

Report on Corporate Governance
and Ownership Structure

2018



Values and mission

Snam is Europe's leading gas utility. Founded in 1941 as "Società Nazionale Metanodotti", it has been building and managing sustainable and technologically advanced infrastructure guaranteeing energy security for over 75 years. Snam operates in Italy and, through subsidiaries, Austria (TAG and GCA), France (Teréga), Greece (DESFA) and the United Kingdom (Interconnector UK).

It is one of the main shareholders of TAP (Trans Adriatic Pipeline) and is the company most involved in projects for the creation of the Energy Union.

First in Europe by transport network size (about 32,600 km in Italy, more than 41,000 with international subsidiaries) and natural gas storage capacity (16.9 billion cubic meters in Italy, more than 20 billion with international subsidiaries), Snam manages the first liquefied natural gas (LNG) plant built in Italy and is a shareholder of the Adriatic LNG, the country's main terminal and one of the most strategic in the Mediterranean and - through DESFA - in the Greek Revithoussa terminal, for a total regassification capacity pro quota of about 6 bcm per year.

Snam's business model is based on sustainable growth, transparency, nurturing talent, and development of local areas by constantly listening to and dialoguing with local communities, also thanks to the social initiatives of the Snam Foundation. Through the "Snamtec" project, launched under the scope of the 2018-2022 business plan, Snam has given a great boost to investments for energy transition, focused on technology initiatives, innovation and R&D supporting large national and international networks and green economy businesses, like sustainable mobility, renewable gas, hydrogen and energy efficiency.

Report on Corporate Governance and Ownership Structure 2018

pursuant to Article 123-*bis* of Legislative Decree No. 58 of 24 February 1998
Issuer: Snam S.p.A.
Website: www.snam.it
Financial year to which the Report refers: 2018
Report approval date: 18 February 2019

Introduction

The information on the corporate governance system and on the ownership structure of Snam S.p.A. contained in this report (the “**Report**”) refers, unless otherwise explicitly specified, to the corporate year 2018¹.

The Report intends to be a journey towards the discovery of Snam and in its various Sections it mainly aims to do the following:

- to introduce the Company;
- to provide information on the ownership structure;
- to describe the structure of the corporate governance system adopted by the Company.

The Report² is preceded by an Executive Summary specifying the main elements characterising the corporate governance system.

The Report was prepared taking the following into account:

- the form for the report on corporate governance and the ownership structure drawn up by Borsa Italiana (VIII Edition of January 2019)³;
- the 6th Report on the application of the Corporate Governance Code of the Corporate Governance Italian Committee of Borsa Italiana, Report 2018 on the evolution of corporate governance of listed companies.
- the 2018 report entitled “*Corporate governance in Italy: self-regulation, remuneration and comply-or-explain*” drawn up by Assonime.

Since its listing on the screen-based equity market (*mercato telematico azionario*) organised and managed by Borsa Italiana back in 2001, Snam has been compliant with the recommendations of the Corporate Governance Code in its various successive versions published over time⁴. For the references to the information contained in the Report with regard to the application of the recommendations of the Code of Corporate Governance by Snam, refer to Schedule 1 of Section VI -- Summary Tables.

1 Pursuant to Article 123-bis, paragraphs 1, 2 and 3 of Legislative Decree no. 58 of 24 February 1998.

2 The Report is published in the Section “Etica e Governance” (Ethics and Governance) on the Company’s Website.

3 The form of Borsa Italiana is available at the following address: (<https://www.borsaitaliana.it/comitato-corporate-governance/documenti/format2019.en.pdf>).

4 The acceptance of the Corporate Governance Code is voluntary and issuers may disapply, whether in whole or in part, its recommendations. However, pursuant to the comply or explain mechanism provided for in Article 123-bis of the CFA, the reasons for a possible non-application are explained in the corporate governance report.

