

2016 Remuneration Report



Snam ensures the greatest possible transparency in the quality of its remuneration systems and in the results of their application.

The remuneration system, which is based on the principles of Borsa Italiana's Code of Corporate Governance, recognises responsibilities assigned, results achieved and the quality of the professional contribution, and it adheres to the principles of personal development and equal opportunity affirmed in the Code of Ethics that have always formed a part of Snam's organisational culture.

The remuneration system supports the growth of Snam and its financial results, helping to align management action with the interests of the stakeholders and shareholders, and promoting the creation of value in the medium-to-long term.

2016 Remuneration Report



Approved by the meeting of the Board of Directors of 16 March 2016

The Report is published in the "Ethics and Governance" section of the Company's website (www.snam.it)

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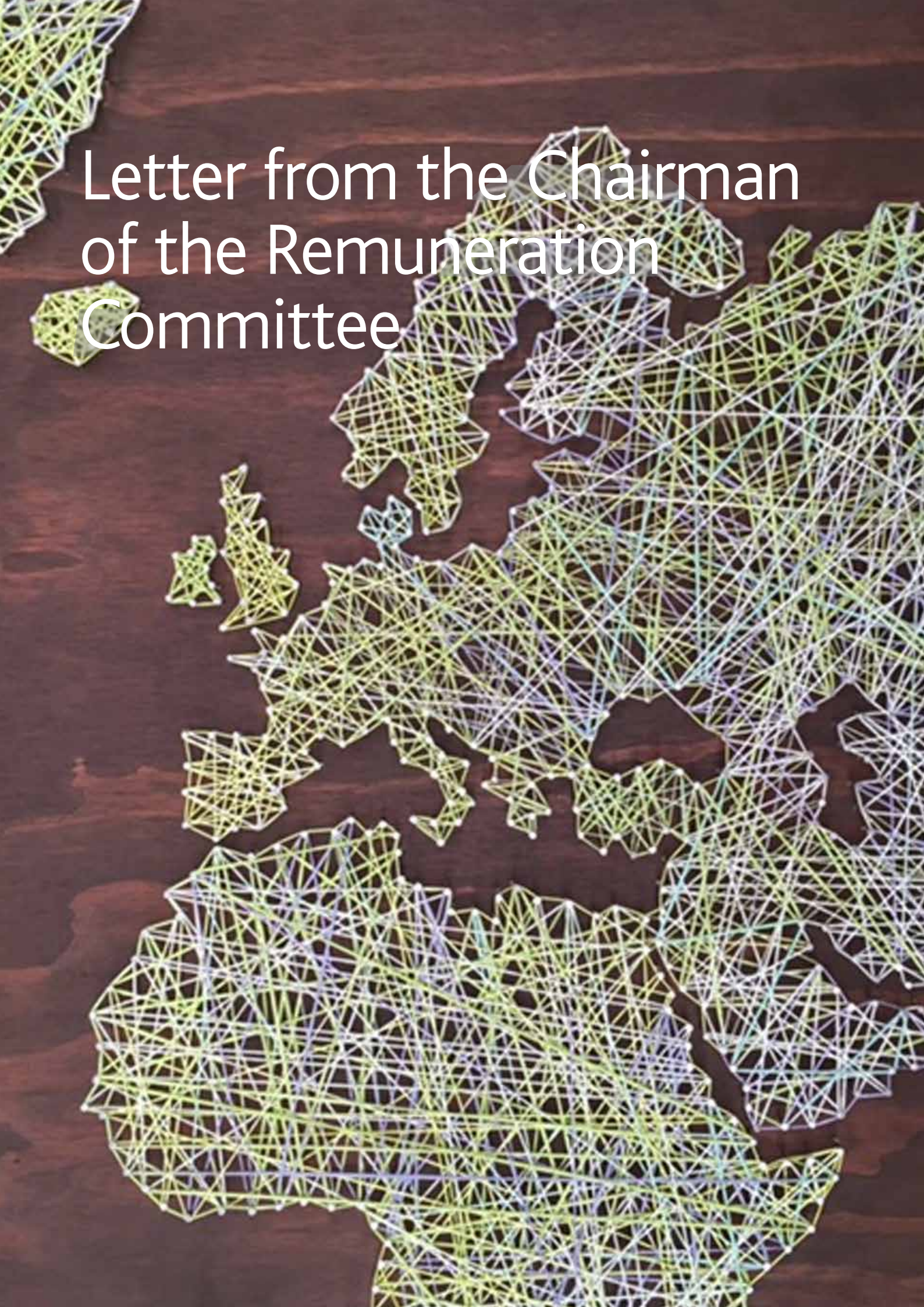
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Letter from the Chairman of the Remuneration Committee



Dear Shareholders,

I am happy to present the Remuneration Report published annually by Snam and submitted to the vote of the Ordinary Shareholders' Meeting.

In 2015, as in the previous three-year period, a high percentage of votes in favour of approving the Remuneration Report was recorded, and this confirms the commitment of the Remuneration Committee in proposing to the Board of Directors the adjustments to be made to the remuneration system best for ensuring it is always in line with national and international best practices and to encourage the development of the Company in a manner consistent with its Strategic Plan.

In following these guidelines, the Committee checked the adequacy and consistency of the implemented policy, assessed the final targets of the previous year and defined objectives to assign that are connected with the variable incentive plans. In this area, after making the most of the ideas provided by the stakeholders, it undertook to develop the incentive system by introducing an objective connected with the DWJSI and FTSE4GOOD sustainability indexes to the Company's performance plan.

In early 2016 the Committee also examined the remuneration proposal for the Chief Operating Officer that the CEO made, and assessed it in line with Snam's general remuneration policy principles and consistent with the assigned responsibilities.

Furthermore, in response to a precise task given by the Board of Directors provided in the Remuneration Report of last year as well, the Committee examined the procedure for implementing several claw-back clauses. It drew up a specific document that will be distributed to the assignees of the incentive plans on the occasion of the next incentive awards or promises.

The Remuneration Committee is therefore delivering the 2016 Remuneration Report to all stakeholders and the Shareholders' Meeting, which is asked to cast a non-binding vote on the first section, with the hope that this edition will also fully explain and describe Snam's remuneration system and its contribution to the creation of shared value, which is the Company's ongoing goal.

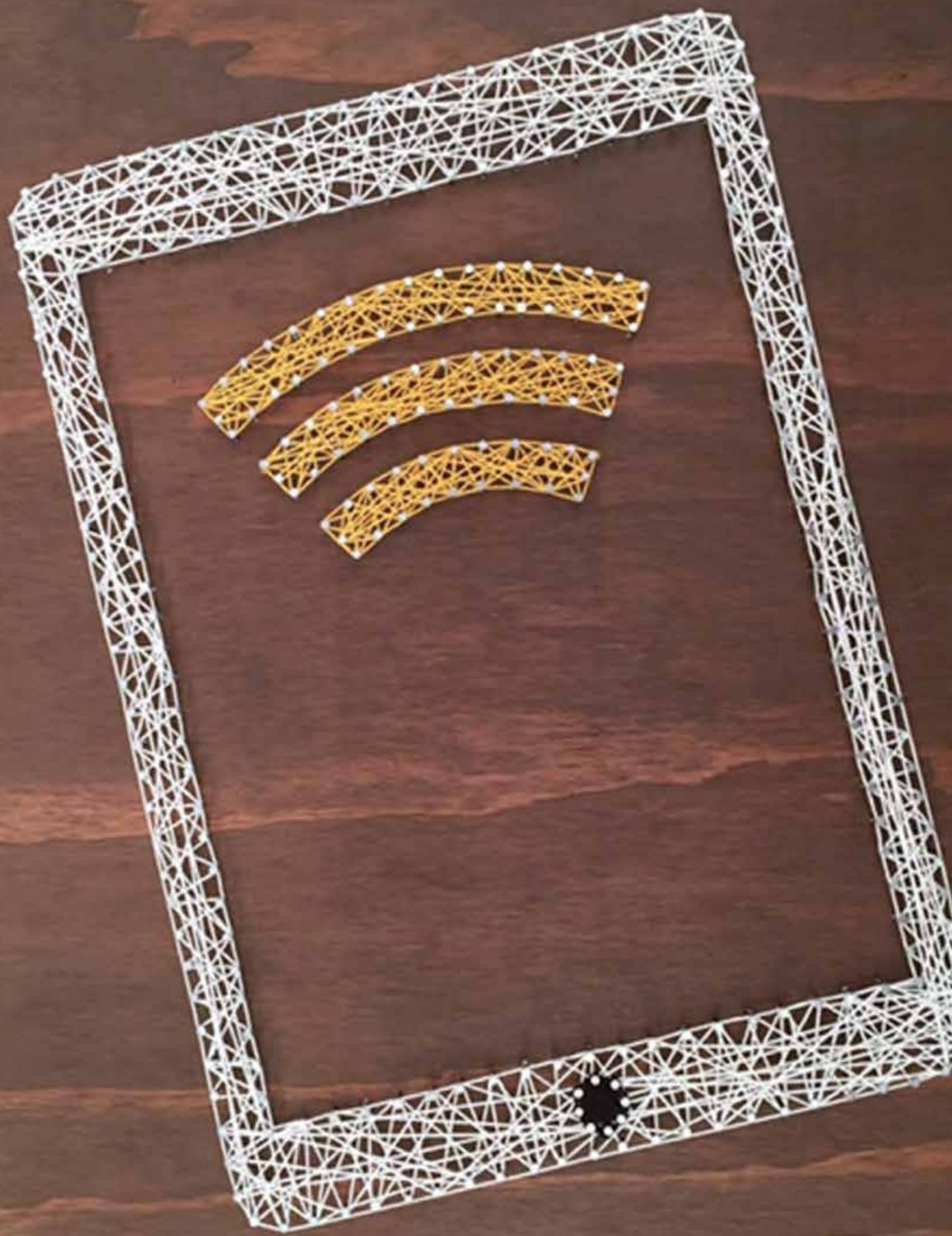
I thank the directors Pia Saraceno and Andrea Novelli for their constant and significant efforts put forth in their role of Committee members.

Ing. Elisabetta Oliveri

Chairman of the Remuneration Committee



Chairman Elisabetta Oliveri in the middle, Pia Saraceno and Andrea Novelli on the sides.



SUMMARY OF 2016 REMUNERATION POLICY

Component	Purposes and characteristics	Criteria and conditions for implementation	Amounts
Fixed remuneration	Adequately compensates the skills, professionalism and contribution required for the position held with the aim of providing motivation including for the purposes of retention	Fixed remuneration is determined based on the position and responsibilities assigned with respect to levels used for equivalent positions in the market, and with possible annual adjustments established for merit (continuation of individual performance) or for promotions or increased responsibilities.	Chairman: € 400,000 (including fixed annual compensation for directors set by the Shareholders' Meeting). CEO: € 860,000 (including fixed annual compensation for directors set by the Shareholders' Meeting). COO: € 550,000. MSR*: commensurate with powers and position held.
Short-term variable incentives (IMA - Annual Monetary Incentive)	Paid annually in cash, this is a useful tool to motivate and guide management activities over the short term in keeping with corporate goals established by the Board of Directors. The amount of the short-term annual incentive is based on the position held and the company and individual performance achieved.	Corporate/CEO grid objectives: • Free Cash Flow (30%); • Investments (30%); • Operational Efficiency (30%); • Employee and contractor accident frequency index - improving of DJSI and FTSE4GOOD (10%). COO: 70% of IMA is determined by the results of objectives assigned to the CEO, and the remaining 30% by individual objectives (focused on financial, operational and industrial performance, internal efficiency and sustainability issues). MSR objectives: 50% of IMA is determined by the results of objectives assigned to the CEO, and the remaining 50% by individual objectives (focused on financial, operational and industrial performance, internal efficiency and sustainability issues). Claw-back clauses.	Incentives paid according to results achieved in the prior year and assessed against a performance scale of 70-130 points with a minimum threshold for incentives equal to overall performance of 85 points. CEO: 50% of gross annual compensation (GAC) for target performance (100 points); 58.5% of GAC for max performance. COO: 45% of gross annual compensation (GAC) for target performance (100 points); 58.5% of GAC for max performance (130 points). MSR: variable incentive percentages based on the position held, up to a maximum of 40% of GAC for target performance and 52% of GAC for maximum performance.
Long-term variable incentives (IMD - Deferred Monetary Incentive)	Reserved for executives who have achieved the individual objectives set in the previous year, and who are a part of the Leadership Development Program. These incentives provide support for management activities over the medium and long term in keeping with the strategic plan's objectives, and they also promote retention.	Plan with annual assignment and three-year vesting period Indicator: Snam Group EBITDA measured in comparison to the budgeted result. Award of incentive: based on the position held and the EBITDA performance achieved in the previous year. Payment of incentive: according to the three-year average EBITDA performance, and assessed on a linear scale of 70-170 with the target (130) equal to the budget. Claw-back clauses.	CEO: 45.5% of GAC for target performance; 77.4% of GAC for max performance. COO: 39% of GAC for target performance; 66.3% of GAC for max performance. MSR: variable incentive percentage according to the position held, up to a maximum of 55.3% of GAC.
Long-term variable incentives (IMLT - Long-Term Monetary Incentive)	Reserved for those holding positions with the most direct responsibility for the company's results; they ensure the best alignment between the interests of shareholders and management's conduct.	Plan with annual assignment and three-year vesting period. Indicators: Adjusted net profit (60%); TSR (40%). Award of incentive: according to the position held. Payment of incentive: for both indicators the average performance in the three-year vesting period: • Adjusted net profit calculated in respect of the budget on a linear scale of 100-130 (0 for values lower than the budget; 100 for values equal to the budget); • TSR calculated on a linear scale of 70-130, based on Snam's positioning in relation to the peer group panel**, excluding the lowest value. If the lowest value is Snam's, the corresponding score will be 0. Claw-back clauses.	CEO: 50% of GAC for target performance; 65% of GAC for max performance. COO: 45% of GAC for target performance; 58.5% of GAC for max performance. MSR: variable incentive percentage according to the position held, up to a maximum of 45.5% of GAC.
Benefits	These are an integral part of the remuneration package, and are focused primarily on welfare and pension components.	Continually determined using the policy implemented in recent years and in accordance with the national contract and supplementary company agreements for executives	These are assigned to all executive staff: • supplementary pension fund; • supplementary healthcare fund; • life and disability insurance coverage; • automobile for both business and personal use.

