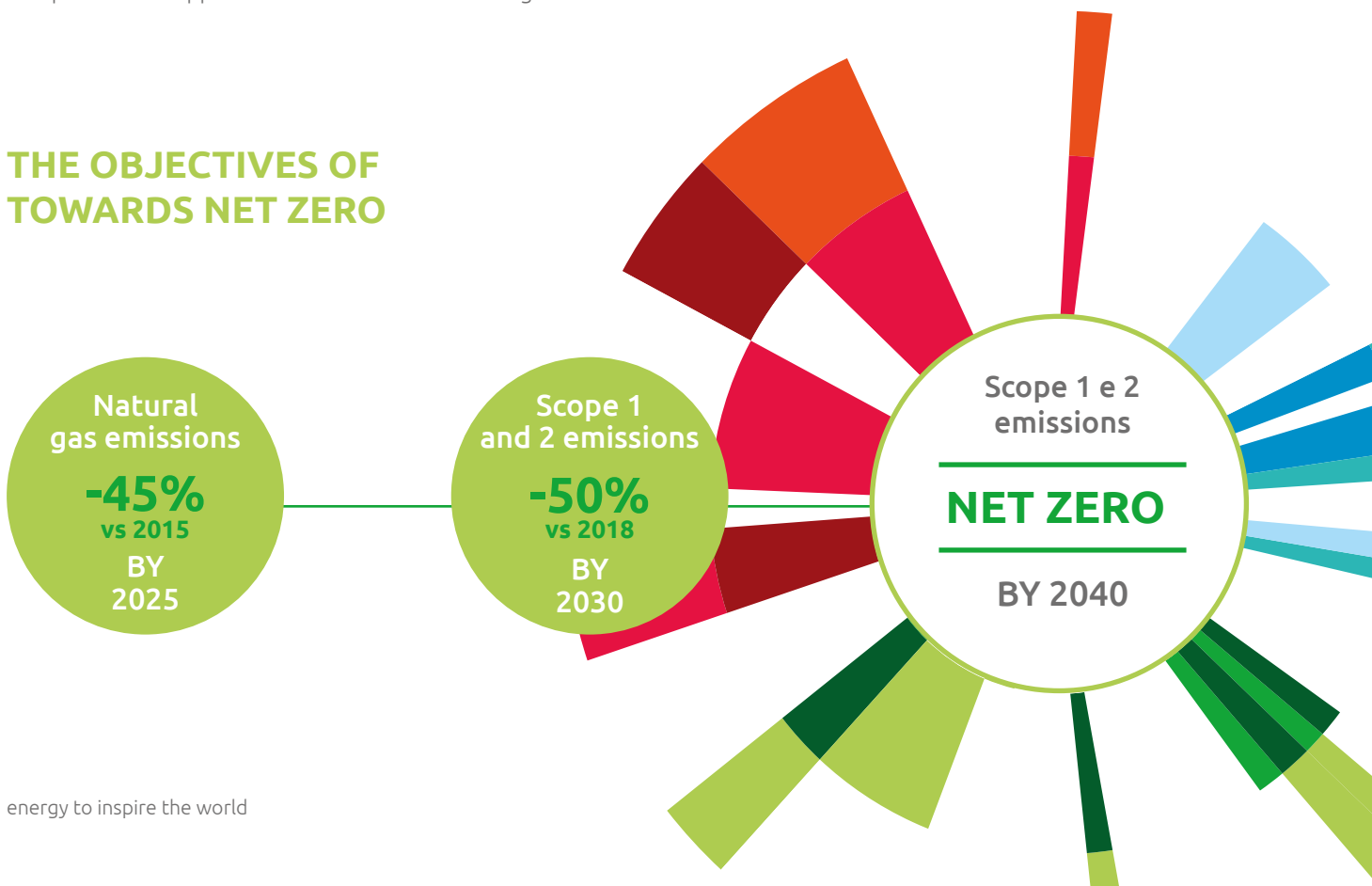
With its Net Zero Carbon strategy, Snam envisages concrete actions and significant investments for a gradual reduction in **direct and indirect energy emissions of Scope 1 and 2 greenhouse gases**, in line with the commitments defined in the Paris Agreement to limit the rise in global temperature to no more than 1.5°C, **until carbon neutrality is achieved in 2040**. In order to substantiate and trace the path towards Net Zero Carbon, Snam has planned clear intermediate steps in the short and medium term:

- **By 2025:** reduction of **natural gas emissions by -45%** compared to 2015 values, in accordance with the UNEP Oil & Gas Methane Partnership initiative (OGMP);
- **By 2030:** reduction of **Scope 1 and 2 greenhouse gas emissions by -50%** compared to 2018 values;
- **By 2040:** **carbon neutrality** for Scope 1 and 2 greenhouse gas emissions.

Net zero emissions will be achieved through the reduction of emissions associated with operational activities (Scope 1 and 2), which mainly consist of **measures to contain methane (CH<sub>4</sub>) emissions**, through the modernisation, efficiency and maintenance of the network, and the **reduction of carbon dioxide (CO<sub>2</sub>) emissions**, thanks to the conversion of compressor stations to dual fuels, thus replacing gas turbocompressors with electric compressors, and the use of green electricity. In addition, with a view to **integrating hydrogen into the existing infrastructure and thus enabling its use**, about half of the investments envisaged in the Strategic Plan will be geared towards continuing the adaptation of the existing network to hydrogen ready, which is already 70% ready today. Snam also plans to install the first hybrid turbine capable of operating with 10% hydrogen at the Istrana (TV) power plant in 2021. Finally, for emissions that cannot be eliminated, offsetting measures will be implemented through **offsetting projects**.

A commitment to reduce **other indirect GHG emissions (Scope 3)** was also declared, primarily by working with participated companies and suppliers to reduce emissions throughout the entire value chain.

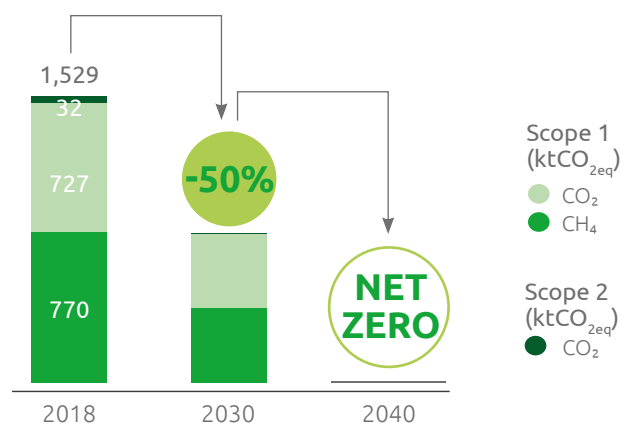
### THE OBJECTIVES OF TOWARDS NET ZERO




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## SCOPE 1 AND 2 EMISSIONS

### TARGET:



### WHAT ARE SNAM'S SCOPE 1 AND 2 EMISSIONS?

#### Direct emissions (Scope 1)

- **Methane emissions** resulting from Snam's various businesses such as transport, storage and regasification
- Emissions due to Snam's direct consumptions, such as **natural gas** used in the combustion of industrial processes and for heating offices, and other fuels such as **diesel oil, gasoline and LPG**
- Emissions of HFC (not relevant), used in air conditioning systems

#### Energy indirect emissions (Scope 2)

- Indirect emissions for the production of **electricity and steam produced** by third parties and which Snam uses for its own activities

### ACTIONS TO ACHIEVE THE CHALLENGES

#### Reduction of emissions from operations

- Interventions and application of best practices to minimise CH<sub>4</sub> emissions
- Reducing CO<sub>2</sub> emissions and Group's energy needs, also thanks to the installation of new electric compressors in the gas booster and storage plants
- Use of renewable electricity

#### Development of green gases

- Development and networking of new green gases, such as biomethane and hydrogen

#### Reduction of emissions from buildings and the company car fleet

- Planning a move to a new headquarter certified LEED GOLD
- Use of green electricity produced by photovoltaic plants
- Conversion of company fleet to natural gas vehicles

## SCOPE 3 EMISSIONS

### TARGET:

Reducing other indirect GHG emissions (Scope 3) along the entire value chain by working primarily with participated companies and suppliers.

### WHAT ARE SNAM'S SCOPE 3 EMISSIONS?

#### Other indirect emissions (Scope 3)

- Emissions from the **supply chain**
- Scope emissions 1 and Scope 2 emissions of **participated companies**
- Emissions from **business travels** and **employees' commuting**
- Emissions from **extraction and network losses of natural gas and electricity**

### ACTIONS TO ACHIEVE THE CHALLENGE

#### Definition of a reduction plan for the main Scope 3 emission categories:

##### Suppliers

- Mapping of greenhouse gas emissions of all suppliers
- Request for compilation, to the most significant suppliers in terms of procurement, of the CDP Supply Chain questionnaire (formerly the Carbon Disclosure Project)

##### Participated Companies

- Workshops and training for sharing best practices, also involving their own commercial partners, as well as members
- Launch of awareness-raising projects to encourage participated companies to take action to reduce their methane leakages, pneumatic emissions and to use electricity from renewable sources


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Snam's infrastructure has always supported the Italian economy by expanding and maintaining the network, heating millions of homes and contributing to the country's energy security. Thanks to its assets, know-how and belief in the importance of acting responsibly, Snam is aware of its role and the opportunity it has to make a significant contribution to reducing greenhouse gas emissions for the entire country system. This is the direction in which we have been working in recent years, developing the network for the production and distribution not only of natural gas, but also of **biomethane and hydrogen**, which are essential for reducing the use of fossil fuels, with continuous modernisation of the network from a hydrogen-ready perspective to provide the country with state-of-the-art infrastructure, ready to receive the new energy source.

Moreover, thanks to business initiatives in **energy efficiency** and **sustainable mobility**, Snam is contributing to the modernisation of the country's most structural components, such as buildings and transport.



## Snam-Terna scenarios underlying Towards Net Zero

In order to outline the objectives and timeframes underlying the *Towards Net Zero* strategy, Snam, through the elaboration of forecast energy scenarios, has defined the possible evolutions of the Italian energy system in the medium-long term (2030, 2040 and 2050). In doing so, the Group took into account European and national climate targets in order both to ensure that its strategy was in line with them and to verify that the targets set out in the Strategic Plan were sufficiently ambitious. In particular, the strategy is based on the three scenarios identified in collaboration with Terna in 2019, contained in the "2019 Scenarios Description Document", and which determine the gas supply and demand projections to 2040.

These scenarios are:

- Business-As-Usual (BAU), which projects current trends and features technological development based on economic merit alone;
- Centralized (CEN), in which the 2030 decarbonisation targets, renewable energy sources and energy efficiency quota and non-binding guidelines to reduce long-term CO<sub>2</sub> emissions are achieved by curbing consumption and the development of programmable renewable energies such as green gases, using existing gas infrastructures;
- Decentralised (DEC), in which, thanks to an even faster development of the electricity carrier and non-programmable RES, the 2030 decarbonisation targets, the RES and energy efficiency quota and the non-binding long-term CO<sub>2</sub> emission reduction targets are achieved.



For more information on the scenarios underlying the *Towards Net Zero* strategy, see the chapter "The context and reference scenarios" in the document "Financial Disclosure on Climate Change 2020"


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# THE ESG SCORECARD

**The growing importance of extra-financial aspects in defining corporate strategies, the consideration that investors give to ESG issues in their investment choices, as well as the interest of all stakeholders in the company's *modus operandi*, have always encouraged Snam to measure the impact of its actions on the context in which it operates.**

Snam monitors more than 140 ESG KPIs, many of which are supported by multi-year targets. Driven by a growing need to redefine its priorities for the future, shape its corporate culture and improve its extra-financial communication, it has further strengthened the process of defining its targets.

Through the ESG Scorecard, Snam further strengthens its business model with a view to achieving the sustainable development objectives of the 2030 Agenda, building a scorecard of **objectives for the three-year period 2021-2023** on thirteen ESG thematic areas of impact for both the company and its stakeholders. The objectives are three-yearly and the scorecard will be monitored and reviewed annually: through this tool, the Group aims to provide maximum transparency on the main environmental, social and governance aspects with a process that involves all the competent functions of the Company and its subsidiaries with a view to continuous improvement and constant dialogue with stakeholders and the market.



## Environment

The holistic approach adopted by Snam with regard to the environment leads the company to commit itself not only to the combat against climate change, but also to the protection of habitats and biodiversity, adopting the best practices for the protection and enhancement of the areas in which it operates with its infrastructure.

The commitment to the environment is reflected in the goal of reducing natural gas leakage, as well as in all targets concerning energy efficiency, new business development, green innovation and biodiversity protection.



## Social

Employees, local communities and suppliers are increasingly central stakeholders in Snam's strategy, as only through their participation will it be possible to achieve the challenging strategic objectives that the Group has set itself for the coming years. Also in light of the Covid-19 health emergency, the Company has strengthened both the activities it has been implementing for years to spread a culture that defends the individual as a whole, protecting mental and physical health and promoting diversity and development in an inclusive environment, and those to improve the quality of life in local communities and to manage its supply chain in a sustainable manner. These commitments take the form of a structured corporate welfare system that meets the needs of Snam people and their families, corporate volunteering and community engagement initiatives carried out in collaboration with Fondazione Snam, and support for the Italian economy and small and medium-sized enterprises (SMEs) through the specific engagement of local suppliers.



## Governance

Legality, integrity, service reliability and efficiency in network management are the key words underlying the actions and projects implemented by Snam, which is committed to defining targets that make business transparent, responsible and valuable. These objectives take the form of specific actions aimed at ensuring high levels of infrastructure reliability and service quality, bringing ESG issues into the decision-making processes and *induction* sessions of the Board of Directors, and carrying out careful reputational audits to assess the risks associated with the supply chain, countering any active and passive corruption practices.


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## ESG SCORECARD 2021-2023



Environment



Social



Governance  
(including economic aspects)

### ENERGY SAVINGS OF OPERATIONAL MANAGEMENT



MWh of electricity  
production by  
photovoltaic plants

**>860 MWh**  
Annually until 2023



% of retrofit and methane  
fuelled cars out of total car  
fleet

**49%** > **61%**  
2021 2023

### LAND PROTECTION AND BIODIVERSITY



% vegetation restoration of the  
natural and semi-natural areas  
involved in the construction of  
the pipeline routing

**>99%**  
Annually until 2023

### NEW BUSINESSES - GREEN INNOVATION



Production of biomethane  
(MScm)

**19** **84** **141**  
2021 2022 2023



Cumulated number of  
CNG and LNG stations

**74** **119** **167**  
2021 2022 2023



Reduction of CO<sub>2eq</sub>  
emissions from energy  
efficiency  
interventions

**16** **34** **43**  
2021 2022 2023



Available LNG  
capacity for  
SSLNG market

**250 kton**  
By 2023

### NATURAL GAS EMISSIONS



% reduction of total natural  
gas emissions (vs 2015)

**-25.1%** > **-36%**  
2021 2023



% of natural gas recovered  
from maintenance activities

*(average of the last 5 years)*  
**>40%**  
Annually until 2023

### INFRASTRUCTURE RELIABILITY



Average annual customer  
satisfaction rate in terms  
of service quality

**7.8/10** > **8.1/10**  
2021 2023



% of reliability levels on  
gas supply

**99.9%**  
Annually until 2023




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## GENDER DIVERSITY



% of women in executive and middle-management roles

21.75% > 25%

2021 2023

% of women in succession planning (first and second line and key positions)

25% > 27%

2021 2023

## SAFETY



IpFG (Combined Frequency and Severity Index)

< AVERAGE last 5 years  
Annually until 2023



No. of HS reports / No. of total audits performed (external and internal)

< AVERAGE last 5 years  
Annually until 2023

## WELFARE



% of participation in welfare activities

50% 52% 54%

2021 2022 2023

## EMPLOYEE ENGAGEMENT



% employee engagement index

70% > 75%

2021 2023

## ENGAGEMENT OF LOCAL COMMUNITIES



% of employees hours dedicated to Fondazione Snam's initiatives supporting local communities

+10% +10% +10%

2021 2022 2023

## RESPONSIBLE SUPPLIERS



% spent on local suppliers (SMEs in Italy) on total procurement

40% 40% 50%

2021 2022 2023



Increase of third sector suppliers in Vendor List

+10% +20% +20%

2021 2022 2023

## GOVERNANCE



% of BoD time dedicated to ESG issues in meetings and induction sessions

AT LEAST 40%  
Annually until 2023

## ANTI-CORRUPTION



% of third parties on which a reputational check has been carried out

100%  
Annually until 2023

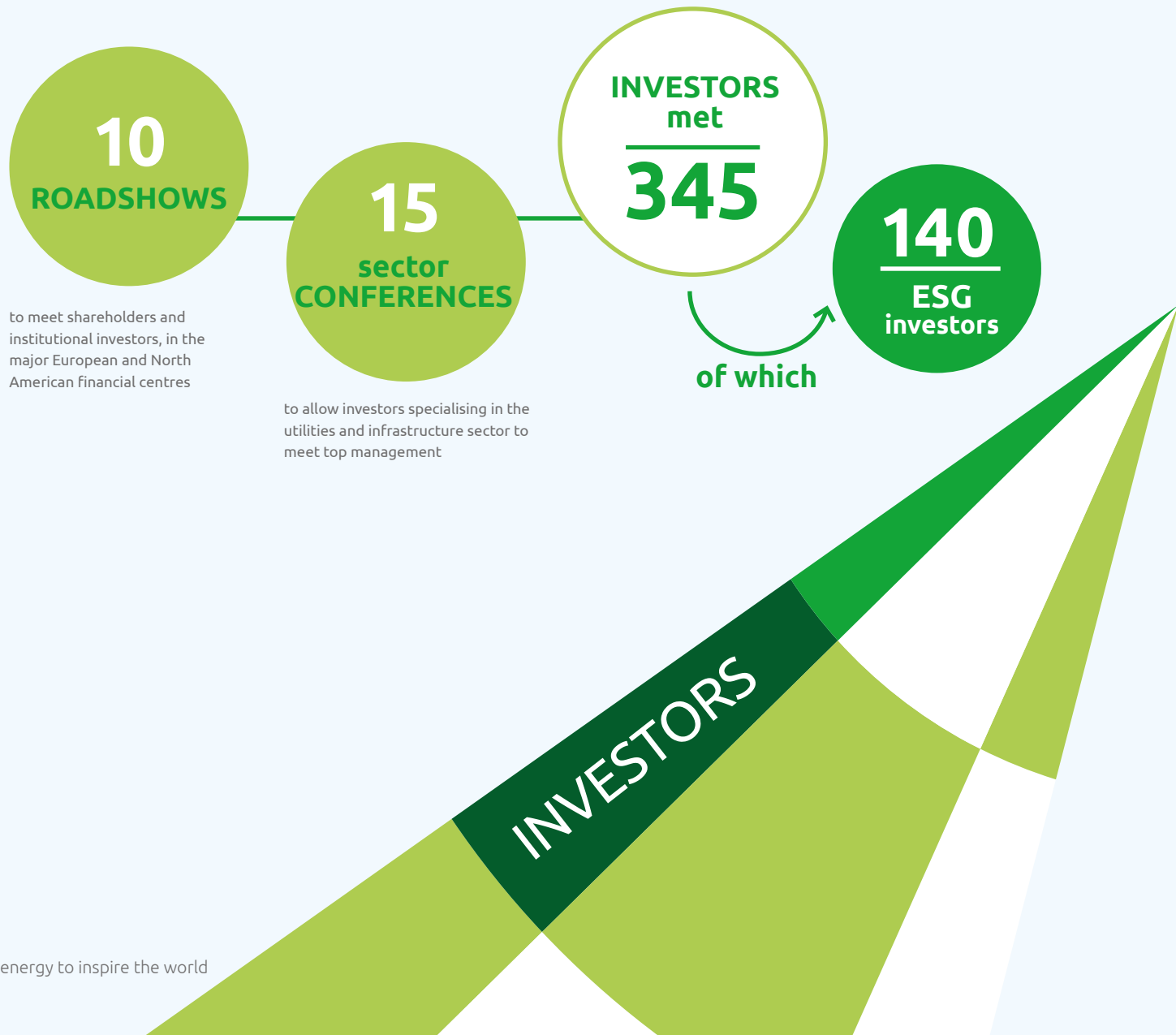


# INVESTING RESPONSIBLY

In order to enhance the positioning and alignment of its business objectives with the Sustainable Development Goals and the main ESG issues, Snam makes extensive use of sustainable finance instruments, guaranteeing the company access to financial markets at competitive costs, with consequent positive effects on its economic, equity, financial and reputational situation. **At present, sustainable finance represents 40% of Snam's funding, with the aim of increasing it further to 60% by the end of the 2020-2024 Plan.**

In recognition of the Group's commitment in these terms, Snam has joined the **Nasdaq Sustainable Bond Network**, a sustainable finance platform managed by Nasdaq, which brings together investors, issuers, investment banks and specialist organisations.

Relations with the financial community and socially responsible investors, which increased significantly during the year, are fundamental for access to these instruments and are therefore maintained through constant and transparent disclosure of business strategy and performance, enhancing the dynamics that ensure the creation of value over time.



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BUSINESS

OBJECTIVES


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In 2019, Snam was one of the first companies in the world to issue a *Climate Action Bond*, the framework for which dates back to 2018, with the aim of better aligning its financial strategy with the Group's sustainability objectives, consolidating its role in the energy transition in Europe, diversifying its base of investors and making them aware of Snam's ESG initiatives and investments. The Climate Action Bond was also certified by DNV GL, which confirmed the bond's alignment with the eligible categories defined in the framework, the *Eligible Projects*, which were financed and, in part, refinanced by the funds obtained from the bond issue, and which cover a broad spectrum of initiatives aimed at reducing emissions or

the use of renewable energy, energy efficiency and the protection of land and biodiversity.

In 2020, Snam reconfirmed its frontline commitment to further integrate the Group's sustainability objectives with its financial strategy by launching and issuing three *Transition Bonds*. At the same time, the perimeter of Eligible Projects already identified in the *Climate Action Bond Framework* has been expanded to include the new category "Retrofit of gas transmission network", i.e. activities on the gas network aimed at increasing the integration of hydrogen and other low-carbon gases, as defined in the *Transition Bond Framework*, published in June 2020, and consistent



## Climate Action and Transition Bond Eligible Projects

Transition Bond Framework	Climate Action Bond Framework	Eligible Category	Description	SDGs
		Carbon & Emission Reduction Projects	Infrastructure, equipment, technology, systems and processes that demonstrate a reduction in energy use/loss and a reduction in emissions of industrial facilities.	
		Renewable Energy Projects*	Acquisition and development of biomethane facilities and upgrading of existing biogas facilities in Italy and abroad.	
		Energy Efficiency Projects	Energy efficiency projects for Snam's corporate facilities or supply chain.	
		Green Construction Projects	Development and maintenance of conservation areas, natural capital protection and development and maintenance of green areas/buildings.	
		Retrofit of gas transmission network	Activities and projects carried out with the aim of adapting and preparing the Snam gas network to transport an increasing percentage of hydrogen and/or other low-carbon gases, in line with what as indicated in the <b>European Taxonomy</b> .	

Transition Bond Framework / Climate Action Bond Framework

(\*) The acquisition of the biomethane plants is only covered by the Transition Bond Framework, while the other Renewable Energy Projects activities remain eligible for the Climate Action Bond Framework


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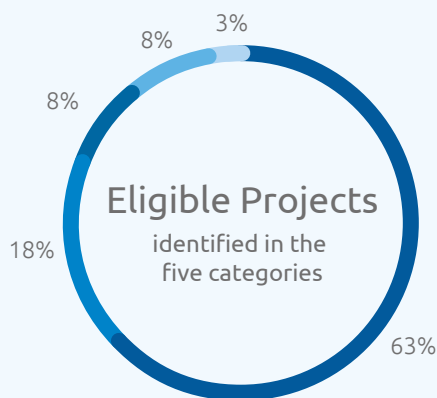
with the mitigation criteria identified by the European Commission's **Taxonomy** on Sustainable Finance.

The *Transition bond* not only further expands Snam's investor base, but also sets the rules for issuing bonds to finance investments in environmental sustainability, in line with the key role recognised for renewable gas in achieving long-term decarbonisation targets and the role that existing infrastructure can play in facilitating this transition<sup>1</sup>.

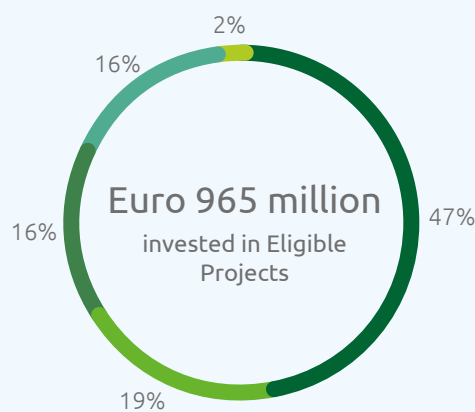
In order to further align its financing strategy with sustainability objectives and to broaden its lender base, already in 2018 Snam finalised the

transformation of its Euro 3.2 billion *syndicated* credit lines into *Sustainable Loan*, introducing environmental and social sustainability objectives that were met in 2019 and 2020, allowing it to benefit from a reduction in the interest rate applied.

Finally, again in pursuit of the objective of increasing the weight of sustainable finance in total funding, Snam has renewed its **Euro Commercial Paper** programme, increasing it from Euro 2 billion to Euro 2.5 billion, linking it to environmental and social sustainability objectives in line with the Sustainable Loan and obtaining an ESG rating of EE assigned by the ESG rating company Standard Ethics.



- Retrofit of gas transmission network projects
- Carbon&Emission reduction projects
- Renewable energy projects
- Energy efficiency
- Green construction projects



- Retrofit of gas transmission network projects
- Renewable energy projects
- Carbon&Emission reduction projects
- Energy efficiency
- Green construction projects

1) For more information, see the "Climate Action and Transition bonds Report" available at the following link [https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito\\_credit\\_rating/file/Snam\\_Climate\\_Action\\_and\\_Transition\\_bonds\\_Report\\_2021.pdf](https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito_credit_rating/file/Snam_Climate_Action_and_Transition_bonds_Report_2021.pdf)


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## THE CFO TASKFORCE AND INVESTMENTS IN SUPPORT OF THE SDGs

As early as 2009, Snam made clear its commitment to doing business according to a model of sustainable development, respecting and protecting human and labour rights and safeguarding the environment, by joining the United Nations Global Compact, the world's largest voluntary initiative on sustainability issues.

For Snam, this commitment also entails integrating and aligning financial planning with the SDGs, an

objective that has been further strengthened by active participation in the CFO Taskforce of the UN Global Compact, of which Snam is one of the founders. The initiative involves various players in the business landscape: investors, banks, financial institutions and credit rating agencies to make the market more efficient, broader and more liquid and to promote the flow of capital into activities that contribute significantly to achieving these objectives.

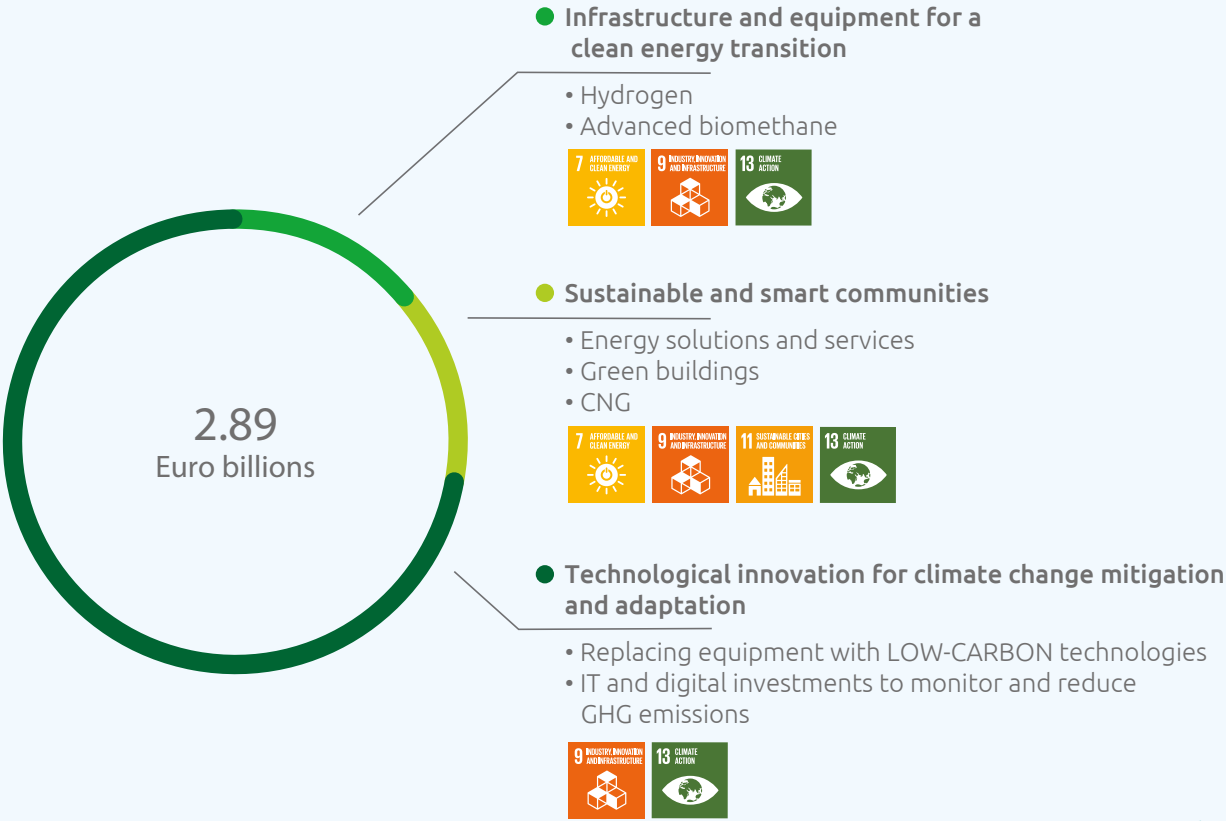
### Snam's actions for the SDGs

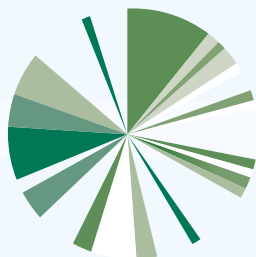
Description	SDGs
Increase the production of energy from renewable resources, including biomethane, and improve the energy efficiency of Snam's operations, avoiding or reducing the impact on the environment, landscape and cultural heritage. Snam achieves this through its subsidiaries <b>Snam4Environment</b> and <b>Snam4Efficiency</b> : the former specialises in infrastructure for the production of biomethane and the promotion of green activities, while the latter is one of the main Italian operators in energy efficiency services for the residential, industrial and public administration sectors. Both leverage the technical expertise acquired from leading companies in the sector, in particular Renerwaste and Iniziative Biometano for the biomethane business and TEP, Miecì and Evolve for the energy efficiency business.	
Build a more resilient and sustainable infrastructure through investments to make the infrastructure Hydrogen ready; to convert compressor stations to dual fuel and to digitalise the business, enabling Snam to become the most technologically advanced gas transport company in the world and to ensure the continued safety and sustainability of its operations.	
Snam has created <b>Snam4Mobility</b> , a company dedicated to the promotion of sustainable mobility using CNG, LNG and renewable gases (bio-CNG and bio-LNG), which aims to strengthen the infrastructure for sustainable mobility (CNG/LNG refuelling stations), expand the supply for heavy vehicles and create the first hydrogen stations in the country.	
With the aim of playing a crucial role in the energy transition and with a long-term vision aligned with the purpose "Energy to inspire the world" and European objectives, Snam will be one of the first companies in the energy sector to achieve carbon neutrality by 2040, making a concrete contribution to the decarbonisation of the system through the development of green gases and, in particular, hydrogen. Snam has created the <b>Hydrogen</b> business unit with the aim of being at the forefront of a sector with great growth prospects, through collaborations, strategic partnerships and the launch of new of new pilot projects.	

*The table refers to Snam4Efficiency, replaced in 2021 by Renovit.*

The Taskforce launched in September 2020 the first integrated and UN-backed principles for investment and finance, developed to guide companies in aligning their sustainability commitments with corporate finance strategies to create a relevant impact on the SDGs. As a member of the CFO Taskforce, Snam is committed to adopting these guidelines, implementing specific KPIs and sharing experiences to contribute to the creation of a transparent and efficient SDG financial market.

In conjunction with the approval of the 2020-2024 Plan, the Group carried out an analysis to confirm the alignment between the SDGs and the investments contained in the Strategic Plan. The analysis highlighted the SDGs on which the Plan will have the greatest impact, showing an alignment of investments with the Group's ESG priorities. In particular, the 2020-2024 Plan, although contributing transversally to many of the UN SDGs, will have a real and greater impact on **SDGs 7, 13, 9 and 11** (mentioned in order of priority).





Planned investments

# Euro 7.4 billion

over the 2020-2024 period

which showed that about

# 40%

of the total was aligned with the technical criteria of the most recent version of the Delegated Acts

## SNAM'S ALIGNMENT WITH THE EUROPEAN TAXONOMY

The European Taxonomy is an integrated classification system at European level aimed at creating a common language that investors and companies can use when financing economic activities that have a substantial positive impact on the climate and the environment. The Taxonomy links the Paris Agreement with investment practices, clearly defining the types of activities that are consistent with the transition to a low-emission economy, adaptation to climate change and other environmental objectives. This instrument aims to facilitate the channelling of capital flows towards activities that can contribute to a zero greenhouse gas economy by 2050.

The implementation process is still in progress: by 2021, the Delegated Acts are expected to be approved, defining the technical criteria for the first two of the six environmental objectives of the Taxonomy - "*climate change adaptation*" and "*climate change mitigation*".

As a demonstration of its commitment to aligning itself with the European Taxonomy in defining its investment choices, during the Strategic Plan, Snam carried out an analysis of the amount of planned investments (about Euro 7.4 billion in total, over the 2020-2024 period), which showed that about 40% of the total was aligned with the technical criteria of the most recent version of the Delegated Acts.

The importance of increasing alignment with the European Taxonomy is also relevant for Snam in order to make extensive use of sustainable finance instruments at favourable conditions to support its investments, with the ambition of expanding its green investor base at the same time.

Snam is actively monitoring the process of evolution of the Taxonomy with the aim of incorporating the planned disclosure indications.

## SUSTAINABILITY AND ESG RECOGNITIONS

The Snam stock is included in the main international SRI (Sustainable and Responsible Investment) stock market indices, an acknowledgement that provides investors with greater transparency in market communications and greater comparability with the Group's *peers*, as well as making the Company more visible to investors and to the financial market as a whole. Investors classified as ESG within Snam's shareholder base total 245, representing 34.1% of Snam's total institutional shareholders (Nasdaq analysis) as of September 2020 - and 13.8% of the total.




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## ESG ratings



Snam has been included, once again, among the top scorers of CDP, one of the most important non-profit organisations at international level in terms of climate change. In 2020, Snam returned to the top of the world rankings, obtaining inclusion in the A List, which includes only 273 companies worldwide (8 in Italy), testifying to its strong commitment to climate change and energy transition issues.



Snam has joined the CDP supply chain programme for the second year, the CDP programme aimed at involving its supply chain in the climate change questionnaire. Snam obtained a score of A-, demonstrating its commitment to engaging its suppliers on issues related to reducing emissions and developing sustainable strategies.



In 2020, Snam was confirmed at "PRIME" level (with rating B-) by ISS ESG, which recently acquired the Oekom Research service, a leading international agency rating socially responsible investments, which operates on behalf of institutional investors and financial services companies.



In 2020, Snam was also confirmed in the Sustainalytics index, the leading ratings agency for the evaluation of companies from an ESG perspective, which the company has been on since 2013. The new score of 19.8 indicates a low risk level of the company in the ESG area, compared to an average risk level in 2019.

## Sustainability indices



Since 2002, Snam has been present in the FTSE4Good, an index created to encourage investment in companies that meet globally recognised social responsibility standards and important reference point for the creation of benchmarks and ethical portfolios.



Snam confirmed in the Ethibel indices, which include companies qualified as sector leaders in terms of CSR, according to the selection made by Forum Ethibel.



Snam confirmed for the fourth consecutive year in two MSCI sustainability indices, which include companies with high sustainability ratings sustainability among those in the sector.



For the ninth year in a row, the Snam stock is included in the STOXX Global ESG Leaders Indices, a group of indices based on a transparent process of selection of performances in terms of sustainability, of 1800 companies listed worldwide.



Snam is present in five of the main ECPI sustainability indices, which take into account more than 100 ESG indicators in their methodology for the inclusion of companies.



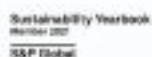
Snam is confirmed to be included in 2020 as well in the NYSE Euronext Vigeo 120 indices, managed by Vigeo, a leading company at a European level in rating companies regarding CSR issues.



Snam present for the fifth year running, in the United Nations Global Compact 100 index, which includes the 100 companies that have distinguished themselves at global level both for attention to sustainability issues and to financial performance, and that adhere to the ten fundamental principles of the United Nations on human rights, labour, environment and anti-corruption issues.









Snam is among the companies included in the Bloomberg Gender-Equality Index (GEI) for the second year running. Of the 380 companies included, only 18 operate in the energy sector. In addition, Snam achieved a total score of 71.21%, improving its GEI score by 2.1 percentage points compared to last year.



As part of the 2020 CSA assessment, Snam has been included in the 2021 **Sustainability Yearbook**, which rewards the companies included in the top 15% of their industry.



## NEW BUSINESSES: LEVERS FOR THE ENERGY TRANSITION

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	Production of biomethane	 <i>ESG scorecard</i>	<b>141 mln m<sup>3</sup> (by 2023)</b>	-	<b>0.44 mln m<sup>3</sup></b>
	Cumulative number of CNG and LNG stations	 <i>ESG scorecard</i>	<b>no. 167 (by 2023)</b>	no. 9	<b>no. 25</b>
	Available LNG capacity for the SSLNG market	 <i>ESG scorecard</i>	<b>250 kton (by 2023)</b>	-	<b>Data available from 2021</b>
	Reduction of CO <sub>2eq</sub> emissions from energy efficiency interventions	 <i>ESG scorecard</i>	<b>43 kton (by 2023)</b>	3 kton	<b>5 kton</b>

The 2020-2024 Strategic Plan envisages the important development of new businesses for the energy transition (biomethane, hydrogen, sustainable mobility and energy efficiency) which, due to their fundamental role in the decarbonisation process, have seen their share of investment increase from Euro 200 million in 2018 to **Euro 720 million** in the new Plan. The investments are aimed at enhancing Snam's positioning as a "system integrator" able to offer green solutions and contribute to the development of renewable gas.

The growth strategy also includes acquisitions and partnerships with leading companies in the various businesses, also aimed at internalising their expertise and further strengthening Snam's positioning. In particular, Snam has allocated significant resources to the development of initiatives that exploit two types of gas: **biomethane** and **hydrogen**. This investment strategy aims to develop the value chain of the two gases with a view to integrating them into the existing infrastructure, thereby facilitating the energy transition.


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## H<sub>2</sub> BENEFITS



Can decarbonise "hard-to-abate" sectors



Can be produced from renewables, with the costs of both solar and wind power and electrolyzers falling sharply



The existing network is already about 70% Hydrogen ready

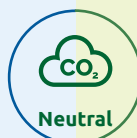


Encourages "sector coupling", i.e. integration between the electricity and gas sectors to achieve greater flexibility and therefore lower costs for the energy system as a whole

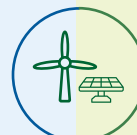
## COMMON BENEFITS



Can be stored reliably, securely and conveniently



Green hydrogen and biomethane are neutral sources from a greenhouse gas emission point of view



Can integrate non-programmable renewable sources



Can be used in sustainable mobility

## BIOMETHANE BENEFITS



Renewable, flexible, efficient and programmable source



Can be transported by existing infrastructure, minimising decarbonisation costs by not requiring new infrastructure investments



Can also contribute to the reduction of greenhouse gas emissions from the agricultural system



Based on the concept of circular economy, using the residue of anaerobic digestion (digestate) as a natural fertiliser


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## BIOMETHANE

The development of the biomethane sector from agricultural production represents a strategic opportunity for Snam, allowing it to consolidate and strengthen its energy transition objectives, as well as have a positive impact on the entire agri-food sector, promoting a sustainable and circular economic model, and significantly reducing emissions in the agricultural and agri-livestock sector.

For the 2020-2024 Plan, biomethane investments amount to approximately **Euro 220 million by 2024** and include the construction of infrastructure and plants with an installed capacity of 64 MW, 22 more than the previous Plan, as well as the development of a platform for growth in the circular economy and the industrialisation of agricultural production. In addition, part of the investments is allocated to the acquisition of companies active in the production of biomethane, to internalise expertise and seize additional growth opportunities. As also formalised in the ESG Scorecard, Snam plans to increase biomethane production to 141 million cubic metres by 2023. In 2020, the first steps were taken in this direction, and 0.44 million cubic metres were produced.

To achieve these objectives, since 2018, Snam has been using the technical expertise of its subsidiary **IES Biogas**, which builds, upgrades and maintains biomethane plants in the food, waste and agricultural sectors. During 2020, plants were designed and built to produce advanced biomethane from food industry waste and by-products and from waste, in particular from FORSU, the Organic Fraction of Municipal Solid Waste. Specifically, in addition to the conversion of existing plants to biomethane, four new plants have been built in Veneto, Lombardy and Sicily to produce biomethane as an alternative fuel for vehicles. Furthermore, IES Biogas has also been involved in the design and construction of various plants for the production of advanced biomethane from livestock waste, agro-industrial waste, agricultural by-products and second-harvest crops.

With a view to growing by internalising the technical expertise of leading companies in the sector, in 2020, through its subsidiary **Snam4Environment**, Snam finalised the acquisition of **Renerwaste S.r.l.**, a company active in biogas and biomethane infrastructure that operates through three plants located in the provinces of Lodi, Milan and Tortona. The Group also completed the acquisition of 50% of **Iniziative Biometano**, a company operating in Italy in the management of biogas and biomethane plants fuelled by biomasses of agricultural origin and owner of five biogas plants already in operation for which the conversion to biomethane is planned, thanks to IES Biogas, with a total potential production at full capacity of about 39 MW. The first of these, in Sicily, went into production in October. Snam also continued the project with **Enersi Sicilia S.r.l.**, 100% acquired in 2018, which envisages the construction of a biomethane and compost production plant that will be used as natural fertiliser instead of chemical fertiliser.



### Biogas and biomethane

**Biogas** is one of the most widely used alternative sources of renewable energy. It is the result of the fermentation of organic substances (animal or vegetable) by numerous bacteria in the absence of oxygen and at a controlled temperature. This process of biomass degradation (from agricultural residues, livestock or sewage effluents, supplementary crops, organic fraction of separately collected municipal waste, etc.) is called anaerobic digestion.

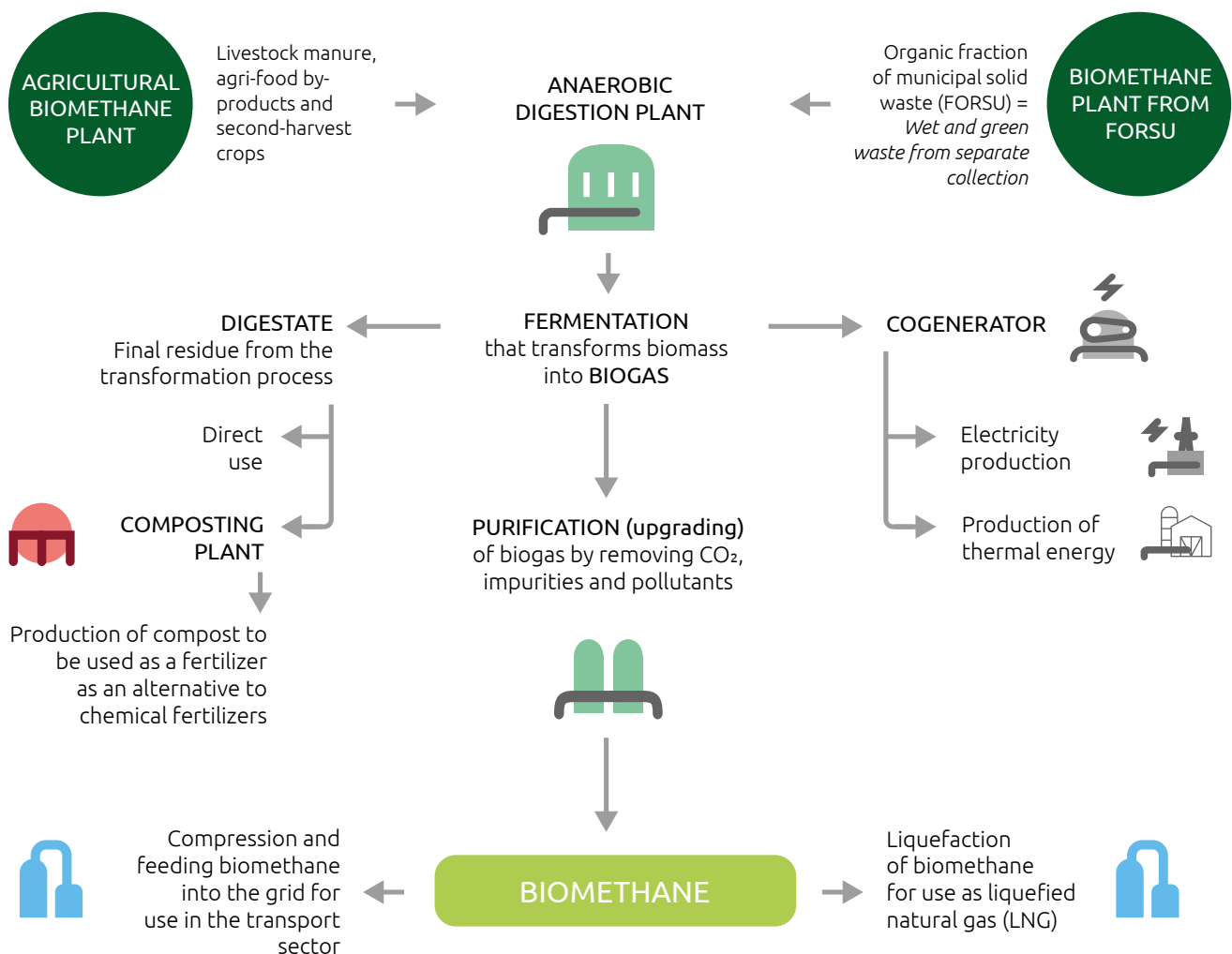
**Biomethane** is a gas derived from biogas that has undergone a refining and purification process, known as **upgrading**, whose methane or CH<sub>4</sub> concentration exceeds 98%. Biomethane is therefore renewable because it is produced from agricultural biomass, and sustainable because it is CO<sub>2</sub> neutral.