2 Snam Report on Corporate Governance and Ownership Structure 2018

Contacts

Snam values the discussion with its investors and aims to establish a constructive dialogue ensuring a steady improvement in the Snam entity in multiple respects; therefore, Snam invites readers to use the contact details specified below to obtain any clarification or information they may need:

Legal and Corporate Affairs, Compliance and Enterprise Risk Management

Tel: +39 02.3703.7435

Fax: +39 02.3703.7631

Governance & Corporate Affairs

segreteria@societaria@snam.it

Glossary

ARERA: *Autorità di Regolazione per Energia Reti Ambiente* (the Italian Regulatory Authority for Electricity, Gas and Water).

Anti-Corruption Laws: the provisions of the Italian Criminal Code relating to corruption, Law no. 190 of 6 November 2012, Law no. 69 of 27 May 2015, Legislative Decree no. 231 of 2001, and the other applicable provisions, as well as subsequent supplements, the FCPA, the UK Bribery Act, the other public law and commercial law regulations against corruption that are in force around the world, and the international anti-corruption treaties, such as the OECD Convention on combating bribery of foreign public officials in international business transactions, and the UN Convention against corruption and the European Criminal Law Convention on corruption.

Borsa Italiana: Borsa Italiana S.p.A.

Corporate accounting documents officer: Chief Financial Officer (CFO) pursuant to Article 154-*bis* of the CFA.

Code of Corporate Governance: the code of corporate governance for listed companies approved in July 2001 by the Corporate Governance Committee, as subsequently amended in July 2018 and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria. Its wording is available at the following address: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Consob: Commissione Nazionale per le Società e la Borsa (the Italian Securities and Exchange Commission).

Consolidated Finance Act (or "CFA"): Legislative Decree No. 58 of 24 February 1998, as amended.

Demerger: the partial and proportional demerger in favour of Italgas S.p.A. concerning the interest held by Snam in Italgas Reti S.p.A., which was performed on 7 November 2016.

External Auditors: Pricewaterhousecoopers S.p.A. (or PwC).

Group of Snam Group: Snam and its Subsidiaries.

Issuer Regulations: regulations issued by Consob by means of Resolution 11971 of 14 May 1999, as amended, on the subject of issuers.

Issuer, Snam or the Company: Snam S.p.A.

Legislative Decree 231 of 2001: Legislative Decree No. 231 of 8 June 2001, *"Rules governing administrative responsibility of legal entities, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000"*.

Legislative Decree 254/2016: Legislative Decree no. 254 of 30 December 2016, *"Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, containing the amendment to Directive 2013/34/EU concerning the disclosure of non-financial information and of information on diversity by certain businesses and by certain large groups"*.

Non-Financial Disclosure: the consolidated non-financial disclosure which, to the extent required to ensure the understanding of the business, of its performance, of its results and of its impact, covers environmental, social, and staff matters as well as matters relating to the respect for human rights, and the fight against active and passive corruption, which are relevant considering the activities and characteristics of the business.

RAB: Regulatory Asset Base, i.e. the value of the net capital invested, calculated according to the rules set forth for the transport and regasification companies of the ARERA to determine the reference revenues.

Regulations on Related-Party Transactions: regulations issued by Consob by means of Resolution 17221 of 22 March 2010, as amended, on the subject of issuers.

Report: this report on corporate governance and ownership structure pursuant to Article 123-*bis* of the CFA.

Stakeholders: shareholders, investors, gas system operators, employees, suppliers, etc.

Subsidiaries (or "Subsidiary Companies"): the following companies are subsidiaries of Snam: Snam Rete Gas S.p.A.; Stoccaggi Gas Italia S.p.A.; GNL Italia S.p.A.; Infrastrutture Trasporto Gas S.p.A.; Gasrule Insurance Limited; Snam international B.V.; Snam4Mobility; Cubogas S.r.l.; IES Biogas S.r.l.; Copower S.r.l.; Enersi S.r.l.; TEP Energy Solutions S.r.l.

Watch Structure: supervisory body established pursuant to Legislative Decree 231 of 2001.

