

SUSTAINABILITY REPORT

2021

Energy to inspire the world



Snam is Europe's leading operator in natural gas transport and storage, with an infrastructure capable of enabling the transition to hydrogen.

It operates a transmission network of around 41,000 km between Italy, Austria, France, Greece and the UK and holds 3.5% of the world's storage capacity. It is among the top ten Italian listed companies by market capitalisation.

With its 80 years of experience in the development and management of networks and plants, it guarantees security of supply and promotes energy transition in the areas it serves. In addition to transport and storage, Snam is also a major player in LNG regasification.

The company is also active in Asia, the Middle East and North America.

Snam is committed to renewing its infrastructure with hydrogen-ready standards and to developing integrated projects along the green gas value chain, with investments in biomethane, hydrogen, sustainable mobility and energy efficiency. It also creates new green areas through a benefit company focused on forestation projects.

Snam has set a zero net Scope 1 and 2 CO₂ equivalent emissions target by 2040 and a Scope 3 indirect emissions reduction target (subsidiaries, suppliers) by 2030.

www.snam.it

SUSTAINABILITY REPORT

2021



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Snam's Reports

INTEGRATED REPORTING MEANS "INTEGRATED THINKING"

Snam has been following, for some time, a path of integration of the reporting processes based on the assumption that "integrated reporting means integrated thinking". This approach aims at responding to the requests of all stakeholders by means of 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.

Voluntary



CLIMATE CHANGE REPORT

Describes the company's **governance, strategy and scenarios, the risks and opportunities, metrics and targets to fight climate change**, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board.

Mandatory



ANNUAL REPORT

Provides a **comprehensive view of financial and non-financial performance** through the information contained in the Director's Report - Integrated Report, in the Non-Financial Statement prepared in accordance with Italian Legislative Decree 254/2016, in the Consolidated and Statutory Financial Statements.

CONSOLIDATED NON-FINANCIAL STATEMENT

It provides information on the **company's management and organisational methods, policies, risks and how they are managed, and performance on sustainability issues relevant to the Group**. Drawn up in accordance with Italian Legislative Decree 254/2016, the document is a specific section of the Annual Report.



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

It provides detailed information about the company, its **governance system and 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 and the remuneration paid.

FOCUS ON



SUSTAINABILITY REPORT

The **Sustainability Report** is a yearly voluntary document that Snam has been publishing since 2006 and aims to transparently and clearly describe the progress and points for improvement regarding **environmental, social and governance topics (ESG)** and the contribution to the **Sustainable Development Goals (SDGs) of the Agenda 2030**.

The document illustrates the role that Snam is playing in the decarbonisation of the country's economic System with particular regard to the **Net Zero Carbon** strategy in 2040, the new intermediate targets for reducing Scope 1, Scope 2 and Scope 3 emissions and the **ESG Scorecard**, which monitors the main KPIs of the most relevant areas in environmental, social and governance terms.

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 prepared in accordance with the **Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)**, according to the *Comprehensive* option and provides information on the indicators of the **Sustainability Accounting Standards Board (SASB) for the midstream Oil & Gas sector and the World Economic Forum (WEF)**, contained in the white paper "Measuring Stakeholder Capitalism". This document is also the Communication On Progress for the **Global Compact of the United Nations**.

80 YEARS OF ENERGY TO INSPIRE THE FUTURE

SNAM'S PURPOSE

Snam's purpose included in its company Bylaws in February 2021 is **"Energy to inspire the world"**. It is based on Aristotle's thinking that the purpose of every individual - the reason for being - lies at the intersection between the individual's talent and what the world needs. "Energy to inspire the world" encapsulates Snam's experience, engineering tradition and ability to be at the forefront of the energy sector while simultaneously providing the tools and innovation needed to achieve the goal of **ecological and energy transition of the national economic system, with a view to sustainable success.**

As announced in the **"Towards Net Zero" strategy**, Snam has launched a business diversification process oriented towards decarbonisation that will lead it to become a **zero net emissions** company **for its activities by 2040**, equipped with **multi-molecule infrastructures** strongly oriented towards the use of **green gases**, in particular **biomethane** and **hydrogen**, and promoting **energy efficiency** measures in Italy. In addition, Snam strengthened its commitment along the value chain in 2021, becoming the first energy infrastructure company in the European Union to set **Scope 3 emission reduction targets** for its suppliers as well.

These objectives, supported by a major medium **(Strategic Plan 2021-2025)** and long-term **(Vision to 2030)** investment plan, will be achievable thanks to the Group's expertise, the creation of solid, trusting relationships with local communities, and effective collaboration with suppliers and Associate companies.

The deep integration of sustainability within the business, which is part of Snam's purpose, is also demonstrated by the **ESG Scorecard**: a set of annual targets in the environmental, social and governance spheres designed to provide stakeholders with maximum disclosure on the Group's commitment in these areas and to transparently report on the progress achieved.



**Sustainable
success**



**Energy
transition**



Decarbonisation

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



We follow an ethical and socially responsible business model, able to generate value for all our stakeholders

80 YEARS OF SNAM

- History of the business
- History of sustainability

On 30 October 1941, the National Methane Pipeline Company for the construction and use of methane pipelines, and the distribution and sale of gas, is established.

SNAM IS ESTABLISHED

1941

Snam publishes its first Environmental Report, a voluntary tool adopted to communicate data on aspects relating to atmospheric emissions, waste management, protection of the land and biodiversity, etc.

FIRST ENVIRONMENTAL REPORT

1995

Snam obtains certification of its Environmental Management System from a third-party independent body, in accordance with the UNI EN ISO 14001 international standard, for its gas compression stations and LNG regasification plant in Panigaglia. The Group develops its Occupational Health and Safety Management System in accordance with the BS 8800 guidelines.

FIRST MANAGEMENT SYSTEMS

2000

1960-1985

METHANISATION OF ITALY

From 1960 to 1980, the network in Italy is quadrupled, reaching almost 15,000 km of total length in 1980. Import pipelines from Holland, Siberia and Algeria are built.

1997

UPGRADING OF GAS PIPELINES

Snam completes the upgrading of the import gas pipelines from Northern Europe and begins the construction of an additional import line from Russia and of the Greenstream, the undersea submarine gas pipeline imported from Libya.

2003

LIBERALISATION OF THE MARKET

The Italian legislation implemented European Directive 98/30/EC, deciding for the corporate unbundling of transport and dispatching activities from all the others. SRG therefore divests its gas procurement and sales activities.

2002

INCLUSION IN SUSTAINABILITY INDICES

SRG is included in the FTSE4Good family of sustainability indices, which are internationally recognised by the financial community for their importance and influence in the composition of benchmarks and ethical portfolios.

2001

LISTING ON THE STOCK EXCHANGE

Réte Gas Italia is founded, later renamed Snam Réte Gas (SRG), which takes over Snam's technological assets and skills in the transportation sector and is listed on the stock exchange. GNL Italia is established to manage LNG regasification activities.

2006

CORPORATE FUNCTIONS FOR SUSTAINABILITY

SRG sets up specific organisational structures under the new "Health, Safety, Environment, Sustainability and Technology Directorate". The Sustainability Project Team is also established, which involves all departments across the board to ensure the elaboration of proposals to define the company's sustainable development model and prepare the first Sustainability Report.

2007

FIRST SUSTAINABILITY REPORT

SRG publishes its first Group Sustainability Report for the 2006 reporting year and wins the 2007 Oscar di Bilancio for Corporate Governance.

2009

MEMBERSHIP IN THE GLOBAL COMPACT

SRG becomes a member of the Global Compact, the international initiative launched in July 2000 by the United Nations. It also joins the Dow Jones Sustainability World Index and the ECPI Ethical Index Global. It acquires 100% of Stogit and Italgas.

SRG reconfirms its presence in the Dow Jones Sustainability World Index and is selected in the SAM Bronze Class 2011. A project is launched to explore the concept of shared value, which aims to combine the interpretation of sustainability in terms of "value protection" with an approach aimed at "value creation", both for the company and for the community in which it operates.

The company name is changed from SRG to Snam, defining a new corporate structure: Stogit for storage, Italgas for distribution, Snam Rete Gas for transport and dispatching and GNL Italia for regasification. The same year includes the separation from Eni and the acquisition of 31.5% of Interconnector UK

Starting in 2013, Snam embarks on a series of acquisitions (Teréga, TAG and TAP) to expand its international presence.

INCLUSION IN THE SAM BRONZE CLASS 2011

2011

NEW CORPORATE STRUCTURE

2012

INTERNATIONAL ACQUISITIONS

2013

Snam relaunches its brand identity, renewing its logo and corporate values. It also defines the new purpose: "Energy to Inspire the World." Snam begins to invest in biomethane, sustainable mobility and energy efficiency. Negotiations begin for the acquisition of 66% of DESFA.

Snam signs several agreements and Memoranda of Understanding for business expansion (e.g., development of natural gas stations with Enel) In the same year it acquires ITG and a stake in Adriatic LNG.

Snam sets up an Internal Board Committee dedicated to sustainability issues. Snam separates from Italgas and acquires 49% of Gas Connect Austria.

NEW BRAND IDENTITY, DESFA AND NEW BUSINESSES

2018

AGREEMENTS AND MEMORANDA

2017

ESG COMMITTEE AND SEPARATION FROM ITALGAS

2016

Snam introduces a mix of hydrogen and natural gas, first 5% and then 10% in volume, to its transmission network for the first time. In addition, it creates a business unit entirely focused on the hydrogen business, assuming a key role in the energy transition.

Snam declares a Net Zero objective for its activities by 2040, also defining intermediate targets for the reduction of greenhouse gas emissions by 2030, and increases investments in new businesses in favour of the energy transition. Arbolia is established in collaboration with CDP, for reforestation and CO₂ absorption.

Snam renews its commitment to decarbonisation and energy transition by presenting the new 2021-2025 Strategic Plan and the 2030 Vision, which see significant investments in the biomethane and hydrogen businesses, aiming to achieve carbon neutrality by 2040 in its activities and setting targets to reduce emissions from its value chain (Scope 3 emissions) by 2030. Snam wins the 2021 Oscar di Bilancio and is included in the DJSI. Snam adds its purpose "Energy to inspire the world" in its Articles of Association.

COMMITMENT TO THE ENERGY TRANSITION

2019

STRATEGY TO DECARBONISATION

2020

2030 VISION AND NET ZERO CARBON

2021

LETTER TO STAKEHOLDERS

Dear stakeholders,

Despite the continuation of the pandemic and its serious health and social impacts, 2021 was a year characterised by a recovery in economic activity compared to 2020, also thanks to the vaccination campaign, even though this improvement happened in a gradual and differentiated manner throughout different areas of the world.

At the same time, last year was also marked by a renewed and strengthened global commitment to combating climate change. COP 26 in Glasgow achieved less than what we hoped for though certainly more than expected results. The world now has a clear perspective — we must limit global warming to 1.5 °C as well as achieve carbon neutrality. A large number of countries, accounting for around 90% of global CO₂ emissions, have made commitments to this effect. In the coming years, the ability of governments and companies to implement projects and infrastructures capable of ensuring the ecological transition will become decisive, harnessing an unprecedented volume of public and private investment, which is also attributable to domestic post-Covid Recovery and Resilience Plans. At the same time, in a context characterised by a sharp rise in energy prices as early as summer 2021 and increasing geopolitical tensions in the heart of Europe — culminating with Russia's invasion of Ukraine in February 2022 — it will be necessary to develop short- and long-term initiatives to combat high energy prices, promote diversification and security of the supply and to ensure a transition as just as possible.

Snam's infrastructure is proving its strategic value in terms of both diversification and future prospects now more so than ever. More specifically, our network and storage facilities, which are the most developed among the European Union, support the energy security of Italy and all of Europe. Furthermore, the launch of TAP, which Snam is a major shareholder in, has been instrumental in enabling our country to add a new importation route which is contributing around 10% to the Italian gas demand.

Building on these strengths, combined with our growing exposure to the energy transition, we can play an even greater role in the momentous transformations expected over the next decade. In the Vision for 2030 presented last November together with the 2021-2025 Strategic Plan, we outlined the Snam of the future, focusing on three areas of activity (energy transport networks, energy storage and renewable gas projects) with possible investment opportunities totalling 23 billion euros. Particularly, by 2030 we aim to build the first portion



Marco Alverà
CEO

Nicola Bedin
Chair

of a national hydrogen network, a 2,700 km backbone crossing Italy from south to north.

We are becoming an energy infrastructure company that is no longer focused solely on transporting and storing natural gas but also biomethane, hydrogen and CO₂ - focusing on achieving carbon neutrality and on the contribution we can make to the energy transition in the territories where we operate. Now more than ever, ESG factors are at the core of our strategy.

Towards this path, 2021 stood as an important year in this regard. We announced our entry into the capital of the gas pipelines connecting Algeria and North Africa to our network in Italy; this is a strategic asset for the country's energy security and for Europe's energy transition, as well as for hydrogen development. We supported the growth of our associate company De Nora, which is proving to be a technological leader in major global projects for the generation of hydrogen from renewable sources. As far as hydrogen is concerned, we continued to assess the readiness of our infrastructure: almost all of our pipelines can transport a hydrogen mix of up to 100%, most of them with no or limited reductions in operating pressure. We are also encouraged by the tests carried out in cooperation with universities and research centres on the possibility of storing up to 100% hydrogen on our sites, without observing any changes or alterations. We also launched several projects in various industries - ranging from steel and ceramics to mobility - as well as the first global start-up accelerator run by a company and focused on hydrogen. These initiatives complement the progressive enrichment of our platform in biomethane thanks to the acquisition of Asja's portfolio of plants in Italy, making

us one of the leaders in the development of green gases serving the decarbonisation of the system.

We are laying the foundations for building the network of the future, which will be managed in a more efficient way thanks to the skills of our people and the support of technology, continuing along the path marked out by the TechHub in Bologna, Italy's first highly digitalised district, which we inaugurated last spring.

Through Renovit, our new company specialising in energy efficiency, in which CDP Equity has a stake and which became a B Corp this year, we have upgraded condominiums, businesses and public administration buildings, and with Arbolia we have launched new urban forestation projects in synergy with the Deposits and Loans Fund, planting 30,000 new trees in Italy.

We are at the forefront of the race towards "Net Zero" emissions. After having committed to achieving net zero Scope 1 and Scope 2 emissions by 2040, we are the first company in our sector in Europe to introduce a target to reduce indirect Scope 3 emissions from our suppliers and international associate companies. We have worked on all the objectives of our ESG Scorecard, thereby achieving important results: from the 28.9% reduction in natural gas emissions compared to 2015 in the environmental field, to the increase to 4,562 (+11%) hours donated by employees dedicated to Snam Foundation initiatives in support of communities in the social field, and the time dedicated by the Board of Directors to ESG issues, which amounts to more than 40% in the governance field. We also introduced new metrics in some areas of our Scorecard by presenting a new target for Sustainable Finance. We also continue to work on gender equality in the workplace: in 2021 we recorded a 12% increase in the number of women in the workforce, and we have extended paternity leave by an additional five days compared to the legal provisions to ensure family care is more of an equally shared duty. As a confirmation of our commitment to all dimensions of sustainability, we have once again renewed our adherence to the principles of the Global Compact and the Sustainable Development Goals (SDGs) defined by the UN.

Our investments for the future will be accompanied by growth in all financial indicators and an attractive dividend policy for our shareholders. We will finance them through financial instruments linked to ESG objectives, with the aim of increasing the weight of sustainable finance to 80% of our funding by 2025.

In 2021, we achieved growth in the main economic indicators in line with expectations. On the basis of these results, we will propose a unit dividend of 0.2620 euros to the Shareholders' Meeting on April 27th, of which 0.1048 euros has already been distributed

as interim, affirming an attractive and sustainable shareholder remuneration policy.

2021 also saw the completion of the consultation process for updating the WACC in regulated activities, which ended on December 23rd, with the publication of the final measure by the Regulatory Authority and consequent visibility on returns for the next six years.

Snam's evolution begun six years ago; it started out as a company focused entirely on fossil gas infrastructure and has now become a leading energy transition and ESG company that is getting stronger and stronger. Our assets and skills will be key to enabling us to seize new development opportunities and support Italy and all the countries in which we operate towards the net zero target together with all our stakeholders.

CEO



Chair



2021 HIGHLIGHTS



FINANCIAL

€ 3,297 million
TOTAL REVENUES

€ 1,430 million
ADJUSTED EBIT

€ 1,496 million
REPORTED NET PROFIT

€ 1,270 million
TECHNICAL INVESTMENTS

60%
PERCENTAGE
OF SUSTAINABLE FINANCE
TO TOTAL FUNDING



OPERATIONAL

32.767 km
GAS PIPELINE NETWORK

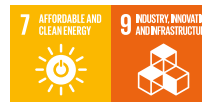
76.25 billion m³
GAS DEMAND

75.77 billion m³
NATURAL GAS INJECTED
IN THE NETWORK

16.5 billion m³
TOTAL STORAGE
CAPACITY

17,500 m³
DAILY REGASIFICATION
MAXIMUM CAPACITY

99%
HYDROGEN READY
INFRASTRUCTURE





ENVIRONMENTAL

ANNOUNCED **2** SCOPE 3 EMISSION TARGETS PRIMARILY CONCERNING SUPPLIERS AND PARTICIPATED COMPANIES

-7% vs 2018
SCOPE 1 AND 2 CO_{2eq} EMISSIONS

35.4 million m³
NATURAL GAS EMISSIONS

171,000 tco_{2eq}
EMISSIONS AVOIDED

100%
VEGETATION RECOVERY OF NATURAL AND SEMI-NATURAL AREAS IMPACTED BY PIPELINE CONSTRUCTION

SNAM INCLUDED IN
CDP "A- List"
and CDP
Suppliers "A List"



SOCIAL

3,430
EMPLOYEES

INCLUSION FOR THE THIRD YEAR IN A ROW IN THE

Bloomberg Gender Equality Index

4,562 hours
VOLUNTEERING AT SNAM FOUNDATION (+11% VS 2020)

41%
PROCUREMENT SPENT ON SMES (+4% VS 2020)

83
THIRD SECTOR SUPPLIERS IN VENDOR LIST (+219% VS 2020)



GOVERNANCE

7,687
REPUTATIONAL CHECKS ON COUNTERPARTIES

Oscar di Bilancio
ASSIGNED TO THE 2020 ANNUAL REPORT

SNAM AMONG THE BEST ITALIAN COMPANIES ACCORDING TO THE

Integrated Governance Index

1,014
TRAINING HOURS ON BUSINESS ETHICS, LEGALITY AND ANTI-CORRUPTION

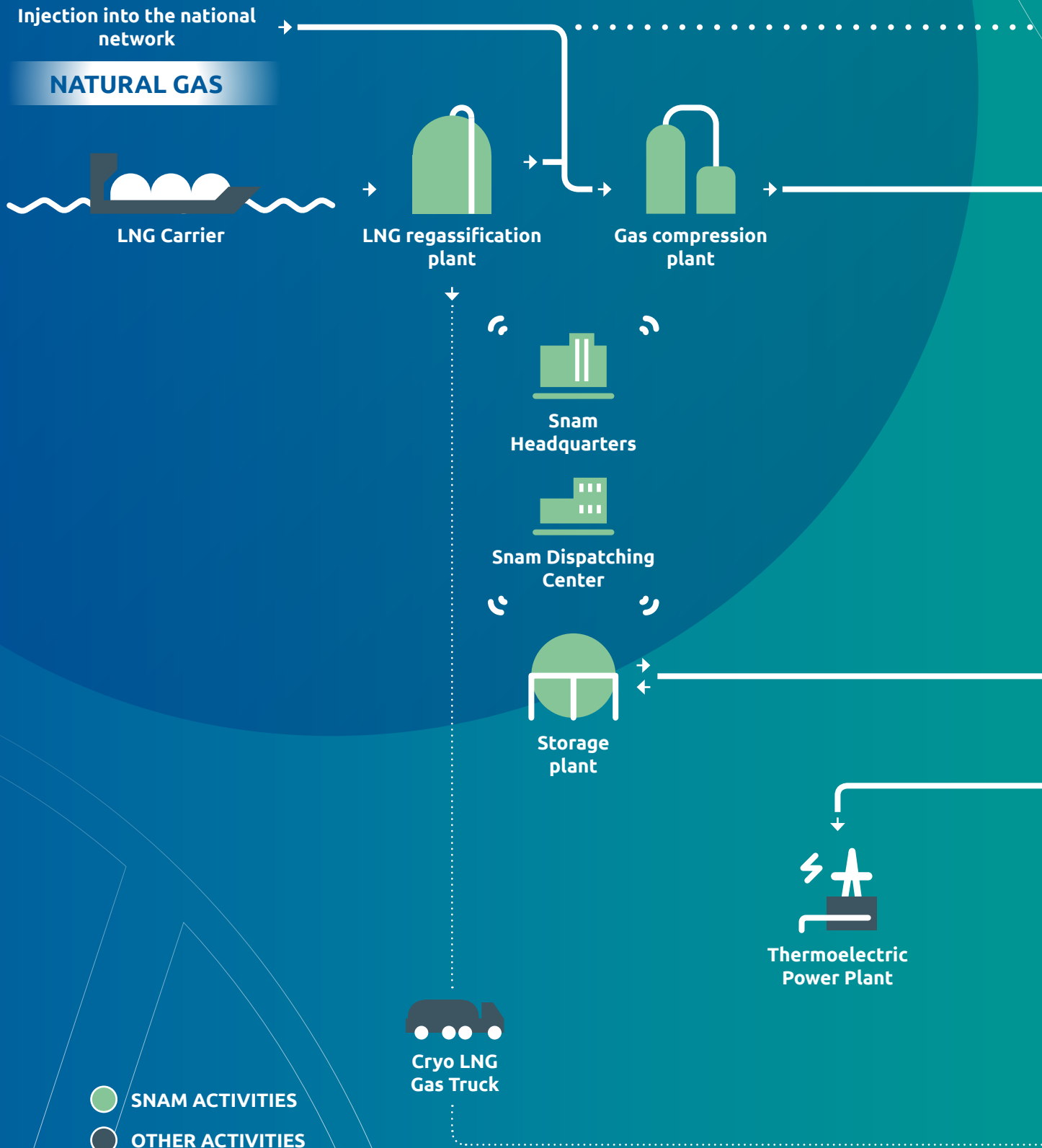


AN INFRASTRUCTURE FOR THE TRANSITION

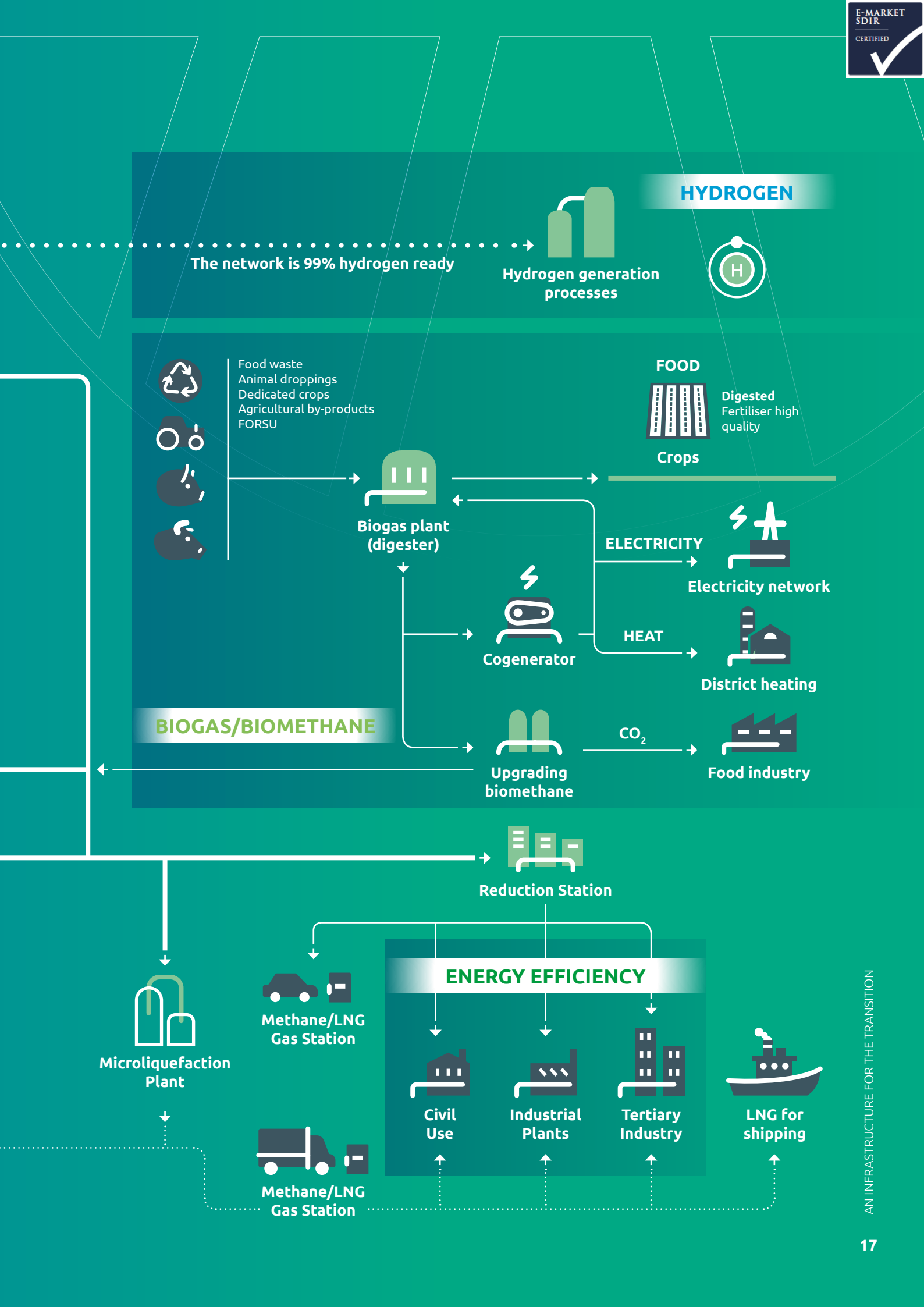




SNAM'S ACTIVITIES



- SNAM ACTIVITIES
- OTHER ACTIVITIES



THE SNAM BUSINESS

In recent years, Snam has begun a repositioning process in the national and international context with the aim of playing an enabling role in the energy transition, in line with its own goals and European targets. The investments and acquisitions of new companies and skills for the development of businesses necessary for the energy transition, such as hydrogen, biomethane, sustainable mobility and energy efficiency, which have become an integral part of the Group's offer, all fall within this perspective. In the pursuit of carbon neutrality by 2040, Snam will continue to leverage its core business and implement a reconversion process of its existing assets to make its transmission network and storage facilities "multi-commodity", i.e., capable of transporting and storing not only natural gas, but also hydrogen and biomethane.

REGULATED BUSINESSES



Transport

Through its subsidiary Snam Rete Gas, Snam transports natural gas from import points, regasification plants and production and storage centres located in Italy to delivery points located in connection with the import lines, and it is transported and then delivered to redelivery points connected to local distribution networks and to large industrial and thermoelectric users. The Company relies on 13 compressor plants located along the national network of methane pipelines for transportation and on a management and control structure consisting of 8 Districts that supervise and control the activities of 48 Maintenance Centres distributed throughout the country. In addition, the Dispatching Centre remotely monitors and controls the transmission network and coordinates the compressor stations. Thanks to an IT platform, shippers (the users of transport services) have the possibility to sell and exchange gas at a **Virtual Trading Point (PSV)** of the national network.

In recent years, the existing transport network has been repurposed in a hydrogen-ready (H2-ready) manner, thus making it capable of transporting increasing percentages of hydrogen. The investments and upgrades have made Snam's network 99% H2-ready in 2021.

Operating figures	Measurement unit	2019	2020	2021	% change
Gas pipeline network in use (*)	km	32,727	32,647	32,767	0.4
of which National Network (*)	km	9,727	9,649	9,655	0.1
of which Regional Network	km	23,000	22,998	23,112	0.5
Natural gas injected in the network (**)	Bn m ³	75.37	69.97	75.77	8.3
of which imported	Bn m ³	70.86	66.11	72.64	9.9
of which national production	Bn m ³	4.51	3.86	3.13	(18.9)
Power installed in the compression stations	MW	961	961	973	(1.2)

(*) The amount includes 84 km of network relative to Infrastruttura Trasporto Gas.

(**) The figures for 2021 are updated as at 25 January 2022. The corresponding value for 2020 has been definitively updated and is aligned with that published by the Ministry of Economic Development. Gas volumes are expressed in Standard cubic metres (Smc) with an average Gross Heating Value (HHV) of 38.1 MJ/Smc (10.573 kWh/Smc).



Storage

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 storage plants** that act in synergy with the Company's other transport and regasification infrastructures, contributing to the country's energy security. In fact, the storage system makes it possible to compensate for the different needs between gas supply and consumption, guaranteeing continuity of service during periods of peak gas demand (typically in the winter period) and gas storage (generally in the summer period). Storage also ensures that quantities of strategic gas are available to compensate for any lack of or reduction in non-EU supply, or to overcome temporary crises in the gas system.

With a view to achieving "Net Zero" targets, storage will also evolve towards a facility that can also handle green gases, such as hydrogen and biomethane.

Operating figures	Measurement unit	2019	2020	2021	% change
Natural gas moved through the storage system (*)	km	19.33	19.60	18.86	(3.8)
of which injected into storage	km	10.16	9.30	8.74	(6.0)
of which delivered from storage	km	9.17	10.30	10.12	(1.7)
Total storage capacity	Bn m ³	17.0	17.0	16.5	(2.8)
of which available	Bn m ³	12.5	12.5	12.0	(3.8)
of which strategic	Bn m ³	4.5	4.5	4.5	-

(*) Volumes of gas are expressed in Standard cubic metres (Scm) with an average Higher Heating Value (HHV) conventionally set to 39.253 MJ/Scm (10.884 kWh/Scm) for natural gas storage for thermal year 2021- 2022 (approximately 39.3 MJ/Scm, 10.893 kWh/Scm, for the thermal year 2020- 2021).



Regasification

Regasification is the process of returning gas extracted from fields to its original state. The gas is liquefied and transported on LNG carriers to the regasification point; after treatment, the gas is then fed into the national transport network. Snam, through **GNL Italia**, operates the Panigaglia (La Spezia) plant, the first operational regasification plant built in Italy, in 1971. The terminal occupies an area of about 45,000 square metres and consists of two storage tanks of 50,000 cubic metres each, vaporisation plants and an LNG carrier docking pier. The design, construction and operational criteria of the Panigaglia terminal meet the strictest international standards and use the most modern technologies for safety and environmental protection.

Operating figures	Measurement unit	2019	2020	2021	% change
Regasified Gas (*)	Bn m ³	2.40	2.55	0.98	(61.1)
Number of LNG carriers docked	no.	57	60	25	(58.3)
Daily regasification maximum capacity	m ³	17,500	17,500	17,500	-

(*) With reference to 2021, gas volumes are expressed in standard cubic metres (Scm) with a conventional average Higher Heating Value (HHV) of 38.1 MJ/Scm (10.573 kWh/Scm).

ENERGY TRANSITION BUSINESSES

European analyses and studies suggest that renewables, hydrogen and carbon capture and storage technologies will be key to achieving decarbonisation. Snam contributes to this objective with the development of integrated green gas projects (biomethane and hydrogen) along the entire value chain and with energy efficiency projects, thus playing an enabling role in the country's energy transition.

BIOMETHANE

Biomethane is a renewable and programmable energy source obtained from agricultural and agro-industrial biomass and from organic fractions of solid urban waste (FORSU), thus promoting an economic model based on the criteria of sustainability and circularity in the use of resources, being totally complementary to other renewable sources such as solar and wind power. Biomethane makes it possible to meet emission reduction targets by exploiting existing gas networks and contributes to a significant reduction in emissions from the agricultural sector, as well as returning organic matter to the soil.

Thanks to the work of **Snam4Environment**, which specialises in the development of biomethane infrastructure and the technical know-how of IES Biogas, 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.



Biomethane also makes more sustainable mobility possible: **Snam4Mobility**, a subsidiary of Snam, develops the biomethane and natural gas mobility sector for heavy and light vehicles and the construction of L/CNG (compressed and liquefied natural gas) and bio-L/CNG (compressed and liquefied natural bio-gas) stations, cleaner and more efficient alternatives to traditional fuels. Thanks to the work of Snam4Mobility and Snam4Environment, we will contribute to the decarbonisation of transport in Italy by promoting renewable bio-mobility, which reduces or even eliminates CO₂ emissions. Snam is also investing in the Small-scale LNG (SSLNG) sustainable mobility sector to promote liquefied natural gas for heavy vehicles. It is particularly suitable for heavy rail, sea and land transport, leading to a significant reduction in emissions.



The projects and promotion of initiatives related to biomethane and sustainable mobility are also carried out thanks to collaboration with leading companies in the reference sectors, from which Snam internalises new skills.

Operating figures	Measurement unit	2019	2020	2021	% change
Biomethane injected into the network	Bn m ³	-	0.44	1.2	172.7
Cumulative number of CNG and LNG stations	no.	9	25	65	160.0

HYDROGEN

The **Hydrogen** business unit (**H2 BU**) is dedicated to developing projects for the use of hydrogen in both industrial applications and in the field of sustainable mobility, grasping the important prospects that this carrier will have for achieving decarbonisation objectives. In fact, hydrogen does not generate carbon dioxide emissions or those of other climate-changing gases, nor emissions that are harmful to humans and the environment. Moreover, its versatility allows it to be used in both industrial applications (thermal, feedstock and fuel cells) and in sustainable mobility (trains, refuelling stations for light and heavy vehicles, airports).



Snam is active in the hydrogen market thanks to participation in calls for tenders such as IPCEI, Innovation Fund, Clean Hydrogen Joint Undertaking and Horizon Europe and the signing of partnerships and agreements with leading companies in the sector, participation in working groups to disseminate the use of green gas in Europe and ongoing research activities. Approximately 100% of the Snam network is already H2-ready, i.e., ready to accept increasing percentages of hydrogen and further studies are underway to promote its production, distribution and use.

Operating figures	Measurement unit	2019	2020	2021	% change
H2-ready infrastructure	%	-	70	99	41.4

ENERGY EFFICIENCY

Identified as one of the three pillars of the European Clean Energy for all Europeans strategy, energy efficiency enables energy to be used more rationally, reducing consumption and thus both energetic and environmental costs. Energy efficiency is therefore a key to decarbonisation and to supporting the country's economic and social development.




In three years, Snam has become one of Italy's leading operators in energy efficiency services for residential, industrial and public administration sectors through its subsidiary **Renovit**, which became a B-Corp at the beginning of 2022, offering innovative energy efficiency solutions to its customers by investing directly in decarbonisation, digitalisation and distributed energy generation.





Operating figures	Measurement unit	2019	2020	2021	% change
Reduced energy consumption		2,658	5,002	14,409	65
Industrial		1,004	1,547	2,654	71.6
Tertiary		889	682	679	(0.4)
Condominiums	tonCO ₂ /year	765	2,773	6,209	123.9
Public Administration (Mieci)		-	-	4,202	-
Condominiums energy service (Evolve)		-	-	665	-

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


NATURAL GAS TRANSPORTATION

	Entry points	9
	Compression stations	13
	Pipelines under operations	32,767 km
	national network	9,655 km
	regional network	23,112 km
	Natural gas injected in the network	75,77 bn m ³
	national production	3.13 mld m ³
	imported	72.64 bn m ³
	Employees	1,843

LNG REGASIFICATION










	Regasification plants	1
	Lng carriers docked	25
	Regasified gas	17,500 bn m ³
	Maximum capacity Of daily regasification	57 m ³
	Employees	65

NATURAL GAS STORAGE

	OPERATING CONCESSIONS	9
	NATURAL GAS MOVED IN STOCK	18.41 bn m ³
	injected	8,74 bn m ³
	supplied	10.12 bn m ³
	Total storage capacity	16.5 bn m ³
	of which available	12,0 bn m ³
	of which strategic	4.5 bn m ³
	Employees	66





- | | |
|---|---|
|  ITALIAN NETWORK |  STAKES IN INTERNATIONAL GAS PIPELINES |
|  Storage plants |  Storage plants |
|  Regasification plants |  Regasification plants |
|  LNG terminals |  LNG terminals |
| |  OTHER INTERNATIONAL GAS PIPELINES |



1 TAG (84.47%)
3 parallel lines 380 km each



2 DESFA (66% via Senfluga)
1,466 km of transport network
2 entry points (Bulgaria and Turkey)
1 LNG entry point in Greece
1 LNG terminal



3 GCA (49% via AS Infrastruktur)
554 km of transport network
315 km of distribution network



4 Terèga (40.5%)
5,135 km of network
5.8 billion Bcm of storage capacity
(working gas 2.8 Bcm)



5 Interconnectors (23.68%)
through Snam International B.V.)
235 km between UK and Belgium



6 TAP (20%)
878 km (773 km on-shore
and 105 km off shore) between
Greek-Turkish border and Italy,
via Greece and Albania



7 ADNOC Gas Pipeline
(49% in consortium)
Management rights, remunerated
per rate, for 20 years
on 982 km of network



**8 East Mediterranean
Gas Company - EMG**
(25% via Snam International B.V.)
90 km of gas pipeline (85 km off-shore)
between Israel and Egypt

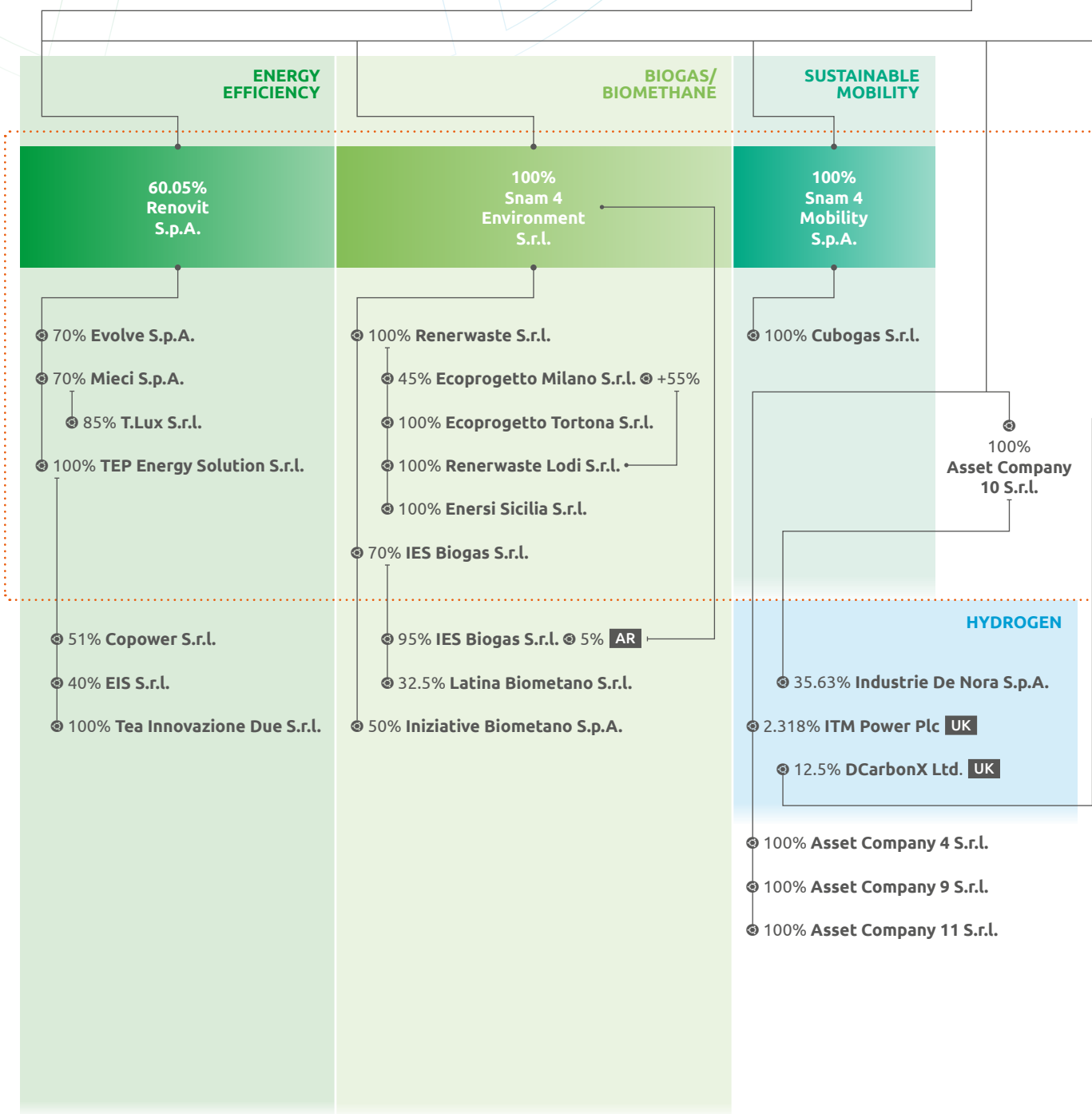


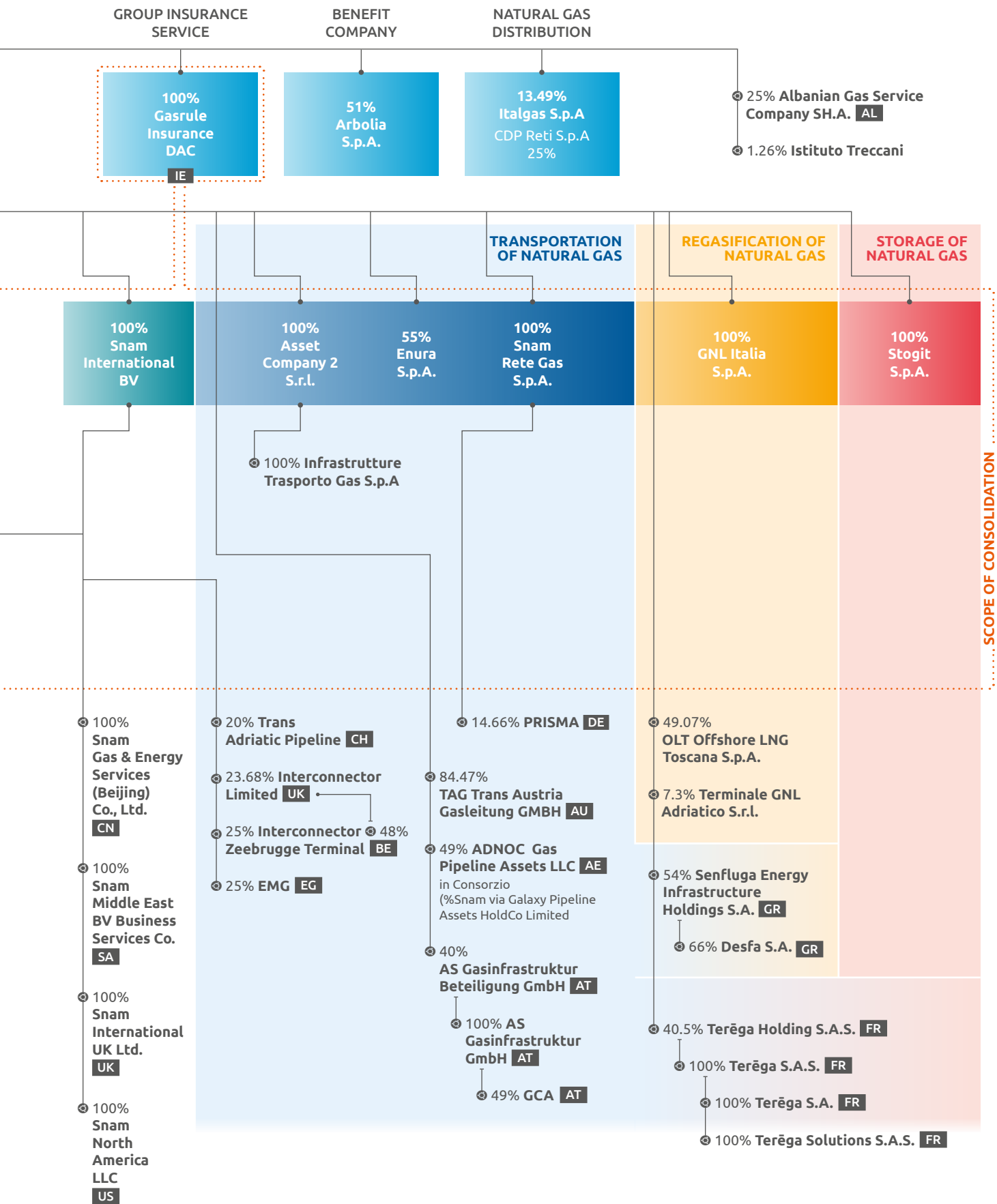
ABU DHABI (EAU)



GROUP CORPORATE STRUCTURE

Group structure at 31 December 2021





THE TRANSITION TO NET ZERO





THE NEED TO COMBAT CLIMATE CHANGE

The issue of climate change is increasingly on the daily agenda of states and countries; its effects are tangible and have a direct impact on everyday life. As temperatures continue to rise, global warming will make geophysical phenomena more extreme, rainfall and flooding will intensify, sea levels will continue to rise, with dramatic consequences for biodiversity, the agricultural system, health and human lives, as well as causing huge financial losses (source: “Climate Change 2021: The Physical Science Basis”, published by the IPCC in August 2021).

CLIMATE RISKS: 1.5°C VS 2°C GLOBAL WARMING

EXTREME WEATHER

100% increase in flood risk
~ VS ~
170% increase in flood risk

SPECIES

6% of insects, **8%** of plants and **4%** of vertebrates will be affected
~ VS ~
18% of insects, **16%** of plants and **8%** of vertebrates will be affected

WEATHER AVAILABILITY

350 million urban residents exposed to severe drought by 2100
~ VS ~
410 million urban residents exposed to severe drought by 2100

PEOPLE

9% of the world's population (**700 million people**) will be exposed to extreme heat waves at least once every 20 years
~ VS ~
28% of the world's population (**2 billion people**) will be exposed to extreme heat waves at least once every 20 years

COSTS

Lower economic growth at 2°C than at 1.5°C for many countries, particularly low-income countries

FOOD

Every half degree warming will consistently lead to lower yields and lower nutritional content in tropical regions

ARTIC SEA ICE

Ice free summers in Arctic at least once **every 100 years**
~ VS ~
Ice free summers in Arctic at least once **every 10 years**

SEA-LEVEL RISE

46 million people impacted by sea-level rise of 48cm by 2100
~ VS ~
49 million people impacted by sea-level rise of 48cm by 2100

OCEANS

Lower risks to marine biodiversity, ecosystems and their ecological functions and services at 1.5°C compared to 2°C

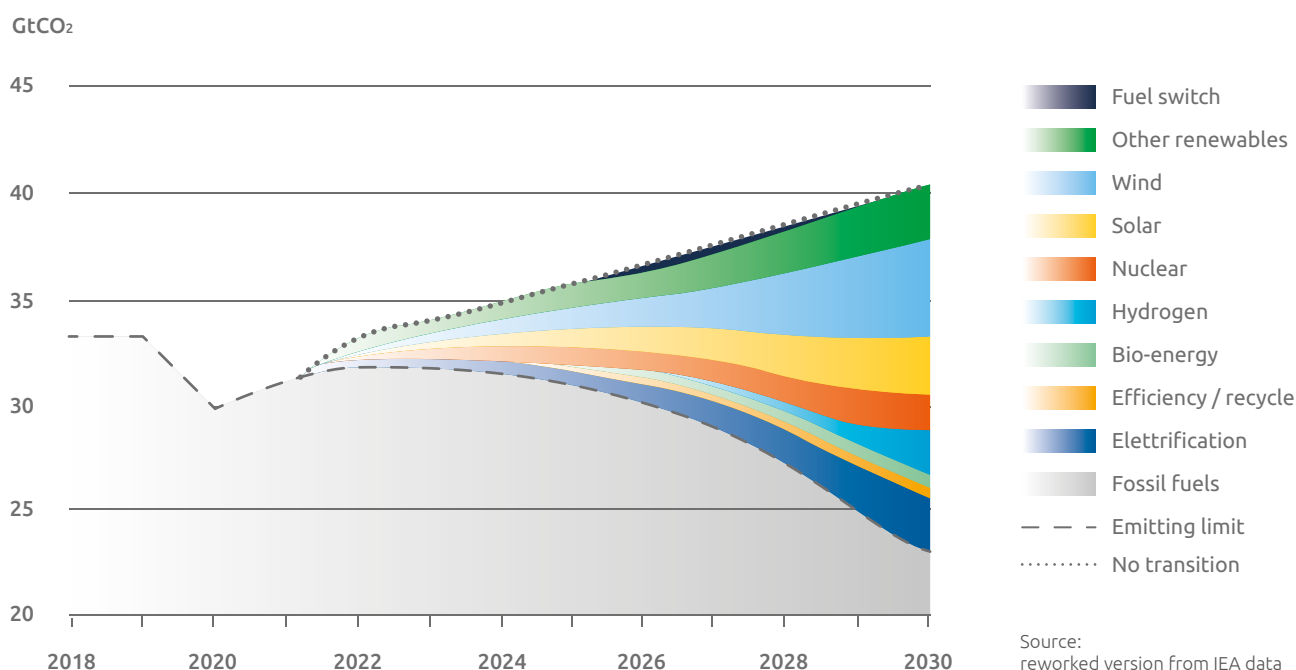
CORAL BLEACHING

70% of world's coral reefs are lost by 2100
~ VS ~
Virtually **all coral reefs are lost** by 2100

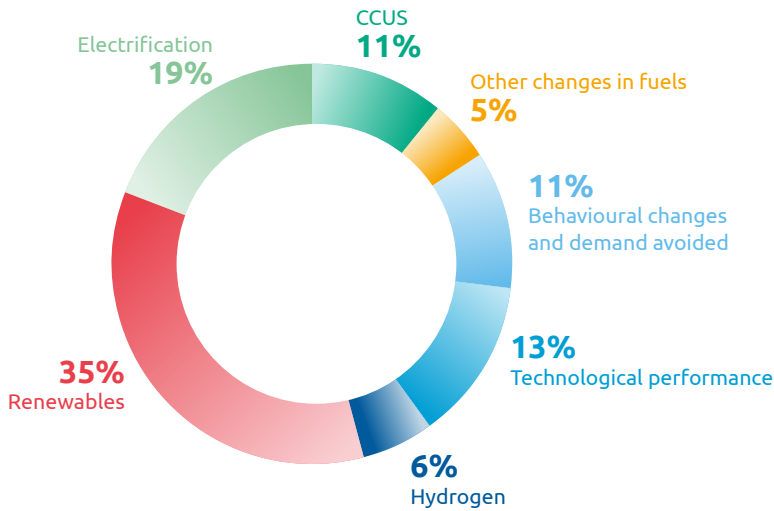
In its latest report “Climate Change 2022: Impacts, Adaptation and Vulnerability”, the Intergovernmental Panel on Climate Change (IPCC) points out that the effects of climate change are advancing much faster than previously assessed and that this has already caused widespread adverse impacts with consequent loss and damage to nature and people, recognising that today around 40% of the world’s population is highly vulnerable to climate impacts. The IPCC stresses the **urgency of immediate and more ambitious action** to address climate risks, recognising how **crucial the next decade is**. In this context, the report outlines a number of key elements that can support the transition, including safeguarding and protecting natural heritage as an essential factor in ensuring a liveable future and as a complement to the actions to be taken by governments and businesses. At the same time, it identifies cities as catalysts for opportunities towards a substantial increase in renewable energy, sustainable mobility and resilient and efficient infrastructure, even though they are highly exposed to climate impacts. The report highlights the importance of involving all actors - governments, private sector, civil society - who must work in synergy to foster decision-making processes, mitigation policies and investments for transition: these perspectives will only be possible if supported by inclusive governance, backed by investments for adequately training people and appropriate technology to support the just transition.

It is therefore essential to combat climate change by implementing **energy transition** towards a net-zero energy system, focusing on energy efficiency, the use of renewables, including biomethane and hydrogen, circular economy practices and general behavioural change. According to the **New Energy Outlook 2021** of BloombergNEF (BNEF) based on a business-as-usual scenario, global emissions will reach around 40 GtCO_{2e} by 2030, but by implementing energy transition actions on several fronts, such as replacing more environmentally damaging fossil fuels with more sustainable energy sources, greenhouse gas emissions could be almost halved to around 23 GtCO_{2e}. In addition, the International Energy Agency’s (IEA) “Net Zero Emissions by 2050” scenario estimates that most of the emission reductions by 2050 will be attributable to renewables and 22% to the combined action of hydrogen and developing technologies such as CCUS (Carbon Capture, Utilisation and Storage).

TOTAL ENERGY EMISSIONS AND ABATEMENTS TO 2030, BY ENERGY SOURCE



CUMULATIVE EMISSION REDUCTIONS FOR MITIGATION MEASURE IN THE NET ZERO EMISSIONS BY 2050, 2021-2050 SCENARIO

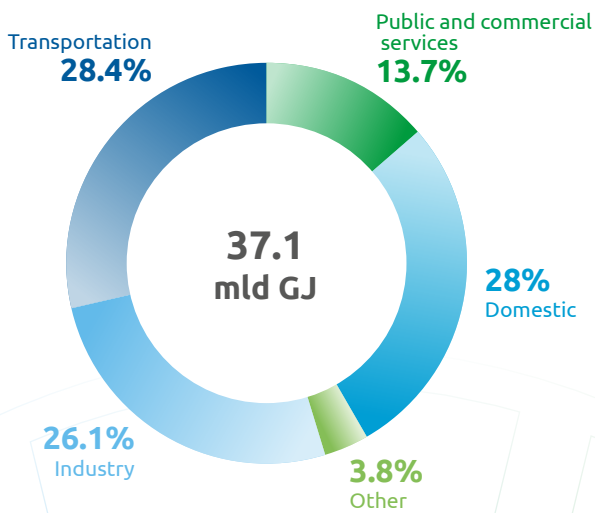


Source: reworked version from IEA data

With the exception of 2020, which was influenced by measures to limit the Covid-19 pandemic that slowed down economic and production activities, in recent years the energy landscape has been characterised by a steady increase in consumption and consequently in greenhouse gas emissions and global temperatures.

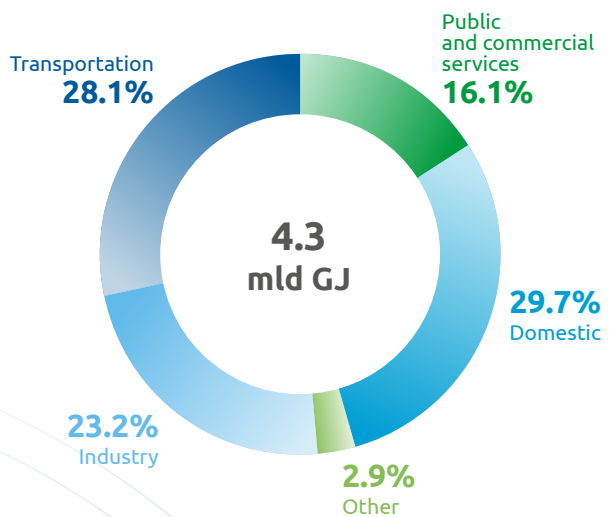
In particular, considering only the 2020 energy data of the European Union (the most recent data available to date), total energy consumption was **37.1 billion GJ**, of which more than 80% was attributable to the transport sector (28.4%), industry (26.1%) and households (28%). In Italy, the total energy consumption amounted to **4.3 billion GJ**, mainly attributable to domestic use (29.7%), as well as to transport and industry (28.1% and 23.2% respectively).

TOTAL ENERGY CONSUMPTION BY SECTOR 2020 – EU 27



Source: reworked version from IEA data

TOTAL ENERGY CONSUMPTION BY SECTOR 2020 - ITALY



Source: reworked version from IEA data

According to the World Energy Outlook, although low-carbon gases still account for a small share of total gas supply (currently less than 1%), their demand is rapidly growing. Data show that **global biomethane production** increased to over 5 billion cubic metres (bcm) by 2020, largely due to supportive policies in Europe and North America. In its latest report, the IEA predicts that growth in biomethane production will remain stable in 2021 as well, and that although it is still in its early stages, low-emission **hydrogen production** is set to grow in the years to come.

At the Italian level, the National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA) estimates that in the first nine months of 2021, energy demand was around 3% lower than in the same period in 2019. The decline is largely attributable to oil, whose consumption in the first nine months was 10% lower than two years ago, while gas and coal are both about 2% and 16% lower, respectively. These decreases were partly offset by increases in electricity imports (+1.4 Mtoe) and renewables (+0.9 Mtoe).

Overall, while increasing compared to 2020, CO₂ emissions in the first nine months of 2021 remain more than 10% lower than in 2019. 60% of this growth is attributable to transport, a quarter to civil engineering, more than 10% to the recovery of consumption for productive activities, while the contribution of electricity generation is marginal.

The global and national consumption and emissions call for a review of the energy system. Institutions, as well as economic sectors, must therefore act to limit the increase in demand for coal and the most polluting fossil fuels and instead support the development of renewable sources and low-emission gases, with a view to achieving carbon neutrality and combating climate change.

According to the World Energy Outlook, there are four key measures that will keep global warming within the 1.5°C of the Paris Agreement over the next decade:



Use of renewables

Due to the development of **solar** and **photovoltaics**, as well as the spread of **other low-emission systems, strong infrastructure** and **greater flexibility in systems**, in addition to a **rapid phase-out of coal** and the expansion of the **use of electricity in transportation and heating**



Energy efficiency

Through the implementation of measures that regulate the demand for energy services through **material efficiency** and **behavioural change**



Reducing methane emissions

From fossil fuels, which will affect the energy sector, particularly Oil and Gas, where **methane emission reductions are most cost-effective**




Innovative clean energy systems

Through the adoption, especially in hard-to-abate sectors, of technologies that are still under development, including **hydrogen-based** and other **low-emission fuels**, and **CCUS technologies**


COP26 (the 26th UN Conference of the Parties on Climate Change) further reinforced the imminent need to support the growth of renewable energy and to accelerate the electrification process, the development of resilient and flexible infrastructure to support the energy sector, and the need to support research, development and the scalability of key projects such as CO₂ storage and capture in order to meet the ambitious emission reduction and carbon neutrality targets by 2050.

COP26 helped launch a significant investment opportunity for the energy transition, in particular the Glasgow Financial Alliance for Net Zero agreed to invest over \$130 trillion of private capital in activities related to achieving net zero emissions, many of which will involve midstream infrastructure.




Green gas driving carbon neutrality

- **Net Zero commitments** by countries responsible for **approximately 90%** of global emissions
- **Electrification** to reach about **50%** of the final energy mix
- **Green gases** needed to decarbonise the hard-to-abate sectors; up to **1/3** of the energy mix by 2050




CapEx supercycle

- Molecules are responsible for a large percentage of the **\$150tn** Global CapEx needed by 2050
- **\$130tn** earmarked for carbon neutrality by financial institutions
- **\$5tn** Average annual CapEx for 2020-50, **more than double** current levels



Decreasing costs of technologies

- Accelerating the **reduction in the cost of hydrogen** to reach \$0.5/kg by 2050 (BNEF)
- Creation of **global policies and incentives** to support large-scale dissemination



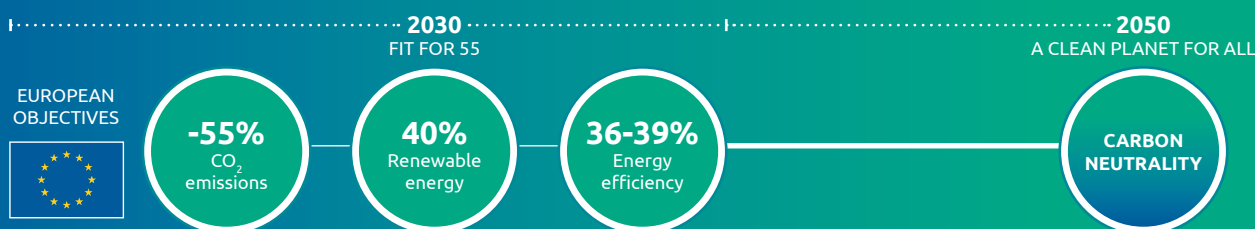
Central role of infrastructure

- Green gas infrastructure as an **enabler** of the energy transition
- **Integrated approach** to optimise energy supply and achieve higher yields

THE COMMON GOAL OF NET-ZERO EMISSIONS

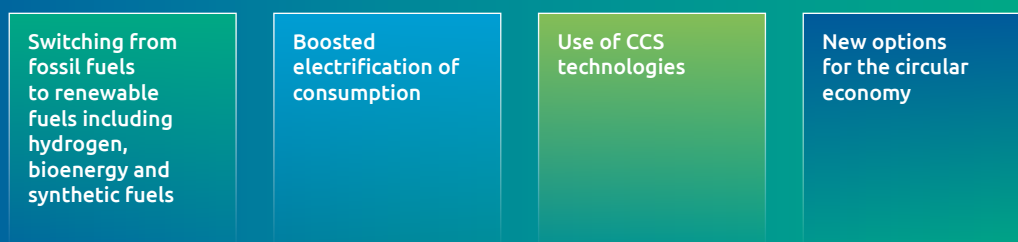
In recent years, both at national and international level, a number of policies have been substantiated with medium- and long-term targets aimed at reducing emissions, increasing the share of renewable energy and energy efficiency and achieving carbon neutrality by 2050.

In 2019, the European Union introduced the “European Green Deal” which relaunches the climate and energy targets presented in the two 2018 packages: “Clean Energy for all Europeans” to 2030 and the “EU 2050 Climate Long-Term Strategy”. As part of the Green Deal, the addition of the new “Fit for 55” package in 2021 strengthens the target for reducing carbon dioxide emissions in 2030 from 40% to 55% of 1990 levels to reach carbon neutrality in 2050; it increases the share of energy produced from renewable sources to 40% (vs the 32% of the Clean Energy for all Europeans package) and increases the percentage of energy efficiency in final and primary energy consumption to between 36% and 39% by 2030, set at 32.5% in the 2018 strategies.



In line with European energy and climate targets, the national government has set out plans to reduce emissions and achieve carbon neutrality by 2050. In December 2019, Italy approved the first **Integrated National Plan for Energy and Climate (PNIEC)**(*) and an updated version of the PNIEC will be proposed to the European Commission by 30 June 2023, that will integrate the new targets included in the Fit for 55 package regarding emission reduction, renewable energy share and energy efficiency. It will also include a significant contribution from green gases and hydrogen as pillars of decarbonisation, but also from decarbonised gases obtained through the application of CO₂ capture technologies.

While the PNIEC presents a medium-term vision, the **Italian long-term strategy on the reduction of greenhouse gas emissions** published in January 2021 incorporates the energy-environmental dynamics to 2030 and extends them with the objective of achieving carbon neutrality by 2050 through the reduction of energy consumption by 40% compared to current levels and favouring the use of energy sources and carriers, such as electricity and renewables. In particular, the government has identified **four levers** to integrate with the energy efficiency action:



(*) Targets for 2030 set out in the 2019 NIPEC cover: -37% CO₂ emissions vs 1990, 30% renewables in gross final energy consumption, -43% reduction in primary energy consumption and - 39.7% in final consumption vs PRIMES 2007 (energy efficiency).

THE STRATEGIC ROLE OF HYDROGEN


In this context, therefore, it is necessary to embark on a path of **decarbonisation of all sectors and industries, ensuring a continuous and reliable energy supply**. New energy vectors will be needed to transfer the growing share of decarbonised primary energy to the energy demand side and offer flexibility, security and diversification of energy supply sources while maintaining the quality of services provided and accessibility.

To date, few vectors are able to ensure the development of scalable solutions and support the path to a low-carbon economy. Among those present, **hydrogen ensures the achievement of decarbonisation targets as it can help meet energy demand, allowing CO₂ emissions to be reduced**.

Colourless and odourless, consisting of two hydrogen atoms, hydrogen makes it possible to power a fuel cell car for 100 km with 1 kg, heat a house for two days and produce 9 kg of steel from raw iron.


Hydrogen does not occur in free form in nature, yet it can be **produced** through a wide range of **chemical and physical processes**. Depending on the type of process adopted, hydrogen is identified with a colour that normally refers to the primary resource used.

First in the periodic table and the lightest, hydrogen is the **most abundant** chemical element in the **universe**. Combined with other elements, it is present on our planet in water, organic compounds and living things, while in the stars it is present in a gaseous state. Hydrogen forms about **75% of matter** by mass, and more than 90% by number of atoms, and is the primary ingredient of interstellar diffuse matter and condensed matter in stars, including the **Sun**.




GREY HYDROGEN

Obtained from natural gas through a thermochemical conversion process producing and releasing CO₂ into the atmosphere, **grey hydrogen** is mainly used in industrial sectors



BLUE HYDROGEN

Obtained by adding CO₂ capture and storage (CCS) technology to the thermochemical conversion process, **blue hydrogen** plays a significant role in the decarbonisation of hard-to-abate sectors such as steel and refining



GREEN HYDROGEN

Generated by the electrolysis process of water, electrical energy is used to "break down" water into hydrogen and oxygen without any CO₂ emissions at the release point, **Green hydrogen** represents the most promising alternative for achieving the decarbonisation targets

Although only 5% of hydrogen is currently produced in its "green" form, the gradual reduction in the cost of solar and wind energy and electrolysers makes the use of electrolysis a **game changer for the energy transition**, expected **to account for around 20% of the abatement potential** needed to meet the 2050 targets (source: Hydrogen Council).

Hydrogen's unique properties and application advantages therefore make it an **effective enabler for the energy transition**, with benefits for both the overall energy system and for applications and end uses.

1. Support the integration and scalability of renewable energy systems (short term)

In the energy sector, the increasing integration of intermittent renewables in line with targets (more than 40% in the energy mix) increases the need for operational flexibility through efficient and innovative storage solutions. Through the process of electrolysis, excess electricity can be converted into green hydrogen at times when production exceeds demand. The green hydrogen thus produced can be transported and used to power operations in the event of a shortage of electricity from renewable sources, or used in other sectors such as industry and transport.

2. Increase the systemic resilience in the buffer mix (long term)

Hydrogen can also provide an effective solution for managing the seasonal pattern of energy demand. Energy density, storage capacity and diversified uses make hydrogen suitable to serve as an energy reserve also in the long term, as is already the case today for other green gases such as biomethane.

3. Distribute energy across sectors and territories

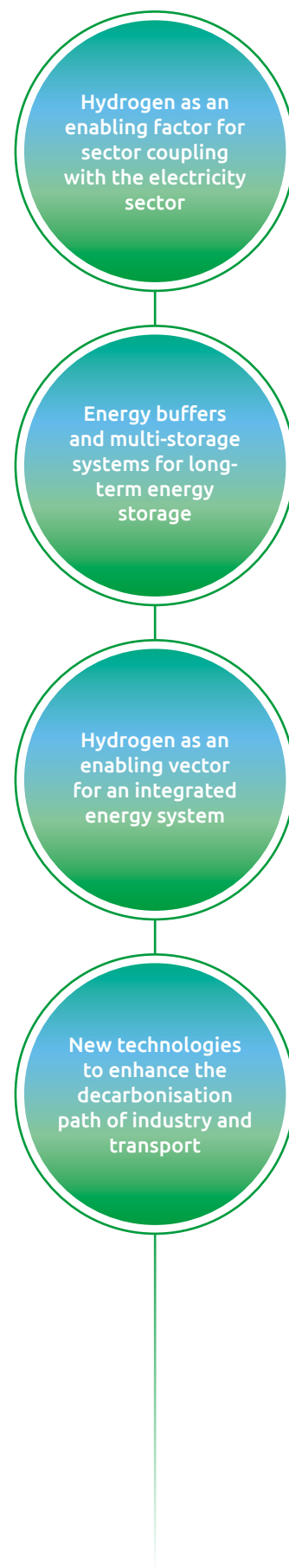
Since hydrogen and its compounds have a high energy density and are easily transported with the existing gas network, they help to distribute energy efficiently and flexibly on a large scale and over long distances.

So-called hydrogen valleys represent an important first step in the development of hydrogen supply chains that combine production, infrastructure and use in a single development area, offer a pathway for technological scaling-up and highlight the sectoral integration capacity of hydrogen on a large scale.

4. Decarbonize the hard-to-abate and transport sectors

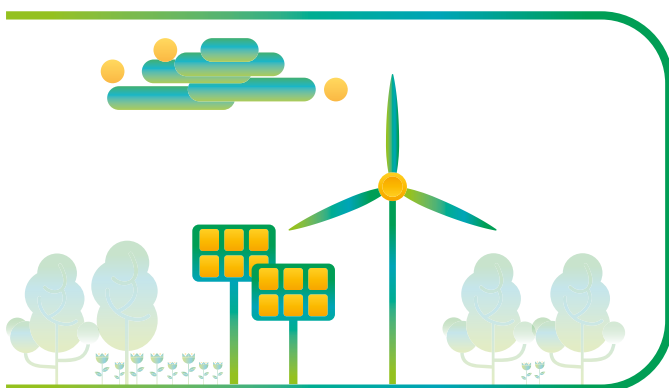
There are certain sectors in the industrial landscape, such as steel, chemicals, ceramics, paper, glass, cement and foundries, that are particularly energy-intensive and produce high levels of emissions - the so-called hard-to-abate sectors - for which a greater effort will be required in both technical and economic terms to develop a concrete decarbonisation path. In this context, there is no one-size-fits-all solution, but a combination of innovative levers can be used: these include the use of hydrogen as a fuel to replace fossil fuels to power industrial processes and the integration of CO₂ capture and storage technologies.

The transport sector is the second largest source of CO₂ emissions after electricity and heating generation, accounting for 25% of global emissions. Hydrogen can complement efforts to develop fuel cell electric vehicles (FCEVs) for road and rail transport and provide a scalable option to decarbonise shipping and aviation through the production of synthetic hydrogen fuels to power fleets.



THE ADVANTAGES OF HYDROGEN

Does not produce
CO₂ or pollutants



Can be produced from **renewable sources**, such as wind and photovoltaic power



Can be **stored** reliably, safely and cost-effectively for a long time

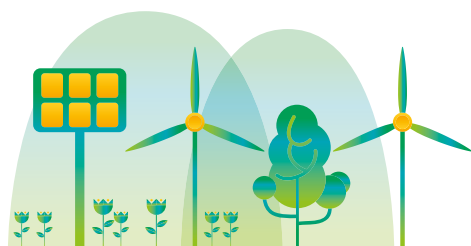


Can **decarbonise** the so-called hard-to-abate sectors such as steel and refineries

Has a **lower transport cost** than electricity



Can be used in **sustainable mobility**, through fuel cells



Encourages **sector coupling**, i.e. integration between the electricity and gas sectors to achieve greater flexibility and

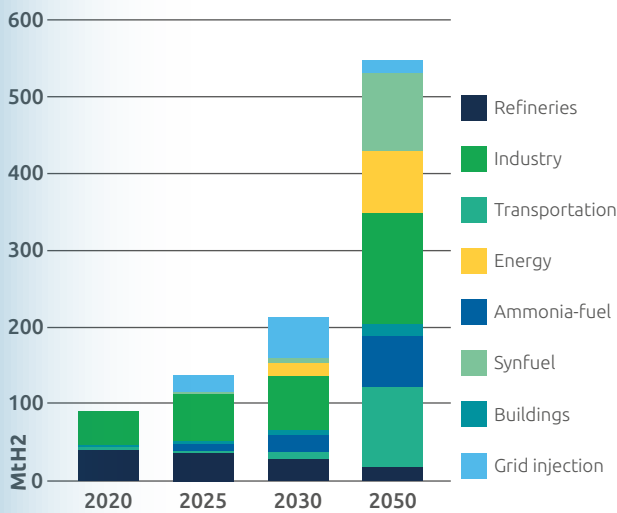


Can exploit **existing network** converted to

HYDROGEN DEMAND, PRODUCTION AND COST TRENDS

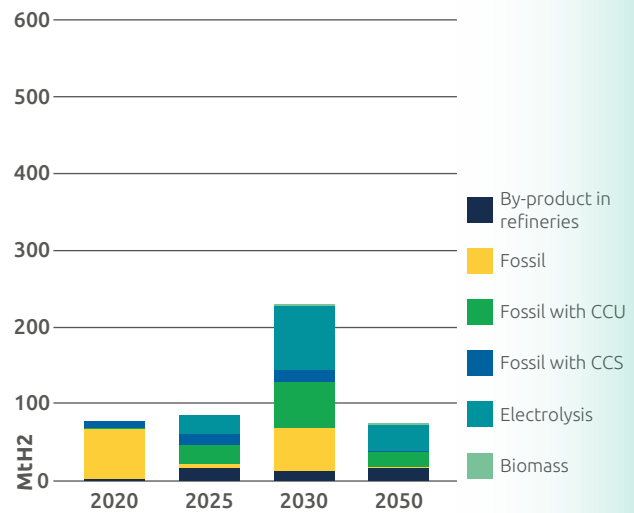
Hydrogen is among the fastest growing energy sources since the turn of the millennium and demand for hydrogen, half of which comes from the industrial and transport sectors, is expected to grow almost sixfold to reach 530 Mt by 2050 (source: IEA, scenario Net Zero Emissions by 2050). The expected growth in demand for hydrogen will be met through technological development and the large-scale implementation of complementary projects and technologies. Globally, hydrogen production is expected to be 60% green through the electrolysis process with a total installed capacity of 3600 GW by 2050, and 36% blue through fossil fuels with CO₂ capture and storage (CCUS with a capture rate of 1.5 Gt CO₂/year).