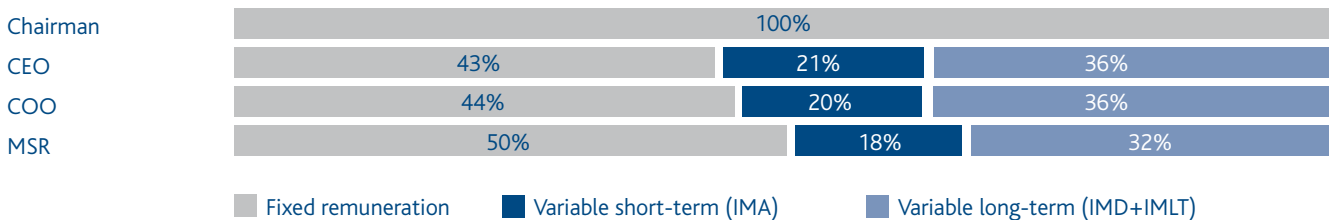
* MSR - Managers with Strategic Responsibilities.

** The panel consists of: Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities.

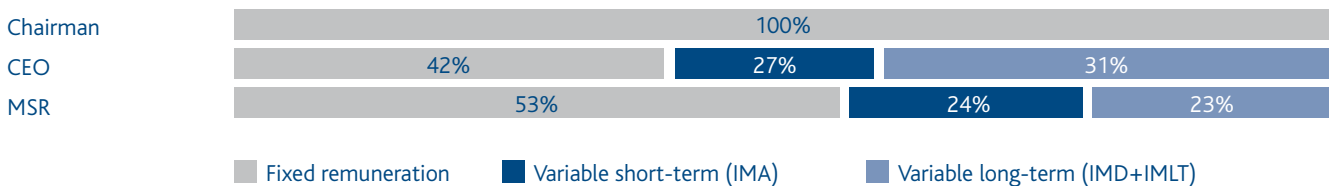
Pay mix

The guidelines of the 2016 Remuneration Policy call for a pay mix consistent with the management position held. In the case of the CEO, there is greater emphasis on the variable component than for the rest of the management structure, and it prevails over the fixed component even if results are equal to the target.

TARGET PAY MIX



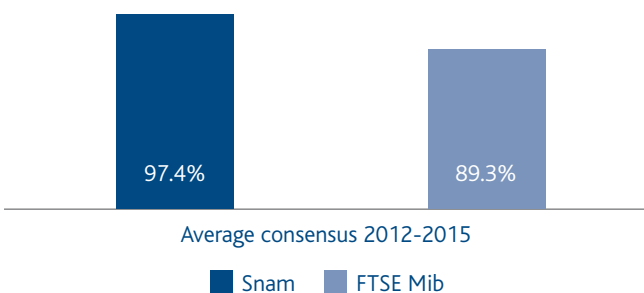
PAY MIX USED IN 2015



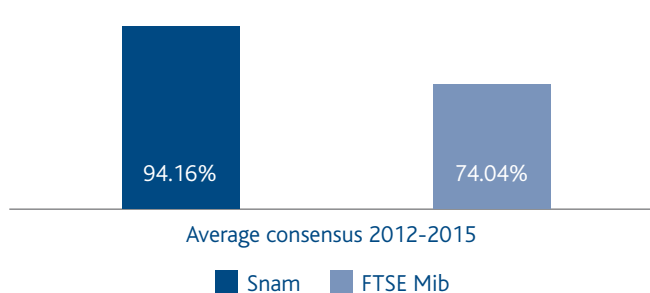
Shareholders' meeting vote on Section I of the 2015 Remuneration Report

As provided for by the legislation in force, Snam's Shareholders' Meeting again voted in an advisory capacity on the first section of the Remuneration Report in 2015. The percentage of votes in favour was 97.08% of the meeting participants. Compared with previous years, there was an increase in participation for the third year in a row. The presence of institutional investors rose from 31% in 2014 to 31.96%.

TOTAL VOTES IN FAVOUR



VOTES IN FAVOUR - MINORITY INTERESTS



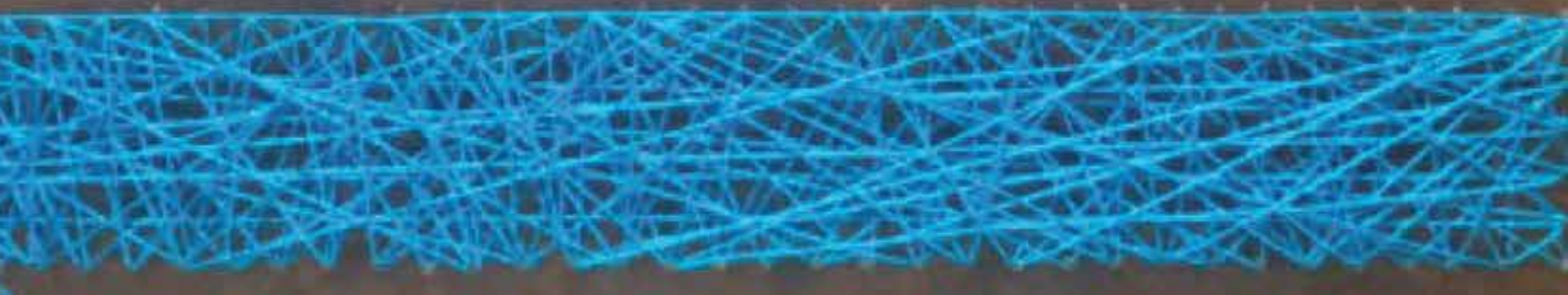
During the first four years of implementing "say on pay" in Italy, Snam achieved favourable votes, and in any event, over 96% of votes cast. The average consensus achieved by Snam over the four-year reference period was 97.4%. It is the highest approval level of the entire panel considered (FTSE MIB companies with capitalisation higher than 3 billion euro; total minority interests at the shareholders' meeting greater than 15%).

Even the average of the favourable votes cast by the minority interests (94.15%) confirms the high approval rating achieved (*source: Georgeson*).



2016

Remuneration Policy



Foreword

This Report, approved by the Board of Directors on 16 March 2016 on the recommendation of the Remuneration Committee, in accordance with current legislative and regulatory requirements¹, defines and describes:

- in the first section: the Policy adopted for 2016 by Snam S.p.A. (hereinafter "Snam" or the "Company") for the remuneration of directors, the Chief Operating Officer and managers with strategic responsibilities², while setting out the general objectives of the Company, the boards involved and the procedures used for adopting and implementing the Policy. The general principles and the guidelines set out in Snam's Policy also apply for the purposes of determining the remuneration policies of the companies directly or indirectly controlled by Snam;
- in the second section: the compensation paid in 2015 to Snam's directors, statutory auditors (individually) and managers with strategic responsibilities (collectively).

The Remuneration Policy illustrated in this Report has also been adopted by the Company, as provided for by Consob Regulation No. 17221/2010 on the subject of related-party

transactions, and pursuant to Article 10.6 of the Procedure "Transactions Involving Interests of Directors and Statutory Auditors and Related-Party Transactions" ("Related Party Procedure") approved by the Board of Directors on 30 November 2010, as amended.

The Policy described in the first section of the Report was prepared in line with the remuneration recommendations contained in the Code of Corporate Governance introduced by Borsa Italiana S.p.A. (hereinafter, the "Code of Corporate Governance"), as most recently amended in the new edition of the Code in July 2014, and these recommendations were adopted by the Board of Directors on 30 October 2014.

The text of this Report is made available to the public at the Company's registered office and on its website and the website³ of Borsa Italiana no later than 21 days prior to the date of the Shareholders' Meeting called to approve the 2015 financial statements and to give its opinion, through a non-binding decision, on the first section of this Report in accordance with current regulations⁴.

¹ Article 123-ter of Legislative Decree No. 58/98 and Article 84-quater of the Consob Issuer Regulations (Resolution No. 11971/99 as amended and supplemented).

² Included within the definition of "managers with strategic responsibilities", pursuant to Article 65, paragraph 1-quater of the Issuer Regulations, are those persons having direct or indirect authority and responsibility for the planning, management and control of Snam. Snam's managers with strategic responsibilities who are not directors or statutory auditors and in addition to the Chief Operating Officer are the members of the Executive Committee (Head of the Legal and Corporate Affairs and Compliance Department, Head of Business Development and Overseas Activities, Head of Human Resources, Organization & Security and Head of Planning, Administration, Finance and Control).

³ The text is published in the "Ethics and Governance" section of the Company's website (http://www.snam.it/export/sites/snam/repository/file/Governance/remunerazione/Relazione_sulla_Remuneratione_2016.pdf).

⁴ Article 123-ter, paragraph 6 of Legislative Decree No. 58/98.

2016 Remuneration Policy

Governance of the remuneration process

The Policy regarding remuneration of members of Snam's Board of Directors is defined in accordance with statutory and regulatory provisions, according to which:

- The Shareholders' Meeting: (i) determines the compensation of members of the Board of Directors at the time of their appointment and for their entire term of office, (ii) passes resolutions, on the recommendation of the Board of Directors, on compensation plans based on the award of financial instruments;
- the Board of Directors, on the recommendation of the Remuneration Committee, and having heard the opinion of the Board of Statutory Auditors, determines the remuneration of the directors invested with specific duties and for participation in Board Committees.

In keeping with Snam's rules of corporate governance⁵, the Board also:

- determines remuneration policy for the directors, Chief Operating Officers and managers with strategic responsibilities of the Company and its Subsidiaries and compensation systems after reviewing the proposals of the Remuneration Committee;
- determines the remuneration of the Internal Audit Manager in keeping with the Company's remuneration policies, after approval by the Remuneration Committee;
- implements compensation plans based on shares or financial instruments that have been approved by the Shareholders' Meeting;
- approves the Remuneration Report to be submitted to the Shareholders' Meeting;
- assesses, after a mandatory opinion from the Remuneration Committee, the content of the vote concerning the Remuneration Report cast by the Shareholders' Meeting and the Committee's proposals concerning the adequacy, overall consistency and application of the Remuneration Policy adopted for directors and managers with strategic responsibilities.

In complying with the recommendations contained in the Code of Corporate Governance, the Board of Directors is assisted in matters of remuneration by a Committee of non-executive directors, the majority of whom are independent (Remuneration Committee), having both a consulting and an advisory role in this regard.

SNAM'S REMUNERATION COMMITTEE

Composition, appointments and tasks

The Remuneration Committee, first established by the Board of Directors in 2002, consists of, in line with the most recent recommendations of the Code of Corporate Governance, three non-executive directors, the majority of whom are independent, with the Chairman selected from among the independent directors. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, as assessed by the Board at the time of appointment. The

⁵ For further information on Snam's governance structure, see the "Report on Corporate Governance and Ownership Structures" published in the "Governance" section of the Company's website.

Board of Directors carried out such an assessment on 23 April 2013.

Since 23 April 2013, the Remuneration Committee has consisted of the following directors: Elisabetta Oliveri (non-executive, independent director), serving as Chairman, Andrea Novelli (non-executive director) and Pia Saraceno (non-executive, independent director).

Snam's Director of Human Resources, Organization and Security serves as the Secretary of the Committee.

The composition, tasks and operating methods of the Committee are governed by specific rules⁶, approved by the Board of Directors and most recently updated on 30 October 2014.

The Committee has the following consulting and advisory functions with regard to the Board of Directors:

- it submits for the approval of the Board of Directors the Remuneration Report and, in particular, the Policy for the Remuneration of Directors, the Chief Operating Officer and Managers with Strategic Responsibilities to be presented to the Shareholders' Meeting called to approve the financial statements within the time frame established by law;
- it assesses the vote on the Remuneration Report taken by the Shareholders' Meeting in the previous financial year and expresses an opinion to the Board of Directors;
- it periodically evaluates the adequacy, overall consistency and practical application of the Policy adopted, by formulating proposals on this subject to the Board;
- it makes proposals concerning the remuneration of the Chairman and the CEO in terms of the various forms of compensation and pay arrangements;
- it makes proposals relative to remuneration of the members of the Committees of directors established by the Board;
- it examines information reported by the Chief Executive Officer and proposes:
 - general criteria for the remuneration of managers with strategic responsibilities;
 - general guidelines for the remuneration of other executives of Snam and its Subsidiaries;
 - annual and long-term incentive plans, including share-based plans;
- it proposes the definition of performance targets, the final calculations of company results and the definition of claw-back clauses connected with the implementation of incentive plans and the determination of variable remuneration for executive directors;
- in connection with the executive directors, it proposes the definition: i) of indemnities to be paid in the event of the termination of employment; and ii) non-compete agreements;
- it monitors the application of decisions adopted by the Board;
- it reports to the Board on the activities it carries out at least every six months, and within the deadline for approving the financial statements and the half-year report, at the Board meeting indicated by the Chairman of the Board.