The Company's website: www.snam.it

Unbundling Regulation: European and national provisions on functional and/or ownership unbundling that apply to all operators in the electricity and natural gas sectors. Specifically: Directive 2009/73/EC, Legislative Decree no. 93 of 1 June 2011, and Prime Ministerial Decree of 25 May 2012 containing *"Criteria, terms and conditions for the adoption of the ownership unbundling model of the company Snam S.p.A. pursuant to Article 15 of Law no. 27 of 24 March 2012"*.

2019 Corporate Governance Recommendations: the recommendations of the Chairman of the Corporate Governance Committee contained in the letter of 21 December 2018.

231 Model: the organisation, management and control model adopted by Snam pursuant to the Italian regulation of the *"liability of entities for administrative offences relating to crimes"* contained in Legislative Decree 231 of 2001.

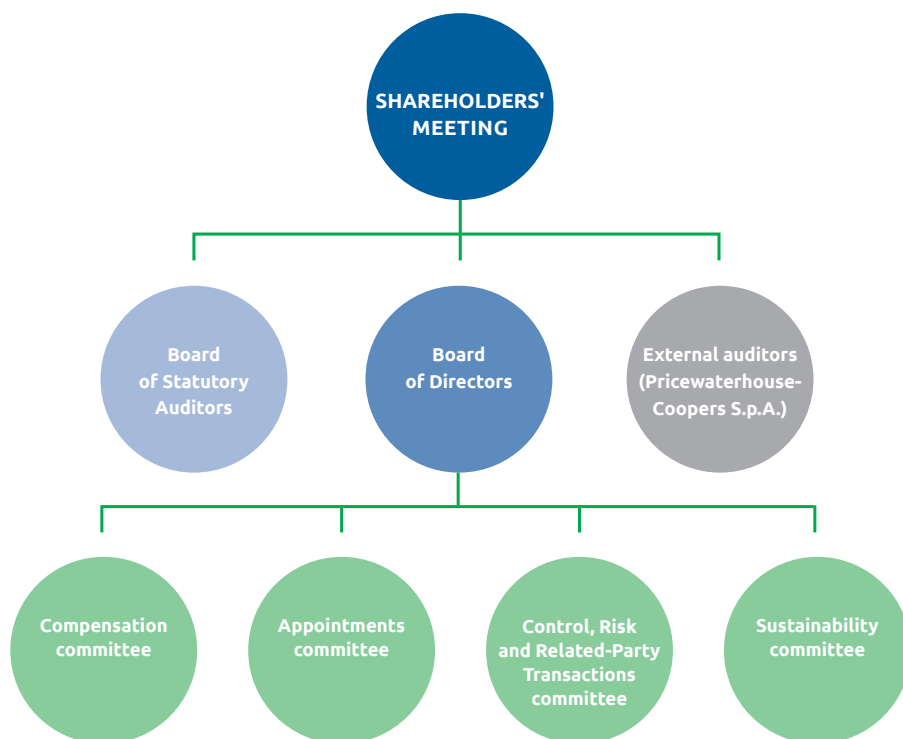


Table of contents

6	Executive Summary
16	Section I Snam introduces itself
26	Section II Snam's ownership structure
36	Section III Snam's Corporate Governance System
76	Section IV Snam's internal control and risk management system
100	Section V Any changes to the corporate governance structure that occurred after the end of the financial year
102	Section VI Summary tables