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The facility, which will be completed in early 2021, will be able to recover 36,000 tonnes per year of FORSU, corresponding to approximately 3.2 million cubic metres of biomethane, equal to 30 GWh of energy produced per year, bringing numerous benefits to

the area, including the creation of new jobs, skills, economic return for local businesses involved in the construction, support and supply of the new plant, as well as advantages for citizens in terms of reduced emissions and waste transport costs.

## Agricultural biomethane and biomethane from FORSU plant




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## The creation of an H<sub>2</sub> molecule

Hydrogen, the first element in the periodic table and the most abundant in the universe, does not occur naturally, but can be produced through a wide range of chemical and physical processes and is suitable for transport in existing pipelines, and is an efficient and cheaper means of storing energy than batteries: 1 kg of hydrogen is enough to power a fuel cell car for 100 km, heat a house for two days and produce 9 kg of steel from raw iron.



GREY  
HYDROGEN

Currently, it is mainly employed for industrial uses and is obtained from natural gas, through a thermo-chemical conversion process with the production of CO<sub>2</sub> (grey hydrogen).



BLUE  
HYDROGEN

To this can be added CO<sub>2</sub> capture and storage (CCS) technology for 'decarbonised' hydrogen (blue hydrogen), allowing energy-intensive hard-to-abate sectors such as steel and refining to take important steps towards decarbonisation.



GREEN  
HYDROGEN

However, the most promising route for the development of hydrogen is the production of green hydrogen, generated through electrolysis of water, in which electricity is used to "break down" the water into hydrogen and oxygen without the emission of any CO<sub>2</sub> at the point of release.

## HYDROGEN

The European Union, as part of the European Green Deal, has identified hydrogen as one of the key sources for achieving carbon neutrality, calling on oil and gas companies to propose and study possible applications of green gas in the existing European network. Snam has taken up this challenge and is at the forefront of hydrogen research, recognising the considerable benefits that could be derived from its use and production and seeing in this gas an important opportunity to pursue not only its own decarbonisation process, but also that of the country. In fact, hydrogen can be produced from renewable energy sources, while promoting 'sector coupling' and the decarbonisation of hard-to-abate sectors. For this reason, the 2020-2024 Strategic Plan provides that 50% of the investments in the Plan will be allocated to the H-readiness of the infrastructures and that approximately Euro 150 million to the development of the new business.

Collaborations and partnerships along the entire hydrogen chain will be of fundamental importance, allowing Snam to strategically position itself for the future, to internalise the expertise of leading companies in the sector, and above all to make a concrete contribution to national and European decarbonisation objectives. In 2020, Snam started working with Ferrovie dello Stato Italiane and Alstom to convert the first **railway lines** from diesel to hydrogen. The agreement already provides for the conversion of about 13 sections for a total length of about 700 km and the installation of the first fuel cells with a capacity of 45 MW.

In 2021, Snam also plans to build the first "**Fuel Cell pilot projects**", hydrogen-ready pilot plants serving the transportation network in which the fuel cells, although initially powered by methane from the gas network, are able to receive as input a mixture of hydrogen and natural gas with up to 50% hydrogen.


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Snam will participate directly in this experiment, also installing fuel cells for its own operations with a capacity of 5.2 MW.

Among the main initiatives aimed at developing the green gas value chain through strategic partnerships and acquisitions, of particular relevance are the agreements with **ITM Power**, a producer of membrane electrolyzers, **Tenaris**, one of the world's largest producers and suppliers of steel pipes, and **De Nora**. The latter, in which Snam acquired a 33% stake from Blackstone, is a global leader in alkaline electrodes, essential components for the production of alkaline electrolyzers, and has established several partnerships with numerous fuel cell operators. In addition, it also holds a 34% stake in ThyssenKrupp Uhde Chlorine Engineers (TKUCE), a joint venture with ThyssenKrupp that is one of the world leaders in water electrolysis and involved in several large projects for the production of green hydrogen. The leadership of De Nora also extends to sustainable energy and water treatment technologies (disinfection and filtration) for which it has a distinctive expertise in electrochemistry.

Given De Nora's special features, Snam will be able to strengthen its technological positioning, in particular for the production of green hydrogen and water treatment.

Finally, De Nora is a potential first asset for a new energy transition investment platform with a focus on hydrogen, of which Snam would be anchor investor and which will be launched in 2021, with the aim of increasing its exposure to energy transition projects and technologies in a balanced and disciplined manner, as well as responding to the growing interest from

investors on activities in favour of energy transition and decarbonisation.

During the year, Snam extended its commitment to the hydrogen value chain beyond national borders: the Group signed an agreement with **H2Pro**, an Israeli startup with which Snam will collaborate in the production of green hydrogen from the decomposition of water using E-TAC technology (developed by the startup itself) and with which it will implement joint research projects in the practical application of these technologies with a view to participating in European calls for tenders.

Snam's non-European commitment has also been extended to **India**, where it has entered into a partnership with **Greenko** to develop the hydrogen supply chain, studying ways of producing green gas from renewables, designing hydrogen-ready infrastructure and applying these solutions in both industry and transport, as well as studying the use of fuel cells in mobility.

Lastly, in August, Snam and Pipechina (China Oil and Gas Piping Network Corporation, a company that has just been set up by the Chinese government to oversee the development and management of gas infrastructure in the country) signed a *Memorandum of Understanding* on strategic cooperation for technical support activities (in transport, regasification and natural gas storage infrastructure), research and development in the energy transition in China (including experimentation in the hydrogen sector) and possible joint investments.

Also in China, the provision of technical services continued in 2020, mainly in the storage business, to major State-owned companies in the energy sector.

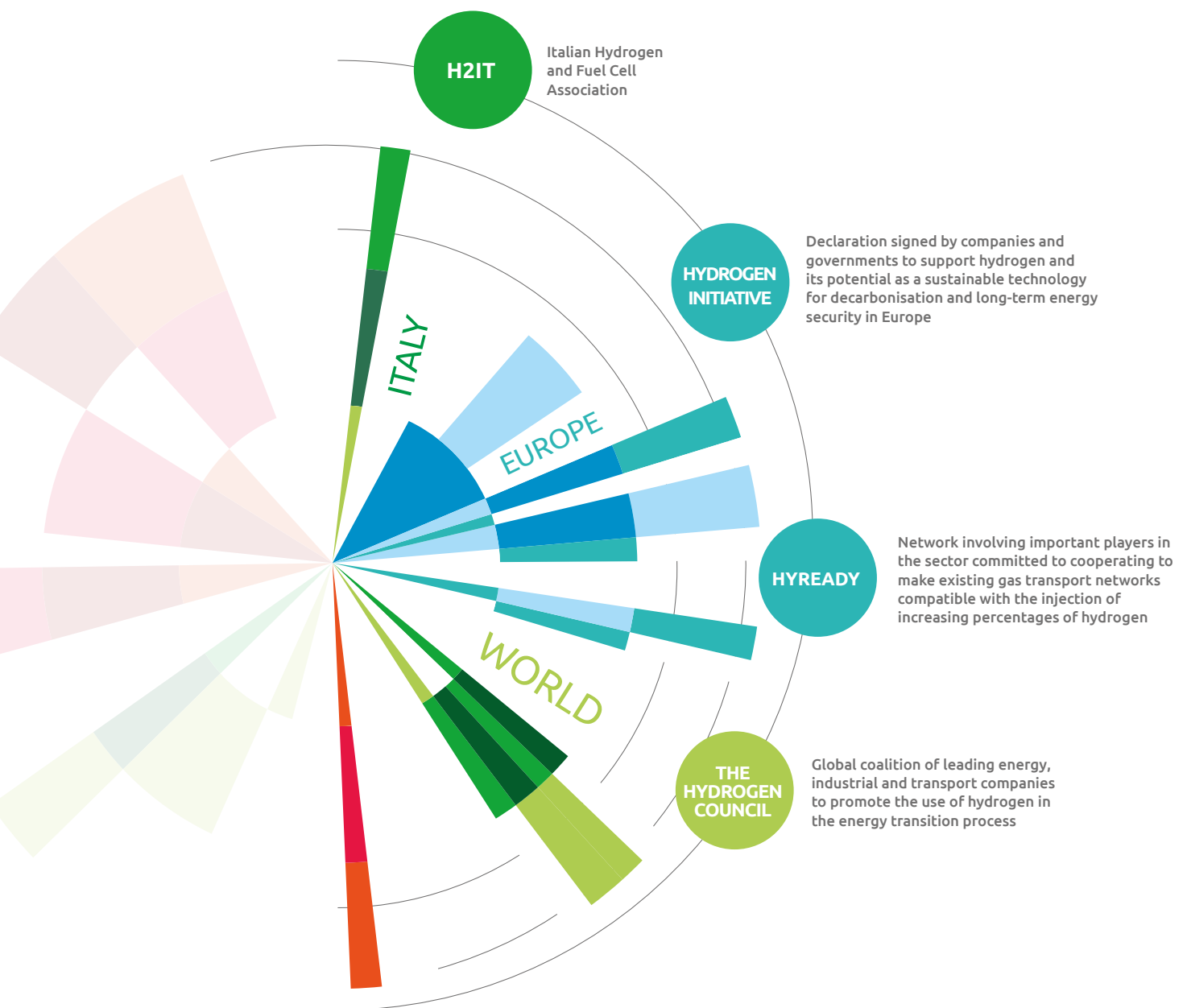



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## Snam, national and international commitment in hydrogen

In order to promote the use of hydrogen and encourage research into applications that can effectively contribute to national and European decarbonisation, Snam is engaged in *advocacy* activities by participating in numerous institutional and association forums at national and international level:

Through collaboration with other major players in the sector, Snam has won three grants under the Fuel Cells and Hydrogen Joint Undertaking, which provide access to funds and pilot projects at European level and create new end-use partnerships.






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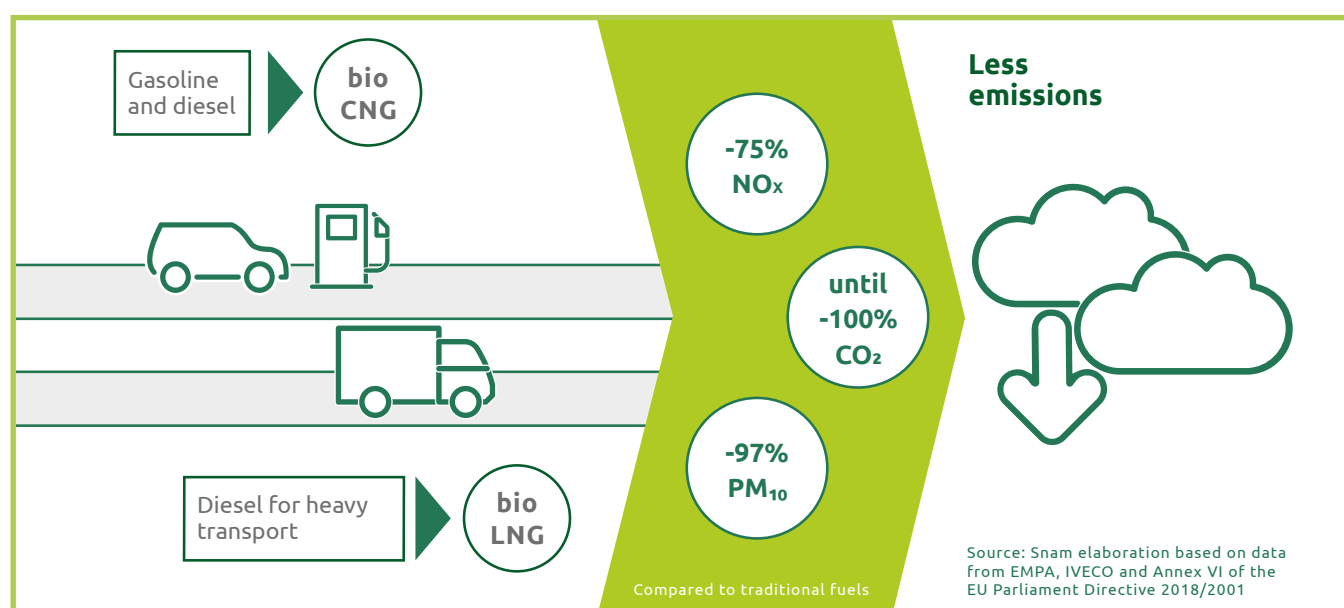
## SUSTAINABLE MOBILITY

The natural gas transported through the Snam network can be compressed and used as an alternative to traditional fossil fuels for cars, trucks and buses, with significant environmental benefits in terms of reducing greenhouse gas emissions (-20% and up to 100% if biomethane is used), nitrogen oxides (-75%) and particulate matter (-97%) compared to traditional fuels. Thanks to its extensive and capillary network of methane pipelines, which allows the transport of CNG with low impact on the environment and vehicle traffic, Italy is already the European market leader for methane consumption for automotive transport, with about one billion cubic metres consumed in 2020 and around one million vehicles currently on the roads. Snam, through its subsidiary **Snam4Mobility**, offers sustainable natural gas mobility solutions with an increasing number of stakeholders operating in the public and private transport sector.

For the period 2020-2024, around **Euro 150 million** has been allocated to build five hydrogen refuelling stations by 2024 and to build more than 150 new CNG and LNG refuelling stations, with the aim of building 167 by 2023 and 25 by 2020 (+16 compared to 2019).

Investments are also intended for the development of **"Small-Scale LNG"** (SSLNG) infrastructures with the aim of promoting the use and distribution of LNG in favour of sustainable mobility for the transport of ships, trucks and trains, and for which Snam has included a specific target by 2023 in the ESG Scorecard: to reach 250 kton of LNG capacity available for the SSLNG market.

In 2020, this commitment continued through the authorisation activities both for the upgrading of the **Panigaglia LNG terminal**, which will be adapted to the loading of road tankers for transport use, and for the construction of a **micro-liquefaction plant** in Campania to allow the loading of road tankers for the distribution of LNG and bio-LNG in Italy. With the aim of promoting sustainable mobility throughout the country, during the year Snam, ratified agreements and partnerships, continuing negotiation and contracting activities with more than 25 counterparties, reaching a total of **132 contracted stations, 20 of which LNG**.




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## Partnerships for sustainable mobility in 2020



In order to expand the network of refuelling stations for natural gas-powered vehicles, Snam has entered into an agreement with Eni for 9 roadside stations, which will be added to the 34 already contracted, with the possibility of extending the agreement to additional stations in the near future.



Snam will collaborate with Landi Renzo Group, world leader in the design and manufacturing of systems and components for gas mobility, to carry out the conversion to natural gas of the car models identified together with Snam4Mobility as most suitable for boosting the spread of CNG.



Snam and CNH Industrial have signed an agreement for the development of biomethane and hydrogen in heavy transport, with an Italian and European perspective. Snam4Mobility proposes itself as a central player in Snam's decarbonisation strategy, promoting the use of hydrogen and biomethane in one of the sectors in which the race for energy transition is tightest, namely long-haul transport.



Snam has continued to work with Fondazione Ferrovie dello Stato Italiane and Hitachi on the study and operational implementation of the first LNG train on Italian territory. The completion of the pilot project and the maiden voyage of the first trains converted to bio-LNG is scheduled for 2021.

The construction and operation of these stations will also be possible thanks to the work of the subsidiary **Cubogas**, a manufacturer of refuelling solutions and compression systems implemented at the stations. Possessing such technological expertise will be one of the key elements enabling Snam to be at the forefront of the sector in view of the now imminent hydrogen mobility. In order to develop and strengthen the existing infrastructure, Snam, with the approval of the competent Ministries, has created a web tutorial aimed at providing useful information to enable motorists to refuel with gas and biomethane in self-service mode, a crucial factor in closing the gap in the level of service offered to Italian customers compared to other European countries.

Among the various activities carried out by Cubogas is that of *fuel makers* for private filling stations, a sector in which production more than doubled in 2020 compared to the previous year. This business area represents, like the more traditional ones, an important opportunity for the rapid spread of sustainable mobility in public and private fleets.

2020 also marked the first steps in Snam4Mobility's **international expansion**. Of particular interest are the collaborations established with the Israeli and Indian markets, thanks to important partners such as the Adani Group, which offers the opportunity to export the business model successfully developed in Italy to other countries.



## Be efficient!

Energy efficiency works in the residential, industrial, tertiary and public administration sectors are another important part of the decarbonisation strategy with five main benefits:

- 1. A healthier environment and planet** where energy consumption is lower, thus reducing climate-changing emissions and particulate matter, with an impact on pollution and air quality.
- 2. Better quality of life** through reduced pollution and improved air quality, with positive effects on citizens' health.
- 3. More liveable and resilient cities** thanks to the regeneration of properties through energy refurbishment, which contributes to increasing the value by up to 15%, combating energy poverty and making cities more liveable. In addition, if energy efficiency measures are accompanied by seismic consolidation measures, there is an improvement in building safety.
- 4. Lower costs and more competitive companies** that are able to invest in innovation, new products or markets.
- 5. Economic and technological development** stimulated by energy efficiency, leading to the development of research projects to identify new materials and solutions, both technological and managerial, that are increasingly efficient.

## ENERGY EFFICIENCY

In the new Strategic Plan, Snam has allocated investments of approximately Euro 200 million in order to promote energy efficiency in the residential, industrial, tertiary and public administration sectors, facilitated by the national "eco-bonus" and "sismabonus" tax incentives. In particular, the aim is to carry out energy efficiency measures on the buildings of residential customers, companies and the public administration, avoiding 43 thousand tonnes of CO<sub>2</sub> by 2023 and through the technical expertise of the subsidiaries Snam4Efficiency<sup>2</sup> and TEP.

The two companies allow Snam to offer services for a wide range of needs: the first is active in the energy efficiency market, in the energy upgrading of plants and buildings for the residential, industrial and public administration segments, while the second deals mainly with energy upgrading and deep renovation for condominiums and industrial and civil-tertiary sites.

In 2020, Snam also finalised the acquisition of 70% of **Mieci SpA** and **Evolve SpA**, which will allow the Group to improve its competitive positioning in the energy efficiency business and to integrate and enrich its expertise in both the public and private-residential sectors. In particular, with regard to the residential sector, the skills brought by Evolve, complementary to those of TEP, allow Snam to play a key role in the spread of energy efficiency in Italian condominiums. Mieci, on the other hand, focused on the public sector, allows the management of integrated energy and technological services for hospitals and public administration buildings, for the tertiary sector and for public lighting. In this context, in January 2021, Snam and the CDP Group launched the development of Renovit, the new platform for promoting energy efficiency in condominiums, businesses and public administrations and encouraging sustainable development and the country's energy transition.

All the energy efficiency activities carried out by the Group during the year resulted in reductions of CO<sub>2</sub> emissions of 5 thousand tonnes, an increase compared to 2019 (3 thousand tonnes).

<sup>2</sup>) Snam4Efficiency became Renovit since 2021.


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## Energy efficiency measures



### CIVIL

Avoided emissions  
overall  
over 2.3 kton/year

#### Condominiums: the CasaMia project.

The CasaMia project is the result of an agreement signed in January 2020 between TEP and Crédit Agricole Italia, which have combined their respective technical and financial expertise to offer energy and seismic upgrading services for condominium buildings. The innovative solutions implemented (thermal power stations, thermal insulation, seismic class improvement, etc.) can benefit from the "Flexicondominio", Eco-Sisma Bonus and 110% incentives, which will allow customers to take advantage of a complete service, from design to execution of the work, as well as reduced timeframes and dedicated conditions for both technical consultancy and payment of the contribution. Specifically, the interventions carried out will ensure that the needs and requirements for heating and air conditioning of the buildings are met, improving their habitability, increasing their market value by up to 10-15% and at the same time reducing energy consumption and costs and the related CO<sub>2</sub> emissions. In 2020, 54 deep renovation projects in condominiums were completed, resulting in a reduction in CO<sub>2</sub> emissions of approximately 1.7 kton/year, for an overall reduction of over 2.3 kton/year, including projects carried out in the previous year.



### BUSINESS, INDUSTRIAL AND TERTIARY

Avoided emissions  
about 2.2 kton/year

#### Business, industrial and tertiary sectors: Energy Performance Contract.

TEP also carries out interventions that foresee the adoption of efficient technologies for the reduction of environmental impact and energy consumption linked to company activities and production processes, with the guarantee for customers of the technical performance of the interventions and the achievement of the relative savings.

Interventions are mainly in the area of utilities and energy production from renewable sources (cogeneration, photovoltaic, thermal power plants, lighting, purification, air conditioning) with savings mainly in thermal energy.

In 2020, 4 new plants were tested and 6 were acquired through the merger with TEA, making a total of 17 plants in operation including the 7 built in previous years, which resulted in a reduction in CO<sub>2</sub> emissions of around 2.2 kton/year.



**FORESTATION**  
Emissions  
absorbed about  
20 ton/year

#### Planting.

In 2019, the Company joined the national reforestation campaign promoted by Legambiente and AzzerOCO<sub>2</sub>. As part of this initiative, TEP has created the first urban forest in Padua with the planting of 1,000 new trees of native species for a CO<sub>2</sub> absorption of about 20 tonnes per year.



## The Alliance for Sustainability: promoting Italy's sustainable growth through digital

In 2020, Snam joined the Alliance for Sustainability initiative, a project carried out in collaboration with **growITup**, an Open Innovation platform created by Cariplo Factory in partnership with Microsoft Italia, with the aim of promoting the sustainable growth of the country thanks to digital, in line with European plans to relaunch the economy.

The Alliance for Sustainability envisages a strategic collaboration with major corporations, the academic world and start-ups to develop new projects through **open innovation** that can tackle the most urgent climate and environmental challenges and spread a green culture, leveraging technological trends and contributing to Italy's sustainable development.

The Alliance's work plan includes meetings with each member company, in which the needs in relation to sustainability are mapped, using **Design Thinking** methodologies.

In a round table discussion, the identified areas will be presented and possible common goals and synergies between the different companies will be assessed, together with sustainability-focused start-ups presenting their solutions.

Finally, a **Digital Hackathon** will be held where the ideas proposed and the needs identified will meet through the implementation of concrete solutions.

# INNOVATION FOR BUSINESS DEVELOPMENT

The objectives that Snam has set itself for the short, medium and long term require considerable effort and investment in innovation, in order to always find the best solution from both a technological and a operational point of view. To this end, the Group will invest approximately **Euro 2 billion** with the aim of accelerating Snam's innovative capacity to transform and manage its assets in order to seize the opportunities offered by the evolution of the energy system.

These resources will contribute to the development of initiatives related to research and development, digitalisation and innovation to increase the capacity for real-time data transmission and analysis. The most important experiment highlighting the advantages that digitalisation can bring to the energy system will be represented in 2021 by Snam's first "future" district, the Bologna "Flagship" District, which will be equipped with the most advanced technologies to measure results in terms of operational effectiveness, safety, integrity and reliability of *assets*.

Snam's innovation efforts are focused on three strategic areas:

- Energy efficiency and emission reduction in the core business;
- Digitalisation of the core business;
- Investments for the energy transition.

## ENERGY EFFICIENCY AND EMISSION REDUCTION IN THE CORE BUSINESS

Snam invests in activities aimed at improving energy efficiency and reducing emissions in its core business, in order to maintain a high level of performance and, at the same time, contribute to the combat against climate change. In 2020, Snam:

- activated an **Asset Control Room** project with the aim of improving and innovating the management and operation of assets;
- continued to test the application of the **Leak Detection and Repair (LDAR)** system to detect and locate gas leaks along the gas transmission network;
- completed the new **Supervisory Control And Data Acquisition (SCADA)** for the network (monitored and remote-controlled) and compression plants of Snam Rete Gas.



## Digital pandemic management

To cope with the pandemic emergency, Snam has implemented a series of measures to extend on a large scale and consolidate the new ways of working already introduced some time ago in the company, such as smartworking.

Smart working requires remote connectivity to company resources, secure technological solutions that guarantee said connectivity, and platforms for managing calls, exchanging messages and, above all, holding virtual meetings with multiple users. Of all these aspects, the widespread distribution of technological equipment to users was the most demanding.

In terms of numbers, **889 smartworking kits** (monitor and keyboard) were distributed, **147 headsets**, **178 PCs assigned/replaced**, **479 tokens** for remote access to the Snam network, **300 smartphones**, **605 data SIM cards**.

## DIGITALISATION OF THE CORE BUSINESS

The new plan envisages investments of **Euro 500 million** in technological innovation and digital transformation. With this in mind, in 2020, Snam:

- introduced a **Digital Asset Model** project, which aims to define a digital replica of Snam's assets, making it possible to interpret the data collected by sensors in the field, in a context similar to the real one. This model will enable the adoption of new asset management logics, such as remote management, network set-up simulations, augmented and virtual reality support for operators, and reduce the risk of accidents and optimise activities in the field, leading to a reduction in emissions;
- signed a memorandum of understanding aimed at integrating and exploiting the opportunities of Cloud and Edge Computing, Artificial Intelligence and the Internet of Things (IoT). The **Cloud Foundation** programme will lead to the transformation of Snam's technical architectures through a hybrid and integrated model, called Hybrid Cloud, which will bring benefits such as greater resilience of services and business continuity, flexibility, greater speed in the activation of new services, scalability of technological infrastructures and acceleration of innovation;
- completed the process of renewing videoconferencing systems in all the meeting rooms at the Campus and Territorial Offices, which has allowed, to date, total coverage of the meeting rooms in the area to be achieved with almost 200 areas equipped with the latest generation videoconferencing systems. Following completion of the **digitalisation of spaces in the company** was the installation of Surface HUB2 - Microsoft interactive whiteboards - in around 100 executive offices in early 2021;
- the **Gas Transport Network Asset Maintenance System (SMART GAS)** project continued, a corporate initiative aimed at improving the effectiveness of technical and operational processes relating to asset maintenance activities. In particular, in October 2020, there was the go-live of the Smart LNG for the maintenance unit while the development continues of the project for the operation and prevention and protection service unit. In addition, the dematerialisation of the territorial units' archives continued with the eDoc document system, which will be fully integrated into SMART GAS;
- the **Smartness Matrix** project continued, arising from the need to analyse in a structured manner the requirements of data acquisition and management processes relating to the control and operation of transport, storage and regasification assets, to increase their levels of effectiveness and to identify the best technologies to support the entire remote control process;
- studies continued on plant solutions for the construction of the **SmartPipeline**, with the identification and installation of new digital diagnostic and operating instrumentation aimed at making the gas transport network increasingly intelligent. This project has also been extended to the **SmartPlant** initiative, launched in 2020;
- the **IoT Foundation** programme continued, aimed at modernising the technological components supporting the systems that monitor and control the Group's network and plants in real time;
- developed a first project, for control room support, based on the use of **Artificial Intelligence (AI) algorithms**.


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## Managing cybersecurity to ensure IT security

The evolution of business, investments in digitalisation and the use of innovative solutions require constant attention to the aspects of cyber security, better known as *cybersecurity*. Snam's approach to cybersecurity is integrated and based on a framework defined in accordance with the main standards on the subject: attention to regulatory obligations and reference standards is in fact constant, and the Company already complies with the provisions of the **ISO/IEC 27001** (Information Security Management Systems) and **ISO 22301** (Business Continuity Management Systems) standards.

In the *cybersecurity* system, all domains are managed from a single direction through a **Cybersecurity Incident Management** model applied by the Security Incident Response Team, which prevents, monitors and addresses timely remediation and escalation plans to counter the latest cyber threats that affect the confidentiality, integrity and availability of information. In 2020, although normal working practices changed due to the Covid-19 pandemic, the Security Incident Response Team was able to operate without interruption, ensuring high levels of cyber security. This was possible thanks to the experience gained in the past years on remote working methods, which had led to risk analysis activities and the adoption of suitable security solutions to preserve the company's interests also with this working solution.

The human factor also contributes to *cybersecurity*: this is why Snam promotes awareness-raising activities among its staff, for example through "White Phishing" campaigns, i.e. simulations of fraudulent emails and forwarding aimed at identifying the company's most vulnerable areas.

Cybersecurity is not limited to internal security but also involves customers and the supply chain. With the latter, in particular, Snam has established an Ethical and Integrity Pact that also covers the cyber issue, with particular regard to transparency on incidents and methods of defence in the event of any criticality.

## INVESTMENTS FOR THE ENERGY TRANSITION

With a view to putting its infrastructure at the service of the energy transition, in 2020, Snam continued and launched several studies aimed at adapting the network to the transport of mixtures of natural gas and hydrogen (H<sub>2</sub>). In particular, the Group has:

- started **testing**, in cooperation with suppliers, on gas turbines for compression plants to validate the feeding of natural gas and hydrogen mixtures with variable 10% hydrogen;
- issued **internal regulations** to make the hydrogen infrastructure 100% ready by building new pipelines and adapting existing ones;
- participated in **research groups**, specifically with the European Gas Research Group (GERG) and in collaboration with other European natural gas transporters, to detect and measure natural gas emissions from the gas transmission system, assessing the state of the art and selecting the most promising instruments accordingly, leading to the definition of a test programme for on-site measurements;
- participated in **Joint Industry Projects** to study the effects of the presence of hydrogen on gas measurement systems, including by carrying out specific tests;
- continued the **Power 2 Gas** initiative, a process through which electricity produced from renewable sources in excess of instantaneous consumption is transformed into hydrogen to be fed directly into the grid or used for the production of synthetic methane (SINGAS). In this area, a feasibility study was completed and basic engineering was started for a P2H pilot plant;
- continued the **Absorbed Natural Gas (ANG)** initiative to store natural gas in tanks containing a porous sorbent, allowing larger quantities of natural gas to be stored than in an empty tank of equal volume.
- participated in the **European Pipeline Research Group (EPRG)**, a research association on pipeline issues to which the main gas transmission and pipe manufacturing companies in Europe belong. EPRG manages projects, subdivided into Design, Material and Corrosion, aimed at constantly increasing knowledge for the integrity management of pipelines throughout their life cycle (pipe production, line construction and pipeline operation). In 2020, the EPRG launched a series of projects to study the behaviour of steel, used in existing pipelines, with respect to the introduction of hydrogen in the mixture.



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# FOR A NET ZERO WORLD





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## FOR A NET ZERO WORLD

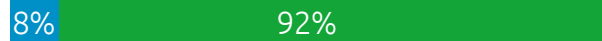
Snam has always been committed to **reducing its impact on the planet and safeguarding the natural habitat in which it operates**. Awareness of the need to take action to achieve decarbonisation objectives is integrated into the work and decisions of Snam, which has been carefully monitoring its direct and indirect environmental impacts for years: the commitment to reduce energy consumption and emissions is a fundamental element of the Group's strategy. Acting according to a sustainable business model that creates value in the long term also means committing to the protection of land and biodiversity, which is precisely why Snam pays particular attention to the impact of its infrastructure on the territory, devising new solutions

to avoid or minimise it. These factors guide the design choices and daily operations of the Group, which, to ensure effective and transparent management, oversees its activities also through environmental management systems certified according to the **ISO 14001:2015 standard**.

Through this holistic approach, Snam is making a concrete contribution to the combat against climate change and to safeguarding the environment in general. In terms of environmental protection, in 2020, Snam expenditures amounted to approximately Euro 136 million (Euro 125 million in investments and Euro 11 million in operating costs).

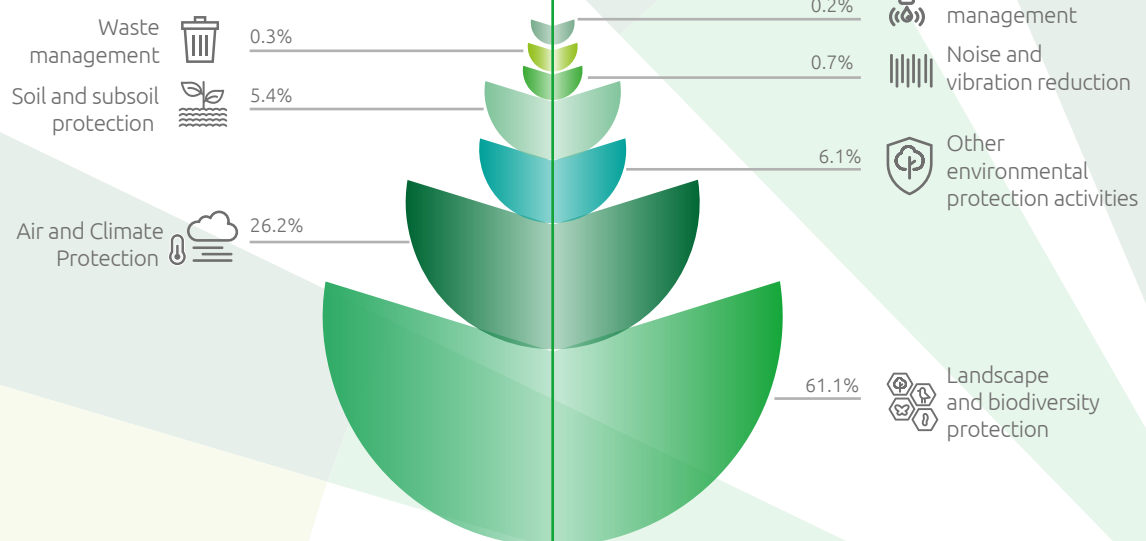
### ENVIRONMENTAL EXPENSES

€ 136 mln  
of which:







Operating costs  
€ 11 mln

Investments  
€ 125 mln  
of which:




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## USING ENERGY EFFICIENTLY

SDGs	KPI	TARGET	2019 RESULTS	2020 RESULTS
 	MWh of electricity production by photovoltaic plants  <i>ESG scorecard</i>	<b>&gt;860 MWh (until 2023)</b>	829 MWh	<b>872 MWh</b>
	Increase electricity purchased from renewable sources	<b>55% (by 2030)</b>	44%	<b>49%</b>
	Trigeneration plants	<b>5,200 MWh (by 2022)</b>	359 MWh	<b>1,966 MWh</b>
	High-efficiency heat generators (*)	<b>110 MW (by 2025)</b>	66.5 MW	<b>81.0 MW</b>
	Improvement of the energy efficiency of buildings	<b>Renovate to achieve annual savings of 75,000 m³ of gas and 210 MWh of electricity (by 2022)</b>	15,000 m³ of gas and 65 MWh of electricity	<b>15.000 m³ of gas 65 MWh of electricity</b>
	Installation of LED lighting systems	<b>Replace 534 kW with 1,860 MWh savings (by 2022)</b>	351 kW installed 273 MWh saved	<b>450 kW installed 1,107 MWh saved</b>
	% of retrofit and methane - fuelled cars out of total car fleet  <i>ESG scorecard</i>	<b>61% (by 2023)</b>	34%	<b>39%</b>

(\*) The KPI has been reprogrammed with a more challenging target compared to the last year.



## ENERGY CONSUMPTION

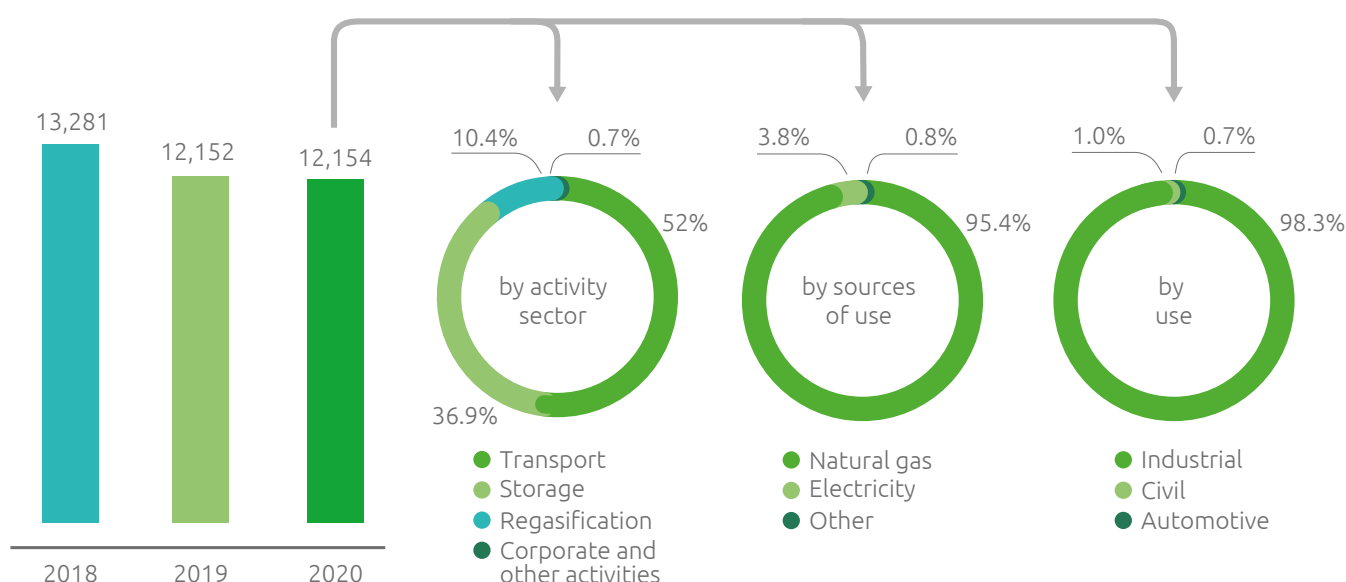
Snam's main energy consumption is due to the energy needed to operate the gas turbines used in the storage plants and those present in the compression plants, which provide the pressure needed to transport the gas along the national network. The energy used depends both on the amount of gas transported and on the point of entry into the national grid, which influences the route the gas must take to reach the distribution points and therefore affects the energy requirements of transport.

In 2020, energy consumption totalled **12,154 TJ** (+0.02% in line with 2019). The energy mix is almost entirely composed of natural gas (95.4%), which is used for the operation of transport, storage and regasification plants, for heating buildings and for transport. The other sources used are electricity (3.8%), which is needed mainly for the operation of industrial sites, as well as for lighting and heating/air conditioning in offices

and servers. Other fuels (diesel, gasoline, LPG) and heat, which together account for 0.8% of total energy consumption, are used for plant operation, heating and as fuel for the company fleet.

The trend in energy consumption in 2020 was strongly influenced by the activities of the core business: in the case of gas transportation, the use of more energy-intensive import backbones (North Africa backbone), compared to less energy-intensive ones (Northern Europe and Russia backbones), led to an increase in consumption, despite there being a reduction in gas injected into the network (-7% compared to 2019). As regards the regasification business, the increase in the amount of regasified gas led to an increase in the consumption of the regasification plant (+4% compared to 2019) and a simultaneous reduction in consumption for storage (-6% vs. 2019), in line with the reduction of gas stored.

### Energy consumption (TJ)




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## ENERGY FROM RENEWABLE SOURCES

In recent years, the Group has embarked on a journey to use increasing amounts of energy from renewable sources, aware of the importance that these resources will have in a net zero world, towards which the company is directing its activities.

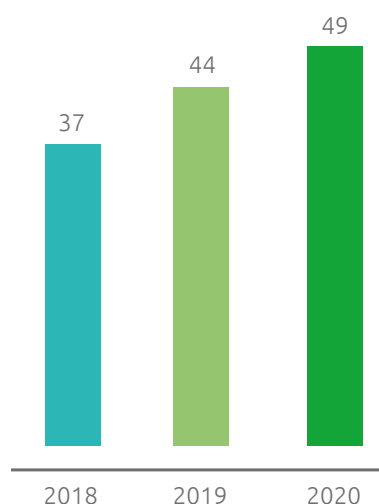
In particular, Snam has launched energy efficiency programmes and measures that include the installation of photovoltaic systems, high-efficiency heat generators, the commissioning of trigeneration plants and the installation of LED lighting systems.

Type	2018			2019			2020		
	(no.)	Total power (kW)	Energy produced (MWh)	(no.)	Total power (kW)	Energy produced (MWh)	(no.)	Total power (kW)	Energy produced (MWh)
Wind generators	1	1.7		1	1.7		1 (*)	1.7	
Photovoltaic systems	1,534	1,053	1,128	1,793	1,127	829	2,355 (*)	1,198	22,125
Cogeneration plants	-	-		-	-		4 (**)	3,922	
<b>Total</b>	<b>1,535</b>	<b>1,054</b>		<b>1,794</b>	<b>1,129</b>		<b>2,360</b>	<b>5,122</b>	

(\*) Back-up plants (of which 2,315 photovoltaic and 1 wind).

(\*\*) Biomass-fuelled plants producing green electricity (the number refers to electric generators).

### Green electricity / Electricity consumption (%)





In 2020, the Group recorded a significant increase in the number of plants for the **production of renewable energy**, which reached 2,360 units (+32% compared to 2019), and in the total installed capacity, which rose from 1,129 kW to 5,122 kW, a good 3,993 kW more than in 2019, mainly due to **cogeneration plants** (+3,922 MW) and the installation of new back-up plants on the gas transport network (increase in monitored plants and replacement of obsolete models).

Snam's commitment and investments in this area have resulted in the achievement of the target set for 2020 for the annual production of electricity from **photovoltaic plants**: a target of 860 MWh, largely exceeded by the year's production of **872 MWh**. This target was also included in the ESG Scorecard, confirming the commitment for the three-year period 2021-2023. Regarding the improvement of energy efficiency in buildings, the work was delayed due to the rescheduling of activities due to Covid-19: the activities carried out during the year resulted in a saving of 15,000 m<sup>3</sup> of gas and 65 MWh, compared to the expected 75,000 m<sup>3</sup> and 210 MWh.

In addition to the production of renewable energy, Snam has also increased its purchase of renewable energy, from 37% of total green electricity consumption in 2018 to 44% in 2019 and 49% in 2020.


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## REDUCE CLIMATE AND AIR EMISSIONS

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
13 CLIMATE ACTION	Reduction of Scope 1 and Scope 2 emissions (vs 2018)		NET ZERO -50% by 2030 (vs 2018) NET ZERO by 2040	-10%	-15%
	Reduction of total natural gas emissions (vs 2015) (*)		ESG scorecard -36% by 2023 (vs 2015) NET ZERO -45% by 2025 (vs 2015)	-21%	-30%
	Percentage of natural gas recovered from maintenance activities (**)		ESG scorecard > 40% the average of the last 5 years (until 2023)	44%	49%

(\*) The KPI has been aligned with the indications provided by the UN OGMP 2.0 Framework

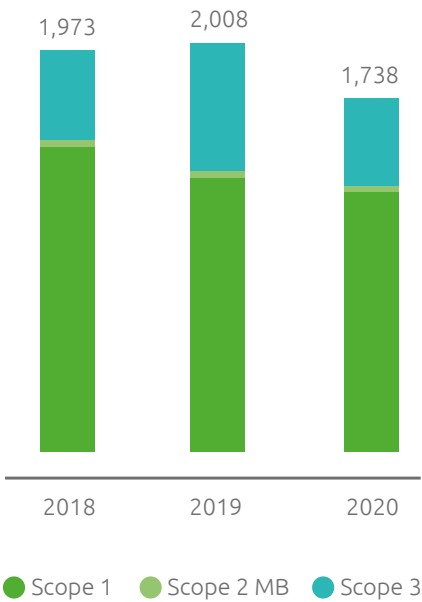
(\*\*) The KPI has been reprogrammed with a more challenging target compared to the last year.