Hydrogen demand in the Net Zero Emissions by 2050 - IEA scenario



Source: reworked version from IEA data

World hydrogen production for technology according to the Net Zero Emissions by 2050 - Scenario of the IEA



Source: reworked version from IEA data

In this development context, and thanks to the increasing scalability of available designs and technologies, the costs of hydrogen production will continue to fall. In particular, according to analyses by the Hydrogen Council, BNEF and Snam, the cost of hydrogen, which was \$600/MWh in 2010 is currently \$100/MWh. To be attractive in the market, the cost of hydrogen should be around \$50/MWh, which - according to the Green Hydrogen Catapult co-founded by Snam - will be achievable in five years, assuming an installed electrolyser capacity of 25 GW could be developed by then.

At \$25/MWh, hydrogen becomes competitive with fossil fuels, including coal, in most current uses. This will keep the temperature rise within 1.5°C and will promote and phase out coal in China and India. According to BNEF's latest estimates, the cost of hydrogen could be as low as \$10/MWh in just 20 years. This means that hydrogen will be a green gas that can be used on a large scale as costs fall, and will consequently accelerate emissions reductions, making it possible to achieve carbon neutrality by 2050.

Lastly, along with hydrogen production costs, transmission and distribution costs will also fall. In the short to medium term, the creation of hydrogen valleys with the co-localisation of production on-site or close to the consumer site is expected. In the long term, the most competitive development model in terms of cost and large-scale application of hydrogen is the centralised model with large-scale hydrogen production in the most favourable areas and its transport through a hydrogen pipeline network that will be able to transmit ten times the energy at 1/8 of the costs associated with electricity transmission lines, thanks also to the possibility of using existing pipelines.

POLICIES IN SUPPORT OF HYDROGEN

The advantages of hydrogen and the trends in demand, production and associated costs have also been widely acknowledged by institutions which, aware of the need to move towards a low-carbon economy, have defined strategies and action plans that favour the integration and progressive use of hydrogen. At European and national level, institutions have set precise and ambitious targets and put measures in place to support research and development and promote investment so that the hydrogen future can become a reality.

The EU Strategy on Energy System Integration envisages optimising the energy system by linking different energy carriers with each other and with end-use sectors, including buildings, transport or industry, leveraging emerging technologies, processes and business models in order to support the decarbonisation of European economies. The **EU Hydrogen Strategy** has been outlined in this context, which sees hydrogen as a priority investment to accelerate economic growth and resilience, job creation and consolidate European leadership in achieving carbon neutrality by 2050.

Through the Hydrogen Strategy, the European Union has launched a 470 billion euro investment package for research and production projects with the aim of providing EU countries with the tools to develop the electrolysis process and thus produce, in a first phase (by 2024), at least 1 million tonnes of hydrogen and, in a second phase (by 2030), at least 10 million tonnes. In the third phase (by 2050), renewable hydrogen technologies are expected to reach all the hard-to-decarbonise sectors, with the share of hydrogen in the energy mix expected to grow to 13-14% by 2050.

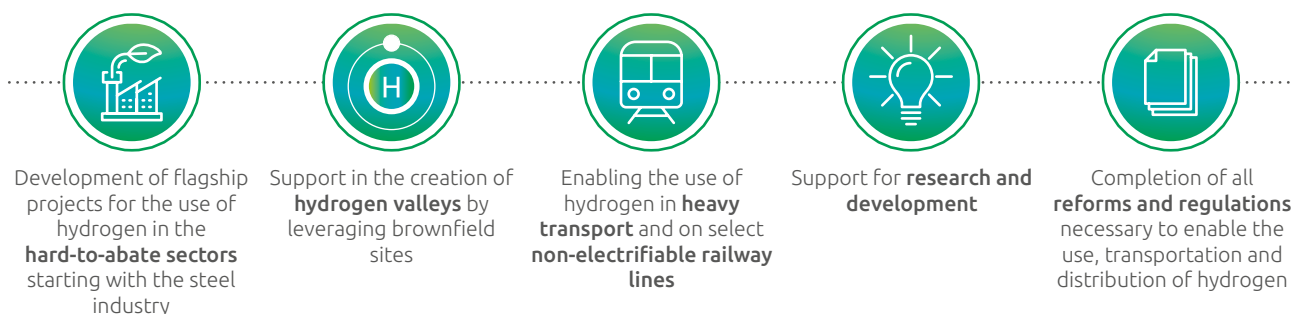
In particular, the document estimates that the economic resources needed for the increase in production by 2030 could range between 24 and 42 billion euros for electrolysis capacity and between 220 and 340 billion euros for the construction and connection of 80-120 GW of solar generation capacity by 2030.

The pathway to hydrogen adoption and implementation is divided into three basic steps:



The importance of hydrogen in Europe’s pathway to decarbonisation by 2050 is also widely reflected in the **“Fit for 55”** package: a set of 13 proposals and initiatives aimed at reviewing and updating EU legislation to align it with its climate targets for 2030 and 2050, in line with the European Green Deal presented in 2019.

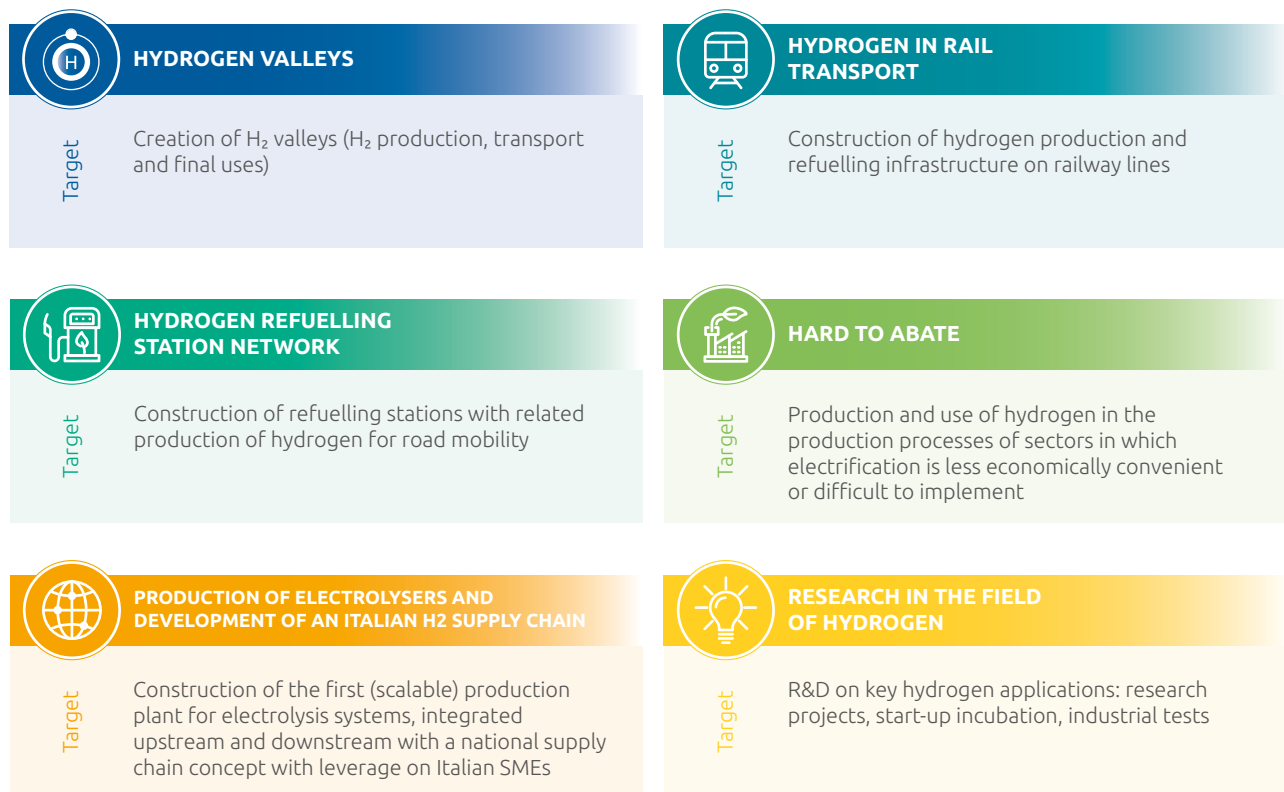
Italian hydrogen targets



At national level, hydrogen could cover almost **a quarter of Italy's entire energy demand by 2050**. In view of these considerations and in line with European policies, Italy intends to pursue this opportunity and promote the production and use of hydrogen also through the measures envisaged in the **National Recovery and Resilience Plan (PNRR)**.

In the context of post-pandemic recovery, the European Commission, together with the European Parliament and Member States, approved the **Recovery Plan for Europe** with the aim of repairing the economic and social damage caused by the coronavirus pandemic. Specifically, the regulation laying down the EU's multiannual financial framework for the period 2021-2027 provides a **long-term budget** of 1,073.3 billion euros, including the integration of the European Development Fund. In addition, a further temporary instrument of more than 806 billion euros, **Next Generation EU**, has been designed to stimulate recovery. Together, the Budget and Next Generation EU constitute the largest stimulus package ever funded by the EU, with the aim of devoting 30% of funds to combating climate change (the highest percentage ever for the EU budget). The Italian PNRR, which is part of the Next Generation EU (NGEU) programme, envisages investments and a consistent package of reforms on which to allocate resources amounting to approximately **220 billion** euros divided into six areas, including one concerning the "**Green Revolution and Ecological Transition**", which includes a series of **targets** linked to the theme of "**Renewable Energy, Hydrogen, Network and Sustainable Mobility**", including the "promotion of the production, distribution and end use of hydrogen in line with Community and national strategies". The adoption of hydrogen-based solutions, for which about 3.5 billion euros will be allocated, is one of the Plan's primary objectives. In addition, the PNRR envisages further measures to stimulate hydrogen production and consumption, which will be needed to facilitate the integration of the energy system. These measures will be provided in the form of tax incentives and instruments for the dissemination of green hydrogen consumption in the transport sector.

The objectives of the PNRR



In this context, at the end of 2020, Italy preliminarily defined the **Guidelines on the National Hydrogen Strategy** with which it intends to set out the high-level vision on the role that hydrogen can play in the national decarbonisation pathway, in line with the current **National Integrated Energy and Climate Plan (PNIEC)**. The Guidelines include around **10 billion euros of investments** planned for the hydrogen sector and a series of reforms, and envisage achieving a hydrogen penetration share of around 2% in final energy demand by 2030 (supporting an 8 Mton reduction in CO₂ emissions) to reach 20% in 2050, thanks to the application of the gas in various areas. The aim is to develop flagship projects for the use of hydrogen in hard-to-abate industrial sectors such as chemicals, steel and refineries; to encourage the creation of hydrogen valleys, particularly in areas with disused industrial sites; to enable, through refilling stations, the use of hydrogen in heavy transport on selected non-electrifiable railway lines or in local public transport; and to support research and development by completing all the necessary regulatory procedures to enable the use, transport and distribution of hydrogen.

SNAM'S STRATEGY AND VISION TO 2030



Snam is determined to play a leading role in achieving the ambitious objectives set at national and European level, to make the decarbonisation and energy transition process a reality and to support a sustainable economic model, seizing the many synergistic opportunities that this important challenge offers.

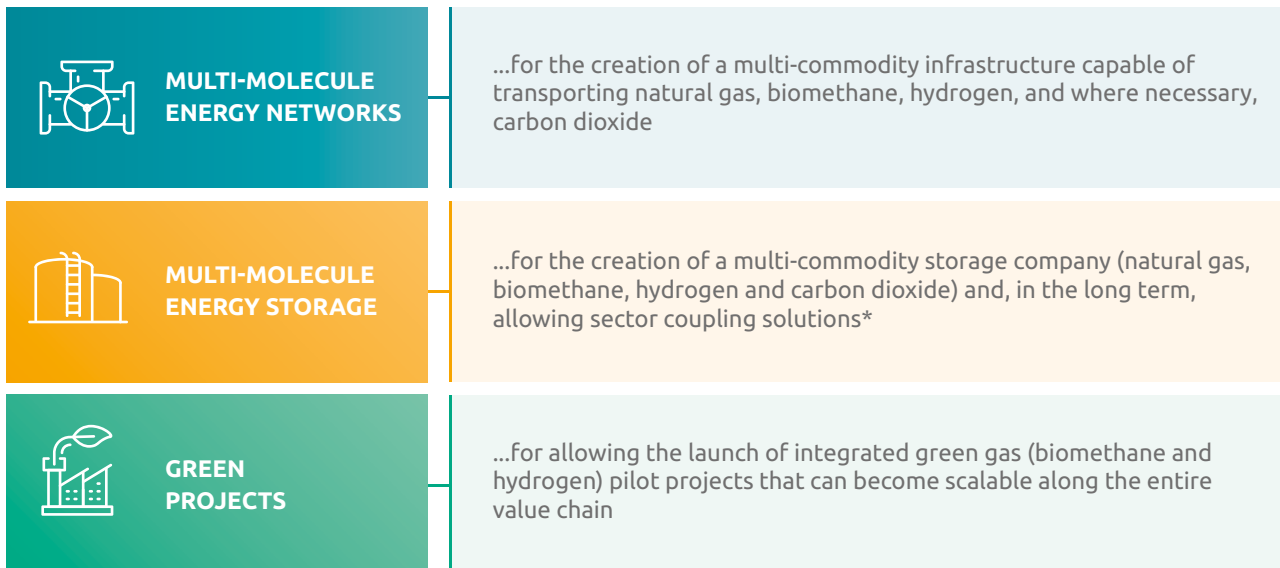
Aware of this, in recent years Snam has begun repurposing its infrastructure, developed its international presence, formed a large number of partnerships and launched numerous energy transition initiatives. Building on its established capabilities in regulated businesses and its expertise in green gas and new energy transition trends, the company is evolving towards a concept of multi-commodity infrastructures, i.e., capable of transporting and storing different types of molecules, continuing at the same time to develop its hydrogen, biomethane, sustainable mobility and energy efficiency businesses.

In this context, the new **2021-2025 Strategic Plan** and the **Long-Term Vision to 2030** were presented in November 2021, with which Snam emphasised its contribution to supporting the great transformation underway in the energy sector, leveraging on the enabling role of infrastructure to achieve a fully decarbonised economy through a plan of increasing investments.

In the firm belief that the **business strategy** cannot disregard the **climate strategy**, Snam has strengthened its decarbonisation objectives by setting short- to medium-term intermediate targets for reducing greenhouse gas emissions from its activities (Scope 1 and 2) and defining new targets for reducing emissions associated with its value chain (Scope 3). Snam thus becomes the first energy infrastructure company within the European Union to set Scope 3 emission reduction targets, also related to its suppliers, by 2030. All the ESG factors are nevertheless integrated into the company's strategy and management, and environmental, social and governance objectives are encapsulated in the ESG Scorecard, which was further strengthened in 2021 to provide stakeholders with an even more holistic view of the commitment to these issues.

Growth to 2030 will be based on **three strategic pillars: energy networks, storage and new green projects.**

STRATEGIC PILLARS



(*) The European Commission identifies sector coupling as a strategy which provides more flexibility to the energy system to reach decarbonization in the most convenient way (DG ENER (2018) Request for services n° ENER/B2/2018-260 - Potentials of sector coupling for the EU natural gas sector - Assessing regulatory barriers).




The process will be implemented through **three enabling aspects** driven by know-how and execution capacity acquired over time: the orientation of business towards ESG issues and Net Zero objectives, the consolidation and creation of national and international strategic partnerships, and a sound financial structure that will support the growth of sustainable finance in the coming years. For more information on the enabling aspects of Snam's strategy, see the "Strategy and Risk Management" chapter of the 2021 Annual Financial Report.

ENABLING SKILLS



As an enabler of the energy transition, in order to achieve its objectives, Snam has planned **8.1 billion** euros in investments by 2025 (+700 million euros compared to the previous plan) to be allocated to maintenance, updating and development of its infrastructures, as well as to achieving carbon neutrality and accelerating the energy transition, 1.3 billion euros of investments for projects related to hydrogen and biomethane, sustainable mobility and energy efficiency, aligning in this way the **47%** of the new **Plan to the European taxonomy** (+7 percentage points compared to the 2020-2024 Plan). Furthermore, looking at a longer time horizon, up to **23 billion euros** will be allocated for the development of energy networks, energy storage and green projects by 2030.

MULTI-MOLECULE ENERGY NETWORKS

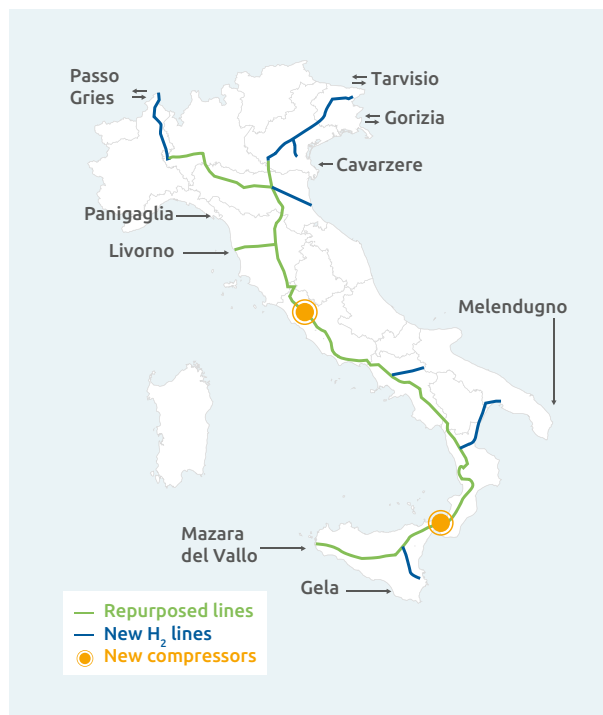
 MULTI-MOLECULE ENERGY NETWORKS	INTERVENTION AREAS	
	by 2025	by 2030
 MULTI-MOLECULE ENERGY STORAGE	<ul style="list-style-type: none"> • Replacement • Net Zero Investments • Digitalisation • Development 	TRANSPORT OF CH₄ AND BIOCH₄
 GREEN PROJECTS		TRANSPORT OF H₂ <ul style="list-style-type: none"> • Hydrogen backbone
		<ul style="list-style-type: none"> • Replacement • Maintenance • Net Zero Investments • Digitalisation • Development

Evolving towards a “multi-commodity” infrastructure capable of transporting not only natural gas (in an initial transition phase) but also green gas is one of Snam’s main objectives. To date, the existing infrastructure can already transport natural gas and biomethane without distinction and about 99% of the network is already capable of transporting up to 100% hydrogen (according to **ASME** regulation **B31.12(*)**). To further support the diffusion and use of green gas, Snam has decided to promote the creation of a backbone to transport hydrogen from Italy to the areas of Northern Europe with the highest demand, with approximately 2,700 km of network from Mazara del Vallo to Passo Gries and Tarvisio. This will be achieved by repurposing existing infrastructure and building new lines, for which an investment of around **3 billion euros** has been estimated by 2030. In particular, 75% of the network km will come from repurposing the existing network and 50 MW of compressor stations will provide adequate pressure levels for the network.

(*) The ASME (American Society of Mechanical Engineers) is a non-profit US association that enables collaboration, knowledge sharing and skills development across all engineering disciplines. ASME B31.12 is a standard for hydrogen pipes and pipelines and contains the requirements that infrastructures should have in order to enable the transport of hydrogen in a safe and quality manner.

The agreement for the sale to Snam of 49.9% of Eni's shareholdings in the companies TTPC and TMPC, which manage the gas pipelines connecting Algeria to Italy via Tunisia and the Mediterranean goes this way. This route appears to be strategic for the construction of an hydrogen pipeline that connects Italy with the North Africa, an area that in the future may also become a hub for the production of green hydrogen.

Snam will also continue to invest in the transportation of natural gas and biomethane through replacements and maintenance in line with H2-ready technology. By 2025, it will have modernised more than 1,300 km of the network, rising to **3,000 km** in 2030. The investments in the 2025 Plan and the 2030 Vision will also address the "Net Zero" targets, with the conversion of **compressor stations to dual fuel**, thereby facilitating sector coupling, and continuing to invest in reducing methane leakages. As additional medium-term targets, new connections related to the energy transition are foreseen with the construction of **205 L-CNG plants, 75 biomethane plants** and another **115 connections to the transport network**.



Finally, Snam will increase the quality of service through the digitisation of assets and the adoption of the Internet of Things. The 2021 inauguration in Bologna of the first district of the future, **TecHub**, marked a step forward in activities related to improving safety and environmental sustainability with the aim of developing a **digital transformation model** applicable in Snam's operations. The technological district is entirely managed with the aid of digital technologies that help to reduce emissions, improve the safety and resilience of infrastructure and increase operational efficiency in the region. Among these, **Leak Detection and Repair (LDAR)** is a programme able to guarantee predictive network maintenance and the centralised control of methane emissions, but also real-time monitoring systems which will allow the continuous and effective control of over 4,000 km of methane pipelines, 80 reduction plants and more than 1,000 redelivery points between the regions Emilia-Romagna and Marche.

In order to contribute to the continuous and sustainable growth of the business, Snam has carried out planning, design and authorisation activities for the works required to build the virtual pipeline to Sardinia.

MULTI-MOLECULE ENERGY STORAGE

	INTERVENTION AREAS	
	by 2025	by 2030
MULTI-MOLECULE ENERGY NETWORKS	<ul style="list-style-type: none"> • Replacement • Maintenance • Net Zero Investments 	STORAGE OF CH₄ AND BIOCH₄ <ul style="list-style-type: none"> • Replacement • Maintenance • Net Zero Investments • Development
MULTI-MOLECULE ENERGY STORAGE		NEW ENERGY STORAGE <ul style="list-style-type: none"> • Underground gas storage • Underground hydrogen storage • Carbon capture and storage • BESS in integrated projects
GREEN PROJECTS		

The storage system makes it possible to compensate for the different needs between gas supply and consumption ensuring the continuity of the service even in case of peaks in demand. In fact, whilst supply consisting of imports from abroad and national production has a substantially constant flow throughout the year, gas demand is concentrated mainly in the winter period. Storage therefore ensures that the necessary availability of gas, with the aim of compensating for any interruptions or reduction in supply, or overcoming temporary crises in the gas system. Moreover, energy storage is, even more so in the future, an essential point for the energy system also in consideration of the problem of the intermittent nature of renewables.

The centrality of storage

For these reasons, and in consideration of the essential role that energy storage plays, and will continue to play more and more in an energy system based on intermittent renewables, it represents one of the three strategic pillars that Snam will develop in the period 2021-2030 thanks to investments of up to **5 billions euros**. Specifically, Snam will focus on natural gas and biomethane storage through the consolidation of existing assets, the replacement of end-of-life wells and the replacement/upgrade of the Ripalta, Sabbioncello, Fiume Trieste, Segnano, Minerbio and Settala plants. In addition, the company will maintain and update safety standards and increase investments to act in compliance with regulations.

With the aim of making the infrastructure compatible for hydrogen storage as well, the Group has launched an activity in collaboration with the Turin Polytechnic Institute, the Italian Institute of Technology and the CO₂ Cycle Lab (CCL) to investigate and simulate the chemical, physical and microbiological phenomena associated with the possibility of **storing hydrogen mixed with natural gas, even up to 100%**, in depleted natural gas fields. The tests gave encouraging results, as no changes or alterations were observed in the depleted fields, confirming the possibility of repurposing these assets for H₂-ready reuse. The next steps in this regard will be the completion of microbiological tests in a multi-reactor and the launch, once the necessary authorisations have been received, of the pilot test on a Snam storage site.

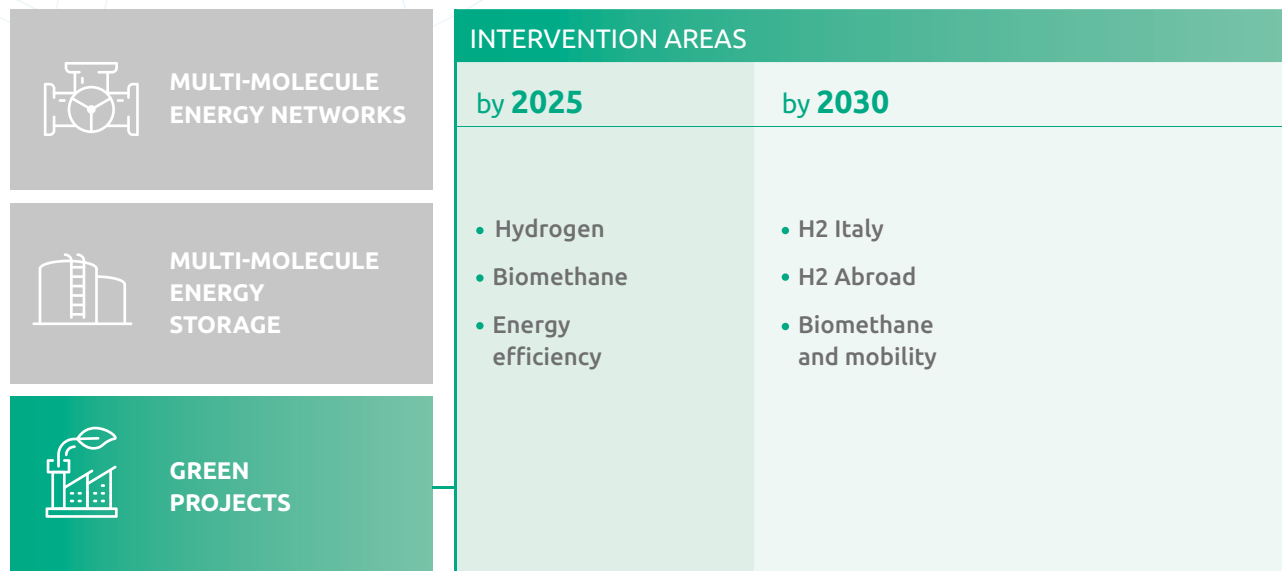
As part of Net Zero investments, the Segnano, Ripalta and Cortemaggiore plants will be upgraded to H₂-ready status and six compressor stations (three by 2025) will be converted to dual fuel.

In addition, part of the investment will go towards maintaining high safety standards, regulatory compliance and the adoption of new metering systems. In particular, Snam will increase its expertise in the areas of groundwater, salt flats and CO₂ storage, as well as its knowledge of sector coupling solutions, engineering capacity and commercial reach.

Among the new energy storage projects, mention should be made of the agreement with **dCarbonX**, a company with which Snam will develop three offshore hydrogen storage initiatives in Ireland. In addition, together with **Terèga** in **Pycasso**, the Group is involved in a **CCS** (carbon capture and storage) project in the south of France and the north of Spain which will also lead to the repurposing of depleted stocks.

dCarbonX
Decarbonisation Exploration

GREEN PROJECTS



Encouraging the **energy transition, promoting renewable energy sources and resources, protecting the environment, achieving carbon neutrality and pursuing sustainable success** are the key objectives on which Snam has defined its strategy and oriented its activities. In particular, in its Vision 2030, the company plans to promote and develop scalable green gas projects along the entire value chain to foster market development and offer integrated solutions.

The investments made between October and November 2020 in De Nora, an Italian company of excellence in water treatment and alkaline electrolysis technologies, and ITM, a leading manufacturer of membrane electrolyzers, are part of the move towards an increasingly strategic positioning. The acquisition in De Nora allows Snam to increase its technological positioning in order to be more competitive in new projects for the development of hydrogen. In midstream, the company has become one of the global leaders in defining hydrogen standards and testing; while in downstream, Snam has initiated and participated in more than 150 commercial discussions, some of which will become projects, which contribute to increasing knowledge of the needs and expectations of the hard-to-abate sector.

By 2030, Snam expects to make the pilot projects already underway scalable and suitable for a market where multi-molecule solutions will be increasingly needed, leading to integrated projects in the midstream and upstream segments of the green and blue hydrogen, biomethane and CO₂ value chains.

In this regard, Snam will invest up to **3 billion euros** distributed among the hydrogen, biomethane and energy efficiency businesses.

Hydrogen

Thanks to the work of the **Hydrogen** business unit, which was created with the aim of being at the forefront of a sector with great prospects, Snam has set its investment plan to 2025 in various business sectors, including **sustainable hydrogen mobility** with the support of Snam4Mobility, for the creation of refuelling solutions for trains, heavy and light vehicles, completing the infrastructure for sustainable hydrogen mobility by 2030. In addition, the use of this gas will also be developed in **industrial** sectors, specifically in the thermal, feedstock and fuel-cell sectors. Leveraging possible funding requests under existing calls for proposals, with the aim of **monitoring and launching new hydrogen experiments**, Snam has launched eight projects, some of which will be funded through the Innovation Fund and Horizon Europe, while others have been proposed to the IPCEI. In this context, the Group will support the Italian Gigafactory project for the production of green hydrogen, which De Nora has presented as part of the IPCEI projects.



With 2030 Vision, Snam aims to evolve from small-scale projects to integrated hydrogen-related initiatives in Italy and internationally, with particular reference to Northern Europe, the United States, North Africa and the Middle East, areas where renewables are competitive, favourable logistical conditions and local off-takers are present and/or infrastructure can be exported, or where there are regulatory frameworks in favour of decarbonisation.

Further investments will be made in research and development and venture capital initiatives. Among the latter, **HyAccelerator** deserves mention, the first global-scale acceleration programme for start-ups focused on hydrogen, established with the aim of enhancing the most innovative companies in the sector, giving rise to high-potential projects.



Biomethane

Taking advantage of the already consolidated Snam4Environment platform and the opportunities offered by the PNRR, Snam plans to build plants with an installed capacity of approximately **120 MW** by 2025, almost double the capacity announced in the previous plan, reaching 150 MW by 2030. The increase in installed capacity will also be achieved through greenfield projects and strategic acquisitions of biogas and biomethane plants. Due to the delay in authorisations caused by the pandemic and the pending new biomethane decree notified to the European Commission, the ramp-up of initiatives to 2025 will be slower than announced in the 2020-2024 Plan.



In the field of **sustainable mobility using biomethane and natural gas** for heavy and light vehicles, the Group, through Snam4Mobility, the subsidiary that offers integrated services in the field of “smart green” natural gas mobility, will complete the development of L/CNG (compressed and liquefied natural gas) and Bio-L/CNG (compressed and liquefied natural bio-gas) stations and infrastructure projects for the supply of LNG to the distribution network.



Energy Efficiency

In the field of energy efficiency, in just three years Snam has positioned itself among the leading Italian operators offering such services. With its subsidiary Snam4Efficiency, which became **Renovit** in January 2021, Snam offers energy efficiency solutions in the residential, industrial, tertiary and public administration sectors.



During the Plan period, Snam envisages to organically continue along its growth path through new acquisitions and by leveraging the opportunities arising from the 110% Ecobonus. In the industrial sector, the installation of approximately 90 MW (+30 MW compared to the 2020-2024 Plan) of distributed energy systems (CHP, PV, fuel cells) is planned; while in Public Administration, Snam will be responsible for participating in public tenders and developing public-private partnerships.



THE STRATEGY FOR THE FUTURE: NET ZERO CARBON

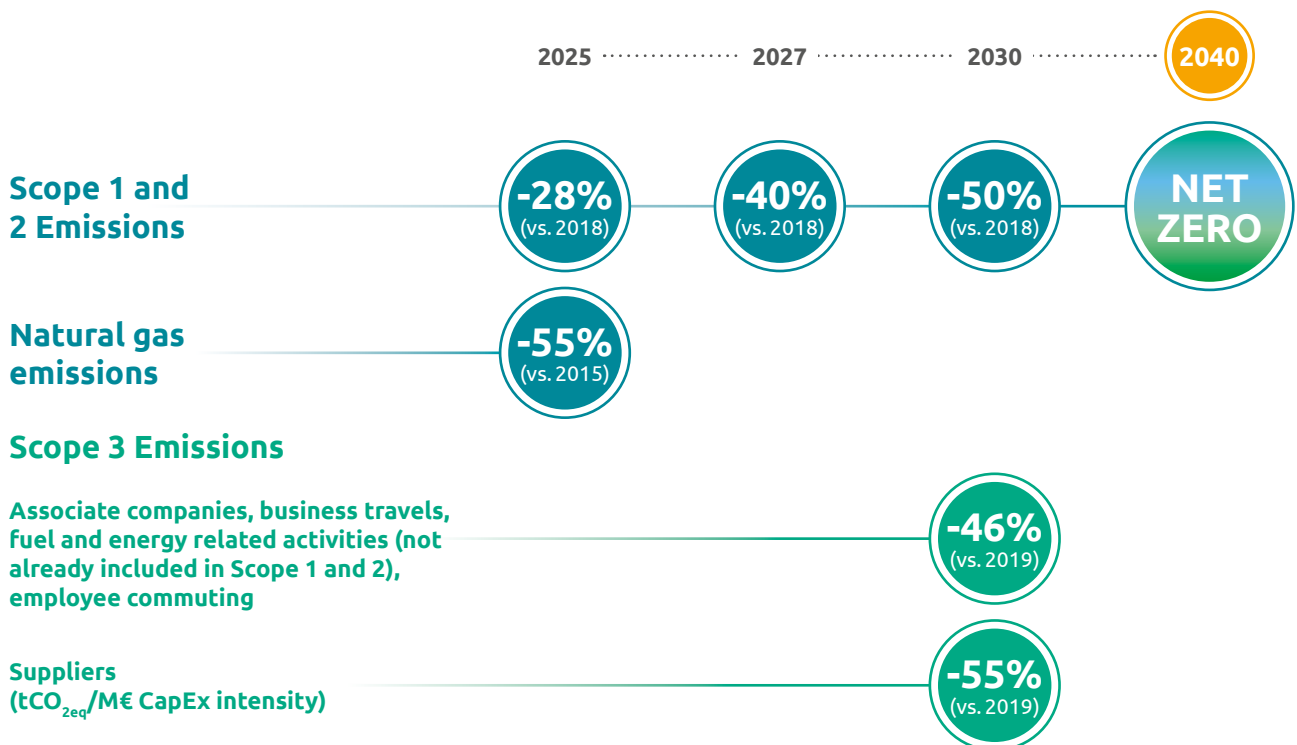
The fight against climate change is one of the main challenges the world faces today. The containment and reduction of greenhouse gas emissions, energy efficiency and the search for innovative, low-emission solutions are key elements of this path, in which natural gas plays a fundamental role.

In this context, in 2021 Snam decided to further strengthen its climate strategy, renewing its commitment to Net Zero by 2040 for its activities (with an intermediate step of -50% of Scope 1 and 2 emissions vs. 2018 by 2030), introducing intermediate reduction targets at 2025 and 2027 and making the target for reducing natural gas emissions more challenging than the previous year, raising it from 45% to 55% at 2025 vs. 2015 (also exceeding the target set by the UNEP Framework). In addition, two further targets have been set to **reduce indirect** greenhouse gas **emissions** along the value chain (**Scope 3**), making Snam the **first energy infrastructure company in the European Union to also set such targets for its suppliers**. Snam's 2030 targets are in line with the objective of limiting global warming to 1.5°C set out in the Paris Agreement and with the generic SBTi (Science-Based Targets Initiative) methodology.



In defining the **2021-2025 Strategic Plan**, Snam has drawn up forecast strategic scenarios, defining the possible evolutions of the Italian energy system in the medium-long term (2025, 2030 and 2040). For more information on the scenarios underlying Snam's strategy, see the chapter "The context and reference scenarios" in the document "2021 Climate Change Report".

THE OBJECTIVES OF THE NET ZERO CARBON STRATEGY



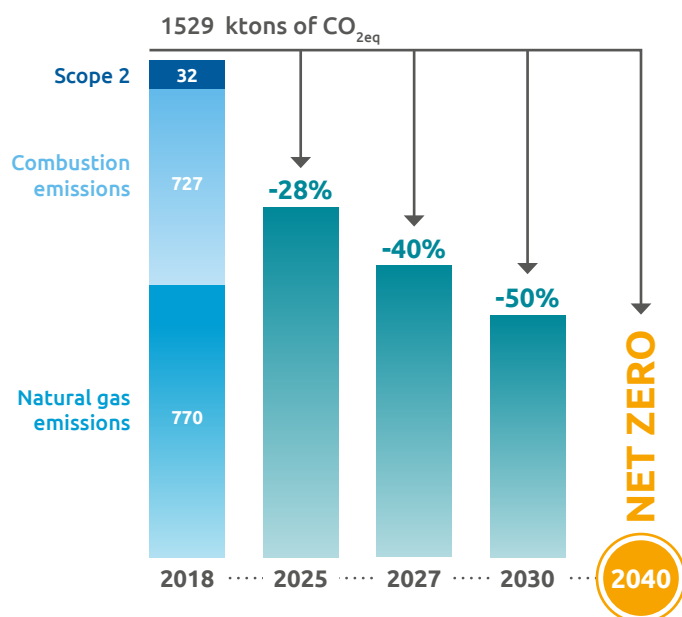
The initiatives implemented by Snam to reach net zero in its operational activities mainly consist of programmes to limit natural gas emissions through the modernisation, efficiency and maintenance of the network (LDAR), interventions to reduce carbon dioxide (CO₂) emissions, thanks to the conversion of compressor stations to dual fuel (thus replacing gas turbocompressors with electric compressors), and the use of green electricity. In addition, Snam is proceeding with the adaptation of existing infrastructure for the transport and storage of different types of gas, including hydrogen. To date, around 99% of the network is capable of transporting up to 100% hydrogen and the first hybrid turbine capable of operating with 10% hydrogen volume was installed at the Istrana (TV) power plant in 2021. Finally, for emissions that cannot be eliminated by 2040, offsetting measures will be implemented through certified offsetting projects.

After being one of the first in its sector to reach the target of net zero of greenhouse gas emissions (Scope 1 and 2 emissions) by 2040, Snam has decided to set targets for indirect emissions (Scope 3) by 2030. This confirms that the climate issue is now an unprecedented global challenge and increasingly requires concerted solutions from multiple actors. By setting targets for emissions outside its direct control, Snam is sending out an important message aimed at encouraging and raising the awareness of its subsidiaries and suppliers to define clear plans to reduce greenhouse gas emissions. The underlying conviction is that only by working together and establishing a dialogue of continuous exchange and updating it will be possible to achieve the ambitious goal of a Net Zero world.

SCOPE 1 AND 2 EMISSIONS

Snam plans to reduce direct (Scope 1) and energy indirect (Scope 2) emissions by 28%, 40% and 50% (vs 2018) by 2025, 2027 and 2030 respectively, until the Group's operations will reach the net zero by 2040. Actions aimed at reducing natural gas emissions (-55% by 2025 vs 2015) will also contribute to reaching the targets. These are in line with the reduction targets set by the Oil and Gas Methane Partnership (OGMP 2.0 (*)) and COP26 (-30% of methane emissions by 2030 compared to 2020 levels).

SCOPE 1 AND 2 EMISSIONS



Direct emissions (Scope 1)

- Natural gas emissions resulting from Snam's various businesses such as transport, storage and regasification.
- Emissions due to Snam's direct consumption, 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 generated by third parties and which Snam uses for its own activities

To reduce Scope 1 and Scope 2 emissions, Snam has planned a series of initiatives that can be grouped into three macro areas:



Reducing emissions from operations

- Interventions and application of best practices to **minimise methane emissions**;
- **Reduction of CO₂ emissions and energy needs** of Snam, also thanks to the installation of new electric compressors in the gas booster and storage plants;
- **Use of renewable electricity.**



Reducing emissions from buildings and the company fleet

- Planning a move to a new headquarter with **LEED GOLD certification**;
- Use of **green electricity** produced by photovoltaic plants;
- Conversion of company fleet to natural **gas vehicles.**



Development of green gases

- Development and inclusion in the network of **new green gases**, such as biomethane and hydrogen.

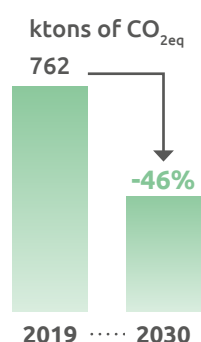
(*) The Oil & Gas Methane Partnership is a voluntary initiative launched in 2015 by the United Nations Environment Programme to support Oil & Gas companies in reducing methane emissions. Snam joined the OGMP in 2020.

SCOPE 3 EMISSIONS

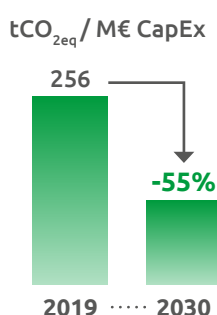
As part of Snam's other indirect emissions (Scope 3), the Group has set two separate reduction targets. The first, -46% by 2030 compared to 2019 levels, takes into account emissions from associate companies and other minor emission categories. The second, -55% by 2030 compared to 2019, is expressed in terms of the emission intensity of the supply chain compared to CapEx.

SCOPE 3 EMISSIONS TARGETS

Associate companies, fuel and energy related activities (not included in Scope 1 and 2), business travels, employee commuting



Intensity of supply chain emissions



Other indirect emissions (Scope 3)

- Emissions from the supply chain
- Scope 1 and Scope 2 emissions of associate companies
- Emissions from business travels and employee commuting
- Emissions from fuel and electricity production and transmission (not already included in Scope 1 and 2)

With regard to the reduction of Scope 3 emissions, firstly, Snam will work closely with associate companies and suppliers to define **shared action plans** in order to achieve the new targets set, and will implement specific actions based on the following guidelines:



Initiatives with Associate companies

Snam plans to organise **workshops** and **meetings** to share best practices for reducing greenhouse gas emissions. The initiatives will mainly concern:

- The use of **green gases** and the installation of **electric compressors** to reduce CO₂ emissions from combustion;
- The implementation of **LDAR** (Leak Detection and Repair) **programmes** to reduce fugitive emissions;
- The use of **energy from renewable sources**;
- Support in defining targets for the **reduction of CO₂ emissions**.



Initiatives with suppliers

Snam will establish incentive criteria for suppliers who define clear **plans to reduce** greenhouse gas emissions. It will also support suppliers at the beginning of their journey to reduce emissions. Finally, it will initiate **joint projects** with suppliers to promote emerging technologies that enable them to:

- Increase the use of **green gases** (biomethane, hydrogen) and **renewable energy** in production processes;
- Convert their vehicle fleets to **green fuels**.

In addition, Snam will continue to engage its suppliers on these topics requiring main suppliers to fill in the CDP Supply Chain questionnaire.



Initiatives to reduce other indirect emissions

Snam is also working on other emission categories with less of an impact, such as those deriving from the production and transmission of **fuels and electricity**, by increasingly reducing its energy requirements and favouring **renewable energies**.

In addition, even beyond the **pandemic emergency**, Snam is working on a remote work plan that will significantly reduce emissions from **employee commuting**.



THE ESG SCORECARD

The **ESG Scorecard** is a tool designed to rationalise ESG KPIs (over 140) and to monitor performance in the most relevant sustainability areas, as well as to improve transparency in the communication of key environmental, social and governance aspects to stakeholders and the market. Driven by the need to consolidate the integration of sustainability aspects in the daily operation of the business and to improve extra-financial communication, **in 2021 Snam further strengthened its ESG Scorecard, aligning it with the new Strategic Plan with targets for 2025 and adding the area of Sustainable Finance.**



The review and update of ESG areas and KPIs is a process carried out annually at the time of the strategic plan and directly involves all the company's areas and its subsidiaries. Performance is instead monitored on a quarterly basis.

The ESG Scorecard therefore brings together specific quantitative indicators (environmental, social and governance) to provide stakeholders with a holistic view of the Group's commitment to and growing awareness of ESG topics, enabling them to monitor its results. As of 2021, a new area dedicated to **sustainable finance**, an increasingly significant tool for business and a direct contributor to the Sustainable Development Goals, has been included in the Scorecard, and two new indicators have been added in the area of **responsible supply chain** related to the introduction of ESG criteria in scoring models and to the number of local suppliers (SMEs in Italy) awarded contracts with respect to the total number of contracted suppliers.

As evidence of the importance of sustainability for the business, in its Remuneration Policy for the CEO and Top Management, Snam has included sustainability objectives (some of which are included in the ESG Scorecard) in its short- and long-term variable incentives for several years now. In particular, with regard to the short term, these include: the weighted accident frequency and severity index, inclusion in the DJSI, FTSE4GOOD, CDP Climate Change, Sustainalytics sustainability indices, and an increase in sustainable financing; with regard to the long term: the reduction of natural gas emissions and equal representation in terms of gender diversity in the management team (middle and senior managers).

ESG SCORECARD

ENVIRONMENT

Acting for the environment by reducing natural gas emissions, protecting territories and biodiversity, investing in businesses related to the energy transition and adopting energy efficiency solutions applicable to Snam's operational management.

LAND PROTECTION AND BIODIVERSITY



% of vegetation recovery of natural and semi-natural areas impacted by pipeline routing

>99% annually until 2025

NATURAL GAS EMISSIONS



% of reduction in natural gas emissions (vs 2015)



% of natural gas recovered from maintenance activities (average of the last five years)

>40% annually until 2025

ENERGY SAVINGS OF OPERATIONAL MANAGEMENT

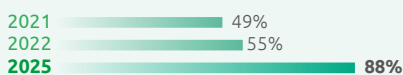


MWh production of electricity by photovoltaic plants

860 annually until 2025



% of retrofitted or methane-powered cars out of the total company car fleet



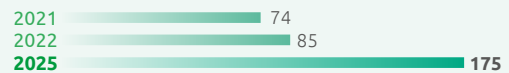
NEW BUSINESSES - GREEN INNOVATION



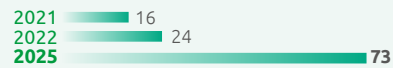
Biomethane production (mln m³)



Cumulated number of installed CNG and L-CNG stations



Reduction of CO₂ equivalent from energy efficiency interventions (kton of CO_{2eq})



Available LNG capacity for the SSLNG market (mln m³)

250 by 2025



GOVERNANCE

Operating ethically and meeting customer needs, fighting corruption, ensuring high levels of service quality and network reliability. Raising awareness of ESG issues, directly involving the Board and promoting sustainable finance.

GOVERNANCE FUNCTIONING AND STRUCTURE



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

at least **40%** annually until 2025



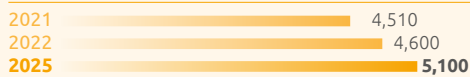
SOCIAL

Valuing people, creating a safe and inclusive working environment, promoting diversity and actively collaborating with both suppliers and local communities.

ENGAGEMENT OF LOCAL COMMUNITIES



Number of employees hours devoted to Snam Foundation's initiatives supporting local communities



SAFETY



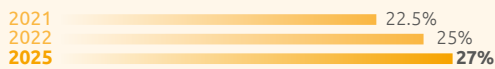
IpFG (combined frequency and severity index)

< average of the last 5 years
annually until 2025

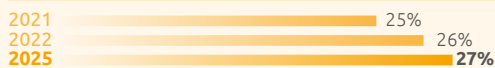
GENDER DIVERSITY



% of women in executive and middle-management roles



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



EMPLOYEE ENGAGEMENT



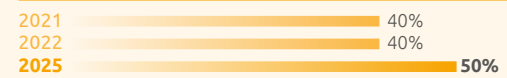
% employee engagement index



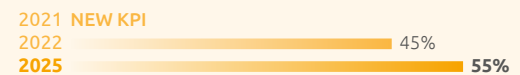
RESPONSIBLE SUPPLY CHAIN



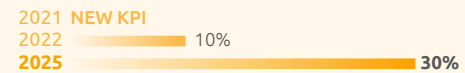
% spending to local suppliers (Italy based SMEs) on total procurement



% of local suppliers (Italy based SMEs) involved of total contractualized suppliers



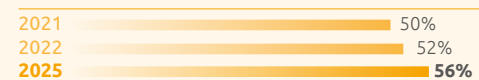
Introduction of ESG criteria in scoring models (% of expenditure)



WELFARE



% participation in welfare initiatives



ANTI-CORRUPTION



% of third parties on which reputational checks have been performed

100% annually until 2025

SUSTAINABLE FINANCE



% of ESG finance on total committed funding



INFRASTRUCTURE RELIABILITY



Average annual customer satisfaction rate in terms of service quality



% of reliability levels on gas supply

99.9% annually until 2025

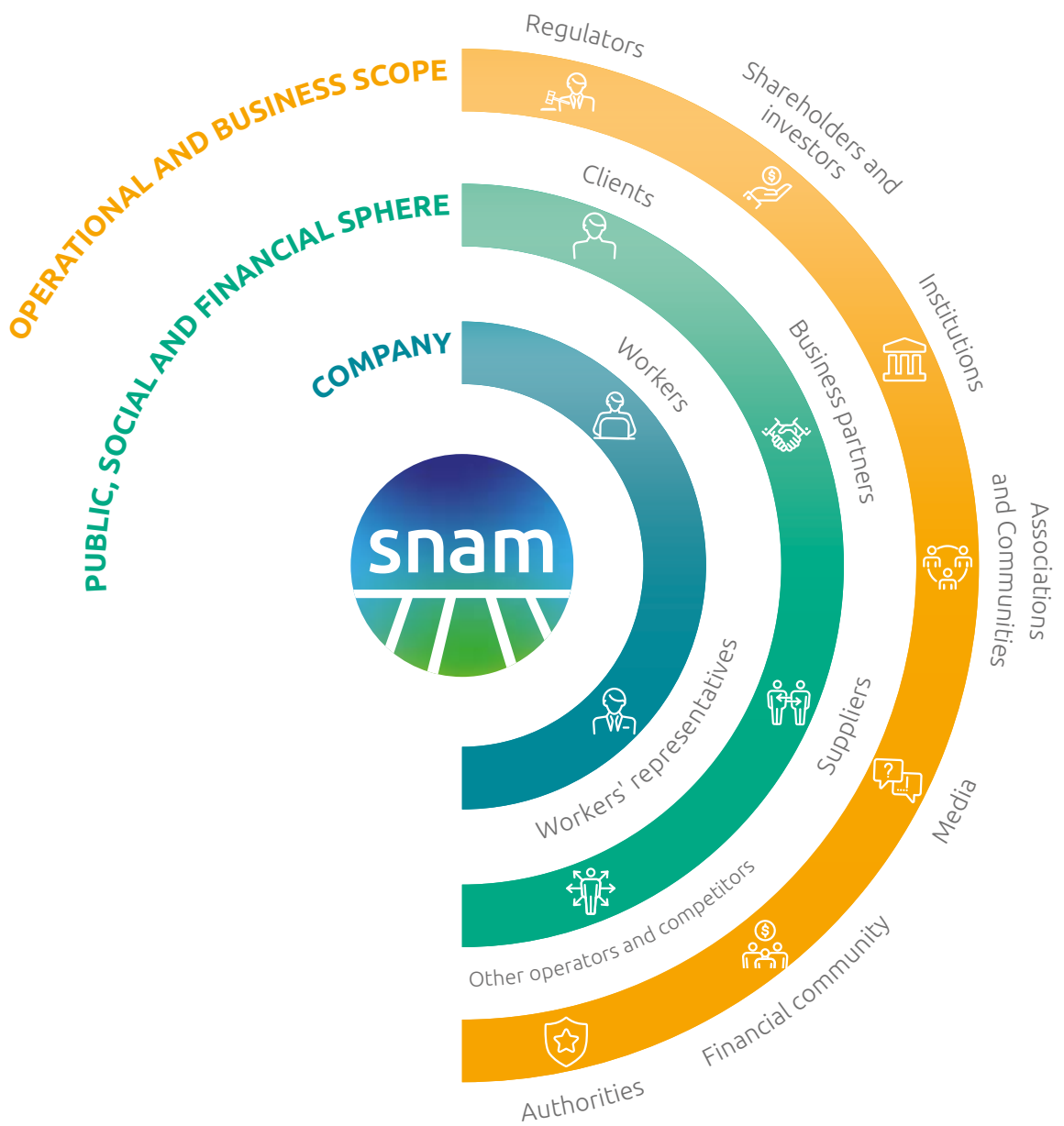
STAKEHOLDERS AT THE CENTRE



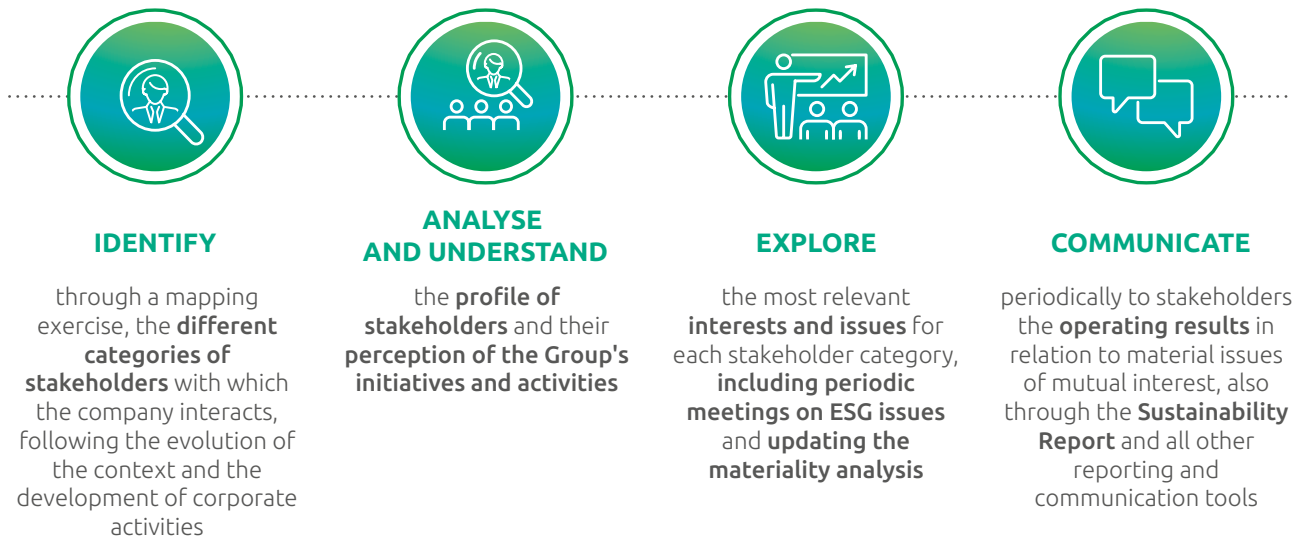


ENGAGING OUR STAKEHOLDERS

Snam is committed to promoting a transparent and collaborative relationship with all its stakeholders. Despite the continuation of the pandemic emergency, the Group has continued its efforts to organise and reorganise its initiatives in order to ensure that stakeholder engagement activities are carried out with a view to listening to and including all stakeholders, promoting continuous dialogue, increasing mutual trust and serving its decision-making processes in the best possible way.

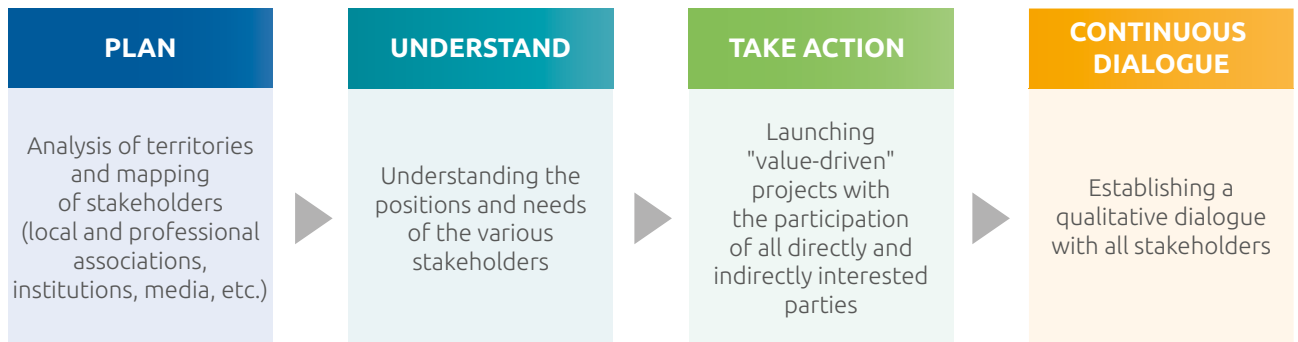


Stakeholder dialogue initiatives include all company structures, relative to their individual tasks, roles, and responsibilities. In order to guarantee a homogeneous approach to these dialogues, since 2016 the Group has followed a **Stakeholder Engagement Policy** which defines Snam's approach to this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












STAKEHOLDER ENGAGEMENT PROCESSES AND ACTIVITIES

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





During 2021, engagement activities focused on aspects related to the **energy transition** and the new businesses of **biomethane, hydrogen and energy efficiency**, including activities related to sustainable mobility, with the aim of sharing strategic lines, objectives and activities, as well as understanding the needs of stakeholders throughout its value chain. Due to the need to ensure social distancing, in 2021 the company continued to implement solutions and tools for dialogue, enriching its commitment to organising online events.

STAKEHOLDER CATEGORY	2021 ENGAGEMENT ACTIVITIES	
WORKERS 	Intranet Easy	Easy, the Group's intranet which was awarded as one of the top ten internal platforms globally in "Intranet Design Annual", is an important tool for raising awareness, recognised as a meeting place for all Snam people; it is an essential tool for communicating and encouraging employee engagement.
	Snaminnova	Open Innovation programme aimed at the entire corporate population to accelerate Snam's capacity for innovation, seizing the opportunities offered by the energy system and its developments. The programme envisaged the launch of three initiatives during 2021: <ul style="list-style-type: none"> • Innovation Ambassador. • Call4Startup Innovative Learning. • Idea Central.
	Seminars	An internal ESG seminar was held, attended by more than 150 employees.
	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, mention should be made of the webinar presenting the "New Snam HQ" project, the ESG strategy webinar, as well as the year-end webinar with the CEO dedicated to the strategic plan and to the celebration of 80 years of company's history which registered record numbers of connection.
	Workshops	Workshops make it possible to bring working groups together to discuss specific issues in an interactive manner. For example, Snam has engaged employees to assess sustainability issues relevant to the Group with this tool, in order to update the materiality matrix, and has raised awareness of developments in corporate sustainability, the sustainability strategy and the ESG Scorecard, focusing on initiatives aimed at employees.
	Video messages	Video messages update employees on the Group's initiatives and decisions, providing useful information for daily operations and for raising awareness of relevant issues. Snam has continued to invest in this communication asset with six video messages from the CEO providing updates and information about the pandemic.
	Other initiatives	Every year Snam organises numerous initiatives to increase employee engagement. These activities were again fundamental in 2021 to strengthen a sense of community and closeness.
WORKERS' REPRESENTATIVES 	Meetings with Unions	The relationship with the Trade Unions at national and local level is constant: during the year, 162 meetings were held online dedicated to the analysis of business development projects, the definition of productivity and profitability indicators for the 2021 Participation Bonus and smart-working methods to guarantee the protection of workers' rights.
CUSTOMERS 	Workshops	<ul style="list-style-type: none"> • 4 commercial workshops. • 1 workshop on 10-year plans. • 1 workshop dedicated to the assessment of sustainability issues, as part of the 2021 materiality analysis.
	Customer satisfaction analysis	Survey to measure customer satisfaction (shippers and traders), given at the end of each workshop. In 2021, the participation rate was 78%, with an average satisfaction score of 8.6 out of 10.
	Other initiatives	Meetings, interviews and co-design workshops to improve the service offered through the platforms used by customers for gas trading, sales and balancing activities.

STAKEHOLDER CATEGORY	2021 ENGAGEMENT ACTIVITIES	
BUSINESS PARTNERS 	Partnerships, collaborations and agreements	<p>Snam works closely with business partners, with whom it creates partnerships, agreements and Memoranda of Understanding of strategic importance for business development.</p> <p>In 2021, the main agreements signed concerned energy transition businesses, particularly biomethane and hydrogen, in respect of which projects, research and feasibility studies were launched.</p>
SUPPLIERS 	Suppliers Portal	<p>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 2021, 3,365 suppliers are registered, with very active participation.</p>
	Supplier One Platform	<p>Implementation of a digital platform aimed at optimising relations with suppliers, reducing timeframes and increasing the exchange of information.</p>
	Seminars	<ul style="list-style-type: none"> • ESG seminar with 130 suppliers, where a focus on the supply chain emissions reduction programme was presented. • Seminar with representatives of 13 insurance companies.
	Workshops	<ul style="list-style-type: none"> • Workshop to present Snam's decarbonisation strategy and raise suppliers' awareness of Snam's work. • Ad hoc workshops for the assessment of sustainability issues, aimed at updating the materiality matrix.
	Questionnaires	<ul style="list-style-type: none"> • Detailed questionnaire on ESG issues, submitted to 314 suppliers, of which 226 participants, with a coverage rate of 84%. • CDP-Supply Chain questionnaire directed towards selected strategic suppliers, also with the aim of sensitizing them to operate responsibly with respect to climate changes. In 2021, the participating suppliers were 99 (out of 130 invited), with a response rate of 74%. • Questionnaires aimed at mapping the supply chain, planning the best form for their engagement and identifying the most suitable actions to reduce the Scope 3 emissions.
OTHER OPERATORS AND COMPETITORS 	Other initiatives	<ul style="list-style-type: none"> • Snam PlasticLess, an initiative aimed at reducing plastic in packaging, through which Snam has involved suppliers in defining new supply specifications.
REGULATORS 	Meetings and compliance	<ul style="list-style-type: none"> • Regulatory Authority for Energy, Networks and Environment (ARERA): formulation of contributions and proposals, participation in meetings and technical working tables, data collection and proposals for amendments to Network Codes and contractual documents. There were more than 17,300 exchanges in 2021, including data flows and regular reports. • European Union Agency for the Cooperation of Energy Regulators (ACER): participation in meetings and technical working tables, responses to consultation papers and proposals. • Gestore Servizi Energetici (GSE): constant dialogue to monitor the possibility of benefiting from economic incentives for the production of energy from renewable sources and high-efficiency cogeneration plants.
	Continuous updating	<p>With the aim of continuously improving its reporting performance, Snam constantly monitors new requests, changes and updates from standard-setters and framework developers in the field of non-financial reporting, such as IASB, EFRAG, GRI, SASB, IIRC, WEF and TCFD.</p>
SHAREHOLDERS AND INVESTORS  FINANCIAL COMMUNITY 	Roadshows	<p>7 virtual roadshows, meeting a total 351 investors, including 243 SRIs, up 73.6% from 140 the previous year.</p>
	Seminars	<p>ESG seminar for investors held in April with a total of 40 participants.</p>
	Sector conferences	<p>17 sector conferences for investors specialised in the utilities and infrastructure sector.</p>
Positioning in ESG ratings	<p>Snam pays attention to its positioning in sustainability ratings and indices, with a view to continuous improvement. In 2021, it was included in 3 ESG ratings and 10 sustainability indices.</p>	


**STAKEHOLDER
CATEGORY**

2021 ENGAGEMENT ACTIVITIES

<p>INSTITUTIONS</p> 	<p>Meetings with local, regional and national institutions</p>	<ul style="list-style-type: none"> • 190 national and local meetings, in relation to the territories affected by Snam's activities and infrastructure. • 43 meetings with mayors to illustrate implementation projects • 3 meetings with local farmers' associations
	<p>Relations with European institutions</p>	<ul style="list-style-type: none"> • Participation in 27 European public consultations on topics most relevant to strategic and business perspectives • Cycle of hearings of the European Parliament, bringing our experience as an active player in the decarbonisation process • Constant dialogue with the Permanent Representation of Italy to the European Union, with the services and cabinets of the Commission and with the European Parliament • Strengthening Snam's presence at Think Tanks and other associations at European level
	<p>Seminars</p>	<ul style="list-style-type: none"> • Seminar aimed at illustrating Snam's ESG commitment and the Net Zero Carbon strategy with institutional stakeholders from the European Parliament • Seminar with representatives from 7 national institutions
	<p>Workshops</p>	<p>Workshops to raise awareness of the Group's strategy, highlighting the integrated role of ESG issues in the Group's work, the activities carried out for the territory, including in collaboration with the Snam Foundation, and the assessment of sustainability issues.</p>
	<p>Other initiatives</p>	<p>"Venice Capital of Sustainability", an initiative launched during the G20 Economy in partnership with central and local institutions, together with other companies and supported by a dedicated advertising campaign. The aim of the initiative is to promote a plan of actions for the sustainable development of the territory, with the capital city at its heart.</p>
<p>ASSOCIATIONS AND COMMUNITIES</p> 	<p>Sector associations</p>	<p>Active participation in working groups and technical tables</p> <ul style="list-style-type: none"> • organised by the associations of which Snam is a member, including Anigas, Confindustria Nazionale and its territorial branches • on the role of gas in the future energy mix and the use of renewable energy vectors, with the following associations: <ul style="list-style-type: none"> • CEO Action Group, joint declaration for the European Green Deal at the World Economic Forum. • H2 Road to Net Zero, organised by Bloomberg in conjunction with pre-COP26 in Milan, where Snam and IRENA signed a partnership agreement to develop green hydrogen to support the global energy transition. • Biogas Italy and BDR Days, organised by the Italian Biogas Consortium (CIB) to raise awareness of the "Farming4Future" principles for the agro-ecological conversion of Italian agriculture. • European Biogas Association, which promotes biomethane initiatives and in which Snam participated in 2020. • Marcogaz and Gas Infrastructure Europe (GIE), with which Snam has developed several documents that have become benchmarks for the sector at international level. • GERG, the European association for research in the gas sector, in which Snam participates, in collaboration with other sector companies to develop a research project to correlate methane emissions with the top down and bottom up methods laid down in international protocols, following three different phases. • CEN, the European standards body with which Snam follows the implementation of sector legislation on methane emissions. • IGU, as part of the Group of Experts on Methane Emissions (GEME), with which Snam collaborates in updating the various players in the gas chain on new developments at global level. • Other associations: Gas for Climate, ENTSO-G and Hydrogen Europe. <p>Endorsement of the Stakeholder Capitalism Metrics Initiative aimed at adopting universal and shared reporting standards for ESG issues.</p>

**STAKEHOLDER
CATEGORY**


2021 ENGAGEMENT ACTIVITIES

<p>ASSOCIATIONS AND COMMUNITIES</p> 	<p>Other associations</p>	<ul style="list-style-type: none"> • Business at OECD, an international association representing more than seven million organisations worldwide, in which Snam participated as a member in the anti-corruption, integrity and transparency events. • Transparency International Italia, an anti-corruption association that organises forums and events to raise awareness and fight corruption. In 2021, Snam participated in the Business Integrity Forum and the Annual Event 2021 through speeches and round tables. • Partnering Against Corruption Initiative (PACI), an initiative focused on the fight against corruption promoted by the World Economic Forum, of which Snam is a member. • Business Forum 20, as part of the work of the Integrity & Compliance Task Force, which brings together companies and organizations engaged in anti-corruption, compliance, integrity and transparency issues, with increasing attention to ESG issues. In 2021 Snam was an active member of this Task Force during the B20 Italian Presidency (as well as in 2020 under the Saudi Presidency).
	<p>Local community involvement</p>	<p>In 2021, in collaboration with the Snam Foundation, Snam continued work on numerous social initiatives, to which employees dedicated a total of 4,562 hours. Arbolia, Renovit, Rina Prime Green Solutions and Gabetti Lab have launched a forestation project in Taranto, associated with an energy requalification initiative in the area.</p>
	<p>School involvement</p>	<p>Schools are mainly involved through ad hoc projects, such as:</p> <ul style="list-style-type: none"> • 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. • Teaching Revolution, a project promoted by ELIS (Education, Work, Education and Sport) and sponsored by Snam, with the aim of investigating assumptions and analysing the new teaching methods in the field thanks to a group of teachers who are personally involved in increasing their awareness of what is happening in their own working environment and introducing radical changes in their way of teaching.
	<p>One-to-one interviews</p>	<p>Interviews carried out with individual associations, allowing direct contact with the stakeholders involved in order to understand the perception of their own work in the field of sustainability, and to exchange opinions under the banner of continuous improvement.</p>
	<p>Other initiatives</p>	<p>“Energy optimisation for network and compression systems” project in collaboration with the Polytechnic Institute of Milan.</p>


**STAKEHOLDER
CATEGORY**

2021 ENGAGEMENT ACTIVITIES

MEDIA



AUTHORITIES



Digital engagement

Transparent, proactive and multi-channel digital communication to all stakeholders, which has ensured Snam:

- inclusion on the Webranking podium, a ranking organised by Lundquist in collaboration with the Swedish company Comprend, which awarded the Group a score of 91.6 points out of 100, confirming its second place in both the Italian and the Europe 500 rankings, the European version of the survey.
- second place in the “20 years Italy” ranking, totalling 17 appearances in the top 10 in Italy over the last 20 years.
- an increasingly marked presence in the international media (e.g., Bloomberg, Financial Times, The New York Times) and in the sector, with specific focus on new businesses linked to the ecological transition, ESG issues and Snam’s new presence in the United States.

Workshops

A workshop to introduce the media to all that is Snam, exploring the main trends in the field of sustainability, climate change, diversity, inclusion and governance, as well as the Company’s decarbonisation objectives. In addition, the media were involved in a questionnaire on how to communicate sustainability and how to assess the relevant topics proposed by the Group.

Focus groups

A focus group was held with 35 participants from the communication sector.

Other communication initiatives

- Snam4You, the digital customer engagement hub launched in October.
- Launch of the Arbolia, Cubogas and Snam4Environment websites.
- Digital marketing and advertising campaign for the launch of the Renovit website.
- Hydrogen Revolution - The small molecule that can save the world, a book by Snam’s CEO describing the characteristics, production methods and purpose of hydrogen in the context of the climate emergency and the post-Covid era.
- ZHero - Il segreto dell’acqua (The secret of water), the first fictional podcast in three episodes inspired by the children’s book of the same name by Marco Alverà on the themes of climate challenge, narrated by Cristiana Capotondi.
- Influencer marketing campaign with Geopop in order to further strengthen the Company’s social ecosystem, which counts 290,000 followers at the end of 2021.