Executive Summary

Corporate Governance



Main highlights of the company

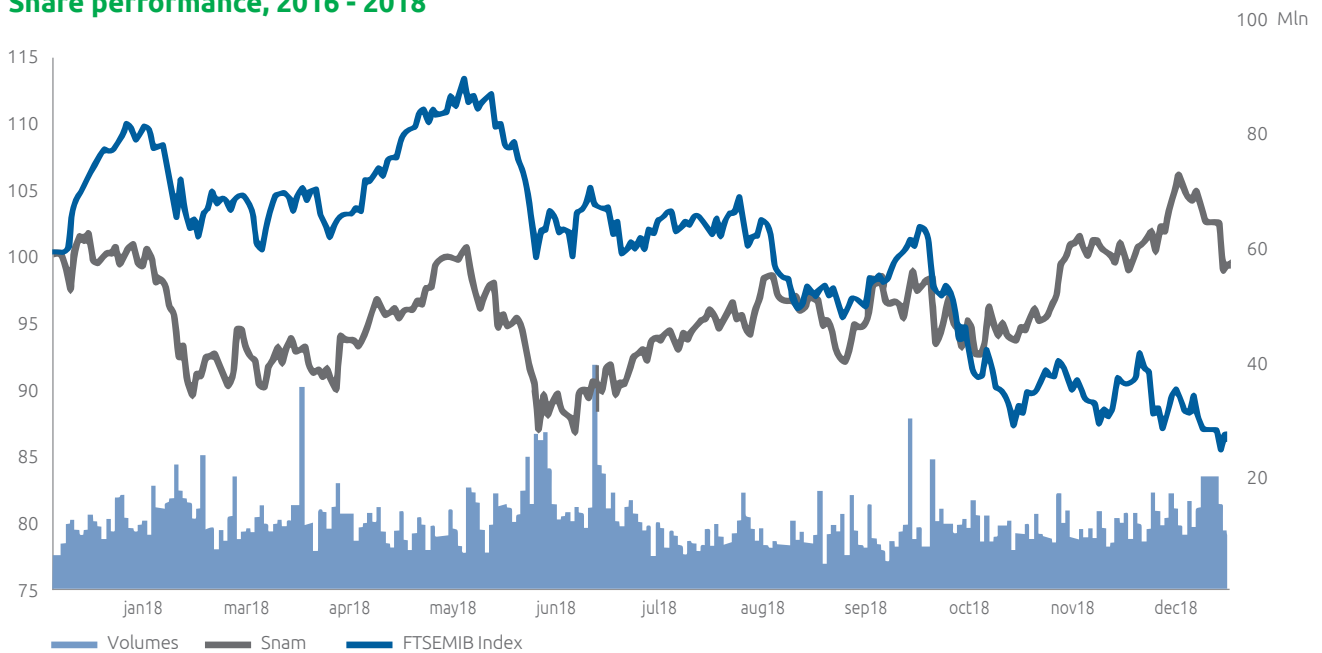
Data in millions of Euros	2016	2017	2018	% Change 2017-2018
Total revenues (a)	2,501	2,533	2,586	2.09%
EBIT (a)	1,293	1,348	1,384	2.67%
Net Profit (a) (b)	591	897	960	7.02%
Group Net Profit (b)	861	897	960	7.02%
Net debt	11,056	11,550	11,548	-0.02%
Capitalisation at 31/12 (c)	13,612	13,953	12,606	-9.65%
Employees	2,883	2,919	3,016	3.32%
Sector	Utility			

(a) The 2016 figures refer to continuing operations (natural gas transportation, storage and regasification) and to a limited extent to relations with third parties.

(b) Pertaining entirely to Snam shareholders.

(c) Product of the number of outstanding shares (exact number) for the official price per share at the end of the year.