In performing these functions, the Committee gives any opinions that may be required by the current company procedure on related-party transactions, within the time frame set out by that procedure.

Resolutions passed by the Board of Directors in 2015 concerning remuneration were among the cases excluded, pursuant to paragraph 10, sub-paragraph 6) of the Related Party Procedure, bearing in mind that, as also specified in Article 13 of the "Regulation Containing Provisions Concerning Related-Party Transactions" (adopted by Consob in Resolution No. 17221 of 12 March 2010 and later amended by

⁶ The rules governing the Remuneration Committee are available in the "Governance" section of the Company's website.

Resolution No. 17389 of 23 June 2010): (i) the Company has adopted a remuneration policy; (ii) the Remuneration Committee was involved in determining the remuneration policy; (iii) the remuneration policy was submitted to the Shareholders' Meeting for its advisory vote; (iv) in all cases, the remuneration proposed was checked for consistency with this policy.

In accordance with the decisions made by the Board of Directors, the Remuneration Committee annually reviews the remuneration structure for the Internal Audit Manager, while ensuring its compliance with the general criteria approved by the Board for all executives and informing the Chairman of the Control and Risk Committee thereof, according to the opinion which it is required to give to the Board.

Since 2015 the Committee, in agreement with the Control and Risk Committee, provided the Internal Audit Manager with: an MBO (Management By Objectives) grid, solely with measurable functional objectives and excluding economic and financial objectives; the determination of the annual monetary incentive relying entirely on the results shown on that grid; the assignment of minimum, target or maximum performance levels and the assessment of results achieved, carried out by the Control and Risk Committee; and the standardisation of other forms of deferred monetary and long-term monetary incentives for all managers.

For the proper execution of its analysis and reporting functions, the Remuneration Committee makes use of the relevant departments of the Company and, through these structures, makes use of the assistance of external consultants who are not in a position that could compromise their independence of judgement.

In 2015, the Chairman of the Board of Statutory Auditors regularly attended the Committee's meetings.

Activity cycle for the Remuneration Committee

The activities of the Committee are carried out through implementation of an annual schedule, which provides for the following stages:

- verification of the adequacy, overall consistency and practical application of the Policy adopted; in the previous year, in relation to the results achieved and the salary benchmarks provided by highly specialised consultants;
- definition of remuneration policy proposals and proposals relating to performance objectives connected to short-and long-term incentive plans;
- proposals for the implementation of existing short- and long-term variable;
- incentive plans, after checking the results achieved against the performance objectives set out in those plans;
- preparation of the Remuneration Report to be submitted each year, following approval by the Board of Directors, to the Shareholders' Meeting.

Activities carried out and scheduled

In 2015, the Remuneration Committee met a total of six times. The attendance of its members was 100%.

In the first part of the year, the Committee's actions were focused on: preparing guidelines for the Remuneration Policy and the 2015 Remuneration Report; examination and approval of the informative document for the Long-Term Monetary Incentive Plan; final calculation of the 2014 corporate results, and defining the 2015 performance objectives for the purposes of the monetary incentive plans.

In the second half of the year, the following were analysed: the results of the Shareholders' Meeting

vote on the 2015 Remuneration Report with a thorough review of measures to be brought to the attention of shareholders and proxy advisors; the document regulating implementation of the claw-back clause.

MAIN ISSUES DEALT WITH IN 2015

February

1. Evaluation of 2014 Remuneration Policy
2. Evaluation of the remuneration of the Internal Audit Manager
3. 2015 Remuneration Policy guidelines
4. 2015 Remuneration Report (first draft)
5. Determination of corporate objectives for 2015
6. Half-year report to the Board of Directors
7. Finalisation of corporate objectives for 2014;
8. Annual Monetary Incentive proposal for the CEO
9. Informative Document for the Long-Term Monetary Incentive Plan

March

1. 2015 Remuneration Report

July

1. Analysis of results of Shareholders' Meeting vote on 2015 Remuneration Report
2. Finalisation of adjusted net profit for 2014
3. Deferred Monetary Incentive Plan
 - a. Regulations
 - b. Proposed 2015 award for the CEO
4. Procedure to implement the claw-back clause: procedure hypothesis
5. Half-year report to the Board of Directors

**October/
November**

1. 2015 Long-Term Monetary Incentive Plan
 - a. Regulations
 - b. Proposed 2015 award for the CEO
2. Document for implementing the claw-back clause: examination of the first draft of the text and approval

FIGURE 1 – SHAREHOLDERS' MEETING VOTING RESULTS ON REMUNERATION REPORT (TOTAL SHARE CAPITAL)

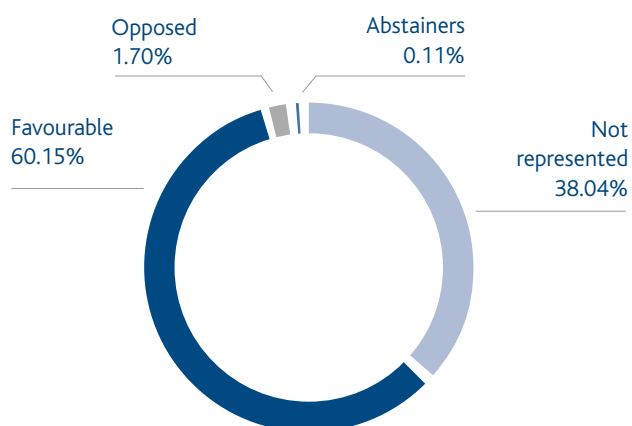
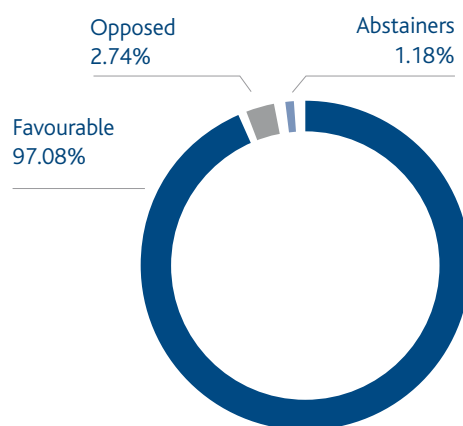
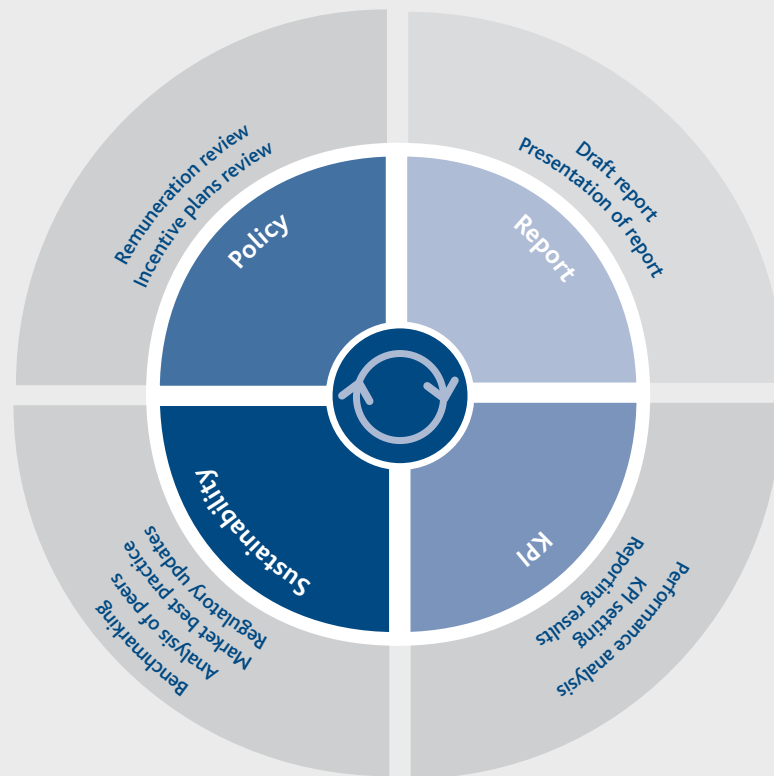


FIGURE 2 – SHAREHOLDERS' MEETING VOTING RESULTS ON REMUNERATION REPORT (VOTING CAPITAL)



REMUNERATION COMMITTEE'S ACTIVITIES BROKEN DOWN BY ISSUE



The Committee has scheduled six meetings in 2016. As at the date of approval of this Report, the first three meetings have already been held, the first held to assess the remuneration proposal for the Chief Operating Officer and the other two dedicated to the periodic assessment of the remuneration policies implemented in 2015, for the purposes of defining policy proposals for 2016, as well as the analysis of this Report for subsequent approval by the Board of Directors.

The Committee reports on the procedures used to carry out its functions to the Shareholders' Meetings called to approve the financial statements, through the Chairman of the Committee, as provided for in its rules, while adhering to the guidelines set out in the Code of Corporate Governance and with a view to establishing a suitable channel for dialogue with shareholders and investors.

Information on the remuneration of directors and managers is further ensured by the updating of pages specifically dedicated to these matters in the "Ethics and Governance" section of the Company's website.

APPROVAL PROCEDURE FOR THE 2016 REMUNERATION POLICY

The Remuneration Committee, in exercising its powers, has defined the structure and content of the Remuneration Policy in order to prepare this Report, particularly at the meeting of 23 February 2016, in accordance with the recommendations of the Code of Corporate Governance. As in the past, in making its decisions, the Committee took into consideration the resolutions adopted

by the Shareholders’ Meeting of 26 March 2013 and by the Board of Directors in 2013, 2014 and 2015. These activities were carried out following an assessment of the legislative framework relating to remuneration and of the practices observed nationally and internationally for the preparation of remuneration reports. Snam’s Remuneration Policy for 2016 for directors, the Chief Operating Officer and managers with strategic responsibilities was thus approved by the Board of Directors, on the recommendation of the Remuneration Committee, at the meeting of 16 March 2016, at the same time that this Report was approved. The remuneration policies defined in line with the instructions of the Board of Directors are implemented by the delegated bodies, with the assistance of the relevant company departments.

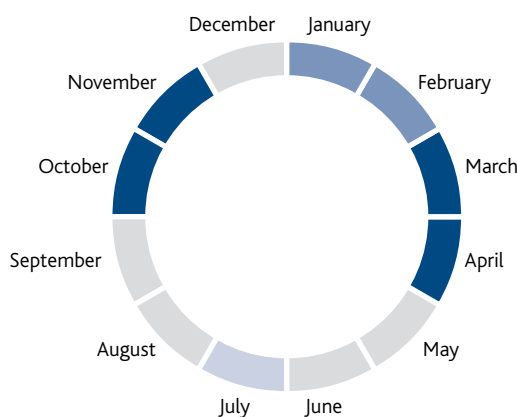
ACTIVITY CYCLE OF THE REMUNERATION COMMITTEE

October - November

Implementation of Long-Term Monetary Incentive Plan (IMLT)
 In-depth examination of issues of concern to the shareholders and proxy advisors

July

Implementation of Deferred Monetary Incentive Plan (IMD)
 Analysis of results of Shareholders’ Meeting vote on the Remuneration Report



January - February

Periodic assessment of Policies adopted in the previous year
 Definition of Remuneration Policy
 Finalisation of results and definition of objectives relating to Variable Incentive Plans
 Implementation of Annual Monetary Incentive Plans (IMA)
 Preparation of the Remuneration Report

March - April

Presentation of Remuneration Report to the Shareholders’ Meeting

Purpose and general principles of the Remuneration Policy

Purpose

Snam's Remuneration Policy is defined in accordance with the governance model adopted by the Company and with the recommendations of the Code of Corporate Governance, with a view to attracting and retaining staff with high professional and managerial skills and aligning the interests of management with the primary objective of creating shareholder value over the medium to long term. Within the adopted Policy, the variable, results-linked component is particularly important. This component is implemented through incentive systems linked to the achievement of economic/financial, business development and operational objectives, defined with a view to the sustainability of results, in line with the Company's Strategic Plan.

In particular, Snam's Remuneration Policy contributes to the achievement of its corporate mission, values and business strategies by: i) encouraging actions and conduct in line with the Company's culture, while complying with the principles of diversity, equal opportunity and the development of knowledge, professionalism, equality and non-discrimination as provided for in Snam's Code of Ethics and in the Corporate System Framework; and ii) recognising the assigned responsibilities, the results achieved and the quality of the professional contribution made, while taking account of the reference context and the remuneration markets.