## GREENHOUSE GAS EMISSIONS (GHG)

Snam is aware that the world has an urgent need for "clean" energy: for this reason, in its new Strategic Plan, the Company has included a series of clear decarbonisation targets, which aim to reduce Scope 1 and Scope 2 emissions by 50% by 2030 compared to 2018. Added to this is the commitment to reduce methane emissions, strengthening the target previously set for 2025 from -40% (compared to 2016 values) to -45% compared to 2015, with an intermediate target of -36% by 2023 compared to 2015. The reduction target and the baseline year of the natural gas target are in line with the UNEP (United Nations Environment Programme) protocol on the reduction of methane emissions issued by the Oil & Gas Methane Partnership - OGMP, a voluntary initiative that Snam joined in November 2020. In addition, an investment plan has been defined that will allow for the maintenance and development of programmes to recover more than 40% of natural gas from maintenance activities as an average over 5 years, for each year until 2023. These reductions will contribute to the ambitious ultimate goal of achieving carbon neutrality by 2040, ahead of European and national targets.

GHG emissions (ktCO<sub>2eq</sub>)



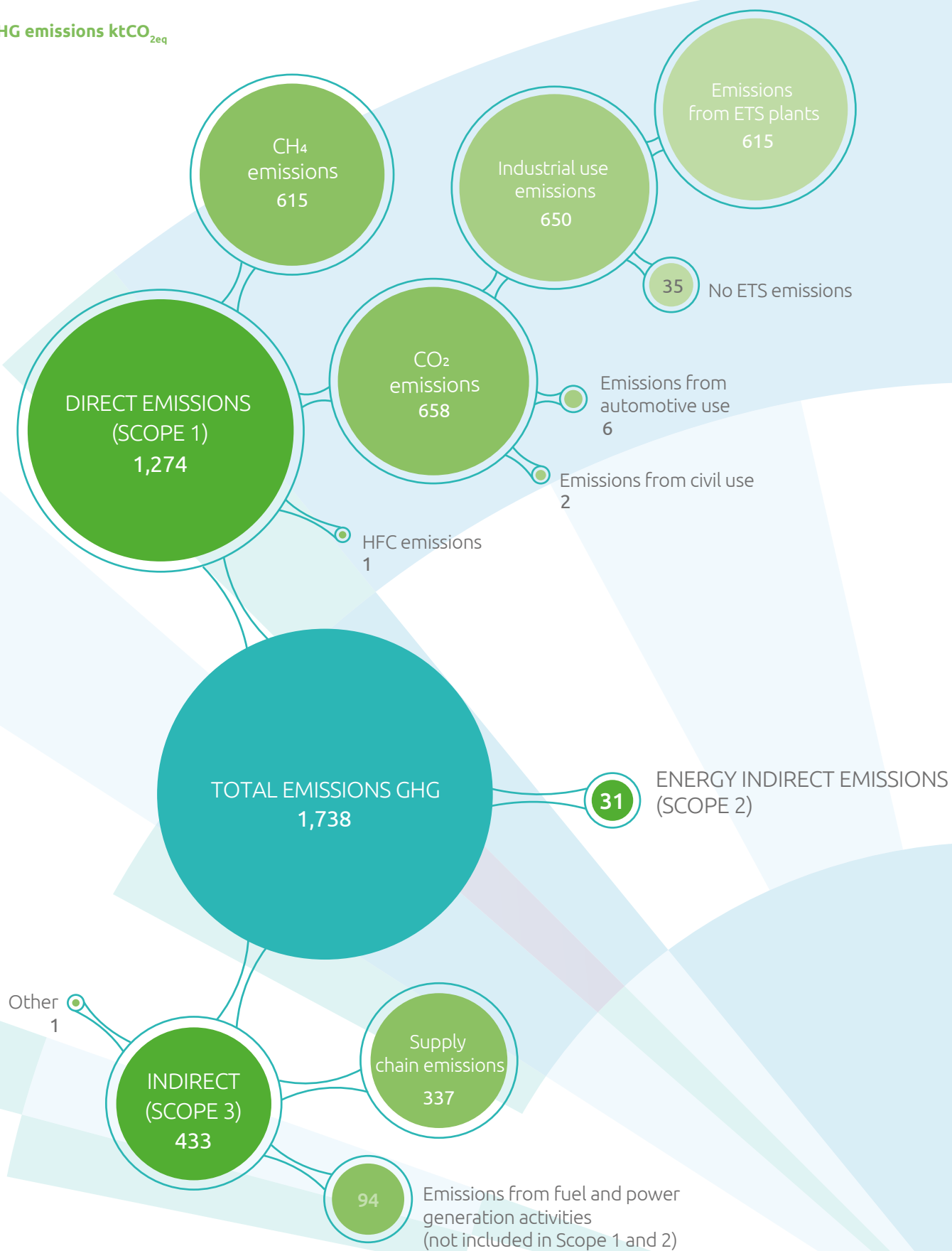
Scope 3 emissions do not include those deriving from the investments category. The 2018 and 2019 totals incorporate a recalculation of Scope 3 emissions.

Although energy consumption remained in line with 2019, **total GHG emissions decreased by 13% in 2020 compared to 2019**, thanks to reduction measures concerning, in particular, the recovery of natural gas emissions, the use of green electricity and energy efficiency measures, which, together, made it possible to avoid atmospheric emissions **of more than 200 thousand tonnes of CO<sub>2eq</sub>** (+12% compared to 2019).

In line with international **GHG emissions** reporting methods, Snam divides and analyses its emissions into **direct (Scope 1), indirect energy (Scope 2) and other indirect emissions (Scope 3)**, which correspond respectively to emissions from the use of natural gas and other fuels, electricity and heat consumption and all other emissions released along the Company's value chain, such as those from the supply chain or business travel.


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## GHG emissions ktCO<sub>2eq</sub>





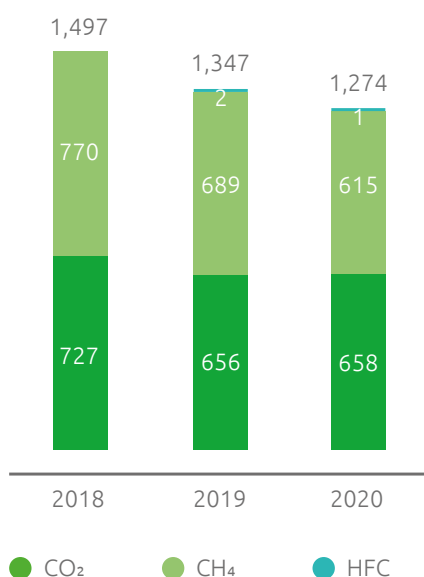

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## DIRECT GHG EMISSIONS (SCOPE 1)

Snam's main direct emissions (Scope 1) are methane and carbon dioxide emissions. **Methane (CH<sub>4</sub>)** emissions arise from the release of natural gas into the atmosphere, from normal plant operation, from the connection of new gas pipelines and the maintenance activities, or from accidental spills occurring at infrastructures. Emissions of **carbon dioxide (CO<sub>2</sub>)** are produced by burning fossil fuels for operational activities. Finally, a negligible part of greenhouse gas emissions comes from the use of **hydrofluorocarbons (HFCs)** in refrigeration systems.

Direct emissions amounted to approximately **1.27 million tonnes**, a clear reduction compared to 2019 (-5%) and 2018 (-15%). CO<sub>2</sub> emissions from combustion amounted to approximately 0.66 million tonnes (in line with 2019 and -9% if compared to 2018), while CO<sub>2eq</sub> emissions deriving from methane and HFC emissions were equal to approximately 0.62 million tonnes and 0.001 million tonnes (-11% compared to 2019 and -20% compared to 2018).

Total Scope 1 emissions (ktCO<sub>2eq</sub>)



The CO<sub>2eq</sub> was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) "Fifth Assessment IPCC Reports" that assigned methane a Global Warming Potential (GWP) of 28.

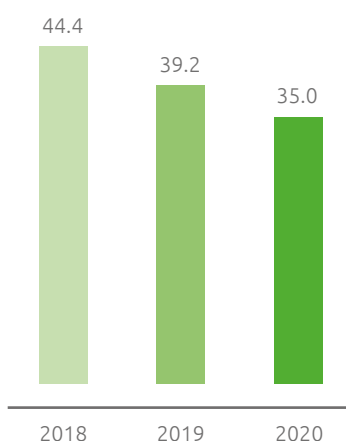
## Natural gas emissions

Natural gas emissions amounted to 35.0 million m<sup>3</sup>, down 11% compared to 39.2 million m<sup>3</sup> in 2019 and 21% compared to 2018, thanks to gas recompression interventions in the line, interventions with tapping machines (technology that allows detaching from operating pipelines for new connections without interrupting service), the use of Leak Detection and Repair (LDAR) technologies and other initiatives to replace network components. All these activities have reduced both total emissions of natural gas and specific methane emissions, avoiding the emission of more **than 10 million m<sup>3</sup> of natural gas into the atmosphere, equivalent to 183,000 tonnes of CO<sub>2eq</sub> avoided** (+11% compared to 2019). The overall natural gas reduction in 2020 was **-30% compared to 2015**.

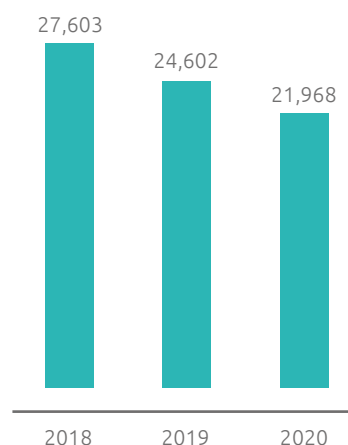
The results were achieved thanks to the numerous activities to monitor and reduce methane emissions. In particular, the **LDAR (Leak Detection & Repair)** programme, one of the projects to which the Group has committed the most resources, has enabled fugitive emissions to be identified and contained.


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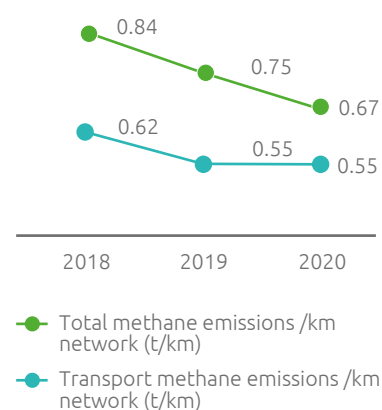
### Total natural gas emissions (mln m<sup>3</sup>)



### Total CH<sub>4</sub> emissions (t)



### Methane emissions per km network (t/km)



### Snam's partnerships to reduce methane emissions

Snam has joined specific initiatives in order to monitor methane emissions more effectively and efficiently, as this is the Group's main type of emission. In addition to joining the **Oil and Gas Methane Partnership (OGMP) 2.0**, Snam organised the Italian session of the MGP (Methane Guiding Principle), in collaboration with Eni, on reducing natural gas emissions, held at Imperial College London, with the participation, among others, of the main Italian gas distribution companies. In addition, Snam has launched a new research activity within the **European Gas Research Group (GERG)** on *top-down* and *bottom-up* reconciliation methodologies for measuring emissions.

Snam has also carried out a campaign to measure fugitive emissions at a representative sample of Line Points (plants required for gas transportation and dispatching), updating the emission factors for this type of point, and has completed the campaign to repair leaks at booster and storage plants. These activities resulted in an overall reduction in methane emissions of approximately **1 million m<sup>3</sup>**. In addition, the Group continued the campaign to install ball valves in about 350 plants over three years, leading to a reduction of about **3.87 million m<sup>3</sup>** in total.

In 2020, Snam has further increased the target for **recovery of natural gas emissions during maintenance activities**, to 40%, the latter value intended as the average of the last 5 years. As a result of the emission containment activities implemented in the year despite the pandemic, the 2020 figure was 49%, 9 percentage points above the 2021-2023 target and up from the 2019 figure (44%).

The various projects also resulted in a decrease in total methane emissions per kilometre of network (-10% compared to 2019), with a decrease in methane emissions related to transport activity, especially compared to 2018 (-12%).

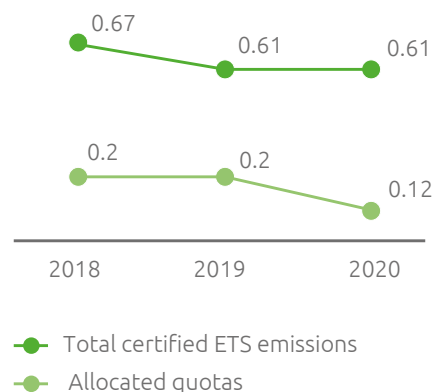

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## Emissions in EU ETS (European Union Emissions Trading System)

Snam has 22 plants subject to the Emission Trading System, the European scheme under which a cap is set on the total quantity of certain greenhouse gases that can be emitted by plants with certain characteristics. This ceiling is reduced over time, so that there is an incentive to reduce emissions. When a company cannot stay within this limit, it has to buy allowances from the market. The allocation of free allowances by the Competent National Authority is progressively reduced each year as provided for in the third regulatory period of article 10 bis of Directive 2009/29/EC, which ended in 2020.

Snam's ETS emissions amounted to 0.615 million tonnes of carbon dioxide, of which 0.120 million tonnes were allocated for free and 0.495 million tonnes were bought from the market.

CO<sub>2</sub> emissions ETS plants  
(10<sup>6</sup> tCO<sub>2eq</sub>)



### Plants subject to Emission Trading

Activity	Number of plants	Name of plants
Transport	13	Gas compression plants in Enna, Gallese, Istrana, Malborghetto, Masera, Melizzano, Messina, Montesano, Poggio Renatico, Tarsia, Terranuova Bracciolini, Minerbio, Sergnano
Storage	8	Storage gas compression plants in Cortemaggiore, Fiume Treste, Minerbio, Ripalta, Sabbioncello, Sergnano, Settala, Bordolano
Regasification	1	Liquefied natural gas regasification plant in Panigaglia

Climate Change

EMISSIONS REDUCTION

SDG13


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## Company fleet

As part of its decarbonisation strategy, Snam has not only planned measures to reduce emissions from plants and buildings, but also from its corporate fleet, seeking to move towards increasingly sustainable mobility.

During 2020, despite the fact that the contingent situation has slowed down the replacement of vehicles, the initiative to methanise the company's fleet of vehicles continued, both through the purchase of methane-powered cars and through the installation of retrofit systems, which allow a tank of methane to be associated with cars previously powered only by gasoline or diesel.

The installation of retrofit systems was particularly significant on the executive car fleet, which recorded an increase of **35 methane cars** in 2020. At the same time, activities are underway to convert the 4x4 fleet to natural gas with retrofit systems, which will continue in 2021. In addition, the entire Snam Group purchased **100 natural gas** cars, which, net of cars sold or disposed of during the year, resulted in **545 natural gas vehicles**.



### The Paperless Project and digitalisation in the company fleet

Snam has launched the Paperless project to **reduce paper consumption in the company to zero by 2022**.

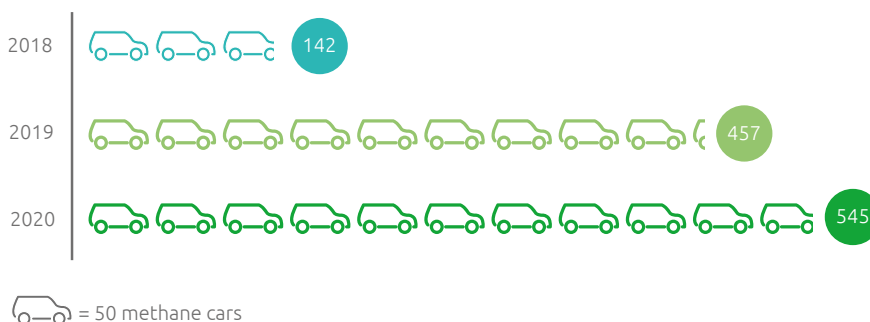
An ambitious goal, consistent with a growth strategy based on sustainable development aimed at reducing waste and reducing the use of raw materials.

This project has also touched on the area of vehicles, for which the initiative to **digitalise trip reports** useful for tracing the use of Snam Rete Gas vehicles was completed in 2020.

The tracking system allows drivers to authenticate themselves via the app on their smartphones and digitally track the use of their vehicles, eliminating the need to fill out paper forms every time a vehicle is used.

### Company fleet

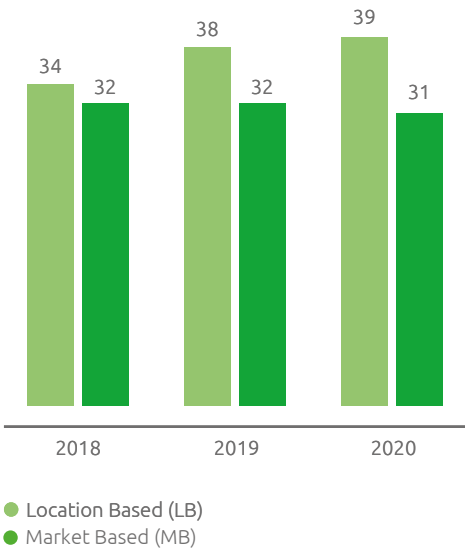
#### Owned natural gas vehicles (no.)





## INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION (SCOPE 2)

Indirect GHG Scope 2 emissions (ktCO<sub>2eq</sub>)

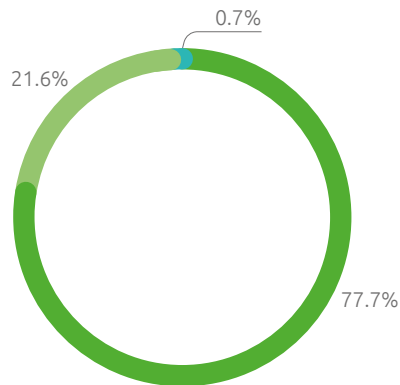


Indirect emissions from energy consumption (Scope 2) derive from the procurement of electricity and heat produced by third parties that the Company uses for its activities. Indirect emissions are calculated with both the **Market Based** approach, which gives a nil CO<sub>2eq</sub> emission factor for energy consumption from certified renewable sources, and the **Location Based** approach, which considers an average CO<sub>2eq</sub> emission factor based on the national energy mix.

Despite the fact that total electricity consumption of approximately 128,750 MWh increased by 10% compared to 2019, this did not result in a corresponding increase in emissions, as the higher electricity consumption is mainly attributable to the Renerwaste sites (not accounted for in 2019). Although they require a lot of energy for the waste treatment and biogas production process, **they use electricity from renewable sources for almost 60% of their energy needs.**

Moreover, in general, emissions due to higher electricity consumption have been mitigated by the switch to green electricity at the Poggio Renatico plant, which joins those of Messina, Terranuova Bracciolini and Enna (Snam Rete Gas), Brugherio (Stogit), to the Panigaglia LNG plant and the Snam4Mobility sites. CO<sub>2eq</sub> emissions calculated according to the Market Based approach amount to 31.3 thousand tonnes, down compared to 2019 (-3.4%), thanks to the increasing use of renewable energy sources, thus avoiding the emission into the atmosphere of approximately 18,600 tonnes of CO<sub>2eq</sub>, up compared to the 16,100 tonnes avoided in 2019.

Scope 3 emissions (%) 2020



## OTHER INDIRECT GHG EMISSIONS (SCOPE 3)

Aware of the impact created along its entire value chain and convinced of the importance of shared action to reduce climate-changing emissions, Snam has been calculating its Scope 3 emissions according to the **GHG Protocol** for years and reports them in the **CDP Questionnaire** (formerly the Carbon Disclosure Project). This year, this reporting has also been included in this document, except for the category related to investments, due to the timing of data validation by the participated companies, which historically represent about 50% of the total Scope 3 emissions.

The other most representative categories are those related to the **supply chain** and those associated with fuel and energy production.

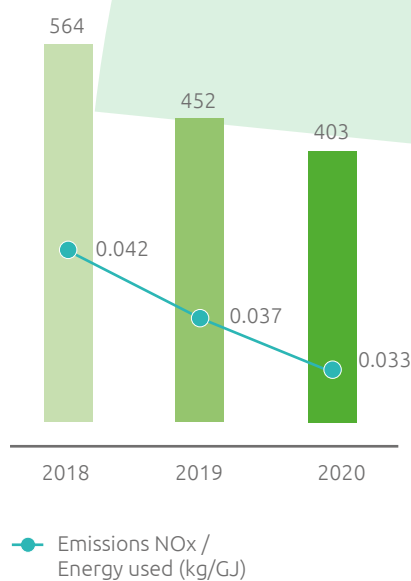
*The Scope 3 emissions categories are derived from the GHG Protocol and are grouped into three macro-classes:*  
*I) Supply chain, i.e. emissions from Purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations and Upstream leased assets;*  
*II) Emissions from Fuel-and-energy-related activities (not included in Scope 1 or 2);*  
*III) Other, which includes business travels and employee commuting.*


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During the year, Scope 3 emissions amounted to approximately **433 thousand tonnes of CO<sub>2eq</sub>**, a figure recalculated by including the 8 emission categories applicable to Snam, with a 31% reduction compared to the 2019 figure due to a different nature of supplies and a reduction in emissions for business travel due to the health emergency. On this front, Snam is implementing additional initiatives to promote a culture aimed at saving energy and minimising the indirect emissions associated with the Group's activities, including the adoption of green procurement criteria for the procurement of goods and services, sustainable mobility initiatives and all activities aimed at saving energy by employees (company shuttles, public transport concessions, smart working and the use of videoconferencing systems for meetings), as well as participation in the CDP Supply Chain programme.

## NITROGEN OXIDES EMISSIONS (NOx)

### Total NOx emissions (t)





In terms of pollution, the use of natural gas as the main energy source is less impactful than diesel or gasoline, and significantly reduces emissions of sulphur oxides and particulate. Consequently, the only emissions that are relevant are those relating to **nitrogen oxides (NOx)**, which for Snam derive mainly from the combustion of natural gas in the turbines of the compression plants and which were 3.7 and 3.8 [mg/Nm<sup>3</sup>]/MW respectively for the storage and boosting of gas in the reservoirs.

In order to contain NOx emissions, Snam has launched a programme over the years to replace traditional turbines with **low-emission turbines (DLE)** which, to date, account for almost all of those installed for the Group and 100% of those present at the storage sites. All these initiatives together have led to a reduction in total NOx emissions of 11% compared to 2019 (from 452 to 403 tonnes) and a reduction in the ratio of nitrogen oxide emissions to energy used of 11%.

*Emissions of NOx in the atmosphere were calculated based on direct measurements or, if not available, by means of emission factors present in the literature (EMEP/EEA "Air pollutant emission inventory guidebook" European Environment Agency).*

# PROTECTING LAND AND BIODIVERSITY

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	Percentage of vegetation restoration of the natural and semi-natural areas involved in the construction of the pipeline routing	 ESG scorecard	>99% (until 2023)	-	Data available from 2021

## PROTECTION OF BIODIVERSITY

In addition to reducing emissions, protecting the territory and biodiversity is one of the environmental challenges that must be addressed in order to create a sustainable development model. In fact, when building infrastructure, Snam pays great attention to the design and decommissioning of gas pipelines, in order to ensure that they are built with respect for the environment and the biodiversity of the areas on which they are built, adopting **compensation practices** where impacts are unavoidable.

Right from the network design phase, Snam undertakes to implement all the measures necessary to avoid or minimise the impacts associated with its works: where relevant, these are assessed in environmental and safety terms through Environmental Impact Assessments (EIA) or Integrated Environmental Authorisation (IEA), after which the competent Administrations, both at central and local level, issue the authorisations to start the activity.

In the design phase, the route is chosen from among several alternatives with the aim of avoiding or minimising the passage through areas of significant natural or cultural interest, archaeological areas, geologically unstable areas, anthropised areas or areas where new housing developments are planned.


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### Four actions to protect the territory and biodiversity

When laying and decommissioning a pipeline, Snam is committed to protecting the territory and biodiversity by applying a process guided by four fundamental guidelines:

- **Avoid** damage to the environment and biodiversity in the areas where Snam's infrastructure is located;
- **Minimise** impacts on landscapes and biodiversity;
- **Restore** pre-existing vegetation and morphological conditions;
- **Compensate** for any impacts with further action to safeguard and protect the environment.

In order to manage this process effectively, Snam relies on the collaboration of external partners when necessary to support it in managing the more specialised aspects.

In relation to the construction of the most important works (compression plants or large methane pipelines), Snam also assesses the direct and indirect economic-social impact on the territory and local communities with **Social Impact Assessment** tools and methods, through the adoption of a **regionalised Input-Output** model developed in collaboration with the Department of Economics and Management of the University of Brescia, which makes it possible to assess the impact of a project, calculating the added value generated by the investment from the total value of production.

Following the pipeline design and decommissioning phases, Snam initiates a series of **operations aimed at restoring the pre-existing vegetation and morphological conditions**, guaranteeing the stability and natural balance of the surrounding habitat and promoting the biological functionality of the area. In particular, to develop new infrastructure, Snam adopts procedures that meet stringent environmental compatibility and safety assessments and ensure maximum respect for the natural environment and protection of biodiversity. The Group's approach involves a **plan of at least five years of reforestation, care and maintenance of plants and shrubs**, followed by a phase of **environmental monitoring** of the surrounding natural area, comparing conditions after restoration with the original ones.

The new ESG Scorecard has incorporated a new specific target for vegetation restoration in natural areas affected by the construction of the Group's pipelines, which aims to ensure almost complete (>99%) restoration of the vegetation in question up to 2023, the progress of which will be available from 2021.

### Environmental monitoring and restoration (km of network)

	2018	2019	2020
Restoration	227	63	98
New reforestation *	21	8	16
Environmental care	74	73	65
Environmental monitoring	445	747	1,094

\* In 2020, the new reforestation areas covered approximately 285,722 m<sup>2</sup> (157,500 m<sup>2</sup> in 2019).



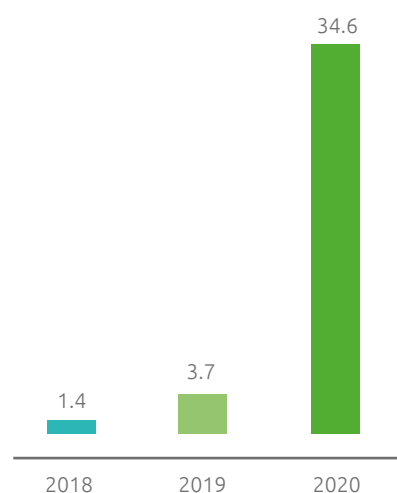

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Attention to safeguarding the territory and protecting biodiversity also continues in the phase of **monitoring the proper functioning of the network**, during which Snam acts on several fronts, ensuring **complete, efficient and effective control** of all its assets. Pipelines, storage facilities and ancillary plants are **regularly inspected by specialist personnel** either on foot, by vehicle, by helicopter or by drone. Snam is also committed to the study and development of new technologies, including some in the field of **artificial intelligence**, aimed at the continuous improvement of these activities. For example, the Group uses **intelligent "pigs"**, devices equipped with sensors that, as they pass through pipelines, detect the presence of any defects or anomalies in the material or smallest shifts in the pipeline or thanks to various **In Line Inspection** solutions, which are based on advanced devices capable of detecting deformations in the section of the pipeline, defects of a constructive or corrosive nature, but also shifts in the axis of the pipeline itself over time. Among the most recent developments is the study of the possibility of introducing **satellite detection technologies** to improve the ability to intercept potential activities dangerous to infrastructure security. In 2020, Snam launched the **Leak Detection and Repair project**, developed in-house, which consists of an aerial inspection and detection system capable of detecting any methane leaks. Specifically for **storage plants**, Snam instead monitors through detection systems that can activate the securing of plants (e.g. smoke detectors, pressure transmitters, etc.).

### Monitoring and inspecting the network (km)

	2018	2019	2020
Network inspected using smart pigs	1,651	1,651	1,487
Network inspected by helicopter	18,462	20,178	20,662
Network inspected with Leak Detection technology	-	-	10,535
Network subject to geological inspection	4,209	5,163	4,438

### Distance covered by methane pipelines in Natura 2000 networking sites (km)



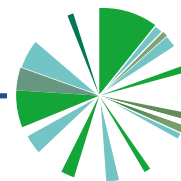
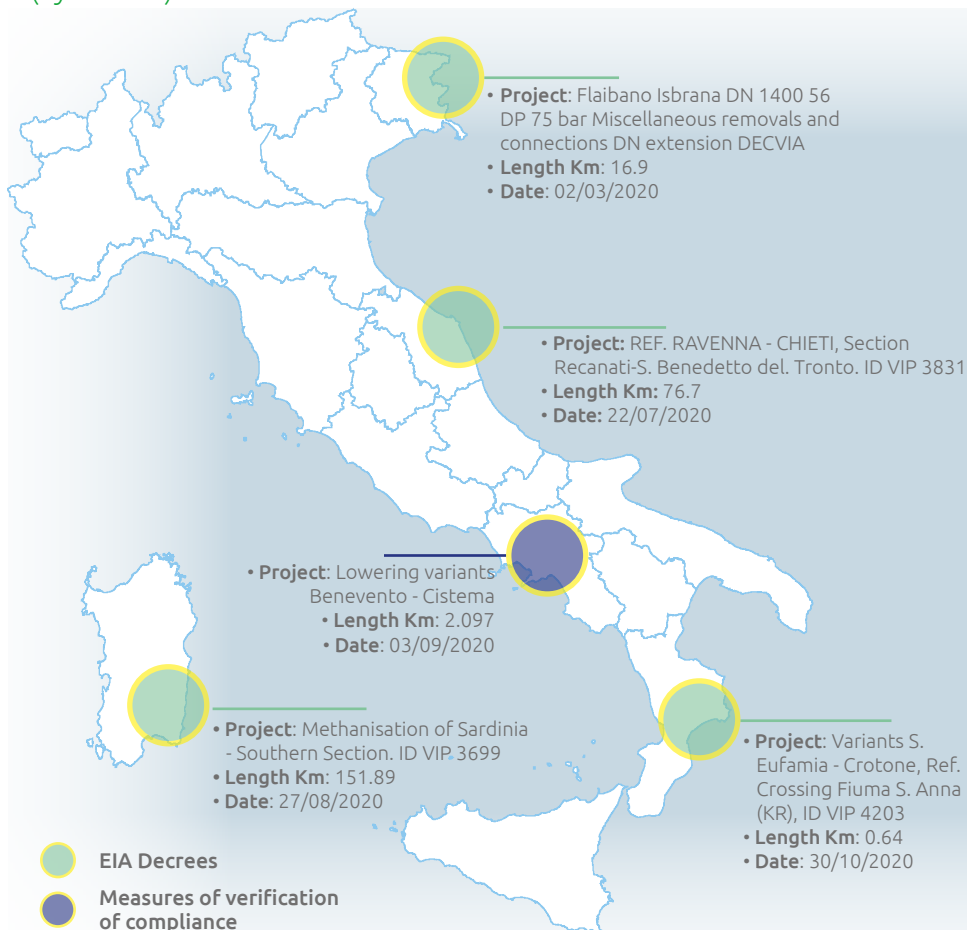
Finally, Snam pays particular attention to operations involving Sites of Community Interest (SIC), Special Areas of Conservation (ZSC) and Special Protection Areas (ZPS), which together constitute the **Natura 2000 Network Sites**, the main instrument used by the European Union for the conservation of biodiversity established pursuant to the Habitats Directive 92/43/EEC to preserve natural habitats at EU level.

For 2020, the Natura 2000 Network Sites subject to infrastructure laying covered the following regions: Piedmont, Veneto, Emilia-Romagna, Tuscany, Apulia, Sicily and Republic of San Marino.


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## Decrees and measures obtained during the year

(by MATTM)



### BIODIVERSITY

**98** km recovered following laying of new pipelines

**16** km new reforestation

**285,722** m<sup>2</sup> new replanting

**65** km of pipelines subjected to cultural treatment

**1,094** km environmental monitoring



### COMMUNITY AND TERRITORY

**50** mayors met to illustrate projects

**2** meetings with local farmers' associations

## EIA Applications submitted in 2020 to the Ministry of the Environment and the Ministry of Cultural Heritage and Activities

Project	Length (km)	Regions involved	Date submission
Refurbishment Foligno (fraz. Colfiorito) - Gallese - and related works	109	Marche, Umbria and Lazio	06/03/2020
Recanati - Foligno extension of the EIA decree	78	Marche and Umbria	19/03/2020
Refurbishment Chieti-Rieti	134.528	Abruzzo and Lazio	07/04/2020
Refurbishment Gagliano-Termini Imerese Phase 2	60.45	Sicily	09/04/2020
Refurbishment Sansepolcro-Terranuova Bracciolini and related works	45.621	Tuscany	27/07/2020

## Submissions for verification of compliance EIA to the Ministry of the Environment in the reporting year (MATTM)

Project	Length (km)	Regions involved	Date submission
Methane pipelines Pisticci - Sant'Eufemia - implementation of works by dimensioning MOP 26 bar	5.185	Calabria	18/03/2020
Connection IVI Petrolifera Spa	4.19	Sardinia	10/04/2020
Adaptation of the Malborghetto Gas Compression Plant	—	Friuli Venezia Giulia	15/04/2020
Reduction system HPRS10 and Variant Met. Melizzano-Afragola DN 750 DP 75 BAR, in the municipality of Melizzano (BN)	—	Campania	01/06/2020
Variants for inspection Met Castelcampagnano - Caserta	—	Campania	22/07/2020


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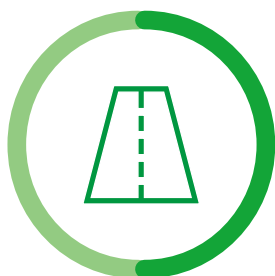
## Preventive archaeology and archaeological discoveries in Sicily and Apulia

Snam has always considered it important to carry out its works while respecting and protecting **cultural heritage**, in particular the **preservation of collective memory**, which does not reside solely in monumental remains or in archaeological finds as such, but also in the stratified deposits that have not yet emerged from the ground, and therefore have not yet been identified. The organisational controls defined by the Group allow it to respond promptly to regulations which, in this field, are increasingly sensitive to environmental, natural and cultural aspects and require the application of new protection systems both at the design and construction stages.

In order to ensure the protection of cultural heritage and the preservation of collective memory, and in compliance with regulations, Snam adopts a **preventive archaeology** approach, to reduce as much as possible the impact of the works in areas presumably at "archaeological risk".

In particular, Snam, through a team in charge of archaeological monitoring of the area concerned, carries out an interdisciplinary analysis (morphological, geological, hydrographic, landscape, architectural, etc.), as well as in-depth bibliographic, archival and reconnaissance research to detect and preserve any finds and stratifications of historical and cultural interest.

In the context of the Group's operations, archaeological monitoring is not limited to the design phases of the project, but is also carried out effectively and with **equivalent levels of protection during the construction phase**, also making use of the specialist contribution of an archaeological team that supervises all earth-moving operations, dealing promptly with any emergencies and sharing with the competent Superintendency the progress of the work, the results of investigations and the necessary in-depth studies.



An example of the effectiveness of this process was seen between May and September 2020, in Caltavuturo, Sicily, when studies for the design of the Gagliano-Termini Imerese methane pipeline brought to light a section of the **ancient Roman road Catina-Thermae**, datable, thanks to the materials found, to the 2nd-3rd century AD (late imperial age). This discovery is of focal importance as it is the first section of Roman road ever found on Sicilian soil. Already known from ancient sources (Itinerarium Antonini and Tabula Peutingeriana) and hypothesised there by scholars of ancient typography, the road was one of the main Roman arteries which, joining the cities of Catania and Termini Imerese, served as a commercial and military link between the Ionian and Tyrrhenian Seas.



Again, in 2020, during the construction of the **TAP Interconnection pipeline**, archaeological surveillance activities in Torchiareolo (BR) allowed the identification of a nucleus of buried masonry structures forming part of numerous domestic and artisan environments. The investigated area was also subjected to a geoscanner survey and non-invasive magnetic prospection outside the working strip in order to further clarify its general layout and extension. Based on the results obtained, it was determined that the entire area constitutes a vast archaeological site, which will be the subject of subsequent excavations by the Superintendence of Brindisi, Lecce and Taranto. To date, the interpretation of the nature and dating of the site is still being worked out.



## OTHER ENVIRONMENTAL IMPACTS

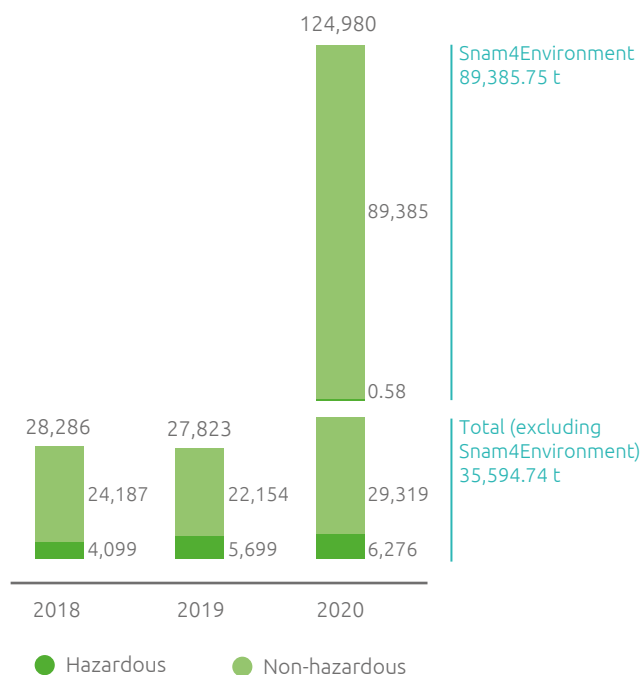
### Waste management

For Snam, proper waste management is an environmental aspect that needs to be carefully managed and monitored, even though it is not a significant issue either in terms of the amount of waste produced or its type, since most of it is primarily made up of non-hazardous ferrous waste, which is fully recovered. In fact, in Snam's operations, waste production is mainly attributable to three macro-activities: plant maintenance and management (86%), reclamation during pipeline laying (7%) and well drilling (7%).

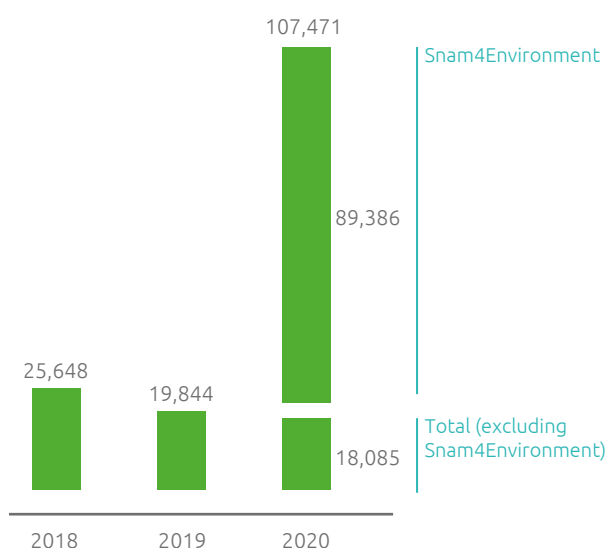
In order to effectively manage waste production, Snam is committed to developing a production cycle that is as circular as possible, and which allows waste to be transformed into a resource for reuse wherever possible. For example, the plants of Renerwaste, a subsidiary of Snam4Environment, combine the need for urban waste disposal with the recovery of materials and energy, promoting the valorisation of depleted landfills and the conversion of composting plants from aerobic to anaerobic.

In 2020, total waste production amounted to **124,980 tonnes**, showing a sharp increase compared to 2019 mainly due to the inclusion of Snam4Environment in the scope of consolidation, which was responsible for the production of 89,386 tonnes of waste (71.5% of the total). The 95% of the waste produced belongs to the non-hazardous waste category and 32% of the waste from production activities was sent for recovery.

#### Total waste production (t)



#### Waste from production operations (t)




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## Water management

Snam's water procurement and disposal activities are an irrelevant environmental aspect, both in relation to the quantities used and the type of withdrawals and discharge. However, the Company considers water a primary resource that should be conserved and in that respect it is committed to keeping down its consumption and reducing its environmental impacts.

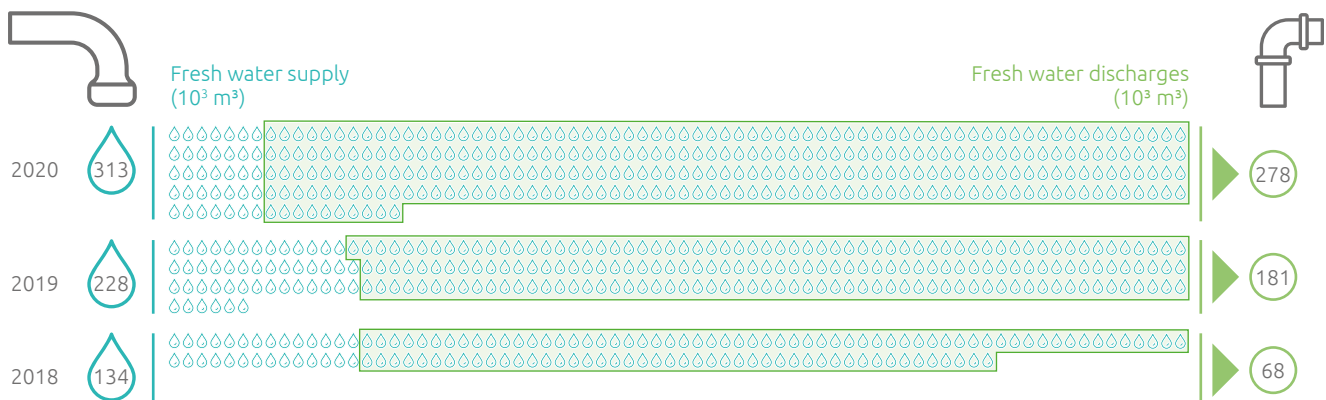
Sea water and fresh water are used in the production process and offices respectively, resulting in total consumption of approximately **6.36 million cubic metres** in 2020 (6.05 million cubic metres of sea water and 0.31 million cubic metres of fresh water).

Sea water is taken for the cooling of auxiliary plants at the Panigaglia LNG plant in Liguria, and is completely discharged into the sea in the same volume, with a higher temperature value (within the terms of the law).

The withdrawal is in line with that had in 2019 and compared to 2018, increased by 33% as a result of increased operation of plant equipment. The upstream storage activities produced approximately 6,050 cubic metres of process water (-1.8% compared with 2019), all sent to an external treatment plant for treatment.

The withdrawal of fresh water, mainly used for office activities, fire-combating systems and irrigation of green areas increased by 37% compared to 2019, while with regard to water discharges, wastewater is either conveyed to the sewerage system (78% of the total) or discharged, even after treatment, into the soil and surface water bodies (22% of the total). In sites that do not have the possibility of being connected to the sewage system, closed-loop phyto-purification plants have been installed, a technology that makes it possible to eliminate the discharge of domestic wastewater, as it is treated and entirely absorbed by the planted vegetation.

### Water (10<sup>3</sup> m<sup>3</sup>)





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# THE POWER OF WORKING TOGETHER





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## THE POWER OF WORKING TOGETHER

Snam builds energy networks thanks to the work of its people, who are the fundamental pillar on which the Group's success is based, preserving the engineering tradition and spreading a strong sense of belonging. Aware of the irreplaceable role they play, Snam invests in training its employees to ensure the continuity of technical and technological know-how and proposes engagement activities to spread a culture that facilitates the transformation process. Essential elements are the company's values and the creation of an inclusive working environment, where diversity and plurality are enhanced. We work together to encourage virtuous behaviour, which is also encouraged by Snam's commitment to enhancing the professionalism and talents of each individual in a meritocratic and transparent manner. Equally important for achieving the ambitious goals that the Group has set itself are its suppliers, partners in change, to whom Snam has always paid particular attention. Finally, the relationship and transparency towards local communities are a strong point in Snam's modus operandi and are further strengthened by the presence of Fondazione Snam which, acting as a system integrator, facilitates local development.

## GROWING WITH PEOPLE

In the European gas market, the continuous development of the business, the constant technological evolution and the opening towards the world of energy transition, require increasingly specific and diversified skills, teamwork and the ability to innovate continuously.

**The skills of Snam's people** are therefore a determining factor in contributing to the success of the company and in continuing to create value in the context in which it operates: **technical preparation, managerial skills, know-how, innovation** and **vision** of future of its people are the basis of Snam's growth.

Similarly, Snam's *purpose*, "Energy to inspire the world", aims to strengthen the sense of belonging within the organisation and facilitate the creation of a working environment that creates opportunities for growth for its people. With this in mind, every year, the company works to consolidate systems and policies to guide people's leadership and performance with the aim of giving them all the tools to make them active participants in change.

Focusing on entrepreneurship and empowerment, cross-project teams, agile working arrangements such as *smartworking*, which was further enhanced following the Covid-19 pandemic, and new criteria for professional development were introduced. In addition, considering Snam's commitment to the energy transition, through employee engagement initiatives, the Group has taken steps to disseminate a corporate culture geared towards combating climate change and the increasingly consistent use of alternative and sustainable forms of energy.



### Best Employers


The study "Italy's Best Employers", carried out by Corriere della Sera in collaboration with Statista, recognises Snam as the best company to work for in Italy in the Energy sector.