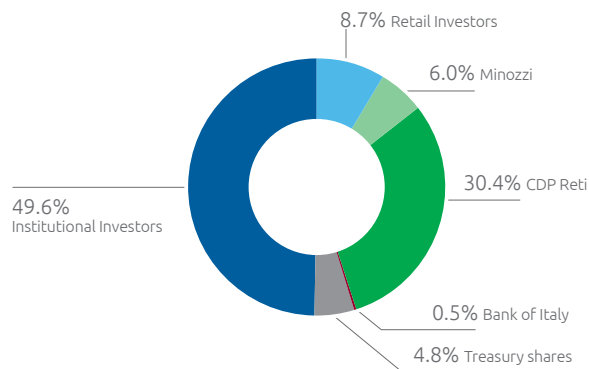
Share performance, 2016 - 2018



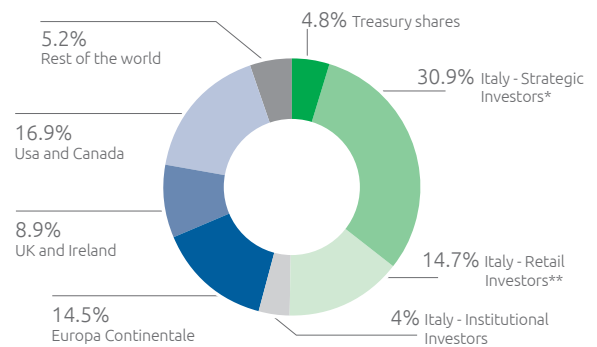
The Snam share ended 2018 with a closing price of € 3.7354, slightly lower than the one recorded at the end of the previous year, adjusted for the detachment of dividends, equal to € 3.7661. The registered variation has led to a Total Shareholders Return (TSR) equal to -0.8%.

SHAREHOLDING STRUCTURE AND REPRESENTATION

Shareholding Structure



Type of Investors



* Italian strategic shareholders include Banca d'Italia and CDP Reti

** Italian retail shareholders include the stake owned by Romano Minozzi (6.02%)

Other features of the shareholding

	Yes/No	% of the share capital
Presence of a Shareholders' Agreement	Yes	30.37%
Presence of loyalty shares	No	
Share ownership of Top Management	Yes	0.012%
Shareholding level for the submission of lists	Yes	1%
Shareholding of Italian institutional investors	Yes	34.9%
Shareholding of foreign institutional investors	Yes	45.7%

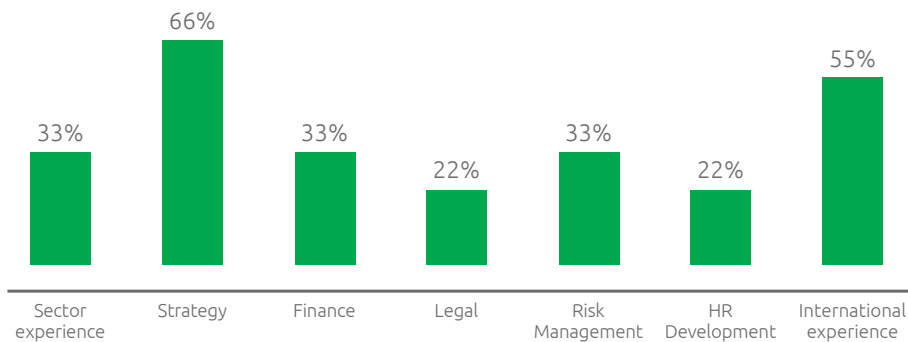
COMPOSITION OF THE BOARD OF DIRECTORS

Structure of the Board of Directors

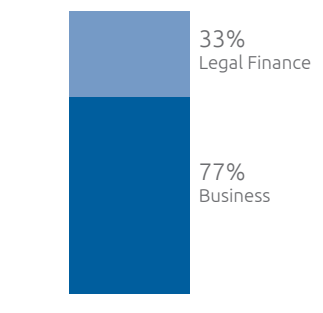
Director	Post	Role	M/m	CRRPTC	CR	AC	CS
Carlo Malacarne	Chairman	Non Executive	M				
Marco Alverà	CEO	Executive	M				
Sabrina Bruno	Director	Independent (pursuant to the CFA/Code)	m	✓			C
Monica de Virgiliis	Director	Independent (pursuant to the CFA/Code)	M		C	✓	
Francesco Gori	Director	Independent (pursuant to the CFA/Code)	m			C	
Yunenpg He	Director	Non Executive	M				✓
Lucia Morselli	Director	Independent (pursuant to the CFA/Code)	M	✓			✓
Elisabetta Oliveri	Director	Independent (pursuant to the CFA/Code)	m	C	✓		
Alessandro Tonetti	Director	Non Executive	M		✓	✓	