General principles

In order to achieve these objectives, the remuneration of directors and managers with strategic responsibilities is defined in accordance with the following principles and criteria:

- remuneration structure able to attract, retain and motivate individuals with high-level professional qualities;
- remuneration of non-executive directors commensurate with the commitment required in relation to participation in Board Committees, with remuneration for the Chairman that is different from that of the members of each Committee, taking account of the role attributed to the former in respect of the coordination of duties and liaison with Company bodies and departments;
- remuneration structure, for the Chairman, that includes fixed compensation consistent with the position held;
- a remuneration structure for the Chief Executive Officer, the Chief Operating Officer and managers with strategic responsibilities, with a suitable balance between a fixed component in line with the powers and/or responsibilities assigned and a variable component calculated within maximum limits and aimed at linking remuneration to the defined performance targets;
- overall remuneration that is in line with the applicable market for similar positions or for roles and responsibilities of a comparable level of complexity, in the context of a pool of companies comparable with Snam, through specific salary benchmarking carried out with the assistance of leading consulting firms;
- variable remuneration for executive positions that consists of a short-term component and a medium-to-long-term component, characterised by an appropriate deferral of incentives through the provision of a minimum vesting period of three years;

- significant weighting, for executives with a greater impact on the company's results, of the long-term variable components, with a view to sustainability of results and the creation of shareholder value over the medium-to-long term;
- predetermined targets relating to variable remuneration that are measurable and defined to ensure the remuneration of performance over both the short and the medium term by:
 - i. setting targets for short-term incentive plans on the basis of a balanced scorecard that enhances the performance of the business and of the individual, in relation to specific objectives in their area of responsibility and, for those in charge of internal control activities, consistent with the duties assigned to them;
 - ii. setting targets for deferred or long-term incentive plans in a manner that enables an assessment of business performance both in absolute terms, with reference to the ability to generate increasing and sustainable levels of profitability, and in relative terms, compared with a peer group, with reference to the ability to generate value higher than that of major European listed companies in the utilities sector;
- assessment of the assigned performance objectives, excluding the effects of external variables arising from changes in the benchmark scenario, in order to enhance the actual individual contribution to the achievement of the assigned performance objectives;
- adoption of claw-back mechanisms aimed at recovering the variable portion of compensation which is no longer payable since it was received on the basis of objectives achieved following malicious or grossly negligent conduct or data later found to be patently false;
- benefits in line with pay practices in the reference market and consistent with current regulations, in order to complete and enhance the overall remuneration package, taking into account the roles and/or responsibilities assigned, while focusing on the pension and welfare components;
- potential supplementary indemnities payable upon the termination of employment and/or expiration of term of office for executive roles known to be temporary in nature, or with a greater risk of competitor attraction; such indemnities should be consistent with remuneration;
- possible use of non-compete clauses pursuant to Art. 2125 of the Italian Civil Code in order to protect the Company's interests in the event of termination of employment with the Company, with provision for appropriate penalties in the event of any breach of such clauses.

2016 Remuneration Policy guidelines

In line with previous years, the guidelines for 2016 reflect the decisions made by the Board of Directors with regard to the remuneration of executive directors in recent years and presented to the Ordinary Shareholders' Meeting.

For the Chief Operating Officer and the managers with strategic responsibilities, the 2016 Remuneration Policy identifies, in particular, short- and long-term incentive plans strictly in line with those of the top management, in order to better direct and align managerial actions over the short and long term with the objectives defined in the Company's annual performance plans and Strategic Plan. The 2016 Remuneration Policy guidelines were defined in line with the declared objectives and general principles, and were evaluated by the Remuneration Committee to be in line with applicable market benchmarks.

The monetary remuneration instruments specified are summarised and explained in the following chart:

REWARD POLICY

Key strategic milestone

- Selective Portfolio Management
- Operational Management
- Financial Discipline
- Attractive and sustainable returns



CHAIRMAN

Remuneration for the position and powers and other indemnities

On the basis of the decisions of the Board of Directors at its meeting of 26 October 2012 and based on the duties and functions assigned with regard to international relations, the remuneration of the Chairman of the Board of Directors in office provides for a fixed gross annual salary of € 400,000, which includes the fixed annual compensation for directors as determined by the Shareholders' Meeting plus the reimbursement of expenses incurred in connection with the position.

In view of the nature of this position, there are no: i) short- or long-term variable incentive components; ii) agreements on severance indemnities; or iii) benefits.

NON-EXECUTIVE DIRECTORS

Remuneration determined by the Shareholders' Meeting

The Shareholders' Meeting of 26 March 2013 determined the remuneration of directors, providing for a fixed gross annual compensation of € 40,000 plus reimbursement of expenses incurred in relation to the position.

At its meetings of 23 February and 14 March 2016, after analysing the remuneration of the non-executive directors using specific benchmarks with the FTSE MIB companies, the Remuneration Committee indicated to the Board of Directors on 16 March 2016 that the remuneration paid brings about a positioning that falls within the first quartile of the market.

In light of the recommendations of Article 6.C.4 of the Corporate Governance Code, the remuneration of non-executive directors is not linked to the economic results achieved by the Company, nor do these directors benefit from share-based incentive plans.

No distinction is made in terms of remuneration for independent directors.

Compensation for participation in Board Committees

For the non-executive directors, on the basis of the resolutions adopted by the Board of Directors on 30 July 2013 in line with the previous resolutions of 27 July and 19 December 2011, an additional annual compensation is provided for participation in Board Committees:

- for the Control and Risk Committee, in relation to the increasingly important role that it plays in managing business risks, compensation of € 30,000 is envisaged for the Chairman and of € 20,000 for the other members;
- for the Remuneration Committee, compensation of € 15,000 for the Chairman and € 10,000 for the other members is respectively envisaged;
- for the Appointments Committee, compensation of € 10,000 for the Chairman and € 7,000 for the other members is respectively envisaged.

The Remuneration Committee analysed the positioning of the non-executive directors also with reference to their compensation for participation in board committees during its meetings on 23 February and 14 March 2016. During the Board of Directors meeting held on 16 March 2016, it was represented that this compensation is positioned at about the median as regards the Internal Control and Risk Committee, and falls between the median and first quartile of the market regarding the Remuneration Committee and the Appointments Committee.

Severance indemnities

No agreements are provided on severance indemnities for non-executive directors, or any agreements that provide for indemnity in the event of their resignation or dismissal without just cause, or if their working relationship is terminated due to a takeover bid.

CHIEF EXECUTIVE OFFICER

Fixed remuneration

The Chief Executive Officer receives the fixed annual compensation established for directors by the Shareholders' Meeting plus the fixed compensation decided by the Board in relation to the delegated responsibilities assigned, considering the average levels of remuneration observed in the market among major European and Italian listed companies for positions with a comparable level of responsibility and complexity.

At its meeting on 23 February 2016, after analysing the remuneration of the Chief Executive Officer using specific benchmarks with a peer group of companies comparable to Snam in terms of size and complexity, the Remuneration Committee indicated to the Board of Directors on 16 March 2016, that the remuneration was not appropriate since it was substantially lower than the median market level.

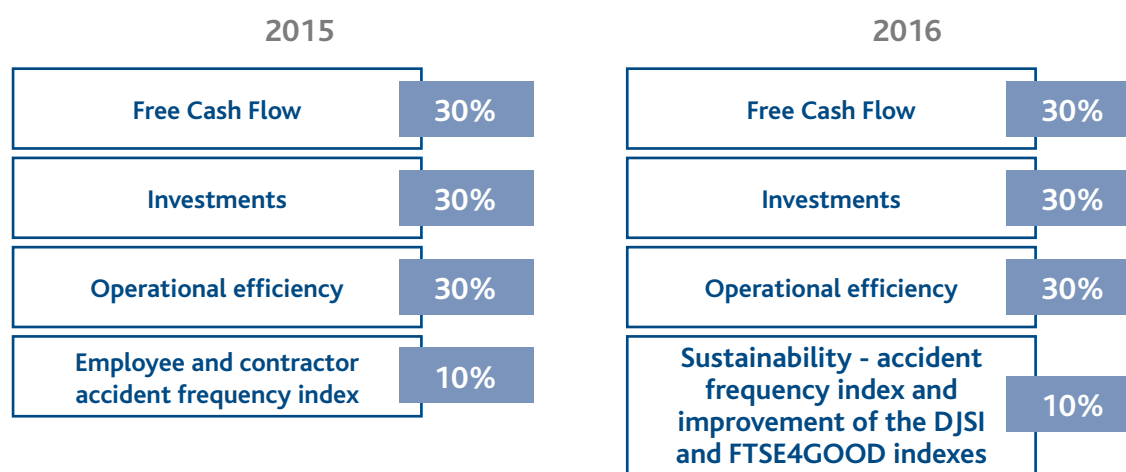
In his capacity as an executive of Snam, the Chief Executive Officer receives indemnities for work-related travel, both in Italy and abroad, in line with the provisions of the CCNL [National Collective Labour Agreement] and supplementary company agreements.

Short-term variable incentives

The annual variable component (Annual Monetary Incentive Plan – IMA) is determined with reference to a target incentive level (performance = 100) and a maximum incentive level (performance = 130) of 50% and 65% respectively of total fixed remuneration, linked to the results achieved by Snam in the previous year with respect to the defined objectives. A threshold level (performance = 85) has been set, below which no short-term incentive is paid.

The 2016 targets approved by the Board of Directors on 24 February 2016 focus on the Company's economic, financial and operating performance, on investments and on issues of sustainability.

ANNUAL MONETARY INCENTIVE TARGETS, 2015VS2016



Free Cash Flow represents the (monetary) cash flow produced by operating and non-operating activities. The investment target is composed of two items: spending on investments at the budgeted level (20% weighting), and completion of milestones for key investment projects (10% weighting). The operational efficiency target is measured through a decrease in controllable fixed costs as compared to the budget. Lastly is the sustainability issue that consists of two targets starting from this year: the employee and contractor accident frequency index, a sustainability indicator measured in terms of the number of accidents occurring per million hours worked during the year; the confirmation of including and improving the score in absolute terms of the sustainability indexes *Dow Jones Sustainability Index* and *FTSE4GOOD*.

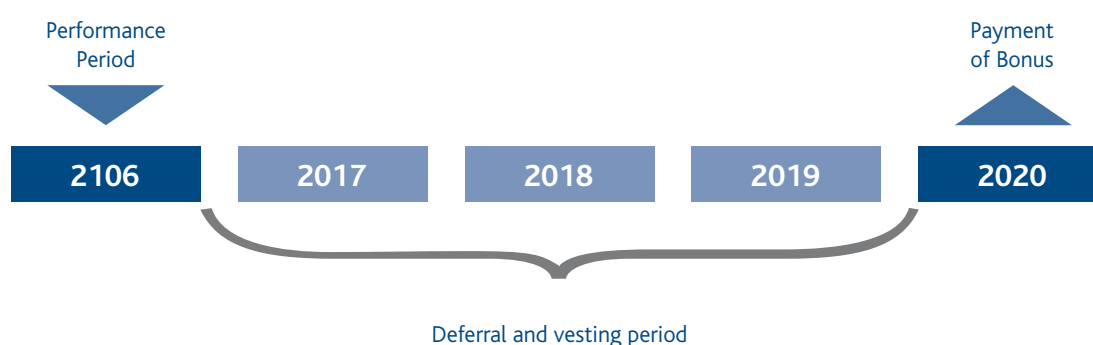
Long-term variable incentives

The variable long-term component is characterised by deferral of the incentive with a view to ensuring sustainability in the creation of value for shareholders in the medium-to-long term. The variable long-term component is divided into two distinct plans:

- The 2016 Deferred Monetary Incentive Plan (IMD), linked to the Company's performance as measured in terms of EBITDA⁷, a parameter widely used in large industrial companies as a summary indicator of the results achieved and consistent with the strategy of growing/strengthening Snam's current positioning in its areas of business.

The basic incentive to be awarded is determined, in relation to the results achieved by the Company in the year preceding the award, for a target value and a maximum value of 35% and 45.5% respectively of the fixed remuneration⁸.

The incentive to be paid at the end of the reference three-year period (vesting period) is determined in relation to the results achieved in each of the three years subsequent to that of the award, as a percentage of between 0 and 170% of the awarded amount⁹.

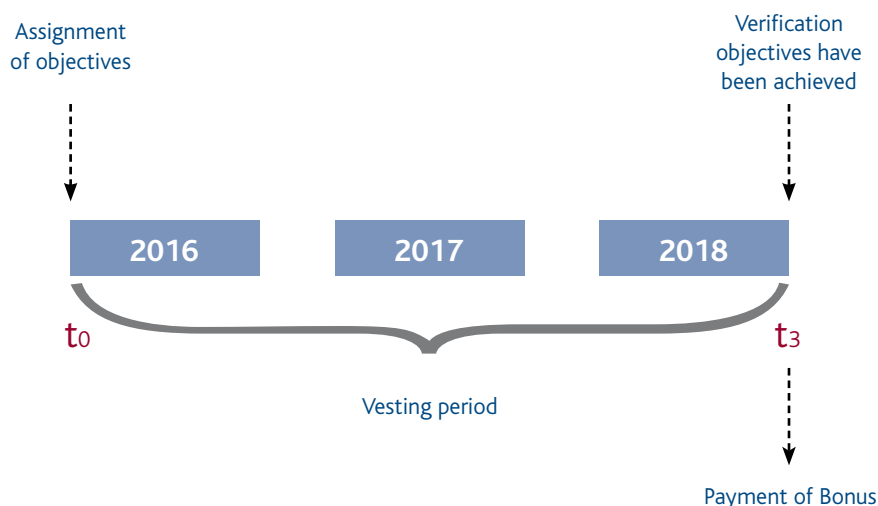


⁷ Earnings before interest, tax, depreciation and amortisation.

⁸ The target corresponds to a result achieved between the budgeted amount and budget +5%, and the maximum corresponds to a result achieved that is greater than the budget +5%.

⁹ The percentage is determined from the average of the results achieved in three successive years from the year of the award, measured on a linear scale and with a result of: 170% if the result achieved is equal to or greater than the budget +5%; 130% if it is equal to the budget; 70% if it is equal to the budget -5%; and 0% if it is less than the budget -5%.

The 2015 EBITDA results for the 2016 award and the 2016 EBITDA targets were approved by the Board of Directors' meetings on 24 February 2016 and 16 March 2016, and on the recommendation of the Remuneration Committee, in line with the Strategic Plan.