Supervisory and control bodies and public safety bodies

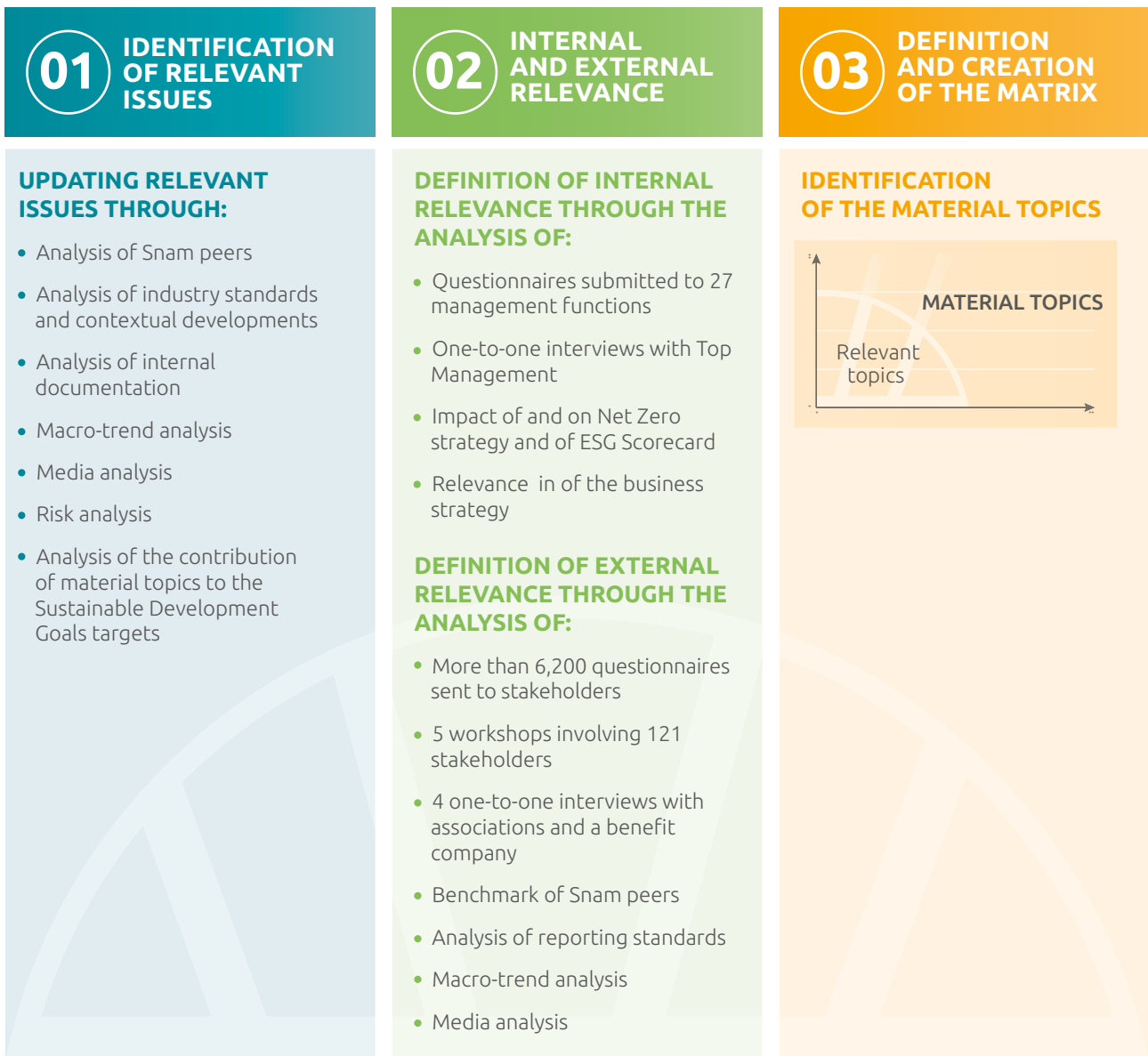
Snam has relations with authorities such as supervisory and control bodies and public safety bodies, with which the Group maintains constant dialogue to ensure ethical and transparent business conduct.

OUR PRIORITIES: MATERIAL TOPICS

The stakeholder engagement activities carried out during the year enabled the materiality analysis to be updated and the most relevant sustainability issues to be identified, known as material topics, meaning those topics that can significantly reflect the economic, environmental and social impacts of the organisation, or influence the decisions of stakeholders.

The materiality analysis is carried out annually and takes into account both the areas established in Italian Legislative Decree 254/2016 and the characteristic aspects of the sector in which Snam operates, to the extent necessary to ensure an understanding of the company's activities, its performance, its results and the impact it has produced.

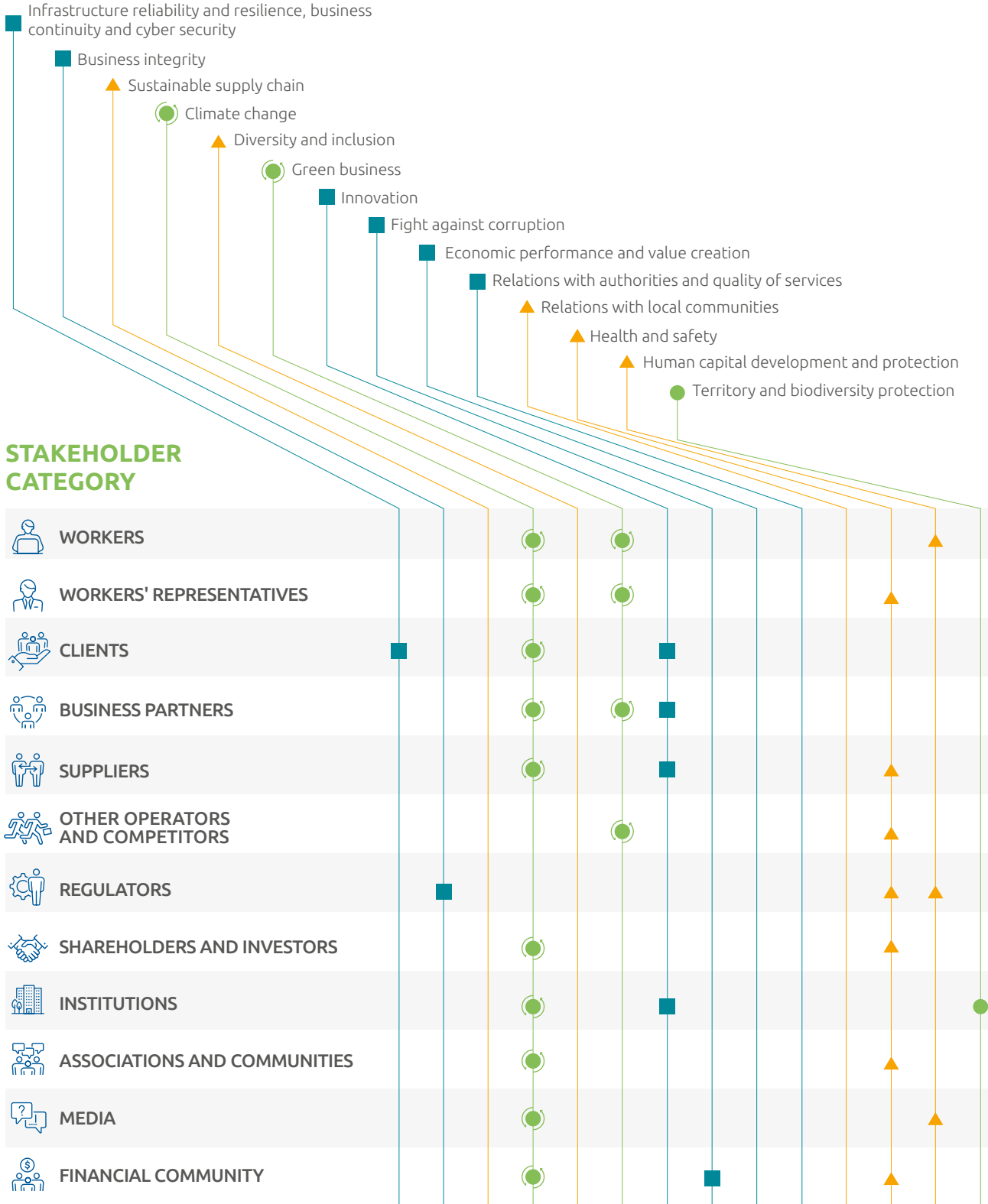
The process for updating the material topics included the following activities:



In order to assess the **external relevance** of the issues, more than **6,200 stakeholders** (including employees) were contacted and given specific questionnaires, with an overall response rate of around 28%. In order to establish active discussions and encourage dialogue and the exchange of perspectives between the company and its stakeholders, **5 in-depth workshops** on materiality were also held involving specific categories of stakeholders, for a total of **121 participants** including media, institutions, suppliers, customers and employees. During these meetings, after a brief introduction on the evolution of Corporate Sustainability issues, Snam's strategy 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 interact, evaluating the topics in real time through the use of a tool that allowed to analyse and discuss the results directly during the meeting. In addition to last year, specific one-to-one interviews were conducted involving three NGOs and one benefit company as well. This engagement method allowed direct contact with stakeholders, from which new and interesting opinions emerged regarding the perception of Snam's work relating to sustainability, as well as the relationship between the Group and the stakeholders interviewed, which we have also tried to integrate into this Report.

The engagement activities revealed that the most relevant topic from the point of view of external stakeholders is "Climate change", highlighting an increasing sensitivity to this aspect and the issue of "Green business", in the awareness that Snam can play a significant role towards decarbonisation. Health and safety continues to be considered a priority issue, underlining how this aspect is an essential requirement on which Snam must continue to focus its attention and commitment in order to ensure high safety standards to protect workers and its own employees. Lastly, one of the most important issues is "Innovation", which reflects the need to invest in research and development activities to identify new technological applications that could enable Snam to achieve its objectives while continuing along the path undertaken to progressively digitalise its business.

MAIN MATERIAL TOPICS BY STAKEHOLDER CATEGORY



The graph highlights the three main material topics identified by each stakeholder category. For the category "Shareholders and Investors" and "Media" there are only two topics, as they are the only ones identified as material in 2021. The stakeholder category "Authorities" was not included due to the low number of responses received.

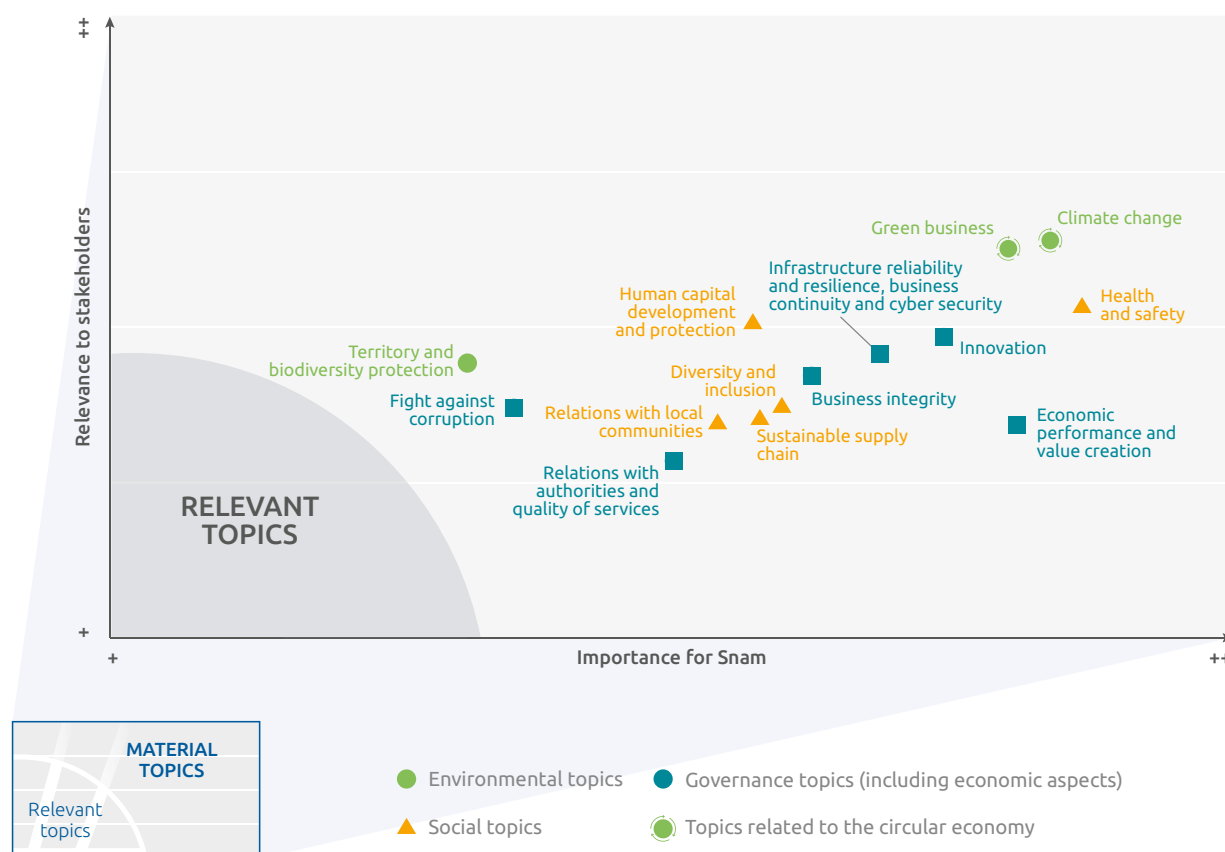
To assess **internal relevance**, Snam managers were involved through direct interviews and the completion of specific questionnaires. This was in order to obtain a holistic and shared view of the company’s priorities.

Following this process, material sustainability issues were identified and a **materiality matrix** was defined, which was validated by management and the CEO and presented to the ESG (Environmental, Social, and Governance) Committee and the company’s Board of Directors.

Confirming the Group’s commitment to promoting strategies aimed at limiting climate change, the topic of climate change is an undisputed priority, ranking first in the matrix. This is followed by “Health and Safety”, as always at the top of the company’s priorities and also in view of the prolonged pandemic event, and “Green Business”, in line with the objectives towards which Snam is moving and on which it is building its future.

In 2021, aspects related to the “Sustainable supply chain” and “Respect for human rights” gained greater importance and were included among the material topics, also in consideration of the awareness-raising activities carried out by Snam in this area and the conviction that a company is responsible not only for its own activities, but also indirectly for the activities of its value chain. This commitment is fulfilled in particular by setting targets for suppliers’ greenhouse gas emissions.












2021 MATERIALITY MATRIX







The analyses described above also made it possible to identify further topics which, although not material, are however relevant for Snam or its stakeholders and are carefully supervised and monitored: Consistent with the previous year, these topics are: “Air protection”, “Brand Reputation”, “Employment”, “Waste Management” and “Water resource management”.

To obtain a better understanding of the significance of the topics, their definitions are given below:

TOPICS	DEFINITION	SDGs
 Climate Change	Promote decarbonisation strategies against climate change in order to reduce greenhouse gases and contribute to the achievement of carbon neutrality targets . Develop energy efficiency initiatives at Group sites and increase the use and production of energy from renewable sources .	 
 Green business	Accompany decarbonisation processes by integrating the new businesses of biomethane, hydrogen, sustainable mobility and energy efficiency into operations, assuming a strategic position in the value chain.	    
 Health and safety	Adopt practices and management systems to safeguard the health and safety of employees and third parties involved in company activities (e.g., suppliers).	 
 Innovation	Develop new technologies aimed at improving business efficiency and reducing environmental impacts . 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.	
 Infrastructure reliability and resilience, 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.	
 Economic performance and value creation	Foster the creation of shared medium- to long-term value for all stakeholders, through operational and financial efficiency and economically sustainable business management.	 
 Human capital development and protection	Adopt talent attraction and retention policies , encouraging professional growth paths that enhance technical, managerial and organisational skills . Ensure work-life balance through a welfare plan that meets employees' needs.	
 Business integrity	Carry out activities with loyalty and fairness in compliance with the law, regulations, prescriptions and 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.	
 Diversity and inclusion	Ensure an inclusive working environment , starting with the recruitment process, which encourages respect and value for the diversity of all, rejecting any discriminatory behaviour.	 
 Sustainable supply chain	Adopt policies for selecting suppliers , contractors and commercial partners based on fair and transparent processes which set out the integration of sustainability criteria. Promote the development of social responsibility practices among suppliers, including through training and awareness-raising activities, in order to improve reliability and safety, encourage the reduction of emissions and stimulate the development of innovative approaches to green business and the circular economy .	  

TOPICS	DEFINITION	SDGs
Relations with local communities 	Involve local communities , developing project activities capable of effectively responding to stakeholder expectations and strengthening Snam's acceptability and integration in the territory, supporting local populations even in times of economic crisis and uncertainty.	 
Territory and biodiversity protection 	Safeguard the landscape heritage of the territories in which the Group's plants or sites are located and promote the protection of biodiversity while carrying out the various activities.	 
Relations with authorities and quality of services 	Ensure that customers receive a safe and reliable service over time , while respecting the principles of competition and equal treatment and access to infrastructure . Furthermore, promote constructive and transparent relations with regulatory authorities and institutions to develop satisfactory services for customers that are at the same time geared to market needs and demands.	 
Fight against corruption 	Adopt preventive measures and targeted policies , and promote partnerships aimed at combating corruption and crime in general and spreading a culture of legality.	

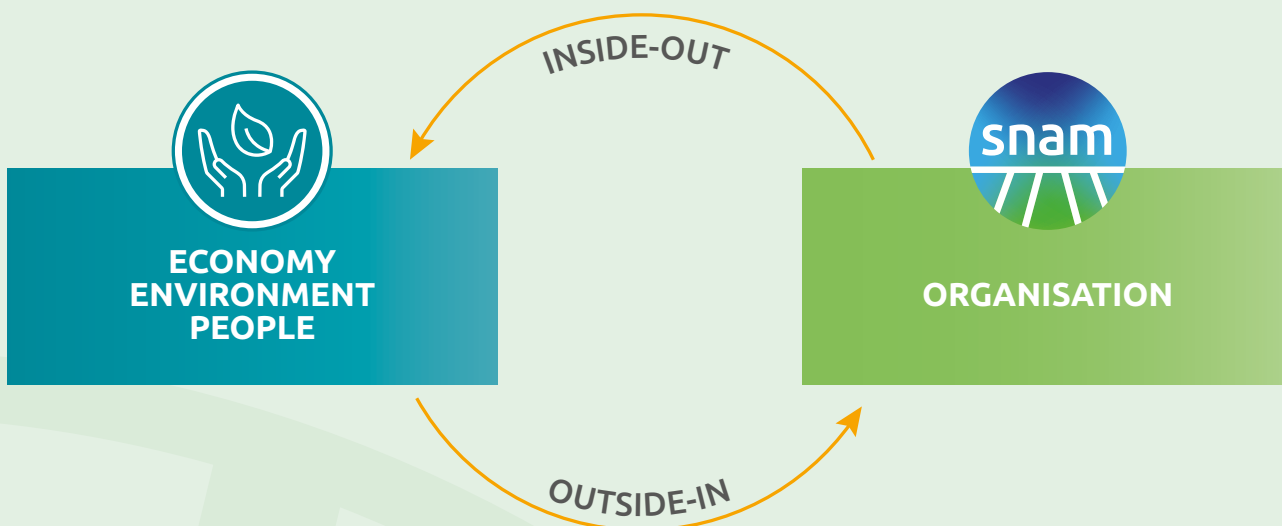
In 2021, Snam carried out an analysis to consider the contribution of the Group's activities and initiatives developed during the year in achieving the United Nations Sustainable Development Goals (SDGs). This process led to an updating of the correlation between the SDG targets and our material topics.

-  Environmental topics
-  Governance topics (including economics aspects)
-  Social topics
-  Topics related to the circular economy

EVOLUTION OF THE MATERIALITY ANALYSIS

With the publication in March 2021 of the proposed Corporate Sustainability Reporting Directive (CSRD), Europe’s new non-financial reporting directive, a new approach to materiality has been introduced which calls for organisations to report on material issues from a **dual perspective**, taking into account

- **issues that reflect significant impacts on people and the environment**, actual or potential, negative or positive, related to the organisation’s activities as well as its value chain, upstream and downstream (“impact materiality” or “inside-out perspective”);
- **sustainability risks and opportunities that may influence**, positively or negatively, the development, **performance and position of the organisation** (in the short, medium or long term) and thus create or erode its corporate value (“financial materiality” or “outside-in perspective”).



Although the topic is constantly evolving and methodological guidelines for applying CSRD requirements are not yet available, Snam has decided to proactively carry out an initial activity to identify material topics from a dual perspective.

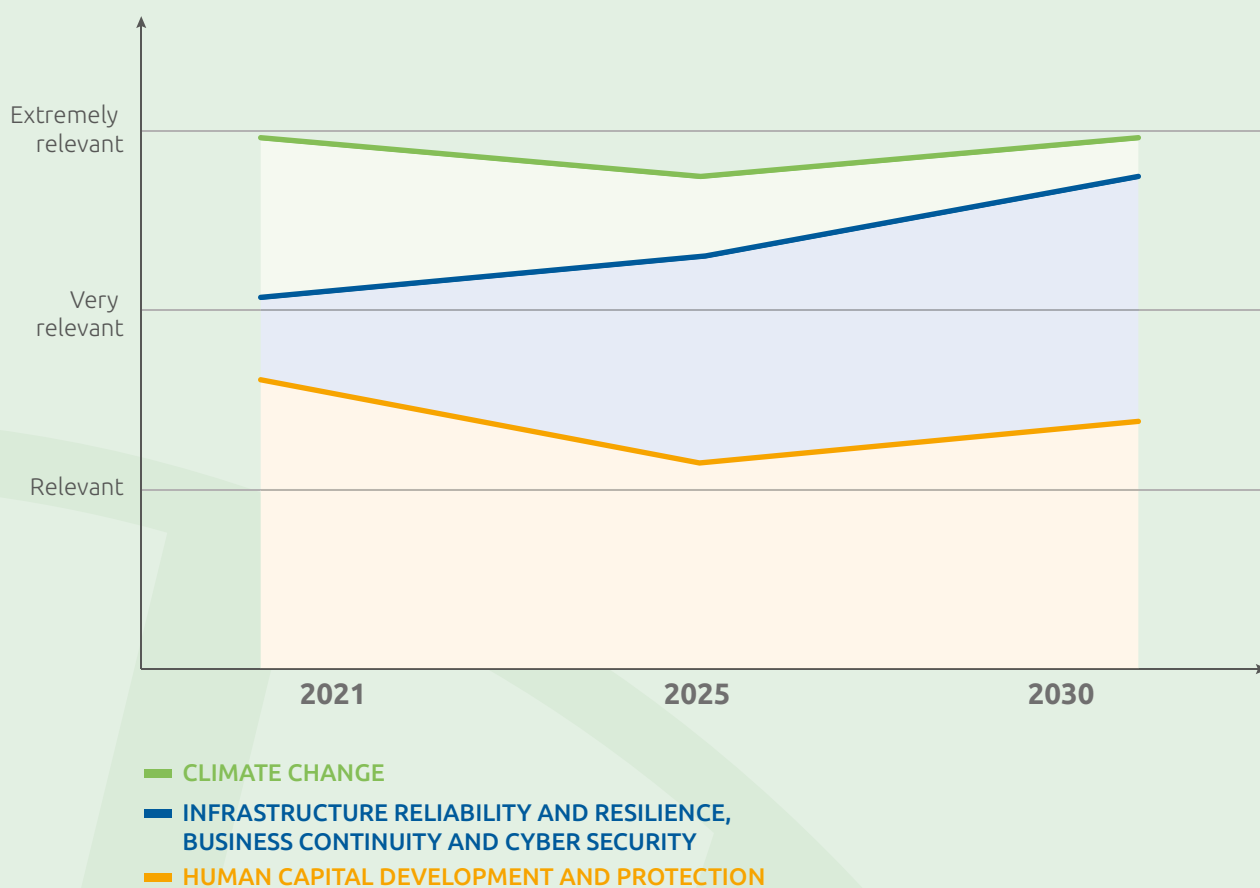
In particular, in continuity with previous years, the assessment of material topics according to the inside-out perspective saw the involvement of the Group’s management and stakeholders in updating the materiality analysis (for more details see the section “Our priorities: material topics”). In order to map the risks and opportunities that could create or erode Snam’s corporate value (i.e., the outside-in perspective), an assessment was instead carried out by the Sustainability, Risk Management and Strategic Planning areas, in which the relevance, and therefore the economic and financial impact, of the occurrence of sustainability risks and opportunities for Snam from outside was assessed.

As the first year of application of this methodology, **the results of the analysis for three material topics, one for each cluster of the ESG sphere**, are presented below in the **form of case studies**, in which Snam’s external impacts and the risks and opportunities affecting the business are reported for each of them.



The selection of case studies considered both current relevance and future relevance, by virtue of the concept of **dynamic materiality**, which implies that the relevance of a material topic may change over time, influenced by the internal context (e.g., new investments under the Strategic Plan) and external context (e.g., new regulations; increased attention from decision-makers).

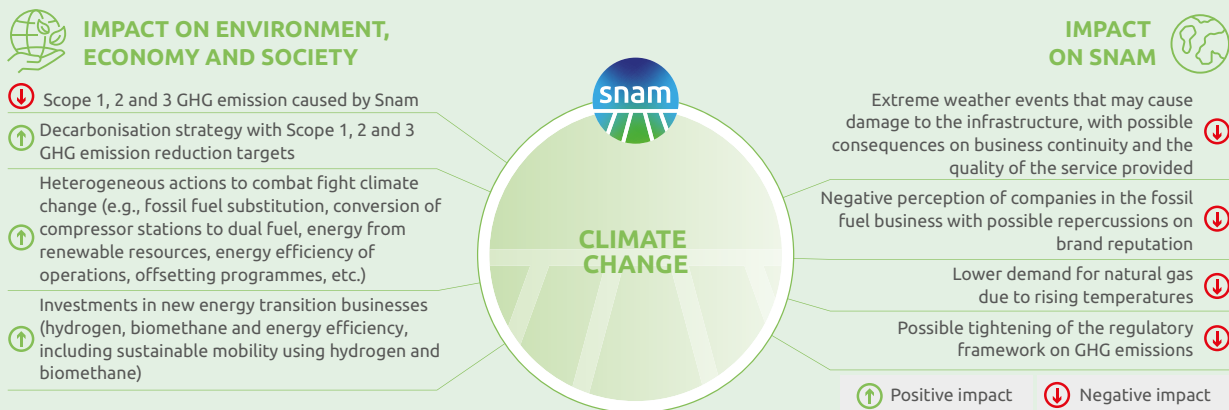
For this reason, during 2021, Snam involved Top Management and certain categories of stakeholders, asking them to indicate possible changes in the relevance of material topics in 2025 and 2030 (the time horizons of Snam's Plan and Vision). Taking into account the issues analysed in the context of dual materiality, it emerges that their relevance will remain more or less in line with the current one. In the coming years, following the publication of the methodological guidelines that will define the dual materiality process, Snam will further refine the analysis methodology, providing results for the entire panel of material topics.



THE DUAL MATERIALITY PERSPECTIVE FOR THE THREE MATERIAL TOPICS

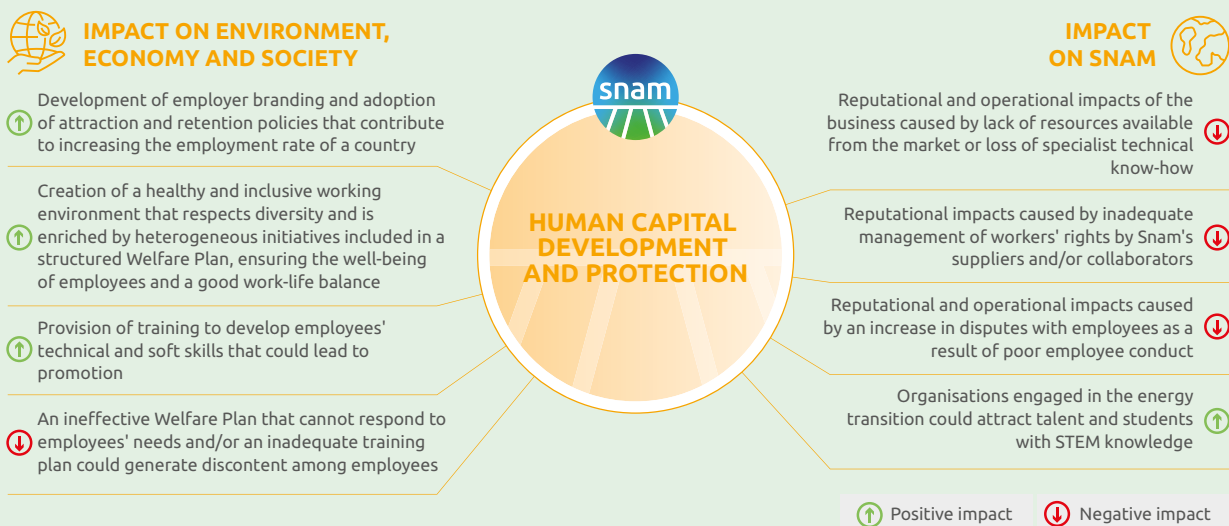
Climate change

Climate change is considered as among the most urgent risks mankind is facing in the short term, as rising global temperatures, one of its main consequences, can alter weather patterns, impacting the environment, the economy and society, threatening the health, water, food and energy security of populations. Therefore, all countries and organisations are required to **define strategies and actions to combat climate change** in order to limit the temperature increase to 1.5°C, as defined in the Paris Agreement, and achieve carbon neutrality.



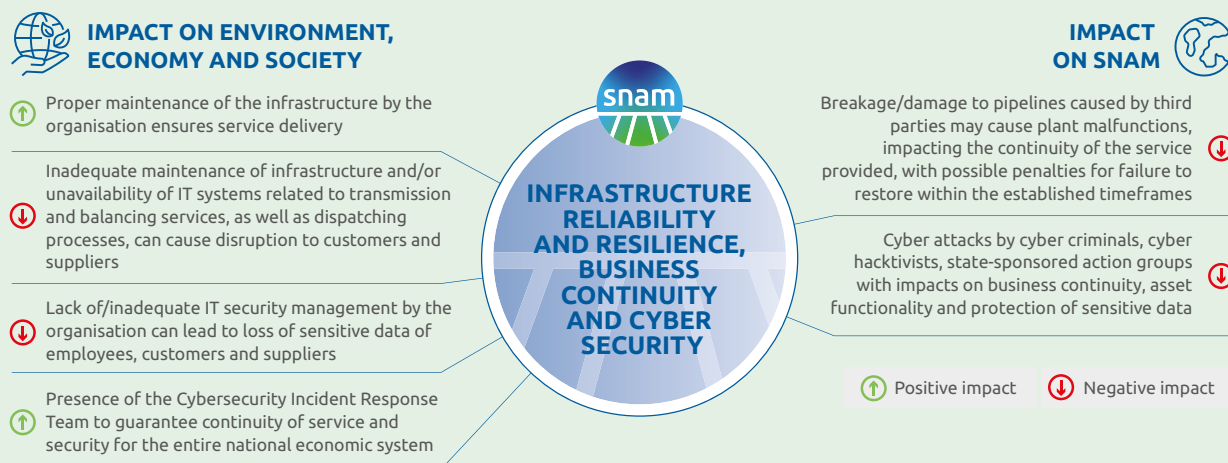
Human capital development and protection

In recent years, with a view to responding to new needs emerging from the external environment, **new working models** have been developed, accompanied by a strong push towards digitalisation, to which organisations must respond by ensuring **the protection** of their workers while respecting their rights. Bringing out the potential of the workforce, attracting and retaining more and more qualified talent are further prerogatives that companies address, investing in **growth opportunities** also through continuous and constantly updated training activities. Activities related to the well-being of human capital have increased in importance, not least as a result of the Covid-19 pandemic, which highlighted the need to develop **initiatives to listen to and protect the psychological well-being** of all employees through the creation of a safe, cohesive and inclusive workplace.



Infrastructure reliability and resilience, business continuity and cyber security

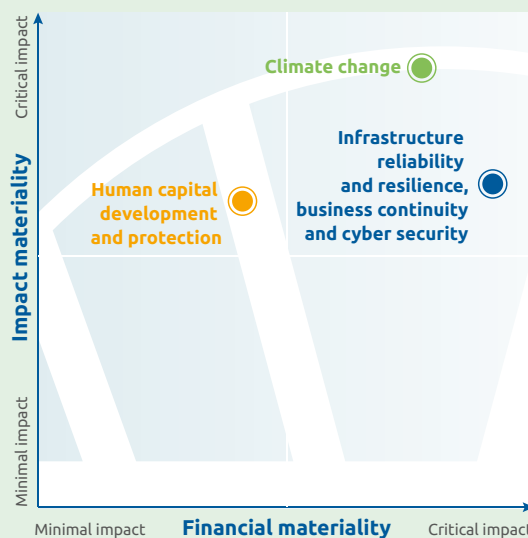
The evolution of business, the increasing digitisation of processes, the use of new technologies and innovative solutions to improve business lead companies to increasingly invest resources in cyber security, where a refined and solid system can counter threats that will increasingly evolve in the future in terms of number, complexity and sophistication. Maintaining and continuously updating a corporate cyber security apparatus oriented towards cyber resilience is essential for ensuring the organisation’s operational continuity, infrastructure security and data protection. In order to constantly monitor the issues of business continuity and infrastructure reliability, as well as cyber security, Snam has implemented a **complex technological architecture**, relying on an integrated model of processes and solutions based on high standards of reliability and quality of the a service capable of favouring the efficient management of the gas system for the entire country. In addition, it has created an ad hoc function for the surveillance and supervision of cyber security, with the aim of preventing and mitigating any attacks, as well as spreading a culture of security within and outside the organization.



The overall dual materiality ratings for the three material topics analysed are depicted in the graph on the right. This combines the results of the materiality analysis, representing the impact materiality perspective, and the results of the risk assessment, representing the financial materiality perspective.

The results of the dual materiality analysis show that **climate change** and the **infrastructure reliability and resilience, business continuity and cyber security** are critical topics for both perspectives. At the same time, the relevance of risks and opportunities arising from the external context requires the company to constantly monitor them in order to protect and ensure the creation of corporate value.

Although the **human capital development and protection** is important in terms of its impact on employees, the opportunities and risks that could have repercussions on Snam’s reputation and operations do not have a decisive influence on the company’s corporate value.

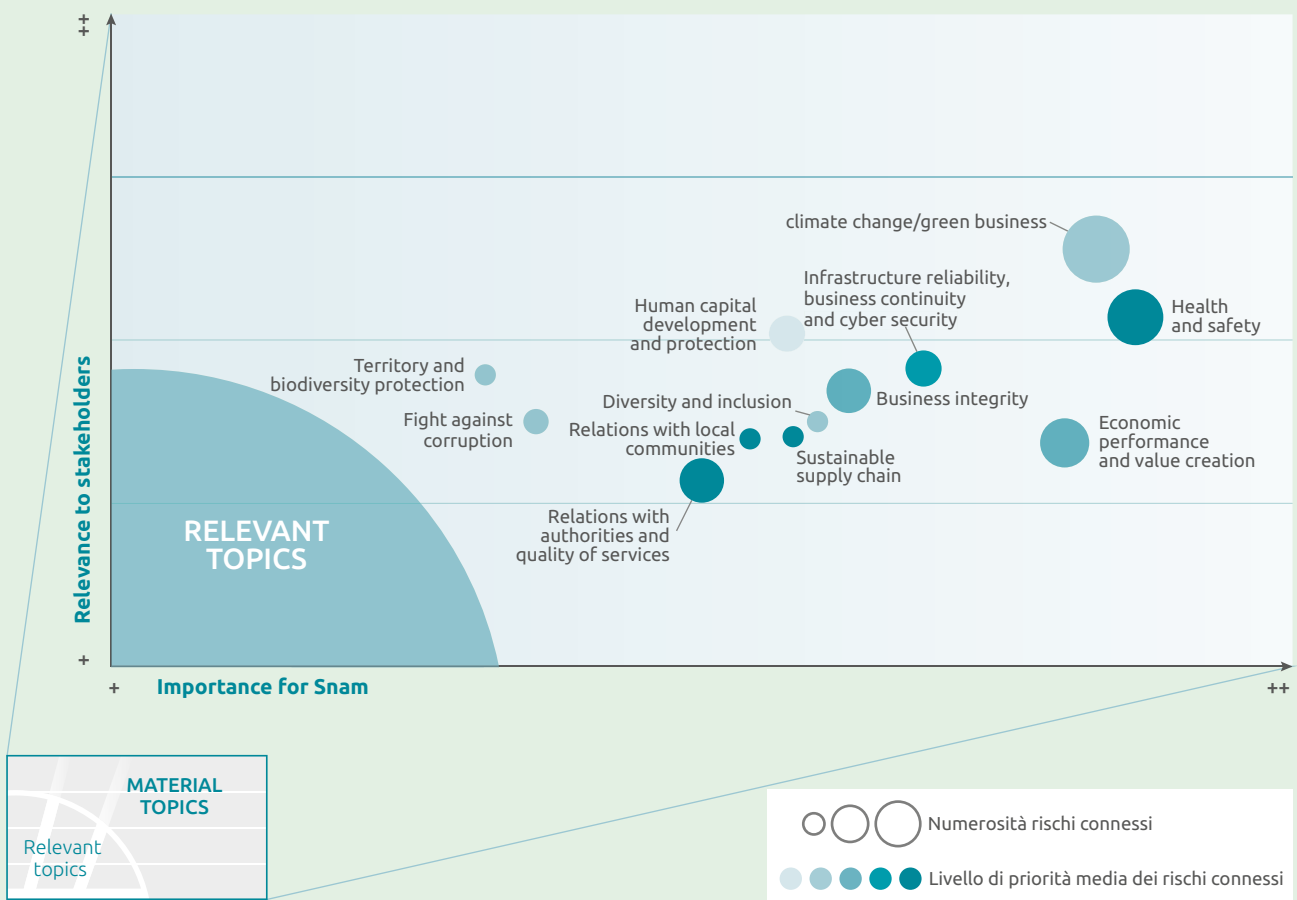


Integration of ERM Model risks in the materiality matrix

As part of the project to integrate ESG aspects into the ERM Model (for further details, see the “Risk Management” section of the 2021 Annual Financial Report), Snam’s Material Topics have been linked to the risks mapped in the ERM Model in order to acquire a new key to understanding Risk Management activities, allowing risks to be classified on the basis of cause and effect relationships linking them to specific Material Topics.

The results of the analysis have been depicted in the image below which, starting from Snam’s materiality matrix, integrates information relating to the number of risks associated with each material topic (“size of the circles”) with the priority of the same (“colour of the circles”), i.e., the combination of probability and impact of the individual risks.

This new depiction allows the aspects foreseen by Dual Materiality to be captured.



SUSTAINABILITY PERFORMANCE

READING GUIDE

The following pages present the progress made and areas for improvement on **Environmental, Social and Governance (ESG)** issues, as well as the contribution to the **2030 Agenda's Sustainable Development Goals (SDGs)**, divided according to the **four pillars** (Planet, People, Governance Principles and Prosperity) proposed by the framework **"Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting for Sustainable Value Creation"**(*), which Snam signed in 2021, defined by the International Business Council (IBC) of the World Economic Forum (WEF), of which the company has been a partner since 2019.



This framework aims to propose **common and shared metrics for measuring and reporting on sustainability performance and the contribution** to achieving the Sustainable Development Goals (SDGs) **of all organisations, regardless of their sector.**

By ensuring professional development through continuous training, the Group actively collaborates with suppliers to reduce emissions throughout the value chain and cultivates solid relationships with communities, also thanks to the initiatives of Fondazione Snam, contributing to the development of local economies.

Snam contributes to the country's energy transition by developing infrastructures for the use of green gas and using energy efficiently to reduce greenhouse gas emissions and combat climate change. The Group protects the territories where it operates, safeguarding their biodiversity and paying constant attention to the management of waste and water resources.

PEOPLE



PLANET



(*) For further details, please refer to the document in its full version on the website: <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

Structured in the four pillars mentioned above, the document proposes two types of metrics, “Core” and “Expanded”, which are developed, where possible, on the basis of existing standards in order to improve the convergence and comparability of information. Companies are encouraged to report on the “Core” metrics as soon as possible and the “Expanded” metrics where they are significant to their business.

As its first year, Snam is committed to reporting on the “Core” and “Expanded” metrics that are relevant to it, with the aim of further promoting transparency in the reporting of its ESG performance.

For more information, see the “Methodological note” in the Appendix to this report.

Thanks to a solid governance structure, Snam carries out its activities with loyalty, fairness and transparency, committing itself to combating corruption and ensuring solid interaction with the reference context. Within the framework of these rules, the company strives to ensure high levels of infrastructure reliability and service quality in order to satisfy its customers and increase the value and sustainability of its business.



GOVERNANCE PRINCIPLES

Snam is oriented towards innovation and the search for technologies to develop its business, which contribute to guaranteeing service security and accessibility, reducing emissions and energy efficiency. The company promotes the dissemination of sustainable finance and activities for the enhancement of the territory, committed to considering the requests of all stakeholders and increase well-being.



PROSPERITY

PLANET

Snam contributes to the Country's energy transition by developing infrastructures for the use of green gas and using energy efficiently to reduce greenhouse gas emissions and combat climate change.

The Group protects the territories where it operates, safeguarding their biodiversity and paying constant attention to the management of waste and water resources.



CONTRIBUTING TO THE ENERGY TRANSITION

TARGETS AND PERFORMANCE

SDGs	KPI	ESG Scorecard	Target	2021 performance	
	Biomethane production		19 mln m ³ in 2021 229 mln m ³ in 2025	7.2 mln m ³	
	Cumulated number of installed CNG and L-CNG stations		74 in 2021 175 in 2025	65	
	Reduction of CO _{2,eq} emissions from energy efficiency interventions		16 kton by 2021 73 kton by 2025	10 kton (*)	
	Available LNG capacity for the SSLNG market		250 mln m ³ in 2025	-	

(*) The scope is related to TEP. From 2022 onwards the target has been reparametrised taking Mici and Evolve into account.



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

With the new Strategic Plan, Snam intends to strengthen its positioning in new businesses for the energy transition. The new businesses will be developed in the areas of hydrogen, biomethane, sustainable mobility and energy efficiency. 3 billion euros is expected by 2030, which will in a broader sense contribute to national and international decarbonisation objectives, making Snam an enabler of the energy transition of the entire economic system and will play a fundamental role in reducing emissions, promoting cleaner mobility, making buildings more efficient, but also in meeting the needs of the hard-to-abate sectors.

In this context, Snam aims to evolve, in its vision to 2030, towards a “multi-commodity” infrastructure company capable of transporting alternative gases with a low environmental impact, such as hydrogen and biomethane.

HYDROGEN ADVANTAGES



Can decarbonise the so-called "hard-to-abate" sectors



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



The existing network is already 99% H₂-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 ADVANTAGES



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 ADVANTAGES



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

BIOMETHANE

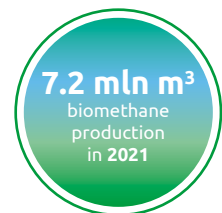
Biomethane is a programmable, totally renewable energy source that is chemically indistinguishable from natural gas and can be injected into existing infrastructures, bringing significant economic and environmental benefits and relaunching the Italian agri-food sector through an innovative sustainable and circular economic model. At the same time, biomethane also has great potential in the field of transport and sustainable mobility.

The development of the biomethane business from agricultural production and from the Organic Fraction of Municipal Solid Waste (OFMSW) represents a strategic opportunity for Snam, but it is even more important for the growth of the waste and agri-food sectors, as well as the reduction of emissions from the agricultural and agri-livestock sectors.

In its strategy, Snam has earmarked investments in biomethane of around **670 million euros** by 2025 to create infrastructure and plants with installed capacity of **118 MW**, over 50 more than in the previous Plan, as well as to develop a platform to support the growth of the circular economy and industrialisation of agricultural production. Part of the investments will also be earmarked for continuing the process of **internalising skills** through the acquisition of new companies active in the production of biomethane, also with a view to seizing and leveraging further growth opportunities.

As indicated in the ESG Scorecard, Snam plans to increase biomethane production to **229 mln m³** in 2025. The first steps have already been taken in 2021, when production increased from 0.44 mln m³ in 2020 to **7.2 mln m³**.

In 2021, Snam took part in about **30 initiatives** for the construction of plants for the production of biogas and advanced biomethane for traction use through IES Biogas, starting from agricultural, agri-industrial and food industry waste and from OFMSW. Of the 14 biomethane production plants in the portfolio to date, three are for the production of gaseous biomethane. Of these, the one in Albairate already began production in 2021, while the other two will be added in 2022.



Biogas and biomethane, circular economy models

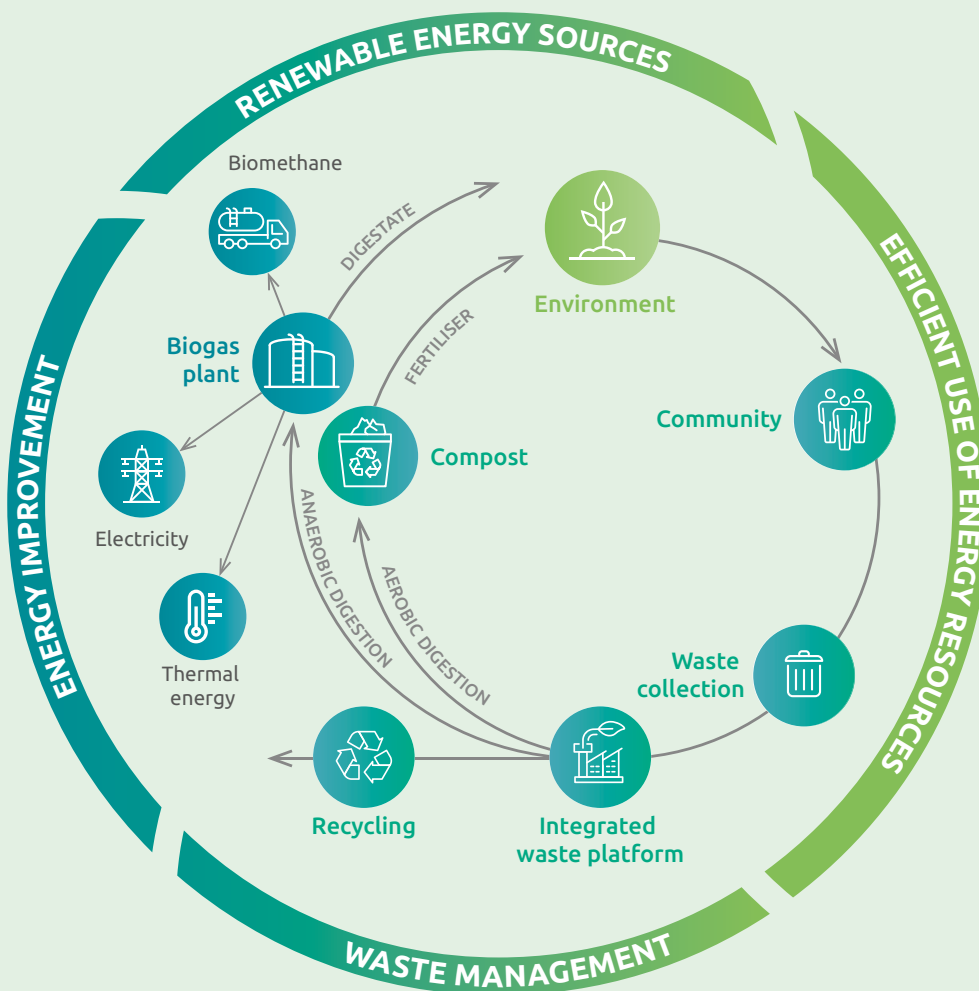
The virtuous path towards decarbonisation and climate neutrality by 2040 commits Snam to comprehensively taking care of the environment, limiting its own impacts, preserving territories and biodiversity, studying and experimenting with the production and application of gases that significantly contribute to creating a **low-carbon and circular economy model** capable of relaunching the Italian economic, industrial and agricultural system.

At the heart of the modern agri-ecological model of circular economy is the **production of renewable, flexible and programmable energy**, starting with farm waste and by-products which are transformed into resources and fed back into the production cycle through anaerobic digestion and biogas and biomethane plants.

Biogas and biomethane are thus one of the solutions in which Snam has invested to relaunch and renew the current agri-ecological model. In fact, **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**.

When subjected to the refining and purification process (called **upgrading**), the biogas becomes **biomethane**, which has a methane or CH₄ concentration of more than 98%. Biomethane is therefore renewable and circular because it is produced from agricultural biomass (specific crops, agricultural by-products and waste and animal manure) and agri-industrial biomass (waste from the food chain) and from OFMSW¹. In particular, biomethane produced from OFMSW can be fed into the grid for energy uses (automotive, domestic heating), following circular economy criteria, as well as becoming quality compost for agriculture.

The production cycle ends with digestate, another product of anaerobic fermentation rich in organic matter and nutrients: a biofertiliser that replaces fossil fertilisers and returns to the soil, increasing its fertility and contributing to carbon sequestration in the soil itself.



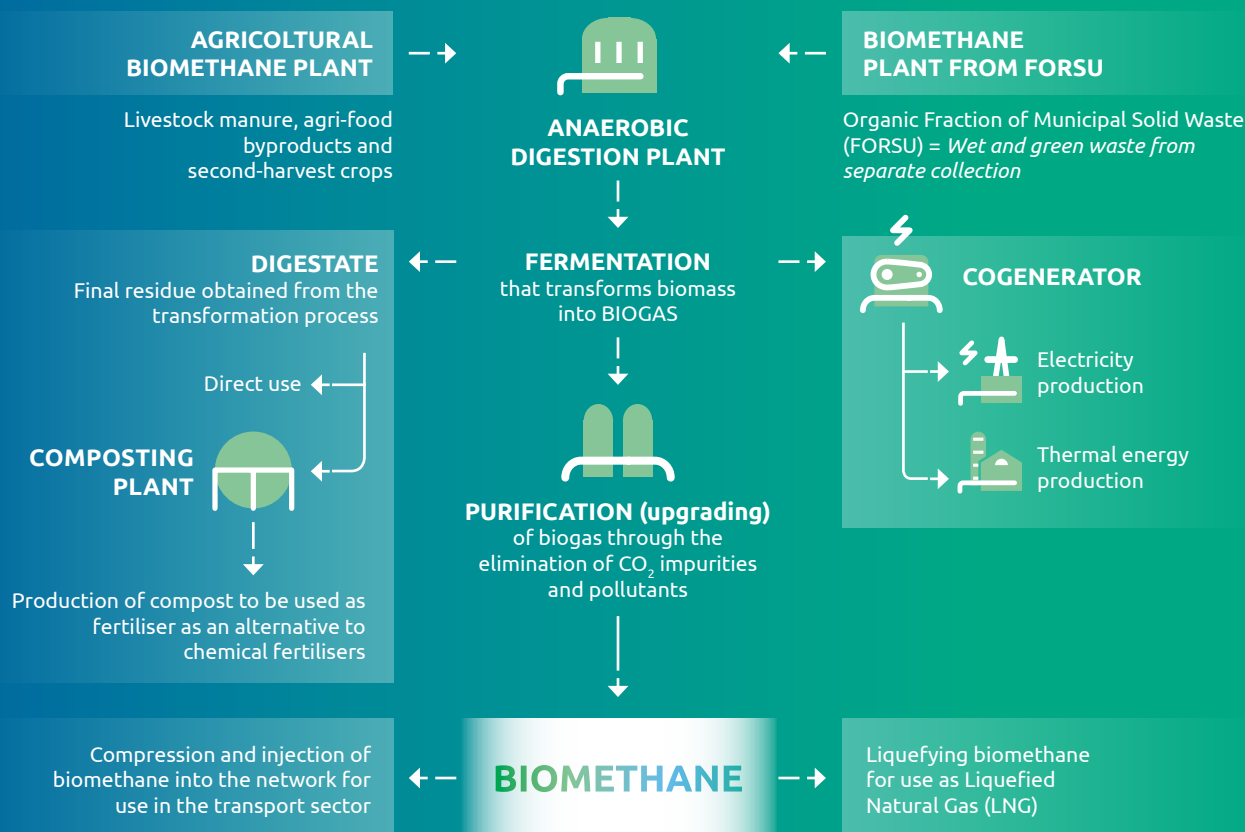
In order to disseminate and develop knowledge, in particular on biomethane, IES Biogas actively participates in events, round tables and meetings with national and international associations, which aim at enhancing the socio-economic and environmental benefits deriving from the use of green gases also among public opinion. Of these, in 2021 IES Biogas participated in **Biogas Italy** and in the **BDR Days** organised by the **Italian Biogas Consortium** (CIB) to raise awareness of the "**Farming4Future**" principles for the agri-ecological conversion of Italian agriculture. At European level, Snam's subsidiary took part in the initiatives promoted by the European **Biogas Association** (EBA) and participated in some important sector fairs held in France, including Expobiogaz in Metz and Bio360 Open 2021 in Retier.

The internalisation of the technical expertise of leading companies in the sector remains a fundamental element of Snam's work to develop the biomethane business. Thanks to **Snam4Environment**, the acquisition of **Renewaste S.r.l.** has been finalised. The company is active in biogas and biomethane infrastructure and operates with three plants located in the provinces of Lodi, Milan and Tortona. In 2021, the Milan and Tortona plants were involved in a series of project initiatives aimed at increasing the production of biomethane CNG (compressed natural gas) and LNG (liquefied natural gas), while the Lodi plant was expanded through the construction of a plant for the production of SSF (secondary solid fuel), an alternative source to coal that can be used in various production sectors. In addition, the Milan and Tortona plants have both obtained the **Biomethane Sustainability Certificate**, which certifies that the biomethane produced complies with the decree of 14th November 2019 (Establishment of the National Certification System for the Sustainability of Biofuels and Bioliquids). The feeding into the network of biomethane for automotive use started in February 2021 for the Milan plant, and will start from mid-February 2022 for the Tortona plant.

As of 2021, Snam4Environment holds 50% of the company **Iniziativa Biometano**, which operates in Italy for the management of biogas and biomethane plants fuelled by biomasses of agricultural origin. Iniziativa Biometano owns five already-active biogas plants, for which the conversion to biomethane is foreseen, thanks to the technical expertise of IES Biogas, with an overall production potential of about 39 MW.

Snam also owns **Enersi Sicilia S.r.l.**, 100% acquired in 2018, for which a biomethane and compost production plant was created. The compost will be used as natural fertiliser, replacing chemical fertiliser. Enersi has also obtained the certificate of sustainability for biomethane, which it will start producing in gaseous form and feeding into the grid for traction use starting in February 2022.

AGRICULTURAL BIOMETHANE AND BIOMETHANE FROM FORSU PLANT



The natural gas that Snam transports in its network can be compressed and used as an alternative to traditional fossil fuels for cars, trucks and buses, providing significant environmental benefits in terms of reducing greenhouse gas emissions, nitrogen oxides and particulate matter. In the case of Bio-LNG, or liquid biomethane, the reductions in greenhouse gas emissions are even more significant.

As renewable gas is chemically identical to natural gas, as well as transportable, it can be used in all gas applications, including automotive. For this reason, Snam has earmarked part of its investments, 100 million euros, for **sustainable mobility using biomethane and natural gas**, for which 2021 was a crucial year in terms of development and projects launched.



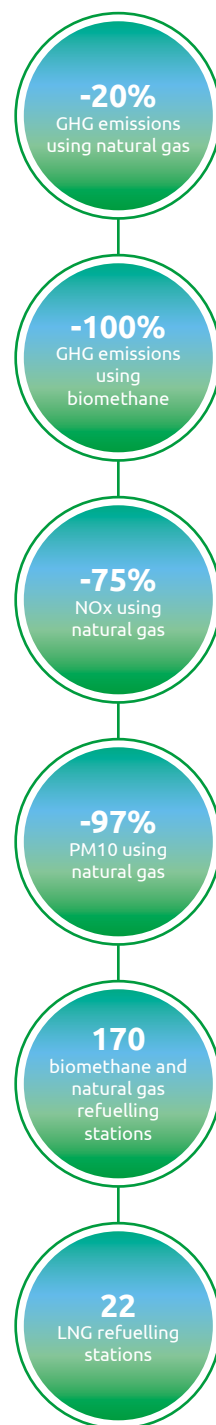
In 2021, thanks to the work of **Snam4Mobility**, activities to promote sustainable mobility in Italy continued through the expansion of the **CNG and LNG infrastructure**, with the aim of reaching 175 CNG and LNG refuelling stations by 2025, and the implementation of the production and distribution of **biomethane for automotive use**.

The expansion of the network of refuelling stations for vehicles fuelled by natural gas and biomethane has continued through the cooperation of Snam and its main partners. In particular, agreements for the construction of new stations have been signed with Eni, Tamoil and the IP Group. In 2021, contracts were signed with various counterparts for the development of around 37 refuelling stations, including one LNG station in the German market. Since 2017, the year of the establishment of Snam4Mobility, the number of stations have grown to the current **170, of which 22 are LNG** stations. To monitor the progress of the sustainable mobility business, a specific target has been included in the ESG Scorecard for the installation of 175 CNG and LNG stations by 2025. In 2021, the cumulative number of these stations is 65, lower than the 74 planned due to the pandemic and delays in the authorisation process. Further investments have been allocated 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, with the objective of reaching 250 kton of LNG capacity available for the SSLNG market by 2025. SSLNG infrastructures will also be useful for the development of small-scale power plants, such as those on Italian islands, in particular Sicily, where Snam could support their operation through the supply of Bio-LNG.

Snam is currently pursuing the process of obtaining permits for upgrading the **Panigaglia terminal** to allow the loading of road tankers for the distribution of Bio-LNG and LNG in Italy. In addition, a number of **micro-liquefaction plants** are being developed to stimulate the use of Bio-LNG and LNG as alternative fuels in southern Italy, particularly in Sicily. The authorisation process was completed in 2021 and the construction phase began for the first micro-liquefaction plant in Campania with a capacity of 50 ktpa (small size). The plant will be operated by Snam and will ensure the security of LNG and Bio-LNG supplies also to other regions in southern Italy, shortening the supply chain between supply and end users and serving a rapidly developing market.

Snam's activities in this context fit in with the dictates described by DAFI (Italian Legislative Decree. 257/2016), which promotes the development and growth of alternative fuels throughout the country. In addition, the use of Bio-LNG and LNG as **alternative fuels for the energy transition** is part of the **National Recovery and Resilience Plan (PNRR)**, whose Supplementary Fund includes funding for liquefaction plants, bunkering loading barges and refuelling points in ports.

The Framework Agreement signed in March by Snam and SIAD, a leading chemical group in the production and supply of industrial gases, to start a technological collaboration in the small-scale and medium-scale liquefaction sector is particularly significant. The aim of the agreement is to foster the diffusion of LNG and Bio-LNG as alternative fuels for sustainable mobility and other end uses.



Partnerships for sustainable mobility using natural gas and biomethane

Snam's commitment with **Fondazione FS** and **HITACHI** has continued in 2021 and includes the study and operational implementation of the first LNG train in Italy. The three companies aim to transform the railway sector, traditionally linked to the use of electricity or diesel, and direct it towards the use of methane, also encouraging the adoption of green fuels. **Two rail cars converted from diesel to Bio-LNG and LNG** were successfully tested in 2021 and are scheduled to make their maiden voyage on the Sulmona-Carpinone route in Abruzzo in 2022.

Snam has recently signed a Memorandum of Understanding with **Adriafer**, a company 100% owned by the Port System Authority of the Eastern Adriatic Sea of Trieste and Monfalcone, which is responsible for the general railway shunting service in the port of Trieste, for the development of the first **Bio-LNG shunting locomotives**.

In August, Snam4Mobility and **Avis Budget Group**, a world leader in the supply of mobility solutions, launched an innovative collaboration aimed at promoting energy transition in the freight transport sector throughout Italy by leveraging natural gas and biomethane, alternative fuels capable of reducing pollution and CO₂ emissions compared to traditional fuels.

At **EIMA International 2021**, the most important Italian exhibition dedicated to agricultural mechanisation, **New Holland** and Snam4Mobility presented the world's first tractor powered by 100% natural gas and biomethane, including a refuelling system available directly at farms. The vehicle has similar performance to a diesel model, but with even lower CO₂ emissions thanks to biomethane.



HYDROGEN

As part of the Green Deal, the European Union has identified hydrogen as one of the key sources for achieving carbon neutrality, emphasising the key role that Oil & Gas companies can play in identifying and studying possible hydrogen applications, which can be tested by exploiting the existing European infrastructure network adapted to transport green gas. In fact, hydrogen can be produced from renewable energy sources, while promoting sector coupling and the decarbonisation of hard-to-abate sectors and heavy mobility.

The benefits arising from the production and use of hydrogen are now well known, thanks also to the numerous research and study activities in which Snam has been involved for some time, and to the initiatives of which it is a promoter with the aim of being at the forefront in the development of a sector with great prospects for the country's decarbonisation. For projects and growth initiatives in this field, the company anticipates supporting **250 million euros** in investments by 2025 (assuming approximately 100 million euros in grants).

Snam is active in the hydrogen sector through the Hydrogen business unit, which oversees the development of the hydrogen business by identifying opportunities arising from studies, research and pilot projects of interest to Snam. The business unit also works closely with Snam4mobility, which is identifying both public and private **partners** to promote the use of hydrogen in the transport sector and with which to build the first plants for this new fuel, as well as the **land** where they will be built. The main projects in the portfolio are currently the subject of feasibility studies and work has begun to assess and materialise funding opportunities. In particular, within the framework of the **IPCEI** (Important Projects of Common European Interest), Snam qualified with a project that aims to create a network of stations in Italy by 2030 in the **Mobility and Transport Wave**.



BU H2

Partnerships for the development of the hydrogen value chain

Collaborations and partnerships throughout the hydrogen chain will play a crucial role in Snam's strategic positioning, in internalising the expertise of leading companies in the sector and developing the possible uses of hydrogen.

Among the numerous collaborations launched in 2021 in the field of mobility, the one with SAGAT (Turin Airport) envisages the creation of the first **hydrogen-ready fuel cell** in Italy with a production of up to 1.2 MWh of electricity and 840 kWh of heat per hour and fuelled by hydrogen mixed up to 40% in volume with natural gas, allowing a saving in CO₂ emissions of **1,630 tonnes** per year. Also in the airport sector, with its partner **SEA Aeroporti Milano**, Snam is developing **on-site green hydrogen production** for applications inside and outside airport operations.

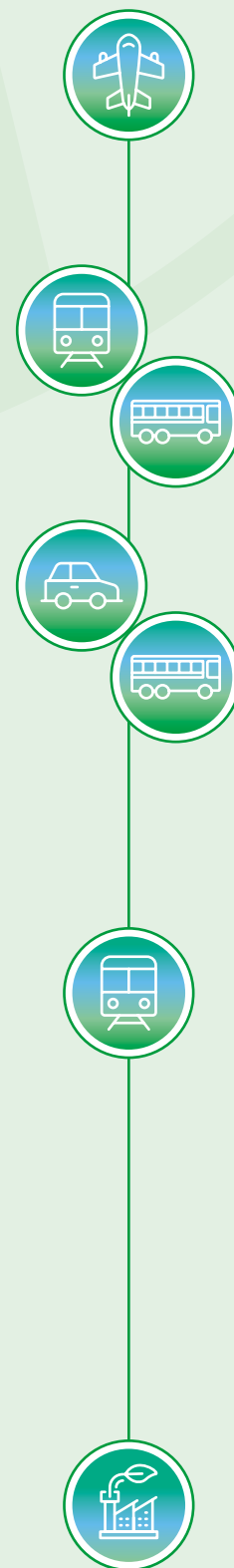
In addition, the company continued to develop the **H2iseO** project which envisages the transition from diesel to hydrogen propulsion for trains and buses operated by the Ferrovie Nord Milano group through the adoption of vehicles equipped with fuel cells and the production of green hydrogen. More specifically, in light of the allocation of **Innovation Fund Small Scale** funding obtained in 2021 and amounting to 4.5 million euros, Snam has begun the executive phase of developing the production and transport of hydrogen for the trains that will serve the Val Camonica area.

Among the other partnerships leading to the development of a **virtuous ecosystem** which will help to enable and accelerate the use of hydrogen in transport, the partnership with **Toyota Motor Europe, Toyota Motor Italia** and **Caetanobus** signed in October 2021 deserves mention, which aims at defining specific **"end-to-end" hydrogen mobility** projects to be implemented in Italy and other European countries to support and benefit public administrations, local communities, companies and private entities. Initiatives could encompass the entire hydrogen value chain, from distribution and refuelling infrastructures to the introduction of bus fleets, logistics vehicles and motor vehicles, thanks also to the availability of the Toyota Group's KINTO mobility services. The collaboration also envisages joint **analysis, scouting and testing of innovative technological solutions**, as well as the development of agreements in areas not strictly related to mobility, such as the use of hydrogen as a stationary application and for cogeneration.

As part of the Memorandum of Understanding signed with Adriafer, which carries out the general railway shunting services in the port of Trieste, Snam intends to promote the adoption of the first special hydrogen-powered locomotives.

In 2021, in the **industrial** field, Snam has launched a major project with the **IRIS Ceramica Group** to create the world's first hydrogen-ready ceramic industry. The Memorandum of Understanding (MoU) provides for the study and development of a new plant in the province of Reggio Emilia, initially fuelled by a natural gas and hydrogen mixture thanks to the installation of a photovoltaic system (with a capacity of 2.5 MW) that will be combined with an electrolyser and a storage system for renewable hydrogen produced on site. The plant will be prepared for a gradual upgrade to 100% hydrogen operation in the future. Another initiative of primary interest in the industrial sphere is the collaboration started with **Acciaierie D'Italia** for the production of green steel. The collaboration between Snam and **Industrie De Nora** also continued during the year for the study and construction of a **Gigafactory**, an Italian factory for the **production of components for complete electrolysers**.

In addition, in September 2021, Snam and **Edison** signed an MoU together with **Saipem** and **Alboran Hydrogen** for the joint development of the **Puglia Green Hydrogen Valley** project, one of the first large-scale green hydrogen production and transportation initiatives in Italy.



The Puglia Green Hydrogen Valley proposes to build **three green hydrogen production plants** in Brindisi, Taranto and Cerignola (Foggia) with a total capacity of **220 MW** and powered by **photovoltaic production with a total capacity of 380 MW**. Once fully operational, the three plants are estimated to be able to produce up to around **300 million cubic metres of renewable hydrogen per year**. Of the three planned plants, the Brindisi project has already started the authorisation process and envisages the construction of a green hydrogen production plant using electrolyzers with a capacity of 60 MW fed by a dedicated photovoltaic park. The green hydrogen will mainly be used by industries in the area, including through the injection - or blending - of hydrogen into the local Snam gas network and/or used for sustainable mobility. The entire Puglia Green Hydrogen Valley project will make it possible to exploit and involve important regional entities, including the Acquedotto Pugliese, the Ferrovie Appulo Lucane, the Apulian technological and production districts, the Polytechnic Institute of Bari, and the Universities of Bari, Foggia and Salento. In addition, investments in research and development will foster the emergence and development of skills and a production chain in Apulia dedicated to the hydrogen industry.

Lastly, Eni and Snam signed an agreement in November 2021 for the **sale to Snam by Eni of 49.9% of the equity interests** held by the latter in the companies that operate the two groups of international gas pipelines connecting Algeria to Italy, in particular the onshore pipelines that extend from the Algerian-Tunisian border to the Tunisian coast (the TTPC pipeline) and the offshore pipelines connecting the Tunisian coast to Italy (the TMPC pipeline). This initiative will not only promote the security of natural gas supplies in Italy, but above all the development of initiatives related to the transport of hydrogen.

During 2021, the Hydrogen business unit was committed to launching two major projects to develop the hydrogen value chain:

BU H2

HYDROGEN INNOVATION CENTER

The project involved setting up research projects at Italian and foreign universities and research centres using Snam funding. The first poles affiliated with the Hydrogen Innovation Centre are located in four Italian regions:

- Lombardy: Polytechnic Institute of Milan and PoliHub
 - Piedmont: Polytechnic Institute of Turin, Italian Institute of Technology, Envipark and I3P
 - Friuli-Venezia Giulia: University of Trieste, University of Udine, National Institute of Oceanography and Experimental Geophysics, Elettra Sincrotrone Trieste, Centro Nazionale Ricerche - Istituto Officina dei Materiali (CNR-IOM), SISSA Scuola Internazionale Superiore di Studi Avanzati
 - Emilia-Romagna: University of Modena and Reggio-Emilia, University of Bologna
- Collaborations with foreign universities and research centres are also being evaluated.

An acronym for Hydrogen Accelerator, HyAccelerator is a business start-up accelerator dedicated to innovative entrepreneurial companies. With this project dedicated exclusively to hydrogen-related technologies, Snam has been a worldwide pioneer, launching the first "HyAccelerator Call4Startups" in October 2021. More than 60 start-ups participated in the initiative, of which, after a selection period, only two will participate in the six-month acceleration programme. This phase of collaboration between Snam and the start-ups will begin in the first quarter of 2022 and will include the development of a concept for a joint pilot project.

HYACCELERATOR

Events for a future in H2

Snam has been a spokesperson for the need to spread knowledge about green hydrogen applications worldwide, developing best practices and partnerships with various and diverse players for years. The **Green Hydrogen Catapult** has been set up to this effect, involving numerous industrial leaders in green hydrogen in addition to Snam. These include 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, the Snam CEO has taken part in major international events and forums with a focus on hydrogen development, including in particular the Atlantic Council Global Energy Forum, G20 Economy and Finance, B20 Energy & Resource Efficiency Task Force, COP26 in Glasgow, and has been a guest at prestigious universities such as Harvard University and Columbia University, the Hydrogen Council CEO Meeting, the European Hydrogen Forum, and the WoodMac Energy Summit.

As part of the pre-COP26 event in Milan, Snam was among the protagonists of “The H2 Road to Net Zero” initiative organised by Bloomberg and focused on the contribution that hydrogen can make to the global energy transformation path. Lastly, it participated in eight “The Hydrogen Revolution” events where the potential of green gas and its role in the energy transition were discussed.

Hydrogen is still a frontier to be explored and promoted, and despite the many steps forward that have been taken in recent years, there is a need for continued research into its applications. Snam also plays an advocacy role in this regard, participating in numerous institutional and association forums at national and international level.

In 2021, activities within the four calls won in 2020 under the European funding programme **Fuel Cells and Hydrogen Joint Undertaking (FCH JU)** began. In particular:

PROMETEO	The project aims to produce green hydrogen from renewable sources of heat and energy through high-temperature electrolysis . The challenge is to optimise the coupling of an SOE (Standard Operating Environment) system with two intermittent sources: non-programmable renewable electricity and high-temperature solar heat from concentrating solar power systems with thermal energy storage.
MultHyFuel	The aim of the initiative is to contribute to the deployment of hydrogen as an alternative fuel by developing a common strategy for the implementation of hydrogen refuelling stations (HRS) in multi-fuel contexts. The project will thus contribute to the harmonisation of existing laws and standards based on theoretical research and experimental data, as well as the active and continuous involvement of key stakeholders and relevant institutions.
E2P2	The project aims to address the needs of the digital infrastructure of the future in terms of energy supply security and reliability through the creation of an alternative proof-of-concept (POC) primary power source using fuel cell technologies for on-site power supply. The proposed solution must meet the efficiency, minimum noise and environmental impact requirements.
HyUsPre	The aim of the project is to assess the technical feasibility and implementation potential of large-scale storage of renewable H2 in porous geological reservoirs . The project also includes economic analysis to facilitate decision-making on the development of a portfolio of potential pilot projects in the field.

In order to use funds from European programmes, three projects were applied for and positively evaluated in the **LIFE, Innovation Fund and Horizon Europe** programmes in 2021. They all include the development and implementation of a refuelling station for hydrogen powered vehicles, specifically buses, trains, heavy and light vehicles.