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# SNAM LIFE

SDGs	KPI	TARGET	2019 RESULTS	2020 RESULTS
	 Employee engagement index	<b>75% (by 2023)</b>	-	<b>82%</b>
	Eliminating single-use plastics in offices	<b>-100% (by 2020)</b>		<b>Postponed to 2021 due to Covid-19</b>

## About Snam Employees

People are central to Snam's activities, and Snam values them by offering them opportunities for professional growth in an inclusive and meritocratic environment. With the opening up to new businesses for the energy transition, the need to expand know-how and skills in these fields has been accompanied, in recent years, by a significant increase in human resources, which in 2020 amounted to **3,249** (+7.4% compared to 2019).

In this respect, a total of **376 entries** were recorded during the year, 145 more than in 2019. Of these, 226 are due to market hires and 150 to the consolidation of Mieci, Evolve, Snam4Efficiency, TEP Nord Est, the consolidation of a resource in Snam and returns to service from leave.

The 152 exits were lower than the previous year (222 in 2019) and were mainly due to termination of employment due to reaching retirement requirements (143, of which 47 unilateral terminations), 7 for other reasons and 2 for transfers to non-consolidated companies.

A comparison of the data on the number of voluntary entries and exits, the voluntary exit rate (only 1.5%), as well as the length of service of about 17 years, highlight not only the growth of the Group, but also how Snam has created an environment where employees see opportunities for development and the chance to realise their skills, **growing together with Snam**.

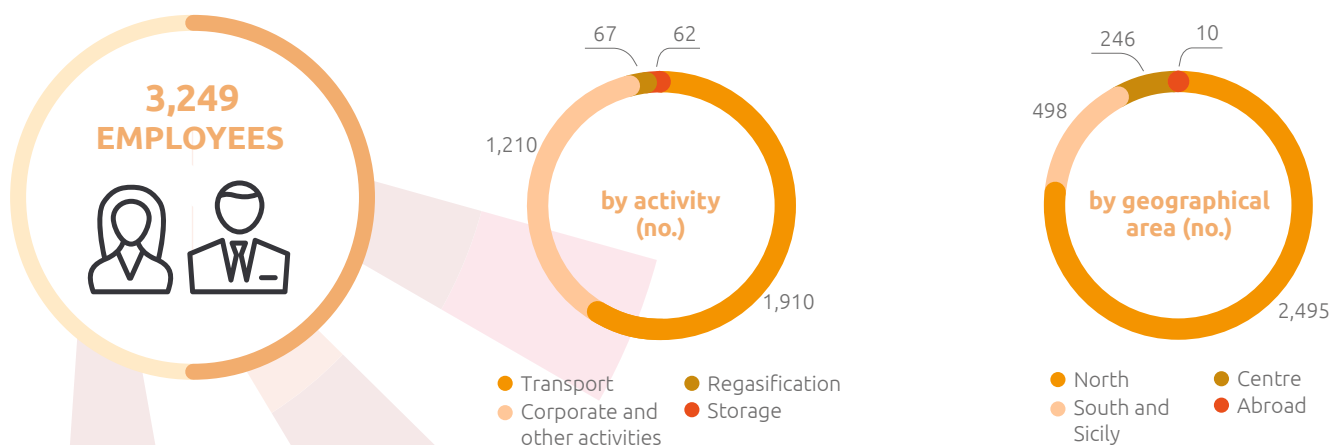
The Group offers a stable and continuous employment relationship (93.4% of employees have a permanent contract) and hires highly qualified and specialised resources (54% of employees have a technical diploma and 29% have a university degree). At the end of 2020, there were 42 part-time employment contracts and 197 apprenticeship contracts, while during the year, 43 workers were employed under temporary contracts (32 in 2019).

Snam is a company that is gradually becoming younger: with an average age of 44.5, people under 40 (1,274) represent 39.2% of the company population, an increase of 110 units compared to 2019, thanks also to the hiring of young resources in recent years, able to bring new knowledge and skills with respect to new businesses for the energy transition. The value of experience is provided by people over 50, who make up 44.2% of the company population.

The absenteeism rate, which in 2020 amounted to 5.9%, is basically in line with that of previous years and only increased slightly due to the fact that, under the trade union agreement, those who could not use smart working were granted a period of paid leave of 6 days or more.

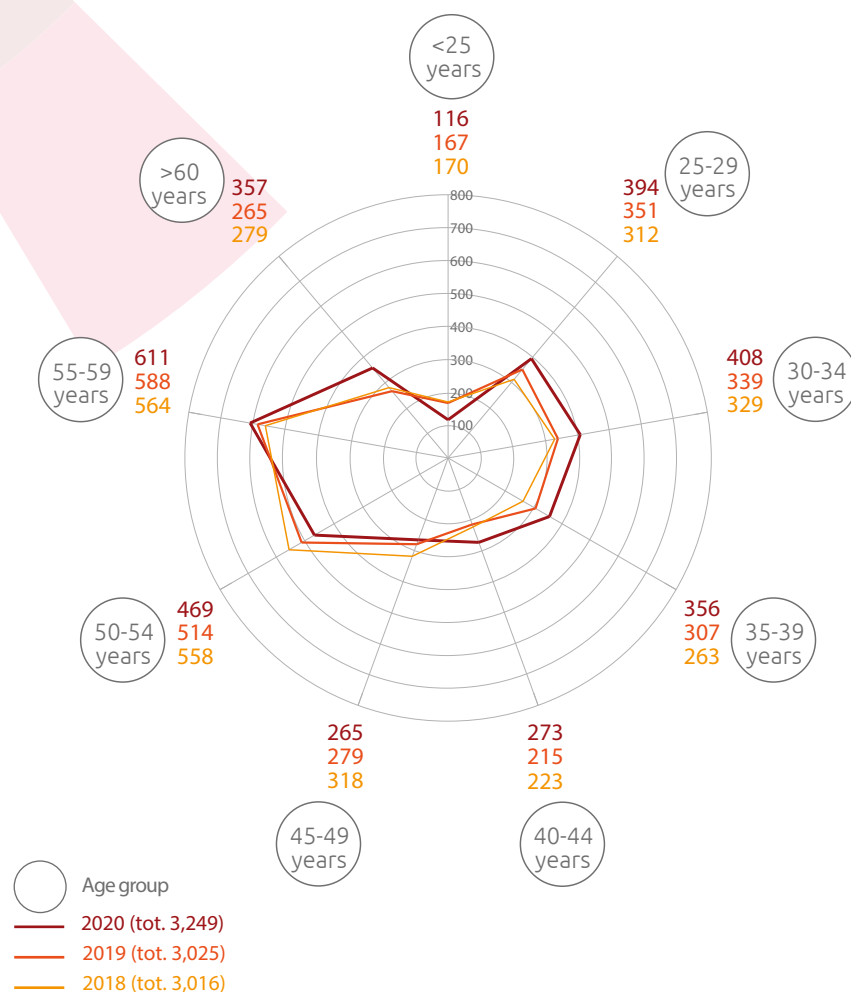

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## Employees at December 31, 2020



## Employees by age group (no.)

	2018	2019	2020
<b>WORKING CLASS</b>			
Executives	107	111	131
Middle Managers	480	493	549
White collars	1,682	1,683	1,764
Blue collars	747	738	805
<b>EDUCATION</b>			
University graduates	777	819	949
Secondary school graduates	1,703	1,714	1,759
Other qualifications	536	492	541
<b>TYPE OF CONTRACT</b>			
Permanent (*)	2,812	2,817	3,036
Apprenticeship - placement	185	193	197
Fixed-term	19	15	16
Part-time	41	38	42



(\*) the figure also includes part-time contracts.



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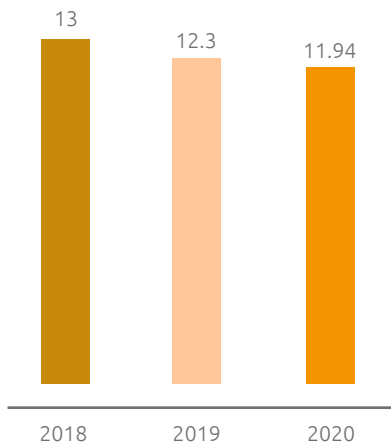
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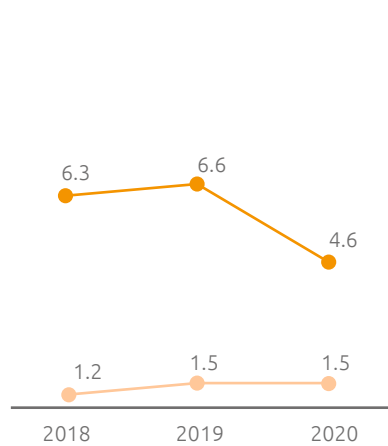
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Staff turnover\* (%)



\*Turnover rate = ((entries from the market + exits) / average workforce in service) x 100. Exits due to transfers to non-consolidated companies are excluded.

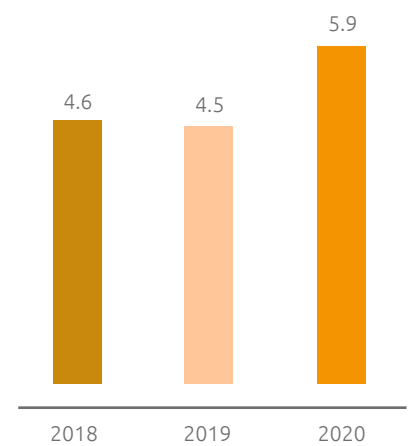
Turnover rate (%)



● Voluntary exit rate (\*)  
● Exit rate (\*\*)

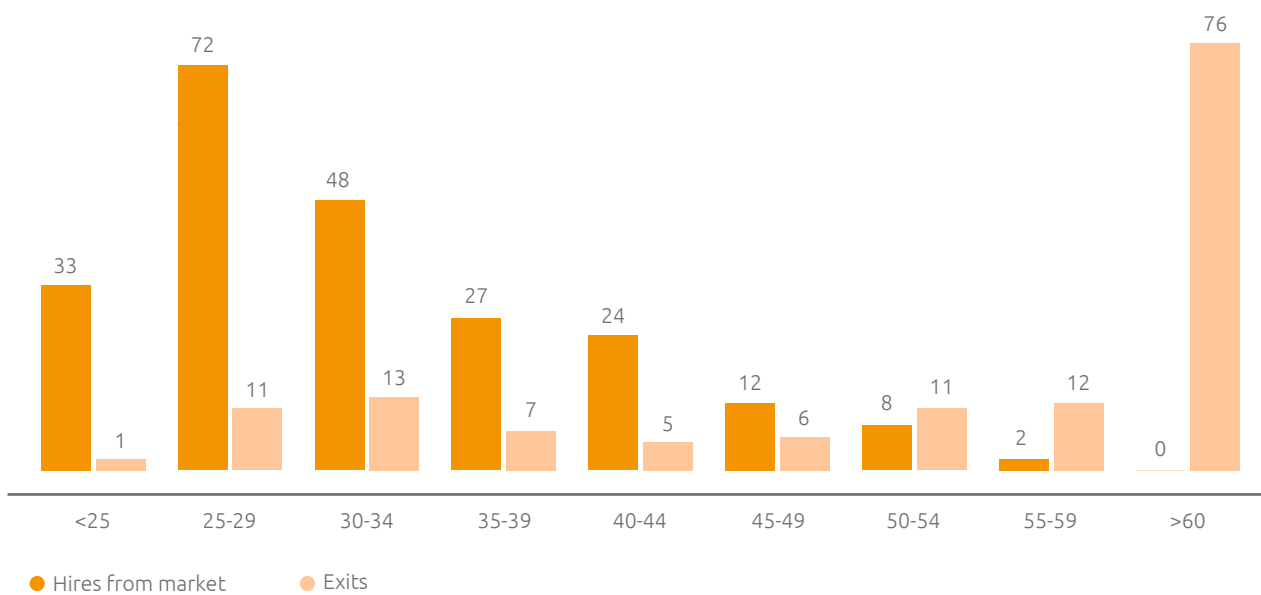
(\*) Voluntary turnover rate = (exits due to resignation/average workforce) x 100. Exits due to transfers to non-consolidated companies are excluded  
(\*\*) Exit rate = (exits/ total employees at 31/12) x 100.

Absenteeism rate\* (%)



\* Absenteeism rate = (hours of absence/ workable hours) x 100  
The absenteeism rate indicated does not include management and has been calculated by taking into account all hours not worked (paid and unpaid), excluding holidays, recoveries and periods of abstention from work for compulsory and optional maternity.

Hires from the market and exits by age group (no.)



● Hires from market    ● Exits

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Remaining close even if distant

Snam considers communication with employees to be a fundamental lever for **promoting the participation of its people and for encouraging the sharing of values and principles**, but also of projects and initiatives. The strategic importance of internal communication also lies in its ability to **create and disseminate value through** transparent communications, increasing the sense of belonging. Internal communication activities have focused on a wide range of topics, including **solidarity, inclusion, diversity and sustainability**, made possible also through the increasingly strong collaboration with Snam Institute and Fondazione Snam. During the year, emphasis was also on the impact of the **health emergency**, in relation to which numerous initiatives were created to convey the Group's closeness to employees, to offer psychological support and to keep Snam people constantly updated on the Company's strategies and activities in such a complicated context.

The success of the projects and initiatives implemented is reflected in the **employee engagement index**, a performance indicator that has been included in the Group's ESG Scorecard. In 2020 alone, this target has already been widely exceeded, with an engagement of 82%, which has also grown thanks to the progressive integration of the subsidiaries, both from the communication point of view and from that of the activities implemented, with a view increasingly oriented towards One Company. Other initiatives that closely involved employees in 2020 included the release of the revamped **Easy** corporate Intranet, which, since 2019, has been the subject of an agile re-design project, concluded in July 2020 with the organisation of a virtual launch event with the CEO, followed by 5 remote info-training sessions open to all colleagues. In a One Company perspective, the on-boarding of Cubogas colleagues on Easy was completed in October and work was prepared for the subsequent integration of Renerwaste people. With the aim of feeling close even if distant, the CEO met virtually with employees through a **webinar**, also on the occasion of the presentation of the new 2020-2024 Strategic Plan, which was followed by a Q&A session for the entire organisation.

Snam has also been communicating for years through the magazine **"Energie"** and the newsletters **"Osservatorio Gas"** and **"InRete"**, which are full of content, news and contributions from its employees concerning the company and the gas market. In 2020, in particular, the magazine "Energie" increased its pagination and, in line with the Paperless Project, was distributed only in digital mode, and the Newsletter "Osservatorio Gas" added a new in-depth section with news, analyses and comments on the gas market 360 degrees. Finally, in the context of the Paperless Project and the progressive digitalisation of communication, Snam has continued its **digital signage** activities, i.e. the installation of internal screens in its offices, integrating social feeds and distributing QR codes for reading news on the Intranet from mobile devices.

2020 Engagement activity

Snam paperless

In 2020, the Project Paperless was launched, a communication campaign to encourage the reduction of paper waste, through interventions of digitalisation of processes and dematerialisation of activities, thanks to which a **30% reduction on 50% of total consumption** is expected. In addition, in 2020, Snam quantified a reduction of 50% on printing and distribution of distribution of internal mail, documents which now are now digitally signed and sent by e-mail, avoiding printing of paper forms. The Paperless project involves employees in all levels of the company, which are encouraged to reduce the use of paper in their activities.

Snam plasticless

In 2020, the Plasticless Project continued, aimed at **eliminating all single-use plastic** at dispensers and beverage dispensers at all company locations, replacing biodegradable and compostable materials. The project is part of awareness-raising activities towards employees, which, thanks their actions, will contribute to the achievement of the objective set by the Company.

Valuing and including diversity

The Diversity & Inclusion Team, with a view to **valuing and including diversity**, has started a collaboration to create the Inclusion Team in bottom-up logic and to promote active participation in the initiatives promoted by the team.

Snamwood

Snam has launched the **Snamwood** project, which involves the planting of a forest of over 3,330 trees dedicated to all the people Snam, in collaboration with Arbolia. An **online contest** has allowed all colleagues to vote the name of the forest dedicated to them.


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## Close to employees during the pandemic

The interpersonal distance caused by the pandemic made it necessary for Snam to make numerous efforts to ensure the constant dissemination of information to the entire corporate population, to maintain and strengthen the sense of belonging to the Company and not to leave its people alone, who were forced to rethink the way they worked together, but separately.

Right from the start of the emergency, Snam launched a **continuous, direct and transparent communication** action towards its people, guided by a **caring and inclusive approach** to the different situations that colleagues in the various corporate areas found themselves experiencing - from continuous smart working, to presence in the territorial offices for the operational areas, with the aim of providing timely information, guaranteeing support and always putting its people at the centre, at a time when the need to make the company's presence felt close to the individual was stronger than ever. In this context, the **#distantimauniti** initiative took shape, to promote listening and maintain a high level of corporate engagement, providing psychological support, using the revamped Easy Intranet as a "virtual wall" where Snam people could share thoughts and reflections, strengthening the sense of community, cohesion and belonging to the company, and organising training and awareness-raising webinars on the pandemic.

## Health emergency management

### Information



- **Direct mail updates and news on the Intranet** a total of more than 90 emails sent from the interra communication and related news published on Easy, the company portal, to ensure transparency and information, from 21.02 to the end of the year.
- **7 video messages from the CEO** for update and information.
- **Video message to raise awareness by Dr. Giovanni Albano**, Hhumanitas doctor working in the Covid-19 wards.
- **Medical and scientific information webinar with Prof. Burioni** to promote responsible conduct and containment of risk of contagion.
- **Health Protocol** that led to the implementation and updating of the document of conduct guidelines, signposting in company offices and video tutorials to disseminate good practices for respect of the provisions of health and safety at work.

### Engagement



- **Collection of messages #distantimauniti** for a total of more than 400 messages collected and published on Easy and on Snam's social media.
- **3 webinars with CEO #distantimauniti** to create opportunities of dialogue and discussion on how the company dealt with the various phases of the emergency.
- **Support for the planning and promotion of the fundraising event "Diamo Forma al Futuro"**, in collaboration with Fondazione Snam.
- **Christmas with Snam**, a series of virtual events, live and otherwise, on a dedicated platform, aimed at all colleagues and their families to enjoy together a day of closeness during the festive season.
- **Best wishes online**, a meeting for year-end celebration, dedicated to all the people in the company, this year held entirely online under #distantimauniti.

### Listening, caring and wellbeing



- **Survey of listening Covid-19 and follow up**, a questionnaire given to the entire company population to monitor the colleagues' perceptions of company measures and collect useful ideas on possible areas of intervention. **The average rate of response rate was 65%.**
- **Support for design, implementation and promotion of services and initiatives for colleagues and families**, from the Covid-19 policy, healthcare services and serological campaigns, from support initiatives for smartworking (smart kit, data SIM and tethering service), to Covid-response welfare packages designed especially for colleagues and their family members.
- **Spreading good rules for smartworking** in order to work remotely effectively and efficiently.


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## STAYING WELL: CORPORATE WELFARE

KPI	TARGET	2019 RESULTS	2020 RESULTS
  Percentage of participants in welfare activities  <i>ESG scorecard</i>	54% (by 2023)	-	39%

For Snam, putting employees at the centre also means offering them a structured corporate welfare system that meets the needs of employees and their families and improves their quality of life. As a testament to its commitment to its people and to track, monitor and ensure the alignment of welfare initiatives with employee needs, a new 2020 target of 54% employee participation in welfare activities was presented in the ESG Scorecard by 2023. In 2020, the participation rate was 39%, which is in line with the Scorecard's intermediate target of 50% in 2021.

Since 2018, the Welfare Plan has been developed on a digital platform called "**Snammy**" around five areas of intervention: **Family, Education, Work/Life Balance, Well-being and leisure time, Health**. The platform was equipped with a **welfare assistant**, activated as a single point of contact and mediator between personal needs and corporate welfare responses.

In the **Family and Education** areas, in addition to the "**dediCARE**" service, which helps solve small and large family problems, from assistance for the elderly to school tutoring, Snam has set up services and counters to assist families through listening services, legal and tax advice and discounts on the purchase of books and school supplies, as well as offering scholarships for employees' children.

In the **Well-being and leisure time** area, Snam offers the possibility of using sports centres at advantageous conditions and has devised the "**SnammyBene**" project, an awareness-raising initiative focused on individual well-being issues.

In the **Health** area, employees have access to concessions and incentives in the health field, thanks to insurance coverage paid for by Snam, in mobility, with public transport passes at advantageous prices, and in catering, with the company canteen and take-away service for private use. In addition, Snam offers its people a system of flexible working, including smartworking, flexible working hours in and out, and "short Fridays", i.e. the possibility of ending the working day at 1 p.m.

In addition, the **Flexible Benefits** system continued, which increases the purchasing power of employees who participate in the initiative, transforming a portion of the participation bonus, up to the entire amount, into welfare credit that can be used to purchase services to support health, school and training, cultural and sports activities, travel, mobility and supplementary pension plans for themselves and their families. The advantage of converting part of the bonus into a welfare credit is that, on this amount, no tax is due and the company recognises an additional bonus that increases proportionally from 8% to 20% depending on the amount converted.


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In order to deal with the **Covid-19 pandemic**, Snam has implemented all the necessary precautionary actions since the end of February 2020, immediately authorising all of the Group's Italian territorial offices to **work remotely**, subject to a minimum and necessary presence to guarantee activities on the plants and therefore preceding the government provisions of March 2020 (which provided for the closure of all production activities that were not necessary or strategic). Subsequently, all areas of the welfare system were strengthened and enriched with services to respond and help employees cope with the issues arising from the pandemic.

In the Family and Education areas, Snam has activated specific psychological, relational and family support services, also making available to employees a circuit for finding baby-sitting services with partial reimbursement of expenses incurred, and activating a platform with online lessons for the children of employees at all levels of education with a school guidance service.

In the Well-being and leisure time area, "SnammyBene" has been expanded through the activation of online fitness subscriptions via app and numerous workshops on pilates, yoga, postural gymnastics and mindfulness, healthy eating and digital detox. In particular, this last topic was dealt with through the intervention of an occupational psychologist who illustrated today's scenario on digital, giving interesting ideas on when technology can become a real problem, and then moving on to practical advice by sharing tools, good practices and alternatives to rediscover analogue and feel good in digital. In addition, a webinar on psychological support and resilience was set up with a psychologist specialising in these issues.

In the Health area, cross-sectoral support was provided through a number of health initiatives, such as the activation of vital parameter monitoring services by assigning all staff members pulse oximeters suitable for remotely signalling abnormal saturation values, and finally health guidance that directs employees to their general practitioner or suitable specialist. In addition, an insurance policy, fully paid by Snam, has been stipulated for all employees, which allows coverage in case of hospitalisation for Covid-19.

Many of these initiatives have been made possible thanks to the strong relationships between Snam and its suppliers, key partners in tackling the pandemic in the best possible way: **during the year, Snam invested Euro 11 million** in sanitary equipment, temperature measurement devices at site entrances and sanitisation to ensure the safety of its employees.


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## Company welfare system

### AREAS



#### FAMILY

#### Nursery schools

### ACTIVITY

Reimbursement children's enrolment fee for employees who use it

#### dediCARE

Social service for children, the elderly, disabled, etc. developed courtesy of the partnership with the regional cooperatives of the 3rd sector

#### Summer and study campus

Summer stays for children of employees in certain locations of Italy and abroad

#### S.O.S. Famiglia

Counselling centre run by professionals to assist families

#### Microcredit

Low-interest loans with major credit institutions

#### The expert replies

The service helps you in resolving your legal and tax questions

#### Maternity, adoptions and foster care

Parenting guide, Be Parents

#### Covid-19 Response

Reimbursement of babysitter, search for babysitter with cost borne by Snam



#### WELL-BEING AND LEISURE

#### Sports centres

Discounts and favourable conditions for sports activities

#### Supplementary pension schemes

Supplementary pension funds, also funded by employer voluntary contributions

#### Snammy bene

Awareness-raising courses on individual well-being issues

#### Covid-19 Response

Workshops on healthy eating, post-emergency psychological support, yoga, pilates, mindfulness, postural exercise and digital detox




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## AREAS



### EDUCATION

#### School

Subsidies for the purchase of schoolbooks, scholarships for employees' children and loans for school expenses

#### Covid-19 Response

Platform for remedial, educational guidance and video lessons for all levels, through one-to-one lessons with certified teachers



### HEALTH

#### Accidents

Insurance coverage for non-occupational accidents

#### Supplementary healthcare

Healthcare insurance coverage that guarantees a portion for the reimbursement of expenses incurred for medical and hospital services at public and private healthcare facilities

#### Medical prevention

Prevention protocols at affiliated medical centres

#### Specialised medical services and check-ups

Arrangement with Monzino Cardiology Centre for visits intended for employees and their family members

#### Working hours

Smart working, short Fridays, individual time accounts

#### Mobility

Subsidised purchase of public transportation passes; shuttle service to San Donato Milanese

#### Mobility portal

Traffic information, mobility app

#### Diet

High-quality company restaurant and takeaway service for private use

#### Arrangements

Insurance policies, bank credit cards, car rental, purchase of branded products, holiday bookings, agreements for the purchase of natural gas cars

#### Covid-19 Response

Covid policy covering expenses due to hospitalisation for pandemic virus; Meal on demand delivery service and provision of meal vouchers


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In the area of **parental support**, Snam is committed to making a concrete contribution to **ensuring a work-life balance** through incentives and benefits that go beyond the requirements of the law. Throughout the maternity leave, the employee retains the company benefits and, during the period of compulsory abstention, maternity benefits are paid at 100% of salary instead of 80% as required by law.

In confirmation of the Group's commitment and the possibility of taking care of the family while working at Snam, in both 2020 and 2019, 100% of employees

remained at the company one year after returning from maternity or parental leave. In this regard, from 2019, Snam has launched the **BE PARENTS** programme, which supports new parents in transferring to work the many skills that can be acquired by raising a child, training the soft skills most sought after in the world of work, including relational, organisational and innovative skills. BE PARENTS is offered on the **MAAM** platform, which allows access to a network of colleagues to share thoughts, organise meetings and grow together as parents and workers.

### Personnel on maternity leave at 31.12

	2018	2019	2020
Persons on maternity leave (no.)	59	67	53
of which women	45	57	47
Positions closed during the year (no.)	44	46	38
of which women	30	36	32
Positions remaining active (no.)	3*	21	15
of which women	3*	21	15
Women returning to work (%)	91%	100%	100%

(\*) Updated figure (12 people returned at the end of December 2018)

### Personnel on parental leave at 31.12

	2018	2019	2020
Persons on leave (no.)	254	272	235
of which women	43	72	60
Positions closed during the year (no.)	253	238	210
of which women	44	62	50
Positions remaining active (no.)	12*	34	25
of which women	6	10	10

(\*) Updated figure (19 people returned at the end of December 2018)


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## LEARN TOGETHER

SDGs	KPI	TARGET	2019 RESULTS	2020 RESULTS
	Hours of training provided	320,000 hours (by 2023)	114,179 hours	66,385 hours
	Adoption of the Performance Management programme	Extension of the scope to all subsidiaries (by 2020)	1,587 people	Postponed to 2021 due to Covid-19

Skills development is a fundamental element among Snam's values, especially considering the context of continuous change and evolution in which the Group operates. Snam offers its people **customised training courses based on their role and experience**, in order to meet the training needs of each employee. Particular emphasis is placed on training on digitalisation issues, which are fundamental for meeting the technological challenges posed by the transformation of the Group's reference context.

Wanting to enrich the heritage of technical know-how has led to the establishment of **Competence Centres**, i.e. groups of people across organisational structures who possess consolidated and recognised knowledge and experience in certain subject areas relevant to the business, with the main objective of overseeing, developing and disseminating corporate know-how and being an internal point of reference for the relevant knowledge.

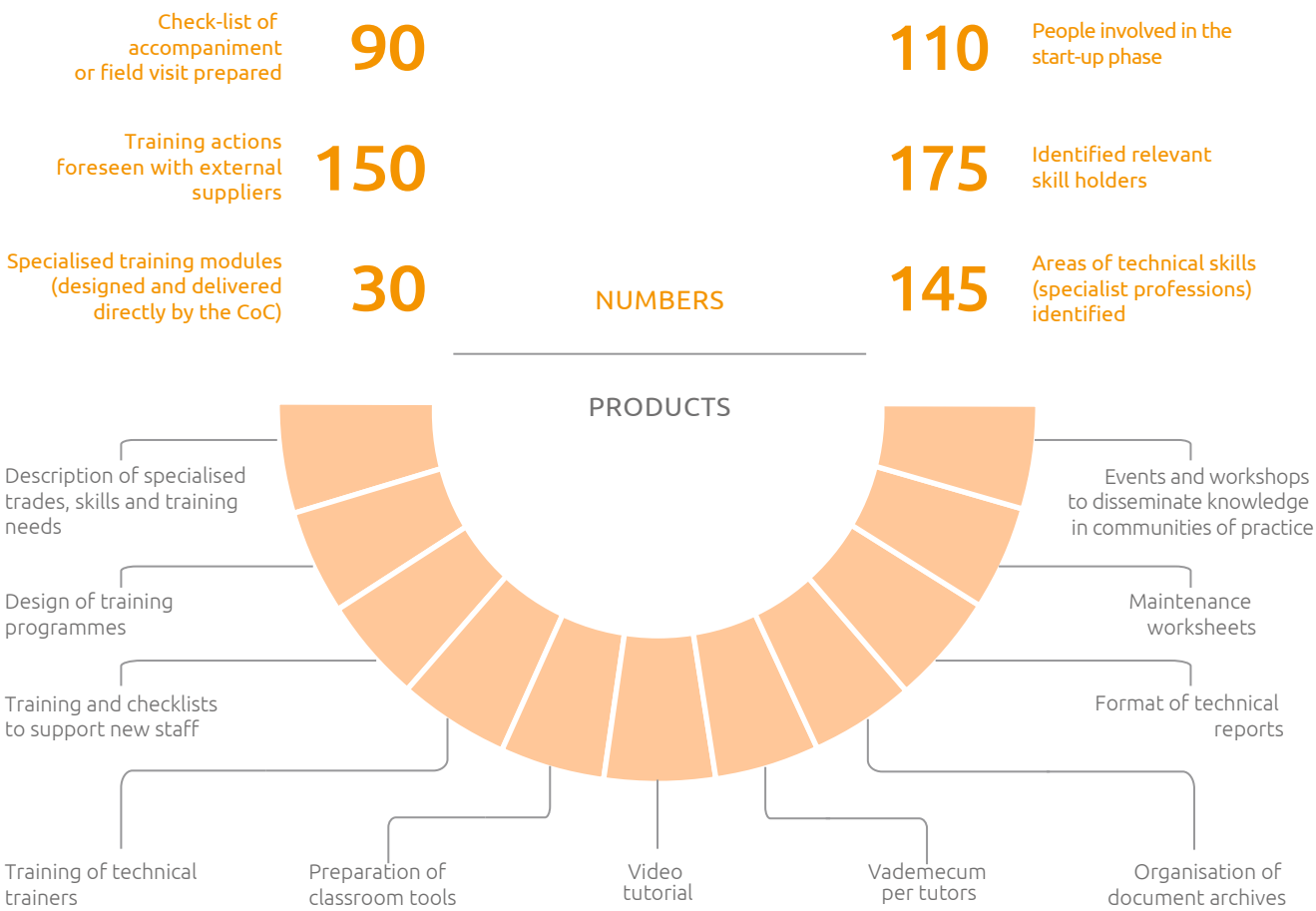
The Competence Centres are flanked by an "**Internal Faculty**" made up of 80 employees who transfer their technical and business knowledge to other colleagues in a "from Snam to Snam" logic.

**Snam Institute**, which completes the framework of the initiatives proposed by the Group, is an accelerator of innovation, capable of projecting the company into the future, starting from its roots, i.e. the technical know-how that characterises it, to make it the heritage of all through training courses developed in three thematic areas: Technical, Leadership, and Innovation & Transformation.

Training is a strategic priority in which Snam continuously invests in order to support the daily work of management, as well as that of the entire company population. In particular, with regard to managerial training, we highlight the "**Leadership School**" training course, which in 2020, involved all of the approximately 360 people managers with the goal of giving a more incisive push to the adoption of managerial attitudes and behaviours appropriate to the type of organisational development and managerial culture that Snam is pursuing. Participants were involved in 6 meetings during which they dealt with relevant topics such as unconscious bias and inclusive communication, team management and development, and promoting managerial courage.

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Competence Centres



Snam Institute, the innovation accelerator

Snam Institute is a platform created with a view to opening up to the outside world, grasping the changes taking place in the constantly evolving context in which Snam operates, particularly in the areas linked to digitalisation and innovation, in order to evolve its management models and make use of all the new digital technologies available.

The platform articulates its courses around three fundamental pillars: **Technical, Leadership, Innovation & Transformation** that offer opportunities to exchange and evolve the Group's knowledge and managerial skills in order to develop the business. As part of Innovation & Transformation, Snam has introduced **Digital Experience** training courses linked by the concept of transformation and organised in three modules: **Human, Innovation and Culture**. The first one focuses on transformation as an opportunity for growth for people and society, the second one deals with the transformations taking place in the way of doing business enabled by new technologies and digital, and finally, the third package of courses focuses on the transformation of organisations and ways of working that unleash the innovative potential of people.

Since June 2020, the platform has seen a revamped user interface, as well as the launch of 11 new courses, gamification and a test on digital knowledge.



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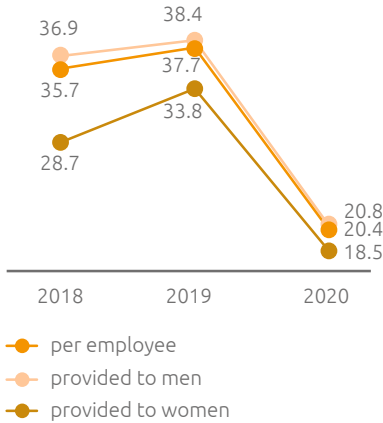
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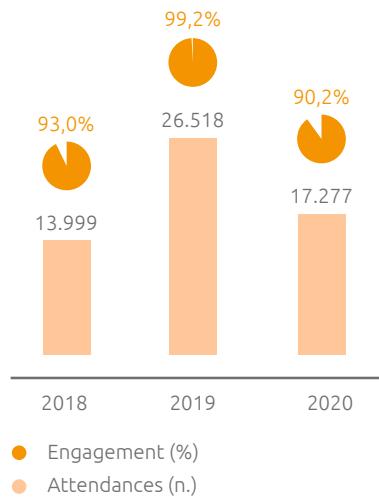
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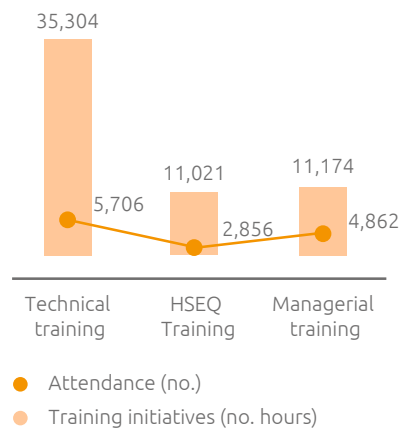
### Average hours of training (no.)



### Attendances and engagement



### Key training initiatives



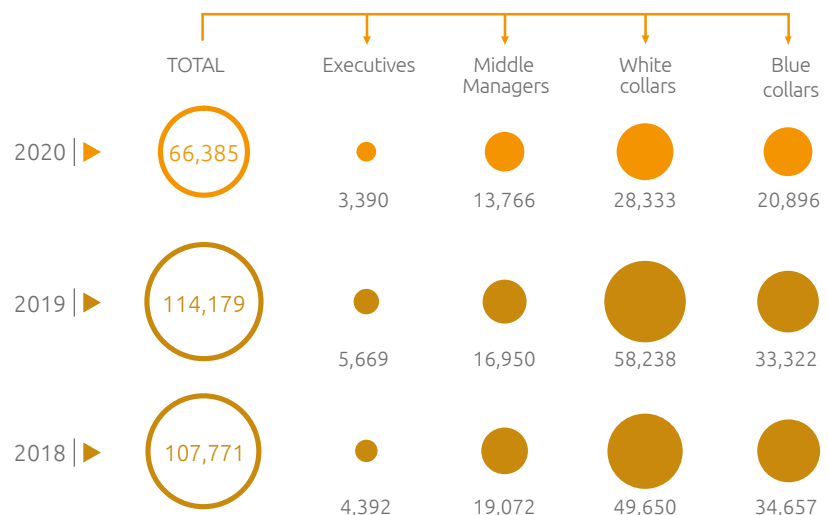
### The Covid emergency has dramatically accelerated the change in the way of working and training.

Snam aims to innovate, not only to respond effectively to the challenges that have arisen, but to improve existing processes and be recognised as a forerunner in this field as well. In this regard, in 2020, the **Innovative Learning** project was launched, which will continue in 2021 with the aim of innovating training across the board, in line with changing business needs, encouraging the continuous development of technical and managerial knowledge, enhancing the Centres of Competence and Professional Families, through digitalisation and new technologies. In addition, the **Snam Institute training catalogue has been enriched with 36 new e-learning courses and 48 courses delivered in Distance Learning**, the new training method made necessary by the health emergency and which, in order not to lose the effectiveness of the training activities, has adapted the **structure and duration of the courses**, taking into account the drastic reduction in the average concentration time of people compared to training in a physical environment.

During 2020, 66,385 hours of training were provided with 17,277 participants and 90% of the company population were involved (95% of women and 89% of men were involved in at least one training course), providing an average of 20.4 hours per employee. The decrease in training hours (-41.8% compared to 2019) is partly attributable to a reduction in compulsory training hours and partly to the need to redesign training to be delivered at a distance.

In addition, approximately 8,154 hours of training were provided, with 1,437 participants attending exclusively on health and safety, topics that are always central to Snam employee training and are part of the broader "Health, Safety, Environment and Quality (HSEQ) Training" area. To further strengthen its commitment in this field, Snam Institute has signed a collaboration agreement with the National Fire Brigade for the provision of training to technical personnel through courses on the safe management of gas infrastructures, fire prevention and other topics related to transport, storage and regasification activities.

### Personnel Training hours




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### Snam for schools: external training activities

Snam Institute is not only dedicated to training employees and collaborators, but also stakeholders as a whole. With this in mind, in 2020, Snam continued its activities aimed at schools with the **Young Energy** project, now in its fourth year, which aims to facilitate orientation of students and bring them closer to the world of work through initiatives focused on the company's business. The Young Energy format has been completely digitally redesigned, involving about 800 students from 8 technical institutes and continuing in the same way also in 2021, involving 8 new schools between technical institutes and high schools.

In 2020, the **Con la scuola** project also continued, carried out by Snam in collaboration with LUISS Business School and Consorzio Elis, which aims **to strengthen the link between school and business**, thus contributing to the renewal and evolution of the school as an organisation. A central element of the project is **training for class councils, headmasters and teachers**, providing them with new tools and methodologies to prepare students for the world of work effectively. The aim of the project is to help schools move from knowledge-based teaching to competence-based teaching, where cooperation, involvement and creativity are the essential ingredients of a new way of education.

In 2020:

- 40 institutions were involved (48% from the North, 27% from the Centre and 25% from the South);
- 45 class councils were held;
- 300 teachers and 1,000 students took part
- 20 webinars, 13 experiential workshops and 2 days of in-person training took place.

## An approach strictly linked to meritocracy

At Snam, **merit** is the basis for professional development and career opportunities and, at the same time, is the benchmark for ensuring that people management meets criteria of fairness and sustainability. For Snam, the assessment of said criteria is fundamental in order to create a corporate culture where individuals are valued, taking into account their abilities and the contribution they can make to the pursuit of the Group's objectives.

**Performance Management** is designed with this in mind, a process of assigning and assessing objectives linked to sustainability issues and behavioural aspects **consistent with those defined in the corporate strategy** to all the people who contribute to results on a daily basis, enabling them to **grow together with the business**. During 2020, the third cycle of Performance Management was launched with the aim of expanding the scope to the population of Technicians and Employees with the support of ad hoc training organised on the territory starting in February 2020 and ending in 2021.

### Employees evaluated in Performance Management (no.)

	Men	Women	Total
Executives	89	18	114
Middle Managers	390	87	506
White collars	744	259	986
<b>Total</b>	<b>1,223</b>	<b>364</b>	<b>1,606</b>

In 2020, both the **number of assessed staff** and the **number of sustainability targets assigned by the performance management programme are higher than in the previous year**, +1.2% and +23.2% respectively. This increase is mainly due to the expansion of the activities to which they are linked (activities related to the hydrogen and biomethane businesses).

**Performance Management** involves a learning path consisting of 2 days of training and half a day of follow-up for each competence.

In order to activate an assessment as extensive as possible on the company population through a structured and homogeneous framework, all job positions, with the exception of executives, are also subject to the analytical and comprehensive assessment of Complexity, Responsibility, Experience and Autonomy (C.R.E.A.) factors. In 2020, 320 CREA assessments were approved.


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## Number of assigned sustainability topic goals

	2018		2019		2020	
	Assigned (no.)	Reached (%)	Assigned (no.)	Reached (%)	Assigned (no.)	Reached (%)
Objectives Executives	131	97	144	81	198	85
Objectives Middle Managers	274	87	239	88	282	81
Objectives Other staff	63	89	377	84	456	85
<b>Total</b>	<b>468</b>	<b>90</b>	<b>760</b>	<b>85</b>	<b>936</b>	<b>84</b>

Snam considers meritocracy to be a fundamental value for guaranteeing an adequate remuneration system for its employees, which is periodically updated on the basis of comparisons with reference markets. In particular, these systems aim to **ensure recognition of the results achieved, the quality of the professional contribution provided and individual development potential of the person.**

In 2020, the Snam **2020 Remuneration Policy** for Directors, Statutory Auditors and Key Executives was approved. The document defines the new long-term equity incentive plan 2020-2022, which provides for the assignment of ordinary shares of the Company against the achievement of performances measured over a period of three years.



**Key Executives**, other than Directors and Auditors, are as follows: Chief Energy Transition Officer; Chief Financial Officer & Chief International & Business Development Officer; Chief Industrial Assets Officer; General Counsel; Executive Vice President Human Resources & Organization & PFM.

In the new Remuneration Policy, sustainability becomes an even more relevant factor, both because the weighted accident frequency and severity index, the DJSI, FTSE4GOOD and CDP (formerly the Carbon Disclosure Project) indices, and the Forestation Project are taken into account, and because the weighting of sustainability objectives (ESG) in short-term and long-term variable incentives is increased from 10% to 20%, systems designed to reward top performance and young resources with development potential.

Lastly, Snam implemented a **"Participation Bonus"**, instituted by the National Collective Labour Agreement, based on the performance of profitability and productivity parameters, measured in relation to the targets agreed upon every year between the company and the trade-union representatives.

The Snam Remuneration Policy for 2021 relating to Directors, Statutory Auditors and Executives with strategic responsibilities will be approved during the Shareholders' Meeting on 28<sup>th</sup> April 2021.


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## Protection of workers' rights: relations with trade unions

During 2020, Snam maintained constant relations with the **trade unions** at national and local level through 155 virtual meetings, in compliance with government regulations and specific company policies aimed at limiting contagion from Covid-19, during which the parties discussed various projects to develop already consolidated businesses and those recently launched, as well as issues of organisational importance arising from the crisis situation that occurred this year. Specifically, the issues addressed in the meetings concerned the definition of paths deriving from the integration of commercial dispatching with physical dispatching, aimed at optimising transportation and storage activities, and the scheduling of the work of the technical commission on the "SMART Gas" and "SMART Gas Impianti" projects, aimed at improving the effectiveness of technical and operational processes relating to asset maintenance activities.

In the regasification business, meetings were held with the trade unions, at national and local level, aimed at sharing and comparing the issues concerning the evolution of the business that can have an impact on employees.

In 2020, the total number of pending litigations is 16 (+3 compared to 2019), of which one is for termination pay litigation, four for breach of contract, ten for joint and several liability and one for professional development, while the number of litigations opened in the year is 11, down four from the previous year.



### Labour disputes (no.)

	2018	2019	2020
Total disputes pending at 31.12	13	13	16
Opened in the reference year	51(*)	15	11
Closed in the reference year	67	15	8

(\*) 46 grievances filed in 2018 are to be attributed to joint responsibility in procurement contracts.



INCLUDE DIVERSITY

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	Percentage of women in executive and middle-management positions (*)		ESG scorecard 25.0% (by 2023)	19.3%	20.3%
	Percentage of women in succession planning (first and second line and key positions) (*)		ESG scorecard 27% (by 2023)	22%	22%

(\*) The perimeter relates to the following companies: Snam S.P.A. Snam Rete Gas, Snam4Mobility, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, les Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP, TEA.

Snam believes that **diversity and plurality** are values that contribute to creating an open and stimulating working environment, promoting perspectives and points of view that foster new ideas and effective and virtuous behaviour. Valuing diversity makes the company more **competitive, innovative and people-oriented**.

In line with the broader human rights framework outlined in the **Global Compact**, as well as aiming to strengthen the dissemination of an equal opportunities culture to employees and collaborators, a specific corporate **Diversity & Inclusion policy** was established at the end of 2019.