- The 2015-2017 Long-Term Monetary Incentive Plan (IMLT) provided for managers that have a greater impact on the corporate results provides for the annual award of an amount equal to 50% of fixed remuneration, and the payment of the incentive after three years (vesting period) as a percentage ranging from 0 to 130% based on the weighted change in adjusted net profit (60%) and total shareholder return (40%).

Performance in terms of adjusted net profit is calculated in relation to budget amounts¹⁰, and in terms of total shareholder return, on the basis of Snam's position in the panel comprising a peer group made up of the following leading listed European companies in the utilities sector: Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities¹¹.

Indemnities for termination of office or employment

For the Chief Executive Officer in office, in line with practices in reference markets, an indemnity is provided for the termination of his post as director and his executive position.

If the term of office is not renewed when it expires, or if it is terminated in advance, two years of fixed annual compensation are payable upon termination of employment plus the average of the Annual Monetary Incentive paid over the last three years, subject to the application of the provisions of the national contract for executives of companies that produce goods and services.

The indemnity is not payable if the employment relationship is terminated for just cause or due to dismissal with notice on subjective grounds involving the notion of justifiability as defined by the collective agreement or in the event of a resignation.

The impact of the possible termination of the CEO's employment contract on the benefits allocated under existing long-term incentive plans is described in the relevant allocation rules.

¹⁰ If adjusted net profit is less than the budget, the score is zero; for results between the budget and the budget +5%, the score is determined on a linear scale from 100-130; and for results over the budget +5%, the score remains at 130.

¹¹ Performance is measured on a linear scale from 70-130, and after removing the lowest value recorded among the seven companies on the panel (if this is Snam, the performance score is 0), the highest TSR is 130, the average TSR is 100, and the lowest TSR of the six remaining companies is 70.

Non-compete agreements

Non-compete agreements are entered into to protect the Company's interests. Based on standards used by companies with an equivalent standing, and pursuant to the provisions of Article 2125 of the Italian Civil Code, if the CEO in office undertakes not to carry out any type of activity competing with the business performed by Snam for a period of a year after the termination of employment in all countries of the European Union and in Switzerland, Russia or Norway, he will be paid one year's compensation consisting only of total fixed compensation. For the Company's protection, penalties are provided for cases of infringement, without prejudice to the right to claim further damages.

Benefits

In compliance with the provisions of national bargaining and supplementary agreements for Snam's executives, the CEO will be registered in the supplementary pension fund (FOPDIRE)¹², and the supplementary healthcare fund (FISDE)¹³, and will be provided with life and disability insurance cover, as well as a car for both business and private use.

CHIEF OPERATING OFFICER

Fixed remuneration

Fixed remuneration is determined on the basis of assigned positions and responsibilities, by considering the average market salary levels, and by considering a recovery in competitiveness with the variable components. The Remuneration Committee assessed the consistency with the company's remuneration policy and with the salary benchmarking carried out by the company Towers Watson, with reference to both the Italian and the European markets. The fixed remuneration is therefore € 550,000 gross. Furthermore, in his capacity as an executive of Snam, the Chief Operating Officer receives indemnities for work-related travel, both in Italy and abroad, in line with the provisions of the CCNL [National Collective Labour Agreement] and supplementary company agreements.

In addition to the components described, the remuneration of the Chief Operating Officer for the year 2016 only comprises payment of an entry bonus as well.

Short-term variable incentives

The Annual Variable Incentive Plan (IMA) provides for compensation determined with reference to Snam's performance and individual performance, with a target incentive level (performance = 100) and a maximum incentive level (performance = 130), up to 45% and 58.5% respectively of fixed remuneration. A threshold level (performance = 85) has been set, below which no short-term incentive is paid. For the Chief Operating Officer, the annual variable incentive is determined partly (70%) by the corporate results with respect to the targets assigned to the Chief Executive Officer by the Board of Directors on 24 February 2016, and partly (30%) by a series of individual targets (focused on economic/financial, operational and industrial performance, internal efficiency and sustainability issues) assigned according to the scope of responsibility of the position held, in line with the provisions of the Company's Performance Plan.

¹² A contractual pension fund with defined contributions and individual capitalisation, www.fopdire.it.

¹³ A fund that provides for the reimbursement of medical expenses to in-service or retired executives and their families, www.fisde-eni.it.

Long-term variable incentives

The Chief Operating Officer, in line with the provisions for the Chief Executive Officer, takes part in the Long-Term Incentive Plans with the following characteristics:

- 2016 Deferred Monetary Incentive Plan (IMD), linked to the Company's performance measured in terms of EBITDA, which maintains the same performance conditions and characteristics described in the paragraph devoted to the remuneration of the Chief Executive Officer. The basic incentive to be awarded to the Chief Operating Officer is determined for a target value and a maximum value of 30% and 39% respectively of the fixed remuneration. The incentive to be paid at the end of the three-year reference period (vesting period) is determined as a percentage between 0% and 170% of the assigned value, according to the results achieved.
- 2015-2017 Long-Term Monetary Incentive Plan (IMLT) provided for managers that have a greater impact on the corporate results. This plan maintains the same performance conditions and characteristics as the Plan provided for the CEO. For the Chief Operating Officer, the base incentive to be awarded is 45% of fixed remuneration. The incentive to be paid at the end of the three-year reference period (vesting period) is determined as a percentage between 0% and 130% of the assigned value, according to the results achieved.

Indemnities provided in the event of termination of office or employment

The Chief Operating Officer is provided with the employment termination indemnities established by the relevant National Collective Labour Agreement and any supplementary indemnities are individually agreed at the time of termination in accordance with the criteria established by Snam for cases of assisted redundancy.

The impact of any termination of employment of the Chief Operating Officer on the benefits allocated under the existing long-term incentive plans is described in the relevant allocation rules. In particular, the Deferred Monetary Incentive Plans (IMD) and the Long-Term Monetary Incentive Plan (IMLT), which contain provisions to encourage the retention of personnel, provide, in cases of consensual termination of employment during the course of the vesting period, for the beneficiary to retain the right to the incentive at a reduced level for the period between the awarding of the base incentive and the occurrence of the termination. No payment is due in cases of unilateral termination by the Company, or of voluntary resignation or termination for just cause, or for the achievement of results that are objectively inadequate.

Benefits

In accordance with the policy applied in 2015 and in compliance with the provisions of national bargaining and supplementary agreements for Snam's executives, the Chief Operating Officer will be registered with the supplementary pension fund (FOPDIRE) and the supplementary healthcare fund (FISDE), and will be given forms of life and disability insurance cover, as well as a car for both business and private use.

MANAGERS WITH STRATEGIC RESPONSIBILITIES

Fixed remuneration

Fixed remuneration is determined on the basis of assigned positions and responsibilities, by considering the average market salary levels of large Italian companies for positions of a similar level of responsibility and managerial complexity. This remuneration may be adjusted periodically as part of the annual salary review process that applies to all managerial staff. Given the reference context and current market trends, and in line with 2015, the guidelines for 2016 set out selective criteria while still maintaining high levels of competitiveness and motivation. In particular, the proposed actions will concern adjustments aimed at those who hold positions for which the scope of responsibility has increased or which are positioned beneath the median market benchmarks.

Furthermore, in their capacity as Snam executives, managers with strategic responsibilities receive travel allowances for work-related travel undertaken both in Italy and abroad, in line with the provisions of the National Collective Labour Agreement and supplementary company agreements.

Short-term variable incentives

The Annual Variable Incentive Plan (IMA) provides for compensation determined with reference to Snam's performance and individual performance, with a target incentive level (performance = 100) and a maximum incentive level (performance = 130), which vary according to the level of the post held, up to a maximum of 40% and 52% respectively of fixed remuneration. A threshold level (performance = 85) has been set, below which no short-term incentive is paid.

For managers with strategic responsibilities, the annual variable incentive is determined partly (50%) by the corporate results with respect to the targets assigned to the Chief Executive Officer by the Board of Directors on 24 February 2016, and partly (50%) by a series of individual targets (focused on economic/financial, operational and industrial performance, internal efficiency and sustainability issues) assigned according to the scope of responsibility of the position held, in line with the provisions of the Company's Performance Plan.

Long-term variable incentives

Managers with strategic responsibilities, in line with the provisions for the Chief Executive Officer, take part in the Long-Term Incentive Plans with the following characteristics:

- 2016 Deferred Monetary Incentive Plan (IMD), linked to the Company's performance measured in terms of EBITDA, which maintains the same performance conditions and characteristics described in the paragraph devoted to the remuneration of the Chief Executive Officer. For managers with strategic responsibilities, the base incentive to be attributed to a target depends on the level of the position held, and can be up to a maximum of 32.5% of fixed remuneration. The incentive to be paid at the end of the three-year reference period (vesting period) is determined as a percentage between 0% and 170% of the assigned value, according to the results achieved.
- 2015-2017 Long-Term Monetary Incentive Plan (IMLT) provided for managers that have a greater impact on the corporate results. This plan maintains the same performance conditions and characteristics as the Plan provided for the CEO. For managers with strategic responsibilities, the base incentive to be awarded depends on the level of the position held, and can be up to a maximum of 35% of fixed remuneration. The incentive to be paid at the end of the three-year reference period (vesting period) is determined as a percentage between 0% and 130% of the assigned value, according to the results achieved.

Indemnities provided in the event of termination of office or employment

Managers with strategic responsibilities are provided with the employment termination indemnities established by the relevant National Collective Labour Agreement and any supplementary indemnities are individually agreed at the time of termination in accordance with the criteria established by Snam for cases of assisted redundancy.

The impact of any termination of employment of managers with strategic responsibilities on the benefits allocated under the existing long-term incentive plans is described in the relevant allocation rules. In particular, the Deferred Monetary Incentive Plans (IMD) and the Long-Term Monetary Incentive Plan (IMLT), which contain provisions to encourage the retention of personnel, provide, in cases of consensual termination of employment during the course of the vesting period, for the beneficiary to retain the right to the incentive at a reduced level for the period between the awarding of the base incentive and the occurrence of the termination. No payment is due in cases of unilateral termination by the Company, or of voluntary resignation or termination for just cause, or for the achievement of results that are objectively inadequate.

Benefit

In accordance with the policy applied in 2015 and in compliance with the provisions of national bargaining and supplementary agreements for Snam's executives, managers with strategic responsibilities will be registered with the supplementary pension fund (FOPDIRE) and the supplementary healthcare fund (FISDE), and will be given forms of life and disability insurance cover, as well as a car for both business and private use.

CLAW-BACK MECHANISMS

In 2014 a claw-back clause was introduced, to be used for variable incentive instruments, through which the company may come back into possession of amounts already disbursed if it is determined that the achievement of objectives was due to malicious or grossly negligent conduct, or any actions carried out in violation of any applicable rules within the legally prescribed deadline (ten years). As stated in the Remuneration Report of last year, the Remuneration Committee prepared a document explaining the process and responsibilities related to implementation of this clause in 2015. The Committee ordered that this document be distributed to the assignees of the incentive plans at the time future incentive awards or promises are made.

MARKET BENCHMARKS AND PAY MIX

The guidelines are prepared and the policies implemented are assessed with the support of independent and highly specialised advisors, and using specific salary benchmarking (Hay, Mercer, Towers Watson).

The remuneration benchmarks used for different types of positions are indicated in the table below:

PANELS USED FOR SALARY BENCHMARKING

	Hay	Mercer	Tower Watson
CEO	Executives, large industrial companies (n. 84)	Panel of listed Italian companies comparable to Snam in terms of capitalisation and/or turnover (26)	Panel of companies comparable to Snam in terms of turnover, capitalisation, employees, complexity of business and/or stock exchange segment (14)
Chairman		Panel of listed Italian companies comparable to Snam in terms of capitalisation and/or turnover (17)	
COO			Panel of companies comparable to Snam in terms of turnover, capitalisation, employees, complexity of business and/or stock exchange segment (14)
Managers with strategic responsibilities	Executives, large industrial companies (84)		

The 2016 Remuneration Policy guidelines call for a pay mix in line with the managerial position held, with greater weighting for the variable component for posts typically having a greater impact on corporate results, as shown in the pay-mix chart set out below and calculated considering the enhancement of short- and long-term incentives in the event of on-target results, in terms of a minimum level (non-achievement of the threshold value specified in all short- and long-term variable incentive plans) and a maximum level.

MINIMUM, TARGET AND MAXIMUM PAY MIX

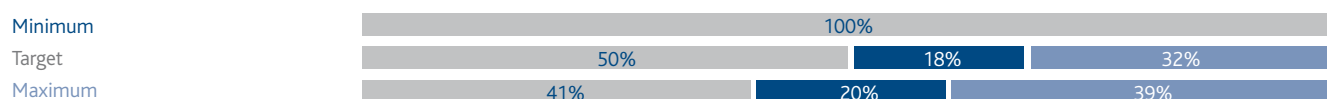
CEO



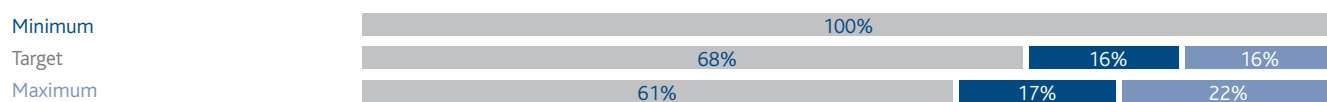
COO



Managers with strategic responsibilities



Other Managerial Staff



■ Fixed remuneration ■ Variable Short-Term (IMA) ■ Variable Long-Term (IMD + IMLT)

Compensation and other information



Implementation of 2015 remuneration policies

A description of the remuneration measures implemented in 2015 for the Chairman of the Board of Directors, non-executive directors, the Chief Executive Officer and managers with strategic responsibilities is set out below.