CRRPTC Control, Risk and Related-Party Transactions Committee; RC Remuneration Committee; AC: Appointments Committee; SC: Sustainability Committee
M: to be intended as the list from which the majority of the directors were drawn (please see p. 41)
m: minority list to be intended as the list from which the minority of the directors were drawn (please see p. 41)
C: Chairman

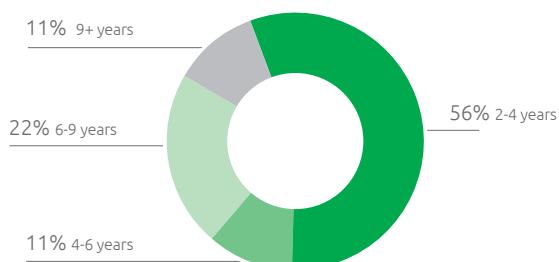
Directors' expertise



% business competence regarding legal and finance competences



Seniority of office of the directors on the Board of Directors



Development compared with the previous term

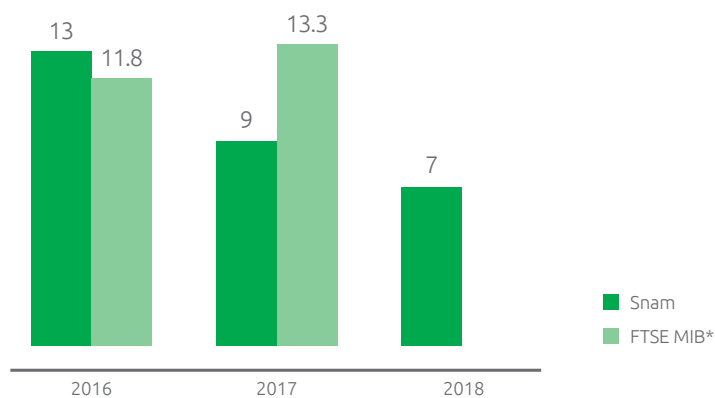
	Last term	Current term	FTSE MIB average
Number of Directors	9	9	13**
Directors elected from the minority list	3 (33.3%)	3 (33.3%)	2.3 (17%)**
% of the less represented gender on the BoD	33%	44.4%	36.9%*
% of Independent Directors	56%	56%	54.6%**
Average age of the Directors	56	54	57**
Status of the Chairman	Non-executive Director	Non-executive Director	Non-executive Director 74%**
Existence of the <i>Lead Independent Director</i>	no	no	24.3%*

* CORPORATE GOVERNANCE COMMITTEE, Report of the corporate governance evolution in the listed companies, 6th report related to the application of the Corporate Governance Code.

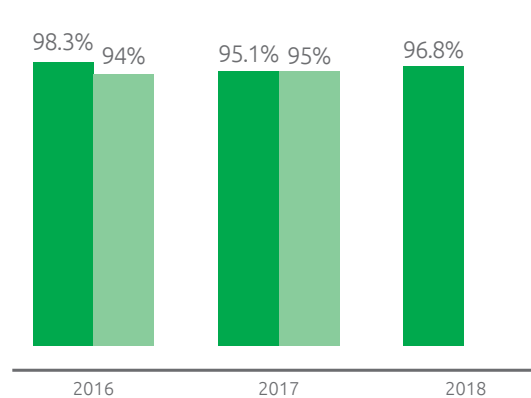
** ASSONIME – *Corporate governance in Italy: self-regulation, remuneration and comply-or-explain* (year 2018), notes and studies. The 2018 research covered the 225 Italian companies, listed as at 31 December 2018, the Reports of which were available as at 15 July 2018.

OPERATION OF THE BOARD OF DIRECTORS

Number of meetings of the BoD



Annual Board Evaluation Process



* The European House – Ambrosetti S.p.A., Observatory on Corporate Governance Excellence in Italy, 2018 Edition. The data refer to the financial year 2017 and have been taken from public sources such as the 2017 Financial Statements and Corporate Governance Reports published in the spring of 2018.