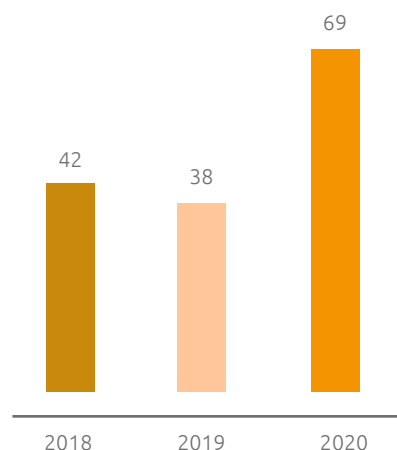
The policy focuses on creating a welcoming working environment free from direct or indirect discrimination, applying specific human resources policies and metrics to ensure fairness at all stages of the employment relationship, training and work-life balance. In 2020, the policy was enriched with two new appendices: the first on **gender equality** and the second on the **recruitment phase**.

**Gender diversity** has always been considered a point of attention for Snam, especially in view of the characteristics of its business, which historically sees a majority of men in the most strategic positions, especially in operational ones. The female workforce comprised 507 resources (+15% compared with 2019), equal to 15.6% of the corporate population (+1 percentage point compared with 2019). The female population is mainly concentrated in the north of Italy (around 91% of the total), mainly working in the San Donato Milanese offices, and benefits from the majority of active part-time contracts (33 out of 42, 79%).

The focus on gender diversity was further reinforced by the inclusion in the ESG Scorecard of two targets to 2023 concerning the percentage of women in executive and managerial positions (25% to 2023) and the percentage of women in succession planning in strategic roles (27% to 2023). In 2020, these percentages correspond to 20% and 22% respectively, which is in line with the achievement of the set targets.


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### Women hired from the market (no.)



### A team created ad hoc to promote diversity and inclusion

The **Inclusion Team**, created ad hoc by Snam, is an inter-functional group of 35 people representative of the many corporate diversities present, which promotes a culture of diversity and equal opportunities in order to create an environment that enhances as much as possible all the peculiarities of which it is composed. The Inclusion team has drawn up an action plan "**#Snam4Diversity, Energia che Include**", which includes a series of initiatives aimed at spreading the culture of diversity. The team identifies, proposes and promotes initiatives that affect all HR processes:

- **Employer Branding & Talent Acquisition**, which aims to promote objectivity in the candidate selection process and ensure equal opportunities for internal and external candidates
- **Training**, which aims to create greater awareness of diversity in the company
- **Development**, which aims to introduce and consolidate diversity and inclusion within the performance management system
- **Communication**, which aims to spread the language of inclusion in the company and facilitate the meeting and connection between people.

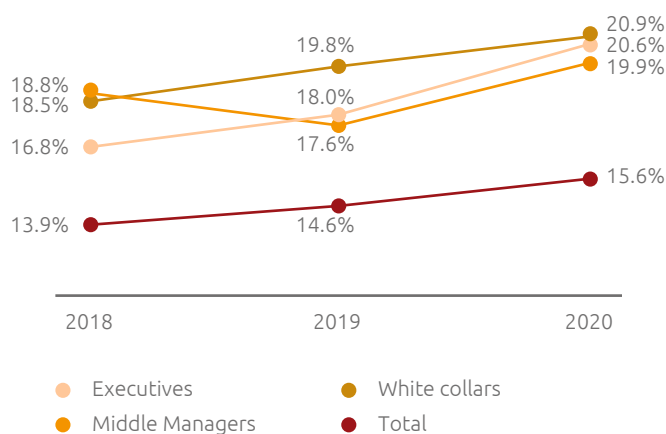
Among the other initiatives put in place to promote the role of women in society and to enhance their potential both in education and in the post-Covid recovery phase, the Group organised, through **Fondazione Snam**, a number of informative webinars, which were then distributed on LinkedIn, Facebook and YouTube platforms, both internally and externally, the main topics of which were:

- **the role of women in the recovery**, a dialogue to discuss the obstacles to the full expression of women's potential and to identify possible paths to encourage women's participation, especially in the post-Covid economic recovery phase;
- **with women at the time of Covid-19**, an in-depth analysis of the initiatives and concrete actions carried out by Third Sector organisations, also thanks to the Fondazione Snam, to help women face the emergency, with particular attention to the issues of gender-based violence and the burden of care work;
- **women and education**, a dialogue to reflect on the issue of gender equality in the world of work, emphasising how education is a valuable tool for spreading a culture of equity and female participation even in traditionally male-dominated fields such as STEM disciplines.

### Female personnel at 31.12 (no.)

	2018	2019	2020
Executives	18	20	27
Middle Managers	90	87	109
White collars	311	333	369
Blue collars	0	1	2
<b>Total</b>	<b>419</b>	<b>441</b>	<b>507</b>

### Female presence (%)





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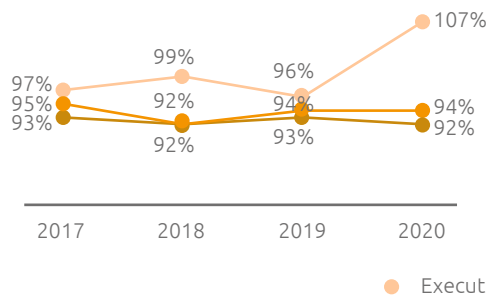


### Gender equality in corporate bodies

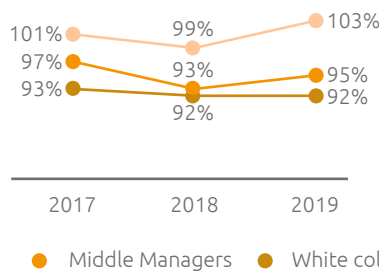
On 2 February 2021, the Shareholders' Meeting approved the amendment of article 13 of the Articles of Association to stipulate that **at least two-fifths of the members of the Board of Directors** must belong to the least represented gender. These amendments will apply from the next renewal of the Board of Directors. This choice is consistent with national and international best practices on gender balance and with Snam's commitment to protecting diversity and ensuring equal opportunities for all its employees.

Since 2010, Snam has carried out constant monitoring of the gender pay gap, in order to reduce the remuneration differences between women and men, with the ultimate aim of closing it, thus promoting effective gender equality. As of 2020, Snam has introduced a new method for calculating the gender pay-gap, which takes into account both fixed remuneration and short- and long-term variable remuneration. The gender pay gap was calculated using both cash and accrual data, the latter being the principle used in Section II of the Report on Remuneration Policy and remuneration paid pursuant to current law. On a cash basis, there was an **overall improvement in the gender pay gap** in 2020, in line with the trend of recent years. Specifically, the pay gap in middle managers and white collars remained almost unchanged compared to 2019, while a significant improvement was recorded among executives (from 96% to 107%). The accrual data also show an improving trend in the gender pay gap in recent years, although data for 2020 will be available after the publication of this document and will therefore be published in the next edition of the document.

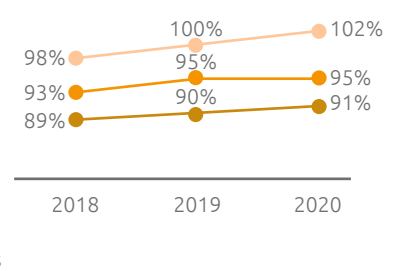
### Gender pay gap on a cash basis



### Gender pay gap on an accrual basis

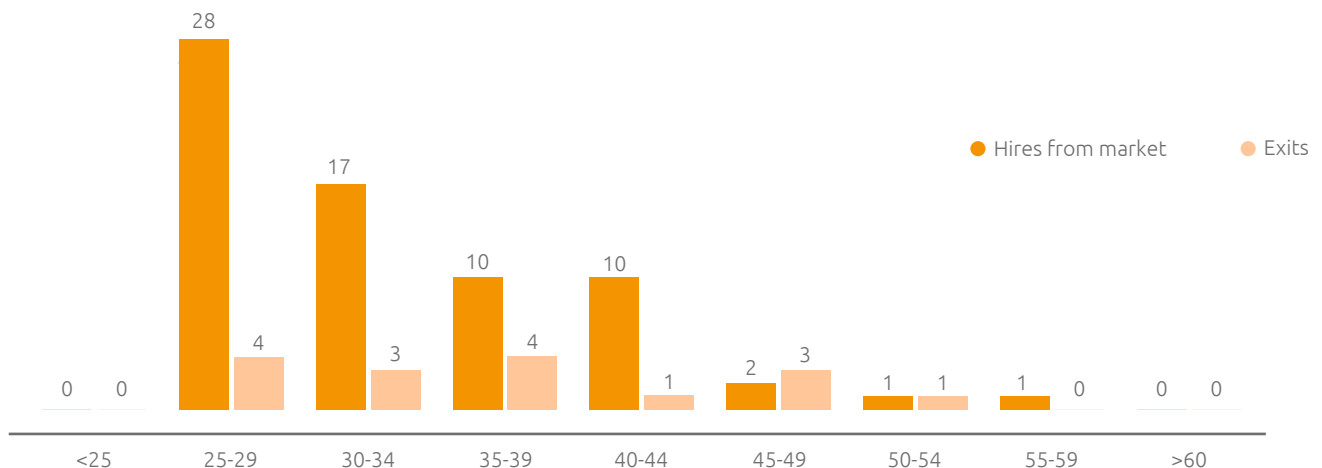


### Gender pay gap by base salary



With reference to the "Gender pay gap", for the Blue collar category, the data were not reported for privacy reasons given the low numerical representation of the female gender in this category. The representation of the gender pay gap for cash is calculated on the amount of salaries paid in the year, while on an accrual basis it is calculated by considering, as regards the variable components, the amounts accrued in the year, even if paid in different years.

### Hires from the market and exits for women (no.)




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## Gender equality initiatives



As evidence of the path taken on the Diversity and Inclusion front, Snam is among the 325 companies globally included in the **Bloomberg Gender-Equality Index (GEI) 2021**. The GEI tracks the financial performance of companies most committed to promoting gender equality around the world, through the development of appropriate policies and initiatives and transparent disclosure of information.

The index is based on factors such as the enhancement of female leadership, commitment to reducing the gender pay gap and a culture of inclusion.



Since 2017, Snam has been a Supporting Member of **Valore D**, which promotes the company's international growth through the increasing presence of women and colleagues of different nationalities. The partnership has given its employees access to courses on valuing the diversity of gender, generations and cultures and developing an inclusive culture, a factor in innovation, competitiveness and growth for individuals and companies. During 2020, Snam took part in 4 training courses, 2 inter-company mentoring courses offered by the association and over 10 training courses.



The international campaign **InspirinGirls**, promoted by Valore D, aims to create awareness among girls of their talents by freeing them from gender stereotypes that hinder their ambition.

The project involves women volunteers from different sectors and professions sharing their professional and life experiences with secondary school children, building a concrete bridge between school and the world of work. In 2020, Snam took part in the project with 70 "role model" women who gave their testimony in 36 meetings held in person and remotely.



In 2020, Snam adhered to the **Charter for Equal Opportunities and Equality at Work**, a declaration of intent, launched by the Sodalitas Foundation, voluntarily signed by companies of all sizes for the dissemination of a corporate culture and inclusive human resources policies.



In 2020, Snam joined **Parks**, the non-profit association that targets companies with the aim of promoting a culture of inclusion and respect in the workplace, in the belief that valuing differences constitutes an opportunity and a competitive advantage for business. By joining Parks, Snam joins the group of companies that have decided to take an active role in the development, also in Italy, of a culture that values and supports differences with the ambition of creating inclusive working environments for all employees, regardless of their sexual orientation, gender identity and expression.



Snam aims to adopt a language that respects all identities, conditions, affiliations, orientations and cultures. The aim is to create professional relationships based on mutual respect and to this end, a language is used that is inclusive of everyone, both inside and outside the company. With this objective in mind, the **Snam Inclusive Language Manifesto** was published in 2020, proposed by the Inclusion team to ensure that everyone in Snam can get in touch directly, using language that is always respectful.

Snam has launched the **#Snam4Diversity Talks** initiative, a series of training events to discuss the issues of Diversity and Inclusion. The initiative is an opportunity to become more aware of the meanings and impacts of inclusion and its many facets. During 2020, two training sessions were provided involving more than 250 employees.



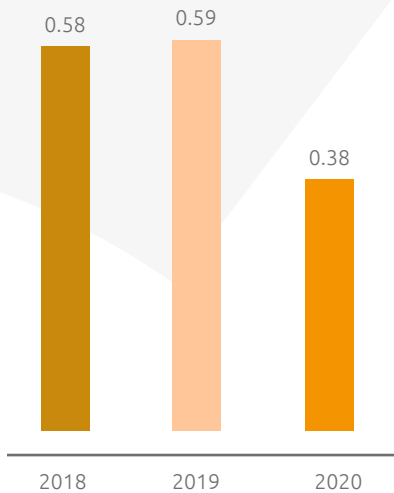
PROTECT HEALTH AND SAFETY

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	IpFG (Combined Frequency and Severity Index)	ESG scorecard	< the average of the last 5 years (until 2023)	0.32	0.49
	No. of HS remarks / No. of total audits conducted (external and internal)	ESG scorecard	< the average of the last 5 years until 2023	-	0.27

The protection of the health and safety of its workers has always been at the heart of the Company's attention, considering the nature of the activities carried out by its employees on site and the operations required, for example, in infrastructure construction. To properly monitor this issue, all company activities are governed by management systems certified according to ISO 45001 on health and safety at work and the adoption of good practices, promoted and shared with suppliers.

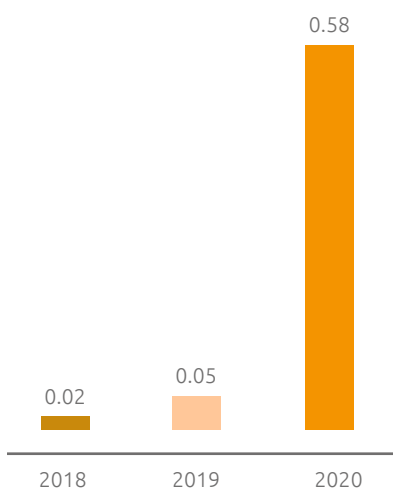
The Group's efforts have made it possible to maintain low injury rates, both for employees and contractors: in 2020, there were a total of 5 injuries (7 in 2019), of which 3 occurred to Snam Group employees (2 in 2019), all of which occurred in companies in the non-regulated sector (2 in Cubogas and 1 in Mieci), and 2 to contract suppliers (5 in 2019), of which one, unfortunately, was fatal.

Injuries at work  
Employee and contractor  
frequency rate



Number of accidents at work resulting in absence of at least one day, per one million of hours worked.

Injuries at work  
Employee and contractor  
severity rate



Number of work days lost, related to accidents at work resulting in absence of at least one day, per one thousand of hours worked. A fatal accident is counted as 7,500 days of absence.


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### Health and safety projects and awards at Snam

Among the many initiatives proposed by Snam to protect health and safety, of particular importance are those designed to spread a culture in which health protection, accident prevention and safety are the key elements in ensuring a safe working environment.

**Snam4Safety** is a project aimed at strengthening the safety culture and awareness of employees and contractors. In spite of the difficulties caused by the Covid-19 pandemic, the project continued in 2020, with the launch of a coaching activity for Operations Managers and Prevention and Protection Service Managers (ASPPs), with the support of DSS Sustainable Solutions Italy. This activity will continue in 2021.

As part of the Snam4Safety initiative, Snam has created the **Zero Accident Award**, whereby site employees commit to achieving 365 consecutive days without an accident - both at work and commuting (zero accident target). A tangible award is given to the winning staff each year. In 2020, 10 homogeneous teams involving a total of 1,535 employees received the award.

## Injuries at work

	2018	2019	2020
<b>Employees</b>			
Total injuries (no.)	4	2	3
Fatal accidents (no.)	0	0	0
Accidents with severe consequences* (no.)	-	-	0
Frequency rate	0.84	0.41	0.59
Severity rate	0.02	0.03	0.01
<b>Contract workers</b>			
Total injuries (no.)	3	5	2
Fatal accidents (no.)	0	0	1
Accidents with severe consequences* (no.)	-	-	0
Frequency rate	0.41	0.71	0.25
Severity rate	0.03	0.07	0.93
<b>Employees and contract workers</b>			
Total injuries (no.)	7	7	5
Accidents with severe consequences* (no.)	-	-	0
Frequency rate	0.58	0.59	0.38
Severity rate	0.02	0.05	0.58

*\*An accident is defined as having serious consequences if the worker suffers an injury from which it is not possible to recover, does not recover or it is unrealistic to expect full recovery to the state of health prior to the accident within 6 months. Fatal accidents are excluded from the calculation.*

## Employee workplace accidents by event type (no.)

	2018	2019	2020
Car accidents	2	0	0
Occupational accidents (maintenance, inspection, checks)	1	1	2
Generic accidents (slipping, impact, tripping)	1	1	1

In the new ESG Scorecard, Snam has introduced a new target concerning the IpFG, the combined frequency and severity index, which makes it possible to assess in a single KPI both the number of accident events and their severity, with the goal that until 2023, it should be lower than the average of the last five years and that, in 2020, it should be 0.49.



### Protect employees from the Covid-19 pandemic

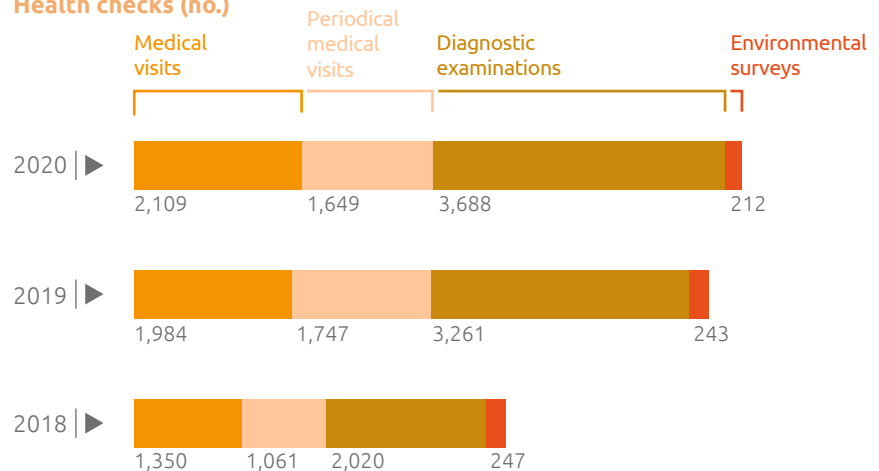
For the management of the health emergency due to the spread of the Covid-19 virus, an **inter-functional team**, named Crisis Management, has been in place since its inception (February 2020). The team had the fundamental task of assessing the level of risk to which Snam workers could be exposed and defining the appropriate precautionary and containment measures to ensure not only the protection of workers' health in all operating conditions, but also the continuity of the service. Snam, in addition to having implemented the shared Protocol for regulating measures to combat and contain the spread of the Covid-19 virus in the workplace, defined between the government and social partners, and integrated the **Risk Assessment Documents** considering the INAIL methodology on measures to contain contagion in the workplace, has:

- created a **Health Protocol** containing criteria and measures to protect the health and safety of workers at work, which is constantly updated according to epidemiological developments and regulations;
- organised a constant and widespread **information campaign** towards all workers;
- set up the Committee for the application and verification of the rules provided for in the Protocol defined between the Government and the social partners.

## Protecting health

The health status of workers who, on account of the jobs they perform, are exposed to specific risk factors, is monitored through regular health checks, carried out by medical personnel trained for this purpose. To guarantee a working environment that complies with workplace hygiene standards, environmental screening is periodically carried out to monitor microclimate, biological and physical aspects of the workplaces. There are no recognised cases of occupational diseases of employees in the three-year reporting period.

### Health checks (no.)



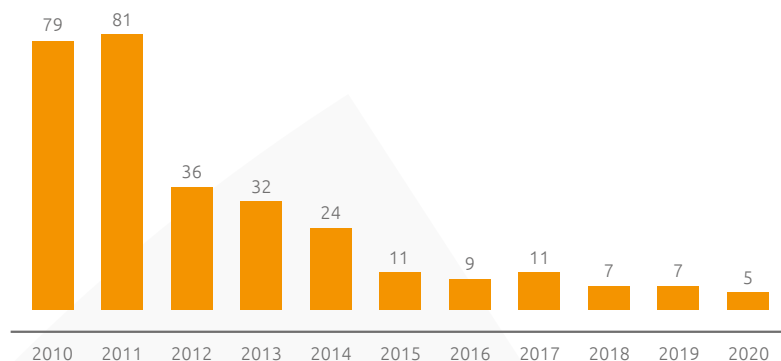
### Workers receiving regular health checks (no.)

	2018	2019	2020
Total exposed workers	2,652	2,742	2,880
Workers who sit at a computer station (VDT)	1,923	2,027	1,583
Workers with responsibility in an emergency	599	594	596
Workers exposed to chemical agents	10	65	41
Workers responsible for moving heavy loads (*)	94	136	661
Night workers	113	113	121
Workers exposed to noise pollution	24	53	60
Workers exposed by synergy of several risks	587	690	657
Workers exposed in confined spaces	139	176	179
Workers exposed for other reasons (IE, abroad, TOX, welding)	127	194	193

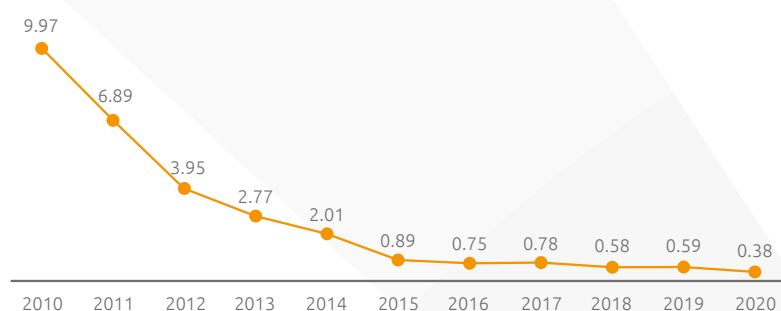
(\*) The increase in the number of workers subject to periodic health surveillance for Manual handling of loads is due to the increase in the required frequency of checks (annual from 2020).


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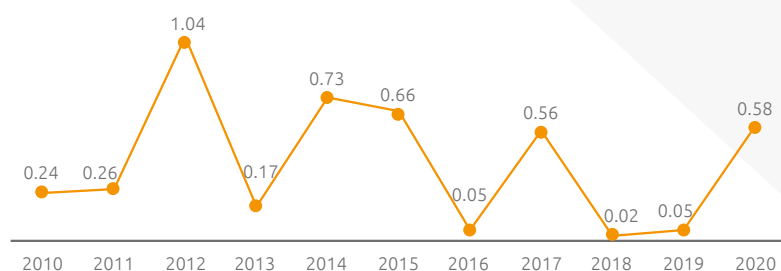
### Number of injuries (employees and contractors)



### Frequency rate\* (employees and contractors)



### Severity rate (including fatalities)\*\* (employees and contractors)



\* The frequency rate has been calculated as the number of injuries at work resulting in absence of at least one day, per one million of hours worked.

\*\* The severity rate has been calculated as the number of work days lost, related to accidents at work resulting in absence of at least one day, per one thousand of hours worked. A fatal accident is counted as 7,500 days of absence.

## Health and safety: achievements over the last ten years

Given Snam's business, which is engaged in gas transport, storage and regasification, as well as building infrastructure to support its activities, the issue of health and safety has always been monitored through numerous measures and initiatives, which have been constantly improved over the last ten years, aimed at effectively disseminating a culture based on health protection, accident prevention and safety at all levels of the Company, involving the entire workforce, as well as contractors.

Safety performance has improved over time, suggesting the effectiveness that the initiatives implemented have had thanks to the careful coaching that Snam provides to both employees and contractors, in order to ensure the best safety conditions in any work context. This is evidenced by the trends in the frequency index and the total number of accidents involving employees and contractors, which have fallen significantly over the last ten years.

The trend in the severity index, influenced by the few fatal accidents (which have a significant impact on the index and explain the peaks present) also confirms the improving trend in safety performance.





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## CHANGING WITH SUPPLIERS<sup>4</sup>

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	Percentage spent on local suppliers (SMEs in Italy) on total procurement	 ESG scorecard	50% (by 2023)	30%	37%
	Increase of third sector suppliers in Vendor List	 ESG scorecard	+20% (year on year, up to 2023)*	no. 7	no. 26
	Reducing the amount of plastic in packaging for industrial supplies		-100% (by 2023)	-	-60%

\* With the exception of the 2021 target equal to +10% compared to 2020.



### Awards and recognitions related to supply chain management

As part of the activities related to Robotic Process Automation, a new process for drafting documentation to support the contract strategy was implemented during the year, which received the 'Best Digital Innovation Process in Procurement 2020' award from an external jury of experts in the field (IKN Italy).

Other important awards were given to Snam's supply chain management by the jury of **The Procurement Awards 2020**, for aspects relating to innovation and skills development.

For Snam, suppliers represent true allies in the consolidation of core business and new business, as well as partners with whom to achieve decarbonisation objectives. The commitment to deepen and consolidate the relationship with suppliers is constant and is based on the sharing of skills and expertise, with the aim of promoting sustainability practices along the value chain.

Snam, on the strength of its experience in the use of new technologies and aware of the added value of digitalisation, in 2020 continued its activities to create a **Supply Chain 4.0**: a reorganisation that will affect the entire supplier base, also thanks to the use of Industry 4.0 technologies, including the Internet of Things.

4) Unless otherwise specified, the data in this paragraph relate to the companies: Snam, SRG, GNL Italia, Stogit, Enura, Snam4Mobility, Cubogas.


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### Resilience in the pandemic

Building a path of growth with suppliers and valuing the skills of each one are elements that contribute to the enrichment and integrity of the supply chain, which is even more important in the current pandemic context. Snam, which has been working on this for years, has demonstrated that its **supply chain is resilient**, solid and able to cope with unforeseen events, which can often lead to highly unstable situations. The **change-oriented vision**, capable of anticipating future needs, proved essential to overcome the effects of the pandemic, especially on the financial system and business processes. In particular, the management models used for Snam's procurement proved to be adequate and went beyond compliance with the drivers of efficiency and cost-saving, proving to be **flexible in terms of timing and methods of engaging suppliers**.

Moreover, in order to enable trade-off assessments between overall risks and benefits, Snam has activated an **extraordinary monitoring of the economic-financial conditions of suppliers** to measure their level of 'distress'. In order to efficiently manage the emerging costs and increased burdens imposed by the health emergency restrictions on suppliers, some 78 parties (covering 200 contracts) were involved, including discussions on how to ensure health and safety in the workplace.

In this way, the **digitalisation** of internal processes and those supporting the relationship and communication with suppliers, has made all the phases involved in the acquisition of goods, works and services more efficient. In fact, even in the management of procurement processes, Snam aims to use forms of **Intelligent Automation** with the use of large databases and even more precise technologies capable of making increasingly up-to-date and accurate choices of suppliers. The ability to use big data and to carry out in-depth qualitative evaluations is the added value of this process, for which Snam has prepared itself in good time by investing in the training and specialisation of its supply chain management staff. It is precisely to them that Snam's Supply Chain Academy activity is dedicated, with the support of Snam Institute, which in the two-year period 2019-2020 delivered over 1,300 hours of training.

### The best goods, works and services for tomorrow's infrastructure

In 2020, goods, works and services were purchased for a total value of Euro **1,832 million** (+18% compared to 2019): 71% of these related to the public sector (Euro 1,302 million) and 29% to the private sector.

During the year, contracts were registered with 541 suppliers, of which 377 were categorised as Small and Medium-sized Enterprises - SMEs (69% of the total), and 1,338 procurement contracts (and their revisions) were concluded, of which 61% were in favour of SMEs. The latter represent one of the main players in the Italian economy and, thanks to their flexibility, adaptability and widespread presence throughout the country, are particularly well suited to working with Snam to meet its needs (private-sector procurement by Italian SMEs accounts for 17% of the total).

In line with the targets included in the ESG Scorecard, the percentage of spending on local suppliers on total procurement for 2020 is 37% (+7 percentage points compared to 2019), confirming the Group's commitment to the development of the communities in which it operates.

€233  
million

procured for  
**assets**

€555  
million

procured for  
**works**

€1,044  
million

procured for  
**services**



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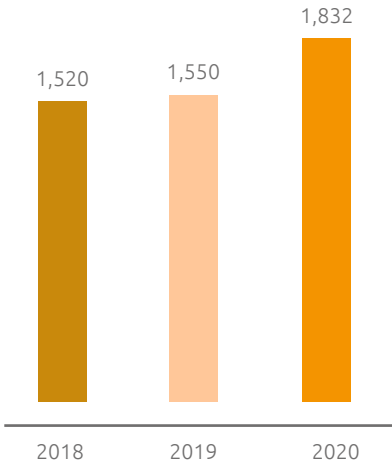
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Procurement

Value procured (Euro millions)



Snam interfaces with a wide variety of suppliers from different product sectors (goods, services and works) and, in order to assess their strategic importance for the business, classifies them in terms of criticality, technological complexity and impact on company performance. In 2020, there were 90 suppliers classified as more strategic and with higher levels of criticality, with a relative procurement value of **Euro 973 million** (53% of the total).

As in 2019, the most significant raw material among those purchased is **steel**, with more than 84,000 tonnes as part of the supply of pipes, valves and fittings, mainly used for the gas transport business.

Geographically, **more than 96% of the goods, works and services were purchased in Italy**, involving suppliers located in almost the entire national territory (19 regions).

Snam's supply activity is an important driver for the activation of the national economy and employment, moving a series of economic flows that transfer wealth to the economic system of the companies in its supply chain and to the national economic system.



Suppliers and the energy transition

In the current phase of progressive decarbonisation, in the context of which Snam has strategically chosen to focus both on high-tech initiatives (innovation, research and development in support of large national and international transportation networks) and on green economy businesses (sustainable mobility, renewable gas-biomethane, hydrogen, energy efficiency), the Group has focused on creating added value, in synergy with suppliers related to more traditional and consolidated activities and with those related to product categories linked to the energy transition and Snam's new businesses; in addition, the department is defining new management models suitable for supporting new strategic development scenarios. In 2020, as regards TEP, IES Biogas, Cubogas and Snam4Environment with subsidiaries, goods and services of Euro 189 million were procured from more than 1,000 suppliers in the new business sector (mobility, biomethane, hydrogen).

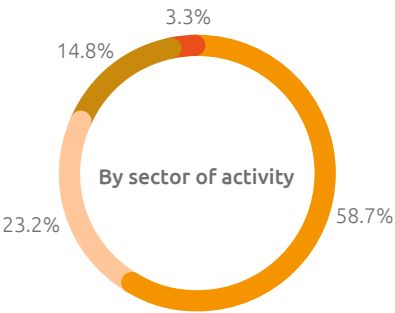
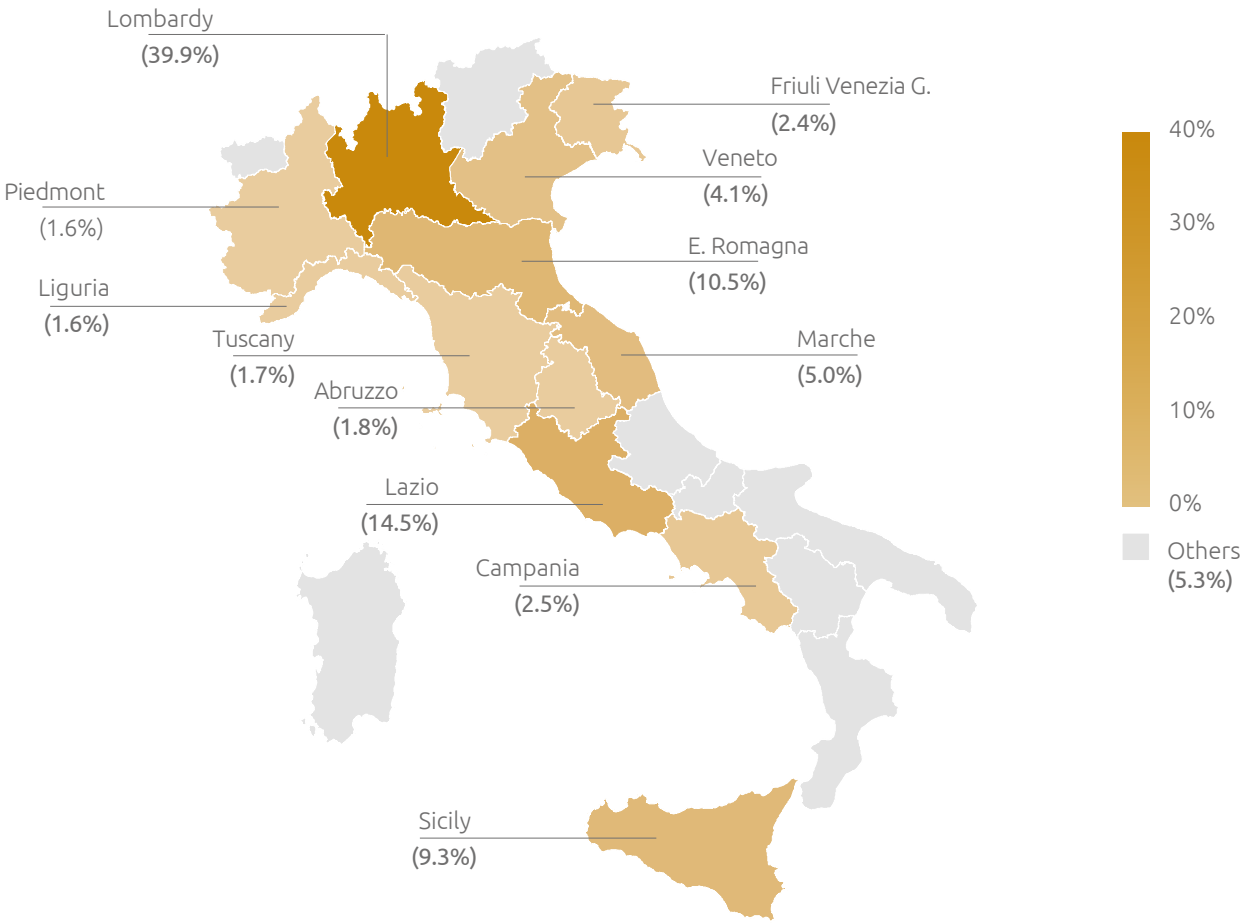
Material management for investment projects

The governance of material flows is increasingly strategic in supply chain management: a continuous process of innovation, the constant use of digitalisation of operations and the activation of increasingly effective synergies are required to better manage the processing of requests for goods.

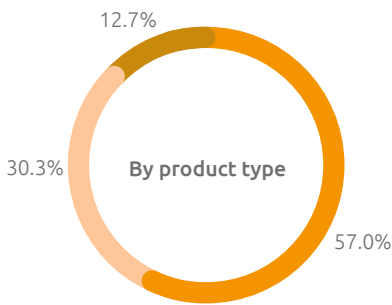
In 2020, more than 950 km of line pipes were acquired and more than Euro 130 million of goods were entered into Snam's warehouses. The funds allocated for the material management of investment projects exceeded Euro 136 million (+30% compared to 2019), an increase partly due to the objectives of modernising the network. The material flow management system has also been adequately prepared for the upcoming **management of hydrogen ready materials**.



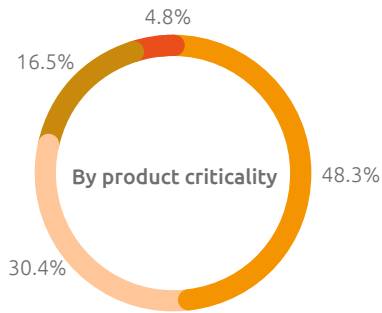
2020 Italian procurement  
Euro 1,832 millions



Transport  
Corporate  
Storage  
Regasification



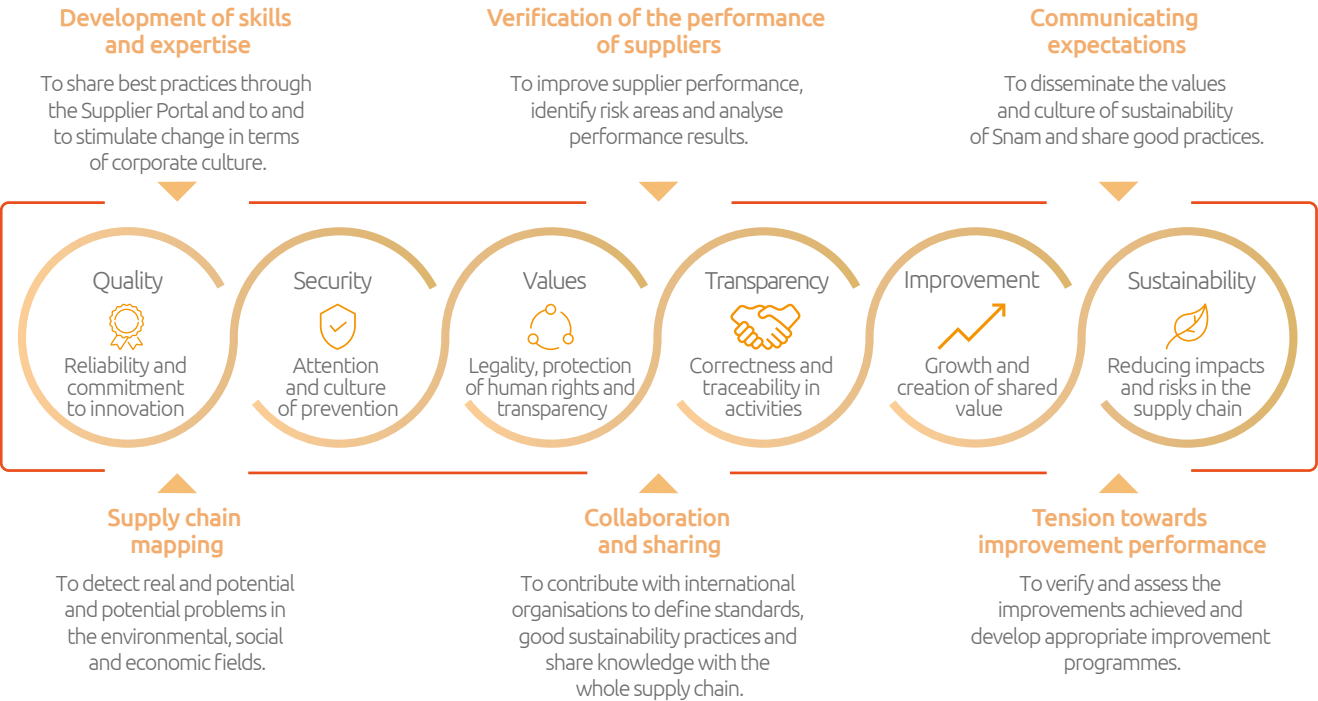
Services  
Work  
Goods



A  
C  
D  
B

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## Suppliers of change



Snam considers its suppliers to be an essential component of its business model and therefore maintains an ongoing dialogue with them with a view to responsibility, sustainable development and the production of value throughout the supply chain. In particular, its supply chain must ensure **transparency and compliance with the criteria of sustainability and free competition**. All activities are therefore geared towards **sustainable** and inclusive **growth** of the entire supply chain: Snam promotes good social responsibility practices towards its suppliers, such as respect for legality, combating corruption, ensuring safe working conditions and protecting human rights.

Suppliers are required not only to meet quality, price and reliability requirements, but also to share Snam's commitment to protecting the principles of social and environmental responsibility. For this reason, Snam's suppliers must formally undertake to conform their conduct to the contents of the **Snam Code of Ethics and the Ethics and Integrity Pact** (including subcontractors). In addition, in July 2020, Snam implemented a new process aimed at gaining a deeper knowledge of its suppliers, including a new category of verification in addition to the reputational one: "**Compliance Verifications**", which involve carrying out analyses also on the financial soundness of suppliers (or potential suppliers), as well as on their suitability and adequacy, both from a technical point of view and in terms of HSEQ.


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### Suppliers and the protection of human rights

Snam plays a fundamental role in **promoting and safeguarding human and labour rights** among its suppliers: in order to ensure a consistent approach within the Group, a **"Human Rights Policy"** has been defined, which contains the principles and criteria according to which Snam acts to manage this issue. Suppliers are required to share and comply with the commitments set out in the Policy in all phases of their collaboration with Snam, with particular reference to the promotion of safe working conditions, the absence of forced labour and the exploitation of minors.

The **standards of conduct** required of suppliers and the areas of application are also outlined in Snam's Code of Ethics, which is a key element of the Group's corporate culture: all those who apply to be included in the Snam vendor list must read the document and Snam then carries out the **necessary checks** on predetermined occasions.

Verification activities mainly take place during the qualification process, at the conclusion of the contract, or during reputational audits (2,758 in 2020). **Periodic audits** and, above all, constant **training activities** addressed to suppliers during periodic meetings are additional tools used by the Group to promote good practices and respect for human rights also along the supply chain.

In addition, to further protect the integrity of its supply chain, Snam allocates all of its procurement through contracts that contain **explicit sustainability-related clauses (ESG factors)**.

Integrating suppliers into the procurement process and raising their awareness of sustainability issues is an essential part of Snam's continuous improvement process, as the sharing of know-how, best practices and information guarantees the creation of value according to a common vision.

Following the decarbonisation objectives included in Snam's Strategic Plan and the intention to take action to reduce Scope 3 emissions from the supply chain, systematic action has been taken to raise awareness of sustainability issues among suppliers. In particular, during the year, a number of questionnaires were administered in order to understand which initiatives to implement in the future with a view to reducing emissions: the questionnaires are aimed above all at **mapping the impact on the climate of the supply chain** (with particular reference to greenhouse gas emissions, also with a view to future involvement in actions aimed at further reducing the Group's indirect emissions), to sound out suppliers' knowledge of these issues and to map out good sustainability practices in the conduct of their activities.

The results show that **land protection, health and safety, human capital development and anti-corruption** are the sustainability issues on which suppliers are most active. This suggests that Snam's suppliers pay attention to all the main areas relating to the environment, social and governance.

### Snam Plastic Less: the elimination of plastic from industrial packaging

Since 2019, Snam has been committed to reducing its use of plastic by setting a target for eliminating the plastic used in supply packaging by 2023 and also eliminating the plastic used to send materials to its sites, net of the amount needed for safety reasons. Together with suppliers, new supply specifications have been defined that include the elimination of non-functional packaging and the replacement of essential plastic packaging with other materials, such as wood.

**These actions have enabled the presence of plastic to be reduced by more than 60% in 2020** (more than 2 tonnes), with a forecast reduction by 2021 of up to 95% for materials entering and 100% for those leaving Snam's warehouses.


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## Assessment on sustainability issues

	Number <sup>(1)</sup>			Employment Practices <sup>(2)</sup>			Environmental criteria			Human rights <sup>(3)</sup>		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>Goods</b>												
Qualified suppliers	495	940	<b>630</b>	45%	22%	<b>48%</b>	45%	22%	<b>48%</b>	100%	100%	<b>100%</b>
of which A and B level	105	101	<b>98</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
Suppliers qualified during the year	85	126	<b>234</b>	35%	29%	<b>45%</b>	35%	29%	<b>45%</b>	100%	100%	<b>100%</b>
of which A and B level	9	10	<b>20</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
<b>Works</b>												
Qualified suppliers	244	383	<b>309</b>	65%	46%	<b>69%</b>	65%	46%	<b>69%</b>	100%	100%	<b>100%</b>
of which A and B level	81	81	<b>79</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
Suppliers qualified during the year	59	109	<b>88</b>	59%	72%	<b>66%</b>	59%	72%	<b>66%</b>	100%	100%	<b>100%</b>
of which A and B level	17	14	<b>11</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
<b>Services</b>												
Qualified suppliers	1,066	1,316	<b>1,328</b>	37%	26%	<b>41%</b>	37%	26%	<b>41%</b>	100%	100%	<b>100%</b>
of which A and B level	91	55	<b>54</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
Suppliers qualified during the year	265	377	<b>431</b>	28%	25%	<b>46%</b>	28%	25%	<b>46%</b>	100%	100%	<b>100%</b>
of which A and B level	19	10	<b>8</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
<b>Non-EU international projects</b>												
Qualified suppliers	7	9	<b>10</b>	100%	100%	<b>90%</b>	100%	100%	<b>90%</b>	100%	100%	<b>100%</b>
of which A and B level	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Suppliers qualified during the year	7	4	<b>3</b>	100%	100%	<b>67%</b>	100%	100%	<b>67%</b>	100%	100%	<b>100%</b>
of which A and B level	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>

(1) A supplier may hold more than one qualification, even for different goods

(2) Health and safety aspects

(3) Ethical aspects (regularity of contributions, DURC, law 231, child labour, forced labour, etc.)

## CDP Supply Chain Program

Snam continued with the involvement of a selection of its strategic suppliers in the **CDP (former Carbon Disclosure Project) - Supply Chain** programme, which started in 2019.