Implementation of the 2015 Remuneration Policy, as approved by the Remuneration Committee during the periodic assessment required by the Code of Corporate Governance, remained in line with the general principles referred to in the resolutions passed by the Board of Directors. On the basis of the Committee’s assessment, the 2015 Policy was essentially in line with the market benchmarks identified, in terms of both overall positioning and pay mix. The graph below compares (for the Chairman, Chief Executive Officer and managers with strategic responsibilities) the pay mix of any amount paid in 2015 (Actual) with the pay mix projected for targeted results (Target) as indicated in the first section of the 2015 Remuneration Report.

Although the actual and projected levels were essentially the same, the graph also shows the impact of the incomplete achievement of the target of objectives defined for the Long-Term Monetary Incentive Plan (IMLT).

TARGET VS ACTUAL

COMPARISON TARGET 2015 – ACTUAL 2015

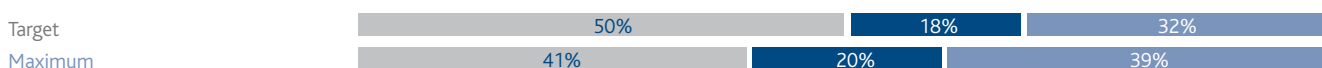
Chairman



CEO



Managers with strategic responsibilities

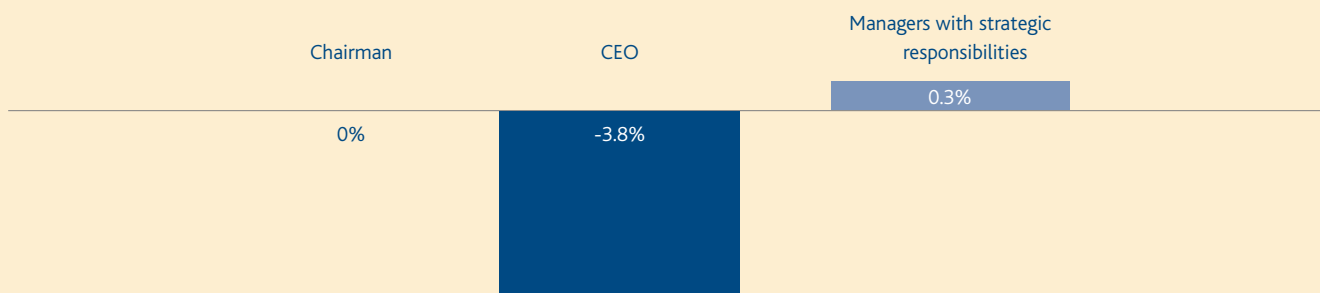


■ Fixed remuneration ■ Variable Short-Term (IMA) ■ Variable Long-Term (IMD + IMLT)

The analysis includes a comparison between any amounts paid in 2015 and any amounts paid in 2014. There was a 3.8% decrease in the amount paid to the Chief Executive Officer, the amount paid to the Chairman remained unchanged, and the amount paid to managers with strategic responsibilities increased.

Based on the assessment of the Remuneration Committee, the Chief Executive Officer’s remuneration fell short of average market practices.

REMUNERATION PAID - COMPARISON 2014-2015



FIXED REMUNERATION

In 2015, non-executive Directors were paid fixed remuneration that was approved by the Shareholders' Meeting of 26 March 2013.

With regard to the Chairman, remuneration was paid as approved by the Board of Directors on 26 October 2012 according to the delegated responsibilities assigned in the field of international relations. Fixed remuneration approved by the Board of Directors on 27 February 2013 for the powers and offices assigned was paid to the CEO, including compensation as a director approved by the Shareholders' Meeting. As part of the annual salary review process provided for all executives, in 2015 selective adjustments were made for managers with strategic responsibilities to fixed remuneration in cases of promotion to higher levels or where it was necessary to adjust remuneration levels in line with the market benchmarks identified.

The amounts for fixed remuneration are indicated under the respective item in Table 1 on page 37. Any indemnities with regard to salaries provided for by the relevant National Collective Labour Agreement and supplementary company agreements are set out in the notes to this table.

COMPENSATION FOR PARTICIPATION IN BOARD COMMITTEES

For participation in Board Committees, in 2015 non-executive directors received the additional compensation approved by the Board of Directors at its meetings of 27 July 2011 and 19 December 2011, subsequently confirmed by a resolution of the Board of Directors on 30 July 2013. The amounts relating to this compensation are set out under the relevant item of Table 1 on page 37.

VARIABLE INCENTIVES

Short-term variable incentives

For the Chief Executive Officer, the incentive for the 2015 Annual Plan was paid following the assessment of the Company's performance in relation to the achievement, in 2014, of the targets defined in line with the Strategic Plan and annual budget, in terms of:

ACHIEVEMENT OF ANNUAL MONETARY INCENTIVE TARGETS

Final targets for 2014

Targets	Weight	Final target	Level of target achievement
Free Cash Flow	30%	€ 297 million	↗
Investments	30%	€ 1,313 million	↗
Operational efficiency	30%	€ 471 million	↗
Sustainability - Employee and contractor accident frequency index	10%	€ 1.58 million	↗

↘ Below target → On target ↗ Above target

For managers with strategic responsibilities, the variable incentive paid in 2015 was calculated as a sum weighted at 50% for the score for Snam's performance and 50% for the score resulting from a comparison with their individual targets based on the positions they held, fixed in advance in Snam's Performance Plan for 2014.

Snam's results for 2014, measured on a constant basis and approved by the Board on the recommendation of the Remuneration Committee at its meeting of 11 March 2015, resulted in the calculation of a performance score of 130 points (127.7 in 2013) on the measurement scale used, which provides minimum, target and maximum levels of 70, 100 and 130 points respectively, with a threshold level of 85. For the purposes of the variable remuneration to be paid, the final performance score produced:

- for the CEO, the payment of an incentive of €559,000 equivalent to 65% of fixed remuneration, taking into account the target incentive level (50%) and maximum level (65%) assigned;
- for managers with strategic responsibilities, the payment of bonuses calculated in relation to the specific performance achieved and dependent on the different incentive levels, varying according to their job.

The incentives paid to managers with strategic responsibilities are specified under the item "Variable non-equity/bonus compensation and other incentives" in Table 1, on page 37, with related detailed information in Table 3, on page 40.

Deferred Monetary Incentive Plan

At its meeting on 24 February 2015, the Board of Directors, after the approval and recommendation of the Remuneration Committee, resolved upon the achievement of EBITDA for 2014 between the target and maximum amounts.

The Board set the basis of the 2015 incentive award for the Chief Executive Officer in the amount of € 301,000 (35% of fixed remuneration).

Managers with strategic responsibilities were paid incentive amounts that differed according to the levels of their positions, up to a maximum of 25% of fixed remuneration.

The base incentives awarded to managers with strategic responsibilities are specified under the item "Bonus for the year - deferred" in *Table 3, on page 40*.

The Deferred Monetary Incentive awarded in 2012 to the CEO and managers with strategic responsibilities also vested in 2015. On the basis of Snam's EBITDA from 2012-2014 and on the recommendation of the Remuneration Committee, the Board of Directors, at its meeting of 24 February 2015, approved a multiplier of 143% (on an incentive scale from 0% to 170%) to be applied to the base incentive awarded for the purposes of calculating the amount to be paid (from 2011-2013 the multiplier was 156%).

In particular, the Chief Executive Officer was paid an incentive of € 461,890 (equal to 143% of the base incentive of € 323,000 awarded in 2012).

Amounts paid to managers with strategic responsibilities are specified under the item "Bonuses for previous years - payable/paid" in *Table 3, on page 40*.

Long-Term Monetary Incentive Plan

For the Chief Executive Officer, on the recommendation of the Remuneration Committee and in implementation of the provisions of the 2015 Remuneration Report, the Board of Directors approved the award of a base incentive for 2015 of € 430,000 (50% of fixed remuneration).

Managers with strategic responsibilities were awarded amounts determined according to their target incentive level, which differed according to the level of their positions, up to a maximum of 35% of fixed remuneration.

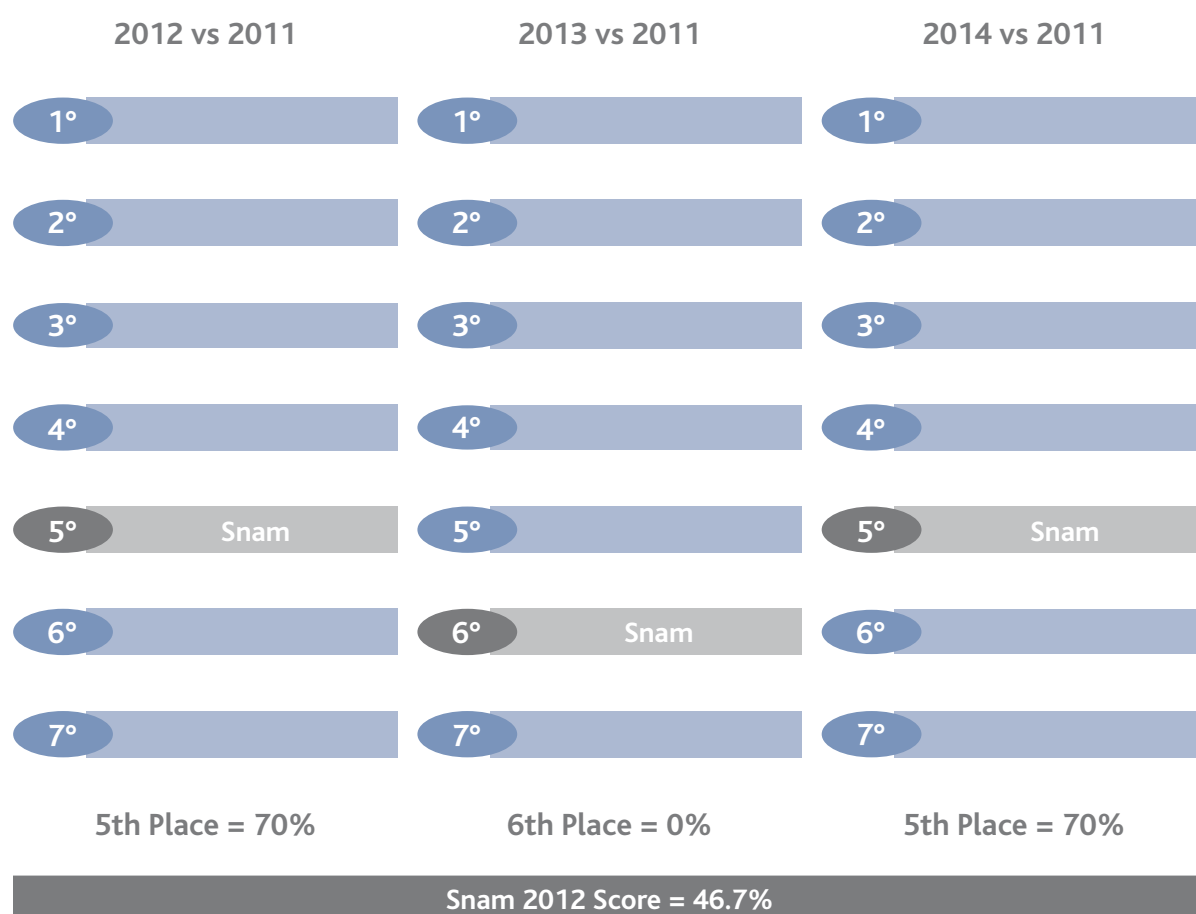
The base incentives awarded to managers with strategic responsibilities are specified under the item "Bonus for the year - deferred" in *Table 3, on page 40*.

The Long-Term Monetary Incentive Plan for 2012 for the CEO and managers with strategic responsibilities also vested in 2015. At its meeting of 28 July 2015 and on the recommendation of the Remuneration Committee, the Board of Directors, on the basis of the results of Snam's adjusted net profit achieved in the three-year period 2012-2014 and measured relative to the peer group (Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities), approved the multiplier to be applied to the base incentive awarded at 46.7% on the incentive scale of 0% to 130% (the multiplier was 61.7% for the three-year period 2011-2013).

In particular, the Chief Executive Officer was paid an incentive of €165,785 (equal to 46.7% of the base incentive of € 355,000 awarded in 2012).

Amounts paid to managers with strategic responsibilities are specified under the item "Bonuses for previous years - payable/paid" in *Table 3, on page 40*.

SNAM RANKING VS BENCHMARK PEER GROUP - ADJUSTED NET PROFIT



SEVERANCE INDEMNITIES FOR END OF OFFICE OR TERMINATION OF EMPLOYMENT

No amounts were paid in the form of indemnities for severance or for termination of employment in 2015, as shown under the “Severance indemnities for end of office or termination of employment” item in *Table 1 on page 37*.

BENEFIT

Table 1, on page 37 shows the amount of benefits recognised in 2015 according to a tax liability criterion; in particular, these amounts relate to the following benefits: i) annual contributions to the FOPDIRE supplementary pension fund, ii) annual contributions to the FISDE supplementary healthcare fund, and iii) allocation of a car for both business and personal use for a three-year period (net of contribution paid by the beneficiary).

Compensation paid in 2015

TABLE 1 – COMPENSATION PAID TO DIRECTORS, STATUTORY AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The table below indicates the remuneration paid individually to directors and statutory auditors, and collectively to managers with strategic responsibilities¹⁴.