La presenza di Snam nei tavoli di lavoro nazionali ed europei

H2IT	Italian Hydrogen and Fuel Cells Association: where Snam holds the position of vice-president
HE	Hydrogen Europe: where Snam holds the positions of Chairman WG infrastructure, Spokesperson WG Finance&Financing, Cross-Cutting Technical Committee leader
GFC	Gas for Climate: a consortium created to analyse and create awareness on the role of renewable and low carbon gas in the future energy system. In this context, Snam is part of the European Hydrogen Backbone Initiative , which involves 29 European TSOs in the definition of the pan-European network for the transport of hydrogen via pipeline

ENERGY EFFICIENCY









Energy efficiency works are part of the enabling initiatives for energy transition and decarbonisation, playing a central role in combating climate change and developing sustainable and competitive economic systems. Energy is used more rationally, consumption and waste are reduced and therefore energy and environmental costs for citizens, businesses and public bodies are reduced, and society benefits in terms of economic and technological development. Emissions are reduced with clear benefits for the environment and quality of life, with more resilient and sustainable cities.

The new 2021-2025 Strategic Plan envisages **230 million euros** of investments in energy efficiency, specifically in the residential, industrial, tertiary and public administration sectors, leveraging national tax incentives for condominiums.

With a view to offering an energy efficiency service throughout the country, Snam has set up **Renovit S.p.A.** together with CDP Equity. The company is responsible for developing energy efficiency and renewable energy production initiatives for residential, industrial, service and Public Administration customers. Currently, it is expected that thanks to its activities, **Renovit will manage to avoid the emission of 73,000 tonnes of CO₂ by 2025.**



The company operates through its subsidiaries **Tep Energy Solution S.r.l.**, **Mieci S.p.A.** and **Evolve S.p.A.**

 <p>tep energy solution gruppo renovit</p>	<p>Tep Energy Solution develops projects for the residential sector and for industrial clients and acts as a partner for companies in the decarbonisation of their processes and activities. This last area of expertise has been developed over the last year and involves assessing the environmental impact of company processes and activities and subsequently supporting the implementation of interventions. In particular, the Company started up approximately 240 construction sites in residential condominiums in 2021 for a total value of approximately 300 million euros and contracted 16 new projects, mainly in the area of utilities (cogeneration, thermal power plants, lighting, purification, air conditioning) and the production of energy from renewable sources (photovoltaic), for a total value of more than 25 million euros.</p>	 <p>INDUSTRIAL SECTOR</p>  <p>RESIDENTIAL SECTOR</p>
 <p>mieci gruppo renovit</p>	<p>Mieci is focused on the public sector and offers rehabilitation and integrated energy and technology management services for hospitals and public administration buildings as well as for the tertiary sector. In addition, Mieci also acts as general contractor in the construction of infrastructure, district heating networks and public lighting and water systems. Thanks to its strong territorial presence and systematic use of supervision systems, it guarantees constant relations with the customer. Mieci also operates through the Institute of Public Private Partnerships, which allows private companies to finance, build and manage infrastructures or provide services of public interest without any increase in expenditure for the authority compared to historical expenditure.</p>	 <p>THIRD SECTOR</p>  <p>PUBLIC ADMINISTRATION</p>
 <p>evolve gruppo renovit</p>	<p>Evolve operates in the residential market, offering deep renovation of buildings and energy services mainly in north-west Italy. Evolve has 90 energy service contracts under its belt, and in 2021 it initiated around 100 construction sites through the 110% mechanism with a total value of around 100 million euros.</p>	 <p>RESIDENTIAL SECTOR</p>

Considering only Tep's activities carried out in 2021, the CO₂ emissions avoided were around 10,000 tonnes, up from 2020 (5,000 tonnes). Overall, however, all the energy efficiency and building renovation activities carried out by the Renovit Group during the year **avoided CO₂ emissions of around 14,000 tonnes**.

Renovit, B Corporation

B Corporation (or B Corp) is a certification issued by **B Lab**, a US non-profit organisation, to companies that operate according to the highest standards of social and environmental performance, accountability and transparency.

B Corp certified companies combine the goal of economic profit with a stated goal of positive impact on society, the environment or people and are recognised as **regenerative companies** that create value for society, using **business as a force for good**.

To achieve and maintain certification, companies must be assessed on their environmental and social performance and achieve a minimum score on an analysis questionnaire, the **B Impact Assessment**, which measures impact in several areas: business model, ethics and transparency in governance, customer and supplier relations, commitment to diversity and inclusion, and community and environmental service. Furthermore, its commitment to stakeholders must be integrated in its statutory documents by adopting the legal status of a Benefit Company.

Following the B Impact Assessment on Renovit, B Lab conducted a further audit of the company which concluded with the certification of B Corporation. Renovit is the **leading Italian B Corp in the energy and environment sector in terms of number of employees and turnover** and one of the top ten European companies in the same sector. The award especially reflects the environmental and social value of Renovit's business model and attests to the fairness and transparency of the company's actions vis-à-vis all its stakeholders.



In this first year of activity, Renovit has placed particular focus on the **development of ESG issues**, which have concerned, in particular:

The process of assessing environmental and social performance to obtain B Corporation certification.	B IMPACT ASSESSMENT
The Renovit 4 Safety project is aimed at assessing the Group's culture and management system and defining a path for improvement in the area of worker health and safety, with specific indications of necessary actions to be implemented in the short and medium term.	HEALTH AND SAFETY
The creation of new green areas in Italy already began in 2019 by joining the " Mosaico Verde " reforestation campaign promoted by Legambiente . The project was carried out in 2021 in cooperation with Arbolia S.p.A. and led to planting about 1,000 new trees of native species in Taranto and about 1,800 in Milan as part of the " Forestami " project, with an overall absorption of CO₂ of about 30 tonnes per year .	FORESTATION

Energy efficiency and emission reduction measures

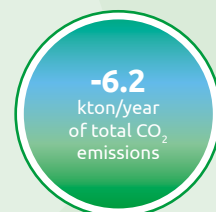


CasaMia Project

The CasaMia project offers **energy and seismic upgrading services for condominium buildings**, including the installation of central heating systems, thermal insulation and seismic upgrading.

All these interventions can benefit from government incentives such as ecobonus, sismabonus and 110%, which will allow customers to benefit from a complete service, from design to execution of the works, with guaranteed access to the contribution. Thanks to the CasaMia project's energy requalification, the buildings' heating and air conditioning needs and requirements will be met, making them more habitable, increasing their market value (by up to 10-15%) and reducing energy consumption and costs and related CO₂ emissions.

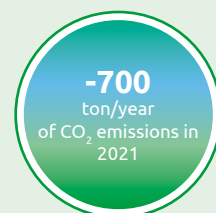
In 2021, **70 deep renovation projects** in condominiums were completed, resulting in a **reduction in CO₂ emissions of approximately 3.3 kton/year**, for an **overall reduction of over 6.2 kton/year, including projects carried out in the previous years.**



Energy Service

The Energy Service offered by Evolve includes the **installation and maintenance of energy systems in residential buildings** for a rational use of energy in order to achieve energy savings while maintaining the comfort conditions of the buildings.

In 2021, 90 buildings were covered by Evolve's activities, resulting in a reduction in emissions of around **700 tonnes of CO₂.**

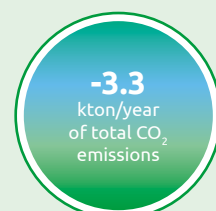


Top Energy Solution: Energy Performance Contract (EPC)

The EPC service offered by Tep Energy Solution develops projects to reduce environmental impact and energy consumption and to produce energy from renewable sources through the adoption of efficient technologies. The EPC foresees the projects' financing by Tep, which takes care of all the phases of the activity from the design to the request for possible incentives, ensuring the technical performance of the plants and the achievement of the expected savings for the client.

In industry, Tep mainly focuses on energy-intensive sectors (paper, ceramics, food, rubber, pharmaceutical, steel and metallurgy, etc.), while in the tertiary sector it works mainly with hotels and healthcare facilities, large-scale distribution and large service companies.

In 2021, **5 new plants** were tested, which together with the 17 already in operation in previous years, resulted in a **total reduction in CO₂ emissions of around 3.3 kton/year.**





Mieci: Energy Performance Contract (EPC), facility management and special plant management

Mieci offers energy upgrading and management services through EPC, facility management and special plant management.

In addition to participating in tenders issued by Public Administrations, in 2021 Mieci submitted more than 500 million euros in public-private partnership proposals with the aim of carrying out major **efficiency and energy production interventions from renewable sources** and with the prospect of creating **renewable energy communities**.

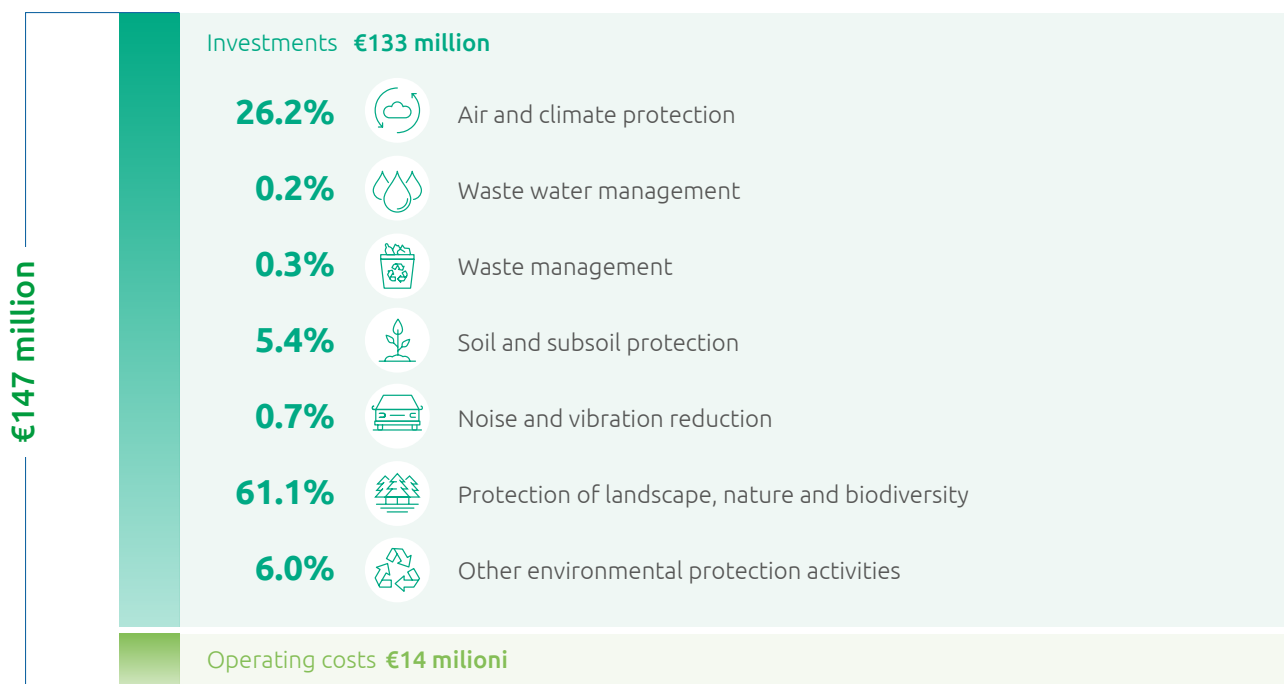
Mieci's activity in 2021 resulted in **lower emissions of approximately 4.2 thousand tonnes of CO₂**.



With the 2030 Vision and the 2021-2025 Strategic Plan, Snam consolidates and strengthens its commitment to play a leading role in the transformation taking place in the energy sector and to make its contribution to achieving the net-zero targets and combating climate change.

Snam bases its sustainable business model on the cornerstones of reducing emissions and energy consumption, managing resources, reducing waste, protecting the areas in which it operates and safeguarding natural habitats. In 2021, Snam made expenditures totalling **approximately 147 million euros** (91% of which for investments and the remainder for operating costs).

ENVIRONMENTAL EXPENSES



USING ENERGY EFFICIENTLY

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance	
	MWh production of electricity from photovoltaic plants	>860 MWh saved by 2025	950 MWh	✔
	Increase electricity purchased from renewable sources	55% by 2030	41%	⚙️
7 AFFORDABLE AND CLEAN ENERGY	Trigeneration plants	13,000 MWh by 2025	5,445 MWh	⚙️
13 CLIMATE ACTION	High-efficiency heat generators	110 MW by 2025	94 MW	⚙️
	Improvement of the energy efficiency of buildings	Savings of 75,000 m ³ per year of gas and 250 MWh per year of electricity by 2025	30,000 m ³ of gas and 80 MWh of electricity saved	⚙️
	Installation of LED lighting systems	Replace 534 kW with 1,860 MWh savings by 2022	Replaced 534 kW with 1,774 MWh savings	✔
	% of retrofitted or methane-powered cars out of the total company car fleet	49% by 2021 88% by 2025	51%	✔



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

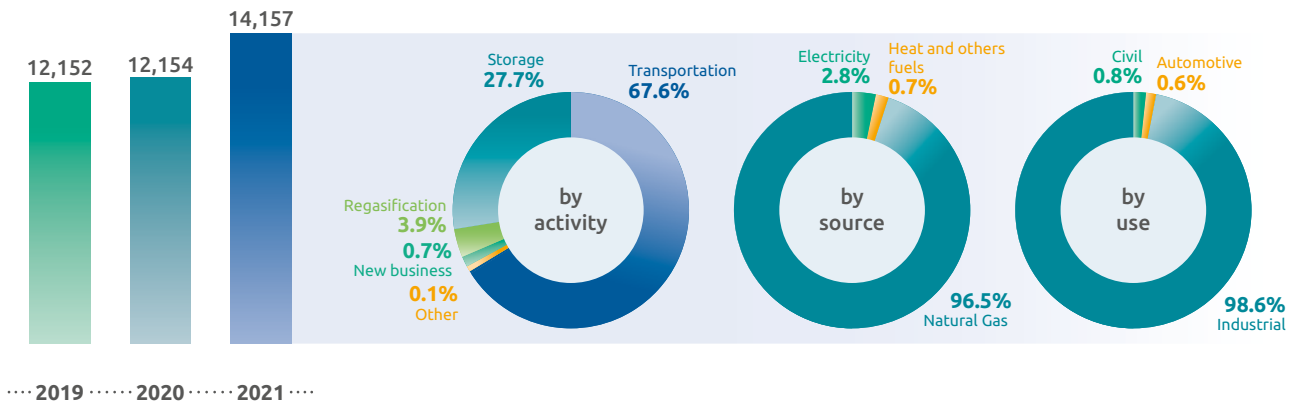
ENERGY CONSUMPTION

The energy needed to operate the gas turbines used in the storage plants and compression stations is the main source of Snam's energy consumption. The energy consumed in order for the turbines to provide the pressure needed to transport the gas along the national network depends on the amount of gas transported and its entry point. The latter, in particular, conditions the route that the gas must follow to reach the distribution points, and consequently has a significant impact on the transportation energy requirements.

The total energy consumption in 2021 was **14,157 TJ**, almost entirely attributable to natural gas (96.5%) used for the operation of transportation, storage and regasification plants, for heating buildings and for automotive use. The energy mix is also made up of electricity (2.8%), which is needed for the operation of industrial sites, lighting and the heating/air conditioning system in offices and for servers, and other fuels and heat (a total of 0.7%), used for the operation of plants, for heating and as fuel for the company fleet.

The trend in energy consumption is therefore strongly linked to core business activities. In particular, in the case of gas transportation, the use of more energy-intensive import backbones, such as the North African backbone, as opposed to less energy-intensive ones, such as the Northern European and Russian backbones, can lead to an increase in consumption. This explains the 16.5% increase in consumption compared to 2020: the use of the North African backbone has led to an increase in consumption greater than the increase in gas injected into the network (+8% compared to 2020). Compared to the regasification business, the reduced quantity of regasified gas has led to a decrease in the consumption of the regasification plant (-57% compared to 2020). Lastly for the storage, consumption reduced by 12% compared to 2020 and fell more than the gas stored, which was reduced by 6%, as the turbo-compressors were used more efficiently, reaching lower maximum pressures than in the previous year.

ENERGY CONSUMPTION (TJ)



ENERGY FROM RENEWABLE SOURCES

Using increasing amounts of energy from renewable sources is one of the cornerstones of Snam's 2030 Vision and a requirement on which national and European decarbonisation objectives are based.

The company launched energy efficiency programmes and measures years ago that include the installation of photovoltaic systems, high-efficiency heat generators, the commissioning of trigeneration plants and the installation of LED lighting systems.

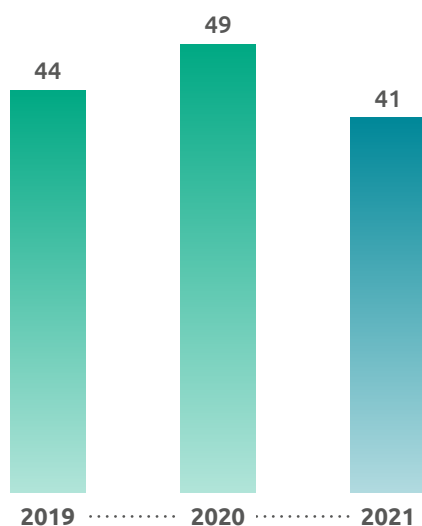
Type	2019			2020			2021		
	no.	Total power (kW)	Energy produced (MWh)	no.	Total power (kW)	Total power (kW)	no.	Total power (kW)	Energy produced (MWh)
Wind generators	1	1.7		1 (*)	1.7		1 (*)	1.8	10,562
Photovoltaic systems	1,793	1,127	829	2,355 (*)	1,198	22,125	2,829 (*)	1,306	
Cogeneration plants	-	-		4 (**)	3,922		3 (**)	2,997	
Total	1,724	1,129		2,360	5,122		2,833	4,305	

(*) Back-up plants = 2,788 of which 2,787 photovoltaic and 1 wind.

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

The amount of electricity produced from renewable sources decreased in 2021 (-52%) due to the partial divestment of the Snam4Environment cogeneration plants at the end of February in favour of plants for the production of biomethane. On the other hand, the total number of systems increased to 2,833 units (+20% compared to 2020), following the installation of several photovoltaic systems in some of the company's buildings, specifically the territorial offices and maintenance centres. On the contrary, installed capacity decreased by 16%, from 5.12 MW to 4.31 MW. This decrease, once again attributable to Snam4Environment's plants, was mitigated by the increased power of the new back-up plants installed on the gas transportation network, which improved the performance of the monitored plants and replaced obsolete models, and by two new photovoltaic plants connected to the electricity grid.

GREEN ELECTRICITY PURCHASED / TOTAL ELECTRICITY PURCHASED (%)



The increase in consumption by Snam4Environment, which buys electricity from the grid, has also led to a reduction in the overall share of electricity from renewable sources for the entire Snam Group, cancelling out the benefits of switching to electricity from renewable sources at the Melizzano power plant, GNL Italia and Snam's headquarters offices. Thus the share of green electricity in the total has fallen from 49% in 2020 to 41% in 2021, which however is in line with the target of 55% of electricity purchased from renewable sources by 2030.

In 2021, Snam strengthened its commitment to the ESG Scorecard target on the annual production of electricity from photovoltaic plants: the target of producing at least 860 MWh annually by 2025 was largely exceeded, reaching 950 MWh.

Energy efficiency work on the Group's buildings in 2021 led to gas savings that doubled compared to 2020 (30,000 m³ of gas in 2021 vs 15,000 m³) and 80 MWh of electricity, an increase of 15 MWh over the previous year, which is in line with the 2025 target (to save 75,000 m³ per year of gas and 250 MWh per year of electricity).

COMPANY FLEET

As part of its strategy to decarbonise and improve the energy efficiency of its operations, Snam has installed retrofit systems for the cars in its corporate fleet, which allow a tank of methane to be associated with cars previously powered only by petrol or diesel, as well as the purchase of methane vehicles, with a view to making corporate mobility increasingly sustainable.

In 2021, the company continued with its fleet methanisation initiative, resulting in an increase of 45 retrofitted cars and buying 88 methane-powered cars which, net of cars sold or disposed of, brought the total number of methane-powered vehicles in the company's fleet to 678.

COMPANY FLEET, OWNED METHANE VEHICLES (n.)

2019  **457**

2020  **545**

2021  **678**

 = 50 CNG cars

COMBATING CLIMATE CHANGE AND REDUCING EMISSIONS

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance	
		-28% by 2025	-7%	⚙️
	Percentage of Scope 1 and 2 emissions reduction (vs 2018)	-40% by 2027		
		-50% by 2030		
		Net Zero by 2040		
13		Percentage of reduction in natural gas emissions (vs 2015)	-25.1% by 2021	-28.9%
	-55.0% by 2025			
	Percentage of natural gas recovered from maintenance activities	>40% of the average of the last five years until 2025	52%	✅
	Percentage of Scope 3 emissions reduction (vs 2019)	-46% by 2030 (*)	-13%	⚙️
		-55% by 2030 (**)	+2%	⚙️

(*) Associate emissions, fuel and energy production and transmission, business travels, employee commuting.

(**) Supplier emissions in terms of emission intensity (tCO_{2e}/M€ CapEx).



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

GREENHOUSE GAS EMISSIONS (GHG)

Becoming a net-zero company in its operations by 2040 means continuously working on energy efficiency issues and pursuing initiatives to limit and reduce greenhouse gas emissions. Specifically, the setting of interim targets to 2025, 2027 and 2030 for Scope 1 and 2 GHG emissions of -28%, -40% and -50%, respectively, compared to 2018 values, charts a path and defines milestones to achieve this.

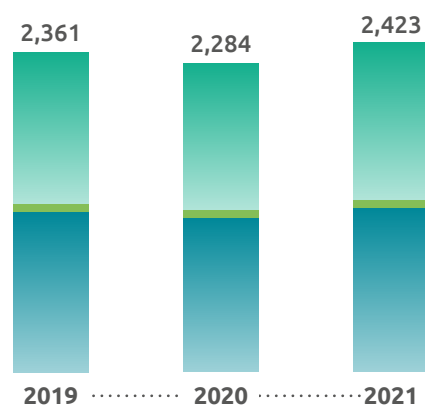
To support the Scope 1 and 2 emission reduction targets, the company has set a 2025 target for natural gas emissions, which has been strengthened in 2021 from -45% to -55% compared to 2015 values. The natural gas emissions target is ambitious and above what is recommended by the **UNEP protocol** (United Nations Environment Programme) on the reduction of methane emissions, issued by the **Oil & Gas Methane Partnership - OGMP 2.0**, a voluntary initiative that Snam joined in November 2020.

The activities contributing to the reduction of natural gas emissions include maintenance work on the Group's buildings. The investment plan approved by Snam for these initiatives has the objective of recovering annual natural gas emissions greater than 40% of the average of the last five years until 2025.

Despite the increase in energy consumption (+16.5% compared to 2020), total GHG emissions in 2021 did not increase proportionally, but by 6%. This was made possible by continuous efforts to recover natural gas emissions, the increasing use of green electricity and energy efficiency measures. Together, all the activities recorded over **171,000 tonnes of CO_{2eq}** avoided.

In order to provide a complete view of Snam's emissions, the company analyses its emissions in line with the GHG Protocol, dividing them into: direct emissions (Scope 1), energy indirect emissions (Scope 2) and other indirect emissions (Scope 3).

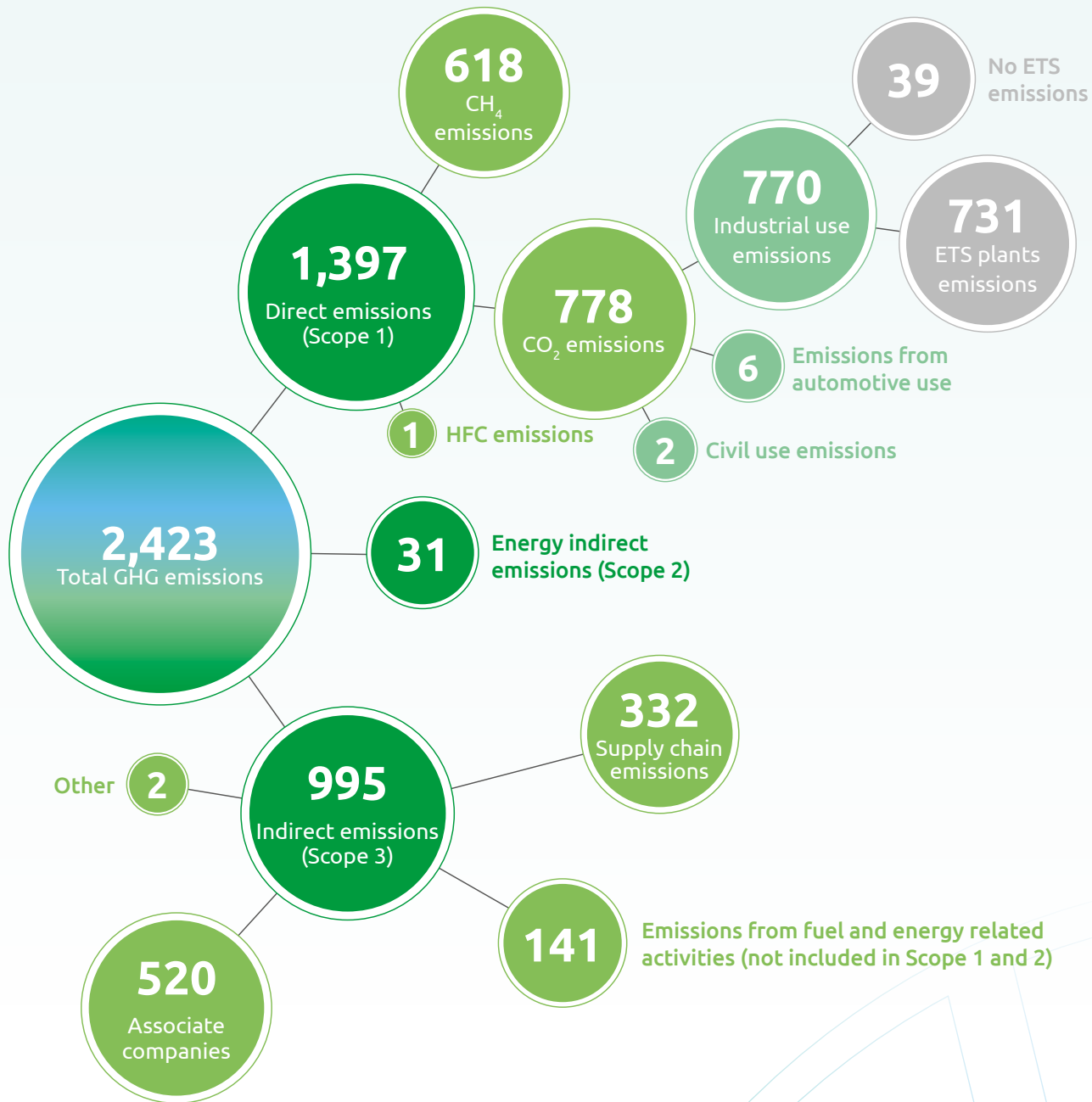
GHG EMISSIONS (ktCO_{2eq})



Note: the total GHG emissions in 2019 and 2020 incorporate a recalculation of Scope 3 emissions.

■ Scope 1
■ Scope 2 - MB
■ Scope 3

GHG EMISSIONS
(ktCO_{2eq})



DIRECT EMISSIONS (SCOPE 1)

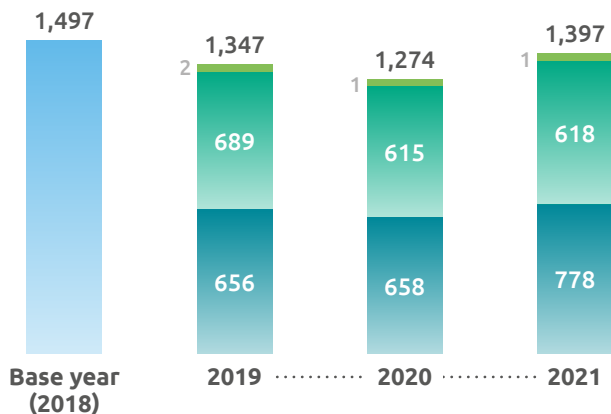
Almost all of Snam's direct GHG Scope 1 emissions relate to methane (CH₄) and carbon dioxide (CO₂), while a small part is attributable to hydrofluorocarbon (HFC) emissions.

METHANE EMISSIONS CH ₄	CARBON DIOXIDE EMISSIONS CO ₂	HYDROFLUOROCARBON EMISSIONS HFC
DERIVED FROM		
<ul style="list-style-type: none"> accidental equipment leaks, evaporative processes and anomalies caused by wind "intentional" releases such as those for planned maintenance, operational venting, emergency depressurisation or new pipeline connections unburned methane in the exhaust gases of turbines, engines, boilers or flares 	<ul style="list-style-type: none"> combustion of fossil fuels for operational activities 	<ul style="list-style-type: none"> use of refrigerant gases (i.e., hydrofluorocarbons) in refrigeration systems

In 2021, direct emissions were 1.4 million tonnes of CO_{2eq}, up to 10% from 2020, but down 7% from 2018, the base year used in the Scope 1 and 2 emissions reduction target included in the Towards Net Zero strategy.

Compared to the previous year, CO₂ emissions from combustion increased to 0.78 million tonnes (+18% vs. 2020), CH₄ emissions also increased from 615 ktons CO_{2eq} to 618 ktons CO_{2eq} in 2021. The HFC emissions remained almost the same at 1.01 ktons CO_{2eq} (-5% compared to 2020).

DIRECT GHG EMISSIONS (SCOPE 1) (ktCO_{2eq})



The CO_{2eq} was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) "Fifth Assessment Report IPCC" that assigned methane a Global Warming Potential (GWP) of 28.



Natural gas emissions

Snam's natural gas emissions fall into three categories:

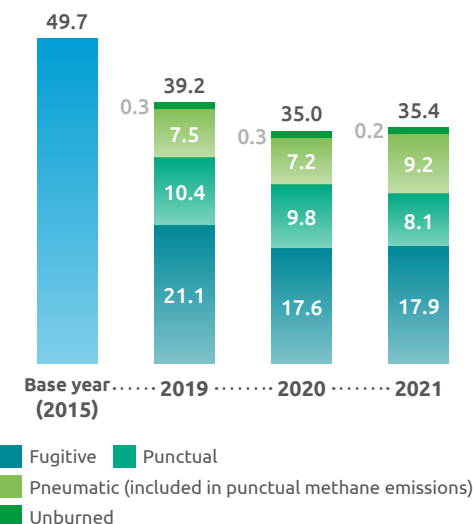
- **fugitive**, emissions not captured by a capture system and that are often due to equipment leaks, evaporative processes and wind anomalies;
- **punctual** (including pneumatic, in accordance with the UN protocol), discharged into the atmosphere as a result of "intentional" releases such as those for planned maintenance, operational venting or emergency depressurisation;
- **unburned**, due to unburned methane in the exhaust gases of turbines, engines, boilers or flares.

In 2021, the total natural gas emissions amounted to 35.4 million m³, remaining broadly in line with 2020 (+1.2%) and decreasing by 29% compared to 2015, meeting and exceeding the target included in the ESG Scorecard.

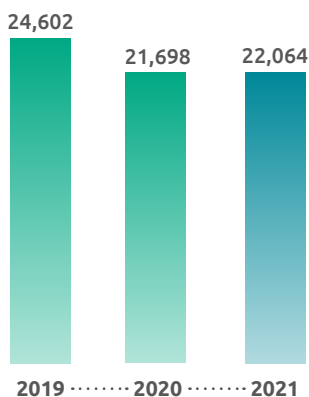
Snam's ESG Scorecard not only monitors the percentage of reduced methane emissions compared to 2015, but also the percentage of natural gas emissions recovered from maintenance activities, with the aim of recovering at least 40% of emissions as an average over the last five years. The year 2021 saw a new milestone of 52% recovered natural gas emissions, up 6% from 2020 and 12 percentage points from the 2021 target.

In addition, the activities conducted by Snam in the area of reducing natural gas emissions have led to a decrease in the amount of methane used to transport gas with respect to network kilometres of -2% and -25%, compared to 2020 and 2015, respectively.

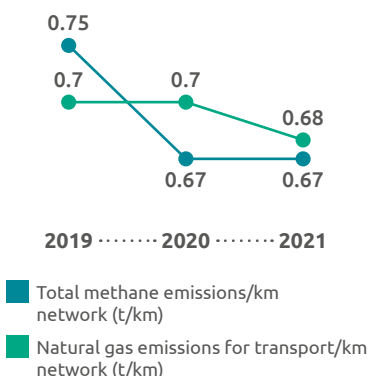
NATURAL GAS EMISSIONS (millions of m³)



CH₄ EMISSIONS (t)



NATURAL GAS AND CH₄ EMISSIONS PER KM OF NETWORK (t/km)



Best practices for reducing methane emissions

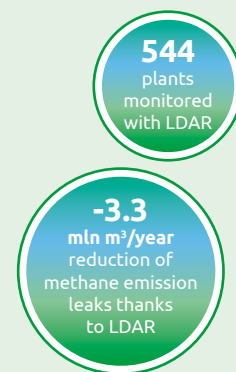
In 2021, Snam continued its activities to reduce emissions through the application of specific technologies that allowed it to avoid as much as **9 million m³, equal to over 156,000 tonnes of CO_{2eq}**. In particular, significant work was carried out on recompressing gas in line with tapping machines, a technology that makes it possible to disconnect from operating pipelines for new connections without interrupting the service, and other initiatives to replace network components.

Emission accounting system

The field survey campaign continued with a view to improving the emission accounting system. It is conducted by an external company which carried out measurements of emissions of fans on a representative sample of Line Points, updating the Emission Factors for this type of point, which will be applied from January 2022.

Fugitive methane emissions

To measure and repair fugitive methane emissions, Snam has implemented the use of **Leak Detection and Repair (LDAR) with its own personnel** in the Snam Rete Gas and Stogit booster and storage plants, playing a key role in achieving the results obtained. In particular, **372 SRG network plants** were subjected to the application of LDAR, bringing the number of plants monitored with this technique since the start of operations to 544 (52%), with an overall reduction of **3.3 million m³/year**.



Methane point emissions (including pneumatic emissions)

To reduce pneumatic emissions, the company continued replacing existing models with new low or zero emission equipment, and in some plants with the adoption of air-powered, instead of gas-powered, plant systems. Moreover, pneumatic emissions were the subject of an initial measurement campaign.

National and international commitment on methane emissions

Snam is strongly committed to initiatives that call for the reduction of methane emissions and in 2021 it participated at national level in working tables for the preparation of a document on the **Italian Strategy on Methane Emissions**, while at European level took part in consultations on the **proposed regulation on the reduction of methane emissions**, published in December 2021 and which has very stringent objectives.

Furthermore, the company is a member of several associations which urge companies to monitor methane emissions more closely and effectively.

OIL AND GAS METHANE PARTNERSHIP (OGMP 2.0)

Snam has been a member of this voluntary multi-stakeholder initiative since 2020. In 2021, Snam was awarded the **Gold Standard**, the highest award provided for by the protocol and which rewards the company's commitment to reporting and reducing methane emissions. This initiative is also reflected in the **Methane Strategy** and in the European Commission's recently published proposal for a European regulation on reducing methane emissions in the energy sector.



METHANE GUIDING PRINCIPLES (MGP)

This initiative gathers together Oil & Gas companies with the aim of reducing methane emissions along the sector chain through the involvement of the main stakeholders. Snam has subscribed, for some time now, to the guiding principles that commit the company to reducing its methane emissions from its activities.



MARCOGAZ AND GAS INFRASTRUCTURE EUROPE (GIE)

The European technical association of the gas industry (Marcogaz) and Gas Infrastructure Europe are two associations that are particularly active on issues related to climate change and methane emissions. Over the last few years, several documents have been developed that have become benchmarks for the sector at an international level, with Snam definitively contributing to their definition.



EXPERT GROUP OF THE INTERNATIONAL GAS UNION (IGU)

Snam has been following the Group of Experts on Methane Emissions (GEME) set up by the International Gas Union for years, which is responsible for updating the various players in the gas chain on the latest developments at global level. A dissemination activity towards some specific IGU Committees is also carried out.



ITALIAN GAS COMMITTEE (CIG)

Committee of which Snam is a member, in the initiative for the implementation of the industry regulation on the methane emissions.



EUROPEAN GAS RESEARCH GROUP (GERG)

Research group with which the company is developing a new research activity on top-down and bottom-up reconciliation methodologies for measuring emissions. In particular, Snam participated in the field measurement of several technologies in 2021.

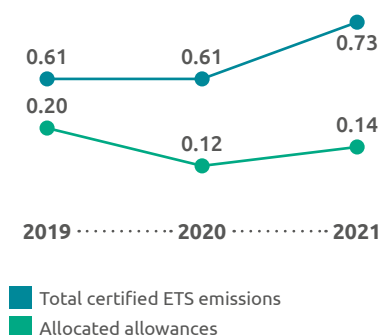


Emissions in EU ETS (Emission Trading Scheme)

The EU ETS is a European system designed to encourage emission reductions by setting a cap on the total amount of certain greenhouse gas emissions that can be emitted by plants with specific characteristics. If a company emits more than the cap, it is obliged to buy emission allowances from the market. 2021 was the first year of application of the new rules laid down in Italian Legislative Decree 47/20 for the fourth 2021-2030 period of application of Directive 2003/87/EC.

Snam has 22 plants subject to the EU ETS, whose emissions amounted to 0.73 million tonnes of carbon dioxide, of which 0.14 million tonnes were allocated for free, while the remaining 0.59 million tonnes were bought from the market.

CO₂ EMISSIONS FROM ETS PLANTS (10⁶ tCO_{2eq})



PLANTS SUBJECT TO EMISSION TRADING

Activity	Plant (no.)	Plants denomination
Transportation	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 Trieste, Minerbio, Ripalta, Sabbioncello, Sergnano, Settala, Bordolano
Regasification	1	Liquefied natural gas regasification plant in Panigaglia

ENERGY INDIRECT EMISSIONS (SCOPE 2)

The supply of electricity and heat produced by third parties and used by the company for its own activities creates so-called energy indirect emissions, which are calculated using two approaches: the **Market-Based** (MB) approach assigns a zero CO_{2eq} emission factor for energy consumption from certified renewable sources (e.g., guarantees of origin); the **Location-Based** (LB) approach considers an average CO_{2eq} emission factor based on the national energy mix.

In 2021, electricity consumption was around 111 thousand of MWh, decreased by 14% compared to 2020 as a result of the reduction in LNG consumption in Italy (-57% compared to 2020), due to the decrease in regasified gas. This decrease is reflected in the reduction of Location-Based CO_{2eq} emissions (-20.5%).

The Market-based CO_{2eq} emissions, on the other hand, remained in line with the previous year (30,800 tonnes vs 31,300 tonnes), following the increase in consumption of new business (+24% vs 2020), mainly due to the energy expenditure required for waste treatment and biogas production at the Snam4Environment sites, which are now fully operational and account for 85% of the total electricity consumption of the new businesses.

The result of the two effects in indirect emissions from energy consumption has avoided a total of more than 12 kttons of CO_{2eq}.

INDIRECT GHG EMISSIONS (SCOPE 2) (ktCO_{2eq})



Building projects to reduce emissions

With a view to achieving energy savings and consequently reducing its CO₂ emissions, Snam has carried out three projects with a particular impact:

Symbiosis

Symbiosis is an avant-garde project which will become operational in 2024 and which Snam has launched for the construction of a new building in Lombardy's capital city which will house all the company's people currently present at the San Donato Milanese and Milan offices.

Symbiosis will consist of 14 habitable floors above ground, 13 for office use and one for facilities, and 2 basement floors.



Still in the early stages of design, Symbiosis aims to minimise the building's impact on the ground, which will therefore be developed in height, ensuring as much greenery as possible, including on the floors. In addition, it will be built to meet the requirements for sustainability certification according to the following standards:

- Comprehensive building assessment system where location and transportation, efficient water and energy management and innovation are considered;
- A protocol for verifying and certifying the level of health and well-being of the built environment based on measuring, certifying and monitoring all the aspects of the building that may impact on health and well-being of its occupants;
- Sustainability certification specific to the service sector, in which sustainability criteria are checked and assessed in relation to both energy efficiency and the intelligent use of resources; in particular, indoor comfort, acoustics, natural light and air quality are considered for ensuring the well-being of people in the workplace.



Verbania

The new **maintenance centre** in Verbania will come into operation in 2022. It will consist of a two-storey building for offices plus an additional building for storage and a garage. The centre has been designed and built with particular attention to energy saving in both the building and the systems, with the offices achieving energy class A. The external façades are made with high thermal insulation and high-performance windows, while all the systems comply with the latest energy saving regulations.

In order to optimise consumption, a BMS (Building Management System) will be installed, LED lighting will be used and a photovoltaic system will be installed on the roof. The mechanical systems use innovative technologies such as heat pumps, air exchange with high-efficiency heat recovery, rainwater recovery and reuse for outdoor irrigation, inverter pumps, low water consumption taps, etc..

San Donato Milanese Distretto Nord

The Distretto Nord project included the modernisation of a building with significant architectural and plant engineering shortcomings, consisting of two floors above ground for offices, archives, storage and a garage, which will come into operation in 2022.

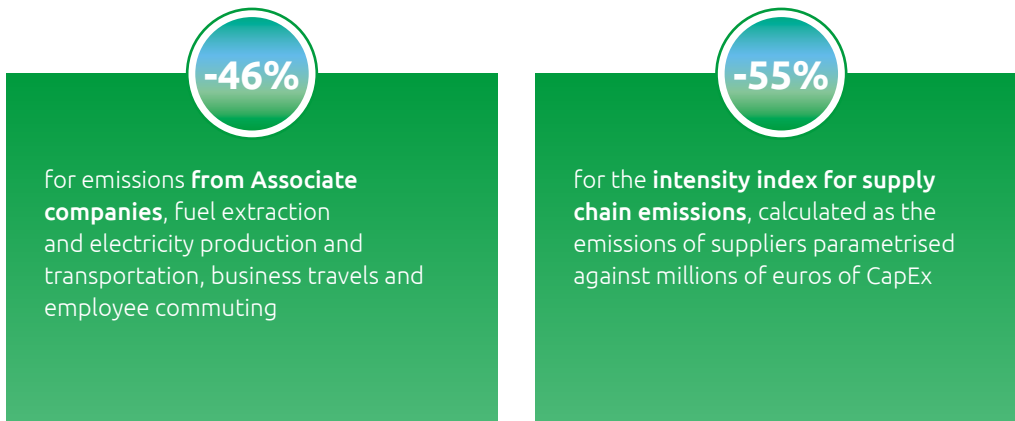
The revamping project pays particular attention to energy saving, both in terms of efficiency of the building envelope and in terms of plant engineering. In fact, the entire building project is aimed at achieving energy class A.

The external façades were completed with the installation of thermal insulation and a new ventilated façade system as well as high-performance window and door frames. The newly built installations comply with the latest energy efficiency and safety regulations.

As in the case of the new Verbania Maintenance Centre, a BMS system was installed to monitor and optimise consumption, as well as the use of LED lighting fixtures and a photovoltaic system on the roof to ensure the production of electricity from renewable sources. The mechanical systems are “smart”, and therefore able to adjust consumption according to needs. The building’s modernisation also included the installation of heat pumps, air exchange with high-efficiency heat recovery, inverter pumps, low-water consumption taps, etc..

OTHER INDIRECT EMISSIONS (SCOPE 3)

Indirect Scope 3 emissions are those emissions that originate from the value chain and are therefore not directly attributable to the scope of the company. In 2021, Snam decided to launch a project to define specific Scope 3 emission reduction targets and make them an integral part of its decarbonisation strategy. In particular, two targets have been set for 2030 compared to 2019 values, one on absolute emissions and the other considering emission intensity.

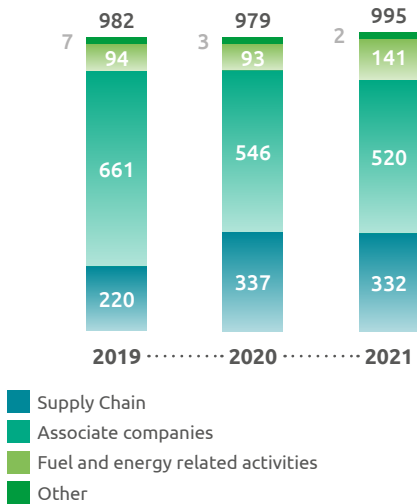


Snam's Scope 3 emissions are calculated according to the **GHG Protocol** and have been reported for years in the CDP Climate Change Questionnaire (formerly the Carbon Disclosure Project). As part of the Scope 3 target-setting project, Snam revised its calculation methods and thus refined the data from previous years. In addition, a major coordination effort was also made to include the emissions of investee companies in those reported in this Report, for which numerous exchange and coordination meetings were held.

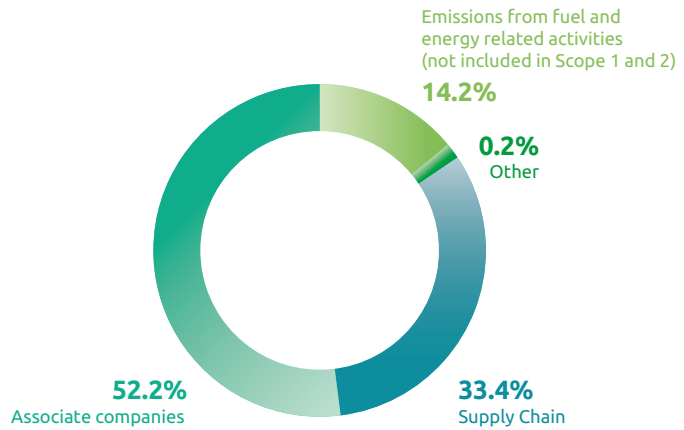
Snam's value chain emissions can be classified into the following macrocategories:

- **Emissions from Snam's Associate companies** (GHG Protocol category: Investments);
- **Emissions from the supply chain**, which include emissions from suppliers working for Snam (GHG Protocol categories: Purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations and Upstream leased assets);
- **Emissions from fuel extraction and electricity generation and transport** that are not included in Scope 1 and 2 (GHG Protocol category: Fuel-and-energy-related activities not included in Scope 1 or 2);
- **Other**, which includes **business travels** and **employee commuting** (GHG Protocol categories: Business Travels; Employee commuting).

INDIRECT EMISSIONS SCOPE 3 (ktCO_{2eq})



INDIRECT EMISSIONS SCOPE 3 (%)

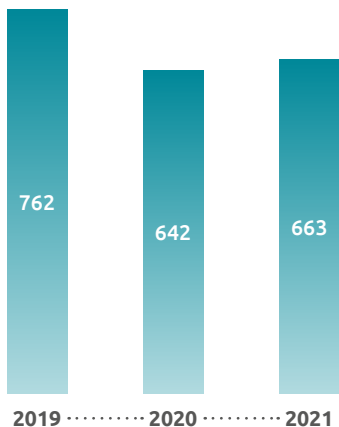


During 2021, the Scope 3 emissions amounted to approximately 995 ktons of CO_{2eq} with an increase of 2% compared to 2020 and 1% compared to 2019, mainly due to indirect emissions associated with the production of fuel and electricity, which are closely linked to the Group's energy consumption (+16.5 vs 2020).

Compared to the targets of the Net Zero Strategy, Snam has reduced its absolute emissions (target 1) due mainly to Associate companies by **13% compared to 2019**, thanks to the increasing awareness of the Associate companies themselves, which have reduced their emissions by 21% over the same period. Snam is continuing to work on this issue by organising workshops and meetings to share best practices for reducing greenhouse gas emissions, including the use of green gas, the implementation of LDAR programmes and the use of energy from renewable sources. Other activities to work towards this target include sustainable mobility and employee initiatives (company shuttles, public transport facilities, smartworking and the use of videoconferencing systems for meetings).

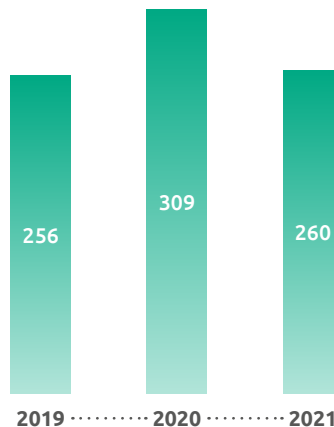
With regard to the supply chain emissions intensity target (target 2), Snam remained broadly in line with 2019 values (+2%), while it achieved a reduction compared to 2020 values (-16%), thanks to green procurement initiatives of goods and services and to ongoing supplier awareness-raising activities on the issue of decarbonisation. This will be a challenging objective to work over the next few years, and Snam is committed to incentivising those suppliers that define clear plans to reduce greenhouse gas emissions and to develop synergies with suppliers to accelerate the fight against climate change.

TARGET 1
(ktCO_{2eq})



Emissions from Associate companies, fuel extraction and electricity production and transportation, business travels and employee commuting

TARGET 2
(tCO_{2eq}/M€ CapEx)



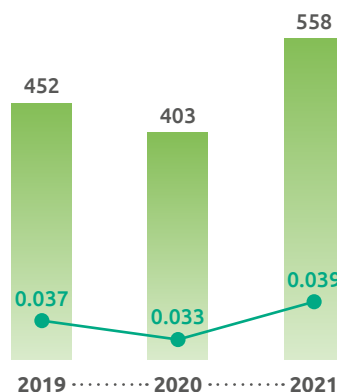
Supply chain emissions, calculated as the emissions of suppliers parametrised against millions of euros of CapEx

Emissions of nitrogen oxides (NOx)

Natural gas is the alternative that Snam has always preferred over petrol and diesel, which are more polluting energy sources and account for only 0.6% of the company's energy mix, as it also contributes to the reduction of sulphur oxide and dust emissions. As a result, the only relevant pollutant emissions for the Group are **nitrogen oxides** (NOx), mainly resulting from the combustion of natural gas in the compressor plant turbines.

The increase in consumption for gas transport (+51%) resulted in a 38% increase in total NOx emissions compared to 2020, from 403 to 558 tonnes. This increase is mainly due to the supply of gas from the North African backbone, which is more energy intensive, but is in any case lower than the increase in fuel gas thanks to the actions implemented by Snam in recent years with the launch of a programme to replace traditional turbines with low-emission turbines (DLE). In fact, the average NOx emissions for installed capacity improved compared to 2020 and were 3 and 3.8 [mg/Nm³]/MW for storage and thrust, respectively.

TOTAL NOx EMISSIONS
(t)




● NOx emissions/energy used (kg/GJ)

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

TARGETS AND PERFORMANCE

SDGs	KPI	ESG Scorecard	Target	2021 performance	
	Percentage of vegetation restoration of the natural and semi-natural areas involved in the construction of the pipeline routing		>99% until 2025	100%	



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

The protection and enhancement of the territories where Snam operates and the conservation of the natural heritage are at the core of the approach adopted for the infrastructures management, from the engineering phase until the decommissioning one, and it is based on 4 key words:

AVOID	MINIMISE	RESTORE	COMPENSATE
damage to the environment and biodiversity in the areas where Snam's infrastructure is located	impacts on landscapes and biodiversity	pre-existing vegetation and morphological conditions	any impacts with further action to safeguard and protect the environment

When **designing** the network, the company implements all necessary measures to **avoid or minimise** environmental impacts. In particular, the works as a whole are assessed and authorised in environmental and safety terms by the competent administrations, both at central and local level, through the **Environmental Impact Assessment (EIA)** or **Integrated Environmental Authorisation (IEA)** procedures, which comply with stringent environmental compatibility and safety assessments and guarantee the utmost respect for the natural environment and protection of biodiversity. These procedures are applied, inter alia, through the preparation and implementation of specific **Environmental Monitoring Projects (EMPs)**.

The paths of the line and the construction techniques are accurately chosen in order to avoid or minimise 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.

During the **construction** phase of the most important works, including compression plants and large methane pipelines, Snam also assesses the **direct and indirect economic and social impact on the territory and local communities** through the **Social Impact Assessment**, the adoption of a regional **Input-Output model** developed in collaboration with the Department of Economics and Management of the University of Brescia. These tools allow the impact of a project to be assessed by calculating the added value generated by the investment starting from the total production value.

Once the pipeline has been laid, the phase of **restoring** the vegetation and morphological conditions of the area begins in order to return it to its original conditions, guaranteeing the stability and natural balance of the habitat and promoting the biological functionality of the area and the development of biodiversity.

The environmental restoration activities are included in a **five-year plan** for the **compensation** of impacts, which consists of reforestation, care and maintenance of plants and shrubs planted and also includes **environmental monitoring** projects to verify the renaturalisation process based on a comparison of the pre- and post-operational land conditions.

The commitment to protecting the land and biodiversity has been formalised with a specific objective included in the ESG Scorecard, which envisages restoring vegetation in natural areas affected by the construction of the Group's methane pipelines by more than 99% per year until 2025. The target was successfully met in 2021, with 100% of vegetation recovered in areas impacted by pipeline construction.

The environmental monitoring project: between environmental protection and innovation

Existing and planned pipeline projects in the next few years mostly consist of replacements of existing line sections. With reference to the main replacement projects, the programme for the five-year period 2016-2021 includes the development of the **design** and **start of authorisation procedures for numerous projects for a total length of more than 1,000 km**, as well as the execution of numerous **feasibility and pre-feasibility studies**.

In a context of increasing sensitivity to environmental issues, the EIAs and EMPs have become increasingly important. In particular, an EMP consists of a series of measurements, surveys and field analyses carried out on the **environmental components** of the project development areas and those potentially impacted. These include: **water environment** (surface water and groundwater), **soil, biodiversity** (vegetation, flora, fauna and ecosystems), **noise, atmosphere** and **landscape**.

Given the variety of issues addressed, the drafting and implementation of the EMP requires the involvement of a multidisciplinary team of experts consisting mainly of botanists, fauna specialists, geologists, hydrogeologists, chemists and acoustic technicians coordinated by the competent Snam territorial offices, for the entire duration of the Plan's implementation.

In fact, the EMP has a multi-year duration, with the first field activities starting one year before the start of construction activities (**ante operam monitoring**) for seasonal fauna monitoring, and then continuing in parallel with all construction activities (**in progress monitoring**), generally continuing for five years after the closure of the construction sites (**post operam monitoring**).

In 2021, the company managed the **environmental monitoring of approximately 950 km of network**, but as a result of the implementation of the programme of interventions described above, this figure is set to increase in the coming years.

The EMP requires the approval of the Ministry of Ecological Transition and the relevant Regional Environmental Protection Agencies (ARPA). It is also necessary to send monitoring data to ARPA throughout the period for constant and timely verification of the project's environmental impacts and the effectiveness of mitigation measures.

In order to meet this need, starting in 2021 and as part of the rebuilding of the Pieve di Soligo - S. Polo di Piave - Salgareda pipeline, Snam has introduced an innovative data transmission method which had already been previously tested for the TAP Interconnection pipeline. In fact, the monitoring data can be viewed and downloaded, after being validated by Snam, directly from the Authority through a special map panel created in the company's Cartesio Web application. The map panel allows to view the project layout on a photographic and cartographic basis, to locate georeferenced monitoring stations and points, and to view and download the results in both numerical and text format. The new system also serves as a database for environmental data related to the territories crossed by the works: they are of high scientific value and often provide useful information for defining the environmental quality of their area.

ENVIRONMENTAL MONITORING AND RESTORATION (km)

	2019	2020	2021
Environmental restorations	63	98	154
New reforestation(*)	8	16	6
Plant cares	73	65	70
Environmental monitoring	747	1,094	946

(*) In 2021, the new reforestation areas covered approximately 108,800 m² (285,722 m² in 2020).

The monitoring phase of the areas impacted by Snam's infrastructure projects also includes continuous checks on the proper functioning of the network, which are carried out using technology and experienced personnel in order to ensure the complete, efficient and effective monitoring of all assets.

The **Dispatching** unit is responsible for the surveying and remote control of Snam's transportation network, whose pipelines are subject to regular maintenance and inspection activities. The monitoring is carried out by the company's specialised personnel, who control the pipelines on foot, by vehicles and by air. Additional experienced personnel are assigned to control the power plants, storage facilities and related auxiliary plants.

Technologies are a fundamental aid to ensuring high quality levels in terms of infrastructure monitoring. Among these, Snam uses **In Line Inspection** (ILI) instruments, which use smart "pigs" equipped with sensors that pass through the pipelines, detecting the presence of any defects, geometric anomalies, corrosion, or minimal axial displacement of the pipelines themselves. ILI technologies also include remote control systems to check the stress state of pipes laid in areas with potential hydrogeological instability.

The technological innovations in this field are constantly evolving and Snam is committed to researching and developing new opportunities, with a view to constantly improving its ability to observe the infrastructure and prevent and/or intercept potential dangerous situations for network safety. The company has recently equipped itself with **drones** and an organisational structure based on an aviation model, as well as **satellite tracking technologies**. In this context, project work has been completed on a pilot route of approximately 1,400 km and field verification of the evidence produced is underway, with the initial results being very satisfactory. In addition, the implementation of the **Leak Detection and Repair** (LDAR) project developed in-house continued in 2021, enabling inspection and field surveys to be carried out in order to prevent, detect and resolve any methane leaks from pipelines.

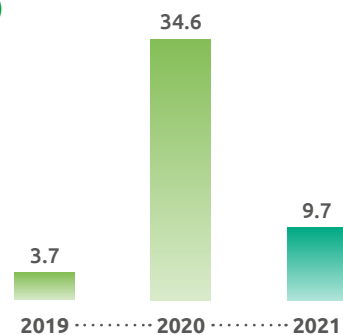
The monitoring of the **storage facilities** is carried out by means of detection systems, including optical detectors, temperature-sensitive cables, fuse plugs, smoke detectors, sound level meters, pressure transmitters, etc.. These systems allow the activation of emergency (ESD) or process (PSD) shutdowns, ensuring the safety of the plants. In this context, Snam completed the installation of **phonometric systems** in all plants in 2021. They are able to detect gas leaks from plant equipment and automatically activate the blocking of the equipment itself.

MONITORING AND INSPECTING THE NETWORK (km)

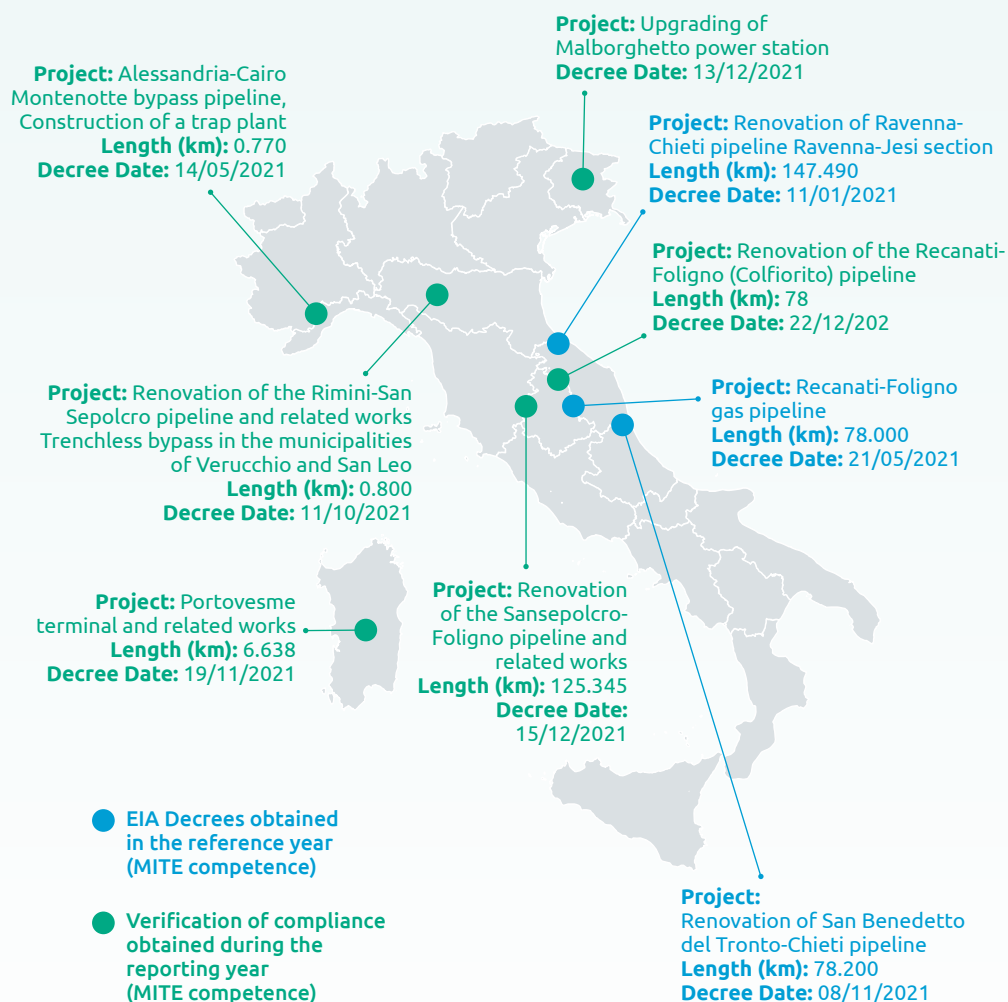
	2019	2020	2021
Network inspected through smart pigs	1,651	1,487	1,410
Network inspected through helicopter overflights	20,178	20,662	20,841
Network inspected with Leak Detection and Repair (LDAR) Programme	-	10,535	10,889
Network subject to geological inspection	5,163	4,438	5,993

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 2021, the number of Natura 2000 Network Sites subject to infrastructure works is lower than in the previous year (9.7 km vs 34.6 km) and affected the regions of Abruzzo, Friuli-Venezia Giulia, Molise, Apulia, Sicily, Trentino-Alto Adige and Veneto.

DISTANCE COVERED BY PIPELINES IN NATURA 2000 NETWORK SITES (km)



Decrees and measures obtained during the year (MITE competence)



BIODIVERSITY

154 km
recovered following laying of new pipelines

6 km
new reforestation

108,800 m²
new replanting

70 km
pipelines undergoing plant cares

946 km
environmental monitoring



COMMUNITY AND TERRITORY

43
mayors met to illustrate implemented projects

3
meetings with local farmers' associations

EIA COMPLIANCE VERIFICATION REQUEST PRESENTED DURING THE REPORTING YEAR (MATTM COMPETENCE)			
Project	Length	Regions involved	Decree Date
Piggability of the Castellana - Castellana Grotte pipeline	0.342	Apulia	15/02/2021
Piggability of the Siena-Torrenieri methane pipeline KM 1.800	1.8	Tuscany	25/02/2021
Sardinia Virtual Pipeline Network Centre (ENURA)	49.18	Sardinia	26/04/2021
Sardinia Virtual Pipeline Network South (ENURA)	18.83	Sardinia	28/06/2021
Adaptation of Messina gas compressor station	//	Sicily	30/06/2021
Adaptation of Masera gas compressor station	//	Piedmont	02/07/2021
Casalbordino gas pipeline renovation and related works	15.5	Abruzzo	30/07/2021
San Salvo network and related works	18.0	Abruzzo	05/08/2021
Adaptation of the Poggio Renatico compression plant	//	Emilia-Romagna	01/10/2021
Rationalisation of Fabriano network	8.9	Marche	26/11/2021
Pipeline inspection. "Camerino - Gubbio" and "Renovation - Der. Gualdo Tadino"	11	Marche - Umbria	09/12/2021

ACTING FOR THE ENVIRONMENT: WASTE AND WATER MANAGEMENT

Snam pays particular attention to the correct management of waste and water through the structured supervision of both issues.

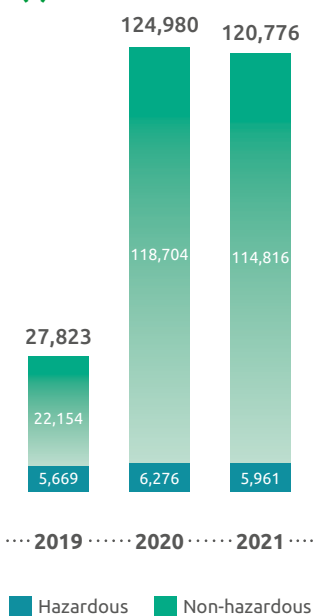
WASTE MANAGEMENT

The quantity and type of waste produced by Snam makes waste management a non-material issue for the Group, but one that must be managed appropriately and correctly in order to reduce the environmental impact of the business as much as possible.

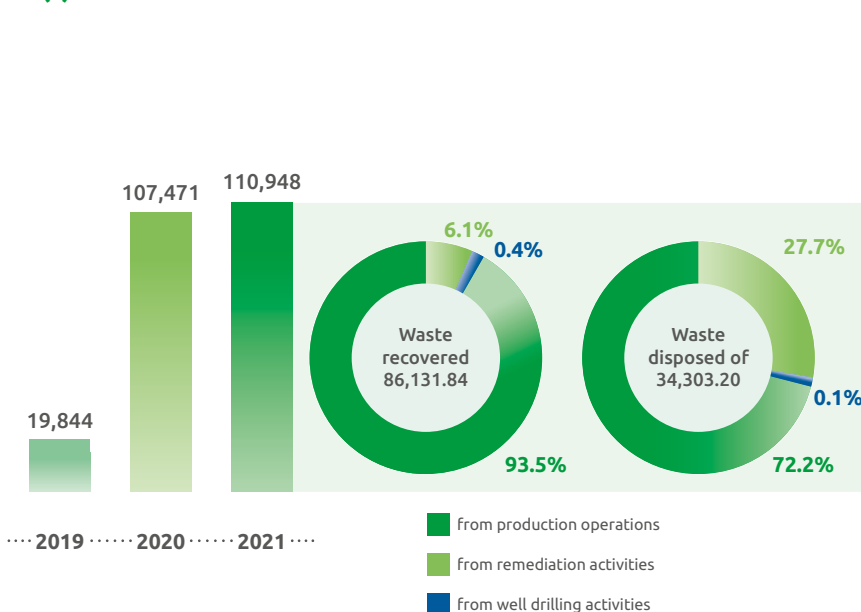
Most of the waste produced by Snam is attributable to three macro-activities: plant maintenance and management (92%) and well drilling (8%), and consists mainly of ferrous waste, which is non-hazardous and fully recovered in accordance with the **circular economy** model adopted, which envisages the transformation of waste into reusable resources, where possible. In this regard, 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 2021, the total waste production amounted to 120,776 tonnes, a figure broadly in line with the previous year, most of it attributable to Snam4Environment activities (41%), included in the scope of consolidation since 2020. Furthermore, out of the total waste, 95% is non-hazardous and 71% of the waste is sent for recovery.

TOTAL WASTE PRODUCTION (t)



WASTE FROM PRODUCTION ACTIVITIES (t)



Paperless project to reduce office waste

For the company, reducing emissions and environmental impacts in general starts from within itself. In this regard, the **Paperless** project was launched with a view to reducing paper consumption in the company as much as possible by 2022. In order to achieve the target, consistent with the orientation towards reducing waste and reducing the use of raw materials, a Postal Service was introduced with the dematerialisation of general incoming mail and outgoing mail (mainly registered mail and priority mail). In addition, all magazine and newspaper subscriptions were changed to 100% digital.

WATER RESOURCE MANAGEMENT

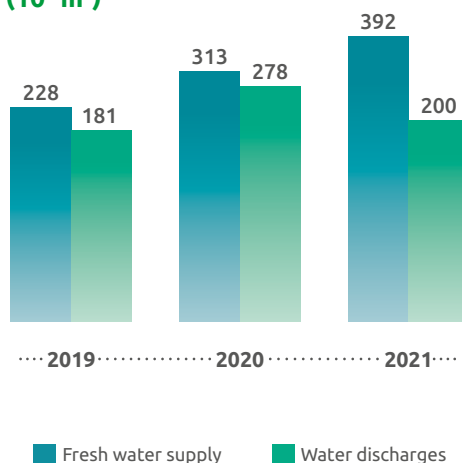
Snam pays particular attention to preserving water resources and properly managing water withdrawals and discharges in order to minimise its environmental impact, although this is not a material topic considering the amounts used and the type of withdrawals and discharges.

Sea water and fresh water are used in the production process and offices respectively, resulting in total consumption of approximately 6.44 million cubic metres in 2021, of which 6.05 million cubic metres of sea water (in line with the withdrawals of 2020) and 0.39 million cubic metres of fresh water. The latter increased by 25% compared to 2020 mainly as a result of the inclusion of Mieci and Evolve in the scope of consolidation for the full reporting year (they were included for only three months in 2020), and the number of their employees increased in 2021.

Sea water is withdrawn for cooling auxiliary plants at the Panigaglia LNG plant in Liguria, and is completely discharged into the sea in the same volume, with a slightly higher temperature but within the terms of the law. The upstream storage activities (*) produced approximately 6,909 cubic metres of process water (+14% compared with 2020), all sent to an external treatment plant.

The withdrawal of fresh water, mainly used for office activities, fire-fighting systems and the irrigation of green areas increased by 25% compared to 2020, while with regard to water discharges, waste water is either conveyed to the sewerage system (78% of the total) or discharged into the soil and surface water bodies (22% of the total). In this regard, 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 waste water, as it is treated and entirely absorbed by the planted vegetation.

FRESH WATER (10³ m³)



(*) Upstream storage activities relate to the treatment of Stogit's power plants, where gas is withdrawn from the well, producing process water.

PEOPLE



By ensuring professional development through continuous training, the Group actively collaborates with suppliers to reduce emissions throughout the value chain and nurtures solid relationships with communities, also thanks to the initiatives of the Snam Foundation, contributing to the development of local economies.





The network of people who are part of the Snam world is a fundamental element in achieving the Group's objectives and success, in a context of rapid transformation of the energy transportation system that increasingly requires an organisation to be motivated, agile, prepared and ready to face present and future challenges. The company is therefore committed to valuing its people, developing their skills, involving them in a listening process through a transparent management and encouraging them to have an active and proactive role. Bringing out talent and training diversified professionals relevant to the development of new businesses, creating an inclusive working environment where diversity and plurality are protected and valued: these are essential elements in Snam's work.

In addition to its own people, the Company pays great attention to its suppliers and collaborators, involving them in awareness-raising processes to achieve high performance levels which are also consistent with the company's values and sustainability objectives. Furthermore, it establishes relationships based on trust and cooperation with local communities, enhancing the development of local areas also thanks to the valuable work of the Snam Foundation.

VALUING PEOPLE

Developing the skills of its people, investing in their training in order to improve their knowledge, is a fundamental requirement for Snam, which is increasingly committed to developing new energy transition businesses and requires increasingly specialised and diversified skills. The ability to constantly and quickly innovate within teamwork and interconnectedness where engineering, managerial and technical skills emerge are further essential elements that enable the company to grow, evolve and create value in the energy context in which it operates.

"Energy to Inspire the World" encompasses the objective of strengthening the sense of belonging to create a working environment that offers concrete opportunities for growth, which lead to development and change. In this perspective, involvement and valorisation initiatives are an important tool for both the affirmation of a new and successful organisational and professional reality and for sharing a new corporate culture. Among these, to support entrepreneurship and empowerment, as well as the presence of cross-functional project teams, the introduction of agile working methods such as smartworking and new criteria to foster professional development, a new tool aimed at enhancing leadership, have been launched. More specifically, a dedicated questionnaire involving more than 900 people both assessing and being assessed, allowed the managerial population to improve their skills in the areas of delegation and empowerment, prioritisation and information sharing, as well as their listening skills and empathy in managing their employees.

Snam's Awards

Italy's Best Employers

The study "Italy's Best Employers" carried out by Corriere della Sera in partnership with Statista, has recognised Snam as the best company to work for in Italy in the Energy sector for two consecutive years.