Number of meetings of the Committee and attendance rate of directors

Committee	No. of meetings	Rate of attendance	Presence of independent members
Remuneration Committee	6	100%	100%
Control, Risk and Related-Party Transactions Committee	11	97%	97%
Appointments Committee	6	94.5%	92.3%
Sustainability Committee	10	100%	100%

Board directors who are also Directors and Auditors in other important companies pursuant to the Code of Corporate Governance

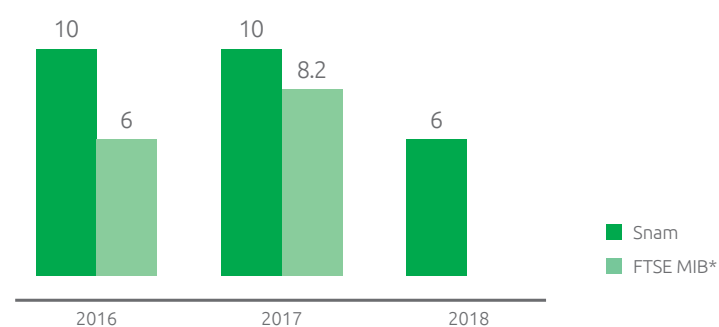
	Group Companies	Other listed companies			Financial and insurance companies, banks and large companies			
		Non-Executive Director	Independent Director	Statutory Auditor	Non-Executive Director	Executive Director	Independent Director	Statutory Auditor
Alverà Marco	-	-	1	-	-	-	-	-
Sabrina Bruno	-	-	1	-	-	-	-	-
Monica de Virgiliis	-	-	1	-	-	-	-	-
Francesco Gori	-	2	1	-	-	-	-	-
Yunpeng He	-	3	-	-	1	-	-	-
Lucia Morselli	-	-	2	-	2	-	-	-
Elisabetta Oliveri	-	-	2	-	-	-	-	-

Board Evaluation Annual Process

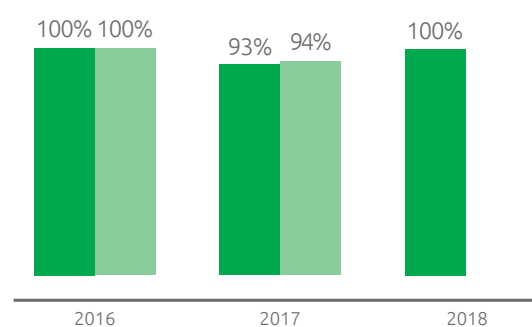
Implementation of the <i>Board Evaluation</i> process.	Yes
Assessor	Self-assessment with the support of an adviser
Questionnaire self-assessment method (Questionnaires/Board Meetings)	Questionnaires/Board Meetings/Peer-to-Peer reviews consisting of the analysis of the individual contributions of each Director by their colleagues

REMUNERATION

Number of meetings of the Remuneration Committee



Rate of attendance of the Remuneration Committee



* ASSONIME – Corporate governance in Italy: self-regulation, remuneration and comply-or-explain (year 2018) Notes and Studies. The 2018 research covered the 225 Italian companies, listed as at 31 December 2017, the Reports of which were available as at 15 July 2018.

Short-term incentive systems (STI)

	No	Yes
Existence of a short-term incentive system		✓
Existence of a bonus cap		✓

STI parameters for the CEO

	Weighting
Free Cash Flow	30%
Investments	20%
Operating Efficiency	30%
New activities	10%
Sostenibilità	10%

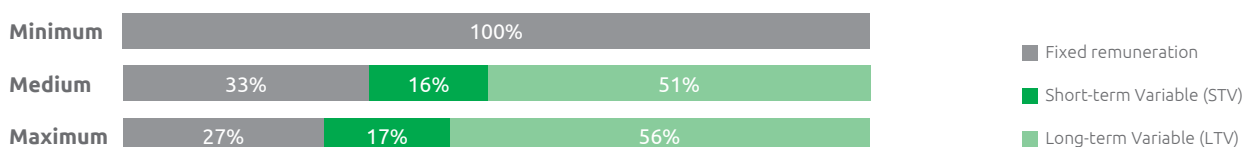
Long-term incentive systems (LTI)