The CDP Supply Chain Program stems from the awareness that a company's environmental impact does not end within the company's perimeter, but also extends to its suppliers and employees, with whom it has established a lasting partnership. The purpose of the programme is to collect data from suppliers on their greenhouse gas emissions into the atmosphere (Scope 3 emissions), with the aim of raising awareness of climate change and working responsibly to reduce them. Through its participation in the CDP Supply Chain Program, Snam seeks to understand the emissions of suppliers caused by the Group's activities.

In 2020, the company extended the scope of its analysis by inviting the most significant suppliers in terms of procurement and the most strategic suppliers in the transport sector to provide their data, covering 75% of total procurement. The response rate to the questionnaire has further increased compared to 2019, from 56% to 60%.

Snam obtained a **CDP - Supply Chain score of A-**, demonstrating its commitment to engaging its suppliers on issues related to reducing emissions and developing sustainability strategies. These activities will help the Group to better define its Scope 3 emission reduction strategy.



## THE PATH TO BECOME A SNAM PARTNER

### The qualification to choose the best

International Standards  
applied to the most critical  
product categories

ISO 9001

OHSAS  
18001 /  
ISO  
45001

ISO 14001

In managing its supply chain, Snam aims to **establish long-lasting relationships**, based on sustainable growth and on spreading respect for environmental, social and economic components. To this end, it is therefore essential to act upstream of the management of the qualification process, dedicating from the outset great attention to assessing the suitability of aspiring suppliers and their selection. The **qualification process** aims to verify not only the supplier's current capabilities but also its future potential, according to criteria of objectivity, transparency and traceability. Many elements are analysed: technical and management skills, economic and financial reliability, ethical and reputational risk, commitment to anti-corruption, environmental protection, promotion working conditions that respect healthy and safe requirements, the absence of forced labour and exploitation of minors. There are further requirements for more critical works categories such as the possession of some certified management systems in accordance with international standards.

In order to ensure that the list of approved suppliers is adequate to meet current and future procurement requirements, Snam constantly conducts market intelligence analyses and scouts for new suppliers: This ensures the right balance of the number of supply companies on the vendor list, according to criteria that follow the changing needs for the acquisition of goods, works and services over time.

In 2020, a rationalisation of the number of suppliers on the Vendor List (-12% compared to 2019) and of the relevant Product Groups (approximately -7% compared to 2019) was carried out, seeking **new and efficient synergies between the suppliers** already available. At the same time, **the number of suppliers operating in energy transition and new business activities was increased**, as well as suppliers operating in sectors functional to pandemic management. The qualification process resulted in contacting more than 700 companies, covering more than 250 different product areas, and initiating the accreditation/qualification of more than 1,000 new applications. The number of spontaneous applications received from potential suppliers was 1,007 (+2.7%).

### Supplier Register population at 31.12 (no.)

	2018	2019	2020
Total qualified suppliers	1,465	2,085	1,855
of which in more important and strategic product categories (categories A and B)	258	227	221
Total number of suppliers involved in qualification renewal and newly qualified	611	722	645
Total active goods groups	571	622	579
of which public	419	402	203
of which private	152	220	376




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When selecting and qualifying suppliers, Snam, in line with the **Social Supply Chain policy** published in 2018, promotes the participation of companies belonging to the Third Sector, such as cooperatives, associations and non-profit businesses, providing incentives for its suppliers to adopt similar behaviour in turn and thus generate a multiplier effect. The Group's goal is to increase the number of suppliers from the Third Sector on the Vendor List by 20% by 2023 (compared to 2019). More generally, in 2020, there were 26 companies belonging to the Third Sector registered in the Snam Supplier Register, a significant increase in number compared to the 7 companies of the previous year. They provided services for more than Euro 200,000, mainly in the areas of green care and maintenance and catering.

## Monitoring performance: pursuing improvement

In order to enhance collaboration with suppliers and promote their development, Snam constantly dialogues with them, involves them in the achievement of objectives, evaluates their performance over time and repeatedly checks their requirements, seeking to integrate them into the Group's sustainable business model.

The monitoring of their performance and the related audits, inspection visits and assessment processes are the main instruments designed to protect the integrity of the supply chain sustainability and ensure that the expected standards of quality and efficiency are maintained.

During the year, **877 feedbacks** were collected, referring to the performance of 166 suppliers (+41% compared to 2019), **371 contracts** were analysed and, in line with the promotion of sustainable behaviour along the supply chain, **3,815 checks were also carried out on the contributory regularity** of 1,768 suppliers and subcontractors, intercepting irregularities in 2.28% of cases (+1.3% compared to 2019).

To evaluate performance over time, Snam also uses a **rating index (IR)** which takes into consideration the compliance with technical contractual requirements (Quality), the health-safety-environment (HSE) requirements, the agreed delivery times (Level of service), the setting up of a good relationship with the customer for the entire duration of the contract (Behaviour). This assessment is periodically sent to suppliers in the form of an analytical judgement, so that a constructive exchange can take place. In 2020, ratings showed an overall improvement, testifying to the effectiveness of the sharing of know-how and best practices carried out by Snam along the entire supply chain.

Snam may restrict, suspend or even revoke the qualification of a supplier that fails to meet the agreed standards. The possible cases could include, for example: the failure to meet technical-organisational requirements, negative performance evaluation for it or its subcontractors and a non-compliance with the provisions about social security contribution regularity and with the rules laid out in the Snam Code of Ethics. During 2020, 13 measures were adopted within this scope.

### IR index - Assessment area (%)

	Peso
Behaviour	20%
Punctuality	10%
Health, Safety, Environment	30%
Quality	40%

### Suppliers Performance Evaluation (%)

	2018	2019	2020
Excellent	36%	40%	34%
Good	34%	31%	35%
Adequate	17%	18%	23%
Insufficient	6%	5%	4%
Poor	7%	6%	4%

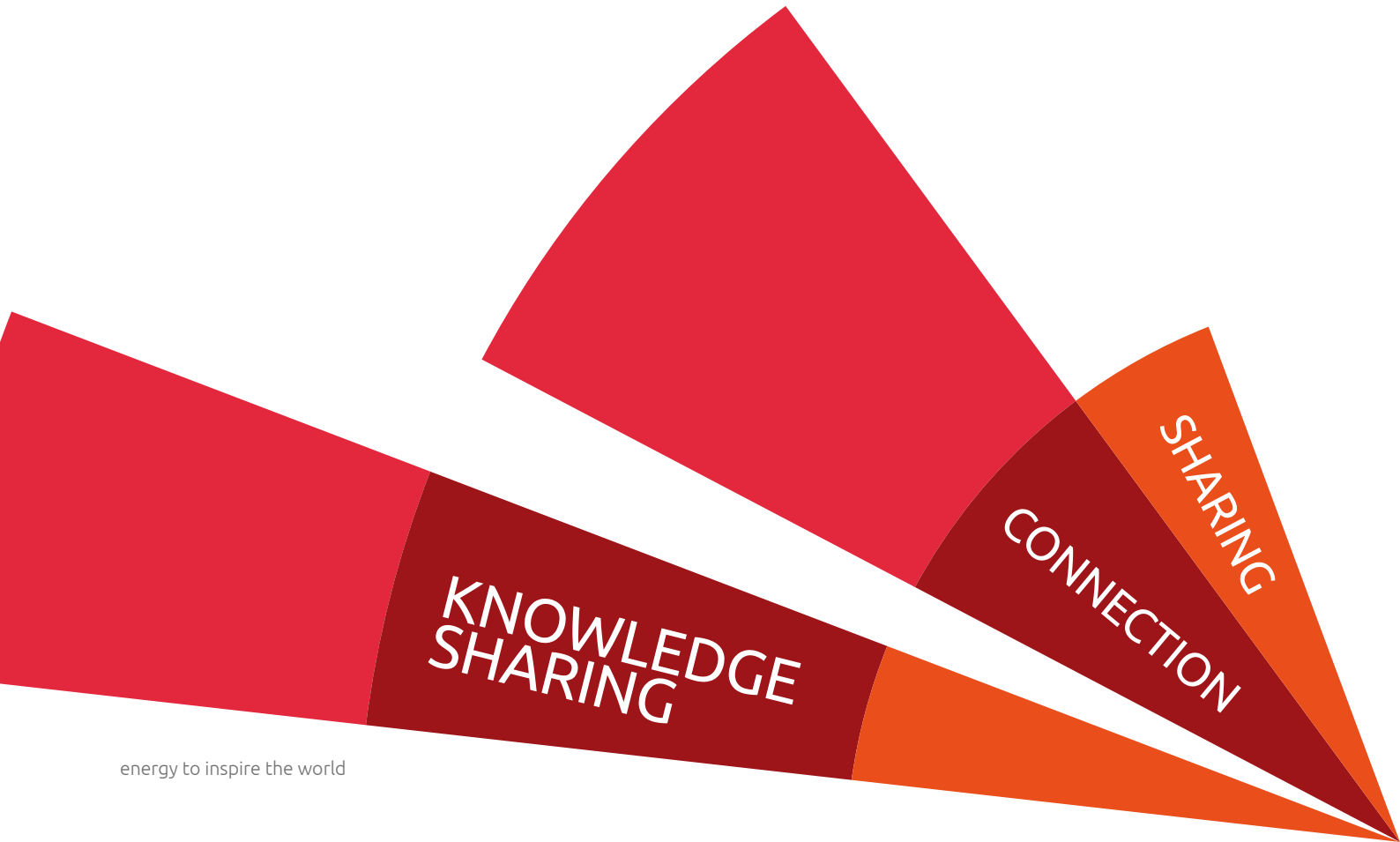
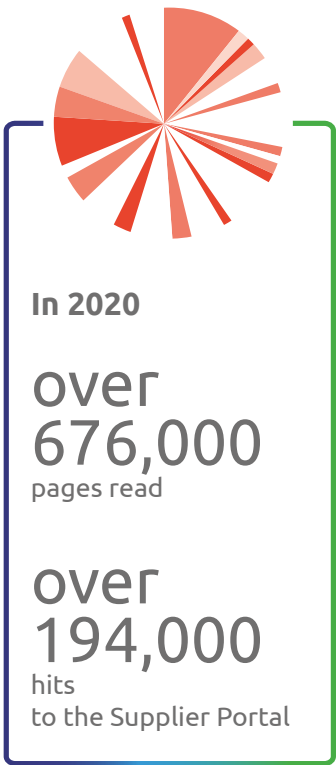


### The web portal: an open window on the world of suppliers

Since 2013, Snam has made available a specific web platform available to suppliers: **Portale Fornitori (Supplier Portal)**. This portal is the main tool through which the Company implements its procurement policy, making it totally transparent and traceable, with full information published.



Suppliers and candidates get in touch with Snam mainly through the Portal where the documents, best practices, updates on the processes and procedures regulating qualification and procurement activities are available. All suppliers registered to the Portal have a dedicated reserved area available, containing information involving them directly including: product sectors for which they are qualified, active contracts, performance in terms of workplace safety, notifications for invoicing the services provided.

The supplier portal is a tool that is constantly developing and growing: the new functionalities introduced year after year make it more efficient and stimulate how often it is used when interacting with Snam. In 2020 alone, more than 7,200 users registered on the portal (+37% compared to 2019), belonging to more than 2,200 suppliers (+9% compared to 2019). This year too, the portal was used to ensure constant and transparent communication with suppliers, who received a total of over 25,000 e-mails (+6% compared to 2019).





# ENGAGING LOCAL COMMUNITIES

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	Employees' hours dedicated to Fondazione Snam's initiatives supporting local communities		<i>ESG scorecard</i> <b>+10% (year on year until 2023)</b>	4,400	4,100



## Impatto Sociale Reloaded

Impatto Sociale Reloaded consists of a call for proposals launched by Snam together with Fondazione Italiana Accenture to support companies that have innovated to **respond effectively to the changes imposed by the Covid-19 pandemic**. The winners of the call, three Third Sector organisations, were supported in the design phase of the transformation process, and later, with financial support, also in the implementation phase. The selected projects focused on three areas:

- the development and extension of a **psychological support** service throughout the territory
- the implementation of a new model of **social and health care at home** for people with chronic diseases and complex clinical pictures
- an organisational transformation aimed at ensuring the continuity of home schooling services.



In addition to activities aimed specifically at managing the pandemic, Fondazione Snam has continued its other projects on a regular basis, rethinking them in relation to the current health emergency.

Snam, working extensively throughout Italy, seeks an open dialogue with local communities to consolidate mutual understanding and create lasting and profitable relationships. The relationships that are established over time are aimed at raising awareness of Snam's work and making the local population aware of the Group's activities and how it operates, in order to further extend the institutional relationships traditionally active with the Public Administration. In order to strengthen the relationship with and involvement of local communities, **Fondazione Snam** was established in 2017. Acting as a **system integrator**, it makes available the company's corporate, methodological and managerial skills, as well as its ability to attract investment and develop relational networks in the local area. The Foundation pursues the **development, promotion and dissemination of innovative, effective and supportive** practices capable of fostering the civil, cultural and economic development of the country. In past years, Snam has invited its employees to take part in Fondazione Snam initiatives, monitoring this through specific KPIs. This year, a commitment to do so was included in the ESG Scorecard, with a target to increase the percentage of employee hours spent on volunteering to support local communities by 10% each year by 2023. In 2020, there was unfortunately a slight decrease in the number of employee hours spent on voluntary activities, mainly due to the Covid-19 pandemic: despite the objective difficulties, Group employees still made their commitment felt and 1,200 of them were involved in such activities. In particular, during the year, given the impossibility of carrying out many volunteer activities in person, the Group's efforts were directed towards finding online alternatives and the possibility of donating hours through payroll giving, which together made it possible to arrive at an overall total of **4,100 hours** invested in volunteering. In 2020, the collaboration between Snam and the Foundation was fundamental in **combating the Covid-19 emergency**: the two entities allocated **Euro 21 million for initiatives in favour of the Italian health system and the Third Sector**. These funds were directed to hospitals, health facilities and other entities for the purchase of medical devices and basic necessities, which saw the activation of the widespread network of contacts both locally and internationally to search for exporters of lung ventilators, machines to sanitise large public areas, monitors, masks and other protection.


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#### Support for anti-violence

WE WORLD  
G.V.C. ONLUS



**Geography:** National  
**Project objectives:**

- Strengthening the resilience and relationship management skills of women forced to stay at home due to the emergency

**Beneficiari raggiunti:** 500

**Project description:** Fondazione Snam contributed to the creation of a remote listening centre, run by operators specialised in dealing with cases of ill-treatment and critical intra-family relationships. The centre can be reached by phone, message and e-mail.

#### Support for the elderly and nursing homes (RSAs)

BERGAMO SANITÀ  
SOCIETÀ COOPERATIVA  
SOCIALE ONLUS



**Geography:** Bergamo - Lombardy

**Project objectives:**

- Ensuring the home care service to support elderly people
- Ensuring the safety of operators and their families

**Beneficiaries reached:** 2.000

**Project description:** Fondazione Snam contributed by guaranteeing home-based activities to support the elderly, to allow less exposure to the virus, protecting the health of patients and operators, and providing personal protective equipment, which was difficult to find during the first phase of the pandemic.

#### Income and psychological support

COMUNITÀ  
DI SANT'EGIDIO  
ACAP ONLUS



**Geography:** Rome - Lazio

**Project objectives:**

- Ensuring support for people isolated by the emergency
- Preventing the spread of the virus
- Providing support to people in economic difficulties related to the emergency

**Beneficiaries reached:** 300

**Project description:** Fondazione Snam supported individuals and families in fragile conditions by providing healthcare, distributing basic necessities in the canteen in Rome and in neighbourhood centres to prevent the spread of the virus among the homeless. Basic necessities were also distributed at home with the help of counselling centres for psychological support.

#### Education and psychological and social support

ASSOCIAZIONE SOS  
VILLAGGI DEI  
BAMBINI ONLUS



**Geography:** Trento, Vicenza, Saranno (VA), Mantova, Roma, Ostuni

**Project objectives:**

- Safeguarding the health and psychophysical well-being of children and young people in Villaggi SOS
- Ensuring the continuity and enhancement of the reception services offered
- Safeguarding the health of workers in Villaggi SOS

**Beneficiaries reached:** 730

**Project description:** Fondazione Snam supported, through a donation, the cost of the extra working hours of the educators and operators. In addition, sanitary and hygienic material was purchased, such as masks, gloves, gels and other products for disinfection.

#### Access to care, health and psychological support

FONDAZIONE  
ANT ITALIA ONLUS



**Geography:** Apulia

**Project objectives:**

- Continuing to care for the chronically ill, not leaving them alone
- Promoting a decrease in hospital admissions through home-based care
- Providing personal protective equipment to health workers and ensuring its supply

**Beneficiaries reached:** 32 (thanks to the Snam contribution)

**Project description:** Fondazione Snam covered the costs for the inclusion of 4 additional operators. Close contact was maintained with patients and caregivers, facilitating the delivery of medicines and medical examinations at home. In addition, individual protective equipment was procured and purchased and patients were assisted both medically and emotionally.

#### Parenting support, health and psychological support and health protection

FONDAZIONE PAIDEIA  
ONLUS



**Geography:** Turin - Piedmont

**Project objectives:**

- Ensuring targeted support for families with children with disabilities from a psycho-educational, welfare and social-assistance perspective, as well as from a rehabilitation and therapeutic perspective;
- Providing families with the most serious difficulties with the technological tools they need to access the Internet and continue their children's education and therapy.
- Ensuring the safety of staff in activities

**Beneficiaries reached:** 1.230

**Project description:** Fondazione Snam contributed to ensuring the continuity of offering concrete support to families with children with disabilities, focusing on reducing the risk of isolation, exclusion and socio-economic impoverishment.


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### Treasures, Solidarity Lands in Inclusive Networks

The initiative, launched in 2017 in collaboration with Confagricoltura, has made unused land owned by Snam available to local communities. Environmental and agricultural projects involved the most vulnerable social groups.

Between 2019 and 2020, projects were supported in 2 areas. In Recanati (MC), a small pasta factory has been set up to provide vocational training for young people with disabilities and educational workshops, and has also started production. The second project concerned Ronco all'Adige (VR), where the construction of facilities to host pet-therapy activities and hydroponic cultivation was completed. In addition, rehabilitation programmes for people with mental difficulties were initiated.

### Sprint! La scuola con una marcia in più

The Sprint! project aims to implement an experimental model to combat educational poverty among minors and prevent forms of juvenile distress by removing the economic, social and cultural obstacles that prevent the full use of educational processes. In 2020, the project, in co-financing with Impresa Sociale con i Bambini, implemented educational and recreational activities for children and parents both in person and at a distance in Palermo, Brindisi and Milan. In addition, 3 summer camps focused on the theme of environmental education were held during the summer. Overall, the project involved more than 700 children, 100 parents and 50 teachers and educational workers.

### Corvetto Adottami

The initiative aims to contribute to the redevelopment and social development of the Milan Corvetto neighbourhood and focuses on three areas of intervention: social innovation, combating educational poverty and improving the environment and energy efficiency. Corvetto Adottami consolidates a series of initiatives already present in the area, such as "LacittàIntorno" and "QuiBi" in synergy with Fondazione Cariplo, the Municipality of Milan and the network of local associations.

During 2020, workshops for social inclusion were carried out in the Istituto Comprensivo Candia and guidance and support activities for young people not in training or employment and young people at high risk of dropping out of school (aged 14-17) were launched. In addition, the social enterprise MadeinCorvetto was inaugurated to offer citizens activities related to the world of food, culture and cycling in the covered market in Piazza Ferrara. Finally, in October 2020, the first section of the 'Tappeto Volante' urban regeneration project was inaugurated, involving the 500-metre route linking the Tommaso Grossi institute and Emilio Alessandrini park.

### Initiatives against energy poverty

In 2020, the Foundation committed to tackling energy poverty by launching a series of projects that will see their first concrete results in 2021: on the one hand, a research study will be published that aims to define, measure and describe the phenomenon of energy poverty and the main actions to combat it; on the other hand, a call for projects will be launched to support the development of project activities aimed at combating energy poverty.

### ForestaMi

Fondazione Snam is supporting the Milan City Council's "ForestaMi" project aimed at planting 3 million trees by 2030. It is a project aimed at increasing the resilience of the entire Milan area to environmental stresses and the effects of global warming, improving the quality of the environment and of life. In particular, Fondazione Snam has identified the first strategic forestation project, Serravalle, whose design will be managed by Arbolia and will be fully financed by the Foundation and TEP Energy Solutions.

### Welfare, che Impresa!

The project consists of a competition promoted by Fondazione Italiana Accenture, Fondazione Snam, Fondazione Bracco, Fondazione Con il Sud and Ubi Banca. 250 ideas were submitted, from which 12 finalists were selected to participate in an online training workshop.

The first prize was awarded to ZeroPerCento, a young social cooperative made up of five women that creates employment opportunities for young people with disabilities. ZeroPerCento was able to take advantage of the mentorship programme launched by Fondazione Snam, which also supported the cooperative in its development path thanks to its volunteer expertise.

### Employee Engagement and Volunteer Day

In 2020, despite the fact that the pandemic forced many activities to be carried out remotely, the following initiatives were successfully implemented:

- Online Competence Volunteering: a programme under which 30 Snam employees provided their expertise by donating 100 hours of salary and contributing to the "Corvetto Adottami" and "Welfare che Impresa" projects.
- Provision of vehicles for the distribution of basic necessities: thanks to the 11 methane-powered company cars granted by Snam on a temporary free loan basis, associations such as Emergency, the Italian Red Cross and Action Aid, in collaboration with Prodos, expanded and optimised their home assistance service to fragile families in Milan and Naples, delivering them packages of food and basic necessities.
- Provision of licences for access to the Snam Institute training platform: 30 Snam Institute E-Learning licences have been donated to non-profit organisations to increase their skills by drawing on the professional development courses in the training catalogue.
- Payroll giving and Matchgiving campaigns in favour of Third Sector organisations: campaigns through which Snam employees donated approximately 4,000 hours of pay to associations and organisations proposed by the Foundation.



For more information, see the Fondazione Snam's report.



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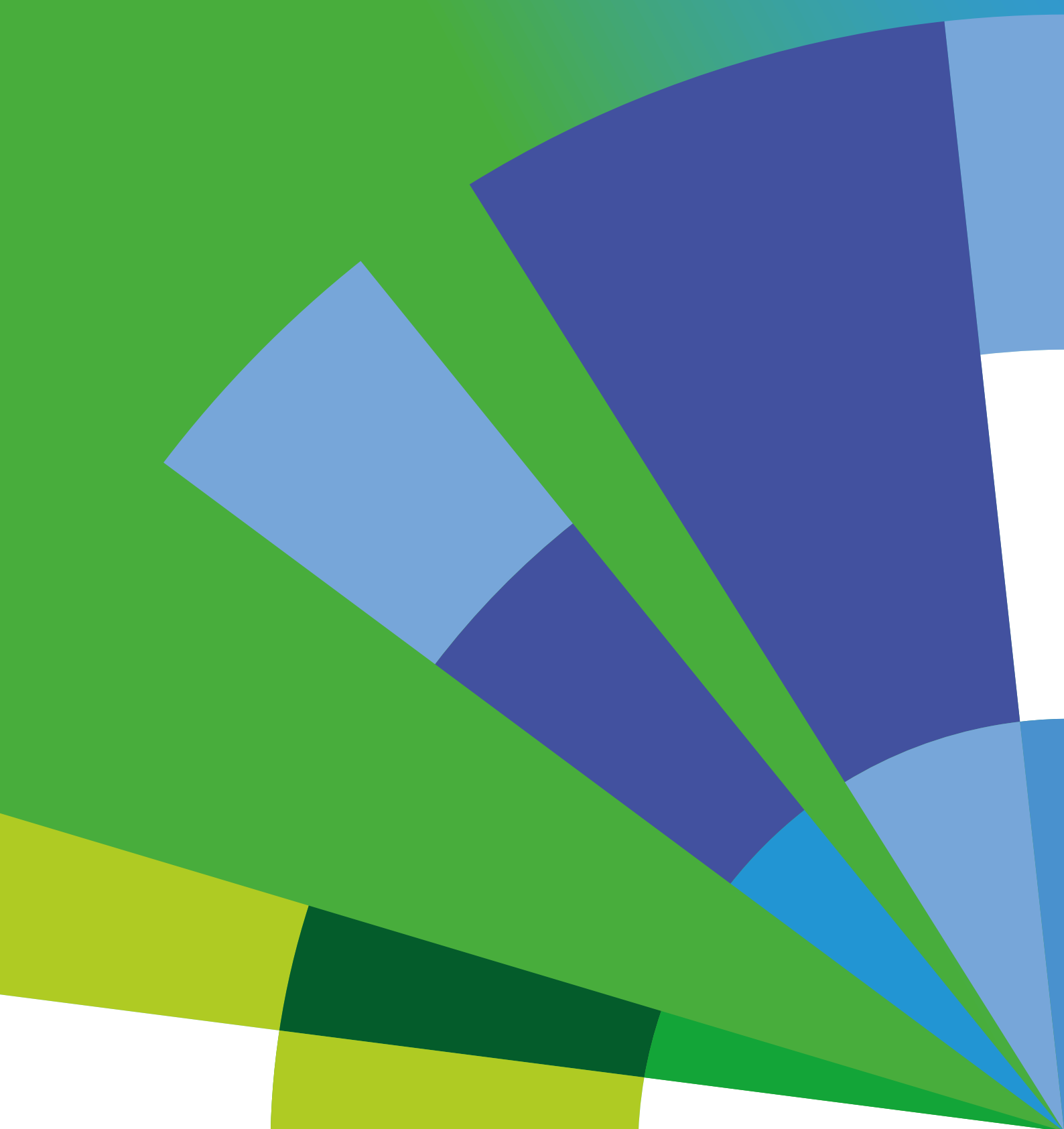
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# THE LEADER OF TOMORROW





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## ENSURING SOUND GOVERNANCE

SDGs	KPI	TARGET	2019 RESULTS	2020 RESULTS
	Percentage of time that the Board of Directors dedicates to ESG issues in meetings and induction sessions	 <i>ESG scorecard</i>	at least 40% (until 2023)	40%
				41%*

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

Snam is constantly striving to strengthen its corporate governance system in order to foster a dynamic of long-term value creation, taking into account the requests of all stakeholders. Sound corporate governance helps to establish the conditions for **proper and adequate interaction between the company and the complex context** in which it operates and ensures a clear and sustainable development strategy. To achieve these objectives, Snam acts on the basis of three essential principles: **integrity, transparency and respect for rules**. The **Company's governance** system is structured according to the regulations in force and applicable to

the sector, taking into account national and international best practices and the principles contained in the Group's Code of Ethics, and complies with the OECD Guidelines for Multinational Enterprises, Universal Declaration of Human Rights of the United Nations, the fundamental Conventions of the ILO and the ten global ethical principles in terms of human rights, environmental protection, workers' rights and the combat against corruption contained in the **United Nations Global Compact**, the most important international initiative in the field of sustainable development.





## CORPORATE AND ORGANIZATIONAL STRUCTURE

The Corporate Governance system is based on principles, such as **correct and transparent business management** ensured also through the identification of information flows between corporate bodies and an efficient definition of the internal control and risk management system. Moreover, the Group adopted specific **guidelines** compliant with a large part of the recommendations contained in the Corporate Governance Code published by the Corporate Governance Committee in January 2020 and officially effective from 2021. The **Corporate Governance Guidelines define**, among other things, the principles, content, tools and operating methods of the strategic guidance activity carried out by Snam. In line with the corporate governance system and characteristics of its organisational structure, the management and coordination activities take into adequate consideration the legal autonomy and principles of correct corporate and business management of the subsidiaries.



The **main policies** that underpin and shape Snam's commitment are:

- Sustainable development policy
- Health, safety and environment policy
- Diversity and inclusion policy
- Corporate Governance Guidelines
- Enterprise Risk Management Guidelines
- Integrated Risk Assurance & Compliance Guidelines
- Snam Group Tax Strategy Guidelines
- Stakeholder engagement policy
- Human rights policy
- Policy on the management of philanthropic activities and social initiatives
- Anti-Corruption Guidelines
- Social Supply Chain Policy

### Snam's organisational model

Corporate management refers to an organisational and procedural system that is consistent for all Snam Companies, in Italy and abroad, created for the purpose of making its corporate management rules clear, simple and systematic.

Fundamental to the functioning of the system is managerial action based on the assignment of precise objectives to each position of responsibility and the transparent evaluation of the results achieved, thus making it possible to constantly improve the effectiveness and efficiency of business processes.

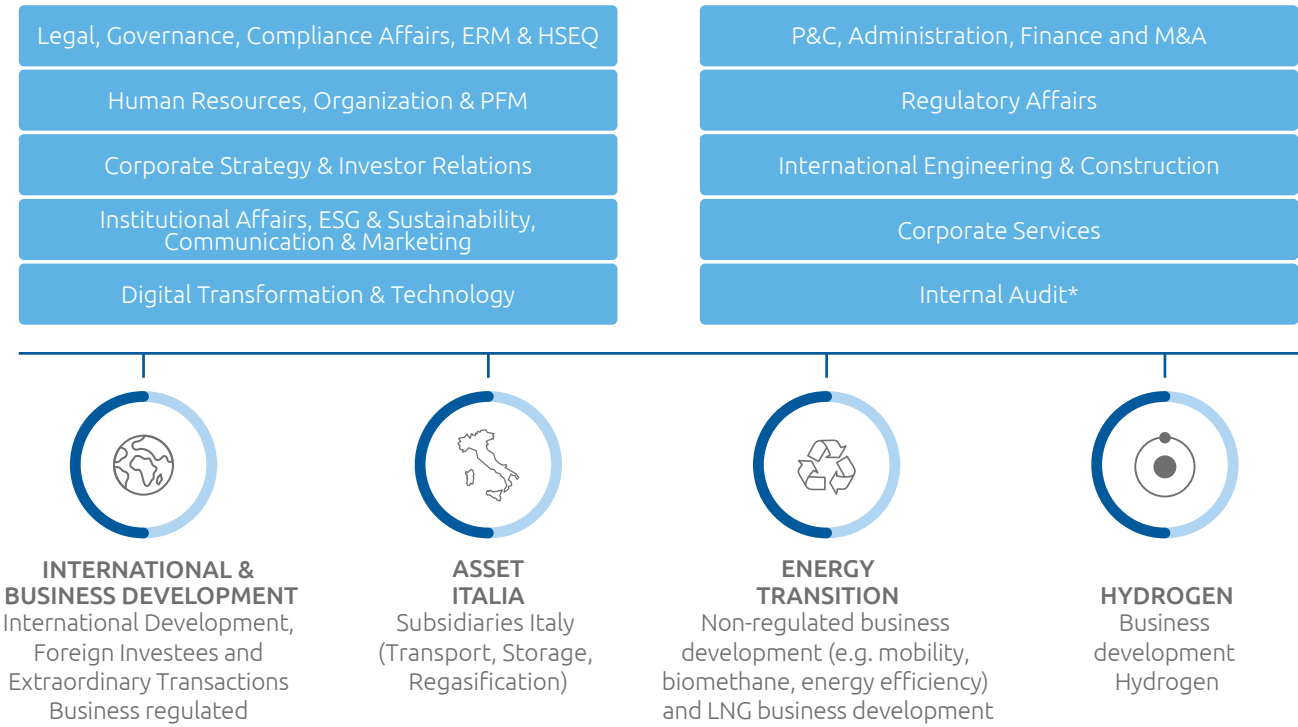
Snam's organisational structure is divided into four business units and staff functions, arranged with a view to simplifying processes, efficiency and continuous improvement. The business units are focused on Snam's four core activities: (i) international development, (ii) management of Italian subsidiaries and development of technical services focused on specialised skills and know-how for gas operators, (iii) development of businesses related to energy transition, and (iv) development of the hydrogen business. In 2020, also in view of the weight that hydrogen and energy transition activities have in the 2020-2024 Strategic Plan, the role of the corresponding business units was further enhanced.



Detailed information on the Corporate Governance system can be found in the "Report on Corporate Governance and Ownership Structure 2020", published on the website.



BUSINESS UNIT



*\* Reporting to the Chief Executive Officer, performs audit activities completely independently in accordance with the instructions of the Board of Directors.*

The Board of Directors

The Board of Directors, consisting of nine directors, is the central body in the Corporate Governance system and is vested with the highest powers for the ordinary and extraordinary Company management. The directors currently in office were appointed by the Shareholders' Meeting of 2 April 2019 for a period of three financial years. **Presiding over the Company's commitment to sustainable development along the value chain**, as suggested by the recommendations in the new Corporate Governance Code, is one of the main tasks of the governing body. The Board is assisted, among others, by the **Environmental, Social & Governance**

**(ESG) Committee** which, since May 2019, has replaced and integrated the responsibilities of the Sustainability Committee present in the company since 2016, and has propositional and advisory functions of the integration board activity of ESG issues in business strategies.

Snam has provided for the Board to participate in **board induction sessions** organised and conducted by the management of the relevant structures (in accordance with the recommendations of the Corporate Governance Code), during which directors and auditors obtain adequate knowledge of the business sector in which the Company operates, also in light of corporate dynamics and the evolution of the corporate structure.

The powers and characteristics of the Board of Directors

The Board of Directors of Snam is:

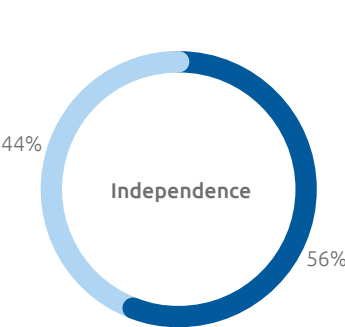
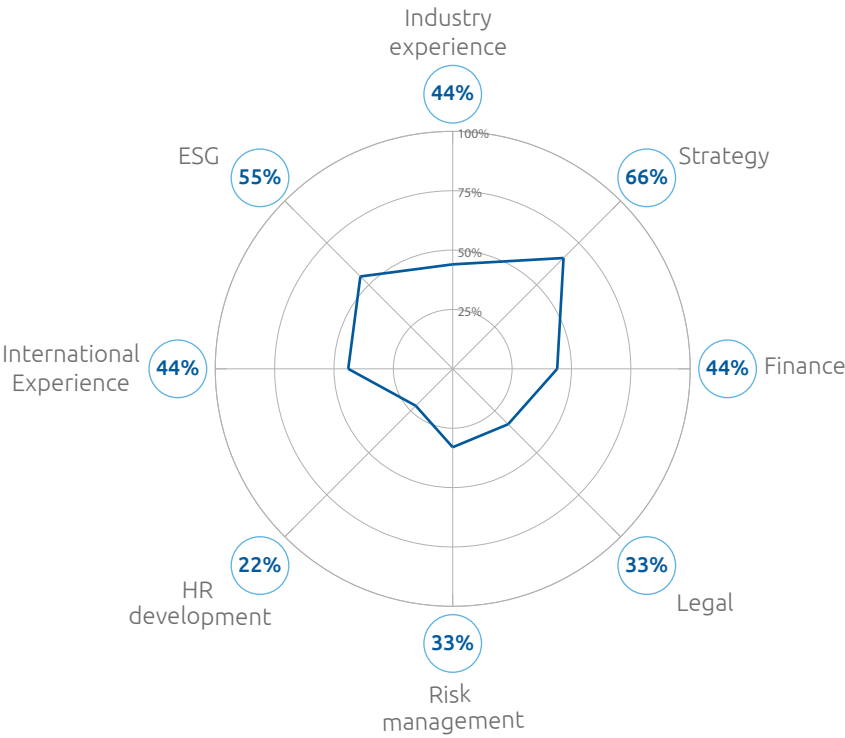
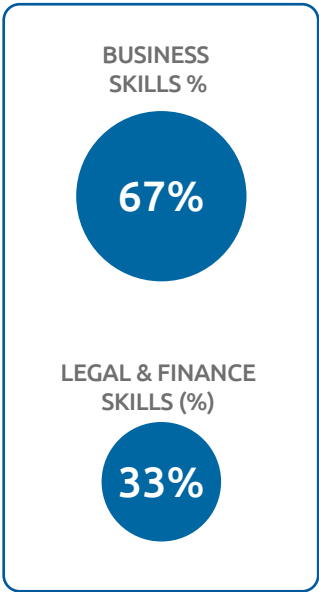
- **Independent**, with 5 out of 9 directors qualifying as independent pursuant to the Consolidated Law on Finance (TUF) and the Corporate Governance Code and the Chair qualifying as independent pursuant to the TUF;
- **Representative**, with one-third of the directors elected from lists submitted by minority shareholders;
- **Inclusive**, 33% of directors are women.



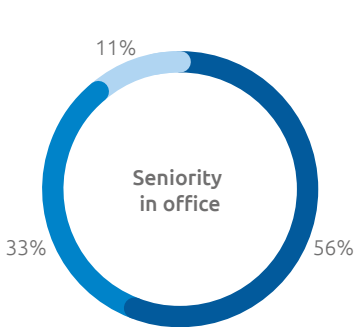
WOMEN  
33%



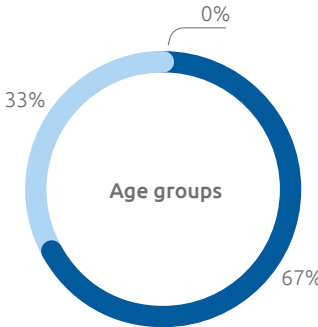
MEN  
67%



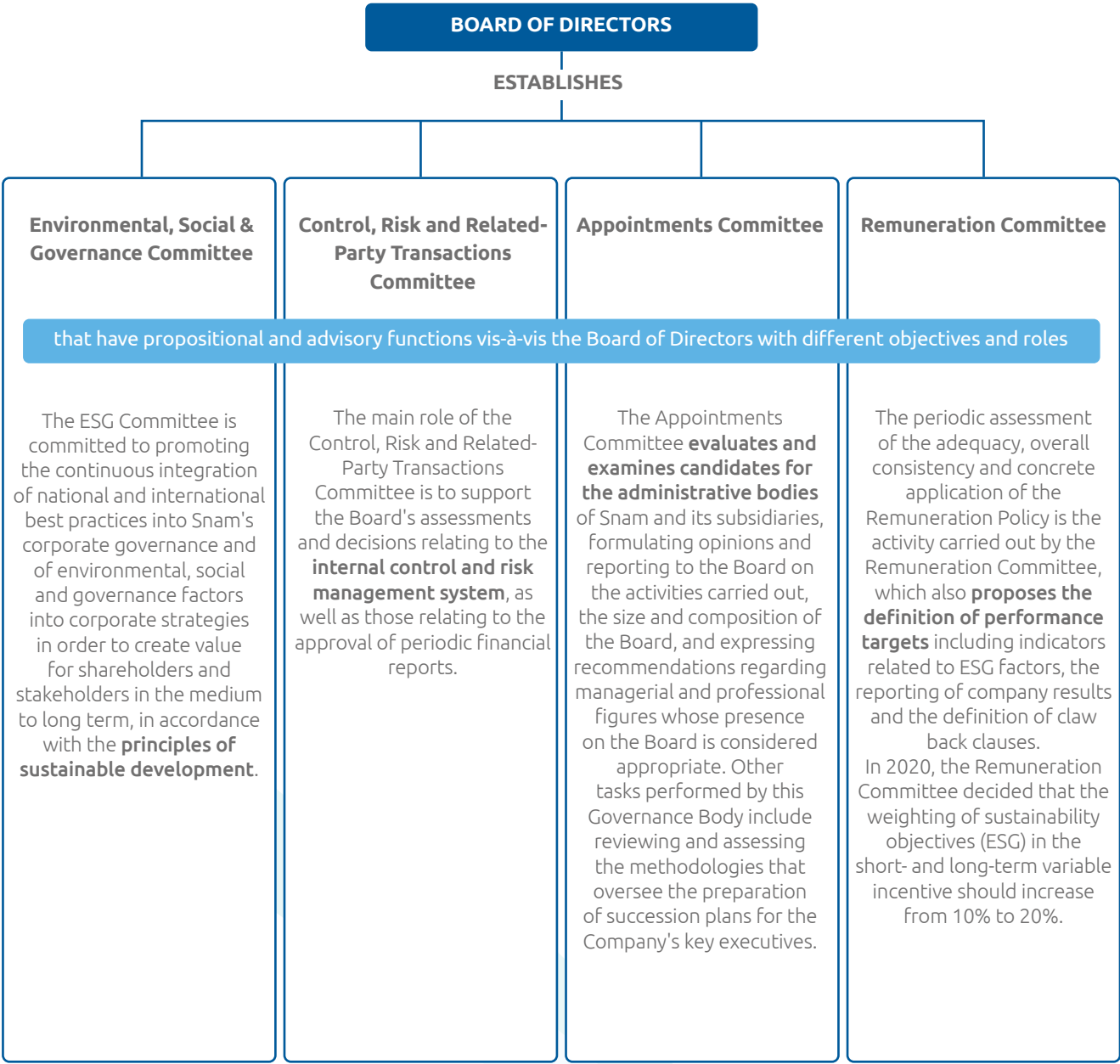
● Independent  
● Not independent



● 1-3 years  
● 4-6 years  
● 6-9 years



● < 30 years  
● 30-50 years  
● > 50 years



All Committees are composed of three non-executive directors, the majority of whom are independent, with the exception of the Control, Risk and Related-Party Transactions Committee, which is composed only of independent directors.  
With the aim of assessing the functioning of the Board

of Directors and its Committees, in 2019, a **Board Evaluation** process entrusted to an independent advisor was launched, which expresses an opinion on the activity carried out, identifying any elements that could improve its performance, in terms of efficiency and effectiveness of its work.


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## Sustainability governance

The Board of Directors plays a central role in overseeing the Company's commitment to sustainable development along the value chain and, in particular, plays a fundamental role in integrating ESG issues into the corporate strategy, such as combating climate change, reducing emissions, promoting a more efficient use of resources, and in general, in guiding Snam's choices in the energy transition. ESG-related issues represented a substantial part of the Board of Directors' meetings and induction sessions, which in 2020 dedicated 41% of its time to them, exceeding the expected target for the coming years set out in the ESG Scorecard (at least 40% of time until 2023).

The ESG Committee plays a key role in promoting and disseminating environmental, social and governance issues not only within the Board of Directors through board induction sessions, but also within the company itself. The Committee met **18 times**, with an attendance rate of 98%, and addressed climate change issues on several occasions, analysing in particular the results and strategies implemented by Snam to combat it. They also discussed how to achieve the decarbonisation targets set by the Towards Net Zero strategy, as well as activities to spread a culture of decarbonisation within the company.

In recognition of its commitment, as in 2019, in 2020 Snam was ranked among the best Italian Companies for corporate governance and integration of ESG factors (environmental, social and governance) in corporate strategies according to the annual **Integrated Governance Index** survey carried out by ETicaNews and TopLegal. Finally, further recognition of Snam's transparency and commitment to sustainable practices at global level was obtained at the beginning of 2021, when the Group was included among the world's most sustainable companies in the **Seal Sustainability Awards 2020**.

For more information see the chapter "Governance" in the 2020 Annual Report.

## Changes compared to the previous mandate

	Previous mandate	Current mandate	FTSE MIB Average
Number of directors	9	9	12.2 **
Directors elected by the minority	3 (33,3%)	3 (33,3%)	2.4 (19.6%) **
Less-represented gender on the BoD	33.3%	33.3%	36.6%***°
Independent Directors	66.6%	66.6%****	59.8%**
Average age of directors	54	53	57**°
Chair - CEO or Chair - controlling shareholder	Non-executive	Non-executive	9%**
Existence of Lead Independent Director	No	No	22%*°

\* Corporate Governance Committee - 2020 Report on the evolution of corporate governance in listed companies, 8th report on the application of the Corporate Governance Code.




\*\* Assonime - Corporate Governance in Italy: self-regulation, remuneration and comply-or-explain (year 2020), Notes and Studies 3/21. The 2020 survey covered the 220 Italian Companies, listed as of 31 December 2019, whose Reports were available as of 15 July 2020.

\*\*\* Assonime - Pink quotas: Consob confirms stricter requirements on the application of gender quotas, Legislative News of 19 May 2020.

\*\*\*\* 5 Directors are independent pursuant to the TUF and the Corporate Governance Code and 1 is independent pursuant to the TUF

° Average of companies listed on the MTA.

# COMBATING CORRUPTION

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
 	Percentage of third parties on which a reputational check has been carried out		ESG scorecard <b>100% (until 2023)</b>	100%	<b>100%</b>

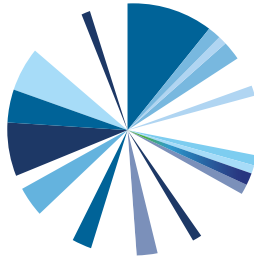
Snam's commitment to combating corruption in all its forms is managed within the broader context of business ethics. In recent years, the Company has continued to strengthen its anti-corruption safeguards and has worked to raise employee awareness of how to identify and prevent corruption in various business contexts, providing them with an internal regulatory reference on the subject.

The **Anti-Corruption Guideline**, applied to Snam and its subsidiaries and brought to the attention of other investee companies in order to promote principles and conduct consistent with as expressed by the parent company, is aligned with the tenth principle of the Global Compact, which repudiates corruption "in all its forms, including extortion and bribery" and clearly outlines permitted and prohibited conduct.