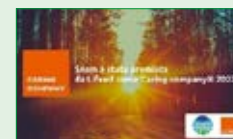
STEM Universum (Students and Professionals)

In 2021, Snam was ranked third in the energy sector according to the Universum's "Most Attractive Employers Italy" ranking in both the Student and Young STEM Professionals categories. This award demonstrates the company's growing commitment to fostering STEM disciplines.



CARING COMPANY® 2022

Created by Lifestream, Caring Company® recognises companies' ability to identify and embrace the fullness of life of their people with an eye to innovation and the future, while also contributing to growth and cultural change in our country. The result obtained thanks to the investments and commitment that Snam has dedicated to activities aimed at its people with the objective of:



- creating a positive work-life synergy with the new smartworking agreement
- promoting an evolving leadership model
- focusing on the continuous growth of its people

LIFE AT SNAM

TARGETS AND PERFORMANCE

SDGs	KPI		Target	2021 performance	
	Percentage employee engagement index		70% by 2021 N.M. (*) by 2025	82%	
	Eliminating single-use plastics in offices		-100% by 2021	Postponed to 2022	

(*) New methodology under development.



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

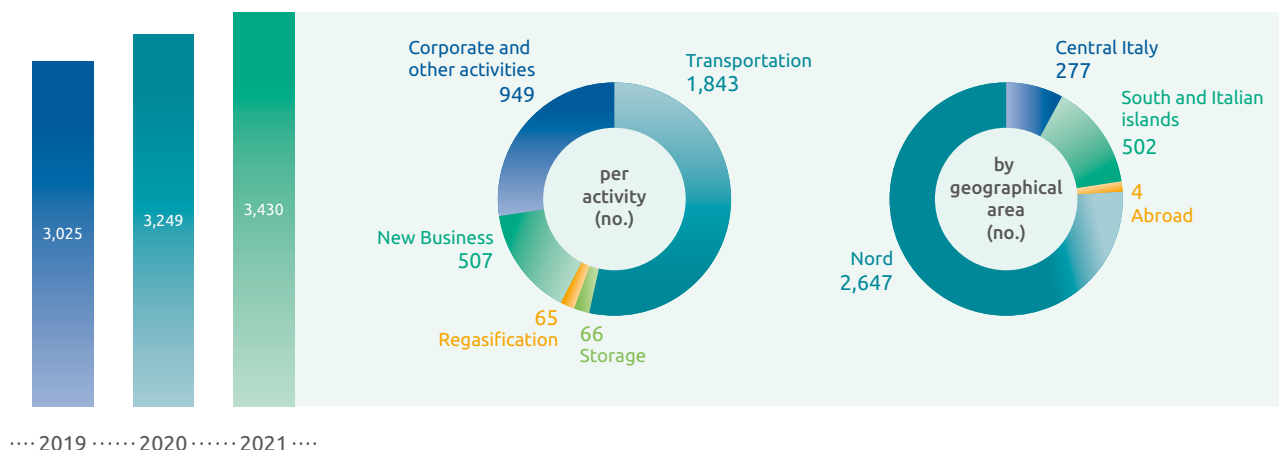
Our people

Snam's staff management is developed on the foundations of growing with people in an inclusive and meritocratic environment that values human resources and provides them with opportunities for personal and professional development. The development of new energy transition businesses and the consequent need to expand know-how and skills in these areas has led to a progressive increase in the company population. At 31st December, the Snam employees were **3,430**, an increase of 5.6% compared to 2020 thanks to 413 new hires (37 more than in 2020), of which 208 in the core business, 160 in the new businesses (72 in the energy efficiency, 33 in the biomethane, 17 in the sustainable mobility, 25 in the hydrogen and 13 in other new businesses) and 45 in "New Activities". In the same year, Snam recorded a total of 226 terminations, an increase of 48.7% compared to 2020, mainly due to the consensual termination of employment (107) and voluntary resignation (88).

Comparing the data on the number of voluntary entries and exits, the voluntary exit rate (equal to 2.6%) and the length of service (equal to about 16 years) not only show the Group's growth, but also how Snam has created a working environment where employees can take advantage of the real opportunities for professional development and growth, as well as work on and strengthen their skills. Snam offers a stable, continuous employment relationship, in fact, over 92% of people have signed a permanent contract and represent highly qualified and specialised resources. In this respect, 54% of employees have a technical diploma and 33% have a university degree (an increase of four percentage points compared to 2020). At 31st December 2021, the following were active: 37 part-time employment contracts (5 less than the previous year), 246 apprenticeship or placement contracts (+25% compared to 2020) and 53 workers were employed under staff leasing contracts (+10 compared to 2020).

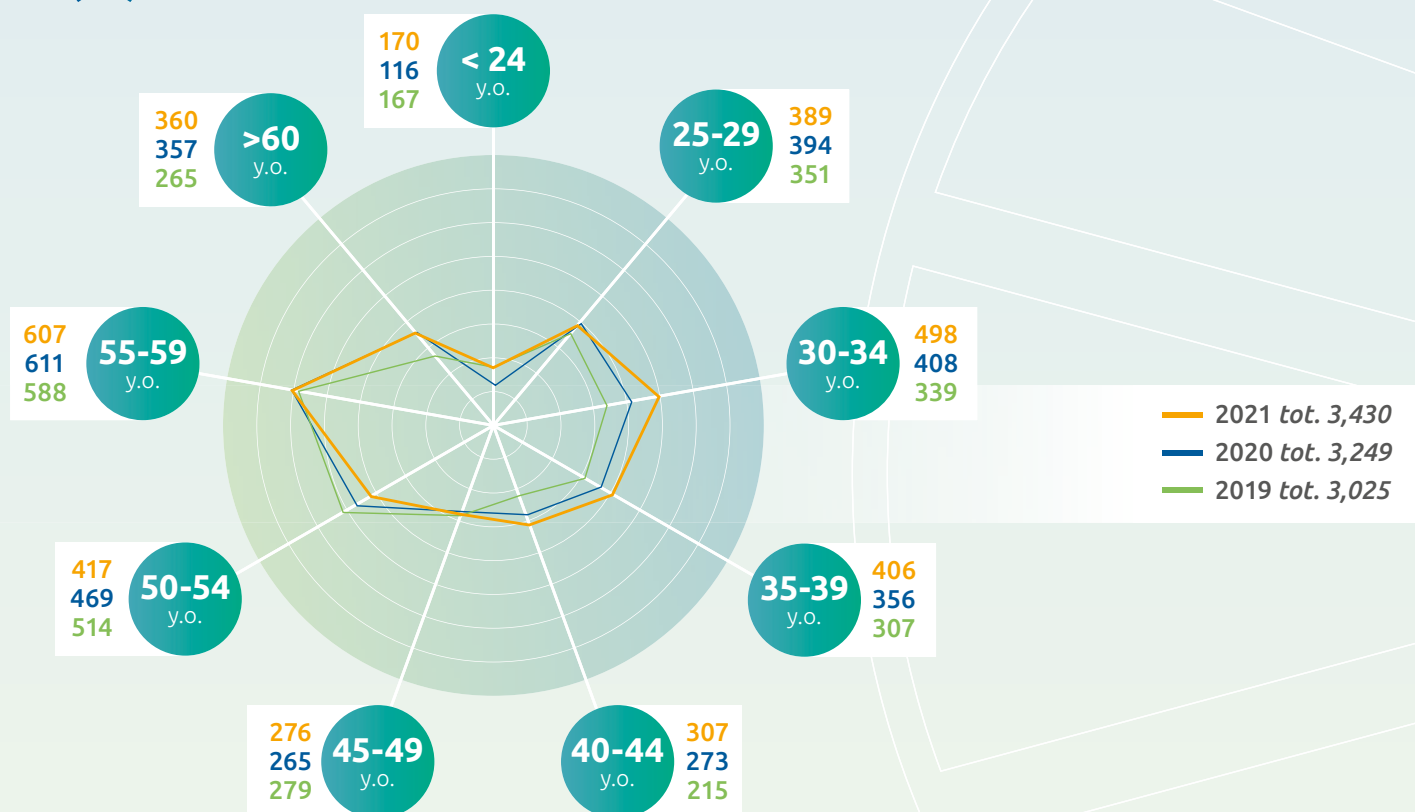
Snam is becoming an increasingly younger company, in 2021 it further reduced the average age to less more than 43 years and 43% of the company population is under 40 years old (1,463 people, +15% compared to 2020), while those over 50 years old make up 40% of the Group.

EMPLOYEES AT 31st DECEMBER 2021 (no.)

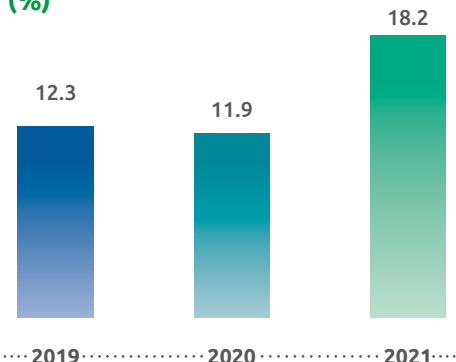


	2019	2020	2021
LEVEL			
Senior Managers	111	131	141
Middle Managers	493	549	600
Office workers	1,683	1,764	1,880
Manual workers	738	805	809
QUALIFICATIONS			
University graduates	819	949	1,129
Secondary school graduates	1,714	1,759	1,845
Other qualifications	492	541	456
CONTRACT TYPE			
Permanent	2,817	3,036	3,161
of which part-time	38	42	37
Apprenticeship / placement	193	197	246
Fixed-term	15	16	23

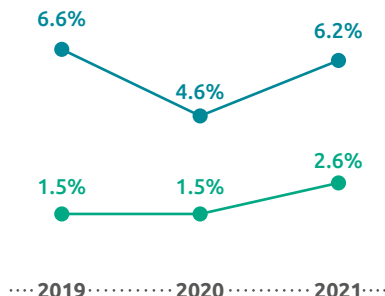
EMPLOYEES BY AGE GROUP (no.)



OVERALL TURNOVER (%)

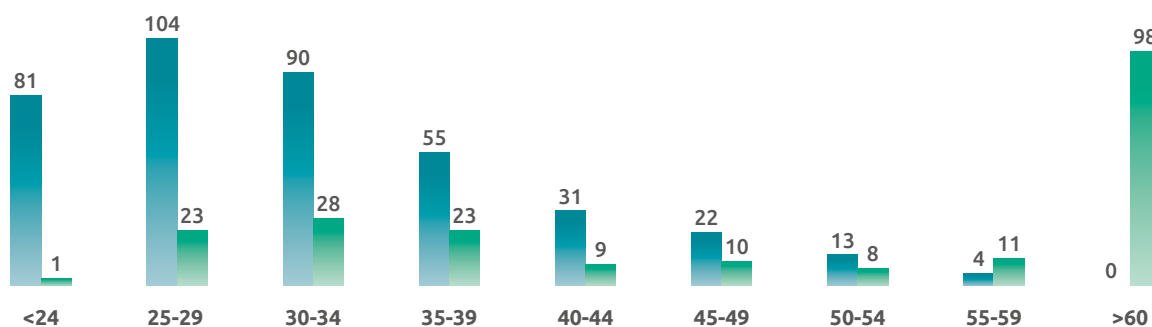


EXIT RATE (%)



- Exit rate = (exits / average workforce) x 100. Exits due to transfers to non-consolidated companies are excluded.
- Voluntary exit rate = (exits by resignation / average workforce) x 100. Exits due to transfers to non-consolidated companies are excluded.

MARKET ENTRIES AND EXITS BY AGE GROUP (no.)



Communicating and engaging our people

Snam assigns great importance to the **participation of its people in company activities and encourages the sharing of values and principles**, as well as projects and initiatives. Internal communication also plays a strategic role in **creating and disseminating value**, reinforcing the sense of cohesion and belonging to the company, as well as a shared culture on multiple issues including **solidarity, inclusion, diversity and sustainability**. In this context, the collaboration with **Snam Institute and Snam Foundation** plays a central role in making the content enjoyable and easily accessible.

Snam continued to give due attention to the issue of the health emergency and its impact which remained also in 2021, in respect of which the successful and useful initiatives of the previous year continued. In addition, new initiatives have been designed and launched with the aim of bringing the Group's closeness of to employees, offering constant support and keeping them up-to-date on the company's activities and direction in a context still characterised by complexity and uncertainty.





In order to promote the sustainability of people engagement over time, an internal committee for engagement initiatives has been established. It has been tasked with coordinating activities and defining an engagement calendar throughout the year, guaranteeing synergy between company areas, the consistency of messages and avoiding the risk of *overload* due to the multiplication of proposed appointments.

In order to present all the initiatives in the best possible way, in an effective way towards colleagues and encourage participation for the various areas of interest. The **Initiatives newsletter** has been created as a new internal promotional tool that includes all the engagement opportunities planned and offered by Snam.

More than 50 initiatives closely engaging employees were offered during the year; the main ones are presented below.



Engagement activities

<p>INNOVATION</p> 	<p>TecHub Bologna event</p> <p>The first hybrid event of the year physically brought together, in full compliance with health protocols, colleagues from the Bologna District, those involved in the TechHub programme and Snam's top management to celebrate the birth of the first "District of the Future". The event was streamed by over 900 colleagues connected from different parts of Italy.</p>	<p>Snaminnova</p> <p>This programme aims to promote open innovation projects capable of exploiting both the company's internal knowledge and experience and the best innovative start-ups on the market. For more information, see the chapter "Prosperity, innovation and digitisation for business development and cyber security".</p>
<p>INCLUSION</p> 	<p>Inclusion Week</p> <p>A week of online events dedicated to diversity and inclusion designed by the Snam Inclusion Team in collaboration with external partners, to spread an increasingly inclusive culture. The initiative surpassed 1,000 total attendees at the week's various events, including the establishment of three corporate Employee Resource Groups around the themes of parenting, LGBTQ+ inclusion and the promotion of STEM disciplines.</p>	
<p>SNAM</p> 	<p>#80AnniDiValore</p> <p>A campaign to celebrate Snam's 80th anniversary under the spirit of the values that distinguish the company and its people. Thanks to the creation of a dedicated web platform, people exchanged virtual greeting cards, dedicating a Snam value to each other, as well as the behaviour they recognise and appreciate in their colleague. The CEO sent the first value greeting card to all the people in the company. Over 2,400 cards were sent, also triggering numerous shares on social media channels.</p> <p>The 2021-2025 Strategic Plan and Vision to 2030</p> <p>An annual webinar is held presenting the Group's strategy by the CEO. This year, in addition to the 2021-2025 Strategic Plan, Snam's 2030 Vision was also shared, followed by a Q&A session in which the CEO answered questions from employees live. The meeting reached a record number of connections, with over 1,900 Group colleagues taking part in the live broadcast.</p>	<p>Christmas with Snam</p> <p>A series of virtual appointments for all Group colleagues and their families, both live and in streaming on a dedicated platform, to celebrate the Christmas spirit together, even if from a distance. The themes that guided the activities and creative workshops for both kids and adults included attention to waste, creative recycling and the inclusion of cultures.</p> <p>Best wishes online - Protagonists of our history</p> <p>The annual end-of-year event was marked by a special celebration for the Snam's 80th anniversary. Completely virtual, the meeting was attended by the CEO and Chairman, including contributions from various colleagues representing the different Snam generations, to tell and share the sense of pride and belonging of being part of the Company.</p>
<p>COMMUNITY</p> 	<p>Social initiatives</p> <p>Despite the continuing pandemic emergency, the company continued to invest in initiatives to promote and enhance the social commitment of its people, thanks to the Snam Foundation. Skill volunteering and online volunteering programmes continued, albeit remodelled at a distance, alongside three payroll giving campaigns.</p>	

The company intranet **Easy** supports the communication activities, designed as a useful and inclusive digital workplace for the company's people. Only one year after its birth, Easy has grown again, increasing the amount of content published by 14% and the number of views compared to 2020 by more than 24%. The on-boarding plan on the energy transition businesses enterprise tool involved the Renerwaste colleagues and the planning of further on-boarding for 2022.

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 employees concerning the company and the gas market. They are entirely disseminated and promoted online, coherently with the Paperless project launched in 2020.




Easy, one of the world's best intranets

In April 2021, Snam was the only Italian company to receive an award from the American digital consultancy company Nielsen Norman Group for its corporate intranet, having also won the **Intranet Italia Champions 2020** in the previous weeks.

The award was given as part of "**Intranet Design Annual**", which recognised the top ten intranet platforms globally for their ability to facilitate remote working, support internal communication flows and simplify access to corporate services for employees.

Facing difficulties together

The continuation of the health emergency, which has seen periods of remote work alternating with attendance in the offices in limited numbers, always and in any case while wearing masks and respecting social distancing, has continued to make efforts to ensure the constant dissemination of information to the entire company population necessary and increasingly challenging, maintaining and strengthen the sense of belonging and preventing people from feeling alone. Snam has therefore maintained its commitment to guaranteeing **continuous, direct and transparent communication**, guided by a **caring and inclusive approach** to the various situations that colleagues in the various corporate areas have found themselves experiencing - from continuous smartworking, to the presence of operational areas in the local offices, to a contingent presence in the headquarters - with the aim of providing timely information, guaranteeing support and making the company's presence felt.

<p>INFORMATION</p> 	<ul style="list-style-type: none"> • +50 direct mail updates and news on the intranet Easy. • 6 video messages from the CEO for updates and information. • Medical-scientific webinars with Professor Repici to explore doubts and false myths about vaccines, with a live Q&A session. • Constant updating of the Health Protocol and related summary documents and behavioural guidelines for colleagues, along with video tutorials to spread good practices for compliance with workplace health and safety provisions.
<p>ENGAGEMENT</p> 	<ul style="list-style-type: none"> • +70 #distantimauniti messages - un anno dopo, (Far but united - one year later) collected and published on the intranet Easy. • Webinars with the participation of the CEO focusing on the feedback obtained from the second Covid questionnaire at the end of 2020 and sharing the main actions that the company has subsequently put in place in response to the needs that have emerged. 4 webinars to engage and discuss directly with the crisis management team and management population to foster a better understanding of the evolution of the company's measures to limit the pandemic emergency and gather feedback and any criticalities. • 4 webinars with the Crisis Management Team on updates and the evolution of behaviour in the company, aimed at the entire company population, to raise awareness of the need to be responsible for one's own health and that of colleagues. • InsiemeInSede (Together in the offices) a new campaign for the return to the offices that saw the use of all communication channels in an integrated logic, to facilitate the gradual return of colleagues to the offices in total safety.
<p>CARING AND WELL-BEING</p> 	<ul style="list-style-type: none"> • Supporting the design, implementation and promotion of services and initiatives for colleagues and their families, from the Covid-19 policy, health care services and agreements, support for new reconciliation needs, to Covid-response welfare packages designed specifically for colleagues and their families. • Updating and disseminating good rules for effectively and efficiently collaborating with remote colleagues.

CARING FOR THE WELL-BEING OF OUR PEOPLE

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance
 	Percentage of participants in welfare activities 	50% by 2021 56% by 2025	50% 



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached



In order to pursue sustainable success and increase the level of protection for people, it is essential to offer a structured welfare system capable of listening to and satisfying the needs of employees and their families, helping to improve the quality of life of each individual. The effectiveness of this tool is measured by the percentage of employees who use the services offered, a goal that has also been formalised in Snam's ESG Scorecard, which envisages reaching 56% of participants in welfare activities by 2025. In 2021, the participation rate recorded was 50%, a significant increase from 39% recorded in 2020.




CORPORATE WELFARE

Corporate welfare is the set of interventions, both monetary and in the form of services, that increases the level of social protection and purchasing power of employees with the aim of meeting the needs of the different segments of the corporate population.

Snam's **Welfare Plan**, created in 2018, continued to evolve year after year, providing to employees services capable of effectively responding to their needs. To this end, in order to better guide staff in the choice of the most appropriate service through an easy system to browse, a **welfare assistant** was activated as a single point of contact and mediator between personal needs and corporate welfare responses.

The "**Snammy**" platform encompasses all the initiatives of the Welfare Plan and it is organised into five main areas: Family and Education, Health and Care, Well-being and Work-Life Balance, Finance and Savings, Social Commitment. In total, there are 30 services (both corporate and contractual) offered to meet people's current needs and requirements. The **Welfare portal was refreshed** in 2021: a new graphic design was developed that allows for an improved and simplified welfare experience both in terms of content and the possibility of autonomously search for services. In order to facilitate a better understanding and use of the platform, a dedicated communication campaign has been launched and presentation webinars have been organised with voluntary participation, to explain the offer and answer questions live. At the same time all newly acquired companies completed their integration process and their employees were given access to dedicated portal.

AREAS	ACTIVITIES OFFERED	
FAMILY AND EDUCATION 	Nursery schools	Reimbursement of children's enrolment fee for employees who use it
	Summer and study campus	Summer stays for children of employees in certain locations of Italy and abroad. Despite the ongoing emergency period, summer camps were organised in 2021 for 107 children (of employees) with activities at the seaside and in the mountains
	S.O.S. Family	Counselling centre run by professionals to assist families
	Maternity, adoptions and foster care	Parenting guide. In this context, webinars were provided during 2021 which involved psychologists, seeking to help employees who are parents understand what it means for their children to be "digital". The webinars covered various topical issues, including cyberbullying
	Master Be Parents	Program transforming the parental experience into essential cross sectional competences also for professional growth for parents with children up to 3 years old.
	School	Subsidies for the purchase of schoolbooks, scholarships for employees' children and loans for school expenses
	Covid-19 Response	Refund for babysitting costs in order to support family needs
HEALTH AND CARE 	Accidents	Insurance coverage for non-occupational accidents
	Supplementary healthcare	In 2021, a supplementary contractual health fund policy was designed for Snam's Technical Leaders, colleagues with particular experience and expertise who will be able to take advantage of this benefit from 2022
	Medical prevention LILT	Prevention protocols at affiliated medical centres
	Specialised medical services and check-ups	Arrangement with Monzino Cardiology Centre and San Raffaele Hospital for visits intended for employees and their family members
	dediCARE	Social service for children, the elderly, disabled, etc. developed courtesy of the partnership with the regional cooperatives of the Third sector
	Covid-19 Response	Covid Policy extended again for 2021, covering expenses due to hospitalisation caused by the pandemic virus. In 2021, the request service was activated for swabs and serological tests (free of charge for the employee, paid at home for family members)

AREAS	ACTIVITIES OFFERED	
WELLNESS AND WORK LIFE BALANCE 	Sports centres	Discounts and favourable conditions for sports activities.
	Snammy bene	Awareness-raising courses on individual well-being issues The mindfulness courses created as part of the activities in response to Covid-19 were also offered in 2021, along with webinars on new topics such as healthy eating and digital detox. In addition, one-hour counselling packages with a qualified nutritionist were offered to employees.
	Courses	Following suggestions from a questionnaire submitted to employees, cooking courses were proposed in 2021, which were offered in three online appointments.
	Working hours	Smart working, short Fridays, individual time accounts.
	Mobility	Subsidised purchase of public transportation passes; shuttle service to San Donate Milanese.
	Mobility portal	Traffic information, mobility app.
	Diet	High-quality company restaurant and takeaway service for private use.
FINANCE AND SAVING 	Flexible benefits	This programme is aimed at increasing the purchasing power of employees who participate in the initiative, by transforming a portion of the participation bonus, up to the totality of the same, into Welfare Credit that can be used to purchase other services offered by the Welfare Plan.
	Legal and Tax Counselling	Assistance for legal and tax issues.
	Discounts on CNG cars	In 2021, 23 colleagues purchased a CNG car through the Snammy portal, benefiting from a special discount on the interest of the loan or the contribution to the purchase of a CNG retrofit to be installed in their car.
	Special Discount Agreements	Insurance policies, credit cards, car leases, purchase of consumer goods, holidays booking.
	Electronic shopping vouchers	Contractual tickets from the National Work Contract Agreement (CCNL) for the metalworker sector on specific goods of the worker choice directly on the portal.
	Supplementary pension schemes	Supplementary pension funds, also funded by employer voluntary contributions.
	Microcredit	Low-interest loans with major credit institutions.
SOCIAL COMMITMENT 	Solidarity shopping	During the festive season (Christmas and Easter), colleagues can choose to give a special value to their gifts by donating support to those in need, choosing from the many proposals offered by the organisations in the specific area.
	5 x 1000	Cyclical and constantly updated list of organisations supported by the Snam Foundation, registered with the Revenue Agency for employees' 5x1000 contribution. The categories offered include financing scientific research and university and health research, the support of voluntary work and other non-profit social organisations, social promotion associations and recognised associations and foundations operating in the sectors set out in Article 10, paragraph 1, letter a) of Italian Legislative Decree 460 of 1997.
	Volunteering	Volunteering days and volunteering by expertise.

Disclaimer: some services are not available based on the geographical area or by the specific National Work Contract Agreement (CCNL)

Snam is actively dedicated to supporting employees in the area of **parenthood**, offering a concrete contribution to encouraging work-life balance through incentives and benefits that go beyond the law requirements. Throughout maternity leave, the employee keeps the company benefits and, during the period of compulsory abstention, the maternity benefits are paid at 100% of salary instead of 80% as required by law. In addition, **paternity leave** has been extended by an additional five days in 2021 compared to the legal provisions, in order to provide greater support to families.

Confirming the positivity of the working environment and the possibility of achieving work-life balance, again in 2021, 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





	2019	2020	2021
People on maternity/paternity leave (no.)	67	53	55
of which women	57	47	52
Positions closed during the year (no.)	46	38	35
of which women	36	32	32
Positions remaining active (no.)	21	15	20
of which women	21	15	20
People returning to work (%)	100	100	100
of which women	100	100	100

PERSONNEL ON PARENTAL LEAVE AT 31.12

	2019	2020	2021
Persons on leave (no.)	272	235	280
of which women	72	60	48
Positions closed during the year (no.)	238	210	229
of which women	62	50	39
Positions remaining active (no.)	34	25	51
of which women	10	10	9

THE IMPORTANCE OF CONTINUOUS TRAINING

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance	
	Hours of training provided	320,000 hours by 2023	157,341 hours from 2020	
	Adoption of the Performance Management programme	Extension of the scope to all subsidiaries by 2021	Scope extended to all subsidiaries (*)	

(*) Scope: Snam, SRG, Fondazione, GNL, Stogit, Enura, Snam4mobilty, Cubogas, Renovit, TEP, Snam4env, IES Biogas, Renerwaste, Gasrule, Snam Gas & Energy Services Beijing.



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

The context of continuous change and evolution in which Snam operates requires paying special attention to the training provided each year. In this regard, the company provides employees with training courses tailored to their role, experience and area of expertise, as well as cross-cutting training courses on topics related to their business. Among these, numerous proposals have been developed on digitisation to respond to the technological challenges and evolutions emerging from the reference context.

The centres responsible for disseminating knowledge



Composed of groups of people across organisational structures who have consolidated and recognised knowledge and experience in specific thematic areas relevant to the business, the Competence Centres oversee, develop and disseminate **corporate know-how** and are an internal reference point for related knowledge.



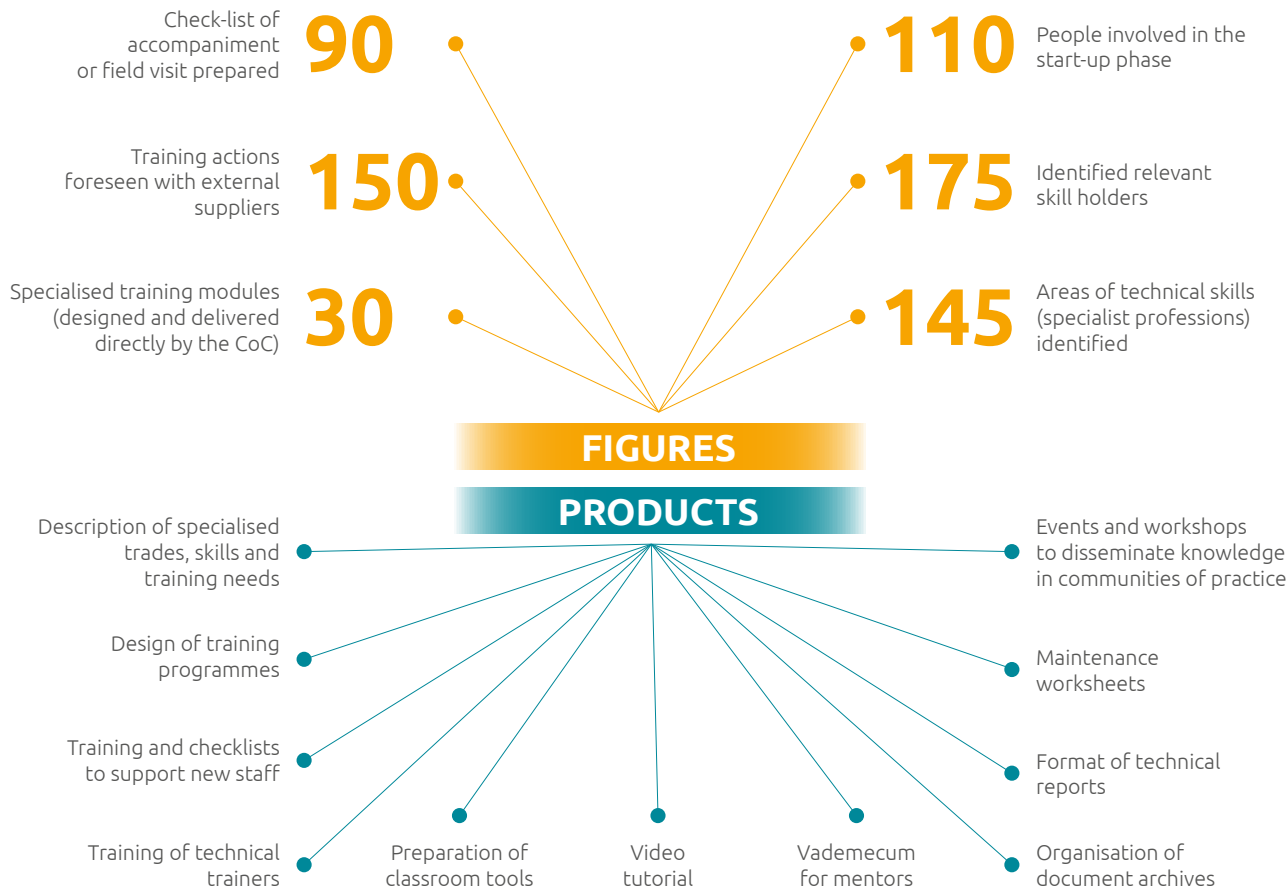
Consisting of 90 employees, the Internal Faculty is responsible for transferring technical and business knowledge to other colleagues, in a **from Snam to Snam** logic.



As an innovation accelerator, the Snam Institute disseminates Snam's technical know-how to make it available to everyone through training courses developed in three thematic areas: **Technical, Leadership, and Innovation & Transformation**.

Training is a strategic priority necessary to support day-to-day operations. In particular, Snam invested 783 euros per employee in 2021 and continued with the **"Leadership School"** training course involving the approximately 470 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 culture that Snam is pursuing. The participants were involved in five meetings during which they addressed relevant topics, including strategic relationship management, valuing differences between people in communication and relationships. The Leadership School also involved young people under 30 at Snam to support them in identifying individual development levers useful in managing the new remote working method and in managing a complex environment.

THE COMPETENCE CENTERS



Innovative Learning: start-ups on board with Snam

96 start-ups for 100 projects: two numbers are enough to define the success of **Snaminnova's Call4Startup Innovative Learning**, which will help Snam Institute to improve the quality of engagement and training in the company. From the many digital solutions proposed, an Evaluation Committee selected proposals from Skillgym, Skill Eyd Lab and Rising Pixel.

Skillgym is a digital role playing platform that simulates conversations by interacting with characters played by real actors and guided by an artificial intelligence engine.

Skill Eyd Lab combines different tools to develop skills through micro-learning and gamification.

Rising Pixel creates advergAMES and digital interactivity for team building and virtual event experiences.

The three selected start-ups underwent a business case development process, after which only two of them - Skillgym and Rising Pixel - were chosen to enter the final PoC (Proof of Concept) phase, during which trials will be launched in 2022.

96
start-ups

100
projects

3
start-ups
selected

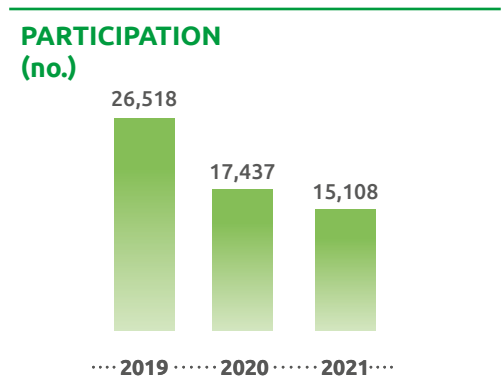
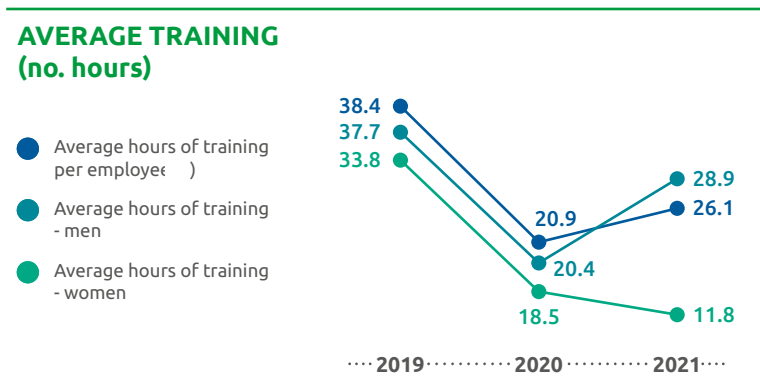
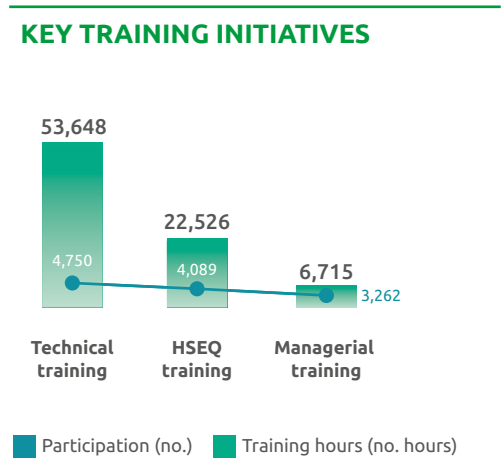
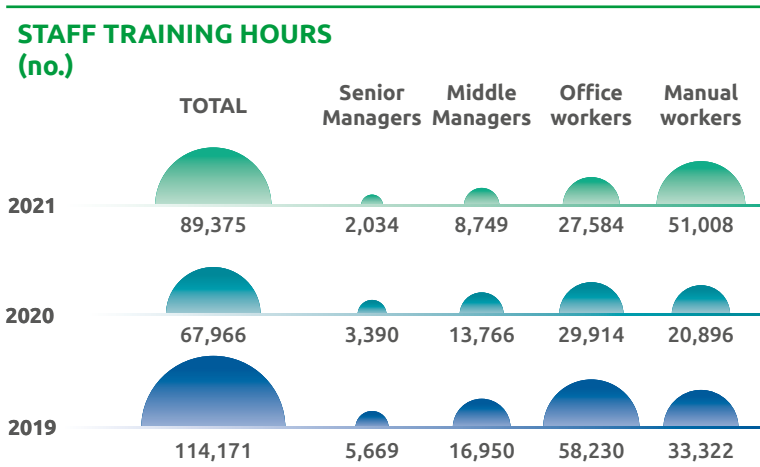
2
winners

The challenges arising from the pandemic emergency have been addressed and welcomed by Snam as a further opportunity for innovation. Despite the difficulties and the need to rethink training content usability in new ways, the Group has effectively responded, improving existing processes and positioning itself as a forerunner in this field as well. Initiated in 2020, the **Innovative Learning** continued in 2021 to innovate 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.

The Snam Institute training catalogue has been enriched with **20 new e-learning courses** and **48 courses delivered in Distance Learning** 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 2021, **89,375 hours of training were provided with 15,108 participants**, recording **26.1 average hours per employee** (28.9 average hours for male staff and 11.8 average hours for female staff). Compared to the previous year, employees more than doubled their training hours reaching more than 51 thousand hours in 2021, returning to pre-pandemic levels thanks to the reinstatement of in-person training and consistent with the business need to transfer distinctive technical skills and ensure business continuity. The prioritisation of technical training initiatives had a strong impact on the increase of average training hours provided to men, since the manual worker population is 99% male.

Of the total, 22,526 training hours with 4,089 participants were dedicated to HSEQ topics. Extensive efforts were also devoted to employee training programmes on business ethics and anti-corruption, providing 1,014 hours of training to all new employees in 2021.



The 2020 figures have been recalculated

Growing by comparison: performance evaluation

Performance evaluation is a fundamental and preparatory element for the creation of a corporate culture where individuals are valued, taking into account, in addition to their work, also their attitudes and contribution to the pursuit of the Group's objectives, and not only strategic ones.

Performance Management is 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. The fourth cycle of Performance Management was launched in 2021, expanding the scope to include the BUAIT (Business Unit Asset Italy) population of technicians and employees and with part of the New Businesses, which increased the number of people assessed to 2,885 (+ 77.6%). The process was supported by an ad hoc training activity organised for the territory starting in October 2020 and ending in February 2021.

EMPLOYEES EVALUATED IN PERFORMANCE MANAGEMENT (no.)			
	Men	Women	TOTAL
Senior Managers	97	29	126
Middle Managers	427	125	552
Office workers	1,251	313	1,564
Manual workers	610	1	611
TOTAL	2,385	468	2,853

Performance Management involves a learning path consisting of two days of training and half a day of follow-up for each skill. In order to activate an assessment which is 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 2021, 383 CREA assessments were approved.

NUMBER OF ASSIGNED SUSTAINABILITY GOALS

	2019		2020		2021	
	Assigned (no.)	Reached (%)	Assigned (no.)	Reached (%)	Assigned (no.)	Reached (%)
Objectives Senior Managers	144	81	198	85	134	94
Objectives Middle Managers	239	88	282	81	388	91
Objectives Other staff	377	84	456	85	546	90
TOTAL	760	85	936	84	1,068	91

In the new **Snam 2021 Remuneration Policy(*)** concerning Directors, Statutory Auditors and Senior Managers with strategic responsibilities(**), sustainability becomes an even more important factor, with **20% of the short- and long-term variable incentive** linked to the achievement of goals relating to:



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.

Protecting and safeguarding labour rights: relations with trade unions

Guaranteeing workers’ rights is essential for Snam, which in this respect maintains constant and transparent relations with **trade unions**. During 2021, Snam held 162 virtual meetings with local and national trade unions 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.

The main issues addressed in the meetings concerned the definition of the paths deriving from the Works Project and the Plants Project, initiatives aimed at optimising the activities of the works with regard to the management of the gas network and the Plants Management, respectively. In addition, an important agreement was reached on the issue of smartworking, where the operating procedures for using the tool were defined for both emergency and normal situations.

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 2021, the total number of pending litigations is 18 (+2 compared to 2020), of which two are for termination pay litigation, three for breach of contract and 13 for joint and several liability, while the number of litigations opened in the year is 16, up five from the previous year.






LABOUR DISPUTES (no.)			
	2019	2020	2021
Total disputes pending at 31.12	13	16	18
Opened in the reference year	15	11	16
Closed in the reference year	15	8	14

(*) The Snam 2022 Remuneration Policy for Directors, Auditors and Senior Managers with strategic responsibilities will be approved during the shareholders’ Meeting of 27 April 2022.

(**) At Snam, Senior Managers with strategic responsibilities differ from Directors and Statutory Auditors, and have the following roles: Chief Industrial Assets Officer, Chief Financial Officer and Chief International & Business Development Officer and Executive Vice President Human Resources & Organisation & PFM.

RESPECTING THE UNIQUENESS OF ALL

TARGETS AND PERFORMANCE

SDGs	KPI		Target	2021 performance	
	Percentage of women in executive and management positions (*)		22.5% by 2021 27.0% by 2025	22.3%	
	Percentage of women in the succession plan (first and second line) (*)		25% by 2021 27% by 2025	25%	

(*) The scope 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, Ies Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP.



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy

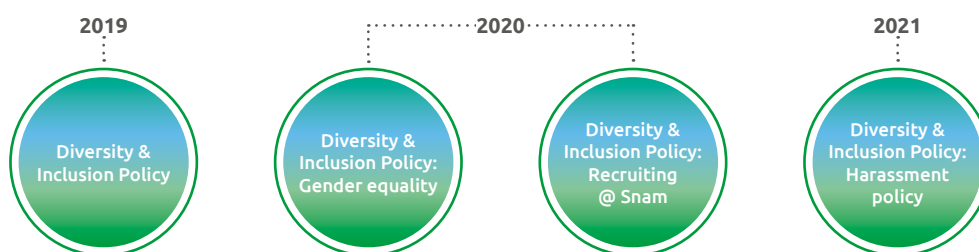


Target not reached

Creating a cohesive, open and stimulating working environment is one of Snam's main prerogatives; it is therefore committed to preserving and enhancing **the uniqueness and diversity** of its people. With this in mind, everyone's background, opinions and suggestions are promoted to foster new ideas and effective and virtuous behaviours. Snam is more competitive, innovative and growth-oriented thanks to the enhancement of diversity.

Since 2019, the company has approved the **Diversity & Inclusion Policy** which encourages the dissemination among employees and collaborators of a culture of equal opportunities, in line with the broader framework of human rights outlined in the Global Compact. For more information on the Diversity & Inclusion Policy, see "Appendix - Main Snam policies and guidelines".

The Diversity and Inclusion Policy has multiple objectives, including: 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. To complement the above policy, three further appendices were approved between 2020 and 2021 covering gender equality, the recruitment phase and harassment in the workplace.



Considering Snam's business characterised by a preponderance of men in the most strategic positions, particularly in operations, **gender diversity** is a point of attention for the company. By 2021, there were 569 women in the company (+12% compared to 2020), representing 16.6% of the company population (+1 percentage point compared to the previous year). This testifies to the company's ongoing commitment to strengthening gender diversity, which has taken on even greater significance following the inclusion of two specific KPIs in the Group's ESG Scorecard. In particular, Snam has set itself the objectives of reaching 27% of women in executive or managerial positions and that 27% of people in succession plans being women (first and second line and key personnel) by 2025. In 2021, these percentages amount to 22.3% (slightly below the 2021 target) and 25% (2021 target achieved), respectively.

#Snam4Diversity: Inclusion Week

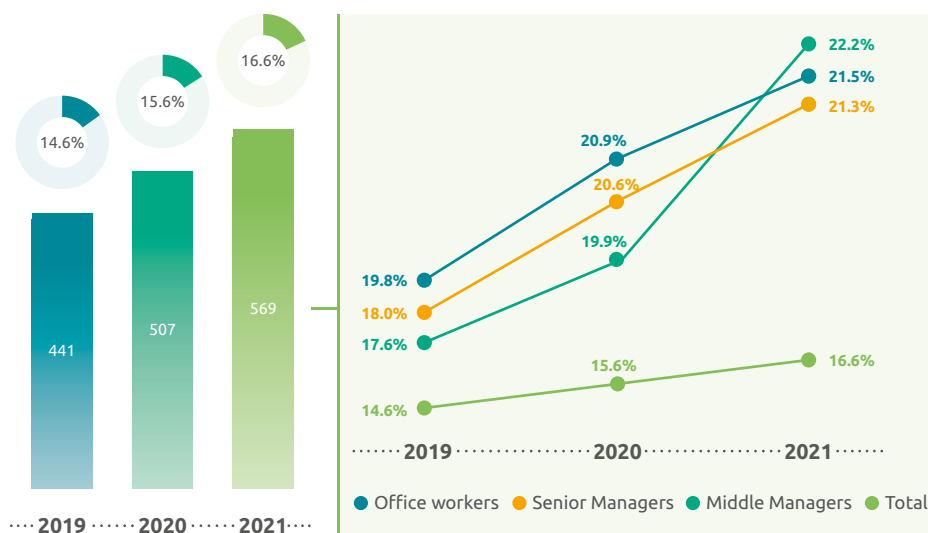
To celebrate and develop inclusion, in 2021 Snam organised “#Snam4Diversity, energy that includes” Inclusion Week for the first time: a week of events dedicated to creating awareness of the diversity present and making the most of it. The week will be held annually. In its first edition, it involved more than **800 employees** through a programme of **five appointments** where important topics such as Inclusive Leadership, Cultures of Respect, LGBTQ+ Inclusion and Disability were discussed with speakers from inside and outside the company.

Snam has been promoting the study of **STEM** disciplines (science, technology, engineering and mathematics) among young female students for years, who still represent a small percentage of the total enrolment in these fields. In fact, according to Save the Children, only 16.5% of female students in Italy today choose to study science and technology, and only 5% of 15-year-olds aspire to study them. In this context, schools and universities represent valuable levers for the dissemination of a culture of equal opportunities and for fighting the gender gap. In this regard, in February 2021, Snam donated **six scholarships** for three-year degrees and Master’s degrees to the Polytechnic Institute of Bari to be awarded to female students enrolled in the university’s Faculty of Engineering in the 2020/21 academic year, aimed at supporting the growth of the female presence in STEM courses, which has been less than 20% of total enrolment in the last three academic years.

FEMALE PERSONNEL AT 31.12 (no.)

	2019	2020	2021
Senior Managers	20	27	30
Middle Managers	87	109	133
Office workers	333	369	404
Manual workers	1	2	2
TOTAL	441	507	569

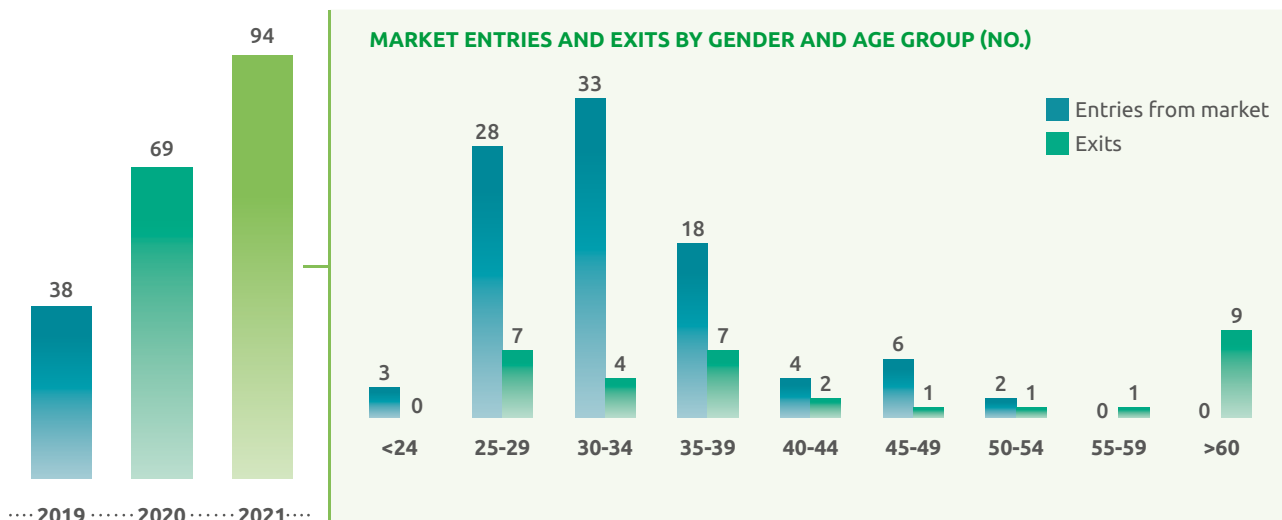
FEMALE PERSONNEL (%; n.)



FEMALE PRESENCE IN THE LEADERSHIP TEAM (%)



WOMEN HIRED FROM THE MARKET (n.)



Promoting diversity and inclusion at Snam: the Inclusion Team

The Inclusion Team created ad hoc by Snam is an inter-functional group of 40 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 all the peculiarities of which it is composed as much as possible. 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

to promote objectivity in the candidate selection process and ensure equal opportunities for internal and external candidates

Training

to create greater awareness of diversity in the company

Development

to introduce and consolidate diversity and inclusion within the Performance Management system

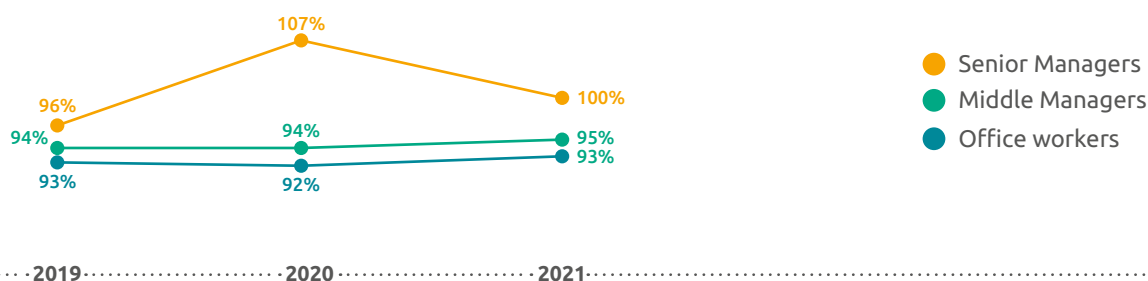
Communication

to spread the language of inclusion in the company and facilitate the meeting and connection between people.

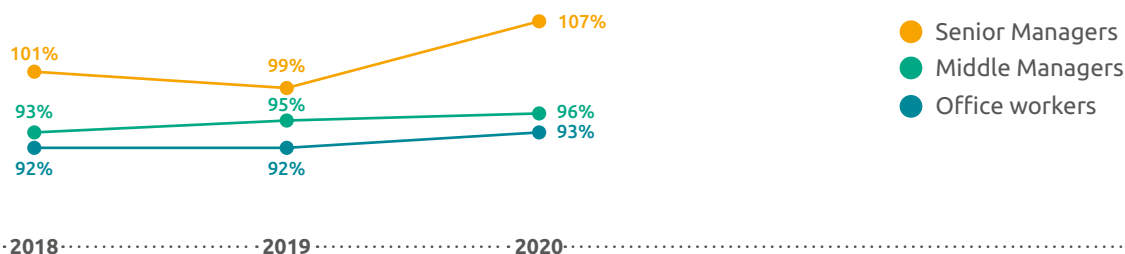
During 2021, the Inclusion Team promoted **11 new initiatives** to spread the culture of inclusion in the company, involving more than 1,800 colleagues in various activities.

Snam monitors the **gender pay gap(*)** since ten years in order to reduce the remuneration differences between women and men until they no longer exist, thus promoting effective gender equality. Starting in 2020, Snam 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 2021, in line with the trend of recent years. Specifically, the pay gap improved by one percentage point among Middle Managers and Office workers, while after the significant improvement in 2020 among Senior Managers (from 96% to 107%), the index is even (100%) in 2021. The accrual data also show an improving trend in the gender pay gap in recent years; the 2021 data will be available after the publication of this document and will therefore be published in the next edition of the document.

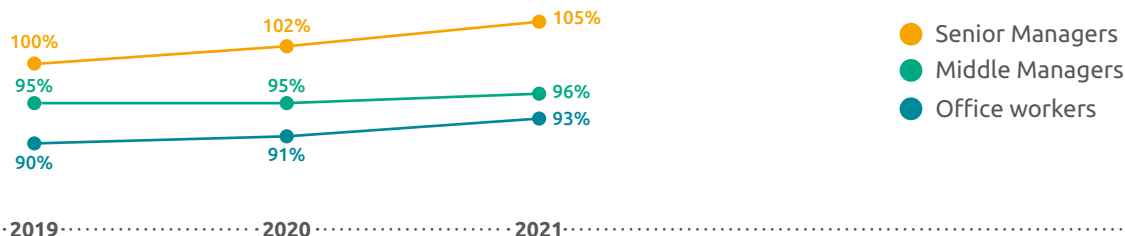
GENDER PAY GAP BY CASH



GENDER PAY GAP BY ROLE



GENDER PAY GAP BY BASE SALARY



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

(*) Information on the annual total remuneration of the CEO and the median annual total remuneration of all his employees, except for the CEO in comparison with the average remuneration of the other employees, is available in the Report on Remuneration Policy and Remuneration Paid.

GENDER EQUALITY INITIATIVES

 <p>BLOOMBERG</p>	<p>As evidence of the path taken on the Diversity and Inclusion front, for the third consecutive year, Snam is among the 418 companies globally included in the Bloomberg Gender-Equality Index (GEI) 2022. 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.</p>
 <p>VALORE D</p>	<p>Snam has been a Supporting Member of Valore D since 2017. It promotes the company's international growth through the increasing presence of women and colleagues of different nationalities. Thanks to the collaboration with Valore D, people at Snam have been able to attend courses on valuing the diversity of gender, generations and cultures and on developing an inclusive culture, a factor in innovation, competitiveness and growth for people and companies. During 2021, Snam took part in four training courses, two inter-company mentoring courses proposed by the association and over 15 training courses.</p>
 <p>INSPIRING GIRLS</p>	<p>InspirinGirls, the international campaign promoted by Valore D, aims to raise young women's awareness of their talents by freeing them from the gender stereotypes that often contribute to limiting their ambitions. The project involves women volunteers from different sectors and professions sharing their professional and life experiences with secondary school children, thus building a concrete bridge connecting school and the world of work. In the last two years, Snam took part in the project with 70 "role model" women who gave their testimony in 50 meetings held in person and remotely.</p>
 <p>SHETECH</p>	<p>In 2021 Snam joined SheTech, the non-profit association created with the aim of bridging the gender gap in the world of technology, digital and entrepreneurship through networking, empowerment and training activities. In its collaboration with SheTech, Snam has helped to disseminate its own valuable testimonials with the aim of encouraging young women to become involved in technological and digital disciplines.</p>
 <p>ROCK YOUR MIND</p>	<p>Snam joined the Rock your Mind event organised by Employerland in 2021 as a technical partner. The event combines music and recruiting, mainly targeting girls studying STEM disciplines, with the aim of fostering gender equality and contributing to a culture of diversity and inclusion.</p>
 <p>ORTYGIA BUSINESS SCHOOL - YEP</p>	<p>During the year, Snam further enriched its portfolio of initiatives by joining the YEP - Young Women Empowerment Program of the Ortygia Business School, aimed at mentoring female students in business and STEM faculties enrolled in a Master's degree course at the main universities in Southern Italy, with the aim of supporting them.</p>
 <p>CARTA PER LE PARI OPPORTUNITÀ E L'UGUAGLIANZA SUL LAVORO</p>	<p>The voluntary signing of the Charter for Equal Opportunities and Equality at Work, a declaration of intent launched by the Sodalitas Foundation, commits Snam to spreading a corporate culture and adopting inclusive human resources policies.</p>
 <p>PARKS</p>	<p>Parks is a non-profit association that works with 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. Through the association with Parks, Snam has taken an active role in the development, also in Italy, of a culture that values and supports differences since 2020, with the ambition of creating inclusive working environments for all employees, regardless of their sexual orientation, gender identity and expression.</p>
 <p>SNAM</p>	<p>Some of Snam's main objectives in the field of gender equality include promoting the creation of professional relationships based on mutual respect and the use of an inclusive language that respects all identities, conditions, affiliations, orientations and cultures. In this regard, the Snam Inclusive Language Manifesto was published in 2020, proposed by the Inclusion team to ensure that everyone can get in touch directly, using language that is always respectful. The company 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. Several topics were addressed in 2021, including parenting, inclusive language and LGBTQ+ inclusion.</p>

WORKING SAFELY

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance
	IpFS (Combined Frequency and Severity Index) (*) 	< than average of the last 5 years (until 2025)	0.65 

(*) Injury frequency and severity index for employees and contractors (excluding those of unregulated companies), excluding accidents en route. It considers both the frequency and the severity of total injuries recorded in relation to the number of hours worked and is calculated by adding and weighing the two indices (FI and SI). The scope of analysis will include, if any, companies acquired after six months of their acquisition.



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



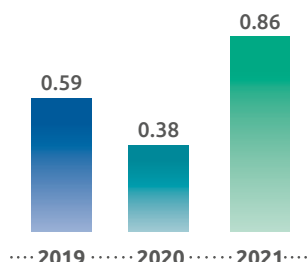
Target not reached

The protection of the health and safety of workers has always been a central issue of great importance, especially considering the nature of the activities carried out by 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 the standard ISO 45001 on “Workplace health and safety management systems” and the adoption of good practices, promoted and shared with suppliers as well.

As part of the activities aimed at further strengthening its ESG Scorecard, aligning it with the Strategic Plan with targets for 2025, Snam has decided to maintain and update the target for the IpFG, the combined frequency and severity index, which makes it possible to assess both the number of injuries and their severity with a single KPI, with the goal of having it lower than the average of the last five years by 2025. In 2021, the actual value of this index was 0.65 (0.49 in 2020), which is above the average of the last five years. In fact, despite the efforts made by the Group to reduce injury rates, including following the acquisition of new businesses that need time to adapt to Snam Group policies, a total of 12 injuries occurred in 2021 (5 in 2020). Specifically, 11 occurred to Snam Group employees (3 in 2020), of which 4 occurred in companies in the regulated sector (1 in GNL Italia and 3 in Snam Rete Gas) and seven in companies in the unregulated sector (four in Cubogas, two in Mieci and Evolve and one in IES Biogas); and one to a supplier contractor (2 in 2020), which resulted in a fatal outcome. However, despite an increase in the number of injuries, the severity of injuries has decreased, as shown by the severity index, which is down from 2020.

WORK-RELATED INJURIES

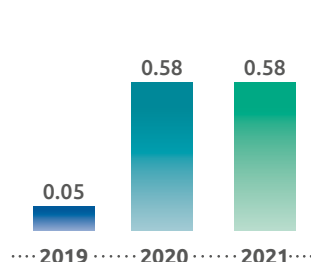
Employee and contractor frequency index



Number of injuries (excluding en route) resulting in absence of at least one day, per one million hours worked.

WORK-RELATED INJURIES

Employee and contractor severity index



Number of work days lost, related to injuries (excluding en route) resulting in absence of at least one day, per one thousand hours worked. A fatal injury is counted as 7,500 days of absence.

Health and safety projects and awards at Snam

Snam promotes various initiatives aimed at protecting health and safety. Of particular importance among these are those designed to **spread a culture based on the key elements for ensuring a safe working environment**: health protection, injury prevention and safety.

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 2021, with the completion of a coaching activity for Operations Managers and Prevention and Protection Service Managers (ASPPs), with the support of DSS Sustainable Solutions Italy.

The project will continue in 2022, also extending its activities to the non-regulated business companies.

As part of the Snam4Safety initiative, a series of awards and trophies have been defined to be awarded based on the achievement of particular safety performances. These include the **Zero Injury Award**, whereby site employees commit to achieving 365 consecutive days without an injury - both at work and commuting (zero injury target). A tangible award is given to the winning staff each year, in the form of welfare credits. In 2021, 10 teams, amounting to 1,296 employees, received the award.

WORK-RELATED INJURIES	2019	2020	2021
Employees			
Total injuries (no.)	2	3	11
of which fatal (no.)	0	0	0
of which with severe consequences(*) (no.)	0	0	1
Frequency index	0.41	0.59	2.11
Severity index	0.03	0.01	0.12
Contractors			
Total injuries (no.)	5	2	1
of which fatal (no.)	0	1	1
of which with severe consequences(*) (no.)	0	0	0
Frequency index	0.71	0.25	0.12
Severity index	0.07	0.93	0.86
Employees and contract workers			
Total injuries (no.)	7	5	12
of which fatal (no.)	0	1	1
of which with severe consequences(*) (no.)	0	0	1
Frequency index	0.59	0.38	0.86
Severity index	0.05	0.58	0.58

(*) An injury 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 six months. Fatal injuries are excluded from the calculation.

Note: the injury indices included in the table exclude the company Snam Gas & Energy Services Beijing deconsolidated from November 2021, with retroactive effect from 1st January 2021. Including Snam Gas & Energy Services Beijing, the employee injury frequency index would change to 2.08. All other injury indices would remain unchanged.

For all the other Group's Companies except for Renovit, the hours worked used to calculate the frequency and gravity injuries indexes are estimated based on those from 2020.

EMPLOYEE WORKPLACE INJURIES BY EVENT TYPE (no.)

WORK-RELATED INJURIES	2019	2020	2021
Car accidents	0	0	0
Occupational accidents (maintenance, inspection, checks)	1	2	6
Generic accidents (slipping, impact, tripping)	1	1	5

Health and safety: achievements over the last ten years

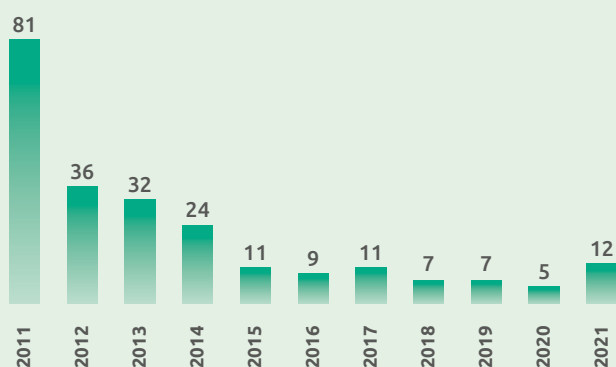
The issue of health and safety is one of the fundamental values on which Snam's business is based, both in its "traditional" regulated activities (transportation, storage and regasification) and in the non-regulated activities that have entered the scope of interest in recent years. For this reason, numerous measures and initiatives have been adopted over the last ten years, increased and better targeted to effectively disseminate a culture based on health protection, accident prevention and safety at all company levels through the involvement of the entire company population, as well as contractors.

Constant monitoring of injuries through the evaluation of specific indices allows Snam to intervene promptly to correct and eliminate problems and critical issues that may arise.

Evidence of this is provided by the recent initiatives launched with the **Snam4Safety** project for employees and contractors, which focused on strengthening the safety culture and have the main objective of further reducing injury rates until the goal of zero injuries is reached and consolidated.

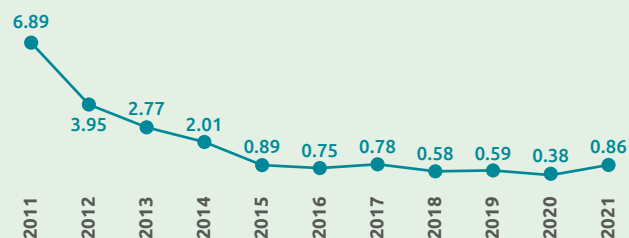
NUMBER OF INJURIES

Employees and contract workers



FREQUENCY INDEX

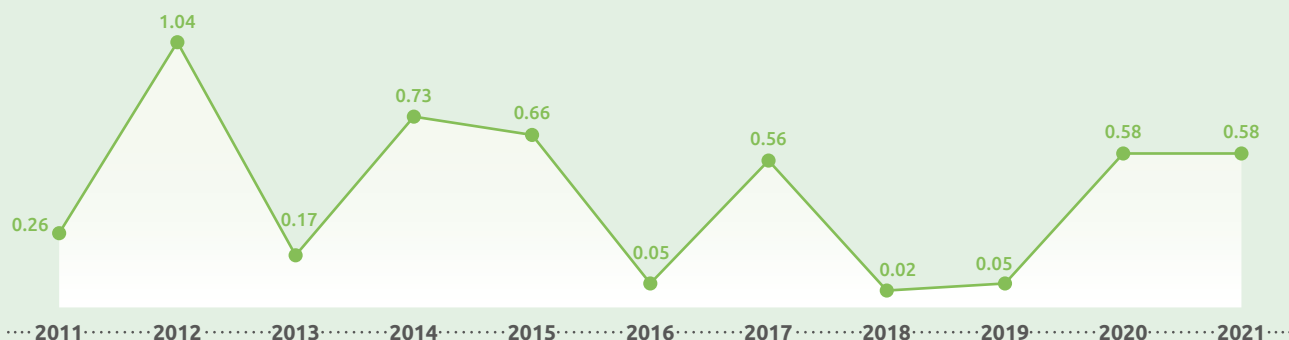
Employees and contract workers



Number of injuries (excluding en route) resulting in absence of at least one day, per one million hours worked.

SEVERITY INDEX (INCLUDING FATALITIES)

Employees and contract workers

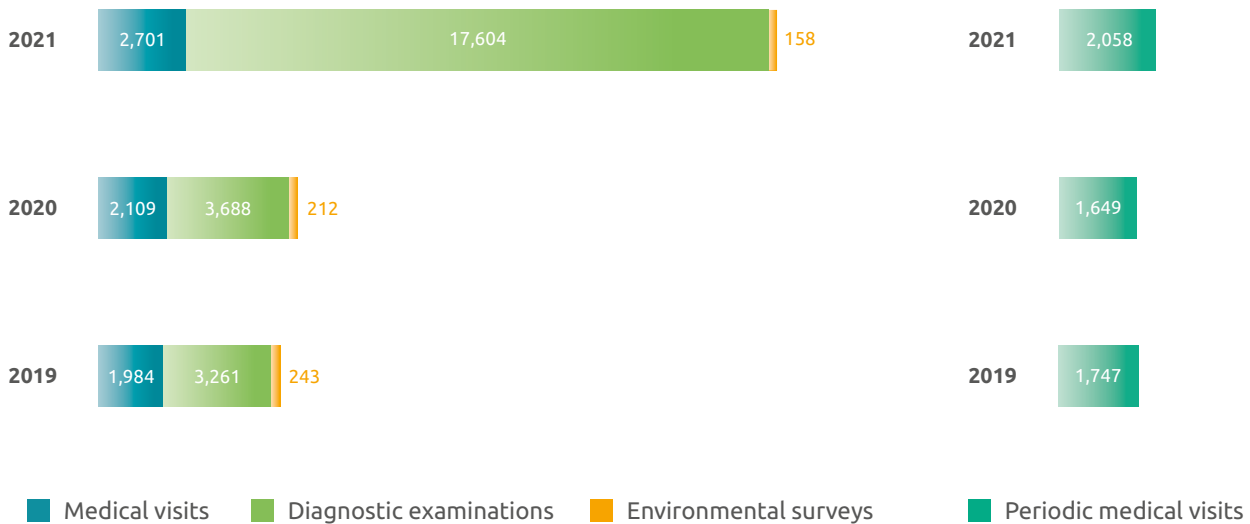


Number of work days lost, related to injuries (excluding en route) resulting in absence of at least one day, per one thousand hours worked. A fatal injury is counted as 7,500 days of absence.

PROTECTING HEALTH

Workers are continually exposed to specific risk factors in relation to the tasks they carry out, which is why their state of health is monitored through periodic health surveillance carried out by the doctors responsible for this activity. Furthermore, 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 SURVEILLANCE (no.)



Continuing to protect employees from the Covid-19 pandemic

Since the start of the health emergency due to the spread of the Covid-19 virus, an **inter-functional team** named **Crisis Management** has been in place. 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 has also taken prompt action to implement the **Protocol**.

In addition, Snam has:

- created a **Shared Health Protocol** regulating measures to combat and limit the spread of the Covid-19 virus in the workplace, defined between the Government and social partners and containing criteria and measures to protect the health and safety of workers in the workplace. The Protocol is constantly updated according to epidemiological developments and relevant legislation;
- integrated the **Risk Assessment Documents**, considering the INAIL methodology on measures to limit contagion in the workplace;
- organised a constant and widespread **information campaign** towards all workers;
- set up the Committee for the application and verification of the rules established in the Protocol defined between the Government and the social partners.

WORKERS RECEIVING REGULAR HEALTH CHECKS (no.)

	2019	2020	2021
Total exposed workers	2,742	2,880	3,321
Workers who sit at a computer station (VDT)	2,027	1,583	2,417
Workers with responsibility in an emergency	594	596	602
Workers exposed to chemical agents	65	41	104
Workers responsible for moving heavy loads (*)	136	661	642
Night workers	113	121	106
Workers exposed to noise pollution	53	60	101
Workers exposed by synergy of several risks	690	657	35
Workers exposed in confined spaces	176	179	198
Workers exposed for other reasons (IE, abroad, TOX, welding)	194	193	103

(*) 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).

GROWING WITH SUPPLIERS

TARGETS AND PERFORMANCE

SDGs	KPI	ESG Scorecard	Target	2021 performance	
	Percentage spent on local suppliers (SMEs in Italy) on total procurement		40% by 2021 50% by 2025	40.7%	
	Percentage of the number of local suppliers (SMEs in Italy) contractualized on the total number of contractualized suppliers		55% by 2025	New KPI	
	Introduction of ESG criteria in scoring model (percentage of expenditure)		30% by 2025	New KPI	
	Growth of third sector suppliers in Vendor List		+10% vs 2020 to 2021 +20% (year on year) up to 2023	no. 83 +219% vs 2020	
	Reducing the amount of plastic in packaging for industrial supplies		-100% by 2023	96%	



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

A SHARED VISION WITH SUPPLIERS FOR THE NEW FRONTIERS OF THE SUPPLY CHAIN

Suppliers are key allies in strengthening and developing the business and strategic partners in achieving the decarbonisation targets the company has set itself. For this reason, deepening and consolidating relations with suppliers is a constant commitment and is based on sharing skills, expertise and goals, with the aim of promoting sustainability practices along the value chain.

In 2021, great emphasis was placed on innovation applied to procurement processes, on maintaining a change-oriented vision to anticipate future needs, and on enhancing suppliers' skills to create value to be shared along the supply chain. The ability to modulate flexibility in response to market needs, optimise processes and reduce operating times has enabled us to reduce costs while simultaneously constantly improving the level of service provided.

During the pandemic period, Snam's supply chain proved to be resilient, robust and capable of adequately dealing with instabilities and unforeseen events. Consistently, the management models used for procurement were also functional, proving to be appropriately flexible in terms of timing and supplier engagement.

In order to achieve an increasingly decarbonised economy, the fight against climate change is one of the main objectives that the company is committed to sharing with its suppliers. In fact, the containment and reduction of greenhouse gas emissions, energy efficiency and the search for innovative, low-emission impact solutions are among the key elements that characterise the relationship between Snam and its suppliers, where the actions of one must necessarily be reflected in the actions of the others. To this end, in 2021 Snam has defined a **target on suppliers' greenhouse gas emissions**, forecasting a reduction of 55% to 2030 compared to 2019 values for normalised emissions per million euros of CapEx.

Promoting a sustainable economy through the progressive "green transformation" of companies in their supply chain is considered a cross-supply chain success factor and a key element in revitalising growth and competitiveness.

Starting from these assumptions, in 2021 Snam has further accelerated the optimisation of its **Supply Chain 4.0**, continuing the reorganisation of its supplier base, integrating data and material flows to achieve even more secure, faster and more flexible performance, consolidating its core business and successfully managing activities related to new green businesses. In particular, the automation of processes, the dematerialisation of documents, the use of large databases and digital transformation, especially in communication with suppliers, have made it possible to improve the operational cycles of the procurement of goods, works and services, and to raise the levels of efficiency, traceability and transparency of operations.

This context has made it possible to make increasingly up-to-date and timely choices about suppliers, to ensure the integrity of the value chain, and to generate positive and lasting results.

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. With the support of the Snam Institute, the Snam **Supply Chain Academy** is dedicated precisely to them. In 2021 it provided around 950 hours of training, organised into 30 courses (reading financial statements; spend management; category management; sustainable supply chain), in which 33 people from the Purchasing department took part.

Supplier One Platform: the digital solution for improving the efficiency of working with suppliers

In 2021, the digital innovation path linked to the supply chain continued, renewing and introducing new technological solutions and working tools for Procurement processes.

With the implementation of the **Supplier One Platform**, Snam has reconfigured relations throughout the supply chain in order to optimise interactions with suppliers, reduce timeframes and increase the exchange of information through secure solutions that simplify the user experience associated with the tools used.