Information about compensation transferred by Snam to other companies is provided; no information is provided about other compensation received by subsidiaries and/or associates, since all such compensation was transferred to the Company. All individuals who filled the above positions for all or part of the year are included.

In particular:

- the **"Fixed remuneration"** column shows, according to the positions concerned, the fixed salaries payable in 2015, before social security contributions and taxes. Reimbursements of lump-sum expenses and attendance fees are excluded, since these are not provided for. Details of the compensation, with a separate disclosure of any indemnities or payments relating to the employment relationship, are provided in the note;
- the **"Compensation for participation in Committees"** column shows, according to the positions concerned, the compensation owed to directors for participating in Committees established by the Board. Information about compensation for each Committee in which the director participates is provided in a separate note;
- in the **"Variable non-equity remuneration"** column, the "Bonuses and other incentives" entry shows the incentives for the year according to the vesting of the relative rights following assessment and approval of the performance results by the competent corporate bodies, as specified in greater detail in the table "Monetary Incentive Plans for directors and managers with strategic responsibilities";
- the **"Non-monetary benefits"** column shows, according to the positions concerned and tax liability, the amount of fringe benefits awarded;
- the columns **"Non-equity variable compensation/Profit-sharing"**, **"Other compensation"**, **"Fair value of equity compensation"** and **"Indemnities for severance or for termination of employment"** show no data since no payments of this sort were made in 2015;
- the **"Total"** column indicates the sum of the amounts of the previous items.

¹⁴ The prerequisites specified in current regulations have not been met for disclosure on an individual basis.

TABLE 1
REMUNERATION PAID TO DIRECTORS, STATUTORY AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

(amounts in € thousands)													
First name and surname	Notes	Post	Term of office	Expiry of office	Fixed remuneration	Non-equity variable compensation					Total	Fair Value of equity compensation	Severance indemnities for end of office or termination of employment
						Compensation for Committee membership	Bonuses and other incentives	PProfit-sharing	Non-monetary benefits	Other compensation			
			01.01 - 31.12	04.16	400 (a)	7 (b)					407		
Carlo Malacarne	(2)	CEO	01.01 - 31.12	04.16	864 (a)		1,187 (b)		13		2,064		
Alberto Clò	(3)	Director	01.01 - 31.12	04.16	40 (a)	10 (b)							
Andrea Novelli	(4)	Director	01.01 - 31.12	04.16	40 (a)	30 (b)							
Elisabetta Oliveri	(5)	Director	01.01 - 31.12	04.16	40 (a)	22 (b)							
Francesco Gori	(6)	Director	01.01 - 31.12	04.16	40 (a)	30 (b)							
Pia Saraceno	(7)	Director	01.01 - 31.12	04.16	40 (a)	30 (b)							
Yunpeng He (*)	(8)	Director	26.01 - 31.12	04.16	37 (a)								
Sabrina Bruno	(9)	Director	01.01 - 31.12	04.16	40 (a)	20 (b)							
Board of Statutory Auditors:													
Massimo Gatto	(10)	Chairman	01.01-31.12	04.16	60 (a)								
Leo Amato	(11)	Standing auditor	01.01-31.12	04.16	40 (a)								
Stefania Chiaruttini	(12)	Standing auditor	01.01-31.12	04.16	40 (a)								
Managers with strategic responsibilities**					1,099 (a)		974 (b)		48		2,121		
	(13)	Grand total			2,780	149	2,161		61		4,592		

* On the recommendation of the Appointments Committee and with resolution approved by the Board of Statutory Auditors, on 26 January 2015 the Board of Directors co-opted Yunpeng He as a new non-executive and non-independent member of the Board of Directors to replace the Director Roberta Melfa. The Shareholders' Meeting confirmed the director on 29 April 2015.

** Executives who, during the course of the year and together with the Chief Executive Officer, were permanent members of the Company's Executive Committee.

1 Lorenzo Bini Smaghi - Chairman of the Board of Directors

- (a) The amount includes fixed annual compensation set by the Shareholders' Meeting of 26 March 2013 (€ 40,000) and fixed annual compensation for awards approved by the Board on 26 October 2012 (€ 360,000).
- (b) The amount includes annual compensation (€ 7,000) for participating in the Appointments Committee as member.

2 Carlo Malacarne - Chief Executive Officer

- (a) The amount of € 860,000 corresponds to the actual gross annual compensation (set by the Board of Directors at its meeting of 27 February 2013) and includes compensation of € 40,000 set by the Shareholders' Meeting of 26 March 2013 for the office of director. Added to this amount are the allowances payable in respect of travel expenses, both in Italy and abroad, in line with the relative National Collective Labour Agreement for Executives and the company's supplementary agreements, totalling € 3,650.
- (b) The amount includes the payment of € 559,000 relating to the annual monetary incentive awarded in 2015, € 461,890 relating to the deferred monetary incentive awarded in 2012 and the payment of € 165,785 relating to the long-term monetary incentive awarded in 2012.

3 Alberto Clò - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes fixed annual compensation (€ 10,000) for participating in the Appointments Committee as Chairman.

4 Andrea Novelli - Director

- (a) The amount includes the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000). This amount of compensation is paid to his company of origin (Cassa Depositi e Prestiti S.p.A.).
- (b) The amount includes fixed annual compensation for participating as a member of the Remuneration Committee (€ 10,000) and for participating as a member of the Control and Risk Committee (€ 20,000). This compensation is paid to the company Cassa Depositi e Prestiti S.p.A.

5 Elisabetta Oliveri - Director

- (a) The amount includes the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes fixed annual compensation for participating as Chairman of the Remuneration Committee (€ 15,000) and for participating as a member of the Appointments Committee (€ 7,000).

6 Francesco Gori - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes the fixed annual compensation for participating as Chairman of the Control and Risk Committee (€ 30,000).

7 Pia Saraceno - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes fixed annual compensation for participating as a member of the Control and Risk Committee (€ 20,000) and for participating as a member of the Remuneration Committee (€ 10,000).

8 Yunpeng He - Director *

- (a) The amount includes the pro rata portion of fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000). The amount of the compensation (from 26.01.2015 until 31.12.2015 - amount equal to € 37,260.27) is paid to the company State Grid International Development Limited.

9 Sabrina Bruno - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes the fixed annual compensation for participating as a member of the Control and Risk Committee (€ 20,000).

10 Massimo Gatto - Presidente del Collegio Sindacale

- (a) The amount includes the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 60,000).

11 Leo Amato - Statutory Auditor

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).

12 Stefania Chiaruttini - Statutory Auditor

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).

13 Managers with strategic responsibilities

- (a) The amount of € 1,099,000 corresponds to gross annual compensation. Added to this amount are the allowances payable in respect of travel expenses, both in Italy and abroad, in line with the relative National Collective Labour Agreement for Executives and the company's supplementary agreements, totalling € 10,560.
- (b) The amount includes the payment of € 488,500 relating to the annual monetary incentive awarded in 2015, € 361,000 relating to the deferred monetary incentive awarded in 2012 and the payment of € 125,000 relating to the long-term monetary incentive awarded in 2012.

* On the recommendation of the Appointments Committee and with resolution approved by the Board of Statutory Auditors, on 26 January 2015 the Board of Directors co-opted Yunpeng He as a new non-executive and non-independent member of the Board of Directors to replace the Director Roberta Melfa. The Shareholders' Meeting confirmed the director on 29 April 2015.

TABLE 2 - STOCK OPTIONS ASSIGNED TO DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The latest stock option plan was assigned in 2008, and the relevant terms for the options expired in 2014, so it is not shown on Table 2 since there are no data to provide.

TABLE 3 - MONETARY INCENTIVE PLANS FOR DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The table below indicates the short- and long-term variable monetary incentives provided for the Chief Executive Officer and, on an aggregate basis, for managers with strategic responsibilities.

In particular:

- the column "Bonus for the year - payable/paid" shows the Annual Monetary Incentives paid in the year on the basis of the finalised report on performance carried out by the relevant company bodies compared with the targets set for 2014;
- the column "Bonus for the year - deferred" shows the amount of the base incentive awarded in the year in implementation of the Deferred Monetary Incentive Plan (IMD) and the Long-Term Monetary Incentive Plan (IMLT);
- the column "Deferral period" shows the length of the vesting period for deferred and long-term incentives awarded during the year;
- the column "Bonuses for previous years - no longer payable" contains no data, since the conditions were not satisfied for non-payment or partial payment of the bonus in accordance with the provisions of the Plan Regulations;
- the column "Bonuses for previous years - payable/paid" shows the long-term variable incentives paid during the year, which have vested on the basis of the final reporting of performance conditions defined for the vesting period;
- the column "Bonuses for previous years - still deferred" shows incentives awarded in relation to the existing deferred and long-term plans that have not yet vested;
- the column "Other bonuses" contains no amounts, since no other bonuses were paid.

The Total of the "Bonus for the year – payable/paid" and "Bonuses for previous years – payable/paid" columns is the same as the amount indicated in the "Bonuses and other incentives" column in Table 1.

TABLE 3: MONETARY INCENTIVE PLANS FOR THE DIRECTORS, GENERAL MANAGER OPERATIONS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

(amounts in € thousands)

First name and surname	Plan	Yearly bonus			Bonuses for previous years			Other bonuses
		payable/ paid	deferred	deferral period	no longer payable	payable/ paid ⁽¹⁾	still deferred	
Carlo Malacarne CEO	2015 Annual Monetary Incentive Plan BoD 11 March 2015	559						
	2015 Deferred Monetary Incentive Plan -BoD 28 July 2015		301	three-yearly				
	2015 Long-Term Monetary Incentive Plan - BoD 27 October 2015		430	three-yearly				
	2014 Deferred Monetary Incentive Plan - BoD 29 July 2014						301	
	2014 Long-Term Monetary Incentive Plan - BoD 30 October 2014						430	
	2013 Deferred Monetary Incentive Plan - BoD 30 July 2013						392	
	2013 Long-Term Monetary Incentive Plan - BoD 29 October 2013						430	
	2012 Deferred Monetary Incentive Plan - Award: BoD 30 July 2012 Payment: BoD Meeting of 28 July 2015						462	
2012 Long-Term Monetary Incentive Plan - Award: BoD 26 October 2012 Payment: BoD Meeting of 27 October 2015						166		
Total		559	731	0	0	628	1,553	0
Other managers with strategic responsibilities ⁽²⁾	2015 Annual Monetary Incentive Plan - BoD 11 March 2015	489						
	2015 Deferred Monetary Incentive Plan - BoD 28 July 2015		278	three-yearly				
	2015 Long-Term Monetary Incentive Plan - BoD 27 October 2015		354	three-yearly				
	2014 Deferred Monetary Incentive Plan - BoD 29 July 2014						249	
	2014 Long-Term Monetary Incentive Plan - BoD 30 October 2014						306	
	2013 Deferred Monetary Incentive Plan - BoD 30 July 2013						280	
	2013 Long-Term Monetary Incentive Plan - BoD 29 October 2013						290	
	2012 Deferred Monetary Incentive Plan - Award: BoD 30 July 2012 Payment: BoD 28 July 2015						361	
2012 Long-Term Monetary Incentive Plan - Award: BoD 26 October 2012 Payment: BoD 27 October 2015						125		
Total		489	632	0	0	486	1,125	0
TOTAL		1,049	1,363	0	0	1,114	2,678	0

¹ Disbursement relating to:

- the deferred monetary incentive awarded in 2012 in relation to EBITDA performance in the three-year period 2012-2014.

- the long-term monetary incentive awarded in 2012 in relation to the adjusted net profit result, in relative terms with respect to a peer group, achieved in the three-year period 2012-2014.

² Executives who, during the course of the year and together with the Chief Executive Officer, were permanent members of the Company's Executive Committee.

Shareholdings held

The table below sets out, pursuant to Article 84-quater, paragraph 4 of the Consob Issuer Regulations, the shareholdings in Snam S.p.A. held, directly or through subsidiaries, trust companies or intermediaries, by directors, statutory auditors and managers with strategic responsibilities as well as their spouses (not legally separated) and minor children. This information is taken from the register of shareholders, notifications received and other information obtained from these same persons. All individuals who filled the position even for a part of the year are included. The number of shares (all "ordinary") is set out individually for directors and statutory auditors, and collectively for managers with strategic responsibilities. The indicated persons have ownership of the shares concerned.