The Guideline is inspired by the **principles of ethics, transparency, fairness and professionalism** already referred to in the Code of Ethics and aims to strengthen the sensitivities of the Snam people in recognising corruption issues and other types of fraud, as well as their responsiveness in taking an active role in preventing, suppressing or reporting possible violations of the anti-corruption laws.

The Anti-Corruption Guideline is an integral part of a **broader business ethics control** system, aimed at ensuring compliance with both national and international Anti-Corruption Laws and the best international standards in the combat against corruption, also to protect Snam's reputation. This commitment translates not only into careful monitoring of the Group's activities, but also into constant attention to relations with counterparties, ensured, among other things, by the '**Reputational Audits**'.





### Ethical principles and business values

In its daily operations, Snam operates ensuring:

- Transparency, honesty, fairness, good faith in compliance with the competition protection rules;
- Stakeholder engagement, including a dialogue on issues such as sustainability and corporate responsibility;
- Creating competitive value for the company, its Stakeholders and the territories in which it operates;
- Protecting and promoting human rights;
- Protecting all forms of individual freedom and repudiating any type of discrimination, violence, corruption (in any form thereof with reference to any public or private persons), and forced or child labour;
- Recognising and safeguarding the dignity, freedom and equality of human beings;
- Protecting jobs and trade-union freedom, health, safety, the environment and biodiversity.

Thanks to Snam's ongoing commitment to anti-corruption, business ethics, integrity and transparency, and despite difficulties related to the Covid-19 health emergency, the Company has been involved in several multilateral initiatives, including:

- *Safeguards for a resilient COVID-19 response and recovery*, the first event of the year organised by the OECD since the pandemic began. On this occasion, Snam was invited to speak about possible new corruption risks in the context of the crisis due to the global pandemic and the new concrete challenges that companies may face in preventing such risks;
- *Business Integrity Forum* of Transparency International Italia, where Snam participated in several panels and in the institutional round table "*Toward G20/b20 Italian Presidency*";
- B20 Saudi Arabia:
  - *Side events: (i) Reviving Business for a New Normal, (ii) Enhancing Integrity for Responsible and Inclusive Growth; (iii) Pre-summit Shaping a More Inclusive World Reviving Business for a New Normal;*
  - Summit held in October, where the handover of the International Business Forum to the Italian Presidency was made official;
  - Saudi Presidency: (i) *Pursue a Culture of High Integrity in the Public and Private Sectors; (ii) Leverage Emerging Technologies to Manage Risks relating to Corruption and Fraud; (iii) Enhance Integrity and Transparency in Public Procurement;*
- *Compliance in times of crisis organised by Partnering Against Corruption Initiative* of the World Economic Forum;
- OECD events: (i) *Asia Network on Corporate Governance of State-Owned Enterprises; (ii) Working Party on Responsible Business Conduct; (iii) OECD Working Group on Bribery; (iv) Working Party on State Ownership and Privatisation Practices.*

In addition to the role of Deputy Chair within the Anti-Corruption Committee already acquired in 2019, for the purposes of a progressive enhancement of ESG issues also at multilateral level, Snam has been selected as an active member of the Corporate Governance Committee of BIAC (Business at OECD). With the same objective in mind, the company participated in the World Economic Forum's "ESG and Corporate Governance" round table.

On all these occasions, the Company highlighted its tools to protect transparency and the combat against corruption, including, among others, training sessions, many of which for new recruits, on business ethics, legality and anti-corruption, which will amount to 1,414 hours in 2020.

Finally, Snam has eliminated all manual compilation procedures and has improved the traceability, transparency and security of all its operations, digitising the information flow of data to the National Anti-Corruption Authority through a direct interface between their respective computer systems and the assignment of a tender identification code (CIG).


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## Relations with suppliers and business partners

The Anti-Corruption Guidelines pay particular attention to the selection of suppliers and business partners, the management of relations with them and the relevant contractual protection clauses: in order to prevent the risk of corruption and fraud in relations with the supply chain, all suppliers and subcontractors are required to sign the Ethics and Integrity Pact, which allows them to carry out reputational analyses aimed at identifying in advance, also on the basis of public information, the risk of possible infiltration by organised crime.

Already in 2019, the Group had carried out this type of verification on all counterparties, a result that was confirmed in 2020, with 100% of counterparties verified. In particular, during the year, **7,453 reputational audits were carried out on counterparties** (of which 2,758 on suppliers and

subcontractors), following which the Assessment Team, in the event of unlawful conduct, **ordered 20 measures**.

To reinforce this theme, Snam has implemented a new process aimed at having a deeper knowledge of its suppliers, not only from a "reputational" point of view, but also from a broader "compliance" point of view. It then introduced the new category of "**Compliance Audits**", which involve analyses of the financial soundness of suppliers as well as their suitability and adequacy, both from a technical and HSEQ point of view. The category of "Compliance Audit" will gradually replace the reputational audits carried out in the supplier engagement phases following "qualification", ensuring regular monitoring of the supply chain 360 degrees.

### Reputational audits on suppliers, subcontractors and participants in tender procedures:

Breakdown by type	no.	Measures adopted	no.
Qualifications	889	Denial of reputational clearance for contractual review	14
Compliance audits	682	Reputational alert	3
Awards/Stipulations	639	Withdrawal of award	2
Subcontracting	532	Suspension of qualification	1
Calls for tenders	16	Refusal of reputational clearance for subcontracting	0

5) The "Compliance Audit" system does not include subcontracting, for which reputational clearance will continue to be required for authorisation.







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# ENSURING A RELIABLE INFRASTRUCTURE

SDGs	KPI		TARGET	2019 RESULTS	2020 RESULTS
	Average annual customer satisfaction rate in terms of service quality (average of the last three years)	 <i>ESG scorecard</i>	<b>8.1 (by 2023)</b>	7.6	<b>8.2</b>
	Percentage of reliability levels on gas supply	 <i>ESG scorecard</i>	<b>99.9% (until 2023)</b>	-	<b>99.99%</b>

## THE REGULATION AND QUALITY OF SERVICES



### The gas tariff

The tariff criteria are usually defined **every four years** and guarantee a coverage of the operating costs, the depreciation/ amortisation and a fair remuneration of the net invested capital.

Incentives are laid down, differentiated based on the type of capital expenditures made during the course of each regulatory period.

Every year, each Snam subsidiary formulates a tariff proposal which is submitted to the Authority for approval.

Snam is committed to constantly **improving the quality of the services it offers and its relationship with its customers** (shippers and traders, i.e. market users who buy and sell gas), constantly guaranteeing a **high level of reliability in the service provided by its infrastructures** and operating in accordance with the principles of efficiency, continuity, transparency, quality and market orientation, promoting collaborative relationships with regulators and institutions and guaranteeing adequate economic returns to make investment strategies sustainable.

Achieving a high level of '**Customer Centric**' service that places the customer increasingly at the centre of the company's strategies is an essential objective for the Company.

Tariff regulation is an essential element for enhancing the infrastructure capital from an economic perspective and necessary for channelling investments into the network. Today, in fact, 92% of Snam's revenues are from regulated business.


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Snam actively interacts with the Italian Regulatory Authority for Electricity Gas and Water (ARERA) in the following ways:



### RESPONDING

directly or through trade associations, to **public consultations** held by the Authority in relation to the industry activities in order to define new standards or to review the standards in force



### PARTICIPATING

in the **technical working groups** set up by the Authority, on issues relating to the evolution of the regulatory framework and **data collection** and **surveys** carried out during the year for the evaluations of the state of the sector or individual services and periodically sends the requested data in fulfilment of information obligations



### DRAFTING

the **amendments to the Transportation, Storage, and Regasification Network Codes**, later submitted to the Authority for approval

## Relations with the ARERA

Description	Transport	Storage	Regasification
Responses to consultation documents and proposals on services (No.)	4	0	0
Tariff proposals (no.)	6	2	1
Data collection (no.)	97	33	22
Investigations (no.) *	0	0	0
Proposed changes to codes and contractual documents (no.)**	9	1	1
Proposed changes to approved codes and contractual documents (no.)	8	1	2

\* Information transmitted to the Authority during the year with reference to investigations within the industry. This includes exploratory investigations.

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

Snam collaborated in the development of the regulatory system by providing the Authority with numerous contributions and proposals. In particular, the activity concerned the revision of mechanisms for recognising energy costs, innovative uses of the transportation network and technologies for integrating renewable gases (such as biomethane and hydrogen), as well as the reorganisation of gas transport metering activities, for which Snam also prepared and consulted a document on operational lines of action through a process open to the participation of all stakeholders. Specifically, Snam ensured:

- the finalisation of the rules for determining the quantities of energy withdrawn from the transmission network by users as part of the implementation of the new gas settlement regime launched in 2020;
- the simplification of the process of connection to the national network of methane pipelines and the management of service users' credit requirements for the transport service;
- the development of storage services with a view to fostering better predictability of performance;
- the revision within the regasification service of the products that can be traded on the secondary market with the aim of supporting the growing flexibility needs of users.


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## Monitoring the quality of services: Network Codes

Snam's regulated market activities are regulated by the **Network Codes**, which govern the procedures for transport, storage, regasification, management, planning, development and maintenance of the national gas network, as well as dispatching and metering activities.

Within the Network Codes there are a number of indicators for monitoring the quality of the service offered, for which, also in 2020, a high performance was recorded. Compliance with these indicators is fundamental for a quality service, so much so that failure to comply with some of them generates automatic compensation for customers.

### Quality supplied (compliance with network codes)

	2018	2019	2020
<b>Transport</b>			
Active customers (shippers) (no.)	136	150	145
New connection agreements for delivery/redelivery/interconnection points (no.)	88	123	103
Transportation capacity allocated under contract / Available transportation capacity(entry points – foreign interconnection points) (%)	79	64	57
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 (%)	97	97	95
<b>Regasification</b>			
Active customers (shippers) (no.)	2	6	5
Compliance with the maximum time to accept proposals for monthly scheduling of deliveries (%)	100	100	100
Compliance with maximum interruption/reduction of capacity for maintenance work at the terminal (%)	100	100	100
<b>Storage</b>			
Active customers (shippers) (no.)	91	83	91
Storage capacity allocated under contract / Available storage capacity (%)	100	100	100
Compliance with time frames for providing services subject to specific commercial quality standards (%)	100	100	100
Connection flow lines subject to supervision (%)	100	100	100
Total capacity not made available following service interruptions/reductions (%)	0	0	0



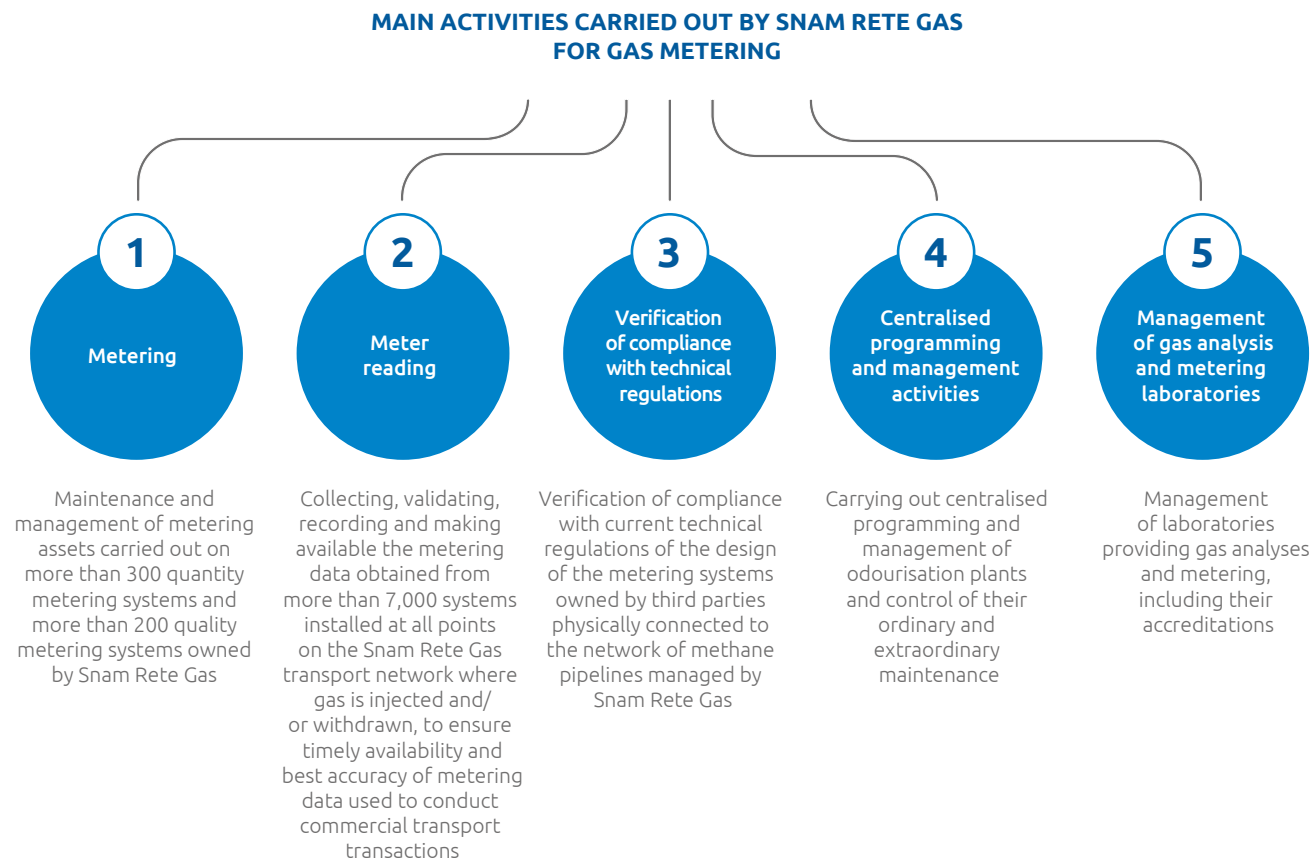
Gas metering

Consistent with the regulatory framework of reference and in compliance with legislative, technical and metrological standards, Snam, through **Snam Rete Gas**, ensures the natural gas metering process, which is functional to the physical **management** of the networks and aimed at supporting the commercial processes of final accounting and billing of fees for the transport service.

As evidence of its proactive role in relation to **ARERA**, Snam has launched a reorganisation and **adjustment plan** to compensate for the current plurality of parties involved and the different methods of technical and commercial management of **metering systems**. This plan, in order to improve service, development and market transparency, is based on guiding principles that encourage **more efficient energy use by the consumer** to effectively facilitate the energy transition process.

Consistent with the expectations of ARERA, Snam undertakes to **effectively monitor and contain the quantities of Unaccounted for Gas (GNC)** on the transport network, to operate in order to optimise the physical and commercial transportation balance and to correctly manage settlement activities. Another principle referred to in the plan is to ensure **maximum levels of security in the operational management of the network and to implement digital technologies** for remote activities in order to reduce costs. Finally, the Plan places particular emphasis on operations carried out with a view to **"sector coupling"** in favour of convergence/integration between the electricity, thermal, gas and biomethane and mobility systems in order to exploit their respective synergies and achieve a high degree of efficiency.

This will make it possible to achieve the goal of covering as much of our energy needs as possible with energy generated from renewable sources and *green gases*, including hydrogen, while protecting the climate, the environment and reducing energy costs.





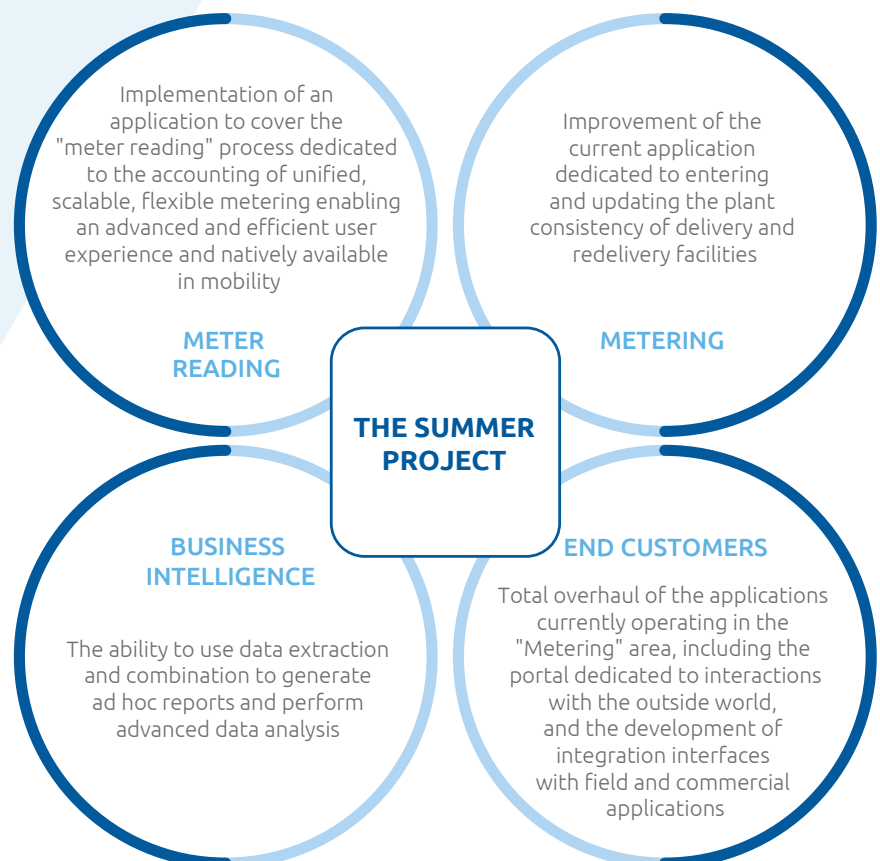
### Snam Rete Gas

Snam Rete Gas, through its dedicated organisational structure, ensures:

- The adoption and promotion of metering methodologies
- Improvement of system management standards
- Continuous monitoring of its processes and full involvement of staff
- A proactive role at national and international level

In order to renew the current application map for gas metering, Snam has launched the **"Renewal of Metering Systems (SUMMER)" project**, which will be developed in two phases: the first, which will be completed by 2021, is that relating to **Meter Reading**, aimed at reconstructing the foundations underlying the application that accounts for metering data up to the issue of the Metering Report; the second will concern **Metering**, with the aim of defining a new method of managing the plant consistency of delivery and redelivery points, including their graphic display.

The project also includes the implementation of a new **Business Intelligence** technology to enable the extraction and correlation of data to generate *ad hoc* reports (Self-BI) and perform advanced analysis on the data itself, and a user interface revamping component for better service to **end customers**.




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## Monitoring gas markets

As part of its assessments of the wholesale gas markets, the Authority has mandated the Gestore dei Mercati Energetici to support Snam in monitoring the competitive aspects of the gas market. These activities mainly concern the **preparation of an integrated database of transport and balancing, storage and regasification services**, which will be made available to the Regulator and updated on a daily basis. In addition, Snam will be required to **make available periodic indices and reports** on the functioning of the balancing, the balance of the system and the flexibility

of supply sources, and must be available at all times to carry out **further specific analyses** at the request of the Authority.

In particular, in 2020, more than 16,800 data flows and periodic reports were submitted to the Authority, in accordance with its instructions, and analyses were carried out in relation to services (transport, storage and regasification) in support of the activities of the Regulator. For the management of these activities, conventions, manuals and dedicated technical specifications are shared with the GME and approved by the Authority.

### Relations with the ARERA - Monitoring

Description	Transport	Storage	Regasification
Reports/analyses (no.)	5	1	1
Contractual documents, manuals and specifications (no.)	5	5	5
Reports and flows (no.)	13,709	2,339	820

## European developments

During 2020, the European Commission launched several initiatives to adapt the legislative and regulatory frameworks in the energy-environmental field, in line with the objectives outlined in the **European Green Deal** communication of December 2019, in order to facilitate the path to full decarbonisation by 2050. In particular, the main developments expected in the gas infrastructure sector will concern the possibility of accommodating green gas in a context of increasing cross-sector integration, starting with the electricity sector. A major role will be dedicated to the **conversion of gas infrastructure to hydrogen**, as indicated by the Commission's initiatives to design a **Hydrogen Strategy** and revise the **guidelines underpinning trans-European energy infrastructure (TEN-E)**.

Snam has actively participated in the process of revising the European regulatory and legislative framework, providing contributions to the various consultations of the European Commission and other institutions, both directly, through the development of specific evaluations and corporate positions, and through the sector associations of which it is a member (e.g. ENTSO-G, Gas Infrastructure Europe and Hydrogen Europe).

### Snam's contributions in Europe (no.)

Responses to Roadmap/Inception Report	21
Responses to Public Consultation	12
Responses to Draft Act/Commission Adoption proposal	5
Other contributions	9



## The balancing of the system



### Customers and contracts

Over the last fifteen years, the Italian gas market has seen a steady increase in the number of transport operators, from 30 in 2003 to about

**210 in 2020**,  
of which 145 are shippers.

In 2020,

**103 connection contracts**

were signed for the construction of new delivery/redelivery points (of which 19 for biomethane injection and 35 for the CNG Service Areas or the upgrading of existing points).

Commercial balancing consists of the activities required to correctly schedule, account for and allocate the transported gas, as well as the fee system that encourages users to maintain a balance between the volumes they inject into and withdraw from the network.

For this purpose, as of 2016, the following have been operating in the Commercial area:

- **Commercial Dispatching** (on call 24 hours a day, 7 days a week), which collects, verifies and processes transport, regasification and storage programmes, and then publishes information to help shippers balance the system;
- **traders**, who, in addition to guaranteeing the supply of gas functional to the Gas System, carry out transactions on the Gas Exchange functional to the balancing of the System.

### COMMERCIAL DISPATCHING

acts in accordance with the disclosure requirements of the Balancing Network Code (Regulation EU 312/2014)

#### Tasks

#### Commercial balancing of the system

Activities necessary for the correct programming, accounting and allocation of transported gas that encourage customers to maintain equality between the quantities of gas injected into and withdrawn from the network

#### Physical balancing of the system

Operations involving the Snam Dispatching to control in real time the flow parameters (Flow rates and pressures) in order to constantly guarantee the safe and efficient movement of gas from injection points to withdrawal points

#### Operation

#### Receipt of appointments

The Commercial Control Room receives daily appointments of transport and storage capacity from its customers

#### Confirmation of appointments

The Commercial Control Room confirms the requests by publishing information twice a day for each shipper information on the system balancing status and gas withdrawals measured during the day


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### Snam's dispatching: international best practice during the pandemic

In order to guarantee service continuity during the Covid-19 emergency, Snam has implemented the necessary and indispensable measures to continuously monitor the Dispatching Centre. The control rooms in San Donato Milanese and Crema were separated and the drastic measure of isolating staff was adopted to minimise the possibility of contagion between colleagues. All workers were swabbed and medically examined, isolated in special housing and their work was reorganised, with two shifts per day, 12 hours each, for two consecutive weeks followed by two weeks of rest. The Dispatching operators involved were an example of resilience as well as the first to test this measure in such a context, which became an international best practice later adopted also by other international companies such as National Grid, ALNG and Transilgas.

## Ensuring infrastructure reliability, 360° monitoring

In order to provide a high-quality, continuous service, it is necessary for infrastructures to have a high level of reliability, which at Snam is guaranteed by Dispatching, an operations room manned 24 hours a day, 7 days a week, which monitors and remotely controls transport, receiving data from approximately 4,400 plants located along the network (more than 1,600 of which are remotely controlled) and which ensures the correct movement of gas from injection points to withdrawal points based on the schedule defined by customers, in coordination with the operators of foreign infrastructures connected to the Italian network.

In addition to the transmission network, **Dispatching** also remotely controls the **9 storage plants**, planning and executing surface, well area and compression treatment activities, ensuring their safe execution under all operating conditions, both ordinary and extraordinary.

Thanks to Snam's numerous investments in technological innovation and digitalisation, from 2021, Dispatching will be able to manage the assets of the transport network and storage plants in a unified and remote manner thanks to the innovative **SCADA (System Control and Data Acquisition) system**.

## Flexibility and default services

Snam Rete Gas, which owns the redelivery points throughout Italy, offers its customers **flexibility services**, allowing them to book transport capacity not only on an annual basis, but also on a monthly and daily basis, to be sold directly to the thermoelectric power plants, and paying only the quota booked, and not that for the entire thermal year. This service provides shippers with more flexible delivery methods that can cope with changing system operating conditions in a timely and efficient manner.

In order to ensure the correct functioning of the network, Snam Rete Gas also acts as **Default Transportation Supplier**, guaranteeing the balancing on the transport network also in situations of imbalance or emergency for the entire period in which the Balancing User responsible for the gas withdrawals cannot be identified. The same service is also carried out for the sales companies and final customers at third-party transporter networks who explicitly requested it. In the thermal year 2019-20, the default transport service involved 270 subjects between end customers and sales companies for volumes of approximately 240,000 MWh.

Helping to make the company's storage capacity more transparent at European level, in 2020, allocations for storage capacity, similar to what is already in place for transport, were brought together on the European **PRISMA** platform, a single platform that makes it easier for customers to book transport and storage capacity.





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## Snam's new commercial platform: the Jarvis project

# Jarvis

**Innovative architecture**



**Customer-centric**



**Lean and integrated processes**



**Multi-language system**



As proof of its focus on the customer, Snam has designed **Jarvis**, the single commercial platform into which all the portals and applications at the customer's service converge and will converge. The new platform will allow for a new, more user-friendly and comprehensive user experience.

Jarvis has been developed in an **agile** way, with a continuous and progressive release of functionality, directly involving the market players in a **co-design** process in order to grasp and get closer to the real needs of the customer: further new releases are planned for 2021, focused on improving the service offered and using the platform on a daily basis.

In order to increase and guarantee its competitive advantage in the long term, and to operate increasingly from a customer-centric perspective, Snam has begun integrating a **Customer Relationship Management (CRM)** system within Jarvis and has completed the **Commercial Excellence Program (CEP)**, which consists of a training course dedicated to Sales Department personnel and focuses on "skills", "behaviour" and "tools".

The adoption of a CRM system will bring considerable benefits by reducing the average response time to the customer as well as the number of contracts, making their management easier.

## Snam's vision for Customer Relationship Management

“ Transforming the customer relationship: from complexity to **efficiency**, from regulated processes to **new opportunities** from many communications to **a single voice**, to build a **relationship of trust** ”



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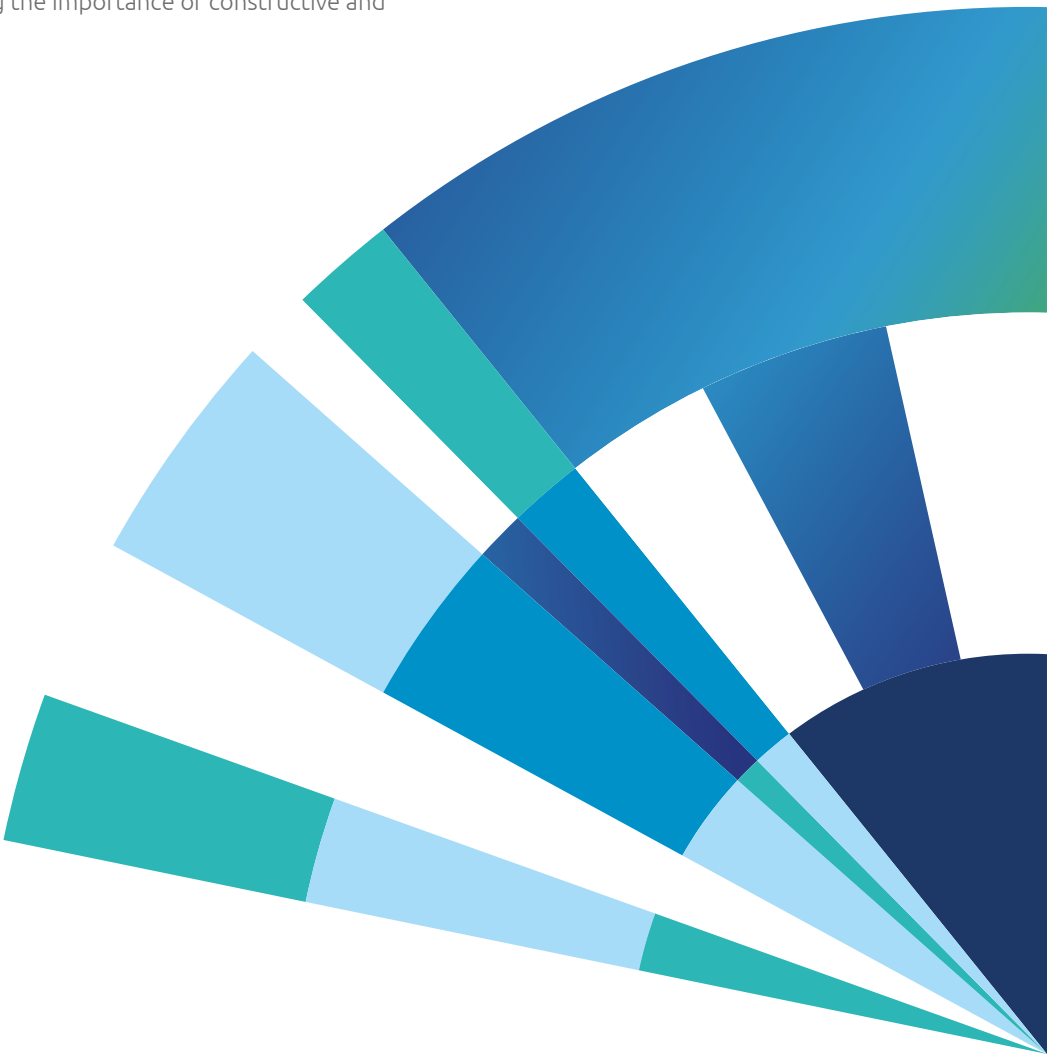
## Engaging customers to improve services

The customer care initiatives represent the consolidation of a path aimed at creating value for Snam and for the customer, increasing **dialogue, engagement, discussion and interaction** and ensuring increasingly effective management of the infrastructure to the benefit of the entire system. To this end, several stakeholder engagement initiatives (in particular **workshops**) were carried out in 2020 as well, despite the limitations imposed by the emergency situation caused by Covid-19, which made it necessary to revisit and reorganise them.

The central objective of the events was to listen to and discuss with customers the issues that are relevant to Snam and the market, as well as to discuss innovations and balancing operations, and to receive feedback on the updating of IT systems. Such involvement activities are essential in order to pursue the constant improvement of the quality of the services offered.

Three **Sales Workshops** were held, one on the **Ten-Year Plans** and one on the **Settlement**, most of which were delivered digitally thanks to Snam's commitment to creating customer engagement events that maintained interactivity with customers and offered an experience as similar as possible to an in-person event.

There were also activities focused on redesigning business process (e.g. for the 'Jarvis' platform), for which **four co-design workshops** were carried out. The meetings allowed Snam to understand customers' expectations of making the platforms used daily for gas trading, sales and balancing activities as responsive as possible to their needs, highlighting the importance of constructive and collaborative dialogue.





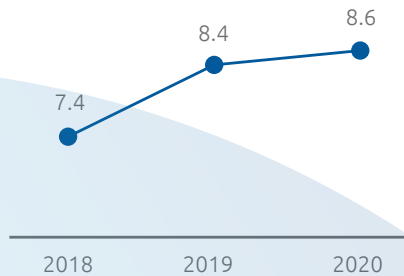
## Customer satisfaction thermal year 2019-2020

Knowing customers' views on the activities and projects carried out during the year is crucial to ensure continuous service improvement. To this end, customer satisfaction surveys are constantly conducted to measure the degree of **customer satisfaction** with the new features introduced during the year, future initiatives and the quality of the service offered in general, such as the management of processes, the availability of people, the clarity, timeliness and completeness of the answers provided.

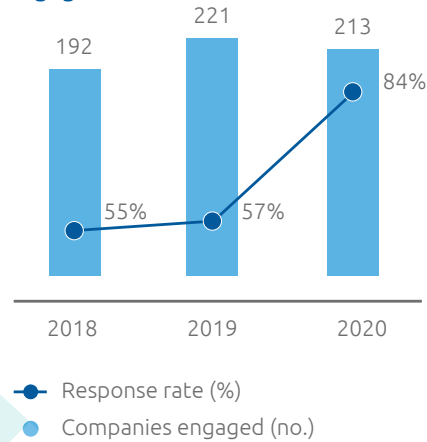
In order to measure customer satisfaction, at the end of each workshop, the completion of specific questionnaires was requested, and in December 2020, a new online survey was conducted, involving all shippers and traders with whom Snam worked in the 2019-2020 thermal year.

The analysis, aimed not only at transport activities but also at storage and regasification, concerned customer satisfaction in relation to the quality of services offered, the customer engagement activities undertaken and the functionalities and additional services introduced in 2020 also following the requirements revealed by the customers themselves as well as regulatory developments. The **participation rate was 83.6%** and the results were very positive with regard to the customer engagement activities developed by Snam to improve the services offered and consolidate proactive collaboration with all its stakeholders, with an **average score of 8.6** in 2020 (on a scale of 0 to 10) and **8.2 measured as an average over the three years**.

### Annual average score



### Engagement





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# DATA AND PERFORMANCE INDICATORS

## Key operating figures

	2018	2019	2020
<b>Natural gas transportation</b>			
Natural gas injected into the network (billions m <sup>3</sup> )	72.82	75.37	<b>69.97</b>
Gas pipeline network (km)	32,625	32,727	<b>32,647</b>
Average travel distance of gas in Italian transport network (km)	510	607	<b>677</b>
Gas compression plants (no.)	13	13	<b>13</b>
Installed power in the gas compression plants (MW)	961	961	<b>961</b>
<b>Liquefied natural gas regasification</b>			
Regasified natural gas (billions m <sup>3</sup> )	0.91	2.40	<b>2.52</b>
Number of LNG carriers docked	21	57	<b>60</b>
<b>Natural gas storage</b>			
Gas injected into storage (billions m <sup>3</sup> )	10.64	10.16	<b>9.30</b>
Gas delivered from storage (billions m <sup>3</sup> )	10.43	9.17	<b>10.30</b>
Operating concessions (no.)	9	9	<b>9</b>

## Key financial figures (\*)

	2018	2019	2020
<b>Economic and financial data (mln €)</b>			
Total revenues	2,586	2,665	<b>2,770</b>
Adjusted EBIT	1,405	1,417	<b>1,424</b>
Adjusted net profit	1,010	1,093	<b>1,164</b>
Operating costs	491	496	<b>573</b>
EBITDA	2,095	2,169	<b>2,197</b>
Net invested capital at 31 December	17,533	18,181	<b>19,359</b>
Shareholders' equity at 31 December	5,985	6,255	<b>6,469</b>
Net financial debt at 31 December	11,548	11,923	<b>12,887</b>
Free Cash Flow	1,161	482	<b>(35)</b>
Added value produced	2,532	2,695	<b>2,758</b>
Added value distributed	1,634	1,639	<b>1,690</b>
<b>Snam's stock</b>			
Number of shares in share capital (mln)	3,469	3,395	<b>3,361</b>
Number of shares outstanding at 31 December (mln)	3,301	3,292	<b>3,270</b>
Average number of shares outstanding during the year (mln)	3,358	3,301	<b>3,272</b>
Year-end official share price (€)	3.820	4.686	<b>4.601</b>
Average official share price during the year (€)	3.747	4.474	<b>4.417</b>
Market capitalisation (mln €)	12,606	15,428	<b>15,046</b>
Dividends paid in the year (mln €)	731	746	<b>779</b>

(\*) For more details, see the 2020 Annual Report.


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## Key employees figures and indicators

	2018	2019	2020
Total employees (no.)	3,016	3,025	3,249
of which women (no.)	419	441	507
Average workforce (no.)	2,943	3,015	3,091
Average age of employees (years)	44.9	44.4	44.5
Average length of service (years)	19.5	18.6	17.18
<b>Employees by business segment</b>			
Corporate and other (no.)	978	954	1,210
Transport (no.)	1,915	1,945	1,910
Storage (no.)	59	61	62
Regasification (no.)	64	65	67
<b>Employees by grade</b>			
Executives (no.)	107	111	131
Middle Managers (no.)	480	493	549
White collars (no.)	1,682	1,683	1,764
Blue collars (no.)	747	738	805
<b>Employees by type of contract</b>			
Permanent contract (no.) (*)	2,812	2,817	3,036
of which women (no.)	395	417	480
Apprenticeship or internship contract (no.)	185	193	197
Fixed-term contract (no.)	19	15	16
Full time contract (no.)	2,975	2,987	3,207
of which women (no.)	382	407	474
Part-time contract (no.)	41	38	42
of which women (no.)	37	34	33
<b>Employees by geographical area</b>			
North (no.)	2,302	2,294	2,495
Central (no.)	220	241	246
South and Sicily (no.)	490	477	498
Abroad (no.)	4	13	10
<b>Employees by gender</b>			
Men (no.)	2,597	2,584	2,742
Women (no.)	419	441	507
Gender pay gap on a cash basis (executives)	0.99	0.96	1.07
Gender pay gap on a cash basis (middle managers)	0.92	0.94	0.94
Gender pay gap on a cash basis (white collars)	0.92	0.93	0.92


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	2018	2019	2020
<b>Hires and Exits</b>			
Total entries	195	172	<b>376</b>
Hired from the market (no.)	69	113	<b>226</b>
of which university graduates (no.)	108	92	<b>151</b>
of which secondary school graduates (no.)	86	79	<b>71</b>
of which women (no.)	42	38	<b>69</b>
of which men (no.)	153	134	<b>157</b>
Hiring rate (%) (**)	6.5	5.7	<b>7.3</b>
Hiring rate < 30 years old (%) (***)	22.8	20.1	<b>20.6</b>
Hiring rate between 30 and 50 years old (%) (***)	6.9	5.2	<b>8.5</b>
Hiring rate < 50 years old (%) (***)	0.5	0.6	<b>0.7</b>
Other new employees (non-consolidated companies, acquisitions, etc.)	126	59	<b>150</b>
Percentage of university graduates hired (%)	55	53	<b>67</b>
Exits in the year (no.)	189	198	<b>152</b>
Other exits (non-consolidated entities etc.)	35	24	<b>9</b>
Exit rate (%) (****)	6.3	6.6	<b>4.6</b>
Voluntary exit rate (%) (*****)	1.2	1.5	<b>1.5</b>
Turnover (%) (*****)	13.0	12.3	<b>11.9</b>
Absenteeism rate (%)	4.6	4.5	<b>5.9</b>
<b>Training</b>			
Training hours (no.)	107,771	114,179	<b>66,385</b>
Attendances (no.)	13,999	26,518	<b>17,277</b>
Average hours of training per employee (no.)	35.7	37.7	<b>20.4</b>
Executive training hours (no.)	4,392	5,669	<b>3,390</b>
Middle Manager training hours (no.)	19,072	16,950	<b>13,766</b>
White collars training hours (no.)	49,650	58,238	<b>28,333</b>
Blue collars training hours (no.)	34,657	33,322	<b>20,896</b>
Average training hours delivered to men (no.)	36.9	38.4	<b>20.8</b>
Average training hours delivered to women (no.)	28.7	33.8	<b>18.5</b>
Average training hours delivered to executives (no.)	41.0	51.1	<b>25.9</b>
Average training hours delivered to middle managers (no.)	39.7	34.4	<b>25.1</b>
Average training hours delivered to white collars (no.)	29.5	34.6	<b>16.0</b>
Average training hours delivered to blue collars (no.)	46.4	45.2	<b>26.0</b>
Training hours for health, safety and environment (no.)	28,345	28,123	<b>9,679</b>
Attendances for health, safety and environment (no.)	4,953	4,567	<b>1,703</b>
Training hours for health & safety (no.)	25,219	20,291	<b>8,154</b>
Attendances for health & safety (no.)	4,515	2,916	<b>1,437</b>

In 2020, 43 people were employed with temporary contracts (32 in 2019 and 33 in 2018).

(\*) The figure also includes part-time contracts.

(\*\*) Hiring rate = (market hires/average workforce) x100.

(\*\*\*) Hiring rate by age = (market hires by age range/total employees by age range at 31/12) x100.

(\*\*\*\*) Exit rate = (exits/total number of employees at 31/12) x100. Exits due to transfers to non-consolidated companies are excluded.

(\*\*\*\*\*) Voluntary exit rate = (exits by resignation/average workforce) x100.

(\*\*\*\*\*\*) Turnover = (entries + exits)/average workforce in service x 100. Exits due to transfers to non-consolidated companies are excluded.




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## Main HSE data and indicators

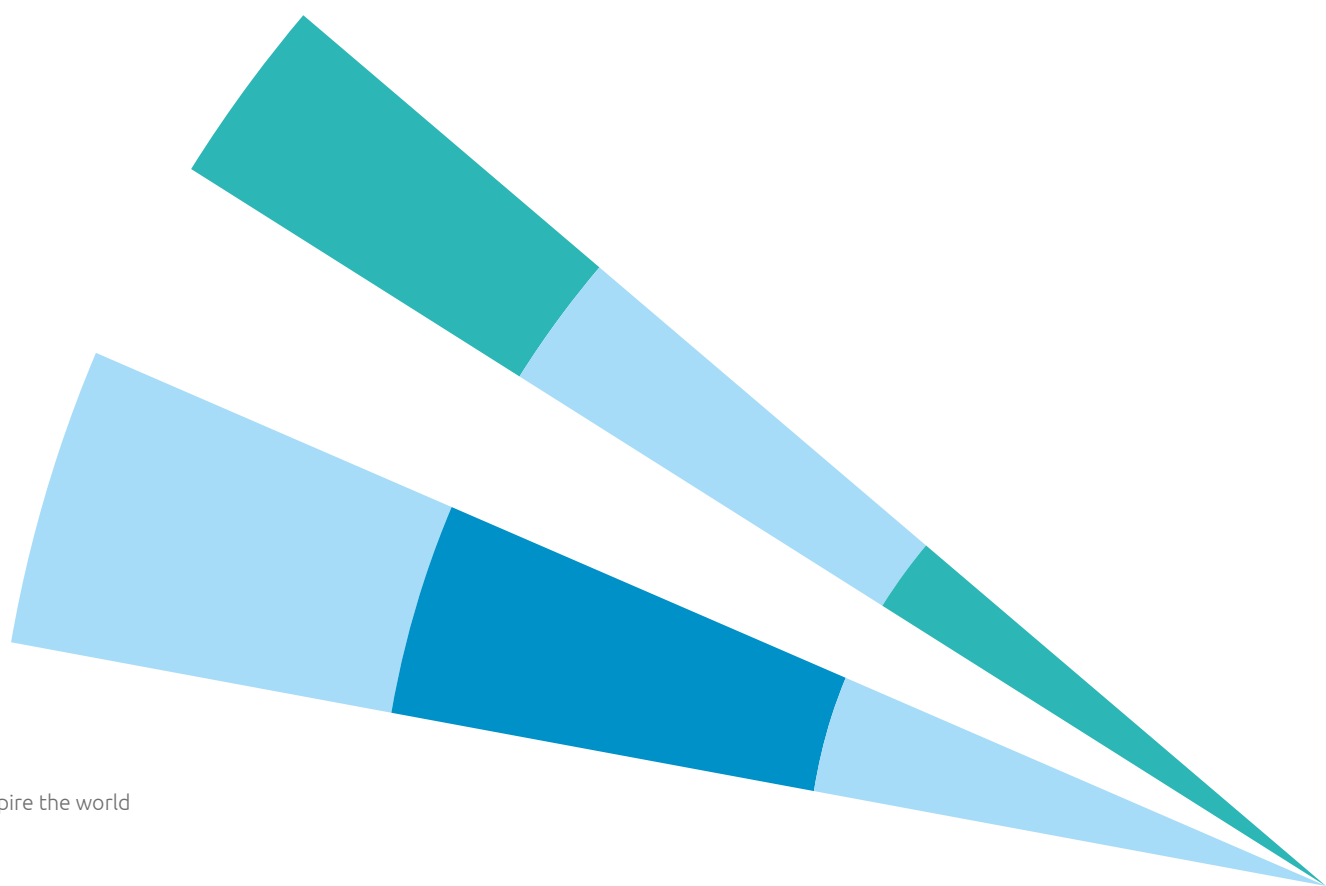
	2018	2019	2020
<b>Health and Safety</b>			
Employee injuries (no.)	4	2	3
of which fatal	0	0	0
of which with severe consequences	-	-	0
Employee injury frequency rate	0.84	0.41	0.59
Employee injury severity rate	0.02	0.03	0.01
Contractor injuries (no.)	3	5	2
of which fatal	0	0	1
of which with severe consequences	-	-	0
Contractor injury frequency rate	0.41	0.71	0.25
Contractor injury severity rate	0.03	0.07	0.93
Total injuries (no.)	7	7	5
of which fatal	0	0	1
of which with severe consequences	-	-	0
Employee and contractor injury frequency rate	0.58	0.59	0.38
Employee and contractor injury severity rate	0.02	0.05	0.58
<b>Energy</b>			
Total energy consumption (TJ)	13,281	12,152	12,154
of which natural gas (TJ)	12,801.4	11,627.9	11,597.5
of which diesel (TJ)	91.0	82.6	69.5
of which gasoline (TJ)	2.8	3.9	10.3
of which LPG (TJ)	0.4	0.4	0.4
of which heat (TJ)	8.5	14.8	13.4
of which electricity (TJ)	376.9	422.6	463.5
<b>Emissions</b>			
Natural gas emissions (10 <sup>6</sup> m <sup>3</sup> )	44.4	39.2	35.0
GHG scope 1-2MB-3 emissions (ktCO <sub>2eq</sub> ) (*)	1,973	2,008	1,738
GHG scope 1 emissions (ktCO <sub>2eq</sub> )	1,497	1,347	1,274
GHG scope 2 emissions (ktCO <sub>2eq</sub> ) - Market based	32	32	31
GHG scope 2 emissions (ktCO <sub>2eq</sub> ) - Location based	34	38	39
GHG scope 3 emissions (ktCO <sub>2eq</sub> ) (*)	444	629	433
NOx emissions (t)	564	452	403
CO emissions (t)	196	181	163
CO <sub>2</sub> emissions comb/energy consumption (kg/GJ)	54.7	54.0	54.2
Total NOx emissions/energy consumption (kg/GJ)	0.042	0.037	0.033


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	2018	2019	2020
<b>Waste</b>			
Total waste production (t)	28,286	27,823	<b>124,980</b>
Non-hazardous waste production (t)	24,187	22,154	<b>118,704</b>
Hazardous waste production (t)	4,099	5,669	<b>6,276</b>
Waste recovered from production operations (%)	60	42	<b>32</b>
<b>Water withdrawals and discharges</b>			
Fresh water withdrawals (10 <sup>3</sup> m <sup>3</sup> )	134	228	<b>313</b>
Fresh water discharges (10 <sup>3</sup> m <sup>3</sup> )	68	181	<b>278</b>
Sea water withdrawals (10 <sup>3</sup> m <sup>3</sup> )	4,000	6,048	<b>6,048</b>
Sea water discharges (10 <sup>3</sup> m <sup>3</sup> )	4,000	6,048	<b>6,048</b>
<b>HSE management</b>			
Environmental expenses (millions of €)	100.3	114.4	<b>135.5</b>
Safety and health expenses (millions of €)	32.4	33.7	<b>37.9</b>
Medical visits (no.)	1,350	1,984	<b>2,109</b>
Periodical medical visits	1,061	1,747	<b>1,649</b>
Diagnostic examinations (no.)	2,020	3,261	<b>3,688</b>
Total HSEQ audits conducted (no.)	237	227	<b>248</b>
Environmental surveys (no.)	247	243	<b>212</b>

(\*) 2018 and 2019 figures recalculated.