In particular, many existing systems and processes have been digitised and renewed through new technological solutions and real-time tracking systems for electronic tenders, catalogue purchases and subcontracting activities.

With the activation of the new platform **Edith**, a strong contribution was also made to the innovation of the materials management activity, with particular reference to the strategic aspects concerning the quality assurance of the service rendered, more specifically the inspection and traceability of materials.

Innovation in supply chain management: the 2021 awards

The juries of major awards given every year to the companies that most innovate their management processes and stand out for the most significant progress in procurement have recognised Snam's achievements and the added value it brings to its supply chain: "**The procurement awards 2021**" gave the first prize for innovation in procurement and ADACI (Italian Association of Purchasing and Supply Management) gave the **Excellence Award 2021** for Snam's project aimed at supporting the circular economy linked to the production of biomethane.

THE APPROACH TO CLIMATE CHANGE

The inclusion of decarbonisation objectives within Snam's Strategic Plan testifies to the company's desire to continue to take concrete action to reduce Scope 3 emissions from the supply chain as well.

In this respect, a systematic awareness-raising campaign on sustainability issues was launched with suppliers in order to accelerate their contribution to the energy transition. This means **strengthening** the existing **partnership** with them, sharing values and objectives, highlighting strengths and **developing areas for improvement** for each. The fight against climate-changing emissions and the general approach to the adoption of sustainability criteria in supply chain management were presented to suppliers both in terms of appropriate corporate governance to be implemented and new partnership models to be established between contracting companies and supply chain operators. The validity of this prospect and the favourable spin-offs associated therewith in terms of new business development opportunities have been the focus of the dialogue carried out with supply chain actors in this phase of energy transition.

In support of this, suppliers are constantly guided by Snam and put in a position to benefit from the sharing of know-how, the definition of sustainability priorities to be assigned to objectives related to daily work, the application of best practices and the most effective monitoring measures to be implemented.

Concrete commitment to reducing suppliers' Scope 3 emissions

In addition to the goal of achieving carbon neutrality by 2040 for its operations, i.e. zero net Scope 1 and Scope 2 greenhouse gas emissions, Snam is also committed to reducing emissions along its value chain (Scope 3 emissions, mainly attributable to suppliers). With this in mind, Snam has carried out a new and in-depth **analysis of its supply chain**, assessing the potential for limiting and reducing emissions in the near future, especially with reference to those suppliers who, due to their activities, have been found to be the biggest emitters in the chain. The administration of new and increasingly targeted questionnaires to suppliers has allowed to map the supply chain in depth in order to plan the best form of their involvement and identify the most suitable actions to be implemented in the future to significantly reduce greenhouse emissions. The resulting new chain development model will accompany suppliers for years to come, envisaging their significant contribution to an increasingly decarbonised economy.

Emission reduction target of Snam supply chain

-55%

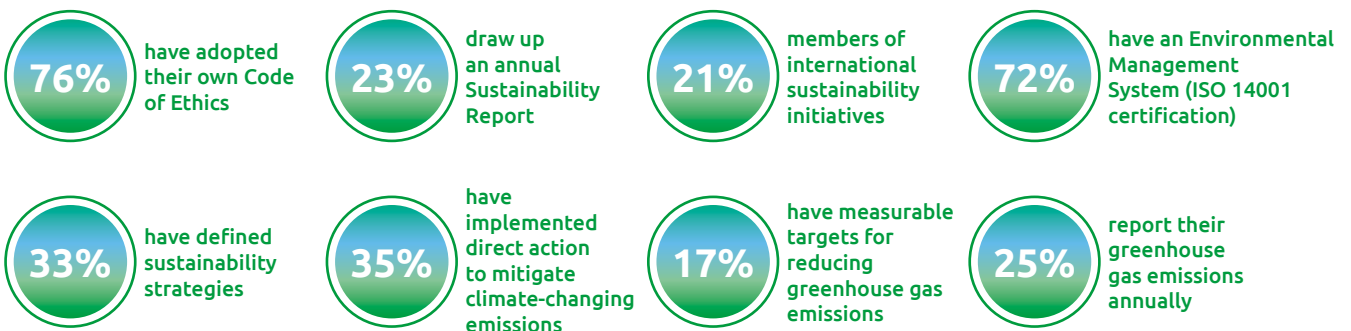
tCO₂/M€ CapEx by 2030 (vs.2019)

In order to achieve this goal, incentives will be given firstly to those suppliers who define clear plans to reduce greenhouse gas emissions. Secondly, joint projects will be developed with suppliers to promote emerging technologies that enable them to increase the use of green fuels (biomethane, hydrogen) and renewable energy in their production processes, and to convert their vehicle fleets to green fuels.

Last but not least, dialogue and the exchange of know-how will also be encouraged with suppliers who are at the beginning of their reduction journey in order to measure their emissions and reduction more effectively.

The direct involvement of suppliers on these issues in 2021 was characterised by a multi-pronged dialogue, which will be complemented in the future by training activities, technical webinars and working groups. Supplier involvement is designed to provide each operator in the chain with the most suitable approach, taking due account of the heterogeneity of Snam's supplier base and the different sensitivities and specific skills on sustainability issues.

During the year, a survey was carried out (314 suppliers were involved, of which 226 participated, corresponding to 84% coverage of the 2018-2020 procurement), which revealed that:



Snam suppliers in sustainability communities

Snam's suppliers belong to and actively participate in the most important communities for the sustainability of industrial supply chains, guided by four main motivations:

Measure	Compare	Acquire	Build
their sustainability performance	with industry benchmarks	awareness of their strengths and areas for improvement	a successful development path

Open-es ecosystem sustainability powered by Eni

A digital platform for the sustainable development of industrial supply chains to engage companies involved in the energy transition in a common path of sharing, improving and increasing sustainability performance, based on four fundamental pillars: **Planet, People, Economic Prosperity and Corporate Governance Principles**.

Snam's suppliers in the ecosystem account for more than 27% of those registered in the Supplier Register, including 217 large companies and 538 small and medium-sized ones. Currently still in the study phase, in the future Open-es registration could be considered as an evaluation criterion in the scoring model of tenders and also for the qualification of new supplier applications.



CDP – Disclosure Insight Action

In 2021 Snam also 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. This participation stems from the awareness that a company's environmental impact does not end within its boundaries, but also extends to its suppliers and employees, with whom it has established a lasting partnership. Sensitising suppliers to operate responsibly with respect to climate change and collecting data on their atmospheric emissions is essential, because global supply chains have the power to drive environmental action on a large scale. Over the past year, the company has further extended the scope of its analysis, inviting the most significant suppliers in terms of procurement and those most strategic to the business to provide their data. The **response rate to the questionnaire** has further increased compared to 2020, from 60% to **74%** (99 suppliers participated of the 130 invited). The score was further improved and reached the highest level **A** in 2021, recognising the commitment to engaging suppliers on issues related to reducing emissions and developing sustainable strategies.



PROCUREMENT OF GOODS, WORKS AND SERVICES IN THE ENERGY TRANSITION

In the current phase of progressive decarbonisation, Snam's strategic choices have focused on both high-tech initiatives (innovation, research and development in support of large national and international transport networks) and on green economy businesses (sustainable mobility, renewable gas-biomethane, hydrogen, energy efficiency). In this context, the Purchasing department continued to work in synergy with both suppliers related to more traditional and consolidated activities, and those related to product categories linked to the energy transition and new businesses. The creation of added value thus continued, laying the foundations for new management models capable of supporting the new strategic development scenarios.

In 2021, goods, works and services with a total value of 1,517 million euros were purchased, of which more than 611 million euros were for small and medium-sized enterprises (SMEs): 58% of these were public and 42% private. The procurement of the top 15 suppliers amounts to approximately 650 million euros, which corresponds to about 43% of the total. Given the cyclical nature of procurement, the total procurement is affected by this trend. In 2021, the procurement value decreased by approximately 21%, but remained broadly in line with 2019 (-2.1%).

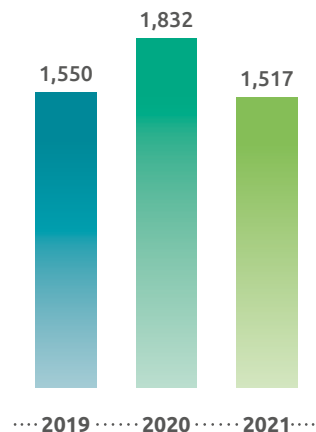
During the year, contracts were registered with 780 suppliers, of which 494 were categorised as SMEs, while 1,959 procurement contracts (and their revisions) were concluded, of which 63% in favour of SMEs. The latter represent one of the main players in the Italian economy and, thanks to their flexibility, 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 26% of the total).

In its activities, Snam interfaces with a wide variety of suppliers from different product sectors. In order to assess their strategic importance for the business, they are classified in terms of criticality, technological complexity and impact on company performance: of these, 216 are considered most important (criticality levels A and B), of which 80 have secured proceeds of approximately 609 million euros (40% of total proceeds) in 2021.

The most significant raw material among those purchased is steel, with more than 11,200 tonnes as part of the supply of pipes, valves and fittings, mainly used for the gas transportation business.

PROCUREMENT

Value procured (millions of euros)

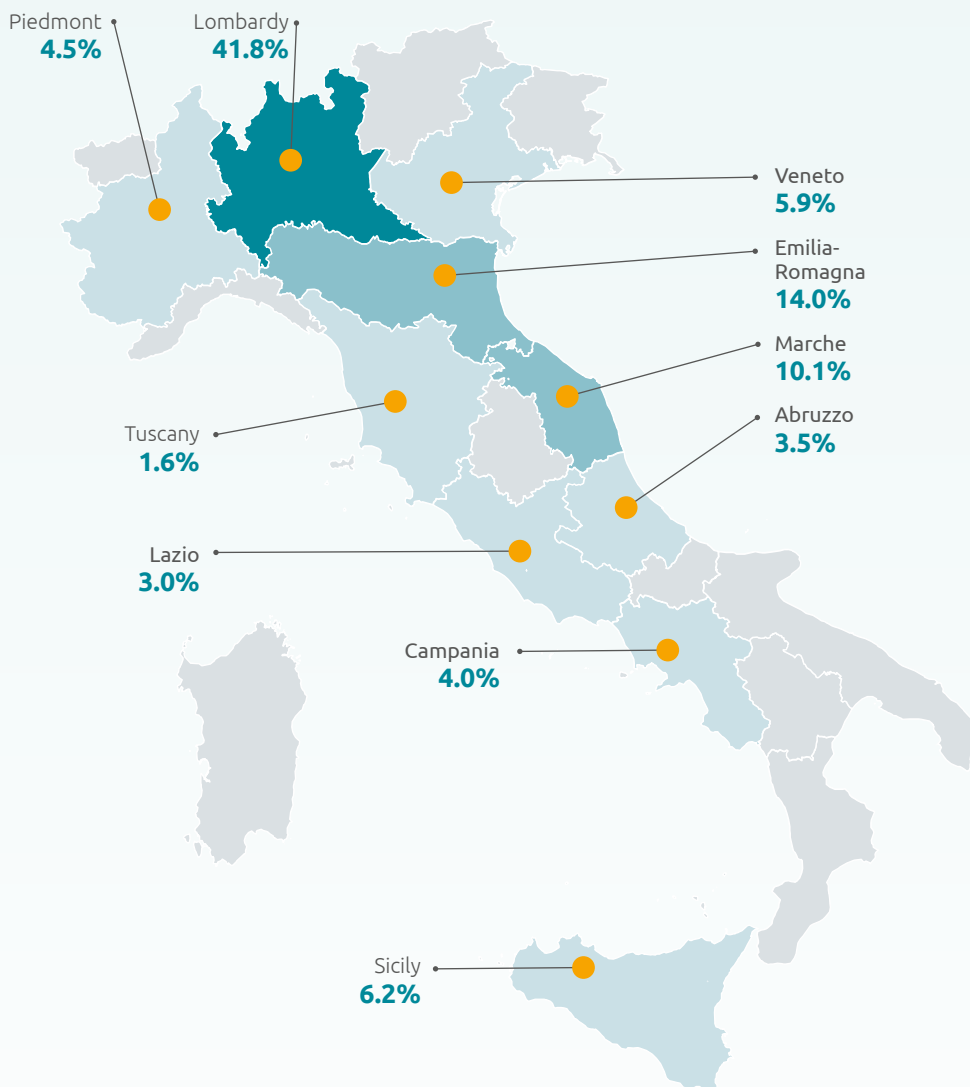


Data consolidation scope (Snam, Snam Rete Gas, GNL Italia, Stogit, Enura, Snam4Mobility, Cubogas)

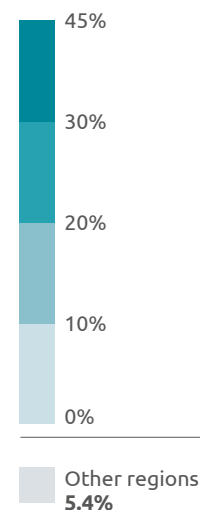
New business procurement

In addition to the procurement activities of the Group companies mainly related to the core business, supply contracts were signed directly by the companies most involved in promoting green businesses aimed at achieving decarbonisation targets (Renovit, Snam4Environment, EcoProgetto Milano, EcoProgetto Tortona), for a total amount of 556 million euros.

Italy Procurement 2021



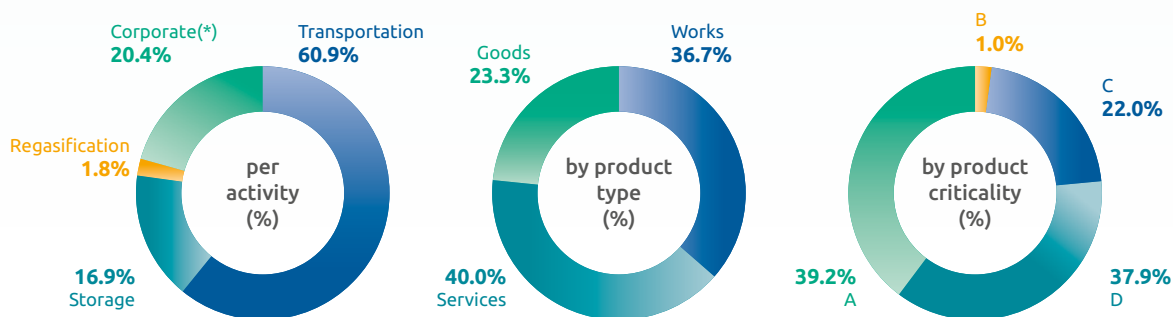
Procurement



1,517
million euros



1,312
million euros



(*) Including Snam4Mobility and Cubogas

The added value of material management

Snam considers the efficient management of the flow of materials supplied to be strategic, an important element in achieving decarbonisation objectives. The constant recourse to the digitalisation of handling operations and the activation of increasingly effective synergies to better process requests for goods for investment projects have seen Snam strongly committed to innovation. The use of the electronic platform for the purchase of technical materials has been increased compared to 2020 by about **3.6 million euros** (total purchases 2021 about 19 million euros), ensuring efficiency and process optimisation. More than 684 km of line pipes were acquired and more than 61 million euros of goods entered Snam's warehouses. The material flow management system has also been adequately prepared for the upcoming management of hydrogen ready materials.

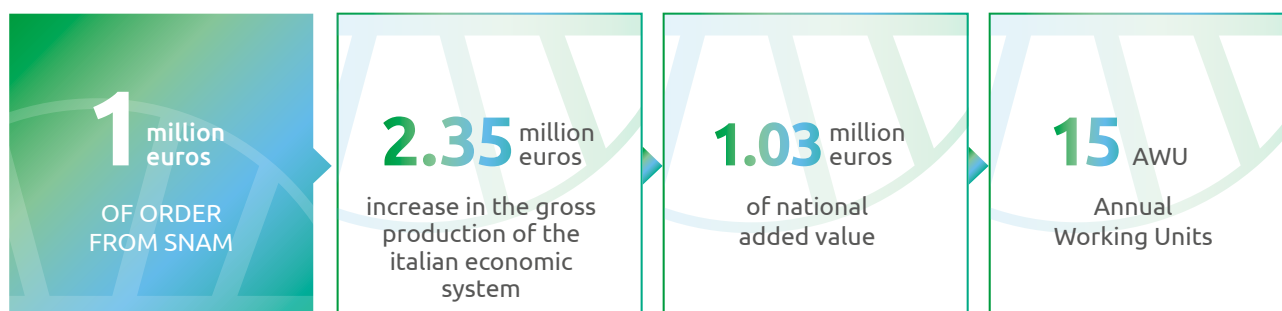
Socio-economic effects of Snam procurement

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.

The impact of what is ordered is measured in terms of the added value generated in the economic system and the number of jobs sustained.

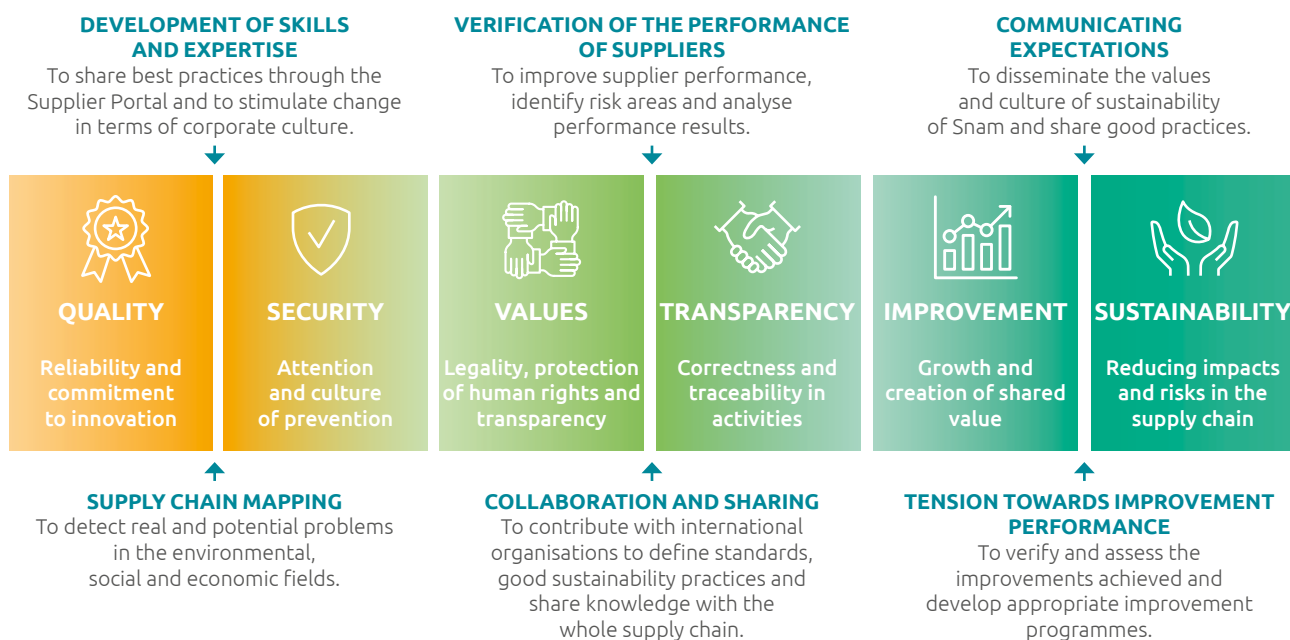
The total value of purchases from Italian companies or work carried out in Italy in 2021 was approximately 1,714 million euros (94.7% of the total ordered). These expenditures stimulated the production of final and intermediate goods and services directly by the Group's suppliers, indirectly by the suppliers' suppliers and in an induced manner by the companies that benefited from an increase in demand stimulated by the consumption of workers who were directly and indirectly involved in the Group's supply chain. This production value amounts to approximately 4,023 million euros. The increase in production generated approximately 1,765 million euros in added value and supported 25,792 Annual Work Units(*).

This means that for every million euros ordered by Snam, the Italian economy has seen its gross production increase by 2.35 million euros and generate national added value of 1.03 million euros, supporting approximately 15 Annual Work Units.



(*). Annual Work Unit (AWU) is the unit of measurement of the work provided by a worker employed full-time (40 hours per week) for the duration of a working year.

AN INCREASINGLY SUSTAINABILITY-ORIENTED SUPPLY CHAIN



Suppliers are an essential component of Snam’s business model. In this regard, the company is committed to maintaining an ongoing dialogue with them under the banner of responsibility, transparency and value production along the supply chain. This relationship consolidates the sharing of a common vision in favour of sustainable development, within which suppliers are actively involved in operating correctly, improving risk mitigation performance and innovating management processes.

In particular, the consideration of ESG factors is of significant strategic importance for the ethical conduct of procurement management, as well as being an optimal lever for the efficiency of the entire supply chain. On the basis of this, in addition to compliance with the requirements of quality, price and reliability, suppliers are also required to make a formal commitment to comply with the contents of Snam’s Code of Ethics and the “Ethics and Integrity Pact” (including subcontractors). To further protect the integrity of its supply chain, Snam allocates all of its supplies through contracts that contain explicit clauses linked to compliance with sustainability criteria and also subjects suppliers to checks on their compliance and financial solidity, as well as on their technical suitability.

As part of its procurement activities, Snam actively promotes respect for legality, the fight against corruption, safe working conditions and the protection of human rights, as set out in its “**Human Rights Policy**” which contains the principles and criteria that suppliers must adhere to in all phases of their collaboration with the company. The required standards of behaviour and scope of application are checked and controlled during the qualification/accreditation process, at the conclusion of the contract and during audit activities. Finally, the constant training activity addressed to suppliers during regular meetings also significantly contributes to the achievement of sustainable and inclusive growth of the entire supply chain.

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 more eco-compatible materials.

These measures have reduced incoming plastic by 96% and completely eliminated plastic waste in central warehouses in 2021.

THE PATH FOR ENTERING SNAM'S 4.0 SUPPLY CHAIN

In managing its supply chain, Snam aims to establish long-term relationships as much as possible, and always based on sustainable growth. This is another reason why companies bidding to supply goods, works and services to Group companies must meet the requirements of quality, price and reliability of services, as well as actively share the drive towards innovation in their management processes and the commitment to reduce the negative impacts and environmental, social and economic risks inherent in the supply chain.

The company already acts upstream of the qualification process, dedicating great attention to assessing the suitability of aspiring suppliers and their selection already from the outset. The qualification process aims to verify the supplier's current capabilities and its future potential according to criteria of objectivity, transparency and traceability. Many elements are analysed during the qualification phase: technical and management skills, economic and financial reliability, ethical and reputational risk, commitment to anti-corruption, environmental protection, promotion of 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 specific certified management systems in accordance with international standards.

Furthermore, 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: Thus, the correct balancing of the number of supplier companies on the Vendor List is ensured, according to criteria that follow the evolution of the need to acquire goods, works and services over time.

In 2021, the actions aimed at rationalising the number of suppliers on the Vendor List and the relevant product groups continued, 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.

When selecting and qualifying suppliers, in line with the Social Supply Chain Policy, Snam 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 publicly stated objective is to move towards a business model based on inclusive and ethical growth open to dialogue with stakeholders committed to protecting the most vulnerable members of communities and territories.

At the end of 2021, there were **83** suppliers belonging to the Third Sector in the Supplier Registry, reaching the target set out in the ESG Scorecard ahead of schedule. Snam has provided work worth **2.5 million euros** to these companies, mainly in the areas of providing research services and green maintenance.

SUPPLIER REGISTRY POPULATION AT 31.12.2021



THE NEW SUPPLIER PERFORMANCE MONITORING PROCESS

In order to best 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 with respect to the performance reached 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 supply chain sustainability and ensure that the expected standards of quality and efficiency are maintained.

During the year, the Supply Chain department defined and implemented a new model for managing supplier compliance which, by also involving other company functions in the verification process, allows new interactions between the investigations to be carried out and the comparison of a greater amount of information gathered from suppliers. The main objective is to ensure business continuity in the various core sectors of the company, monitoring the maintenance of high standards to protect people and the working environment, as well as financial conditions that safeguard the continuation of the collaboration and the integrity of the relationship.

Despite the difficulties linked to the pandemic context, during 2021, 810 feedback items were collected, referring to the performance of 151 suppliers, 389 contracts were analysed and, in line with the promotion of sustainable behaviour along the supply chain, 4,358 checks were carried out on the regularity of contributions (+14% compared to 2020) of 1,811 suppliers and subcontractors (+2.4% compared to 2020), finding fewer irregularities than in 2020: 1.03% of cases, confirming the responsible path taken by suppliers.

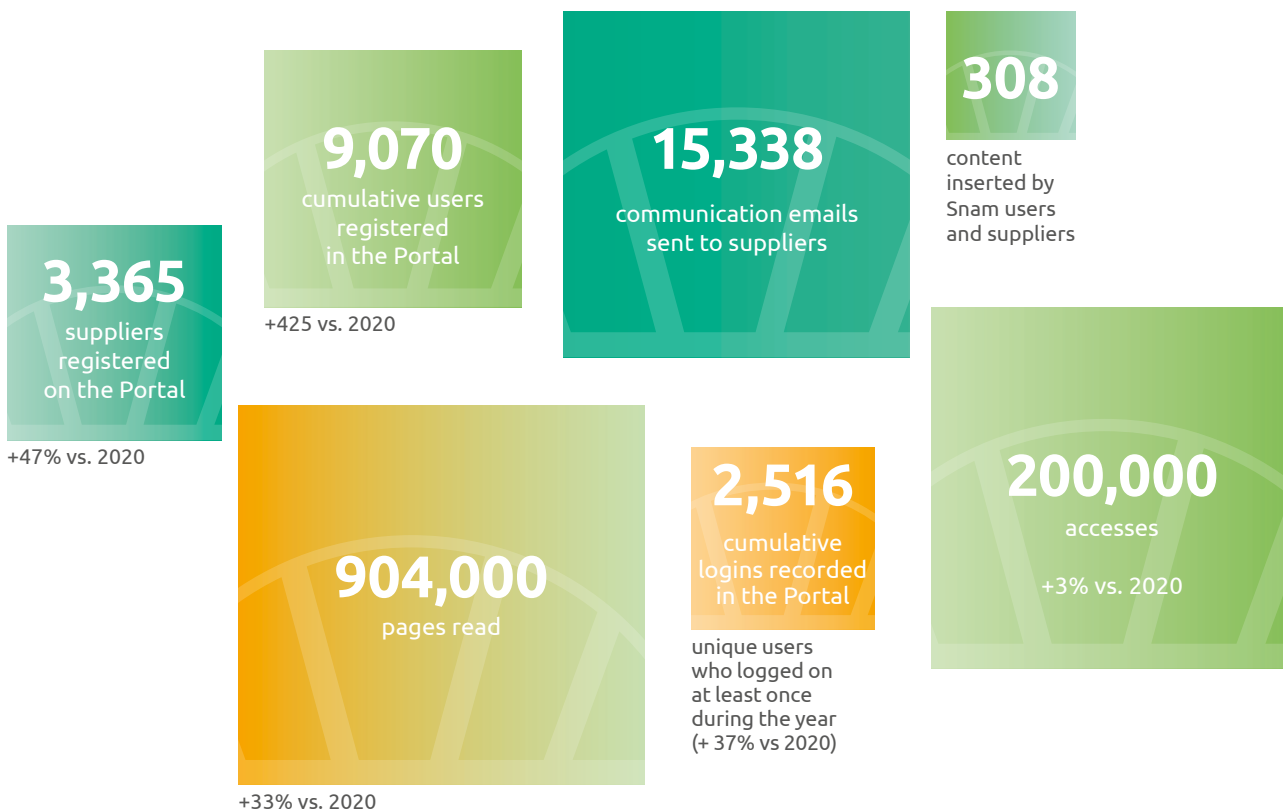
To evaluate supplier performance over time, Snam also uses a rating index (IR) which considers compliance with technical contractual requirements (Quality), health-safety-environment (HSE) requirements, the agreed delivery times (Level of service), and details about the relationship with the customer 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.

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 and/or safety procedures 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. A total of 29 measures were issued in 2021.

SUPPLIERS PERFORMANCE EVALUATION (%)

	2019	2020	2021
Excellent	40%	34%	41%
Good	31%	35%	27%
Adequate	18%	23%	25%
Insufficient	5%	4%	3%
Poor	6%	4%	4%

THE WEB PORTAL FOR SUPPLIERS



Snam was one of the first major Italian companies to make a specific web platform available to suppliers: the Supplier Portal. It has been the main tool through which the company implements its procurement policy since 2013, 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 and directly relating to: product sectors for which they are qualified, active contracts, performance in terms of workplace safety, notifications for invoicing the services provided. The Portal is a constantly evolving and growing tool: new functionalities were introduced in 2021 to further improve the efficiency, traceability and transparency of the information made available.

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. In 2021, human rights assessment activities found no cases of violation by Snam’s suppliers, thus there was no required implementation of mitigation plans and related corrective actions.

The standards of conduct required of suppliers and the related areas of application are also outlined in the Snam Code of Ethics, which is a key element of the Group’s corporate culture and which all those who apply to be included in the Snam suppliers list are required to read. In addition, the General Contract Specifications contain further provisions of a general nature that regulate and apply to the activities covered by each contract entered into by Snam with contractors (it contains precise references to the health and safety of workers in the workplace, the pay, contribution and welfare treatment of contractors’ staff, etc.). The verification activities mainly take place during the qualification and contracting process. Periodic audits and, above all, constant training activities addressed to suppliers during periodic meetings are additional tools used to promote good practices and respect for human rights also along the entire supply chain.

SUPPLIERS ANALYSED ON SUSTAINABILITY ISSUES

	Number no. (*)			Work practices % (**)			Environmental criteria %			Human rights % (***)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Goods												
Qualified suppliers	940	630	821	22%	48%	37%	22%	48%	34%	100%	100%	100%
of which A and B level	101	98	96	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	126	234	257	29%	45%	29%	29%	45%	24%	100%	100%	100%
of which A and B level	10	20	6	100%	100%	100%	100%	100%	100%	100%	100%	100%
Works												
Qualified suppliers	383	309	375	46%	69%	88%	46%	69%	57%	100%	100%	100%
of which A and B level	81	79	80	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	59	88	111	72%	66%	94%	72%	66%	47%	100%	100%	100%
of which A and B level	17	11	22	100%	100%	100%	100%	100%	100%	100%	100%	100%
Services												
Qualified suppliers	1.316	1.328	1.655	26%	41%	27%	26%	41%	24%	100%	100%	100%
of which A and B level	55	54	49	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	377	431	496	25%	46%	24%	25%	46%	18%	100%	100%	100%
of which A and B level	10	8	8	100%	100%	100%	100%	100%	100%	100%	100%	100%
Non-EU international projects												
Qualified suppliers	9	10	13	100%	90%	85%	100%	90%	85%	100%	100%	100%
of which A and B level	0	0	0	0	0	0	0	0	0	0	0	0
Suppliers qualified during the year	4	3	6	100%	67%	83%	100%	67%	83%	100%	100%	100%
of which A and B level	0	0	0	0	0	0	0	0	0	0	0	0



(*) A supplier can hold more than one qualification, also for different goods.

(**) Health and safety aspects.

(***) Ethical aspects (ethical pact, regularity of contributions/DURC, Law 231, child labour, forced labour, etc.).

ENGAGING LOCAL COMMUNITIES

TARGETS AND PERFORMANCE

SDGs	KPI		Target	2021 performance	
	Number of employees hours devoted to Snam Foundation's initiatives supporting local communities		4,510 hours by 2021 5,100 hours by 2025	4,562 hours	



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

For over 80 years, Snam has been present with its infrastructure throughout Italy and contributes to the growth of the country, innovation, progress and development of the social system, including through the promotion of economic and cultural activities in all forms and expressions, the redevelopment of fragile areas, and the care and protection of the landscape and environmental heritage. Over time, the company has built solid, long-lasting relationships with local communities based on open dialogue and listening, aimed at deepening mutual understanding and understanding local needs. In this context, the company is also committed to collaborating with bodies, non-profit associations, public administration and institutions in order to pursue its sustainable development strategy and create and maintain inclusive, value-based and trust-based relationships.

Valuable support in strengthening the relationship with local communities is provided by the initiatives promoted by the **Snam Foundation**, which was established in 2017 and acts as a **system integrator**, supporting Snam in the creation of relational networks in the 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.

The importance of involving local communities also with its employees' direct support and acting not only on the territory but also for the territory, has led the company to include a specific KPI in the ESG Scorecard with the aim of annually increasing the number of hours that Snam employees volunteer, participating in Foundation activities for local communities. In 2021, Snam's people dedicated 4,562 hours to the Foundation's initiatives, exceeding the expected target (4,510 hours) and in line with the final 2025 target of 5,100 hours. In continuity with 2020, given the contingent situation, the volunteering activities were mainly carried out online.

In addition, in 2021 the Company contributed **around 4 million euros to sponsorships and donations and around 2 million euros in environmental compensation** to local communities.

Snam and the Sodalitas Foundation: together for the growth of the Italian Third Sector

Snam has been a member of the Sodalitas Foundation since 2012, an Assolombarda foundation set up in 1995 whose members include important companies and foundations. The mission of Sodalitas is to build a bridge between the business world and the non-profit sector, contributing to the widespread growth of the Third Sector's planning and managerial capacity and developing projects to promote corporate sustainability in the Italian market. Snam participates by sharing its sustainability best practices in two projects: Sodalitas Social Master Class and Sodalitas Call for Future.

Sodalitas Social Master Class

A free training course for social entrepreneurship aimed at Third Sector organisations and consisting of various themed workshops – from decision making to social innovation, from business plans to social impact assessment, from fundraising to social finance – developed with the direct contribution of member companies.

Sodalitas Call for Future

This initiative was created to make people, institutions and especially young people aware of the strategic role of businesses in the sustainable development of the country. A campaign to raise awareness of relevant challenges and effective, concrete solutions proposed by member companies that can contribute to achieving the goals of the UN 2030 Agenda. Snam took part in the initiative by presenting four projects carried out in the last five years – or in the process of being carried out – that have contributed to achieving a positive change with respect to issues linked to the UN SDGs, which were awarded the "Sodalitas Call for Future" label, namely Corvetto Adottami, #Snam4Diversity Energy that Includes, Inclusive Energy and The Net Zero Carbon and ESG strategy.



Snam employee volunteering

Snam employees volunteered their time and skills in 2021, showing how to support the company by offering their skills and time, even during the pandemic. In particular, two activities were carried out:

- **“E-LAB” (Empowerment- Lab) Skills Volunteering**, a mentorship programme for enterprises and social cooperatives, which 35 volunteers joined. In the framework of this programme, volunteers followed 16 Cooperatives/Social Enterprises from five regions in Italy that provide employment to vulnerable groups, helping them to strengthen their business plan, business skills and internal organisation.
- **“Buddy Program” STEM Tutoring**, a programme that allowed more than 70 colleagues to be matched with as many female secondary school students from fragile socio-economic backgrounds in Milan, Bari, Palermo and Cagliari to help them with after-school activities in the study of scientific subjects.

In addition, the **Relationship Volunteering** with the elderly and disabled programme was also carried out online, in partnership with the organisations Noi genitori and Genera Onlus, in which the 40 participating volunteers carried out activities in direct contact with elderly and disabled young people.

During the year, **three payroll giving and matchgiving campaigns** were held in favour of Third Sector organisations on the topics of women’s empowerment, combating educational poverty and child food poverty, donating a total of more than 1,000 hours corresponding to approximately 29,000 euros, which were then doubled by the Snam Foundation.

Lastly, within the framework of the **“Let’s shape the future”** project, the “Motivo Donna” initiative was launched in partnership with the organisations “Idee Migranti onlus” and Guri I ZI social enterprise. The aim is to promote women’s empowerment by generating job opportunities for women from disadvantaged backgrounds, with the intention of testing a replicable social enterprise model to trigger virtuous processes of resilience and inclusive and equal social growth. The Foundation provided the expertise that enabled business plan development and the start-up of production activities, supported part of the project start-up costs for a period of three years and facilitated the provision, on a free loan basis, of a Snam office in San Donato Milanese. The project currently employs three women weavers and the head of the production workshop.



The Thin Line: a journey through Italy united by the Snam network

In November 2021, **Fabbrica Sassetti**, a former industrial building in Milan’s Isola district, hosted the photographic exhibition **“The Thin Line”** curated by artist Giada Ripa, which traces the visual exploration of the “invisible pipeline”: the energy infrastructure that crosses the country while respecting the territories and connecting communities in a 4,000 km long journey. The exhibition includes about 15 large-format works plus a wide range of materials: documentaries, videos, maps, texts and a documentary video that summarises the entire project, helping to reconstruct the atmosphere of the places and encounters experienced.

At the centre of the story is the Snam network, whose passage is described as an opportunity to restore the landscape. The voices of the protagonists and the documents collected tell the micro-stories of the places and clarify how the “thin line” smoothly fits into the contexts it crosses. With her work, the photographer offers visitors the tools to access the space in which the aesthetic attention and ethical tension that must unite the commitment of the artist, the citizen and the large energy companies today meet.

“The landscape is not merely as geographers understand it, the physical space built by man to live and produce, but also the theatre in which everyone plays their part, making themselves both actor and spectator”

Eugenio Turri

Snam and LifeGate: Plasticless in Cagliari and Taranto

The LifeGate PlasticLess® project, the initiative in which the company participates, and which aims to capture and reduce plastic waste in the sea, continued through the use of Seabin technology which is placed in the waters of ports and nautical clubs. These floating baskets catch over 500 kg of plastic waste per year, including tiny microplastics which, if ingested by aquatic life, cause damage and enter the food chain. After the first installation of a device in Messina, came the ports of Cagliari and Taranto in 2021, where as many Seabins have been deployed and are operating.

The inauguration event in the port of Cagliari was an opportunity for a meeting between the company and local authorities, together with LifeGate, to underline the company's commitment to combating pollution and climate-changing emissions, defending the environment, engaging in dialogue with local communities and promoting the circular economy.

Snam at the service of schools

Snam Institute is not only dedicated to training employees and collaborators, but also stakeholders as a whole. With this in mind, in 2021 Snam continued its activities aimed at schools with the **Young Energy** project, now in its 4th year, which aims to facilitate the 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 eight technical institutes and continuing in the same way also in 2021, involving eight new schools including technical institutes and secondary schools.

In 2021, the **"Con la scuola"** project also continued, carried out by Snam in collaboration with LUISS Business School and Consorzio Elis. It 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.

CON LA SCUOLA: 2021 FIGURES



To complete Snam's activities in collaboration with schools, in 2021 the company sponsored the **Teaching Revolution** project promoted by the ELIS Consortium. The aim of the initiative is to explore the assumptions and analysis of a new teaching method in the field through the involvement of a group of teachers who are committed to increasing awareness of what is happening in their own working environment and introducing radical changes in their way of teaching.

Finally, for the 2022/2023 school year, the four-year Secondary School for Ecological and Digital Transition, **TED High School**, will be launched, involving 27 high schools, four universities and the ELIS Consortium companies. The TED High School is an experimental initiative to bring together schools, companies and universities, strengthening the dissemination of STEM disciplines by integrating them with traditional humanities and science.

SNAM FOUNDATION

The Snam Foundation was established in order to provide the skills and abilities that have contributed to the innovation, progress and social growth of the country through the construction and management of complex infrastructure throughout the company's history. It aims to respond to the needs of changing realities by supporting and developing the country's most vulnerable territories and communities. The projects and initiatives implemented during 2021 are presented below.

SNAM FOUNDATION PROJECTS IN 2021

Treasures, Solidarity Lands in Inclusive Networks

Objective: to make unused land owned by Snam available to local communities

Collaborations: Confagricoltura

Actors involved: 30 people from the most vulnerable social groups

Projects implemented: In Messina, an initiative has been launched that will involve several partners and areas of the city with the aim of developing an agricultural activity that will include fragile subjects and the implementation of innovative irrigation techniques useful for building educational paths for local schools. The project also includes the development of a prototype plant to produce bioplastics by reusing agricultural waste produced on the land

Sprint! La scuola con una marcia in più

Objective: 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.

Collaborations: Impresa Sociale con i Bambini

Actors involved: 700 children, 100 parents and 50 teachers and education workers

Projects implemented:

- some schools in Palermo, Brindisi and Milan were involved in educational and recreational activities for children and parents, co-financed by Impresa Sociale con i Bambini
- Three summer camps allowed 75% of the participants to see an improvement in their quality of life thanks to the activities carried out



Corvetto adottati

Objective: to contribute to the redevelopment and social development of the Milan Corvetto district through three areas of intervention: social innovation, combating educational poverty and improving the environment and energy efficiency.

Collaborations: Cariplo Foundation, Milan City Council and local associations

Actors involved: inhabitants of the Corvetto district, unemployed youth

Projects implemented:

- workshops for social inclusion within the Candia Comprehensive Institute
- guidance and support activities for youth not studying or employed and youth at high risk of dropping out of school (aged 14-17)
- "Tappeto Volante", an urban redevelopment project involving the 500-metre route linking the Tommaso Grossi Institute and Emilio Alessandrini Park, improving the tree-lined parterre adjacent to the Tommaso Grossi Comprehensive Institute and making it accessible to pedestrians. Reflection and education on the energy transition were also carried out

Welfare, che impresa!

Objective: to reward and support the best community welfare projects promoted by organisations able to produce benefits in terms of local development

Collaborations: Fondazione Italiana Accenture, Fondazione Bracco, Fondazione CON IL SUD, Fondazione Peppino Vismara and UBI Banca

Projects implemented: the capacity building programme selected 12 finalists and the award went to the start-up LinkAbili, which created a digital platform for support and guidance on the subject of disability and received a prize of 20,000 euros following a mentorship programme initiated by the Foundation, which also supported the start-up in its development thanks to the Snam "Skills Volunteering" programme.

ForestaMi

Objective: to increase the resilience of the entire Milan area to environmental stress and the effects of global warming, improving the quality of the environment and of life by planting three million trees by 2030

Collaborations: Municipality of Milan

Projects implemented: two areas near motorway junctions within the Municipality of Milan managed by Serravalle Milano - Milano Tangenziali S.p.A. were used to plant 7,752 native plants (trees and shrubs), which will produce a series of ecosystem benefits, in particular the capture of 619 tons of CO₂ in 20 years and 1,609 kg per year of PM10

Initiatives against energy poverty

In 2021, the Foundation continued its commitment on the Energy Poverty front: on the one hand, the **research study aimed at defining, measuring and describing the Energy Poverty phenomenon** and the main actions to combat it was finalised, and on the other hand, the **“Inclusive Energy” call for projects** was carried out to support the development of project activities aimed at combating Energy Poverty.



The call was launched at the beginning of 2021 and closed in October and was promoted by the Snam Foundation in collaboration with the Compagnia di San Paolo Foundation and led to the initial selection of **13 finalist projects** that benefited from an accompanying course, carried out between June and September, to develop and make the project ideas more sound. The selected entities were accompanied by 7 tutors from the **incubator of the Polytechnic Institute of Turin, I3P**, and **12 Snam volunteers** in the role of mentors. Group training activities and weekly one-to-one meetings totalling **325 hours** were carried out during the course. At the end of the accompaniment process, the **four winning projects** were selected and will receive a **total financial contribution of 185,000 euros**, distributed over the years of implementation of the activities.

The winning projects operate in four Italian regions (Emilia-Romagna, Lombardy, Piedmont and Sardinia) and run over a period of about three years, reaching more than 4,000 people:

- **Consuming less to live better**, a scale up promoted by the Territorial Agency for Energy and Sustainability of Parma (ATES Parma) which aims at identifying a model for small municipalities to reduce the energy consumption of energy-poor households and make them autonomous in paying their bills, ensuring lower welfare costs for municipalities, favouring “active citizen participation” and producing environmental benefits.
- **Cooperative and Solidarity Energy for Mountain Villages** promoted by the Municipality of Rittana in partnership with the Municipality of Magliano Alpi, aimed at also developing mountain villages through Renewable Energy Communities (RECs). The project will offer a new way of managing energy and make new resources generated by energy savings available to finance local social services, supporting vulnerable groups and preventing the depopulation of mountain areas.
- **Energy for all: Territorial Nodes, Needs, Opportunities** promoted by the Lelio and Lisli Basso Foundation in partnership with Legambiente Cagliari, Legambiente Modena, Caritas Cagliari and the Giuseppe Di Vittorio Foundation, which aims to get a close-up view of energy poverty and combat it through paths to improve the living comfort and energy well-being of families, break the isolation of people experiencing hardships, create virtuous relations in the community between families, institutions and energy suppliers and propose new policy schemes.
- **Inclusive Milan to reduce Energy Poverty** promoted by Fratello Sole - Energie Solidali Impresa Sociale in partnership with Associazione Consorzio Cantiere Cuccagna, the Municipality of Milan, Fondazione Caritas Ambrosiana, aims at creating a community model able to fight energy poverty through training and the adoption of good energy practices, spreading a culture of energy saving able to change daily habits, generate economic savings on household expenses and reduce the ecological footprint of individuals on the common territory.

GOVERNANCE PRINCIPLES

Thanks to a solid governance structure, Snam carries out its activities with loyalty, fairness and transparency, committing itself to combating corruption and ensuring a solid interaction with the reference context. Within the framework of these rules, the company strives to ensure high levels of infrastructure reliability and service quality in order to satisfy its customers and increase the value and sustainability of its business.



CREATING VALUE THROUGH A GOOD GOVERNANCE

TARGETS AND PERFORMANCE

SDGs	KPI	ESG Scorecard	Target	2021 performance	
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Percentage of time that the Board of Directors dedicates to ESG issues in meetings and induction sessions (*)	ESG Scorecard	>40% until 2025	41%	✓

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



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

Snam is constantly committed to strengthening the corporate governance system to foster the **creation of long-term value**, taking into account the requests of all stakeholders. A good and solid governance of the organisation lays the foundations for establishing a **correct and adequate interaction between the company and the complex and challenging context in which it operates**, while guaranteeing the definition and implementation of a clear and sustainable development strategy. In order to achieve these objectives, the company conducts and develops its business 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 10 global ethical principles in terms of human rights, environmental protection, workers' rights and the combat against corruption contained in the United Nations Global Compact.

(*) Snam's Code of Ethics is available on the company's website https://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice_Etico.pdf

CORPORATE AND ORGANISATIONAL STRUCTURE

Snam's Corporate Governance system is based on the principles of **fair and transparent management of business activities**, to which the information flows between corporate bodies and the Internal Control and Risk Management System (SCIGR) also contribute, and is structured and well supervised.

With the entry into force in 2021, of the recommendations contained in the **Corporate Governance Code** published by the Corporate Governance Committee in January 2020, Snam has defined specific guidelines, drawn up in accordance with the document. The **Corporate Governance Guidelines** define, among other things, the principles, content, tools and operating methods of the strategic guidance carried out by the Group. For further information on Snam's main policies and guidelines, see "Appendix - Main Snam policies and guidelines" in this document.

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.

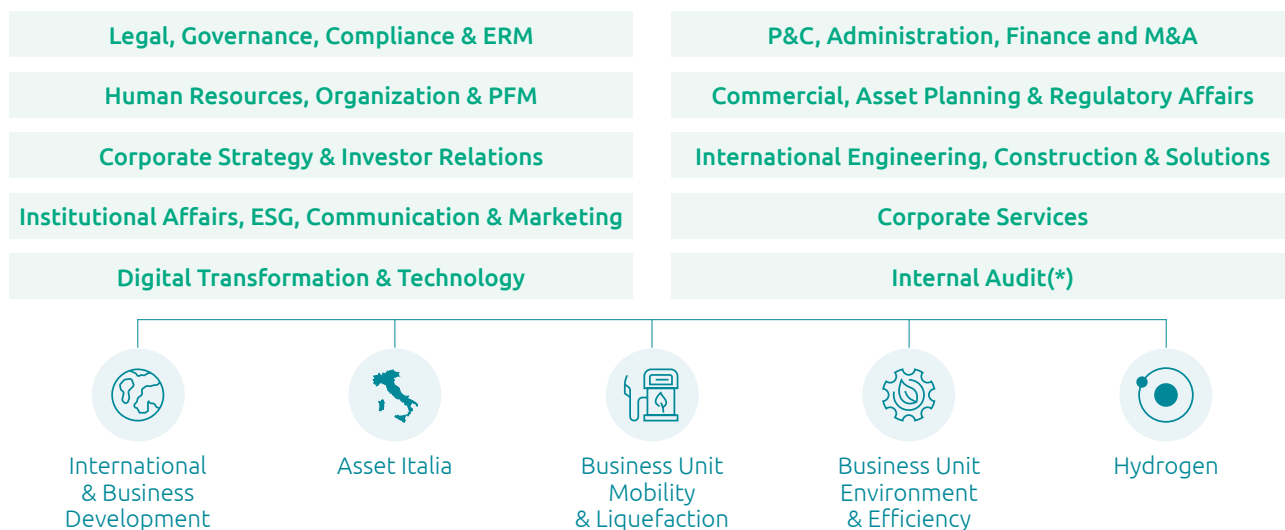
Snam's organisational model

All Snam companies in Italy and abroad are managed on the basis of a coherent organisational and procedural system that makes the application of management rules defined at corporate level clear, simple and organic.

Snam's management team consists of ten main functions and is crucial to the system's proper functioning. All the functions base their work on specific tasks, have precise objectives and are evaluated on the results achieved, with a view to continually improving the effectiveness and efficiency of business processes.

The organisational structure of Snam features five business units and staff functions, designed with a view to simplifying processes, efficiency and continuous improvement. The business units are focused on the various core businesses and activities for Snam:

- **International and Business Development** oversees Snam's international development, ensuring the achievement of industrial, economic and financial objectives through the Asset Management of associate companies, the sale of Global Solutions services and extraordinary Business Development operations.
- **Asset Italia** oversees the definition of the industrial strategies, guidelines and objectives of the activities related to Snam's core business (transportation, storage and regasification), in line with defined strategical guidelines and directions, including those relating to energy transition.
- **Mobility & Liquefaction** oversees the definition of strategies, guidelines, objectives and the development of the unregulated mobility business and LNG business development.
- **Environment & Efficiency** oversees the definition of strategies, guidelines, targets and the development of the non-regulated biomethane business and energy efficiency.
- **Hydrogen** oversees the development of the hydrogen business, in line with the guidelines and strategic directions defined by Snam regarding this gas, which is positioned as a decarbonisation solution in the long term.



(*) On behalf of the Board of Directors, the Chairman coordinates and makes use of:

- the Secretary of the Board, for board induction and board evaluation activities and all activities relating to the Shareholders' Meeting, Board of Directors, Board Committees and - to the extent necessary - the control body;
- the Internal Audit Manager, for the activities falling under the competence of the Internal Audit Department, which hierarchically reports to the Board.

The Board of Directors

The Snam Board of Directors (BoD) carries out a fundamental role in the Corporate Governance system and is vested with the highest powers for the ordinary and extraordinary company management. As suggested by the recommendations of the Corporate Governance Code, overseeing the **company's commitment to sustainable development along the value chain is one of the main tasks of the governing body.**

The nine directors currently in office were appointed by the Shareholders' Meeting of 2 April 2019 - with the exception of the Chairman Dr. Nicola Bedin, who was appointed by the Ordinary Shareholders' Meeting of 18 June 2020 to replace Luca Dal Fabbro, who had previously resigned - for a period of three financial years.

The Board is aided by four Committees, all with propositional and consultative functions towards the BoD and composed by 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.

The directors are also involved in periodic **board induction** sessions on specific topics presented by the management of the relevant structures, in accordance with the recommendations of the Corporate Governance Code. In the board induction sessions, the directors and Statutory Auditors have the opportunity to further their knowledge on topics of interest for the business sector in which the company operates, also in the light of company dynamics and the evolution of the corporate structure.

In order to assess the functioning of the Board of Directors and its Committees, a **Board Evaluation** process was launched also for the period 2019-2021. It is entrusted to an independent advisor which expresses an opinion on the activity carried out, identifying any elements that could improve its performance in terms of the efficiency and effectiveness of its work.

Characteristics of the Snam Board of Directors

INDEPENDENT

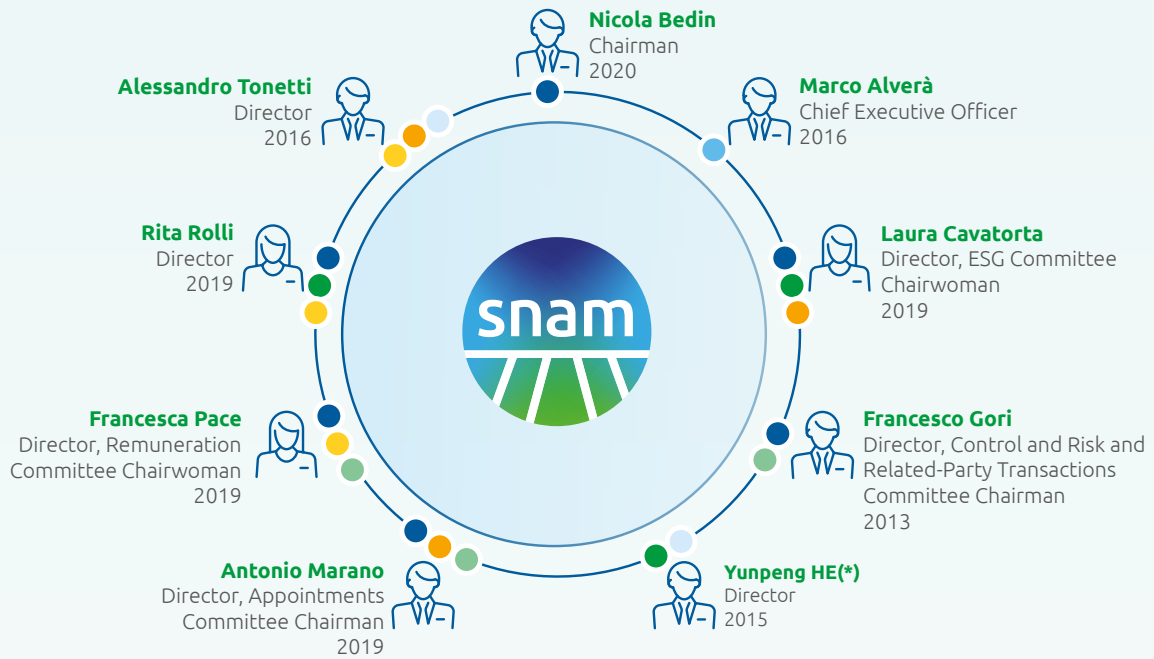
5 out of 9 directors qualify as independent pursuant to the TUF (Consolidated Finance Act) and the Corporate Governance Code. The Chairman is qualified as independent within the meaning of the TUF.

REPRESENTATIVE

One third of the directors were elected from lists submitted by minority shareholders.

INCLUSIVE

33% of the directors are women.



Type of director

- Independent
- Executive
- Non-independent/executive

Membership committee

- ESG Committee
- Control and Risk and Related-Party Transactions Committee
- Appointments Committee
- Remuneration Committee

Note: the year indicated for each Director refers to the year in which they joined the Snam Board of Directors

(*) Director resigned with efficacy from February 17, 2022

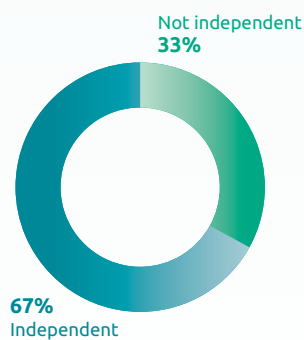


13 MEETINGS

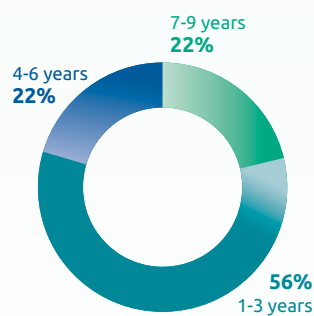
98% PARTICIPATION RATE

193 minutes AVERAGE DURATION OF MEETINGS

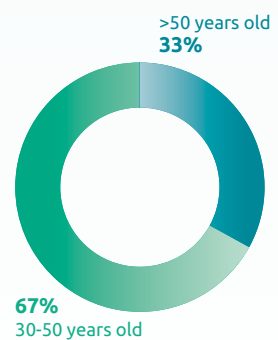
INDEPENDENCE



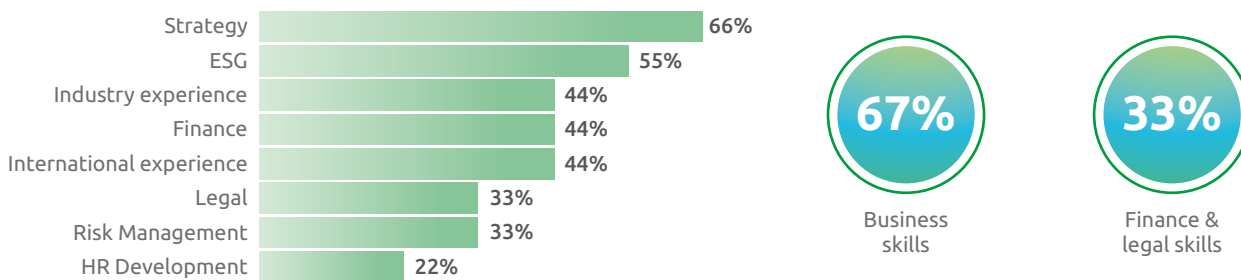
SENIORITY OF POSITION



AGE GROUPS



DIVERSITY AND SKILLS



Integrated sustainability in Snam's governance

The Board of Directors plays a central role in overseeing Snam's commitment to sustainable development along the value chain and in integrating **ESG issues** related, for example, to the fight against climate change, the promotion of a more efficient use of resources, gender inclusion and diversity, the quality of services and the fight against corruption into the corporate strategy, and in general to **guiding Snam's choices in the energy transition**.

The progressive integration of ESG issues into Snam's strategic choices is also highlighted by the amendments to the Articles of Association, approved by the Shareholders' Meeting in February 2021, which formally states the company's commitment to "encouraging the energy transition towards forms of using resources and energy sources that are compatible with environmental protection and progressive decarbonisation". The new Articles of Association also include the principle of pursuing sustainable success among the aims to which the company's business activities must conform, through the creation of long-term value benefiting shareholders and simultaneously promoting the satisfaction of the interests of stakeholders relevant to the company, constantly pursuing Snam's purpose, "Energy to inspire the world".

Issues relating to ESG factors accounted for a significant portion of the meetings and induction sessions of the Board of Directors, which once again reached the expected target set by the ESG Scorecard in 2021 (at least 40% of its time), dedicating **41%** of its time, including the six board induction sessions organised during the year. These sessions examined the role of sustainable mobility, in-depth analysis of hydrogen development projects, hydrogen transport and storage and market scenarios, recent changes in the regulatory framework, talent development and corporate welfare initiatives.

In this context, the **ESG Committee** plays a key role in promoting and disseminating environmental, social and governance issues not only within the BoD through the **board induction** sessions, but also within the company itself. The Committee met **16 times** in 2021, with an **attendance rate of 98%**, and addressed climate change issues on several occasions, analysing the results and strategies implemented by Snam to combat it. The Committee meetings also involved discussions on how to achieve the decarbonisation targets set by the Towards Net Zero strategy, as well as activities to spread the culture of decarbonisation within the company.

Confirming the result of the previous year, as well as its commitment to ESG issues in 2021 as well, Snam was ranked among the best Italian companies for Corporate Governance and the integration of ESG factors (environmental, social and governance) in corporate strategies according to the annual **Integrated Governance Index** survey carried out by **ETicaNews**. 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 2021 Annual Report.

CHANGES COMPARED TO THE PREVIOUS MANDATE

	Previous mandate (2016-2019)	Current mandate (2019-2022)	FTSE MIB Average
Number of directors	9	9	12.5 (***)
Directors elected by the minority	3 (33.3%)	3 (33.3%)	18.4 (***)
Less-represented gender in the BoD	44.4%	33.3%	36.6% (**°)
Independent directors	56%	66.6%	61% (***)
Average age of directors	56	53	57 (***)
Chair - CEO or Chair - controlling shareholder	No	No	10% (***)
Existence of Lead Independent Director	No	No	9% (*)

(*) Corporate Governance Committee - 2021 Report on the evolution of corporate governance in listed companies, 9th report on the application of the Corporate Governance Code, p.43.





(**) 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 - Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code. (year 2021), Notes and Studies 4/22. The 2021 survey covered the 219 Italian Companies, listed as of 31 December 2020, whose Reports were available as of the end of July 2021.

(°) Average of companies listed on the Euronext Milan.

CARRYING OUT ACTIVITIES IN ACCORDANCE WITH BUSINESS ETHICS

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance
 	Percentage of third parties subject to the procurement process on which reputational checks have been carried out 	100% per year until 2025	100% 



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

Business ethics underpin Snam’s actions to combat corruption. The company has constantly strengthened its anti-corruption measures over time, and is also committed to raising awareness and educating employees by providing them with an internal regulatory reference, the **Anti-Corruption Guidelines**, and helping them to increase their awareness in recognising, preventing, repressing and reporting cases of corruption in the various business contexts. For more information on the Anti-Corruption Guidelines, see the section “Snam’s main policies and guidelines” in the Appendix of this document.

Based on the principles of ethics, transparency, fairness and professionalism contained in the Code of Ethics, the Anti-Corruption Guidelines are applied by Snam and its subsidiaries and are also disseminated to associate companies with the ultimate aim of promoting principles and conduct consistent with those expressed by the Parent Company. The document is written in accordance with the tenth principle of the Global Compact, which requires participants not only to avoid corruption in all its forms, but also to develop strong policies and concrete anti-corruption programmes, and work together with governments, UN agencies and civil society in contributing to a more transparent global economy.

The Guidelines are an integral part of a broader business ethics control system structured to ensure compliance with national and international anti-corruption laws and alignment with international anti-corruption standards and best practices. In 2021, 100% of the company population and Board members were informed of the policies and procedures adopted by Snam to combat corruption.

Snam believes that it is fundamentally important to offer and develop **training sessions** for all staff and especially new recruits in order to deepen and constantly keep their knowledge of business ethics, legality and anti-corruption updated. In 2021, 1,014 hours were provided on these topics for all new employees.

In order to monitor this issue, Snam has defined an **Anti-corruption Compliance Programme** designed to identify and assess corruption risks related to its business activities and to prevent the violation of the guidelines and regulations on anti-corruption, both internal and external. Constant attention is paid to relations with counterparties through **reputational checks** and specific contractual protection clauses.

Lastly, among the many tools to protect transparency and the fight against corruption, mention must be made of the digitalisation of the information flow of data to the **National Anti-Corruption Authority**, which allows the elimination of all manual compilation procedures, improving the traceability, transparency and security of all operations.

Snam again demonstrated its commitment and attention to anti-corruption issues in 2021 by participating in several multilateral initiatives, including:

	<p>Global Anti-Corruption & Integrity Forum</p> <p>Participation in the round table “Leading through the Crisis, Crisis Integrity and Anti-corruption for a Resilient Recovery” where, from the point of view of a large company, the changes caused by the pandemic in the area of risk were discussed, highlighting how the health emergency has led to new evolving scenarios and the emergence of future problems that are likely to persist even after the crisis has passed.</p> <p>Other OECD events</p> <ul style="list-style-type: none"> • Global Forum on Responsible Business Conduct • Working Party on State Ownership and Privatisation Practices • Corporate Governance Committee meeting • Public Integrity Indicators Portal and 2021 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions
	<p>B20 Italian Presidency</p> <p>Participation as a full member of the Integrity & Compliance Task Force. The contributions from this participation were formalised in the Policy Paper circulated to G20 members in view of the future Indonesian Presidency (2022).</p> <p>Regular conference calls as part of participation in the Integrity & Compliance Task Force.</p> <p>Special Event “How to promote Sustainable Governance, increase transparency, fight corruption to enhance fair competition”.</p> <p>Summit held in October 2021 celebrating the official handover of the presidency of the International Business Forum to Indonesia.</p>
	<p>Annual Event of Transparency International Italia</p> <p>Participation in the panels:</p> <p>“From B20 Italy 2021 to B20 Indonesia 2022 and beyond” in which Snam recounted its experience within the Integrity & Compliance Task Force of past and future Presidencies.</p> <p>“Ethical and Useful”, in which Snam was involved in a round table discussion on Italy’s possible role as a driver of the energy transition.</p> <p>Business Integrity Forum of Transparency International Italia</p> <p>Snam was the opening guest on the second day of the Forum where a video message from the CEO conveyed the value and importance of creating a corporate culture based on the principles of ethics, integrity and sustainability.</p> <p>Participation in the session “Intelligent Compliance: from Integrated Compliance to Supplier Compliance Monitoring”, as part of the round table on Technology & Integrity, where Snam reported on its experience in the use of Artificial Intelligence in the service of compliance.</p>

The main stages in the fight against corruption

2014	2017	2019	2020
<p>Snam starts its collaboration with Transparency International Italia as a member of the Business Integrity Forum (BIF).</p> <p>The collaboration aims to develop a partnership within the Global Corporate Supporters Forum.</p>	<p>Snam joins the Business at OECD Committee</p>	<p>Snam is the first Italian company to join the Leadership as Vice-Chair within the Anti-corruption Committee.</p> <p>In addition, it is presented as a “Tangible example” of a company that has distinguished itself, through concrete actions, in the fight against corruption at the B20 Summit under the Japanese Presidency.</p> <p>Lastly, the company was involved in the Partnering Against Corruption Institute (PACI) initiatives of the World Economic Forum.</p>	<p>Snam becomes a permanent member of the Corporate Governance Committee of BIAC (Business at OECD).</p>

Ethical principles, business values and fiscal responsibility

In the day-to-day operation of the business, Snam:

- works with transparency, honesty, fairness, good faith in compliance with the competition protection rules;
- engages stakeholders, including dialogue on issues such as sustainability and corporate social responsibility;
- creates competitive value for the company, its stakeholders and the territories in which it operates;
- protects and promotes human rights;
- protects all forms of individual freedom and repudiates any type of discrimination, violence, corruption (in any form with reference to any public or private entity), and forced or child labour;
- recognises and safeguards the dignity, freedom and equality of human beings;
- protects labour, trade union freedoms and human rights, health, safety, the environment and biodiversity.

The ethical principles and corporate values are also implemented in the fiscal sphere in the proper fulfilment of tax obligations. To ensure the constant application of these principles, the Snam Group has adopted the **Tax Control Framework (TCF)**: a system for detecting, assessing, managing and controlling tax risks through periodic assessment and monitoring activities, which is a necessary requirement for the admission to the **cooperative compliance** regime established by Italian Legislative Decree 128/2015, to which the Parent Company and the subsidiary Snam Rete Gas were admitted on 2 December 2019. The scheme requires eligible entities to maintain high standards of transparency and collaboration with the tax authorities and ensures an increased level of certainty on relevant tax issues.

For further information on Snam's tax strategy, see the section “Tax transparency and prevention of active and passive corruption” in the 2021 Consolidated Non-Financial Statement contained within the 2021 Annual Report.

COLLABORATION WITH SUPPLIERS AND BUSINESS PARTNERS

The choice of suppliers and business partners, as well as the management of relations with them and the relevant contractual protection clauses, are fundamental elements in preventing and combating active and passive corruption. All suppliers and subcontractors are required to sign the **Ethics and Integrity Pact**, a tool that allows reputational checks to be carried out to identify in advance, also on the basis of public information, the risk of possible infiltration by organised crime.

In line with the previous year, the Group conducted reputational audits on all its counterparties in 2021. In particular, 7,687 reputational checks were carried out during the year, of which 2,376 on suppliers and subcontractors, as a result of which the Multifunctional Team, also thanks to the support of the investigative activity carried out by the Technical Secretariat, issued 73 orders, of which eight were negative.

In order to make the verification process even more structured and effective, as well as to deepen its knowledge of its suppliers, Snam has implemented a new process that also focuses on “compliance” in a broad sense, and not only on “reputation”. In this regard, the “**Compliance Audits**” category was introduced, which envisages analyses of the financial soundness of suppliers and their suitability and adequacy, both from a technical and HSEQ point of view. The reputational audits carried out in the supplier engagement phases following qualification, will be progressively replaced by the new category, ensuring regular and effective monitoring of the entire supply chain. Reputational audits on suppliers and subcontractors decreased by 13.8% in 2021 as a result of the adoption of the “Compliance Audits”, which are carried out periodically on all suppliers on the Vendor List and their subcontractors.

REPUTATIONAL AUDITS ON SUPPLIERS, SUBCONTRACTORS AND PARTICIPANTS IN TENDER PROCEDURES

Breakdown by type	no.	Measures adopted (**)	no.
Compliance Audits	1,729	Denial of reputational clearance for contractual review	3 (***)
Awards / Stipulations	76 (*)	Reputational alert	3
Subcontracting	571	Suspension of qualification	1
		Refusal of reputational clearance for subcontracting	1







(*) Overall referring to awards, contracts, contract reviews, passage through the BoD.

(**) In addition, ten briefings were disseminated.

(***) To be understood as “qualification denials”.

ENSURING A RELIABLE INFRASTRUCTURE

TARGETS AND PERFORMANCE

SDGs	KPI		Target	2021 performance	
	Average annual customer satisfaction with quality of service (Average of the last 3 years)		7.8 by 2021 N.M. (*) by 2025	8.4	
	Percentage of level of reliability of gas supply		99.9% until 2025	99.9%	

(*) New methodology under development.



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached

THE REGULATION AND QUALITY OF SERVICES

Tariff regulations

Tariff regulations are an essential element in Snam's business, capable of enhancing the economic value of infrastructure capital and supporting investments. Today, in fact, almost 87% of Snam's revenues are regulated.

The tariff regulation criteria are usually defined every four years for each regulated business and guarantee coverage of the operating costs, the amortisation and a fair remuneration of the net invested capital.

The regulation includes specific incentives for infrastructure operators, differentiated both according to the type of investments made during each regulatory period and the outputs generated for the system.

Every year, each regulated Snam's company formulates a tariff proposal which is submitted to the Authority for approval.

The Authority monitors that the quality of service offered is consistent with predefined levels in relation to aspects of safety, continuity and quality of service.

The gas infrastructures in Italy are subject to regulation by the **Regulatory Authority for Energy, Networks and Environment (ARERA)**, an independent administrative body with regulatory and control powers in the electricity, natural gas, water services, waste cycle and district heating sectors.

A constructive relationship with the regulator, based on a **continuous and proactive dialogue** and the **creation of mutual trust**, is one of the fundamental drivers of the relationship policy through which Snam protects and enhances its stakeholders.

The company constantly strives to improve the services offered to its clients with a view to efficiency, continuity, transparency, quality and market orientation, promoting collaborative relationships with regulators and institutions in order to guarantee adequate economic returns capable of supporting investment strategies.

With regard to the infrastructure system, the Authority's action relates to three main areas of regulation:

- **revenues and tariffs**, through the definition of criteria and the approval of tariff proposals;
- **third-party access to the infrastructure**, with the approval of the contractual provisions contained in the Network and Service Codes;
- **quality of service**, by setting standards and carrying out checks.

Snam actively interacts with ARERA

MEETING	RESPONDING	PARTICIPATING	PROCESSING
and dialoguing with the College and the Technical Offices of the Authority on issues relating to the evolution of the regulatory framework and the performance of regulated services.	directly or through trade associations in public consultations held by the Authority in relation to various industry activities in order to define new standards or review the standards in force.	in the technical working groups set up by the Authority on issues relating to the evolution of the regulatory framework, data collection and surveys carried out during the year for the evaluations of the state of the sector or individual services and periodically sending the requested data to fulfil information obligations	and submitting tariff proposals for transportation, storage and regasification activities and amendments to the Transportation, Storage and Regasification Network Codes , which are then submitted to the Authority for approval.

RELATIONS WITH THE ARERA (no.)

Description	Transportation	Storage	Regasification
Responses to consultation documents and service proposals	7	3	2
Tariff proposals	7	2	2
Data collection	100	59	20
Investigations (*)	0	0	0
Proposed changes to codes and contractual documents (**)	6	2	1
Proposed changes to approved codes and contractual documents	8	2	1

(*) 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 within regulated services.