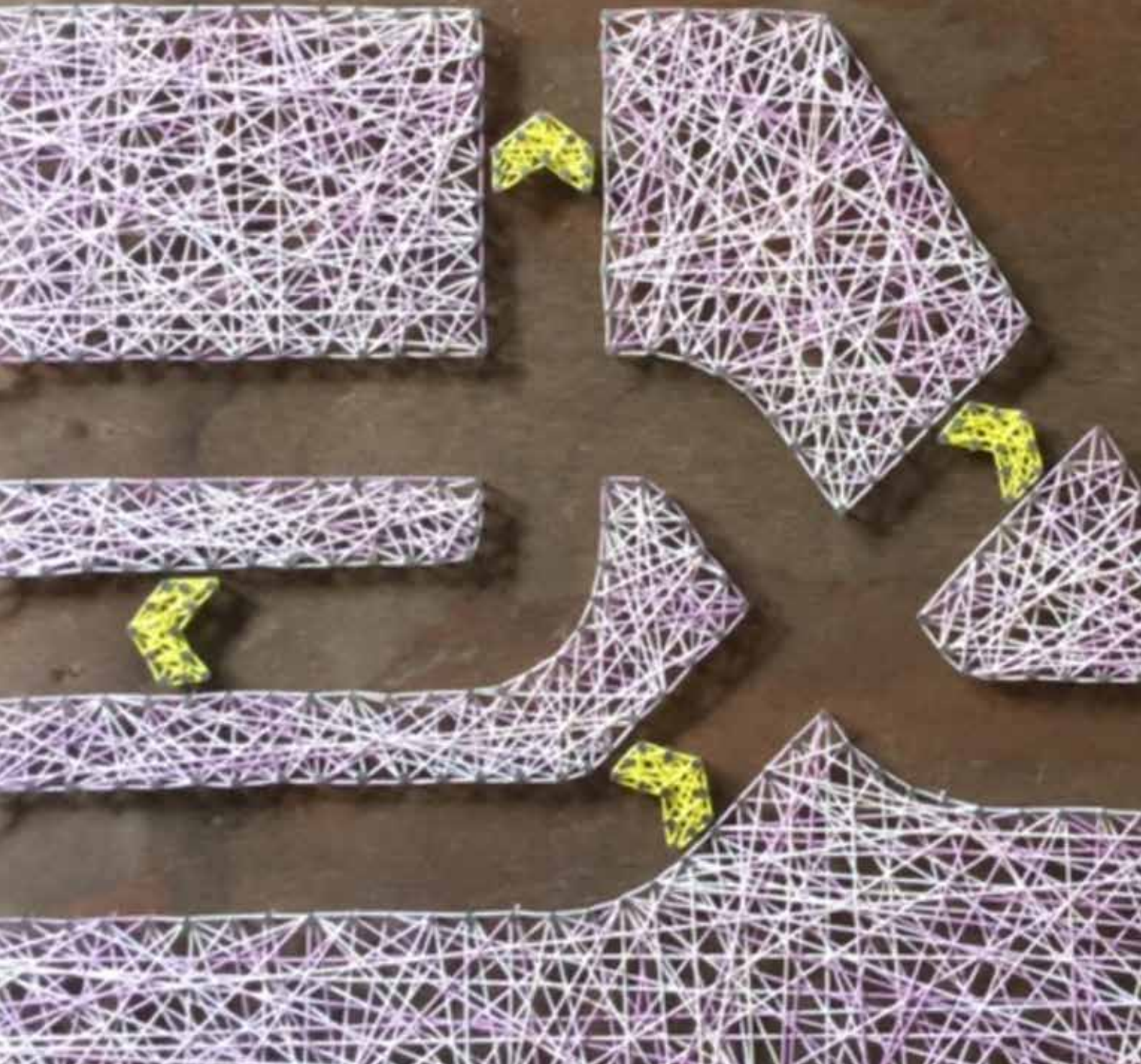
TABLE 4A: SHAREHOLDINGS HELD BY DIRECTORS AND STATUTORY AUDITORS

First name and surname	Post	Entity	Number of shares held at 31 December 2014	Number of shares acquired in 2015	Number of shares sold in 2015	Number of shares held at 31 December 2015
Board of Directors:						
Carlo Malacarne	CEO	Snam	180,000	0	20,000	160,000
Sabrina Bruno	Director	Snam	2,500	0	2,500	0
						160,000

TABLE 4B: SHAREHOLDINGS HELD BY MANAGERS WITH STRATEGIC RESPONSIBILITIES

	Entity	Number of shares held at 31 December 2014	Number of shares acquired in 2015	Number of shares sold in 2015	Number of shares held at 31 December 2015
Snam managers with strategic responsibilities					
Snam managers with strategic responsibilities	Snam	37,550	0	0	37,550
					37,550

Glossary



Executive directors

directors invested with specific duties by the Board of Directors.

Non-executive directors

directors not invested with specific duties by the Board of Directors and not delegated individual management powers.

Independent directors

Snam directors meeting the independence requirements set out in the Code of Corporate Governance, to which Snam subscribes.

Balanced scorecard

the instrument used as the basis for the short-term variable incentive system to support the achievement of the corporate objectives by translating the business strategy into a set of measurable performance metrics for each eligible person.

Benefits

elements included in the non-monetary component of remuneration, aimed at increasing the well-being of employees and their families in economic and social terms. This category covers all provisions aimed at satisfying pension and welfare needs (supplementary pension, healthcare and insurance cover), but also "perquisites", which consist of goods and services made available by Snam S.p.A. to its employees.

Code of Corporate Governance

as defined by Borsa Italiana, this is the "Code of Corporate Governance for Listed Companies" approved by the Corporate Governance Committee. The document, in line with the experience of the main international markets, indicates the best practices for corporate governance recommended by the Committee to listed companies, to be applied in accordance with the "comply or explain" principle, which requires an explanation of the reasons for any non-compliance with one or more recommendations contained in the application principles or criteria.

Control and Risk Committee

consists of three independent non-executive directors (one of whom is chosen as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors, assisting it by carrying out suitable investigations to support its decisions concerning the internal control and risk management system, as well as those relating to the approval of financial relationships. Pursuant to Committee Regulations, only the Independent Directors that are Committee members meet to perform the tasks assigned to it by the Board of Directors as part of the "Transactions Involving Interests of Directors and Statutory Auditors and Related-Party Transactions" procedure.

Appointments Committee

consists of two independent non-executive directors (one of whom is chosen as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors. Its main tasks include: proposing candidates for directors when one or more director positions are vacated during the year, and ensuring compliance with requirements on the minimum number of independent directors and on quotas reserved for the least represented category; submitting candidates to the Board of Directors for the corporate bodies of Subsidiaries included in the scope of consolidation and of strategic foreign companies owned by the company. Among other things, it prepares and proposes procedures for the self-assessment of the Board and its Committees.

Remuneration Committee

consists of two independent non-executive directors (one of whom is chosen as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors in relation to the remuneration of directors and managers with strategic responsibilities. In particular, the Committee submits the annual Remuneration Report to the Board of Directors for its approval and makes proposals concerning the remuneration of executive directors and members of Board Committees. Pursuant to the "Transactions Involving Interests of Directors and Statutory Auditors and Related-Party Transactions" procedure, the Remuneration Committee is in charge of giving its opinion on transactions concerning remunerations of Snam's directors and managers with strategic responsibilities.

Corporate System Framework

is an internal Snam Group document, approved by the Board of Directors, and aimed at describing and explaining the following with respect to Snam S.p.A. and its subsidiaries: (i) the Snam Group; (ii) the organisational and governance model; (iii) the corporate management system; and (iv) the Group's operating model.

Managers with strategic responsibilities

according to IAS 24, this means "key management personnel", namely "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly". In addition to the Chief Operating Officer at SNAM S.p.A., 4 parties are listed in this document.

EBITDA (Earnings before interest, tax, depreciation and amortisation)

also referred to as "gross operating profit" or "GOP", this is an indicator of profitability that shows the company's profit deriving solely from its operations, i.e. before interest (financial management), taxes (fiscal management), depreciation of assets and amortisation.

EBIT (Earnings Before Interest and Taxes)

also referred to as Operating Profit. This is an indicator of profitability obtained by subtracting amortisation, depreciation and provisions from gross operating profit (see EBITDA).

Fair Value of equity remuneration

also defined as fair value. International Financial Reporting Standard 2 (IFRS 2) defines fair value as "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties".

Free Cash Flow

indicates the (monetary) cash flow produced by operating and non-operating activities.

Short-term variable incentives

refers to the *Annual Monetary Incentive Plan – IMA*, which entitles participants to an annual cash bonus according to the results achieved, in the previous year, with respect to the defined targets.

Variable medium-to-long-term incentives

broken down into two separate plans ("Deferred Monetary Incentive Plan – IMD" and "Long-Term Monetary Incentive Plan – IMLT"), which entitle participants to a monetary bonus payable according to the results achieved at the end of the vesting period (see vesting).

Directors' termination indemnity

sum of money payable to a director when he/she leaves office.

Employee severance indemnity

sum of money payable to an employee at the time his/her labour contract is terminated as an executive.

Accident frequency index

based on the UNI 7249 standard, this is one of the indicators used to measure safety in the workplace. According to the above standard, this index is calculated as the number of accidents occurring per million hours worked over a given period and/or within a given scope at company level.

Sustainability indexes

Dow Jones Sustainability World Index and FTSE4GOOD are stock exchange indexes made up of listed companies selected on an international level from those that have achieved the best performances in terms of sustainability and Corporate Social Responsibility.

Threshold level

the minimum level to be achieved, below which the plan does not provide for the payment of any incentive.

Target level

the standard level of target achievement that gives entitlement to 100% of the incentive.

Related-party transactions

the procedure "Transactions with Interests of Directors and Statutory Auditors and Transactions with Related Parties", adopted pursuant to Article 2391-bis of the Italian Civil Code and the "*Regulation on Transactions with Related Parties*" (adopted by Consob under Resolution No. 17221 of 12 March 2010, and later amended by Resolution No. 17389 of 23 June 2010), which sets out the principles and rules that must be followed by Snam and the companies that it directly or indirectly controls in order to ensure the material and procedural transparency and correctness of transactions carried out by Snam and its Subsidiaries with Related Parties and with Interests of Snam's directors and statutory auditors, also taking account of the objective of avoiding any risk of depleting the company's assets.

Non-compete agreements

according to Art. 2125 of the Italian Civil Code, these are "agreements that place limits on an employee's activities for a period following the termination of the contract".

Pay mix

the percentage of fixed remuneration, variable short-term incentives and medium-to-long-term incentives paid at the target level.

Peer group

group of companies used to compare company results with those of Snam according to defined performance parameters; it is made up of the following major listed European companies in the utilities sector: Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities.

Performance Plan

the instrument that defines the targets used as the basis for the variable short-term incentives system.

Remuneration policy

the body of remuneration programmes for fixed and variable remuneration implemented at the company level in order to support the achievement of the strategic objectives.

Proxy advisors

companies used by institutional investors that issue specific recommendations based on Shareholders' Meeting documents and their own voting policies, which can have a significant influence on voting on the Remuneration Report.

Issuer Regulations

Consob Regulation No. 11971 of 14 May 1999, containing the rules applicable to entities issuing financial instruments.

Fixed remuneration

includes all fixed annual compensation, before taxes and social security contributions payable by the employee, and therefore not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses or any other form of variable or occasional remuneration.

Variable remuneration

consists of the variable short-term incentive and the medium-to-long-term incentive (see the related descriptions in this glossary).

Salary review

the process of reviewing the fixed annual remuneration for all eligible management personnel.

Stock option

financial instrument whereby a company grants the beneficiaries the right to purchase shares in that company or another company belonging to the same group at a predetermined price (strike price).

Consolidated Finance Act (TUF)

the "Consolidated Act on Financial Intermediation", Legislative Decree No. 58 of 24 February 1998 (as amended). The TUF introduced "principle-based" legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the supervisory authorities (e.g. Consob).

Total Shareholder Return (TSR)

indicates the overall return of an equity instrument taking into account price changes and the distribution of dividends.

Adjusted net profit

the net profit obtained, excluding special items, stock profit/loss and – for determining the net profit of business segments – financial income and expense relating to net financial debt or to derivative financial instruments not used for hedging purposes other than those based on commodities and exchange-rate differences.

Vesting (vesting period)

period between the assignment and exercise of the entitlement to a right to receive a bonus.

ANALYTICAL INDEX OF TOPICS (CONSOB RESOLUTION NO. 18049, SECTION I)

Consob Resolution	Information required	Reference page
A	Bodies or persons involved in the preparation and approval of the remuneration policy, specifying the respective roles, as well as the bodies or persons responsible for the correct implementation of that policy.	12; 16
B	Any intervention by a remuneration committee or other committee competent in this regard, describing its composition (distinguishing between non-executive and independent directors), powers and working procedures.	12
C	The names of any independent experts involved in the preparation of the remuneration policy.	28
D	The aims pursued with the remuneration policy, the principles that underlie it, and any changes in the remuneration policy compared with the previous financial year.	18
E	Description of policies on the fixed and variable components of remuneration, with particular regard to an indication of the relative weight in the overall pay mix and distinguishing between variable short-term and medium-/long-term components.	20
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G	With reference to the variable components, a description of the performance targets used as the basis for awarding them, distinguishing between variable short-term and medium-/long-term components, and information on the link between changes in results and changes in remuneration.	22-27
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J	The vesting periods of any deferred payment systems, indicating the deferral periods and the criteria used for determining those periods, and, if provided, the ex-post correction mechanisms.	18-19; 23-24; 26; 28
K	Information on any provisions for the retention of financial instruments in the portfolio after their acquisition, indicating the retention periods and the criteria used for determining those periods.	
L	The policy in relation to indemnities for termination of office or termination of the employment relationship, specifying the circumstances that give entitlement to their payment and any link between these indemnities and the company's performance.	22; 24; 25; 26; 28
M	Information on the presence of any insurance, pension or welfare cover other than statutory cover.	25-26; 28
N (i)	Any remuneration policy applied in relation to independent directors.	21-22
N (ii)	Any remuneration policy applied in relation to committee membership.	21-22
N (iii)	Any remuneration policy applied in relation to the performance of particular offices (chairman, vice-chairman, etc.).	21-22
O	Information on the use of the remuneration policies of other companies as benchmarks, and, where such use is made, the criteria used for selecting these companies.	28-29



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Snam

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For information please contact
Snam S.p.A
Piazza Santa Barbara, 7
20097 San Donato Milanese (MI)
Website: www.snam.it

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The network respecting the future