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## Main HSE Data and Indicators – Business Segments

	2018	2019	2020
<b>Natural gas transportation</b>			
<b>Health and Safety</b>			
Employee injuries	4	0	0
of which fatal	0	0	0
of which with severe consequences	-	-	0
Contractor injuries	3	5	1
of which fatal	0	0	1
of which with severe consequences	-	-	0
Employee frequency rate	1.29	0	0
Employee severity rate	0.03	0	0
Contractor frequency rate	0.46	0.83	0.16
Contractor severity rate	0.03	0.08	1.18
<b>Energy and Environment</b>			
Energy consumption (TJ)	7,463	6,123	6,321
GHG scope 1 emissions (10 <sup>3</sup> t CO <sub>2eq</sub> )	982	838	848
Natural gas emissions (10 <sup>6</sup> m <sup>3</sup> )	32.8	28.7	28.5
Natural gas avoided (10 <sup>6</sup> m <sup>3</sup> )	8.2	9.4	10.4
NOx emissions (t)	305	286	242
Energy consumption transport/compressed gas (%)	0.25	0.26	0.30
CO <sub>2</sub> emissions/compressed gas (kg/10 <sup>6</sup> m <sup>3</sup> )	5,644	5,874	6,648
Natural gas emissions/km of network (m <sup>3</sup> /km)	1,007	876	873
NOx emissions/compressed gas (kg/10 <sup>6</sup> m <sup>3</sup> )	4.2	5.0	4.7
Average emissions of NOx per turbine/installed capacity ([mg/Nm <sup>3</sup> ]/MW)	3.8	3.8	3.8
DLE turbine operating hours/Total turbine operating hours (%) (*)	97	94	97
<b>Liquefied natural gas regasification</b>			
<b>Health and Safety</b>			
Employee injuries	0	0	0
of which fatal	0	0	0
of which with severe consequences	-	-	0
Contractor injuries	0	0	0
of which fatal	0	0	0
of which with severe consequences	-	-	0
Employee frequency rate	0	0	0
Employee severity rate	0	0	0
Contractor frequency rate	0	0	0
Contractor severity rate	0	0	0


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	2018	2019	2020
<b>Energy and Environment</b>			
Energy consumption (TJ)	462	1,217	<b>1,265</b>
GHG scope 1 emissions (ktCO <sub>2eq</sub> )	41	83.5	<b>88.3</b>
Natural gas emissions (10 <sup>6</sup> m <sup>3</sup> )	1.2	1.3	<b>1.3</b>
NOx emissions (t)	22.4	49.8	<b>48.6</b>
<b>Natural gas storage</b>			
<b>Health and Safety</b>			
Employee injuries	0	0	<b>0</b>
of which fatal	0	0	<b>0</b>
of which with severe consequences	-	-	<b>0</b>
Contractor injuries	0	0	<b>1</b>
of which fatal	0	0	<b>0</b>
of which with severe consequences	-	-	<b>0</b>
Employee frequency rate	0	0	<b>0</b>
Employee severity rate	0	0	<b>0</b>
Contractor frequency rate	0	0	<b>0.99</b>
Contractor severity rate	0	0	<b>0.06</b>
<b>Energy and Environment</b>			
Energy consumption (TJ)	5,337	4,784	<b>4,483</b>
GHG scope 1 emissions (ktCO <sub>2eq</sub> )	473	424	<b>336</b>
Natural gas emissions (10 <sup>6</sup> m <sup>3</sup> )	10.5	9.2	<b>5.2</b>
NOx emissions (t)	236	116	<b>111</b>
Emissions of natural gas for storage/gas stored (%)	0.041	0.033	<b>0.035</b>
NOx emissions/gas stored (kg/10 <sup>6</sup> m <sup>3</sup> )	22.2	11.4	<b>12</b>
Average emissions of NOx per turbine/installed capacity ([mg/Nm <sup>3</sup> ]/MW)	5.2	3.7	<b>3.7</b>

(\*) 2019 figure recalculated.



# MANAGEMENT SYSTEMS

Snam's commitment has also continued to expand and maintain management systems that oversee specific issues such as occupational health and safety, the environment and the quality of services provided. During the year, Snam implemented all the activities necessary to extend the management system certifications to the new companies entering the scope of consolidation and to maintain and update other existing certifications.

Company	Certification scope	Certification	Year of first certification
Snam	Management of operational continuity for the planning, development, centralised management of process and remote control systems for the dispatching of natural gas transport	ISO 22301	2018
	Management of information security for the planning, development, centralised management of process and remote control systems for the dispatching of natural gas transport	ISO 27001	2014
	Company	ISO 9001	2016
		ISO 14001	2015
		ISO 45001	2012
Snam Rete Gas	Company	ISO 9001	2016
		ISO 14001	2013
		ISO 45001	2010
	Natural gas transportation dispatching activities	ISO 22301	2015
	Testing laboratory (LAB 764 Piped gaseous flows)	ISO 17025	2007
GNL Italia	Company	Calibration laboratory (LAT 155 Natural gas mixtures)	2002
		ISO 14001	2000
		ISO 45001	2012
		ISO 9001	2020
Stogit	Company	ISO 14001	2002
		ISO 45001	2012
		ISO 9001	2008
ITG	Company	ISO 9001	2018
		ISO 14001	2010
		ISO 45001	2009
Snam4Mobility	Company	ISO 9001	2018
		ISO 14001	
		ISO 45001	
TEP	Company	UNI 11352	2013
		ISO 9001	2010
Cubogas	Company	ISO 9001	2018
		ISO 14001	
		ISO 45001	
IES Biogas	Company	ISO 9001	2018
		SOA OS 22 CL VII	2019


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(follows)

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

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

(\*\*) Controlled by Snam 4 Environment S.r.l.

(\*\*\*) Controlled by Snam 4 Efficiency S.r.l.


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# METHODOLOGICAL NOTE

## INTRODUCTION AND PRESENTATION OF THE DOCUMENT

The Sustainability Report is an annual document that Snam has been publishing on a voluntary basis since 2006. With this document, the Company aims to inform a wide and diversified audience of stakeholders (Citizens, Institutions, Territorial Communities, Media, Shareholders, Lenders, Employees, Suppliers, Customers, Authorities, etc.) of its choices, activities, results and employment in the ESG (Environment, Social and Governance) area. The Report has been prepared in accordance with the GRI Standards: comprehensive option, with the aim of providing a knowledge tool that is agile in its communication and accurate in its representation of results, giving a concrete and quantitative measurement of the performance achieved. Below you can consult the "GRI Content Index" which shows the GRI indicators matched with each material topic. With reference to this Sustainability Report, it should also be noted the adoption of the new Standard GRI 403: Health and safety at work 2018. This document is also the Communication on Progress for the UN Global Compact. Non-financial data and information can also be found in other documents published by the Company, which elaborate on specific aspects. In detail:

- **The Management Report** annexed to the Financial Report drafted following the instructions of the International Integrated Reporting Council;
- **The Non-Financial Statement** annexed to the Financial Report, which deals specifically with the environmental aspects of health and safety, personnel management, anti-corruption and the protection of human rights, in compliance with the requirements of Italian Legislative Decree 254/2016.
- **The Corporate Governance and Share Ownership Report**, which describes in detail the governance of the Company, including sustainability-related aspects, such as the composition of the ESG Committee;
- **The Remuneration Report**, which describes the remuneration policies adopted and how these are integrated with the Group's sustainability objectives;
- **The document "Today's changes for tomorrow's climate"** prepared according to the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), which describes Snam's activities in relation to the climate change issues.

## CONSOLIDATION SCOPE AND CRITERIA

The boundaries of the Sustainability Report are the same of the one of Annual Report and includes:

- **Corporate and other activities** (Snam S.p.A. with subsidiaries Gasrule Insurance DAC, Snam International BV, Snam Gas & Energy Service-Beijing);
- **Natural gas transportation** (Snam Rete Gas S.p.A., Asset Company 2 S.r.l., Infrastrutture Trasporto Gas S.p.A., Enura S.p.A.);
- **Natural gas regasification** (GNL Italia S.p.A.);
- **Natural gas storage** (Stogit S.p.A.);
- **Sustainable mobility** (Snam4Mobility S.p.A., Cubogas S.r.l.);
- **Biogas / Biomethane** (Snam4Environment S.r.l., Renerwaste S.r.l., Ecoprogetto Milano S.r.l., Ecoprogetto Tortona S.r.l., Renerwaste Lodi S.r.l., IES Biogas S.r.l., Enersi Sicilia S.r.l.);
- **Energy efficiency** (Snam4Efficiency S.r.l., Evolve S.p.A., TEP Energy Solution S.r.l. and Miec S.p.A., Tlux S.r.l.).

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

## REPORTING PROCESS AND METHODOLOGY

The process of preparing the report was coordinated and managed by the CSR unit of the parent company Snam, in cooperation with the other corporate functions and operating companies. Publication of the document, concurrent to the Annual Report, was subject to the approval by the Snam Board of Directors on 17th March 2021. The report contains the data and information relevant to the understanding of the Group's activities, selected consistently on the basis of a structured materiality analysis, which made it possible to identify the most relevant sustainability issues for the Group and its stakeholders, which is described in the paragraph "Listening to stakeholders".


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The economic and financial, operating and governance data was taken directly from the Annual Report and from the Corporate Governance and Ownership Structure Report. Data concerning the environment, employees and the other aspects addressed in the document were gathered from the process owners.

The calculation methodology used to determine the figures are indicated in the specific related sections. To ensure the comparability of the most significant indicators over time and to allow the reader to compare the performance achieved, figures have been compared with those of the previous two years, using graphs and tables. Within the document, an attempt has been made to give equal prominence to the positive and negative aspects, providing, where appropriate, a commentary on the results obtained.

## ASSURANCE

The report was subjected to a limited assurance engagement according to the criteria indicated by the "International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" principle, issued by International Auditing and Assurance Standards Board (IAASB), by part of Deloitte & Touche S.p.A., which is expressed in a specific "Independent Auditor's Report" reported below in the document. The opinion of the auditing firm and the related verification activities did not concern the information relating to the SASB and TCFD recommendations.

Reference period	1-1-2020 to 31-12-2020
Frequency	Annual
Last document published	2019 Sustainability Report
Contact persons	Domenico Negrini Snam S.p.A. Piazza Santa Barbara, 7 San Donato Milanese (MI) www.snam.it
E-mail	domenico.negrini@snam.it






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## GRI STANDARDS CORRESPONDENCE TABLE

The report refers to Snam's material topics and the related GRI material topics. The standards have been applied as follows: standard 102 (from 102-1 to 102-56) and the topic specific standards of the series 200 (Economic), 300 (Environmental) and 400 (Social) have been selected in relation to the topics listed in the materiality matrix. With regard to standard 103 (Management approach):

- For 103-1 (definition of the internal and external perimeter for each material topic), the following table has been drawn up;
- For 103-2 (management approach) and 103-3 (assessment of the management approach), the disclosure was made for homogeneous groups of GRI material topics and for each of the Snam material topics that it was not possible to link to a topic-specific standard.

Material issues	GRI aspects	Scope of the aspect		Reporting restrictions	
		Internal	External	Internal	External
Health and safety	GRI 403 Occupational Health & Safety	One company	Suppliers	-	-
Climate Change	GRI 305 Emissions	One company	Suppliers	-	Emissions related to energy consumption of suppliers
	GRI 302 Energy		Suppliers	-	Energy consumption of suppliers
Infrastructure reliability, business continuity and cybersecurity	-	One company	-	-	-
Green businesses	-	One company	-	-	-
Innovation	-	One company	-	-	-
Economic performance and value creation	GRI 201 Economic Performance	One company	-	-	-
Diversity & Inclusion	GRI 405 Diversity and Equal opportunities	One company	-	-	-
	GRI 406 Non discrimination		-	-	-
Human capital development	GRI 401 Employment	One company	-	-	-
	GRI 404 Training and Education		-	-	-
Business Integrity	GRI 205 Anticorruption	One company	Suppliers	-	-
	GRI 207 Tax		-	-	-
	GRI 419 Socioeconomic compliance		-	-	-

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Material issues	GRI aspects	Scope of the aspect		Reporting restrictions	
		Internal	External	Internal	External
Relations with local communities	GRI 203 Indirect economic impact	One company	-	-	-
	GRI 413 Local communities		-	-	-
Anti-corruption	GRI 205 Anticorruption	One company	Suppliers		
Biodiversity and land protection	GRI 304 Biodiversity	T, B	Suppliers		
Relations with the authorities and quality of services	-	One company	-		

Legend:  
T = Transportation; S = Storage; R = Regasification; C = Corporate; M = Sustainable mobility; B = Biomethane; E = Energy efficiency; H = Hydrogen; One Company = T, S, R, C, M, B, E, H




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# GRI CONTENT INDEX

SR = Sustainability Report

AR = Integrated Financial Report – Annual Report

NFS = Consolidated Non-Financial Statement

CGR = Corporate Governance and Ownership Structure Report

RR = Remuneration Report

TCFD = Task Force on Climate-related Financial Disclosure

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>GRI 102 General disclosure 2016</b>				
<b>Organizational Profile</b>	102-1	Name of the organization	SR "Cover page"	
	102-2	Activities, brands, products, and services	SR "Infrastructure for change"	
	102-3	Location of headquarters		Snam HQ is located in San Donato Milanese <a href="https://www.snam.it/en/about-us/headquarter/index.html">https://www.snam.it/en/about-us/headquarter/index.html</a>
	102-4	Location of operations	SR "Infrastructure for change"	
	102-5	Ownership and legal form	CGR "Corporate governance at Snam" AR "Snam and the financial markets, Snam Shareholder composition at 31 December 2020"	
	102-6	Markets served	SR "Infrastructure for change"	
	102-7	Scale of the organization	SR "Infrastructure for change" SR "Appendix - Data and performance indicators"	
	102-8	Information on employees and other workers	SR "The power of working together - Growing with people, Snam life" SR "Appendix - Data and performance indicators"	The total number of employees by employment contract broken down by gender and geographical area respectively is not significant.
	102-9	Supply chain	SR "The power of working together - Changing with suppliers"	
	102-10	Significant changes to the organization and its supply chain	SR "The power of working together - Changing with suppliers"	
	102-11	Precautionary Principle or approach	SR "For a Net Zero world" AR "Governance - Control system" AR "Risk Management" TCFD "The ERM model and the risks and opportunities related to climate change - Risks related to climate change"	
	102-12	External initiatives		Snam adheres, among others, to the Global Compact and to the Task Force on Climate Related Financial Disclosure (TCFD)
	102-13	Membership of associations		Section "Snam and associations" published on the web page <a href="https://www.snam.it/en/about-us/innovation_and_technology/index.html">https://www.snam.it/en/about-us/innovation_and_technology/index.html</a>


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>GRI 102 General disclosure 2016</b>				
<b>Strategy</b>	102-14	Statement from senior decision-maker	SR "Letter to the shareholders and stakeholders"	
	102-15	Key impacts, risks, and opportunities	SR "Towards Net Zero - The new 2020-2024 Strategic Plan" AR "Risk Management" TCFD "The ERM model and the risks and opportunities related to climate change - Risks related to climate change" TCFD "The ERM model and the risks and opportunities related to climate change - Opportunities related to climate change"	-
<b>Ethics and integrity</b>	102-16	Values, principles, standards, and norms of behavior	SR "The leader of tomorrow - Ensuring sound governance" SR "The leader of tomorrow - Combating corruption"	
	102-17	Mechanisms for advice and concerns about ethics		<a href="https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html">https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html</a>
<b>Governance</b>	102-18	Governance structure	SR "The leader of tomorrow - Ensuring sound governance, Corporate and organizational structure" AR "Governance" TCFD "Governance for the climate change management"	
	102-19	Delegating authority	SR "The leader of tomorrow - Ensuring sound governance, Corporate and organizational structure" AR "Governance"	
	102-20	Executive-level responsibility for economic, environmental, and social topics	SR "The leader of tomorrow - Ensuring sound governance" CGR "Snam's Board of Directors"	
	102-21	Consulting stakeholders on economic, environmental, and social topics	SR "Listening to stakeholders - Snam stakeholders"	
	102-22	Composition of the highest governance body and its committees	SR "The leader of tomorrow - Ensuring sound governance" CGR "Snam's Board of Directors"	
	102-23	Chair of the highest governance body	SR "The leader of tomorrow - Ensuring sound governance" CGR "Snam's Board of Directors"	
	102-24	Nominating and selecting the highest governance body	SR "The leader of tomorrow - Ensuring sound governance" CGR "Snam's Board of Directors"	
	102-25	Conflicts of interest	CGR "Shareholder agreements"	
	102-26	Role of highest governance body in setting purpose, values, and strategy	SR "The leader of tomorrow - Ensuring sound governance" CGR "Induction programme for directors and statutory auditors" TCFD "Governance for the climate change management"	
	102-27	Collective knowledge of highest governance body	SR "The leader of tomorrow - Ensuring sound governance" CGR "Induction programme for directors and statutory auditors" TCFD "Governance for the climate change management"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>GRI 102 General disclosure 2016</b>				
<b>Governance</b> (Follows)	102-28	Evaluating the highest governance body's performance	SR "The leader of tomorrow - Ensuring sound governance, Corporate and organizational structure" CGR "Snam's Board of Directors"	
	102-29	Identifying and managing economic, environmental, and social impacts	SR "The leader of tomorrow - Ensuring sound governance" AR "Governance" AR "Risk Management"	
	102-30	Effectiveness of risk management processes	AR "Governance - Control system" AR "Risk Management"	
	102-31	Review of economic, environmental, and social topics	SR "The leader of tomorrow - Ensuring sound governance"	
	102-32	Highest governance body's role in sustainability reporting	SR "Methodological note" AR "Governance" TCFD "Governance for the climate change management"	
	102-33	Communicating critical concerns		<a href="https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html">https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html</a>
	102-34	Nature and total number of critical concerns	CGR "Snam's Legal Framework" AR "Governance - Internal Audit activities"	
	102-35	Remuneration policies	RR "Remuneration Policy Guidelines"	
	102-36	Process for determining remuneration	RR "Governance of the remuneration process"	
	102-37	Stakeholders' involvement in remuneration	CGR "Shareholders' Meeting and shareholders' rights" RR "Remuneration Policy Guidelines"	
	102-38	Annual total compensation ratio	Confidential disclosure	
	102-39	Percentage increase in annual total compensation ratio	Confidential disclosure	
<b>Stakeholder engagement</b>	102-40	List of stakeholder groups	SR "Listening to stakeholders - Snam stakeholders"	
	102-41	Collective bargaining agreements		100% Non-management personnel are subject to the CCNL (Energy and Oil Contract, Metalworking and Mechanical Engineering Industry contract, Commercial Activities contract). For executive personnel, the National Contract for Managers of Companies producing Goods and Services applies.
	102-42	Identifying and selecting stakeholders	SR "Listening to stakeholders - Snam stakeholders"	
	102-43	Approach to stakeholder engagement	SR "Listening to stakeholders - Snam stakeholders"	
	102-44	Key topics and concerns raised	SR "Listening to stakeholders - Snam stakeholders"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>GRI 102 General disclosure 2016</b>				
<b>Reporting process</b>	102-45	Entities included in the consolidated financial statements		There are no differences in the consolidation scope between the Sustainability Report and the Annual Report.
	102-46	Defining report content and topic Boundaries	SR "Listening to stakeholders" SR "Methodological note" SR "Appendix - GRI Standards Correspondence Table"	
	102-47	List of material topics	SR "Listening to stakeholders - The materiality analysis"	
	102-48	Restatements of information		Any changes with respect to the previous Sustainability Report have been specifically indicated in the text.
	102-49	Changes in reporting	SR "Listening to stakeholders - The materiality analysis" SR "Methodological note"	
	102-50	Reporting period	SR "Methodological note"	
	102-51	Date of most recent report	SR "Methodological note"	
	102-52	Reporting cycle	SR "Methodological note"	
	102-53	Contact point for questions regarding the report	SR "Methodological note"	
	102-54	Claims of reporting in accordance with the GRI Standards	SR "Methodological note"	
	102-55	GRI content index	SR "GRI Content Index"	
	102-56	External assurance	SR "Methodological note" SR "Independent auditor's report"	
<b>Economic Material Topic (GRI 200)</b>				
<b>GRI 201 Economic performance 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Listening to stakeholders - Added value produced and distributed" AR "Risk Management"	
	201-1	Direct economic value generated and distributed	SR "Listening to stakeholders - Added value produced and distributed"	
	201-2	Financial implications and other risks and opportunities due to climate change	SR "Towards Net Zero" TCFD "The ERM model and the risks and opportunities related to climate change - Risks related to climate change" TCFD "The ERM model and the risks and opportunities related to climate change - Opportunities related to climate change"	
	201-3	Defined benefit plan obligations and other retirement plans		Snam has fulfilled in 2020 the social security obligations required by law and by the employment contracts applied. The active pension funds are the Energy Fund, Cometa and FONTE for non-executive employees, and the PREVINDAI and FOPDIRE for executive employees.
	201-4	Financial assistance received from government		Not applicable


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>Economic material topics (GRI 200)</b>				
<b>GRI 203 Indirect economic impacts 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Towards Net Zero - The new 2020-2024 Strategic Plan" SR "The power of working together - Changing with suppliers" SR "The power of working together - Engaging local communities" NFS "Social aspects - Added Value"	
	203-1	Infrastructure investments and services supported	SR "Infrastructure for change" SR "Towards Net Zero - The new 2020-2024 Strategic Plan" SR "Towards Net Zero - New businesses: levers for the energy transition" SR "The power of working together - Engaging local communities"	
	203-2	Significant indirect economic impacts	SR "Sustainability driving Snam's actions - Snam in the front line against Covid-19" SR "The power of working together - Engaging local communities"	
<b>GRI 205 Anti-corruption 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The leader of tomorrow - Combating corruption" NFS "Prevention of active and passive corruption"	
	205-1	Operations assessed for risks related to corruption	SR "The leader of tomorrow - Combating corruption" AR "Risk Management - Elements of risk and uncertainty, Legal and non-compliance risk "	All divisions are monitored in relation to the risk of corruption.
	205-2	Communication and training about anti-corruption policies and procedures	SR "The leader of tomorrow - Combating corruption"	The 100% of the Snam employees and members of the BoD have been informed about the Snam Anticorruption Policies and Guideline.
	205-3	Confirmed incidents of corruption and actions taken	NFS "Prevention of active and passive corruption"	In 2020, no cases of corruption were established.
<b>GRI 207 Tax 2019</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Listening to stakeholders - Added value produced and distributed" NFS "Social aspects - Approach to tax"	
	207-1	Approach to tax	SR "Listening to stakeholders - Added value produced and distributed" NFS "Social aspects - Approach to tax"	
	207-2	Tax governance, control, and risk management	NFS "Social aspects - Approach to tax"	
	207-3	Stakeholder engagement and management of concerns related to tax	NFS "Social aspects - Approach to tax"	
	207-4	Country-by-country reporting	NFS "Social aspects - Approach to tax"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>Environmental material topics (GRI 300)</b>				
<b>GRI 302 Energy 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "For a Net Zero world - Using energy efficiently" SR "For a Net Zero world - Reduce climate and air emissions" NFS "Environmental and health and safety aspects"	
	302-1	Energy consumption within the organization	SR "For a Net Zero world - Using energy efficiently" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow: Snam and its commitment against climate change - Energy efficiency"	
	302-2	Energy consumption outside of the organization		Information not available
	302-3	Energy intensity	SR "Appendix - Data and performance indicators" TCFD "Performance indicators"	
	302-4	Reduction of energy consumption	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow: Snam and its commitment against climate change - Energy efficiency"	In this document, the reductions in energy consumption obtained through efficiency measures are quantified by reporting the corresponding CO <sub>2eq</sub> emissions avoided.
	302-5	Reductions in energy requirements of products and services		Not applicable
<b>GRI 304 Biodiversity 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "For a Net Zero world - Protecting land and biodiversity"	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	RS "For a Net Zero world - Protecting land and biodiversity"	
	304-2	Significant impacts of activities, products, and services on biodiversity	SR "For a Net Zero world - Protecting land and biodiversity"	
	304-3	Habitats protected or restored	SR "For a Net Zero world - Protecting land and biodiversity"	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR "For a Net Zero world - Protecting land and biodiversity"	




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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>Environmental material topics (GRI 300)</b>				
<b>GRI 305 Emissions 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Towards Net Zero - Carbon neutrality" SR "For a Net Zero world - Reduce climate and air emissions"	
	305-1	Direct (Scope 1) GHG emissions	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators"	
	305-2	Energy indirect (Scope 2) GHG emissions	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators"	
	305-3	Other indirect (Scope 3) GHG emissions	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators"	
	305-4	GHG emissions intensity	SR "Appendix - Data and performance indicators" TCFD "Performance indicators"	
	305-5	Reduction of GHG emissions	SR "For a Net Zero world - Reduce climate and air emissions"	
	305-6	Emissions of ozone-depleting substances (ODS)		Not significant quantity
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emission	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators"	
<b>Social material topics (GRI 400)</b>				
<b>GRI 401 Employment 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The power of working together - Growing with people" NFS "Aspects concerning the management of personnel"	
	401-1	New employee hires and employee turnover	SR "The power of working together - Growing with people, Snam life" SR "Data and performance indicators"	The split of the data by country is not reported because it is not applicable (almost all the employees are located in Italy).
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		There are no differences in access to company benefits.
	401-3	Parental leave	SR "The power of working together - Growing with people, Staying well: corporate welfare"	
<b>GRI 403 Occupational health and safety 2018</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The power of working together - Growing with people, Protect health and safety" NFS "Environmental and health and safety aspects"	
	403-1	Occupational health and safety management system	SR "Appendix - The management systems"	
	403-2	Hazard identification, risk assessment, and incident investigation	SR "The power of working together - Growing with people, Protect health and safety"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>Social material topics (GRI 400)</b>				
<b>GRI 403 Occupational health and safety 2018</b> (follows)	403-3	Occupational health services	SR "The power of working together - Growing with people, Protect health and safety"	
	403-4	Worker participation, consultation, and communication on occupational health and safety		Worker representation is also ensured by law (ref. TU Legislative Decree 81/2008) and national contracts. During 2020, numerous union agreements were signed on various issues (dispatching isolation, establishment of territorial committees for the application of the anti-covid health protocol, collective closures, participation bonus).
	403-5	Worker training on occupational health and safety	SR "The power of working together - Growing with people, Protect health and safety" SR "The power of working together - Growing with people, Learning together"	
	403-6	Promotion of worker health	SR "The power of working together - Growing with people, Protect health and safety" SR "Appendix - Data and performance indicators"	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR "The power of working together - Growing with people, Protect health and safety"	
	403-8	Workers covered by an occupational health and safety management system	SR "The power of working together - Growing with people, Protect health and safety" SR "Appendix - The management systems"	The percentage of employees covered by an occupational health and safety management system is 94.4%.
	403-9	Work-related injuries	SR "The power of working together - Growing with people, Protect health and safety" SR "The power of working together - Changing with suppliers" SR "Appendix - Data and performance indicators"	All the injuries involving employees and contractors occurred in Italy (for employees 3 in the North and for contractors 1 in the Centre and 1 in the South). The injuries involved only male staff. The rate of fatalities as a result of accidents at work was 0 for employees and 0.12 for contractors. The rate of high-consequence work-related injuries (excluding fatal accidents) is 0 for both employees and contractors. The rate of recordable work-related accidents, which is the same as the injury frequency rate, is 0.59 for employees and 0.25 for contractors, calculated as the ratio between the number of injuries of the related type and the number of hours worked in the related category, multiplied by 1,000,000. The hours worked of employees and contractors taken into account for the calculation are respectively 5.09 and 8.14 million hours.


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>Social material topics (GRI 400)</b>				
<b>GRI 403 Occupational health and safety 2018</b> (follows)	403-10	Work-related ill health	SR "The power of working together - Growing with people, Protect health and safety"	Contractors, like employees, are not exposed to risks that could lead to occupational diseases over time. Moreover, considering the fact that the health surveillance of the contractor's staff is the responsibility of the employer of the contracting companies, the collection of data on occupational diseases of the contractor's staff is not applicable.
<b>GRI 404 Training and education 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The power of working together - Growing with people, Learn together"	
	404-1	Average hours of training per year per employee	SR "The power of working together - Growing with people, Learn together" SR "Appendix - Data and performance indicators"	
	404-2	Programs for upgrading employee skills and transition assistance programs	SR "The power of working together - Growing with people, Learn together"	
	404-3	Percentage of employees receiving regular performance and career development reviews	SR "The power of working together - Growing with people, Learn together"	
<b>GRI 405 Diversity and equal opportunities 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The power of working together - Growing with people, Include diversity"	
	405-1	Diversity of governance bodies and employees	SR "The power of working together - Growing with people, Include diversity" SR "The leader of tomorrow - Ensuring sound governance, Corporate and organizational structure"	In 2020, 3 Board members belong to the 30-50 age group and 6 to the >50 age group (in 2018 and 2019 there were 2 for the 30-50 age group and 7 for the >50 age group). Employees under the age of 30: 0 executives, 2 middle managers, 283 white collars, 225 blue-collar workers. Employees aged between 30 and 50: 79 executives, 298 middle managers, 689 white collars, 236 blue-collar workers. Employees aged over 50: 52 executives, 249 middle managers, 792 white collars, 344 blue-collar workers.
	405-2	Ratio of basic salary and remuneration of women to men	SR "The power of working together - Growing with people, Include diversity" SR "Appendix - Data and performance indicators"	


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GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>Social material topics (GRI 400)</b>				
<b>GRI 406 Non-discrimination 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The power of working together - Growing with people, Include diversity" SR "The power of working together - Changing with suppliers" NFS "Protecting Human Rights"	
	406-1	Incidents of discrimination and corrective actions taken	NFS "Protecting Human Rights"	
<b>GRI 413 Local communities 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Listening to stakeholders - Snam stakeholders" SR "For a Net Zero world - Protecting land and biodiversity" SR "The power of working together - Engaging local communities"	
	413-1	Operations with local community engagement, impact assessments, and development programs	SR "Listening to stakeholders - Snam stakeholders" SR "For a Net Zero world - Protecting land and biodiversity" SR "The power of working together - Engaging local communities"	
	413-2	Operations with significant actual and potential negative impacts on local communities	SR "For a Net Zero world - Protecting land and biodiversity"	
<b>GRI 419 Socioeconomic compliance 2016</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The leader of tomorrow - Combating corruption" NFS "Prevention of active and passive corruption"	
	419-1	Non-compliance with laws and regulations in the social and economic area	NFS "Prevention of active and passive corruption" AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA" (in "Notes to the consolidated financial statements")	
<b>Other non GRI issues</b>				
<b>Green businesses</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Towards Net Zero - New businesses: levers for the energy transition" AR "Towards Net Zero - The 2020-2024 Strategic Plan"	
<b>Infrastructure reliability, business continuity and cyber security</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The leader of tomorrow - Ensuring a reliable infrastructure" AR "2020 performance - Operating performance and sustainability impacts, Technical investments, Plant security and quality levels"	
<b>Innovation</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "Towards Net Zero - Innovation for business development"	
<b>Relations with the authorities and quality of services</b>	103-1, 103-2, 103-3	Management Approach	SR "Appendix - GRI Standards Correspondence Table" SR "The leader of tomorrow - Ensuring a reliable infrastructure"	


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## OTHER GRI DISCLOSURES IN THE REPORT

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/Omissions
<b>GRI 303 Water and effluents 2018</b>	303-3	Water withdrawal	SR "For a Net Zero world - Protecting land and biodiversity, Other environmental impacts" SR "Appendix - Data and performance indicators"	Data on water abstraction sources and their location in water stress areas are not currently available.
	303-4	Water discharge	SR "For a Net Zero world - Protecting land and biodiversity, Other environmental impacts" SR "Appendix - Data and performance indicators"	Data on the types of water discharges and their location in water-stressed areas are not currently available.
<b>GRI 306 Effluents and waste 2016</b>	306-2	Waste by type and disposal method	SR "For a Net Zero world - Protecting land and biodiversity, Other environmental impacts" SR "Appendix - Data and performance indicators"	The total amount of waste disposed of is 124,460 t. Of this, 6,269 t are hazardous waste (by disposal method: 236.81 t recovery, 15.75 t landfill, 6,015.99 t other facility); 118,191 t are non-hazardous waste (by disposal method: 34,490 t recovery, 55,305 t incineration, 13,072 t landfill, 15,322 other facility).


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## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

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

We have carried out a limited assurance engagement on the Sustainability Report of Snam Group (hereinafter "Group") as of December 31, 2020.

### Responsibility of the Directors for the Sustainability Report

The Directors of the Snam S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI – *Global Reporting Initiative* ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

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

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.  
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Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 *Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically we carried out the following procedures:

- analysis of the reasons for the coexistence of the NFS (Consolidated Non-Financial Statement required under articles 3, 4 and 7 of Legislative Decree 254/2016) and the Sustainability Report and the elements that differentiate the two documents;
- analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- comparison between the economic and financial data and information included in the chapter “Added value produced and distributed” of the Sustainability Report with those included in the Group’s Financial Statements;
- understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

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

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

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

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Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Snam Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological Note” of the Sustainability Report.

Other matters

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

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
April 6, 2021

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





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# SASB CORRESPONDENCE TABLE (SUSTAINABILITY ACCOUNTING STANDARDS BOARD)

SR = Sustainability Report

AR = Integrated Financial Report – Annual Report

Dimensions	Thematic category	Disclosure	Description	Reference document and paragraph	Omissions - Notes
Environmental	GHG Emissions	EM-MD-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators"	
		EM-MD-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	SR "Towards Net Zero - Carbon neutrality" SR "For a Net Zero world - Reduce climate and air emissions"	
	Air Quality	EM-MD-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM10)	SR "For a Net Zero world - Reduce climate and air emissions" SR "Appendix - Data and performance indicators"	
	Ecological Impacts	EM-MD-160a.1	Description of environmental management policies and practices for active operations	SR "For a Net Zero world - Protecting land and biodiversity"	
		EM-MD-160a.2	Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat	SR "For a Net Zero world - Protecting land and biodiversity"	
		EM-MD-160a.3	Terrestrial acreage disturbed, percentage of impacted area restored	SR "For a Net Zero world - Protecting land and biodiversity"	
		EM-MD-160a.4	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered		The indicator is not applicable for Snam


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Dimensions	Thematic category	Disclosure	Description	Reference document and paragraph	Omissions - Notes
	<b>Competitive Behavior</b>	EM-MD-520a.1	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA" (in "Notes to the consolidated financial statements")	
	<b>Critical Incident Risk Management</b>	EM-MD-540a.1	Number of reportable pipeline incidents, percentage significant	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA" (in "Notes to the consolidated financial statements")	
		EM-MD-540a.2	Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected	SR "For a Net Zero world - Protecting land and biodiversity"	4.6% of the natural gas transmission network inspected with smart pigs; 63.3% inspected by helicopter flyover; 32.3% inspected by leak detection and 13.6% geological monitoring
		EM-MD-540a.3	Number of (1) accident releases and (2) non-accident releases (NARs) from rail transportation		The indicator is not applicable for Snam
		EM-MD-540a.4	Discussion of management systems used to integrate a culture for safety and emergency preparedness throughout the value chain and throughout project lifecycles	SR "Appendix - The management systems"	



# TABLE OF CORRESPONDENCE OF TCFD RECOMMENDATIONS (TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE)

SR = Sustainability Report

AR = Integrated Financial Report – Annual Report

TCFD = Task Force on Climate-related Financial Disclosure

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


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## TCFD Recommendations

## Disclosure

### RISK MANAGEMENT

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

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

### METRICS AND TARGETS

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

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>SR "Towards Net Zero - Carbon neutrality"</li> <li>SR "For a Net Zero world - Using energy efficiently"</li> <li>SR "For a Net Zero world - Reduce climate and air emissions"</li> <li>SR "Appendix - Data and performance indicators"</li> <li>TCFD "Acting for tomorrow: Snam and its commitment against climate change"</li> <li>TCFD "Performance indicators"</li> </ul>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> <li>SR "For a Net Zero world - Reduce climate and air emissions"</li> <li>SR "Appendix - Data and performance indicators"</li> <li>TCFD "Acting for tomorrow: Snam and its commitment against climate change, Reduction of GHG emissions"</li> <li>TCFD "Performance indicators"</li> </ul>
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> <li>SR "Towards Net Zero - Carbon neutrality"</li> <li>SR "Towards Net Zero - New businesses: levers for the energy transition, Energy efficiency"</li> <li>SR "For a Net Zero world - Using energy efficiently"</li> <li>SR "For a Net Zero world - Reduce climate and air emissions"</li> <li>SR "Appendix - Data and performance indicators"</li> <li>TCFD "Acting for tomorrow: Snam and its commitment against climate change"</li> <li>TCFD "Performance indicators"</li> </ul>


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## GLOBAL COMPACT RECONCILIATION TABLE

The Snam management model takes its inspiration from the Code of Ethics and is based on management policies founded on the principles of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO and the OECD Guidelines for Multinational Enterprises. The Code of Ethics can be consulted at the address [https://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice\\_Etico.pdf](https://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice_Etico.pdf) and the policies can be consulted on the Company's website at [https://www.snam.it/en/Sustainability/snam\\_commitments/index.html](https://www.snam.it/en/Sustainability/snam_commitments/index.html).

The ten principles	Sustainability Report 2020	Page
<b>Human rights</b>		
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.	<ul style="list-style-type: none"> <li>Snam operates in the framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO - International Labour Organisation - and of the OECD Guidelines for Multinational Enterprises and the principles enshrined in the United Nations Global Compact (principles enshrined in its own code of ethics).</li> </ul>	<ul style="list-style-type: none"> <li>The leader of tomorrow - Ensuring sound governance</li> </ul>
	<ul style="list-style-type: none"> <li>Snam promotes sustainability and business ethics in its supply chain and conducts audits in the field of human rights, occupational safety of suppliers and subcontractors.</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Changing with suppliers</li> </ul>
	<ul style="list-style-type: none"> <li>Snam safeguards occupational safety and health through training, sensitization raising and education initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Growing with people, Learning together</li> <li>The power of working together - Growing with people, Protect health and safety</li> </ul>
<b>Labour</b>		
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.	<ul style="list-style-type: none"> <li>Snam respects everyone's dignity, and offers equal opportunities in every phase and every aspect of the employment relationship, avoiding all forms of discrimination based on sex, age, health, nationality, political opinion or religious views.</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Growing with people, Staying well: corporate welfare</li> <li>The power of working together - Growing with people, Include diversity</li> </ul>
	<ul style="list-style-type: none"> <li>Snam applies the Energy and Petroleum agreement and guarantees trade union rights for all workers.</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Growing with people, Snam life</li> <li>The power of working together - Growing with people, Learning together</li> </ul>
	<ul style="list-style-type: none"> <li>Snam holds meetings with Trade Union organisations at a national and local level dedicated to the analysis of business development projects and new organizational structures-</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Growing with people, Learning together</li> </ul>
	<ul style="list-style-type: none"> <li>Snam develops initiatives to reconcile work and life-</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Growing with people, Staying well: corporate welfare</li> </ul>
	<ul style="list-style-type: none"> <li>Snam provides its employees with training and professional development opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>The power of working together - Growing with people, Learning together</li> </ul>


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## The ten principles

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### Labour (Follows)

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.

- Snam develops projects to strengthen its operational excellence and to contribute to the containment of greenhouse gas emissions, including through its new Towards Net Zero Strategy.

- Towards Net Zero - Carbon neutrality
- Towards Net Zero - New businesses: levers for the energy transition
- For a Net Zero world - Using energy efficiently
- For a Net Zero world - Reduce climate and air emissions

- Protecting the environment and biodiversity are integral parts in defining Snam's corporate policies and investment decisions.

- For a Net Zero world - Protecting land and biodiversity, Protection of biodiversity

- All of Snam's activities are monitored by certified environmental management systems (ISO 14001).

- Appendix - The management systems

- Snam performs specific energy management and CO<sub>2</sub> saving activities.

- Towards Net Zero - New businesses: levers for the energy transition
- For a Net Zero world - Using energy efficiently

- Snam also evaluates its suppliers using environmental criteria.

- The power of working together - Changing with suppliers, Suppliers of change
- The power of working together - Changing with suppliers, The path to become a Snam partner

### Anti-corruption

Principle 10 - Companies commit to fighting corruption in any form, including extortion and bribery.

- Snam disseminates ethical principles and business values.

- The leader of tomorrow - Ensuring sound governance
- The leader of tomorrow - Combating corruption

- Snam collaborates with International Transparency International on anti-corruption and governance.

- The leader of tomorrow - Combating corruption

- Snam provides training activities in matters of legality and anti-corruption.

- The leader of tomorrow - Combating corruption

- Snam conducts reputational checks of suppliers and subcontractors.

- The leader of tomorrow - Combating corruption, Relations with suppliers and business partners

- No cases of corruption were reported in 2020.

- Appendix – GRI Content Index (205-3)

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The ten principles	Sustainability Report 2020	Page
Anti-corruption (follows)		
Support for Sustainable Development Goals	Snam also undertakes to contribute to the sustainable development of the economy and future society with reference to the Sustainable Development Goals defined by the UN and expresses its contribution to all the goals. With reference to the strategy of the integration of SDGs into the business model, Snam is particularly active in goals 3, 4, 5, 7, 8, 9,10, 11, 13, 15, 16.	<ul style="list-style-type: none"><li>• Energy to inspire the world: the purpose of Snam</li><li>• Sustainability driving Snam's actions - 2020 Highlights</li><li>• Towards Net Zero – ESG Scorecard</li><li>• Towards Net Zero - Investing responsibly</li><li>• Towards Net Zero - New businesses: levers for the energy transition</li><li>• For a Net Zero world - Using energy efficiently</li><li>• For a Net Zero world - Reduce climate and air emissions</li><li>• For a Net Zero world - Protecting land and biodiversity</li><li>• The power of working together - Growing with people<ul style="list-style-type: none"><li>- Snam life</li><li>- Staying well: corporate welfare</li><li>- Learning together</li><li>- Include diversity</li><li>- Protect health and safety</li><li>- The power of working together - Changing with suppliers</li></ul></li><li>• The power of working together - Engaging local communities</li><li>• The leader of tomorrow - Ensuring sound governance</li><li>• The leader of tomorrow - Combating corruption</li><li>• The leader of tomorrow - Ensuring a reliable infrastructure</li></ul>





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# ENERGY TO INSPIRE THE WORLD



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