In 2021, Snam contributed to the development of the regulatory system by providing the Authority with numerous contributions and proposals. In particular, the activity concerned the definition of criteria for determining the recognised remuneration rate for the second regulatory period, innovative uses of the transportation network and technologies for the integration of renewable gas (such as biomethane and hydrogen), the reorganisation of the measurement activity for gas transportation, as well as incentive mechanisms for the efficient use of transportation infrastructure.

With regard to the services offered, Snam has seen to:

- the completion of the rules for determining the quantities of energy withdrawn from the transmission network and allocated to users under the so-called “adjustment sessions”;
- the simplification and digitisation of the process of managing the credit requirements of transportation service users;
- the launch, in coordination with the Integrated Information System Operator, of activities to test the process of allocating transmission capacity at the interconnections with distribution;
- the completion of storage service integration with a view to fostering better predictability of performance;
- the extension of the capacity offer period for the regasification service to 25 years, with a simultaneous revision of the mechanisms applicable in the event of capacity underutilisation by a user.

Monitoring the quality of services: Network Codes

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

In 2021, the quality of the service provided maintained high performance with more customers in the transportation segment, which increased thanks to the flexibility services that helped attract more shippers. On the other hand, transport connection contracts decreased, mainly due to the contingent situation and the related increase in the cost of raw materials and commodities, which slowed down and/or postponed investment decisions by end customers. As regards the storage and regasification business, the reduction in active shippers is due to the dynamics of LNG prices and gas price forecasts, on which the number of customers depends.

RELATIONS WITH THE ARERA

	2019	2020	2021
Transportation			
Active customers (shippers) (no.)	150	145	160
New connection agreements for delivery/redelivery/interconnection points (no.)	123	103	88
Contractualised transportation capacity/Available transportation capacity (entry points interconnected w/ foreign countries) (%)	64	57	50
Compliance with the timeframe of the issue of the connection offer (%)	100	100	100
Compliance with execution times for services subject to specific commercial quality standards (%)	100	100	100
Interruptions with adequate notification (%)	97	95	96
Regasification			
Active customers (shippers) (no.)	6	5	2
Compliance with maximum time for accepting monthly delivery scheduling proposals (%)	100	100	100
Compliance with maximum Terminal capacity interruption/reduction time for maintenance (%)	100	100	100
Storage			
Active customers (shippers) (no.)	83	91	81
Contractualised storage capacity/Available storage capacity (%)	100	100	89.6
Compliance with execution times for services subject to specific commercial quality standards (%)	100	100	100
Connection flow line subject to monitoring (%)	100	100	100
Total capacity not made available due to service interruptions/reductions (%)	0	0	0

Gas metering

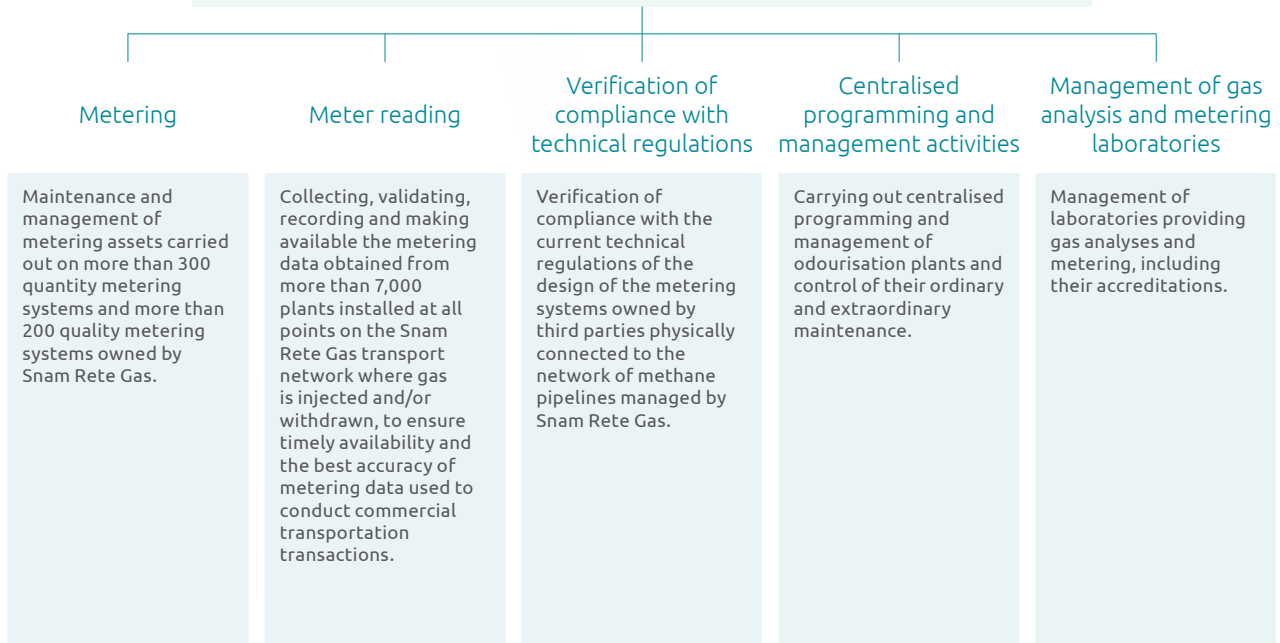
Consistent with the regulatory context of reference and in compliance with legislative, technical and metrological standards, through **Snam Rete Gas**, the Group ensures the natural gas metering process, which plays a crucial role in the physical and commercial management of the gas chain infrastructure.

In fact, the timely, reliable and punctual collection of measurement data on the volume and quality of gas at each entry and exit point of the system is an essential prerequisite for the correct accounting of commercial transactions between the Transporter and the User and for transactions between the User and its suppliers/customers, also for tax purposes.

Through its dedicated organisational structure, **Snam Rete Gas** ensures:

- the adoption and promotion of metering methodologies;
- the improvement of system management standards;
- continuous monitoring of its processes and full involvement of staff;
- a proactive role at national and international level.

Main activities carried out by Snam Rete Gas for gas metering







In this perspective, taking into account the current plurality of players involved and the different methods of technical and commercial management of metering plants, Snam welcomes and promotes the reorganisation process of metering activities defined by the **ARERA**, which will allow for a more efficient use of energy by consumers thanks to a greater awareness of the economic and environmental impacts of their consumption. In this way the energy transition process will be encouraged, with the goal of covering energy needs with energy generated from renewable sources and green gas, including hydrogen, safeguarding climate, protecting environment and reducing energy costs.

The reorganisation implemented will also allow for the **efficient operation of commercial processes and market-based balancing mechanisms** (thanks to the timeliness and reliability of data), the **proper management of settlement activities, more effective monitoring of the quantities of Unaccounted-for Gas (UFG)** on the transmission network, and the increasing use of digitalisation for remote activities. In 2021, the first phase of the **Settlement project** was launched with the release of the **New Adjustment Session**, which will bring benefits of increased speed and autonomy in data analysis and control.

The **“Metering Renewal (SUMMER)”** project plans to intervene in four areas to renew the current application map for gas metering.

The “SUMMER” project

	METER READING	Reconstruction of the foundations underlying the application that accounts for the measurement data up to issuing the measurement report, through the creation of an application to cover the meter reading process dedicated to accounting the unified, scalable, flexible measurement and allowing an evolved and efficient user experience, natively available on the move. This phase will be completed by 2022.
	METERING	Definition of a new method for managing the plant consistency of delivery and redelivery points, including their graphical display, with a view to improving the current application.
	BUSINESS INTELLIGENCE	Implementation of 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.
	END CUSTOMERS	Total overhaul of the applications currently operating in the “metering” area, including the portal dedicated to external interactions and the development of integration interfaces with field and commercial applications.

Monitoring gas markets

As part of its evaluations of the gas market and services, the Authority has mandated Snam, as the largest company for the structural aspects and phenomena relating to the operation of the Gas System, and the Gestore dei Mercati Energetici for the competitive aspects of the gas market, to support the Regulator’s monitoring activities through:

- the preparation of an integrated database of key data relating to transportation and balancing, storage and regasification services, made available by Snam to the Regulator and provided daily;
- the provision of regular indices and reports on the operation of the balance and equilibrium of the system;
- further specific analyses at the Authority’s request.

In 2021, more than **17,300 data flows and periodic reports** were submitted to the Authority, in accordance with its instructions, and analyses were carried out in relation to services (transportation, 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 (Gestore dei Mercati Energetici) and approved by the Authority.

RELATIONS WITH THE ARERA - MONITORING (no.)

Description	Transportation	Storage	Regasification
Reports/analysis (with reference to all businesses)	12	-	1
Monitoring conventions, manuals and specifications (with reference to all businesses)	2	2	2
Reports and data flows	13,902	2,472	931

European developments

At European level, there is a broad debate on the role of gas in the future energy mix and on how new renewable or low-carbon energy carriers (“green gas” such as hydrogen, biomethane or synthetic methane) can support the energy transition process.

During 2021, 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 “Green Deal” for full decarbonisation path by 2050. In particular, the main packages of legislative proposals launched in 2021 were the “Fit for 55” package, aimed at adapting the entire European regulatory framework to achieve a 55% greenhouse gas reduction target by 2030, and the “Hydrogen and Decarbonised Gas Market Package”, aimed at revising the regulations most directly related to the natural gas sector to accompany its transition to a system based on renewable gases and to encourage the creation of an interconnected hydrogen system at European level.

The expected developments in gas infrastructures will concern the possibility of accommodating larger shares of green gas in a context of increasing energy sector integration, primarily with the electricity sector (“sector coupling”). A prominent role will be given to the conversion of gas infrastructure to hydrogen, which is also an integral objective of the revision of the TEN-E Regulation on trans-European energy infrastructure.

Positioning itself in line with European objectives related to decarbonisation and energy transition, and envisaging becoming a “multi-commodity” company able to transport alternative and low-emission gases such as biomethane and hydrogen in the transportation and storage network, Snam has actively participated in the process of reviewing the European regulatory and legislative framework. The company has provided significant 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	4
Responses to Public Consultation	10
Responses to Draft Act/Commission Adoption proposal	9
Other contributions	17

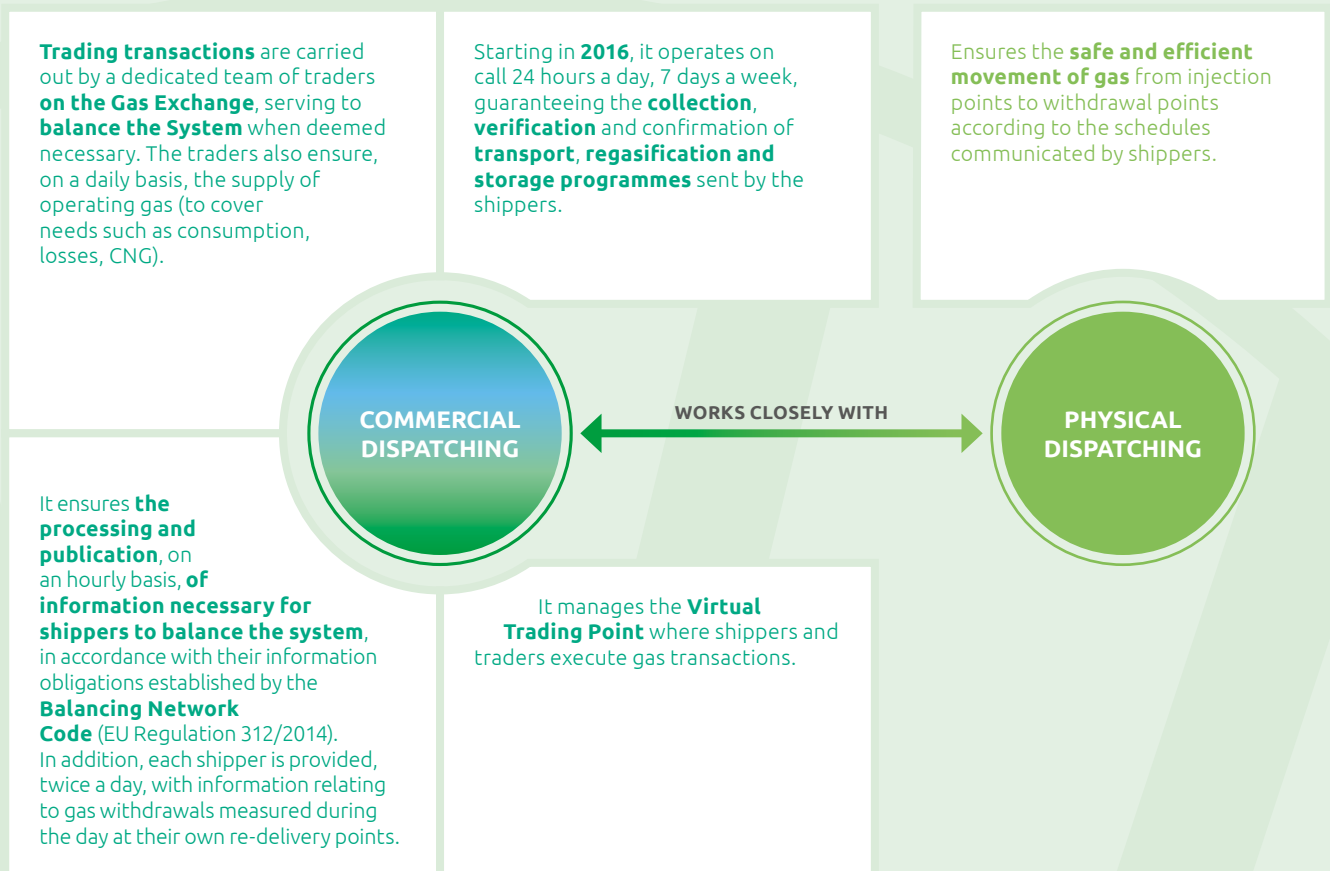
The balancing of the system

Balancing is the key concept for the operation of the gas system and has a dual meaning:

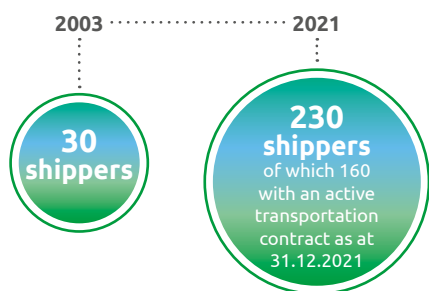
- the **physical balancing** of the system consists of the set of operations through which the Transporter, through its physical Dispatching department, controls flow parameters (capacity and pressure) in real time in order to ensure that gas can move safely and efficiently from injection points to withdrawal points at all times;
- **commercial balancing**, meaning the set of actions through which each User ensures the equality between its own quantities injected into and withdrawn from the network, as well as all the activities necessary for the correct accounting and allocation of the gas transported and the system of fees that incentivises Users to maintain the equality between the quantities injected into and withdrawn from the network.

In its capacity as balancing manager, if Snam Rete Gas considers that the actions taken by the Users responsible for their own positions injected into or withdrawn from the network, do not prove sufficient to balance the system, it shall carry out balancing on a residual basis by resorting to non-discriminatory balancing actions aimed at keeping the system within its operating limits and restoring a correct pressure level in the transportation network, consistent with the economic and efficient operation of the network itself.

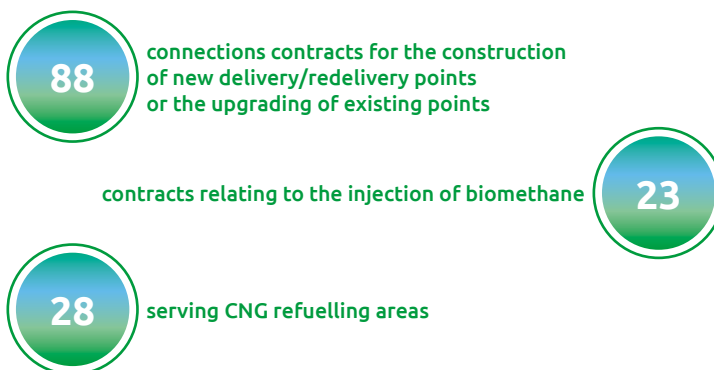
Commercial dispatching



CUSTOMERS IN NUMBERS



CONTRACTS SIGNED IN 2021



360° monitoring

Snam's **physical Dispatching** plays the fundamental role of ensuring and guaranteeing the reliability of the infrastructure on a continuous basis, 24 hours a day, 7 days a week. The operating room remotely monitors and controls transportation, receiving data from about **5,400 plants located along the network** (of which about 1,700 are controlled remotely), and oversees gas movement activities from injection points to withdrawal points according to the schedule defined by customers and coordinating with the operators of foreign infrastructures connected to the Italian network.

Of the **nine storage plants**, Dispatching also plans and conducts the operation of the surface treatment, well area and compression plants, ensuring their safe execution under all operating conditions, whether ordinary, abnormal or emergency.

Since 2021, Dispatching has been able to manage the assets of the transportation network and storage plants in a unified and remote manner thanks to the innovative **SCADA (System Control and Data Acquisition)** system.



Reacting to emergencies: Dispatching as an international best practice

Knowing how to promptly react and adequately manage emergency situations, including the pandemic, is a fundamental aspect of Snam's business, which has had to cope with the limitations of national restrictions while maintaining and guaranteeing reliability, continuity and high levels of service quality.

As in 2020, effective measures were taken in 2021 to address the pandemic and minimise the chances of infection. Where necessary and in accordance with the national and regional legislation issued, the Control Rooms in San Donato Milanese and Crema were separated and the drastic measure of isolating staff was periodically adopted. Staff were tested and examined by a doctor and isolated in special housing facilities during periods when the spread of infection and deaths was at its highest. During these phases, the work of the Dispatching Department was reorganised with two shifts per day, each of 12 hours, 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 Transigas.

SERVICES FOR CUSTOMERS

<p>TRANSPORTATION</p> 	<p>Flexibility services The possibility of reserving transportation capacity not only on an annual basis but also on a monthly, daily and hourly basis, allows shippers to redeliver gas to all end customers directly connected to the Snam Rete Gas network (industrial users, natural gas distribution plants for motor vehicles, thermoelectric power plants), or at interconnection points with distribution companies which, in turn, have the task of routing gas along the local networks they manage. An example of such flexibility is the service provided at power plants using gas for electricity production, where shippers, by paying only the quota of booked capacity instead of the tariff for the whole thermal year, are provided with disposal arrangements capable of coping with the variability of the system operating conditions in a timely and efficient manner.</p>
<p>STORAGE</p> 	<p>Flexibility services Customers (more than 80 in 2021) can adjust their contractual performance during the thermal year through auction allocation mechanisms, allowing them to seize business opportunities and/or adjust their strategies for using the same storage capacities in the face of changes in market scenarios, which are becoming increasingly rapid. The introduction of flexibility services in natural gas storage aims to ensure increasing attractiveness for an asset as strategic as that managed by Stogit. The growing number of foreign customers who turn to Stogit to sign contracts for the use of what it offers is proof of this. With the aim of helping to make the company's storage capacity ever more transparent at European level, in 2021, allocations for storage capacity, similar to what is already in place for transportation, were brought together on the European PRISMA platform, a single platform that makes it easier for customers to book transport and storage capacity.</p>
<p>REGASIFICATION</p> 	<p>Flexibility services Flexibility services for the Regasification business were developed during 2021 and are expected to be implemented as early as 2022, with the intention of creating greater value also for the services offered each year by the GNL Italia Terminal.</p>

Jarvis, Snam's commercial platform

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 are gradually converging. The new platform allows for a new, more user-friendly and comprehensive experience.



Jarvis is developed in an agile way, with a continuous and progressive release of features, directly involving the market players in a co-design process in order to grasp the real needs of the customer: further new releases are planned for 2022 as well, focused on **improving the quality of the service** offered to customers who use 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 continued its work on integrating a **Customer Relationship Management (CRM)** system within Jarvis and has begun developing the first **Mobile Application** that will enable its customers to carry out the main commercial transactions simply by using a smartphone or tablet.

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. Transforming the customer relationship is one of the company's objectives: from complexity to efficiency, from many communications to a single voice, to strengthen the relationship of mutual trust.

Customer care and customer satisfaction

With a view to creating long-term value for its customers, Snam has developed **customer care** initiatives that include constructive and collaborative **dialogue**, active **involvement** and constant **discussion** to make infrastructure management increasingly effective for the benefit of the entire system, as well as to achieve a high level of “customer-centric” service with the customer at the centre of the company’s strategies.

In continuity with past years, in order to constantly improve the quality of the services it offers and meet its customers’ needs, Snam has carried out **stakeholder engagement** activities through workshops in order to thoroughly examine issues relevant to the company and the market, discuss innovations and balancing operations, and receive feedback on the updating of information systems.

Four business workshops were held in 2021, of which **one on the Ten-Year Plans** and **one on the assessment of sustainability issues**, all of which were held digitally but interactively to provide participants with an experience as close as possible to an in-person event.

Within the framework of the Jarvis platform and the related Mobile Application, activities focused on the redesign of business processes were organised, including meetings, interviews and co-design workshops with customers, which enabled Snam to gather their expectations in order to make the platforms, which are used daily for gas exchange, sale and balancing activities, as responsive as possible to their needs.

Customer satisfaction thermal year 2020-2021

In order to achieve the objective of making services increasingly customer-centric, Snam carries out activities focused on getting to know and explore the views and wishes of customers. Thanks to customer satisfaction surveys, the company detects the **degree of customer satisfaction** with the innovations introduced during the year, future initiatives and the quality of the service offered. In particular, they are asked to assess the management of processes, the availability of stakeholders, the clarity, timeliness and completeness of the answers provided. Furthermore, to measure customer satisfaction, at the end of each workshop customers are asked to fill in special questionnaires which Snam sends the day after each event.

In 2021, all the shippers and traders with which Snam worked during the year were involved, investigating their satisfaction with the transportation, storage and regasification activities, the quality of the services offered, the customer engagement activities undertaken and the additional features and services introduced. The participation rate in the survey was **78%** and the results suggested a good level of customer satisfaction, which stood at 8.6 on a scale of 0 to 10 and an average of 8.4 over the three-year period.

PROSPERITY

Snam is oriented towards innovation and research for technologies to develop its business, which contribute to guaranteeing service security and accessibility, reducing emissions and energy efficiency. The company promotes the dissemination of sustainable finance and activities for the enhancement of the territory, committed to considering the requests of all stakeholders and increasing well-being.



INNOVATION AND DIGITALISATION FOR BUSINESS DEVELOPMENT

In the 2021-2025 Strategic Plan and in the Vision to 2030, Snam has placed digitalisation and innovation among the main activities necessary to become a multi-commodity company and manage its business more and more effectively. The investments linked in particular to research and development activities in the area of innovation and digitalisation, focus on 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.

In this regard, the inauguration of the **TecHub** in Bologna in July was particularly relevant for 2021, the first Snam district "of the future", where cutting-edge technologies are used and functional to reducing emissions, improving the safety and resilience of infrastructures and operational effectiveness, security, integrity and reliability of assets. TecHub activities will be fundamental in the digitisation of the Snam network, which will become increasingly smart, secure and ready for ecological transition.

Snaminnova and the Ideas Hub

In 2021, Snam launched **Snaminnova**, the Open Innovation programme that stems from the desire to make innovation a pillar of strategic business development in order to support Snam in becoming an increasingly important player in the energy transition. Three initiatives have been launched within Snaminnova: **Innovation Ambassador**, **Call4Startup Innovative Learning** and the **Ideas Hub**.

The Ideas Hub has the aim of identifying innovative solutions in line with the Strategic Plan to target the Net Zero Carbon in the Company's activities by 2040, starting with a Call4Ideas dedicated to the corporate population that collected **91 applications**. The theme of the Hub was divided into five areas of interest:


ENERGY	MOBILITY	PEOPLE & COMMUNITY	BUILDING	RECYCLE
promotion and development of the energy transition through the use of renewable energy sources	promotion of green mobility	raising awareness on decarbonisation, promoting a low-impact lifestyle	promoting the energy efficiency of buildings	optimisation of waste management and reuse

Of the 91 ideas submitted, ten were selected by an **Evaluation Committee** made up of Snam experts on the five themes, 10 of them have been selected and were given access to the start-up process in order to structure and finalize the idea using a **design thinking** methodology. At the end of the start-up phase, the Evaluation Committee selected the five finalist ideas, which then embarked on the development phase for the design of the potential testing of innovative solutions. At the end of the process, the winning idea was identified, "H2Aviators", which envisages the creation of small autonomous airships with zero emissions. The idea also envisages the use of helium for buoyancy and hydrogen fuel cells to generate electricity for propulsion and on-board instrumentation. This will continue in the implementation process of the project through the feasibility study of a prototype and its eventual creation.

Snam's innovation strategy is based on four macro-areas:

- **energy efficiency and reducing emissions within the core business** to maintain a high performance level while simultaneously contributing to the fight against climate change;
- **digitisation of the core business** for technological innovation and the digital transformation of the transportation, storage and regasification businesses;
- **digitisation of staff functions** to achieve digital transformation also among the corporate departments supporting the core business;
- **investments for the energy transition** by participating in tests, research and studies for its implementation.

MAIN PROJECTS

<p>ENERGY EFFICIENCY AND REDUCING EMISSIONS WITHIN THE CORE BUSINESS</p> 	<p>Asset Control Room Project to improve and innovate asset management and operation. Design activities and the first prototypes were started during the year.</p>
	<p>Energy optimisation for network and compression systems Project carried out in collaboration with the Polytechnic Institute of Milan, with the aim of developing an application solution capable of determining the best set-up of turbo-compressors (from the perspective of energy efficiency) and suggesting the set-up changes to be made to individual thrust and storage machines, according to the parameters supplied by the SCADA (Supervisory Control And Data Acquisition) system, with the ultimate objective of reducing CO₂ emissions.</p>
	<p>Analytics 4 Maintenance and Risk-based maintenance Projects aimed at effectively and efficiently managing the lifecycle of assets through the definition of models for assessing their condition in order to optimise maintenance and upkeep plans, with the support of appropriate information systems, simultaneously ensuring the most appropriate safety levels over time.</p>
	<p>Turboexpanders With regard to the possibility of decompressing natural gas from the network using special turbo-compressors (systems that allow the production of "green" electricity to cover internal consumption or to be fed into the network in the event of production in excess of the same), the engineering phase continued for the creation of a pilot project which, although it does not maximise energy production due to compliance with the current legal/regulatory framework, aims to provide feedback from the field on the validity of the solution in terms of energy efficiency and reliability.</p>
	<p>Smart-PE Project aimed at protecting company assets from corrosion, improving process efficiency. It encloses the requirements of the new international standard EN ISO 15589-1.</p>
	<p>Network monitoring Experimentation with the aerial surveillance of pipelines on a pilot route of approximately 1,400 km, which would make it possible to improve the identification of territorial areas characterised by landslides of a particularly slow nature (such that they cannot be identified with the conventional control methods currently used, for example periodic geological reviews by qualified geologists). Experimentation in the use of drones to support operators during network monitoring activities. Snam is registered as an ADR Operator with ENAC and has an aviation-type organisation to meet regulatory requirements. There are currently 48 personnel trained to carry out operations and the first operational missions have been completed.</p>
	<p>T-LAB - SnamTEC Laboratory Experimentation with a system for detecting gas pipeline leaks and third-party interference on the gas pipeline laying route (excavations, drilling, etc.), using the existing fibre optics accompanying the gas pipelines on the primary gas transportation network. In the context of T-Lab and Open Innovation, testing was initiated on a remote connection system for unreachable plants or as an alternative to the mobile network (4G/5G), using a geostationary satellite for data acquisition and transmission.</p>

MAIN PROJECTS

DIGITALISATION OF THE CORE BUSINESS



IoT Foundation

Technology enabler to support network digitisation and energy transition initiatives, focusing on the implementation of solutions for acquiring, transporting, processing and making data available, and for ensuring infrastructure monitoring and reliability. The programme will bring benefits such as **increased service resilience and business continuity, flexibility, faster deployment of new services, scalability of technology infrastructures and acceleration of innovation**. The programme focuses on:

- development and optimisation of technological services enabling the interoperability of application solutions; and data;
- upgrading of wired/wireless interconnection networks between plant sites and central architectures;
- development of technologies for acquiring and processing more and more data from plant sites.

PIMOS

A system to detect and locate gas leaks along the gas transmission network based on the analysis of pressure waves, on the detection of possible disturbances and on their propagation time. Between June and December 2021, this plant was put into operation on the entire network of the Bologna and Catania Districts.

INTELLIGENT DISP Limit setting

A nationwide project aimed at supporting the control and dispatch room in monitoring pressure limit values and suggesting new thresholds using artificial intelligence algorithms.

Gas Transportation Network Asset Maintenance System (SMART GAS)

Corporate initiative to improve the effectiveness of technical and operational processes related to asset maintenance activities. In particular, following the go-live of SMART LNG for the maintenance unit, which took place in October 2020, the project continued to include the operation and prevention and protection service unit. In addition, after the dematerialisation of the territorial units' archives with the eDoc document system, the process was also extended to the LNG archives of the booster and storage stations.

Artificial Intelligence (AI) and Machine Learning

Use of AI and Machine Learning algorithms to support the Dispatching control room in managing the flow rates of the transmission network, with features being put into production for an initial portion of the network.

Asset Self-regulation Monitoring

This project was created from the need to analyse, in a structured way, the requirements of the acquisition processes and the management of data relating to the control and operation of the transportation, storage, and regasification assets, to increase their effectiveness levels and identify the best supporting technologies of the entire remote-controlled process.

SmartPipeline and SmartPlant

Study of plant solutions for the implementation of the "SmartPipeline" and "SmartPlant" projects. The first aims to make the gas transportation network smarter through the identification and installation of new digital diagnostic and operating equipment. The second, to which the concepts of the SmartPipeline are extended, is focused on identifying new digital instrumentation for collecting field data that is currently unavailable, as well as defining and optimising the supervision and maintenance logics for each device.

Digital supporting smart working

To address the pandemic, Snam continued to implement a series of interventions to expand, on large scale, and consolidate the new ways of working that had already been used by the company for some time, such as smart working. Smart working involves connecting to company resources remotely and adopting secure technological solutions that guarantee this connection, and using platforms to carry out calls, message exchanges, and most importantly, virtual meetings that involve multiple users. Among all these aspects, a significant intervention carried out in 2021 was the **upgrade of the VPN (Virtual Private Network) infrastructure** in order to make the connection to the company network more reliable and secure for smart working users. In terms of technological equipment for remote working, a total of **349 kits (monitor and keyboard)** and **694 headsets** were distributed.

MAIN PROJECTS

<p>DIGITISATION OF STAFF FUNCTIONS</p> 	<p>New reporting model Introduction of a new reporting model for the Finance & Planning area, aimed at offering the self-service analysis of information.</p>
	<p>Platform supporting Group financial and treasury management Start of the process of overhauling the platform supporting the Group's financial and treasury management, replacing the old integrated tools with a single platform capable of communicating via Host to Host channel with banking circuits and ensuring the centralised management of financial investments.</p>
	<p>Digitisation of payroll communications The digitisation of payroll communications to employees will eliminate the historically used paper documents, enabling tracking and digital management of learning, recruiting and talent management processes.</p>
	<p>Electronic tenders, catalogue purchases, quality assurance and subcontracting Implementation of new technological solutions for managing electronic tenders, catalogue purchases, quality assurance and subcontracting, creating a single platform concentrating all the operations.</p>
<p>ENERGY TRANSITION INVESTMENTS</p> 	<p>Power to Hydrogen (P2H) Process through which electricity produced by renewable sources that is surplus to instantaneous consumption is transformed into hydrogen to be fed directly into the network. In this context, feasibility studies have been initiated to cover the entire hydrogen production chain from green energy produced by solar fields and the upgrading of Snam Rete Gas regulation and Reduction Plants with the installation of electrolysers, with deliveries to end customers.</p>
	<p>Adsorbed Natural Gas (ANG) Technology for the storage of natural gas in tanks containing a porous sorbent, allowing for larger quantities of natural gas to be stored than would be stored in an empty tank of the same volume.</p>

Studies for a multi-commodity infrastructure

In 2021, Snam continued activities aimed at enabling the implementation of the multi-commodity infrastructure through the evaluation of the existing infrastructure and the transportation of natural gas and hydrogen mixtures with H2 content up to 100%. Specifically, the company has:

- with the involvement of suppliers, completed factory tests on nine gas turbine units to validate the supply of natural gas and H2 mixtures at 10% variable (H2NG), while field tests are being completed to verify the feasibility of using the same mixture;
- issued internal regulations for the **construction of new pipelines and the conversion of existing ones** to accommodate the transportation of up to 100% H2. These regulations were supported by carrying out valve and piping tests according to ASME B.31.12 "Hydrogen Piping & Pipelines";
- actively participated in **research groups for the definition of new European standards** for studying the effects of the presence of hydrogen in steel pipes;
- participated in **Joint Industry Projects** to study, by conducting tests, the effects of the presence of hydrogen on gas metering systems in terms of quantity and quality;
- with the aim of optimising the energy efficiency of the infrastructure, the study of **pre-heating plant solutions** with automated management continued with a view to reducing emissions.

CYBER SECURITY: ENSURING THE ONLINE SECURITY OF SNAM AND ITS EMPLOYEES

The evolution of the business and the use of innovative solutions to improve it have led Snam to invest increasing resources in cyber security in the conviction, also affirmed by the projections of world experts, that cyber security threats are destined to evolve in the future in terms of both numbers and complexity. In particular, the digital channel is increasingly used illicitly by different types of actors with different purposes and modes of action: cyber criminals, cyber hackers, state-sponsored action groups; similarly, technological evolution makes increasingly sophisticated tools available to these actors, through which it is possible to make consolidated attack techniques more effective and develop new ones. In addition to this, the increasing digitisation of the network with the use of new technologies (e.g., Internet of Things) poses significant challenges for the Group, extending the potential attack area exposed to both internal and external threats.

In this context, cyber security plays an extremely important role in order to prevent or address very diverse events that can range from the compromise of individual workstations to the degradation of entire business processes in the field of transportation, storage and regasification, with potential effects on the normal capacity to provide services.

A correct approach to cyber security management also makes it necessary to ensure full compliance with the increasingly stringent sector regulations issued at both European and national level, in order to improve the management and control oversight of companies that provide essential services to the country.

In order to meet all these essential needs, Snam has developed a complex technological architecture that relies on an **integrated model** of processes and solutions that favour efficient management of the gas system for the entire country. The cyber security strategy is based on a framework certified in accordance with the standards **ISO/IEC 27001** (Information Security Management Systems) and **ISO 22301** (Business Continuity Management Systems) and is overseen by an ad hoc department that directs and monitors cyber-security activities throughout the Group's technological infrastructure. Among the activities carried out by the department, risk analysis and technical verification play a key role in identifying the protection needs arising from technological evolution, changes in business processes or previously unknown vulnerabilities. These analyses are followed by solutions to replace or supplement the existing ones.

The **Cyber Security Incident Management** model developed by Snam to counter the most modern cyber threats prevents, monitors and, if necessary, directs timely remediation actions in the face of situations that could affect the confidentiality, integrity and availability of the information processed and the technologies implemented. The model is managed by the **Security Incident Response Team** which, thanks to tools enabling it to collect and correlate all the security events recorded throughout the company's IT infrastructure, monitors all anomalous events that may have negative impacts on the company and activates, if necessary, the appropriate containment and remediation actions, directly involving the technical and business structures concerned.



During the 2021, the Security Incident Response Team continued to operate without interruptions, providing support on a daily basis, 24 hours a day, seven days a week. This was possible also thanks to the experience gained during recent years in relation to remote working, leading to risk analyses and the adoption of security solutions suitable for safeguarding corporate interests, also with this way of working. In fact, Snam had already partly adopted remote working mode some time ago thus the change in operational processes which began in 2020 and the massive use of smart working made necessary by the Covid-19 pandemic did not cause any vulnerabilities in the company's security system.

The human factor is also central to developing risk awareness and supporting the identification of potential cyber attacks that might occur in the course of normal business activities. For this reason, Snam promotes both **information** activities, for example by alerting staff to ongoing phishing campaigns by means of specific e-mails, and **training and awareness-raising** activities, for example by means of periodic "White Phishing" campaigns, i.e., simulations of fraudulent e-mail forwarding aimed at identifying the company's most vulnerable areas.

The commitment on strengthening the cyber security also extends beyond Snam by raising awareness and directly involving customers and suppliers. The latter in particular are required to sign the **Ethics and Integrity Pact**, which requires them to be transparent about incidents and how to defend themselves in the event of any critical issues.

As part of the **cyber incident management** activities and in compliance with formal agreements signed between the various parties, information is shared with **national and European institutions and peers** in order to improve the capacity and speed of response when faced with the possible negative events for which exposure may be a reality. This practice will also become increasingly necessary in the future given the cyber threat notification requirements that national security regulations impose.



Ensuring high levels of cyber security is also reflected in the field of technological evolution and digitisation, a path on which Snam has focused numerous resources and which will radically change business processes in the years to come. In 2021, process implementation activities continued for the safe development of all IoT initiatives. In particular, a precise **Security by Design** process has been introduced, which imposes the respect of precise requirements and checks for each application and infrastructural development. Additionally, more appropriate security technologies have been defined to support the new capabilities that Snam has acquired and will acquire in the near future.









Innovation and security in the energy industry

In July 2021, Snam and Leonardo, a global high-tech company and one of the world's leading companies in Aerospace, Defence and Security, signed a Memorandum of Understanding (MoU) to develop their respective technological skills to support innovation and sustainability in the energy industry with a particular focus on digitisation, monitoring, physical and cyber security of processes, networks and infrastructures in order to increase their resilience and operational efficiency. The partnership between the two companies is also focused on developing the use of hydrogen in the aviation sector to achieve decarbonisation.

In a rapidly transforming digital context of the physical assets of the energy industry, the collaboration between the two companies is strategic and will range from Industry 4.0 - with applications for the digitalised management of infrastructures and industrial processes based on IT, OT (Operational Technology), IoT, artificial intelligence and machine learning, big data, blockchain, advanced analytics and digital twin - to infrastructure security, using situational awareness solutions, mission critical communication technologies and advanced sensors, and the use of drones and satellites for asset monitoring. In the area of cyber security, Leonardo and Snam will collaborate in the context of threat analysis, monitoring, detection and response to cyber attacks.

CONTRIBUTING TO THE ACHIEVEMENT OF THE SDGs: SUSTAINABLE FINANCE

TARGETS AND PERFORMANCE

SDGs	KPI	Target	2021 performance
   	Percentage of ESG finance on total available funding 	KPI defined in 2021 80% by 2025	60% 



KPI included in the ESG Scorecard



Target reached



Target in progress



KPI included in the Net Zero Carbon Strategy



Target not reached













In recent years, sustainable finance and its related instruments has taken on an increasingly significant role within the global financial landscape. This has given Snam the opportunity to **enhance its own role and work as a sustainable company and in achieving the Sustainable Development Goals**, guaranteeing broad access to financial markets at competitive costs, with positive effects on its economic, patrimonial and financial position and reputation. In this regard, in 2018 the Company has progressively aligned its financial strategy with the Group's sustainability objectives, in order to concretely strengthen its role in the energy transition in Europe, as well as diversify its investor base and make them aware of its ESG initiatives and investments.

In line with this approach, in 2018 Snam finalised the transformation of **Euro 3.2 billion in** syndicated credit lines into Sustainable Loans, the third largest Sustainable Loan ever signed in the world and the first by a gas utility. This loan provides bonus/malus mechanisms based on the achievement of certain KPIs in the ESG (two environmental and one social) area. In 2021 Snam also signed new **bank term loans** with major Italian banks **for a total of Euro 600 million** with the same ESG characteristics as the **Sustainability-Linked Loan**.

In February 2019, Snam issued its first **Euro 500 million Climate Action Bond**, a loan bond aimed at financing investments in environmental sustainability, whose reference framework received a Second Party Opinion from DNV GL.

Between 2020 and 2021, Snam reconfirmed its commitment by issuing **four Transition Bonds** based on the **Transition Bond Framework** published in June 2020. The scope 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.

SNAM'S ELIGIBLE CLIMATE ACTION AND TRANSITION BOND PROJECTS





















TRANSITION BOND	CLIMATE ACTION BOND	Eligible Project	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 plants and upgrading of existing biogas plants 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 gas network to transport an increasing percentage of hydrogen and/or other low-carbon gases, in line with what as indicated in the European Taxonomy.	 		

(*) 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

Snam's Sustainable Finance Framework

Alongside the presentation of the 2021-2025 Strategic Plan, Snam published the **Sustainable Finance Framework(*)**, on the basis of which the company has the option of issuing Bonds in the **"Use Of Proceeds"** (EU Taxonomy-aligned Transition Bond) or **"General corporate purpose"** format linked to environmental KPIs (Sustainable-Linked Bond).

As part of the Sustainable Finance Framework, Snam has issued an inaugural dual-tranche Sustainable-Linked Bond for a total of **Euro 1.5 billion** characterised by demand three times greater than supply and with ESG investors accounting for around 85% of the total allocated. For these first Bonds, the economic performance (step-up coupons) is linked to the achievement of targets linked to specific KPIs. The short tranche has been associated with a natural gas emission reduction target of -55% by 2025 in respect to 2015 values and a Scope 1 and 2 emissions reduction target of -40% by 2027, while the long tranche has been associated with a Scope 1 and 2 emission reduction target of -50% by 2030 vs 2018.

NEW Sustainability Linked Format			UPDATED Use of Proceeds Format		
KPI #1	Baseline 2015	Target	CATEGORY	SDGs	
Natural gas emissions (mln m ³)	49.74 mln m ³	-55% by 2025	Transmission and Distribution Networks	  	
KPI #2	Baseline 2018	Target	Pollution Prevention and Control	  	
Direct (Scope 1) and indirect GHG emissions (Scope 2) (ktCO _{2eq})	1,529 ktCO _{2eq}	-40% by 2027 -50% by 2030	Retrofit of Gas Transmission Network	 	
KPI #3	Baseline 2019	Target	Manufacture of Biogas and Biofuels for Use in Transport and of Bioliquids	  	
Other indirect GHG emissions (Scope 3) (ktCO _{2eq}) category: investments, fuel and energy related activities not included in Scope 1 and 2, business travels, employee commuting	762 ktCO _{2eq}	-46% by 2030	Manufacture of Equipment for the Production and Use of Hydrogen	  	
			Electricity Generation using Solar Photovoltaic Technology	  	
			Infrastructure for Rail Transport	  	

(*) For further details on Snam's "Sustainable Finance Framework", see the document published at the following link: https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito_credit_rating/file/Sustainable-Finance-Framework_Snam_29.11.2021.pdf

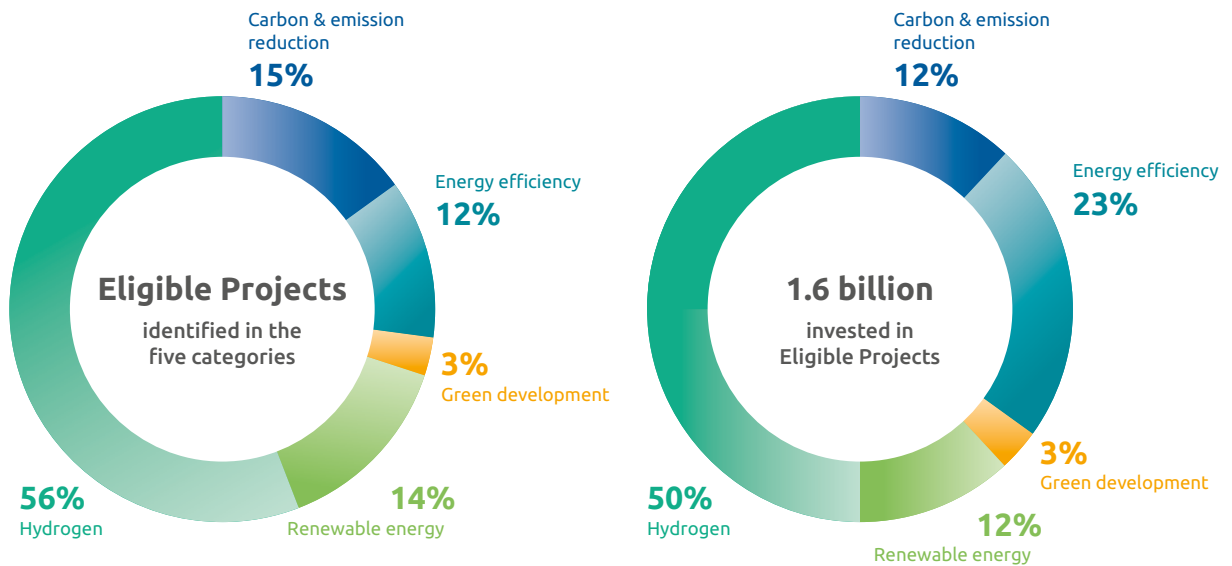
The Climate Action, Transition and Sustainable-Linked Bond not only further expand Snam’s investor base, but contribute to financing environmental sustainability investments, in line with the key role attributed to renewable gases of achieving the long-term decarbonisation goals, and with the role that can be assumed by the existing infrastructure facilitating this transition.

With this in mind, at the end of 2021 the ESG Scorecard added the objective of increasing the weight of sustainable finance to over 80% of available funding by 2025 in particular due to the issue of new Sustainable Bonds. At the end of 2021, this percentage will amount to 60% (or around Euro 11 billion of committed funding), three years ahead of the target announced in last year’s Strategic Plan (2020-2024).

In pursuit of the objective of increasing the weight of sustainable finance in total funding, Snam has renewed its **Euro Commercial Paper** programme of 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**. In addition, during 2021 Snam issued **ESG instruments** totalling **Euro 4 billion**.

In recognition of the Group’s commitment, 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 this type of instrument and are therefore developed through constant and transparent disclosure relating to both business strategy and performance, enhancing the dynamics that ensure the creation of value over time.

As at 31st December 2021, Snam has **financed eligible projects for approximately Euro 1.6 billion** (vs Euro 965 million at 2020), representing approximately 60% of the issues completed by 2021. As shown in the two graphs below, approximately 50% of the total funded was allocated to the fifth category of the current Framework (i.e., Retrofit of gas transmission network), which is the largest category with a substantial amount to be financed.



THE CFO TASKFORCE AND INVESTMENTS IN SUPPORT OF SDGs

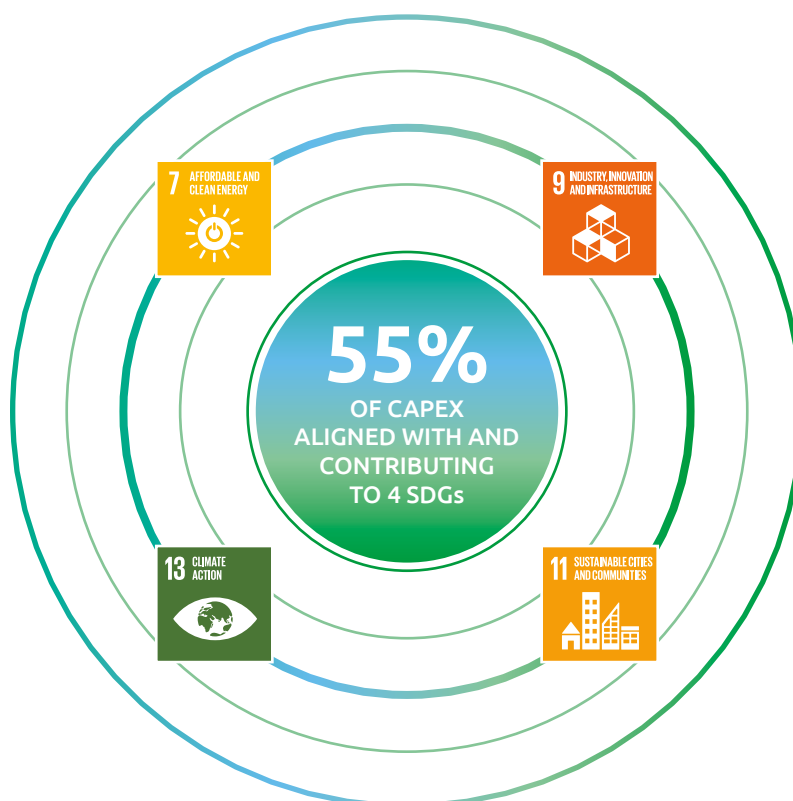
Snam has long been a member of the United Nations Global Compact, the world’s largest voluntary initiative on sustainability issues, doing business according to a sustainable development model based on ten fundamental principles in the areas of human rights, labour, the environment and the fight against corruption, and aims to achieve the 17 Sustainable Development Goals of the 2030 Agenda.

The company has set itself the objective of having a financial strategy aligned with sustainability commitments for the achievement of the SDGs and this 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 significantly contribute to achieving the SDGs. The Taskforce launched the first principles (the so-called CFO Principles) which have been integrated and supported by the United Nations for investment and finance, developed to guide companies to align their sustainability commitments with corporate financial strategies to generate a significant impact on SDGs. As a member of the CFO Taskforce, Snam is committed to adopting these guidelines, implementing specific KPIs and sharing experiences to help create a transparent and efficient SDG financial market.

In this regard, Snam has already used the KPIs introduced by the CFO Taskforce in 2021 to measure its performance in implementing the CFO Principles, also defining specific targets to be achieved in the coming years. It also supported the drafting of the Blueprint for the implementation of the CFO Principles, sharing tips and best practices. This document will be published on the CFO Taskforce website to enable CFOs who are members of the UN Global Compact to make corporate investments in line with the SDGs and link corporate finance to ambitious targets and KPIs.

Following the approval of the Plan, Snam carried out an analysis of the **alignment between the SDGs and the investments contained** therein, in which it highlighted that thanks to maintenance, modernisation and replacement activities, as well as those for the new energy transition businesses, **55% of CapEx** is aligned and makes a concrete contribution to achieving the four SDGs listed below. With regard to the **2021 final balance**, the percentage aligned is approximately **41%**.



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 Snam4Environment and Renovit: 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, Miei and Evolve for the energy efficiency business.



Build a more resilient and sustainable infrastructure. In the new Strategic Plan, 50% of investments are dedicated to making the infrastructure hydrogen-ready and also include the conversion of eight compressor stations to dual fuel, with the intention of positively contributing to its operations achieving carbon neutrality by 2040. Snam is also planning a substantial digitisation of its business, which will enable the company to become the most technologically advanced gas transmission company in the world and to ensure ever greater security and sustainability of its operations.



Promote sustainable mobility with CNG, LNG and renewable gases (bio-CNG and bio-LNG) thanks to Snam4Mobility. Euro 100 million in investments are planned in this area over the plan period.



Play a crucial role in the energy transition and with a long-term vision aligned with the purpose "Energy to inspire the world" and the European objectives, becoming 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 hydrogen in particular. Snam has reconfirmed its Scope 1 and 2 emissions reduction targets, strengthened its natural gas emissions reduction target (increased from 45% to 55% by 2025 compared to 2018 levels) and set Scope 3 emissions targets directly involving subsidiaries and suppliers. Snam is also supporting the development of the green gas value chain through continued investments in biomethane and hydrogen technologies. In this regard, the Hydrogen business unit has been created with the goal 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.



ENGAGEMENT ACTIVITIES WITH THE FINANCIAL COMMUNITY

Snam endeavours to disseminate comprehensive and timely information capable of effectively representing the business's strategy and performance, particularly enhancing the dynamics that ensure the creation of value over time. This commitment was formalised with the approval, in July 2021, of the **Policy for managing dialogue with shareholders and other stakeholders**, aimed at regulating the traditional tools for conducting engagement, as well as dialogue between the Board of Directors and stakeholders on issues within the Board's competence, consistent with the recommendations of the Corporate Governance Code to which the company adheres, with the engagement policies adopted by institutional investors, proxy advisors and active managers, and with international best practices.

In addition to the normal activities of presenting the Strategic Plan and conference calls on the occasion of the publication of the company's results (annual results, half-yearly and quarterly results), in 2021 it participated numerous roadshows and industry conferences, meeting a total of 351 investors, of which **243 SRIs (+140 vs 2020)**. The SRI investors represents 39.9% of total institutional shares and 17% of the total of all shareholders.







SUSTAINABILITY AND ESG RECOGNITIONS

The Snam stock is included in the main international sustainability stock market indices (Sustainable and Responsible Investment), 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.











TREND SNAM SHARE PRICE PERFORMANCE IN SUSTAINABILITY EQUITY INDICES AND ESG RATINGS

Sustainability index / ESG rating	Rating scale	2020 Results	2021 Results	
CDP Climate Change	From D- to A	A	A-	↓
CDP Supply Chain	From D- to A	A-	A	↑
ISS ESG	From D- to A+	B-	B	↑
Sustainalytics	From 0 to 40	19	15.9	↑
DJSI	From 0 to 100	74	87	↑
FTSE4GOOD	From 2.9 to 5	3.2	3.9	↑
MSCI	From CCC to AAA	AA	A	↓
Gender Equality Index Bloomberg	From 0% to 100%	71.21%	77.13%	↑

RATING ESG

	Snam has once again been included in the "A- List" of CDP (formerly the Carbon Disclosure Project), one of the most important international non-profit organisations focused on the subject of climate change. The company is at the top of the charts with an A , demonstrating its strong commitment to climate change and energy transition issues.
	Snam has joined the CDP Supply Chain Programme for the third year, the CDP programme aimed at involving its supply chain in the climate change questionnaire. Snam has been awarded the title "Supplier Engagement Leader" , reserved for the most reliable companies in measuring the climate risk of the activities of their supply chain - which affect Scope 3 emissions not directly attributable to the company itself - and in actions to counter it. In particular, Snam obtained a score of A, demonstrating its commitment to engaging its suppliers on issues related to reducing emissions and developing sustainable strategies.
	In 2021, Snam was confirmed at "PRIME" level by ISS ESG, with a rating upgrade from B- to B . ISS ESG 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.
	Snam was 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. With a risk rating of 15.9 , down from 19 the previous year, Snam ranks second out of 93 in the gas utility sector . The new score indicates a low risk level in the ESG area, compared to an average risk level in 2020.

SUSTAINABILITY INDICES

	<p>In November 2021, Snam's stock returned to the Dow Jones Sustainability World Index of S&P Global, the world's most important stock market index for assessing corporate social responsibility. The result of 87 points (+13 compared to 2020), places the company second in its subsector and shows an increase in all ESG areas.</p>
	<p>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 is an important reference point for the creation of benchmarks and ethical portfolios. Snam performed very well in 2021, with a score of 3.9 out of 5 (with 3.2 in 2020).</p>
	<p>Snam was confirmed in the Ethibel indices, which include companies qualified as sector leaders in terms of CSR, according to the selection made by Forum Ethibel</p>
	<p>In October 2021, Snam's stock was confirmed in the two indices MSCI World ESG and MSCI ACWI ESG with an A rating (AA in 2020). MSCI is a leading international provider of investment decision support tools for global investors, including asset managers, banks, hedge funds and pension funds. The MSCI Global Sustainability indices include companies with high sustainability ratings among those in their sector.</p>
	<p>For the tenth year in a row, the Snam stock is included in the STOXX Global ESG Leaders Indices, a group of indices based on a transparent selection process in terms of sustainability performance, of 1,800 companies listed worldwide.</p>
	<p>Snam has been present in five of the main ECPI sustainability indices since 2011, which take into account more than 100 ESG indicators in their methodology for the inclusion of companies.</p>
	<p>Snam is again confirmed in 2021 in the NYSE Euronext Vigeo 120 indices as well. They are managed by Vigeo, a leading company at European level in rating companies regarding CSR issues. The assessment for inclusion in the NYSE Euronext Vigeo 120 indices takes place every two years and was carried out in 2020.</p>
	<p>Snam is present in the United Nations Global Compact 100 index for the fifth year running, which includes the 100 companies that have distinguished themselves at global level both for attention to sustainability issues and to financial performance, and adhere to the ten fundamental principles of the United Nations on human rights, labour, environment and anti-corruption issues.</p>
	<p>For the third consecutive year, Snam is among the companies included in Bloomberg's Gender-Equality Index (GEI), which measures the performance of companies in terms of gender balance, inclusion and data transparency. Among the 418 companies from 45 countries and a variety of sectors, from finance to technology and utilities in the energy sector, Snam achieved a total score of 77.13%, improving its GEI score by approximately six percentage points compared to last year.</p>
	<p>Snam has joined the FTSE MIB ESG index, the first ESG index dedicated to Italian blue-chip companies that rewards the most effective sustainability practices. The index was activated in collaboration with Vigeo Eiris, a Moody's ESG Solutions company, and has identified the best 40 Italian listed companies that have demonstrated perfect integration between economic performance and ESG criteria, in line with the principles of the United Nations Global Compact.</p>

EUROPEAN TAXONOMY FOR ECO-SUSTAINABLE ACTIVITIES

Attention to environmental and social sustainability issues has significantly grown in recent years, and the role of private investments in supporting sustainable development has become increasingly important therewith.

With this in mind, in 2018 the European Commission published the **Action Plan for Financing Sustainable Growth**, aimed at improving the financial sector's contribution to the EU's climate and sustainable development agenda. The Plan outlines a strategy based on **three main objectives**:

- REORIENTING CAPITAL FLOWS TOWARDS SUSTAINABLE INVESTMENTS
- INTEGRATING SUSTAINABILITY INTO RISK MANAGEMENT
- PROMOTING TRANSPARENCY AND LONG-TERM MANAGEMENT IN FINANCIAL ACTIVITIES

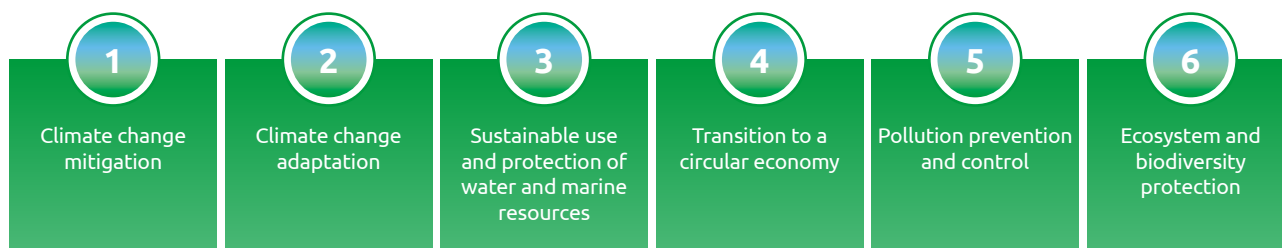
The context changes that have characterised the last two years - the Covid-19 pandemic slowing down global economic and social development and the definition of the **European Green Deal** with objectives aimed at reducing GHG emissions and combating climate change in Europe - have led the European Commission to update the new **Strategy for Financing the Transition to a Sustainable Economy** in 2021. Building on what has already been done under the 2018 Action Plan, the Strategy identifies **four areas** for further action, with the ultimate goal of placing the financial system in support of the economic transition to sustainability.



In this context, the European Commission has developed two important initiatives in favour of **sustainable finance**: **European Regulation 2019/2088** (Sustainable Financial Disclosure Regulation, or "SFRD") and **European Regulation 2020/852** (so-called EU Taxonomy).

While the first is for financial market participants and financial advisors and envisages the **harmonisation of the information to be provided to investors** on the integration of **sustainability risks**, the consideration of **adverse effects for sustainability** and the **degree of sustainability** of the financial products offered, the second (so-called Taxonomy) was created with the aim of establishing criteria for determining the **eco-sustainability of a given economic activity**, and consequently the **degree of eco-sustainability of an investment**.

According to Regulation 2020/852, “environmentally sustainable activities” are defined as all those activities that contribute to at least one of the following **environmental objectives** without simultaneously causing significant harm to other environmental objectives (Do No Significant Harm - DNSH) and carried out in compliance with minimum social safeguards:



Regulation 2020/852 envisages disclosure obligations addressed to both **financial market participants** and **companies** that are required to publish a Non-Financial Statement.

The Taxonomy lays down a gradual implementation with different timing for financial and non-financial enterprises. The latter, for documents published as of 01.01.2022 (FY 2021), must disclose the share of their revenue, capital expenditure (CapEx) and operating expenditure (OpEx), defined as eligible (so-called **Taxonomy-Eligible**) as defined by the Climate Act in relation to the first two environmental objectives.

The Climate Act, i.e., Delegated Regulation (EU) of the European Commission 4 June 2021 No. 2021/2139¹, identifies the economic activities that contribute to the first two environmental objectives (climate change mitigation and climate change adaptation) and defines the related **technical screening criteria** established by the European Commission. The criteria for the remaining objectives will be published in delegated acts expected in the course of 2022.

Therefore, Taxonomy-Eligible means an economic activity described in the Delegated Acts relating to the environmental objectives of the Taxonomy, regardless of whether the respective technical screening criteria are met. For the FY 2021 reporting period, the economic activities included in the Climate Act are considered eligible. Furthermore, it should be considered that the Taxonomy is a dynamic framework that will expand its scope of activities over time, in particular by including other environmental objectives, which should evolve the scope of eligible activities accordingly.

From 01.01.2023, in addition to the information on the part of revenue, CapEx and OpEx defined as Taxonomy-Eligible, non-financial companies that are required to publish a Non-Financial Statement will have to report on the extent to which their economic activities are eco-sustainable (so-called “Taxonomy-Aligned”), representing the share of the same KPIs aligned to the Taxonomy.

Taxonomy-Aligned means an *eligible* economic activity that substantially contributes to one of the taxonomy objectives by meeting the technical screening criteria, does not cause significant harm to other environmental objectives and respects the minimum social safeguards set out in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

In practical terms, the identification of Taxonomy-Eligible economic activities is the first step towards the assessment of Taxonomy-Aligned activities.

An economic activity is defined as **Taxonomy-Eligible** if it is described in the Delegated Acts in relation to the intended environmental objectives. An economic activity is defined as “**Taxonomy-Aligned**” if it *substantially* contributes to one of the objectives of the Taxonomy, does not cause significant harm to other environmental objectives (“Do No Significant Harm”), complies with the technical screening criteria and simultaneously respects the minimum social guarantees established by the OECD and the United Nations.

(*) On 4 June 2021, the European Commission adopted Delegated Regulation (EU) 2021/2139, which sets out the technical screening criteria to determine when a given economic activity can be considered “eco-sustainable” because it substantially contributes to climate change mitigation or adaptation, without causing significant harm to one or more of the other environmental objectives (so-called Climate Act). The Climate Act outlines the two sets of technical screening criteria respectively in Annex 1, for climate change mitigation (art. 10 of EU Regulation 2020/852), and Annex 2, for climate change adaptation (art. 11 of EU Regulation 2020/852).

THE EUROPEAN TAXONOMY APPLIED TO SNAM

Since the first developments of the European Taxonomy, Snam has welcomed the direction defined by the European Commission, which is in line with the company's strategy and investment choices focused on the goal of creating a low-carbon economy.

In 2021, Snam identified the part of eligible activities among those pursued by the Group, noting that almost all of them are covered by the Climate Act.

In particular, all the activities associated with the maintenance, operation and retrofit of gas transportation networks and storage plants, activities related to the production and transportation of biomethane and hydrogen, emissions reduction, energy efficiency and sustainable mobility are mapped by the Climate Act and therefore considered Taxonomy-Eligible.

For more details on the methodology adopted, see the section "Performance 2020, European Taxonomy for eco-sustainable activities".

€M	CapEx	CapEx	OpEx
TOTAL TAXONOMY ELIGIBLE	2,417	935	295
TOTAL SNAM	2,986	1,284	313
SHARE OF ELIGIBLE ACTIVITIES	80.9%	72.8%	94.3%

As mentioned above, for the purposes of identifying the "Taxonomy-Eligible" activities, Snam relied on the interpretation of the description of the activities contained in the Climate Act and on the Q&A published by the European Commission on February 2, 2022. This interpretation made it possible to consider "Taxonomy-Eligible" the gas transport activities but not the storage ones, despite the essential integration between the two.

In the hypothesis of extending this interpretation applied to the transportation business also to the Storage activities, these could also be considered Taxonomy-Eligible, increasing in this case the share of capital expenses (CapEx) Taxonomy-Eligible to approximately 83%, about 98% and operating expenses (OpEx) about 100%.

Snam has already carried out on a voluntary basis a preliminary analysis with respect to the alignment of its CapEx plan with the Taxonomy, highlighting an alignment equal to 47% of its investment plan for the period 2021-2025. On the basis of this preliminary exercise, the share of capital expenditures (CapEx) of the Snam Group estimated for FY2021 Taxonomy-Aligned is equal to 37%. As mentioned above, it is specified that unlike the Taxonomy-Eligible activities, the Taxonomy-Aligned activities are activities that contribute to at least one of the environmental objectives contained in the Climate Act, meet the technical screening criteria of the delegated acts, do not cause significant damage to none of the other objectives and are carried out in compliance with the minimum social protection measures.

Snam will continue to monitor the publication of any further guidelines by the European Commission to ensure consistency in the interpretation of the measures contained in the Climate Act.

ADDED VALUE PRODUCED AND DISTRIBUTED

Snam considers sustainability and value creation as strongly connected concepts. In fact, operating, contributing to the growth of the economic, social and environmental context of reference allows to create wealth for both the company and for its stakeholders, measured in terms of **Added Value produced and distributed**.

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

In 2021, the gross global Added Value produced by Snam was Euro 2,930 million euros, an increase of Euro 172 million or 6.2% compared with 2020 (Euro 2,758 million).

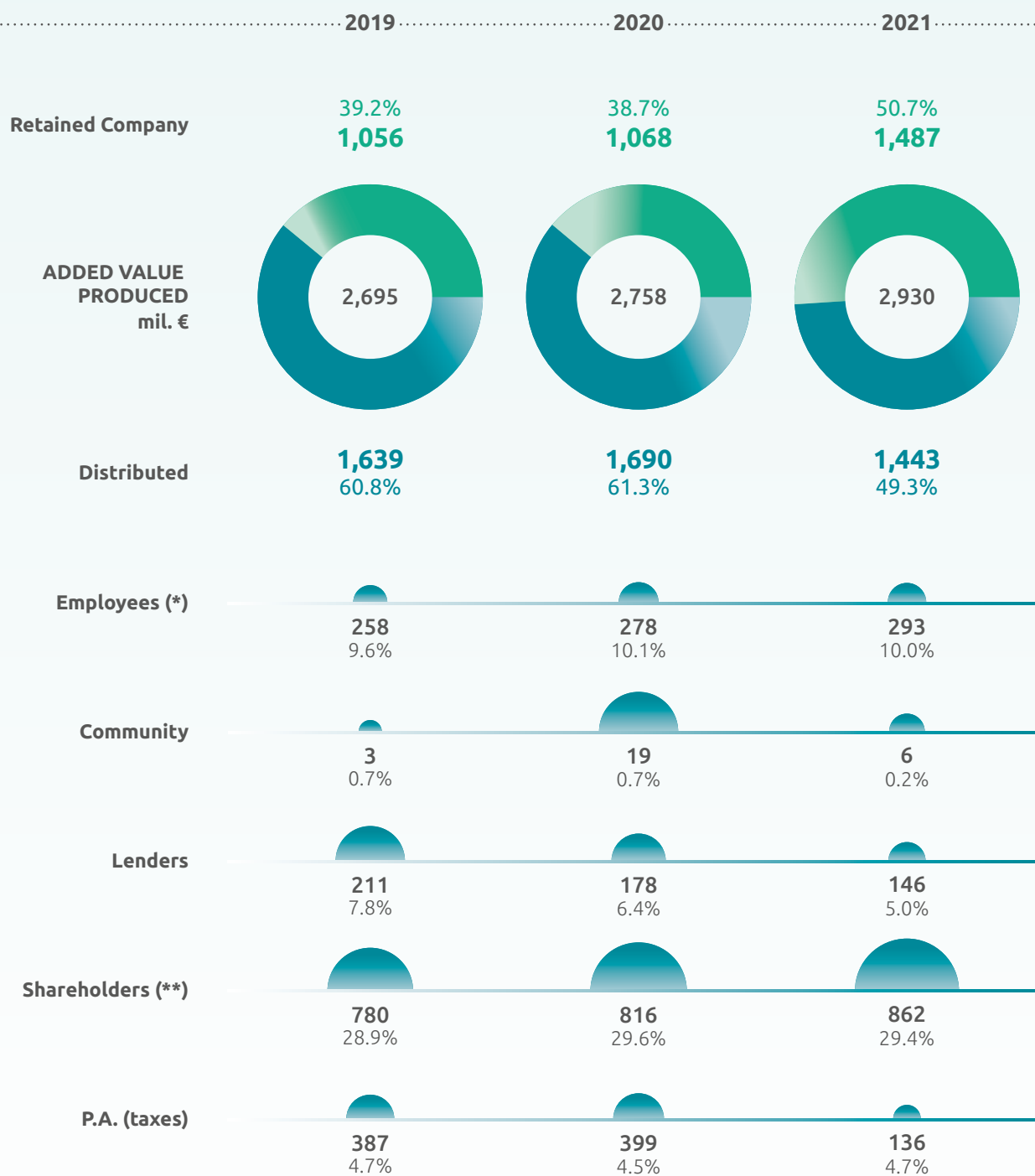
50.7% of the gross global Added Value produced was reinvested within the Group (an increase compared with 2020, 38.7%), of which around 54.5% was used for the amortisation of Group assets (71.3% in 2020). With regard to the main reference stakeholders, the value distributed to financing bodies fell in 2021 (5.0%; -1.5 percentage points compared with 2020), following a reduction in financial expenditures attributable to the effects of the activities carried out to optimise the financial structures of the Group between 2016 and 2020, and the absence of bond buyback transactions in 2021. The value distributed to shareholders through dividend payments is consistent with 2020 (29.4%; 29.6% in 2020), with a growing unit dividend (+5% compared to 2020), confirming the commitment to provide shareholders with attractive and sustainable remuneration.

With reference to employees, there is a stable incidence of the distributed Added Value (10.0%; the same is in 2020) through direct remuneration consisting of wages, salaries and severance pay, and indirect remuneration consisting of social security charges and costs for services related to personnel (canteen services, welfare). With the pandemic situation continuing, initiatives to support the corporate population continued in 2021 by expanding the range of welfare and work-life balance services.

The amount allocated to the Public Administration through direct and indirect taxes for the period decreased sharply (4.7%; -9.8% compared to 2020) due to the one-off effects of the realignment of civil and fiscal values pursuant to Italian Legislative Decree 104 of 14 August 2020, carried out on certain Group assets. Net of this effect, the value allocated to the Public Administration stands at 14.6%, in line with the previous year (14.5% in 2020).

Finally, an amount of over Euro 6 million was allocated to local communities (0.2% of the value generated), and includes donations and environmental offsets made in accordance with the law for a total of around Euro 3 million (in line with 2020) and donations to support the Italian healthcare system and the third sector in the fight against the COVID-19 emergency (Euro 3 million).

For the protection of the environment, during 2021, Snam spent approximately 147 million euros on environmental protection (133 million euros on investments and 14 million euros on operating costs).



(*) Includes staff-related service costs.

(**) The 2021 figure refers to the dividend proposed by the Board of Directors subject to the approval of the Shareholders' Meeting of 27 April 2022.

APPENDIX





APPENDIX

DATA AND PERFORMANCE INDICATORS

KEY OPERATING FIGURES

	Measurement unit	2019	2020	2021
Natural gas transportation				
Natural gas injected into the network (a)	bln m ³	75.37	69.97	75.77
Pipeline network (b)	km	32,727	32,647	32,767
Average travel distance of gas in Italian transport network	km	607	677	572
Gas compression plants	no.	13	13	13
Installed power in the gas compression plants	MW	961	961	973
Natural gas storage				
Gas injected into storage (c)	bln m ³	10.16	9.30	8.74
Gas supplied from storages (c)	bln m ³	9.17	10.30	10.12
Operating concessions	no.	9	9	9
Liquefied natural gas regasification				
Regasified natural gas (d)	bln m ³	2.40	2.55	0.98
Number of methane tankers docked	n.	57	60	25

(a) The figures for 2021 are updated as at 25 January 2022. The corresponding value for 2020 has been definitively updated and is aligned with that published by the Ministry of Economic Development. Gas volumes are expressed in Standard cubic metres (Smc) with an average Higher Heating Value (HHV) of 38.1 MJ/Smc (10.573 kWh/Smc).

(b) The amount includes 84 km of network relative to the company Infrastrutture Trasporto Gas.

(c) The volumes of gas are expressed in Standard cubic metres (Smc) with an average Higher Heating Value (HHV) conventionally set to 39.253 MJ/Smc (10.884 kWh/Smc) for natural gas storage for thermal year 2021-2022 (39.3 MJ/Smc, 10.893 kWh/Smc, for the thermal year 2020-2021).

(d) With reference to 2021, gas volumes are expressed in standard cubic metres (Smc) with a conventional average Higher Heating Value (HHV) of 38.1 MJ/Smc (10.573 kWh/Smc).

KEY FINANCIAL FIGURES (*)

	Measurement unit	2019	2020	2021
Economic and financial data				
Total revenues	mln €	2,665	2,770	3,297
Adjusted EBIT	mln €	1,417	1,424	1,430
Adjusted net profit	mln €	1,093	1,164	1,222
Operating costs	mln €	496	573	1,047
EBITDA	mln €	2,169	2,197	2,250
Net invested capital at 31 December	mln €	18,181	19,364	21,261
Shareholders' equity at 31 December attributable to Parent Company shareholders.	mln €	6,255	6,469	7,203
Net financial debt at 31 December	mln €	11,923	12,892	14,021
Free Cash Flow	mln €	482	(40)	(340)
Added value produced	mln €	2,695	2,758	2,930
Added value distributed	mln €	1,639	1,690	1,443
Snam's stock				
Number of shares of share capital	mln	3,395	3,361	3,361
Number of shares outstanding at 31 December	mln	3,292	3,270	3,272
Average number of shares outstanding during the year	mln	3,301	3,272	3,271
Year-end official share price	€	4.686	4.601	5.300
Official average price per share for the year	€	4.474	4.417	4.830
Market Capitalisation	mln €	15,428	15,046	17,343
Dividends paid in the financial year	mln €	746	779	811

(*) For more details, see the 2021 Annual Report

MAIN DATA AND INDICATORS - EMPLOYEES

	Measurement unit	2019	2020	2021
Total employees	no.	3,025	3,249	3,430
of which women	no.	441	507	569
Average workforce	no.	3,015	3,091	3,344
Average age of employees	years	44.4	44.5	43.7
Average length of service	years	18.6	17.18	15.58
Employees by business segment				
Corporate and other	no.	954	1,210	949
Transportation	no.	1,945	1,910	1,843
Storage	no.	61	62	66
Regasification	no.	65	67	65
New businesses	no.	-	-	507
Employees by grade				
Executives	no.	111	131	141
Middle Managers	no.	493	549	600
Office workers	no.	1,683	1,764	1,880
Manual workers	no.	738	805	809
Employees by type of contract				
Permanent contract (a)	no.	2,817	3,036	3,161
of which women	no.	417	480	541
Apprenticeship or internship contract	no.	193	197	246
Fixed-term contract	no.	15	16	23
Full-time contract	no.	2,987	3,207	3,393
of which women	no.	407	474	540
Part-time contract	no.	38	42	37
of which women	no.	34	33	29
Employees by geographical area				
Northern Italy	no.	2,294	2,495	2,647
Central Italy	no.	241	246	277
Southern Italy and Sicily	no.	477	498	502
Abroad	no.	13	10	4
Employees by gender				
Men	no.	2,584	2,742	2,861
Women	no.	441	507	569
Gender pay gap by cash (executive category)		0.96	1.07	1.00
Gender pay gap by cash (middle manager category)		0.94	0.94	0.95
Gender pay gap by cash (office workers category)		0.93	0.92	0.93
Entries and exits				
Total entries	no.	172	376	413
Hired from the market	no.	113	226	400
of which university graduates	no.	92	151	242
of which school graduates	no.	79	71	134
of which women	no.	38	69	94
of which men	no.	134	157	306

	Measurement unit	2019	2020	2021
Other new employees (non-consolidated companies, acquisitions, etc.)	no.	59	150	13
Hiring rate (b)	%	5.7	7.3	12.0
Hiring rate < 30 years (c)	%	20.1	20.6	33.1
Hiring rate between 30 and 50 years (c)	%	5.2	8.5	13.3
Hiring rate > 50 years (c)	%	0.6	0.7	1.2
Men hiring rate (d)	%	-	5.7	10.7
Women hiring rate (d)	%	-	13.7	16.5
Graduates hired	%	53	67	61
Exits in the year	no.	198	152	226
< 30 years	no.	18	13	24
Between 30 and 50 years	no.	34	31	70
> 50 years	no.	146	99	117
Other exits (non-consolidated entities etc.)	no.	24	9	15
Exit rate (e)	%	6.6	4.6	6.2
Exit rate < 30 years (f)	%	-	2.5	4.3
Hiring rate between 30 and 50 years (f)	%	-	2.4	4.7
Exit rate > 50 years (f)	%	-	6.9	8.5
Men exit rate (g)	%	-	4.6	6.3
Women exit rate (g)	%	-	3.2	5.6
Voluntary exit rate (h)	%	1.5	1.5	2.6
Overall turnover (i)	%	12.3	11.9	18.3

Training

Training hours (j)	no.	114,179	67,966	89,375
Participation (j)	no.	26,518	17,437	15,108
Average hours of training per employee (j)	no.	37.7	20.9	26.1
Executive training hours	no.	5,669	3,390	2,034
Middle Manager training hours	no.	16,950	13,766	8,749
Office workers training hours	no.	58,238	29,914	27,584
Manual workers training hours	no.	33,322	20,896	51,008
Average training hours men	no.	38.4	20.8	28.9
Average training hours women	no.	33.8	18.5	11.8
Average Executive training hours	no.	51.1	25.9	14.4
Average Middle Manager training hours	no.	34.4	25.1	14.6
Average Office worker training hours (j)	no.	34.6	17.0	14.7
Average Manual worker training hours	no.	45.2	26.0	63.1

In 2021, 53 people were employed with temporary contracts (43 in 2020 and 32 in 2019).

(a) The figure also includes part-time contracts.

(b) Hiring rate = (total market hires / average workforce) x 100.

(c) Hiring rate by age = (market hires by age range / total employees by age range at 31/12) x 100.

(d) Hiring rate by gender = (market hires by gender / total number of employees by gender at 31/12) x 100.

(e) Exit rate = (exits / total number of employees at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.

(f) Exit rate by age range = (exits by age range / total employees by age range at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.

(g) Exit rate by gender = (market entries by gender / total number of employees by gender at 31/12) x 100. Excludes exits due to transfers to non-consolidated companies.

(h) Voluntary exit rate = (exits due to resignations / average workforce) x 100.

(i) Overall turnover = ((market entries + exits) / average workforce) x 100. Exits due to transfers to non-consolidated companies are excluded.

(j) The 2020 figure has been recalculated.

MAIN DATA AND INDICATORS - HSE

	Measurement unit	2019	2020	2021
Health and safety				
Employee injuries	no.	2	3	11
of which fatal	no.	0	0	0
of which with severe consequences	no.	-	0	1
Employee accident frequency index (a)		0.41	0.59	2.11
Employee accident severity index (a)		0.03	0.01	0.12
Frequency rate for serious workplace injuries (excluding deaths) employees (a)		-	0	0.19
Frequency rate for deaths due to employee accidents at work (a)		-	0	0
Contractor accidents	no.	5	2	1
of which fatal	no.	0	1	1
of which with severe consequences	no.	-	0	0
Contractor injury frequency index (a)		0.71	0.25	0.12
Contractor injury severity index (a)		0.07	0.93	0.86
Frequency rate for serious accidents at work (excluding deaths) contractors (a)		-	0	0
Frequency rate for deaths due to occupational accidents contractors (a)		-	0.12	0.12
Total injuries	no.	7	5	12
of which fatal	no.	0	1	1
of which with severe consequences	no.	-	0	2
Employee and contractor injury frequency index (a)		0.59	0.38	0.86
Employee and contractor injury severity index (a)		0.05	0.58	0.58
Energy				
Total energy consumption	TJ	12,152	12,154	14,157
of which natural gas	TJ	11,627.9	11,597.5	13,662.2
of which diesel	TJ	82.6	69.5	51.4
of which petrol	TJ	3.9	10.3	29.7
of which LPG	TJ	0.4	0.4	0.2
of which terminal energy	TJ	14.8	13.4	13.8
of which electricity	TJ	422.6	463.5	399.3
Energy consumption / gas transported	TJ / bln m ³	161.2	173.7	186.8

(a) The injury indices included in the table exclude the company Snam Gas & Energy Services Beijing, deconsolidated from November 2021, with retroactive effect from 1st January 2021. Including Snam Gas & Energy Services Beijing, the injury frequency index of employees would change to 2.08. All the other injury indices, on the other hand, would remain unchanged.

	Measurement unit	2019	2020	2021
Emissions				
Natural gas emissions	10 ⁶ m ³	39.2	35.0	35.4
GHG emissions Scope 1, 2 (Market based) and 3 (b)	kt CO _{2eq}	2,361	2,284	2,423
GHG emissions Scope 1	kt CO _{2eq}	1,347	1,274	1,397
GHG emissions Scope 2 - Market based	kt CO _{2eq}	32	31	31
GHG emissions Scope 2 - Location based	kt CO _{2eq}	38	39	31
GHG emissions Scope 3 (b)	kt CO _{2eq}	982	979	995
NOx emissions	t	452	403	558
CO emissions	t	181	163	246
Comb. CO ₂ emissions / energy consumed	kg / GJ	54.0	54.2	55.0
Total NOx emissions / energy consumed	kg / GJ	0.037	0.033	0.039
Waste				
Total waste production	t	27,823	124,980	120,776
of which non-hazardous	t	22,154	118,704	114,816
of which hazardous	t	5,669	6,276	5,961
Waste recovered from production operations	%	42	32	94
Water withdrawals and discharges				
Fresh water withdrawals	10 ³ m ³	228	313	392
Fresh water discharges	10 ³ m ³	181	278	200
Sea water withdrawals	10 ³ m ³	6,048	6,048	6,048
Sea water discharges	10 ³ m ³	6,048	6,048	6,048
HSE management				
Environmental expenses	mln. €	114.4	135.5	146.9
Safety and health expenses	mln. €	33.7	37.9	41.8
Medical visits	no.	1,984	2,109	2,701
of which periodical medical visits	no.	1,747	1,649	2,058
Diagnostic examinations	no.	3,261	3,688	17,604
Total HSEQ audits conducted	no.	227	248	363
Environmental surveys	no.	243	212	158

(b) Integrated figure considering all Scope 3 emission categories.

MAIN DATA AND INDICATORS - HSE: SECTORS OF ACTIVITY

	Measurement unit	2019	2020	2021
NATURAL GAS TRANSPORTATION				
Health and safety				
Employee injuries	no.	0	0	3
of which fatal	no.	0	0	0
of which with severe consequences	no.	-	0	0
Contractor accidents	no.	5	1	1
of which fatal	no.	0	1	1
of which with severe consequences	no.	-	0	0
Employee frequency index	-	0	0	0.94
Employee severity index	-	0	0	0.09
Contractor frequency index	-	0.83	0.16	0.14
Contractor severity index	-	0.08	1.18	1.03
Energy and Environment				
Energy consumption	TJ	6,123	6,321	9,565
GHG emissions Scope 1	kt CO _{2eq}	838	848	1,024
Natural gas emissions	10 ⁶ m ³	28.7	28.5	28.1
Natural gas emissions/gas injected into the network (*)	(%)	38.1	40.7	37.1
Natural gas avoided	10 ⁶ m ³	9.4	10.4	8.94
NOx emissions	t	286	242	428
Energy consumption transportation / compressed gas	%	0.26	0.30	0.27
CO ₂ emissions / compressed gas	kg / 10 ⁶ m ³	5,874	6,648	5,837
Natural gas emissions / km of network	m ³ / km	876	873	857
NOx emissions / compressed gas	kg / 10 ⁶ m ³	5.0	4.7	4.7
Average emissions of NOx per turbine / installed capacity	(mg / NM ³) / MW	3.8	3.8	3.78
DLE turbine operating hours / total turbine operating hours (**)	%	94	97	94
NATURAL GAS STORAGE				
Health and safety				
Employee injuries	no.	0	0	0
of which fatal	no.	0	0	0
of which with severe consequences	no.	-	0	0
Contractor accidents	no.	0	1	0
of which fatal	no.	0	0	0

(*) The figure includes punctual, pneumatic, fugitive and unburnt emissions.
(**) 2019 figure recalculated.

	Measurement unit	2019	2020	2021
of which with severe consequences	no.	-	0	0
Employee frequency index	-	0	0	0
Employee severity index	-	0	0	0
Contractor frequency index	-	0	0.99	0
Contractor severity index	-	0	0.06	0

Energy and environment

Energy consumption	TJ	4,784	4,483	3,924
GHG emissions Scope 1	kt CO _{2eq}	424	336	306
Natural gas emissions	10 ⁶ m ³	9.2	5.2	5.2
NOx emissions	t	116	111	96
Emissions of natural gas for storage / gas stored (*)	%	0.033	0.035	0.044
NOx emissions / gas stored	kg / 10 ⁶ m ³	11.4	12.0	11.0
Average emissions of NOx per turbine / installed capacity	(mg / NM ³) / MW	3.7	3.7	3.02

LIQUEFIED NATURAL GAS REGASIFICATION

Health and safety

Employee injuries	no.	0	0	1
of which fatal	no.	0	0	0
of which with severe consequences	no.	-	0	0
Contractor accidents	no.	0	0	0
of which fatal	no.	0	0	0
of which with severe consequences	no.	-	0	0
Employee frequency index	-	0	0	9.20
Employee severity index	-	0	0	0.47
Contractor frequency index	-	0	0	0
Contractor severity index	-	0	0	0

Energy and environment

Energy consumption	TJ	1,217	1,265	546
GHG emissions Scope 1	kt CO _{2eq}	83.5	88.3	63.0
Natural gas emissions	10 ⁶ m ³	1.3	1.3	2.1
NOx emissions	t	49.8	48.6	30.5

(*) The figure includes punctual, pneumatic, fugitive and unburnt emissions.

SNAM'S MAIN POLICIES AND GUIDELINES

Snam's main policies and guidelines are listed in the table below.

Topic	Policies and guidelines	Objectives and content
Environment	Health and Safety, Environment and Quality Policy (HSEQ Policy)	Outline the key principles that safeguard and continuously improve the health and safety of people, the protection of the environment and public safety in order to pursue sustainable development and value creation, by adopting management systems that comply with international best practices and legislation.
	Charter of Principles for Environmental Sustainability	Drafted by Confindustria, Snam has voluntarily signed the document, which outlines the shared values and actions necessary for a unified and progressive advancement towards ever greater environmental sustainability, outlining realistic and achievable goals for Italian companies.
People	Diversity and Inclusion Policy	Promote diversity and plurality as values contributing to an open and stimulating working environment, ensuring equal dignity and opportunities to all people regardless of their country of origin, culture and religion, gender, sexual orientation, political opinions and any other personal characteristics and styles. The policy is drafted in line with the values of the Code of Ethics, the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO (International Labour Organisation), the OECD Guidelines for Multinational Enterprises and the principles enshrined in the United Nations Global Compact.
	Diversity and Inclusion Policy: Harassment Policy	Promote a serene and professional working environment free from all forms of discrimination and harassment, where people feel respected, valued and free to express their full potential, with a company policy of zero tolerance for any form of harassment in the workplace. The document is an integral part of the Diversity and Inclusion Policy and is an appendix thereto.
	Diversity and Inclusion Policy: Gender Equality	Contribute to the creation of a more balanced and diverse "leadership pipeline", fairly valuing the contributions of both genders in decision-making processes within the organisation, and create a culture of gender equality to ensure excellent performance based on talent and long-term sustainability. The document is an integral part of the Diversity and Inclusion Policy and is an appendix thereto.
	Diversity and Inclusion Policy: Recruiting @ Snam	Create a standardised and inclusive methodology of the selection and recruiting process through clear, shared, consistent, fair and merit-based guidelines. The document is an integral part of the Diversity and Inclusion Policy and is an appendix thereto.
Suppliers	Social Supply Chain Policy	Outline principles for proper supply chain management, recognising the social and inclusive role of Third Sector organisations, promoting collaboration between social enterprises, encouraging the inclusion of social enterprises as subcontractors and encouraging suppliers to define policies for the involvement of social cooperatives in their supply chain.
Community	Sustainable Development Policy	Illustrate the principles that characterise Snam's work for the development of an economic-entrepreneurial model that integrates sustainability-related aspects such as respect for people, stakeholders, the environment and society as a whole into its business activities. Snam considers sustainability as a guiding element for strategic and operational choices and a lever for ensuring sustainable growth over time.
	Stakeholder Engagement Policy	Ensure consistent application at all levels of the company's stakeholder engagement strategy, which is based on a mutually beneficial approach and involves all categories of the company's stakeholders, who are periodically identified in order to adequately manage their expectations, needs and specific and local realities.
	Snam Policy on the management of philanthropic activities and social initiatives	Illustrate the criteria to be adopted in the selection and promotion of social, cultural and environmental interventions, emphasising the commitment to respond to the needs expressed by the context in which the company operates and play an active role in the economic development of the territories and the promotion of community well-being.

Topic	Policies and guidelines	Objectives and content
Human Rights	Human Rights Policy	Outline the founding principles and actions taken to protect Human Rights in the performance of the company's activities and, in general, in any context in which the company operates, including through its business partners. As indispensable requirements for the conduct of business, the principles concretely implement the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO (International Labour Organisation), the OECD Guidelines for Multinational Enterprises and the principles enshrined in the UN Global Compact.
Fiscal transparency and the prevention of active and passive corruption	Anti-Corruption Guidelines	Provide a systematic framework of rules and procedures on Anti-corruption, drafted in compliance with the tenth principle of the Global Compact .
	Tax Control Framework Guidelines - Tax Strategy	Outline the objectives that Snam, together with its subsidiaries, must pursue on an ongoing basis while maintaining adequate control over tax risk and supporting the Tax Strategy.
	Enterprise Risk Management Guidelines	Promote a structured and systematic approach through compliance with principles aimed at adequately managing risks, disseminating a culture of correct and transparent risk management and promoting continuous improvement in risk governance according to strategies, the external and internal context and the interests of Snam's stakeholders.
Governance	Corporate Governance Guidelines	Consolidate and rationalise the set of current regulations, guidelines and internal rules on governance, through which the management and coordination of the Snam Group is carried out, clarifying their interpretation and simplifying their implementation.
	Integrated Risk Assurance & Compliance Guidelines	Integrate, within the SCIGR, the so-called second-level models in relation to Enterprise, Risk Management, 231 Model, Corporate Information Control System ("SCIS"), Tax Control Framework ("TCF"), Privacy, Antitrust, Anti-corruption, Health, Safety, Environment & Quality ("HSEQ") Security. Promote and support compliance with relevant regulations and the prevention of any wrongdoing in the conduct of business activities through the adoption and effective implementation of a specific integrated compliance programme (Compliance Programme for the Prevention of Offences, hereinafter "CPPI"). Define the content of the CPPI aligned with best practice standards, in full compliance with the Code of Ethics, which defines the values, principles of conduct and guiding principles on which the entire SCIGR is based, which Snam recognises, accepts, shares and assumes internally and externally.
Other	Enterprise Risk Management Guidelines	Promote a structured and systematic approach through compliance with principles aimed at adequately managing risks, disseminating a culture of correct and transparent risk management and promoting continuous improvement in risk governance according to strategies, the external and internal context and the interests of Snam's stakeholders.
	Global Security Guidelines	Prevent security risks and reduce the impact of events potentially capable of generating negative effects for the company.
	Policy for managing dialogue with shareholders and other stakeholders	Regulate the traditional means of conducting dialogue, as well as the dialogue between the Board of Directors and stakeholders on issues within the Board's competence, in line with the recommendations of the Corporate Governance Code to which the company adheres, with the engagement policies adopted by institutional investors, proxy advisors and active managers and with international best practices.
	Business Continuity Management Policy	Illustrate the commitments and actions that demonstrate the ability to continue to carry out business during the occurrence of events of such severity as to compromise the normal operation of its critical processes, with the aim of guaranteeing a predefined minimum level of service.

(*) The Global Compact or 'Global Pact' is an international initiative launched in July 2000 by the United Nations to uphold ten universal principles relating to human rights, labour, the environment and anti-corruption, bringing together governments, businesses, UN agencies, labour and civil society organisations, with the aim of contributing to the achievement of 'a more inclusive and sustainable global economy' by introducing respect and the application of common values. When it joined the Global Compact in 2009, Snam aimed at confirming and strengthening its commitment to corporate social responsibility, and has pledged to support and play an active role in the work of the Global Compact Network Italy.

MANAGEMENT SYSTEMS

Snam is also committed to expanding and maintaining the management systems that cover certain specific issues, such as health and safety at work, the environment and the quality of services provided. During the year, Snam implemented all the necessary activities to extend the certification of the management systems to the new companies that entered the scope of consolidation and to maintain and update the existing certifications.

Certification	Scope of application	Company	Year of first certification
ISO 22301 Operational continuity	Natural gas dispatching and transportation activities	Snam Rete Gas	2015
	Management of operational continuity for the design, development and centralised management of processes and remote control systems for the dispatch of natural gas transportation	Snam	2018
ISO 27001 Information security	Management of the security of information for the design, development and centralised management of processes and remote control systems for the dispatch of natural gas transportation	Snam	2014
ISO 9001 Quality	Company	Evolve S.p.A.	2003
	Natural gas storage and modulation activities in geological units	Stogit	2008
	Company	TEP	2010
	Design, installation and maintenance, also in global service, of thermo-hydraulic and related technological systems, district heating, energy production through cogeneration systems. Energy/heat management services and third party function with energy efficiency works	Mieci S.p.A.	2011
	Company	Renerwaste Lodi S.r.l.	2013
	Strategic direction, management, coordination and control of operating companies focused on the management and development of their businesses with regulated activities	Snam	2016
	Strategic direction, management, coordination and control of operating companies focused on the management and development of their respective businesses with non-regulated activities		
	Staff, management and operational activities (including design, construction, operation, maintenance, measurement and dispatching) carried out in connection with the transport and storage in geological units of natural gas by means of pipelines, auxiliary plants and compressor and treatment stations	Snam Rete Gas	
	Transportation management via methane pipelines, ancillary plants and metering activities	ITG	
	Design and management of the production, installation, maintenance and marketing of compression and delivery systems for natural gas for automotive use	Snam4Mobility	2018
	Design, production, marketing, installation and maintenance management of systems for compressing and delivering natural gas	Cubogas	
	Company	IES Biogas	
	Company	Ecoprogetto Milano S.r.l.	2019
	Receipt of liquefied natural gas (LNG) by sea, transfer to tanks, storage, subsequent regasification and injection into the pipeline network	GNL Italia	
Company	Renerwaste S.r.l.	2020	
Company	Ecoprogetto Tortona S.r.l.		

Certification	Scope of application	Company	Year of first certification	
ISO 9001 Quality	Strategic direction, management, coordination and control of operating companies focused on the management and development of their respective businesses with non-regulated activities	Renovit		
	Management and development of activities for the production of biomethane from organic waste, agricultural and agri-industrial waste and livestock effluents, as well as promotion of green business aimed at achieving sustainability and decarbonisation objectives, with particular reference to the transportation segment	Snam4Environment	2021	
ISO 14001 Environment	Receipt of liquefied natural gas (LNG) by sea, transfer to tanks, storage, subsequent regasification and injection into the pipeline network	GNL Italia	2000	
	Natural gas storage and modulation activities in geological units	Stogit	2002	
	Transportation management via methane pipelines, ancillary plants and metering activities	ITG	2010	
	Staff, management and operational activities (including design, construction, operation, maintenance, measurement and dispatching) carried out in connection with the transport and storage in geological units of natural gas by means of pipelines, auxiliary plants and compressor and treatment stations.	Snam Rete Gas	2013	
	Company	Renerwaste Lodi S.r.l.		
	Company	Evolve S.p.A.		
	Energy service, heat management, operation, maintenance and function of third parties responsible for technological plants in general ("global service"); energy requalification through redesign and interventions on existing plants.	Mieci S.p.A.	2014	
	Strategic direction, management, coordination and control of operating companies focused on the management and development of their businesses with regulated activities	Snam	2015	
	Strategic direction, management, coordination and control of operating companies focused on the management and development of their respective businesses with non-regulated activities	Snam	2015	
	Design and management of the production, installation, maintenance and marketing of compression and delivery systems for natural gas for automotive use	Snam4Mobility	2018	
	Design, production, marketing, installation and maintenance management of systems for compressing and delivering natural gas	Cubogas		
	Company	Ecoprogetto Milano S.r.l.	2019	
	Company	Ecoprogetto Tortona S.r.l.	2020	
	Company	Renerwaste S.r.l.		
	ISO 45001 Workplace health and safety	Strategic direction, management, coordination and control of operating companies focused on the management and development of their respective businesses with non-regulated activities	Renovit	
		Company	TEP	2021
Management and development of activities for the production of biomethane from organic waste, agricultural and agri-industrial waste and livestock effluents, as well as promotion of green business aimed at achieving sustainability and decarbonisation objectives, with particular reference to the transportation segment		Snam4Environment		
ISO 45001 Workplace health and safety	Transportation management via methane pipelines, ancillary plants and metering activities	ITG	2009	

Certification	Scope of application	Company	Year of first certification
ISO 45001 Workplace health and safety	Staff, management and operational activities (including design, construction, operation, maintenance, measurement and dispatching) carried out in connection with the transport and storage in geological units of natural gas by means of pipelines, auxiliary plants and compressor and treatment stations.	Snam Rete Gas	2010
	Strategic direction, management, coordination and control of operating companies focused on the management and development of their businesses with regulated activities	Snam	2012
	Strategic direction, management, coordination and control of operating companies focused on the management and development of their respective businesses with non-regulated activities		
	Receipt of liquefied natural gas (LNG) by sea, transfer to tanks, storage, subsequent regasification and injection into the pipeline network	GNL Italia	
	Natural gas storage and modulation activities in geological units	Stogit	
	Energy service, heat management, operation, maintenance and function of third parties responsible for technological plants in general ("global service"); energy requalification through design and work on existing plants	Mieci S.p.A.	2016
	Company	Evolve S.p.A.	2017
	Design and management of the production, installation, maintenance and marketing of compression and delivery systems for natural gas for automotive use	Snam4Mobility	2018
	Design, production, marketing, installation and maintenance management of systems for compressing and delivering natural gas	Cubogas	
	Management and development of activities for the production of biomethane from organic waste, agricultural and agri-industrial waste and livestock effluents, as well as promotion of green business aimed at achieving sustainability and decarbonisation objectives, with particular reference to the transportation segment	Snam4Environment	2021
Strategic direction, management, coordination and control of operating companies focused on the management and development of their respective businesses with non-regulated activities	Renovit		
ISO 17025 Competence of testing and calibration laboratories	Calibration laboratory (LAT 155 Natural gas mixtures)	Snam Rete Gas	2002
	Testing laboratory (LAB 764 Piped gaseous flows)		2007
UNI 11352 Energy management for companies providing energy services	Company	Evolve S.p.A.	2012
	Company	TEP	2013
	Provision of energy services, including including activities regarding the financing of improvement works	Mieci S.p.A.	2018
SOA OS 22 CL VII Water treatment and purification plants	Company	IES Biogas	2019
SA 8000 Social responsibility	Company	Evolve S.p.A.	2018
	Provision of energy services, including including activities regarding the financing of improvement works	Mieci S.p.A.	2021
SOA Certificate of qualification for the execution of public works	Company	Evolve S.p.A.	2007
	Provision of energy services, including including activities regarding the financing of improvement works	Mieci S.p.A.	

MAIN PARTNERSHIPS AND AFFILIATIONS



METHODOLOGICAL NOTE

Disclosure criteria

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 Sustainability Reporting Standards” of the Global Reporting Initiative (GRI Standards), according the 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 the goal of further promoting the transparency in Snam’s ESG performances’ disclosure, for the first time, the 2021 Sustainability Report includes the **“Core”** metrics and the **“Expanded”** metrics relevant for Snam business, defined by the **“Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting for Sustainable Value Creation”**(*) framework, that Snam signed in 2021. The metrics are defined by the International Business Council (IBC) of the World Economic Forum (WEF), of which the Company has been partner since 2019.

Finally, 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 Annual Report drafted following the instructions of the International Integrated Reporting Council;
- The **Non-Financial Statement** Included in the management 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 **Climate Change Report** prepared according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which describes Snam’s activities in relation to the climate change issues.

With reference to ESMA (European Securities and Markets Authority, - European common enforcement priorities for 2021 annual financial reports of 29th October 2021) Recommendations, the references within the Sustainability Report are reported:

- **Priority 1: Impacts of Covid-19**, Note 2.2 of the Notes to the Consolidated Financial Statements
- **Priority 2: Climate-related matters**, “Net Zero Transition” and “Planet” of the 2021 Sustainability Report
- **Priority 3: Disclosures relating to Article 8 of the Taxonomy Regulation**, “Prosperity, European Taxonomy for eco-sustainable activities” of the 2021 Sustainability Report.

Regarding the Priority 3, even if the Sustainability Report is a voluntary document, information required by regulation have been included with the aim of providing a complete disclosure to all stakeholders.

Consolidation scope and criteria

The scope of reference of the information contained in the Sustainability Report coincides with the scope of consolidation of the Consolidated Financial Statements and includes, in addition to the parent company Snam S.p.A.:

- **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** (Snam 4 Mobility S.p.A., Cubogas S.r.l.);

(*) For further information, please refer to the document, in its full version, published in the following website: <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

- **Biogas / Biomethane** (Snam 4 Environment S.r.l., Renerwaste S.r.l., Ecoprogetto Milano S.r.l., Ecoprogetto Tortona S.r.l., Renerwaste Lodi S.r.l., IES Biogas S.r.l., Enersi Sicilia S.r.l.);
- **Energy efficiency** (Renovit S.p.A., TEP Energy Solution S.r.l., Mieci S.p.A., Tlux S.r.l., Evolve S.p.A.);
- **Other activities** (Asset Company 10 S.r.l., Snam International BV, Gasrule Insurance DAC).

With reference to the environmental aspects reported, the companies Snam International BV, Gasrule Insurance DAC, and Enura S.p.A. 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 SUST 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 16th March 2022.

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 topics for the Group and its stakeholders, which is described in the paragraph “Our priorities: material topics”.

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 directly 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 audit is carried out according to the procedures indicated in the “Report of the Independent Auditing Firm”, included in this document.

The assurance by the Independent Auditor and the related assurance activities did not include the requirements concerning SASB, TCFD and WEF, whose indexes are presented after the “Independent Auditor’s Report”. Moreover, the limited assurance activity did not include the information required by the Article 8 of the European Regulation 2020/852, which is disclosed in the paragraph “Prosperity, European Taxonomy for eco-sustainable activities” of the 2021 Sustainability Report.

Reference period	1-1-2021 to 31-12-2021
Frequency	Annual
Last document published	2020 Sustainability Report
Contact person	Sofia Maroudia Snam S.p.A. Piazza Santa Barbara, 7 San Donato Milanese (MI) www.snam.it
E-mail	sofia.maroudia@snam.it

Significant events after the end of the year

With regard to significant events after the end of the financial year, the Russian-Ukrainian conflict escalated, culminating in the declaration of war and the launch of an armed attack on Ukraine by Russia on 24 February.

Snam stands by the people affected by the war and was quick to offer its support to humanitarian efforts on behalf of Ukrainian civilians. In particular, on 7 March, the company launched a fund-raising campaign among its employees, who were given the opportunity to donate the economic equivalent of working hours to two solidarity initiatives of Unicef Italy and the Italian Red Cross in favour of children and Ukrainian refugees respectively. Unicef is assisting children by creating 20 'blue dots' along transit corridors in six neighbouring countries, while the Italian Red Cross is working with the Ukrainian Red Cross to support the civilian population affected by the conflict and to manage displaced people by providing food, medicines and blankets. The amounts collected will be doubled by the Snam Foundation.

Italy and Europe import from Russia a significant part of their requirement of gas and, to a lesser extent, oil. In Italy, gas from Russia amounts to about 30 billion standard cubic metres a year, or about 38% of the national requirement. Although flows from Russia are currently continuing unabated, uncertainty and fears of possible supply implications have triggered a significant increase in oil and gas prices.

A significant and prolonged interruption of imports from Russia would result in the country having to draw on other sources of supply, in addition to stockpiles and, where not sufficient, the activation of emergency measures.

Snam is not active in the Russian market and does not hold any investments, even in joint ventures with Russian companies.

Snam's core business is based on the recognition of regulated revenues (transportation, regasification and storage) anchored to capacity contracts, with negligible sensitivity to volumes. Commercial counterparties to access the provision of the related services provided by Snam must present suitable financial guarantees or, alternatively, hold credit ratings issued by the main rating agencies at least equal to BBB-.

With regard to the operational management of recurring activities and the implementation of the 2022 investment program, there are currently no critical issues attributable to the ongoing war events.

TAG and GCA (jointly controlled company) are the foreign subsidiaries with the largest exposure to Russian gas supplies through multi-year contracts for transportation. To date, there are no changes to the regular flows. Companies remain central to the role they play. However, any prolonged interruption of imports and/or the cancellation of existing long-term contracts (partly covered by bank guarantees) could be reflected in a temporary reduction of economic contribution of the investee companies to the Group or impact the valuation of the investments themselves.

With reference to the tensions on the financial markets, Snam reports that it is marginally exposed to exchange rate risk and in any case, only with respect to the US dollar currency.

With respect to the availability of sources of financing and the related costs, it should be noted that as at 31 December 2021: (i) over 70% of Snam's financial debt is at a fixed rate; (ii) the Snam Group has liquidity deposited with leading credit institutions for an amount of 1,337 million euros and long-term committed lines not drawn, also considering the EIB loan stipulated

in July 2021 relating to energy efficiency projects for a total of 3,350 million euros.

It should be noted that in January 2022, Snam successfully issued a dual tranche Sustainability-Linked bond for a total of 1,500 million euros in conjunction with a Liability Management exercise that led to the repurchase of 350 million euros to proactively manage future maturities of debt.

Considering the cash and the committed lines not drawn at 31 December 2021, together with the proceeds deriving from the bond issue net of the repurchase of the notes for the Liability management exercise, Snam is able to cover the maturities of the short and medium, and long-term debt, banking and bond, until the end of 2023.

Since 24 February, Snam has been constantly monitoring the evolution of the situation and has offered its support to national institutions in the development of possible energy scenarios. The company has been proactively collaborating with the Regulatory Authority (ARERA) and national and European institutions, leveraging its transportation and storage infrastructure to strengthen security and improve the diversification of procurement sources. Snam is available to institutions to evaluate infrastructure initiatives that can allow the country to further expand its capacity for receiving and diversifying supplies.

On 8 March 2022, the European Commission presented its new policy document (RePower EU) updating and complementing the “Toolbox” to address the 13 October 2021 energy price increase and anticipates, in light of the situation between Russia and Ukraine, further efforts to diversify gas supplies to the European market via pipeline and LNG and further promote renewables, biomethane and hydrogen with the political objective of achieving independence from Russian gas by 2030.

With regard to gas storage in particular, the Commission has confirmed its intention to bring into EU legislation by April, with a further and rapid revision of the Regulation on security of gas supply, minimum obligations at national level in order to reach 90% filling at EU level by 1 October each year. The intention to move forward with common purchasing mechanisms, along the lines of what was proposed in December in the gas market reform, was also confirmed.

These indications support the strategic vision of Snam, which has long positioned itself as an enabler of the energy transition thanks to investments to make its infrastructure hydrogen-ready, placing at the centre of its strategic plan energy transport and storage and the development of new businesses such as hydrogen, biomethane, sustainable mobility and energy efficiency.

The expected acceleration of the development of biomethane and hydrogen, also using imports from North Africa, confirms Snam’s long-term strategic importance of infrastructure.

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: it was fully covered Standard GRI 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 reference to this Sustainability Report, it should also be noted the adoption of the new Standard GRI 306: Waste (2020).

With regards to the Standard GRI 103 (Management approach), Snam proceeded as follows:

- 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.

Subject	Material topics	GRI aspects	Scope of the aspect		Reporting restrictions	
			Internal	External	Internal	External
Environmental	Climate change	GRI 305 Emissions	Group	Suppliers	-	Emissions related to energy consumption of suppliers
		GRI 302 Energy			-	Energy consumption of suppliers
	Green business	-	Group	-	-	-
	Territory and biodiversity protection	GRI 304 Biodiversity	T, B	Suppliers	-	-
People	Health and safety	GRI 403 Occupational Health & Safety	Group	Suppliers	-	-
	Human capital development and protection	GRI 401 Employment	Group	-	-	-
		GRI 404 Training and Education				
Diversity and inclusion	RI 405 Diversity and Equal opportunities	Group	-	-	-	
	GRI 406 Non discrimination					
Fornitori	Sustainable supply chain	GRI 204 Procurement Practices	Group	Suppliers		
Community	Relations with local communities	GRI 203 Indirect economic impact	Gruppo	-	-	-
		GRI 413 Local communities				
Fiscal transparency and prevention of active and passive corruption	Fight against corruption	GRI 205 Anticorruption	Group	Suppliers	-	-

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

Subject	Material topics	GRI aspects	Scope of the aspect		Reporting restrictions	
			Internal	External	Internal	External
Innovation	Innovation	-	Group	-	-	-
Altro	Infrastructure reliability and resilience, business continuity, and cyber security	-	Group	-	-	-
	Economic performance and value creation	GRI 201 Economic Performance	Group	-	-	-
	Business integrity	GRI 205 Anticorruption	Group	Suppliers	-	-
		GRI 207 Tax	-	-	-	-
		GRI 419 Socioeconomic compliance	-	-	-	-
Relations with authorities and quality of services	-	Group	-	-	-	

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

GRI CONTENT INDEX

Legend:

SR = Sustainability Report

AR = Annual Report

NFS = Consolidated Non-Financial Statement

CGR = Corporate Governance and Ownership Structure Report

RR = Remuneration Report

TCFD = Climate Change Report

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 102 - General disclosure 2016				
Organisational Profile	102-1	Name of the organization		Snam S.p.A.
	102-2	Activities, brands, products, and services	SR "An infrastructure for the transition"	
	102-3	Location of headquarters		Snam headquarter is located in San Donato Milanese https://www.snam.it/en/about-us/headquarter/
	102-4	Location of operations	SR "An infrastructure for the transition"	
	102-5	Ownership and legal form	CGR "Corporate Governance at Snam" AR "2021 Performance - Snam Shareholder composition at 31st December 2021"	
	102-6	Markets served	SR "An infrastructure for the transition"	
	102-7	Scale of the organization	SR "An infrastructure for the transition" SR "Appendix - Data and performance indicators"	
	102-8	Information on employees and other workers	SR "People - Valuing people" 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, as Snam operates mainly in Italy.
	102-9	Supply chain	SR "People - Growing with suppliers"	
	102-10	Significant changes to the organization and its supply chain	SR "People - Growing with suppliers"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
Organisational Profile	102-11	Precautionary Principle or approach	SR "Planet"	
			AR "Governance - Control System"	
			AR "Strategy and Risk Management"	
			TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with 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 "Ethics and Public Affairs" published on the web page https://www.snam.it/en/governance-conduct/business-conduct/ethics-and-public-affairs/index.html	
102-14	Statement from senior decision-maker	SR "Letter to Stakeholders"		
Strategy	102-15	Key impacts, risks, and opportunities	SR "The transition to net zero - Snam's strategy and vision to 2030"	
			AR "Management of risks and opportunities; Elements of risk and uncertainty"	
			TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change"	
			TCFD "The ERM model and the risks and opportunities associated with climate change - The opportunities associated with climate change"	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	SR "Governance Principles - Creating value through a good governance"	
			SR "Governance principles - Carrying out activities in accordance with business ethics"	
	102-17	Mechanisms for advice and concerns about ethics		https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
Governance	102-18	Governance structure	SR "Governance Principles - Creating value through a good governance" AR "Governance" TCFD "Governance for climate change management"	
	102-19	Delegating authority	SR "Governance Principles - Creating value through a good governance" AR "Governance"	
	102-20	Executive-level responsibility for economic, environmental, and social topics	SR "Governance Principles - Creating value through a good governance" CGR "Snam's Board of Directors"	
	102-21	Consulting stakeholders on economic, environmental, and social topics	SR "Stakeholders at the center - Engaging our stakeholders"	
	102-22	Composition of the highest governance body and its committees	SR "Governance Principles - Creating value through a good governance" CGR "Snam's Board of Directors"	
	102-23	Chair of the highest governance body	SR "Governance Principles - Creating value through a good governance" CGR "Snam's Board of Directors"	
	102-24	Nominating and selecting the highest governance body	SR "Governance Principles - Creating value through a good 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 "Governance Principles - Creating value through a good governance" CGR "Induction program for directors and auditors" TCFD "Governance for climate change management"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
Governance	102-27	Collective knowledge of highest governance body	SR" Governance Principles - Creating value through a good governance" CGR "Induction program for directors and auditors" TCFD "Governance for climate change management"	
	102-28	Evaluating the highest governance body's performance	SR" Governance Principles - Creating value through a good governance" CGR "Snam's Board of Directors"	
	102-29	Identifying and managing economic, environmental, and social impacts	SR" Governance Principles - Creating value through a good governance" AR "Governance" AR "Strategy and Risk Management - Management of risks and opportunities; Elements of risk and uncertainty"	
	102-30	Effectiveness of risk management processes	AR "Governance - Control System" AR "Strategy and Risk Management - Management of risks and opportunities; Elements of risk and uncertainty"	
	102-31	Review of economic, environmental, and social topics	SR" Governance Principles - Creating value through a good governance"	
	102-32	Highest governance body's role in sustainability reporting	SR "Appendix - Methodological note" AR "Governance" TCFD "Governance for climate change management"	
	102-33	Communicating critical concerns		https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/
	102-34	Nature and total number of critical concerns	CGR "Snam regulatory system" AR "Governance - Control System"	
	102-35	Remuneration policies	RR "Remuneration Policy Guidelines"	
	102-36	Process for determining remuneration	RR "Remuneration Policy Guidelines"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
Governance	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	
Stakeholder engagement	102-40	List of stakeholder groups	SR "Stakeholders at the center - Engaging our stakeholders"	
	102-41	Collective bargaining agreements		100%. The National Collective Labor Agreements (Energy and Oil Contract, Metalworkers' Contract, Trade Contract) apply to non-executive personnel. The National Contract for Executives of Companies producing Goods and Services is applied to executive personnel.
	102-42	Identifying and selecting stakeholders	SR "Stakeholders at the center - Engaging our stakeholders"	
	102-43	Approach to stakeholder engagement	SR "Stakeholders at the center - Engaging our stakeholders"	
	102-44	Key topics and concerns raised	SR "Stakeholders at the center - Engaging our stakeholders"	
Reporting process	102-45	Entities included in the consolidated financial statements and excluded from the NFS		There are no differences in the scope of consolidation between the Sustainability Report and the Annual Financial Report.
	102-46	Defining report content and topic Boundaries	SR "Stakeholders at the center"	
			SR "Methodological note" SR "Appendix - GRI Standards Correspondence Table"	
	102-47	List of material topics	SR "Stakeholders at the center - Our priorities: material topics"	
	102-48	Restatements of information		Any changes from the the previous Sustainability Report have been punctually indicated in the text.
	102-49	Changes in reporting	SR "Stakeholders at the center - Our priorities: material topics"	
	102-50	Reporting period	SR "Appendix - Methodological note"	
	102-51	Date of most recent report	SR "Appendix - Methodological note"	
102-52	Reporting cycle	SR "Appendix - Methodological note"		

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
Reporting process	102-53	Contact point for questions regarding the report	SR "Appendix - Methodological note"	
	102-54	Claims of reporting in accordance with the GRI Standards	SR "Appendix - Methodological note"	
	102-55	GRI content index	SR "Appendix - GRI Content Index"	
	102-56	External assurance	SR "Appendix - Methodological note" SR "Appendix - Report of the Independent Auditors"	
GRI 200 - Economic aspects				
GRI 201 Economic performance 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Prosperity - Added value produced and distributed" SR "Appendix - GRI Standards Correspondence Table"	
	103-3		AR "Strategy and Risk Management - Management of risks and opportunities; Elements of risk and uncertainty"	
	201-1	Direct economic value generated and distributed	SR "Prosperity - Added value produced and distributed"	<p>The methodology adopted by Snam for the calculation of the Direct economic value generated and distributed (GBS Standard) differs from the GRI Standards only considering the following aspects:</p> <ul style="list-style-type: none"> • The Direct economic value generated category ("Economic value produced" in SNAM) is shown net of operating costs falling within the Distributed Generated Value according to disclosure 201-1; • Deferred taxes are also considered among direct taxes. <p>If the directly generated and distributed economic value had been calculated exclusively according to the GRI methodology, the 2021 values would have been the following:</p> <ol style="list-style-type: none"> 1) Value generated equal to 3,615 mil. €; 2) Distributed value equal to 2,516 mil. €; 3) Value retained in the group equal to 1,099 mil. €.

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 201 Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	SR "The transition to net zero" TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change" TCFD "The ERM model and the risks and opportunities associated with climate change - The opportunities associated with climate change"	
	201-3	Defined benefit plan obligations and other retirement plans		In 2021, Snam has fulfilled 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.
GRI 203 Indirect economic impacts 2016	103-1		SR "The transition to net zero - Snam's strategy and vision to 2030" SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Growing with suppliers" SR "People - Engaging local communities"	
	103-3		SR "Prosperity - Added value produced and distributed" SR "Appendix - GRI Standards Correspondence Table"	
	203-1	Infrastructure investments and services supported	SR "An infrastructure for the transition" SR "The transition to net zero - Snam's strategy and vision to 2030" SR "Planet - Contributing to the Energy Transition" SR "People - Engaging local communities"	
	203-2	Significant indirect economic impacts	SR "People - Engaging local communities"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 204 Procurement Practices 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Growing with suppliers"	
	103-3		SR "Appendix - GRI Standards Correspondence Table"	
	204-1	Proportion of spending on local suppliers	SR "People - Growing with suppliers"	
GRI 205 Anti-corruption 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Governance Principles - Carrying out activities in accordance with business ethics"	
	103-3		SR "Appendix - GRI Standards Correspondence Table"	
	103-3		NFS "Fiscal transparency and prevention of active and passive corruption"	
	205-1	Operations assessed for risks related to corruption	SR "Governance Principles - Carrying out activities in accordance with business ethics" AR "Strategy and Risk Management - Management of risks and opportunities; Elements of risk and uncertainty"	All divisions are monitored in relation to the risk of corruption.
	205-2	Communication and training about anti-corruption policies and procedures	SR "People - Valuing people" SR "Governance Principles - Carrying out activities in accordance with business ethics"	100% of employees and Board members were informed on anti-corruption policies and procedures. 100% of new hires received training on anti-corruption policies and procedures. Overall, 586 employees received training about anticorruption.
	205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were detected in 2021.
GRI 207 Tax 2019	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Prosperity - Added value produced and distributed" SR "Appendix - Table of Correspondence GRI Standards"	
	103-3		NFS "Fiscal transparency and prevention of active and passive corruption"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 207 Tax 2019	207-1	Approach to tax	SR "Prosperity - Added value produced and distributed" SR "Governance Principles - Carrying out activities in accordance with business ethics" NFS "Fiscal transparency and prevention of active and passive corruption"	
	207-2	Tax governance, control, and risk management	NFS "Fiscal transparency and prevention of active and passive corruption"	
	207-3	Stakeholder engagement and management of concerns related to tax	NFS "Fiscal transparency and prevention of active and passive corruption"	
	207-4	Country-by-country reporting	NFS "Fiscal transparency and prevention of active and passive corruption"	
GRI 300 - Environmental aspects				
GRI 302 Energy 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Planet - Using energy efficiently; Combating climate change and reducing emissions"	
	103-3		SR "Stakeholders at the center - Our priorities: material topics" SR "Appendix - Table of Correspondence GRI Standards"	
	302-1	Energy consumption within the organization	SR "Planet - Using energy efficiently" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow - Snam and the commitment against climate change - Energy efficiency"	Source of emission factors: Ispra 2021.
	302-2	Energy consumption outside of the organization		Information not available.
	302-3	Energy intensity	SR "Appendix - Data and performance indicators" TCFD "Performance indicators"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 302 Energy 2016	302-4	Reduction of energy consumption	SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow - Snam and the 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 _{2eq} emissions avoided.
	302-5	Reductions in energy requirements of products and services		Not applicable.
GRI 304 Biodiversity 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Planet - Protecting land and biodiversity"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR "Planet - Protecting land and biodiversity"	
	304-2	Significant impacts of activities, products, and services on biodiversity	SR "Planet - Protecting land and biodiversity"	
	304-3	Habitats protected or restored	SR "Planet - Protecting land and biodiversity"	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR "Planet - Protecting land and biodiversity"	
GRI 305 Emissions 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Planet - Combating climate change and reducing emissions"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
	305-1	Direct (Scope 1) GHG emissions	SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	Source of emission factors: Ispra 2021.

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 305 Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	Source of emission factors: European Residual mix 2020 (source AIB: 2021) for Scope 2 Market Based emissions; ISPRA 2021 for Scope 2 Location Based emissions. It is specified that the emission factor considered for the calculation of Scope 2 emissions is the one relating to the year 2019.
	305-3	Other indirect (Scope 3) GHG emissions	SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	Source of emission factors: DEFRA, UK Government GHG Conversion Factors for Company Reporting (2021) and Trucost dataset.
	305-4	GHG emissions intensity	SR "Appendix - Data and performance indicators" TCFD "Performance indicators"	
	305-5	Reduction of GHG emissions	SR "Planet - Combating climate change and reducing 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 "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	
GRI 400 - Social aspects				
GRI 401 Employment 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Valuing people"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards" NFS "People"	
	401-1	New employee hires and employee turnover	SR "People - Valuing people" SR "Appendix - Data and performance indicators"	The breakdown of the data by country are not reported as 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 the access to the benefits provided by the organization.
	401-3	Parental leave	SR "People - Valuing people"	
GRI 403 Occupational health and safety 2018	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Working safely"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards" NFS "People"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 403 Occupational health and safety 2018	403-1	Occupational health and safety management system	SR "Appendix - Management systems"	
	403-2	Hazard identification, risk assessment, and incident investigation	SR "People - Working safely"	
	403-3	Occupational health services	SR "People - Working safely"	
	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 2021, numerous trade union agreements were signed on various issues (the definition of paths derived from "Progetto Lavori" and "Progetto Impianti", the smartworking topic both in an emergency and a normal situation).
	403-5	Worker training on occupational health and safety	SR "People - Valuing people; Working safely"	
	403-6	Promotion of worker health	SR "People - Valuing people; Working safely" SR "Appendix - Data and performance indicators"	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR "People - Valuing people; Working safely"	
	403-8	Workers covered by an occupational health and safety management system	SR "People - Valuing people; Working safely" SR "Appendix - Management systems"	At December 31, 2021, the percentage of employees covered by an occupational health and safety management system is 95.2%
	403-9	Work-related injuries	SR "People - Valuing people; Working safely" SR "People - Growing with suppliers" SR "Appendix - Data and performance indicators"	All the injuries involving employees and contractors occurred in Italy (for employees 8 in the North, 1 in the Centre, and 2 in the South, and for the contractors 1 in the Centre). The injuries involved only male staff. The rate of fatalities as a result of accidents at work was 0 for employees, while it is 0.12 for contractors. The rate of high-consequence work-related injuries (excluding fatal accidents) is 0.19 for employees and 0 for contractors. The rate of recordable work-related accidents, which correspond to the total number of injuries, is 2.11 for employees, while it is 0.12 for contractors. The rates are calculated as the ratio between the number of injuries of the related types 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 5.2 and 8.7 million hours. For all the Group's societies, except Renovit, the hours worked to calculate the frequency and the severity indexes is an estimate based on the 2020 ones.
	403-10	Work-related ill health	SR "People - Valuing people; Working safely"	Contractors, like employees, are not exposed to risks that will generate occupational illnesses over time. Moreover, considering the fact that health surveillance protocols are implemented for contractors by the employer of the contracting companies, the collection of data on the occupational illnesses of contractors is not applicable.

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 404 Training and education 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Valuing people"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
	404-1	Average hours of training per year per employee	SR "People - Valuing people" SR "Appendix - Data and performance indicators"	In 2021, 78% of the corporate population was involved in training activities, excluding those related to health, safety, environment and quality (HSEQ) issues. Specifically, 76% of women and 79% of men were involved in at least one training course.
	404-2	Programs for upgrading employee skills and transition assistance programs	SR "People - Valuing people"	
	404-3	Percentage of employees receiving regular performance and career development reviews	SR "People - Valuing people"	
GRI 405 Diversity and equal opportunities 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Valuing people"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
	405-1	Diversity of governance bodies and employees	SR "People - Valuing people" SR "Governance principles - Creating value through a good governance"	In 2021, 3 Board members belong to the 30-50 age group, while 6 belong to the >50 age group (unchanged from 2020, while in 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, 3 middle managers, 313 white collars, 243 blue collars. Employees aged between 30 and 50: 84 executives, 346 middle managers, 813 white collars, 244 blue collars. Employees aged over 50: 57 executives, 251 middle managers, 754 white collars, 322 blue collars.
	405-2	Ratio of basic salary and remuneration of women to men	SR "People - Valuing people" SR "Appendix - Data and performance indicators"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 406 Non-discrimination 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "People - Valuing people" SR "People - Growing with suppliers"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards" NFS "Human rights"	
	406-1	Incidents of discrimination and corrective actions taken	NFS "Human rights"	
GRI 413 Local communities 2016	103-1		SR "Stakeholders at the center - Engaging our stakeholders, Our priorities: material topics"	
	103-2	Management Approach	SR "Planet - Protecting land and biodiversity" SR "People - Engaging local communities"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
	413-1	Operations with local community engagement, impact assessments, and development programs	SR "Stakeholders at the center - Engaging our stakeholders" SR "Planet - Protecting land and biodiversity" SR "People - Engaging local communities"	
	413-2	Operations with significant actual and potential negative impacts on local communities	SR "Planet - Protecting land and biodiversity"	
GRI 419 Socioeconomic compliance 2016	103-1		SR "Stakeholders at the center - Our priorities: material topics"	
	103-2	Management Approach	SR "Governance principles - Carrying out activities in accordance with business ethics" SR "Appendix - Table of Correspondence GRI Standards"	
	103-3		NFS "Fiscal transparency and prevention of active and passive corruption"	

GRI Standard	Disclosure	Description	Reference document and paragraph	Notes/omissions
GRI 419 Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	NFS "Fiscal transparency and 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")	
Snam material topics not linked with GRI material topics				
Green business	103-1	Management Approach	SR "Stakeholders at the center - Our priorities: material topics"	
	103-2		SR "An infrastructure for the transition - Energy transition businesses" AR "The transition to net zero - The vision through to 2030, the 2021-2025 strategic plan"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
Infrastructure reliability and resilience, business continuity and cyber security	103-1	Management Approach	SR "Stakeholders at the center - Our priorities: material topics" SR "Governance principles - Ensuring a reliable infrastructure"	
	103-2		SR "Prosperity - Cyber security: ensuring the online safety of Snam and its employees"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards" AR "2021 Performance - Operating performance; Key sustainability performance"	
Innovation	103-1	Management Approach	SR "Stakeholders at the center - Our priorities: material topics"	
	103-2		SR "The transition to net zero" SR "Prosperity - Innovation, digitization for business development"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	
Relations with authorities and quality of services	103-1	Management Approach	SR "Stakeholders at the center - Our priorities: material topics"	
	103-2		SR "Principles of Governance - Ensuring a reliable infrastructure"	
	103-3		SR "Appendix - Table of Correspondence GRI Standards"	

Other GRI disclosures in the Report

GRI Standard	Disclosure	Descriptions	Reference document and paragraph	Notes/omissions
GRI 303 Water and effluents 2018	303-1	Interacting with water as a shared resource	SR "Planet - Acting for the environment: Waste and water management"	
	303-2	Managing Impacts Related to Water Discharge	SR "Planet - Acting for the environment: Waste and water management"	
	303-3	Water withdrawal	SR "Planet - Acting for the environment: Waste and water management" 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 "Planet - Acting for the environment: Waste and water management" SR "Appendix - Data and performance indicators"	Data on the types of destination of water discharges and their location in water-stressed areas are not currently available.
GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	SR "Planet - Acting for the environment: Waste and water management"	
	306-2	Waste by type and disposal method	SR "Planet - Acting for the environment: Waste and water management"	
	306-3	Waste generated	SR "Planet - Acting for the environment: Waste and water management" SR "Appendix - Data and performance indicators"	
	306-4	Waste diverted from disposal		Hazardous: Incineration with energy recovery: 30t Recycling/Recovery: 3t Putting in reserve: 77t Other recovery activities: 3t Temporary storage at end of year: 9t Non-hazardous: Incineration with energy recovery: 11,403t Recycling/recovery: 12,301t Putting in reserve: 22,577t Other recovery activities: 39,739t Temporary storage at year end: 333t
	306-5	Waste directed to disposal		Hazardous: Landfill: 0.1t Incineration: 835t Preliminary storage/other preliminary activities: 4,546t Treatment: 433t Other disposal activities: 0.6t Non-hazardous: Landfill: 2,796t Incineration: 4,511t Preliminary storage/other preliminary activities: 10,931t Treatment: 10,221t Other disposal activities: 5t

REPORT OF THE INDEPENDENT AUDITORS



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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, 2021.

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 in the paragraph "European taxonomy for eco-sustainable activities".

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.

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

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REPORT OF THE INDEPENDENT AUDITORS

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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.

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.

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

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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.

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, 2021 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological Note" of the Sustainability Report.

Our conclusion on the Sustainability Report does not extend to the information required by art. 8 of the European Regulation 2020/852 in the paragraph "European taxonomy for eco-sustainable activities".

Other matters

The Sustainability Report for the year ended December 31, 2019, whose data are presented for comparative purposes, has been subject to a limited assurance engagement by another auditor that on May 11, 2020, expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
April 5, 2022

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



WEF CORRESPONDENCE TABLE

(World Economic Forum)

Legend:

SR = Sustainability Report

AR = Annual Report

NFS = Consolidated Non-Financial Statement

CGR = Corporate Governance and Ownership Structure Report

TCFD = Climate Change Report

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
Principles of Governance	Governing purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	SR "80 years of energy to inspire the future - Snam's purpose"	
		Purpose-led management	How the company's stated purpose is embedded in company strategies, policies and goals.	SR "80 years of energy to inspire the future - Snam's purpose" SR "Governance principles - Creating value through a good governance"	
	Qualità dell'organo di governo	Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	SR "Governance principles - Creating value through a good governance" CGR "Snam's Board of Directors"	

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
Principles of Governance	Quality of governing body	Remuneration	<ol style="list-style-type: none"> How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ol style="list-style-type: none"> Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares Sign on bonuses or recruitment incentive payments Termination payments Clawbacks Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 	RR "Remuneration Policy Guidelines"	
	Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	SR "Stakeholders at the center - Engaging our stakeholders"	
	Ethical behaviour	Anti-corruption	<ol style="list-style-type: none"> Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. <ol style="list-style-type: none"> Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and Total number and nature of incidents of corruption confirmed during the current year, related to this year. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. 	SR "Governance Principles - Carrying out activities in accordance with business ethics"	<p>100% of employees and Board members were informed on anti-corruption policies and procedures. 100% of new hires received training on anti-corruption policies and procedures. Overall, 586 employees received training about anticorruption.</p> <p>No incidents of corruption were detected in 2021.</p>

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
Principles of Governance	Ethical behaviour	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.		https://www.snam.it/it/etica-governance/etica-impresa/procedura-segnalazioni/
		Monetary losses from unethical behaviour	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	AR "Criminal and tax disputes and proceedings with the regulatory authority, ARERA" (in "Notes to the consolidated financial statements")	
Principles of Governance	Risk and opportunity oversight	Integrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	SR "The transition to net zero - Snam's strategy and vision to 2030"	
				AR "Strategy and Risk Management - Managing risks and opportunities; Elements of risk and uncertainty"	TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change"
Planet	Climate change	Greenhouse gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO _{2e}) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
Planet	Climate change		Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation.		
		TCFD implementation	Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	TCFD	
	Nature loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	SR “Planet - Protecting land and biodiversity”	
	Freshwater availability	Water consumption and withdrawal in water-stressed areas.	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	SR “Planet - Acting for the environment: Waste and water management” SR “Appendix - Data and performance indicators”	Data on the types of water discharges and their location in water-stressed areas are not currently available.
Air pollution	Air pollution	Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	SR “Planet - Combating climate change and reducing emissions” SR “Appendix - Data and performance indicators”		

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
People	Dignity and equality	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	SR "People - Valuing people" SR "Governance principles - Creating value through a good governance"	
		Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	SR "People - Valuing people" SR "Appendix - Data and performance indicators"	
		Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	RR "Section II - Fees paid in 2021"	
		Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	SR "People - Valuing people" SR "People - Growing with suppliers" NFS "Human rights"	
		Pay gap (% , #)	1. Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non BAME) at a company level or by significant location of operation. 2. Ratio of the annual total compensation for the organization's highest paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	SR "People - Valuing people" SR "Appendix - Data and performance indicators"	
		Discrimination and harassment incidents (#) and the total amount of monetary losses (\$)	Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: a) law violations; and b) employment discrimination.	NFS "Human rights"	

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
People	Health and well-being	Health and safety (%)	<ol style="list-style-type: none"> 1. The number and rate of fatalities as a result of work-related injury; high consequence work related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers. 	<p>SR "People - Valuing people; Working safely"</p> <p>SR "People - Growing with suppliers"</p> <p>SR "Appendix - Data and performance indicators"</p>	<p>All the injuries involving employees and contractors occurred in Italy (for employees 8 in the North, 1 in the Centre, and 2 in the South, and for the contractors 1 in the Centre). The injuries involved only male staff. The rate of fatalities as a result of accidents at work was 0 for employees, while it is 0.10 for contractors. The rate of high-consequence work-related injuries (excluding fatal accidents) is 0.19 for employees and 0 for contractors. The rate of recordable work-related accidents, which correspond to the total number of injuries, is 2.11 for employees, while it is 0.12 for contractors. The rates are calculated as the ratio between the number of injuries of the related types 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 5.2 and 8.7 million hours. For all the Group's societies, except Renovit, the hours worked to calculate the frequency and the severity indexes is an estimate based on the 2020 ones. 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.</p>

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes
People	Health and well-being	Employee well-being (#, %)	The number of fatalities as a result of work-related ill health, recordable work-related ill health injuries, and the main types of work-related ill health for all employees and workers. a) Percentage of employees participating in "best practice" health and well-being programmes; and b) Absentee rate (AR) of all employees.	SR "People - Valuing people; Working safely"	
	Skills for the future	Training provided (#, \$)	Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	SR "People - Valuing people" SR "Appendix - Data and performance indicators"	In 2021, 78% of the corporate population was involved in training activities, excluding those related to health, safety, environment and quality (HSEQ) issues. Specifically, 76% of women and 79% of men were involved in at least one training course.
Prosperity	Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	SR "Prosperity - Added value produced and distributed" SR "People - Valuing people" SR "Appendix - Data and performance indicators"	The split of the data by country is not reported because it is not applicable (almost all the employees is located in Italy).
		Economic contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: a) Revenues b) Operating costs c) Employee wages and benefits d) Payments to providers of capital e) Payments to government f) Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	SR "Prosperity - Added value produced and distributed"	The methodology adopted by Snam for the calculation of the Direct economic value generated and distributed (GBS Standard) differs from the GRI Standards only considering the following aspects: • The Direct economic value generated category ("Economic value produced" in SNAM) is shown net of operating costs falling within the Distributed Generated Value according to disclosure 201-1; • Deferred taxes are also considered among direct taxes.

Pillar	Theme	Indicator	Descriptions	Reference document and paragraph	Notes	
Prosperity		Financial investment contribution	<ol style="list-style-type: none"> Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders. 	AR "Business segment Operating performance"		
		Infrastructure investments and services supported	<p>Qualitative disclosure to describe the below components:</p> <ol style="list-style-type: none"> Extent of development of significant infrastructure investments and services supported. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. Whether these investments and services are commercial, in kind or pro bono engagements. 	SR "The transition to net zero - Snam's strategy and vision to 2030"		
		Significant indirect economic impacts	<ol style="list-style-type: none"> Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas). 	SR "People - Engaging local communities"		
		Innovation of better products and services	Total R&D expenses (\$)	Total costs related to research and development.	AR "Business segment operating performance"	
		Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	SR "Governance Principles - Carrying out activities in accordance with business ethics"	
			Additional tax remitted	The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	NFS "Fiscal transparency and prevention of active and passive corruption" SR "Prosperity - Added value produced and distributed"	
			Total tax paid by country for significant locations	Total tax paid and, if reported, additional tax remitted, by country for significant locations.		

SASB CORRESPONDENCE TABLE (Sustainability Accounting Standards Board)

Legend:

SR = Sustainability Report

AR = Annual Report

Dimensions	Thematic Category	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Environmental	GHG Emissions	EM-MD-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	SR "Planet - Combating climate change and reducing 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 "The transition to net zero - Snam's strategy and vision to 2030" SR "Planet - Combating climate change and reducing 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 "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	
	Ecological Impacts	EM-MD-160a.1	Description of environmental management policies and practices for active operations	SR "Planet - 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 "Planet - Protecting land and biodiversity"	
		EM-MD-160a.3	Terrestrial acreage disturbed, percentage of impacted area restored	SR "Planet - 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.
	Competitive Behavior	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")	

Dimensions	Thematic Category	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Environmental	Critical Incident Risk Management	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 "Planet - Protecting land and biodiversity"	4% of the natural gas transportation network inspected with smart pigs; 64% inspected by helicopter flyover; 33% inspected with leak detection technique and 18% with 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 - Management systems"	

TCFD RECOMMENDATIONS CORRESPONDENCE TABLE

(Task Force on Climate-Related Financial Disclosures)

Legend:

SR = Sustainability Report

AR = Annual Report

TCFD = Climate Change Report

TCFD Recommendations	Disclosure
GOVERNANCE Disclose the organization's governance around climate-related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities.	SR "Governance principles - Creating value through a good governance" AR "Governance - Governance and organization" TCFD "Governance for climate change management - The Board of Directors"
b) Describe management's role in assessing and managing climate-related risks and opportunities.	AR "Strategy and Risk Management - Risk and opportunity management; Elements of risk and uncertainty" TCFD "Governance for climate change management - The role of management."
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	AR "Strategy and Risk Management - Elements of risk and uncertainty" TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change" TCFD "The ERM model and the risks and opportunities associated with climate change - The opportunities associated with climate change"
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	AR "Strategy and Risk Management - Elements of risk and uncertainty" TCFD "The ERM model and the risks and opportunities associated with climate change - The risks associated with climate change" TCFD "The ERM model and the risks and opportunities associated with climate change - The opportunities associated with climate change"
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SR "The transition to net zero - The strategy for the future: Net Zero Carbon" TCFD "The Context and Reference Scenarios" TCFD "Acting for tomorrow - Snam and the commitment against climate change"

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 risk	AR "Strategy and Risk Management - Elements of risk and uncertainty" TCFD "The ERM Model and the risks and opportunities related to Climate Change - The ERM Model for Centralized Risk Management"
b) Describe the organization's processes for managing climate-related risks	AR "Strategy and Risk Management - Elements of risk and uncertainty" TCFD "The ERM Model and the risks and opportunities related to Climate Change - The ERM Model for Centralized Risk Management"
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	TCFD "The ERM Model and the risks and opportunities related to Climate Change - The ERM Model for Centralized Risk Management"
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	AR "Net Zero Transition - The strategy for the future: Net Zero Carbon" SR "Planet - Using energy efficiently" SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow - Snam and the commitment against climate change" TCFD "Performance indicators"
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow - Snam and the commitment against climate change, the reduction of GHG emissions" TCFD "Performance indicators"
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	SR "The transition to net zero - The strategy for the future: Net Zero Carbon" SR "An infrastructure for the transition - Energy transition businesses" SR "Planet - Using energy efficiently" SR "Planet - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators" TCFD "Acting for tomorrow - Snam and the commitment against climate change" TCFD "Performance indicators"

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 and the policies can be consulted on the Company's website at https://www.snam.it/en/Sustainability/snam_commitments/index.html

The ten principles	Sustainability Report	Paragraph of the Sustainability Report
Human rights		
Principles 1, 2 - Companies are asked to promote and respect universally recognised human rights in their respective spheres of influence and to make sure they are not complicit, even indirectly, in human rights violations.	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).	Governance principles - Creating value through a good governance
	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.	People - Growing with suppliers
	Snam safeguards occupational safety and health through training, awareness and informational initiatives.	People - Valuing people People - Working safely
Labour		
Principles 3, 4, 5, 6 - Businesses are required to uphold freedom of association and the recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the abolition in practice of child labour; and the elimination of all forms of discrimination in respect of employment and work.	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.	People - Valuing people
	Snam applies the Energy and Petroleum agreement and guarantees trade union rights for all workers.	People - Valuing people
	Snam holds meetings with Trade Union organizations at a national and local level dedicated to the analysis of business development projects and new organizational structures.	People - Valuing people
	Snam develops initiatives to reconcile work and life.	People - Valuing people
	Snam provides its employees with training and professional development opportunities.	People - Valuing people

The ten principles	Sustainability Report	Paragraph of the Sustainability Report
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 operative excellence and to contribute to the containment of greenhouse gas emissions, including through its new Towards Net Zero Strategy.	The transition to net zero - The strategy for the future: Net Zero Carbon An infrastructure for the transition - Energy transition businesses Planet - Using energy efficiently Planet - Combating climate change and reducing emissions
	Protecting the environment and the biodiversity are integral parts in defining Snam's corporate policies and investment decisions.	Planet - Protecting land and biodiversity
	All Snam's activities are overseen through certified environmental Management systems (ISO 14001).	Appendix - Management systems
	Snam performs specific energy management and CO ₂ saving activities.	The transition to net zero - The strategy for the future: Net Zero Carbon Planet - Using energy efficiently
	Snam evaluates its suppliers also considering environmental criteria.	People - Growing with suppliers
Fight against corruption		
Principle 10 - Companies commit to fighting corruption in any form, including extortion and bribery.	Snam disseminates ethical principles and business values.	Governance principles - Creating value through a good governance Governance Principles - Carrying out activities in accordance with business ethics
	Snam collaborates with Transparency International on anticorruption and governance.	Governance Principles - Carrying out activities in accordance with business ethics
	Snam provides training activities about legality and anticorruption.	Governance Principles - Carrying out activities in accordance with business ethics
	Snam conducts reputational checks on suppliers and subcontractors.	Governance Principles - Carrying out activities in accordance with business ethics People - Growing with suppliers
	No cases of corruption were reported in 2021.	Appendix - GRI Content Index (205-3)
Support for Sustainable Development Goals	In addition, Snam commits 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 on the goals 3, 4, 5, 7, 8, 9, 10, 11, 13, 15, 16.	80 Years of Energy to Inspire the Future 2021 highlights The transition to net zero - A Strategy for the Future: Net Zero Carbon The transition to net zero - The ESG Scorecard Planet People Governance Principles Prosperity



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