Existence of a long-term incentive system	
LTI Vehicles	
<i>Cash</i>	
Financial instruments	✓

LTI parameters for CEO

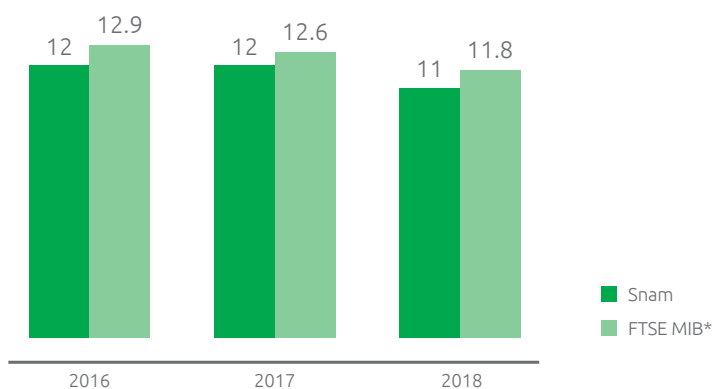
	Weighting
Ebitda	60%
<i>Adjusted net profit</i>	30%
Sustainability	10%

Theoretical pay mix for the CEO

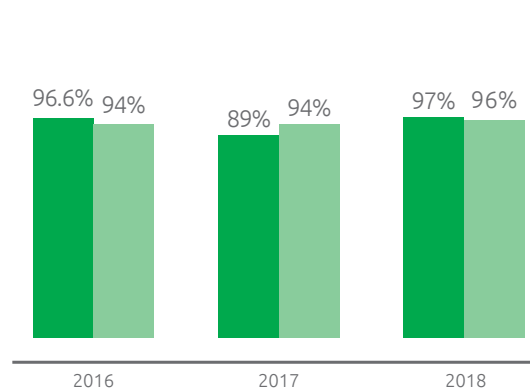


INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Number of meetings of the Control, Risk and Related Party Transactions Committee



Attendance Rate of the Control, Risk and Related Party Transactions Committee



* ASSONIME – Corporate governance in Italy: self-regulation, remuneration and comply-or-explain (year 2018) Notes and Studies. The 2018 research covered the 225 Italian companies, listed as at 31 December 2017, the Reports of which were available as at 15 July 2018.

Control, Risk and Related-Party Transactions Committee

	Independent	Executive
Elisabetta Oliveri (Chairman)	✓	Non-executive Director
Sabrina Bruno	✓	Non-executive Director
Lucia Morselli	✓	Non-executive Director

BOARD OF STATUTORY AUDITORS

Composition of the Board of Statutory Auditors

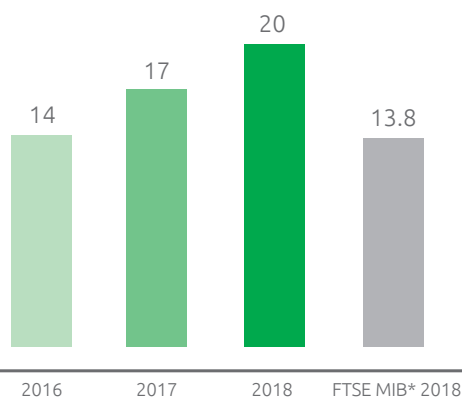
Auditors	Post	Ind.**	M/m*	Other offices
Leo Amato	Chairman	✓	M	45
Massimo Gatto	Standing	✓	m	2
Maria Luisa Mosconi	Standing	✓	M	6
Maria Gimigliano	Alternate	✓	M	n/a
Sonia Ferrero	Alternate	✓	m	n/a

* M: to be intended as the list from which the majority of the statutory auditors were drawn (please see p. 69).

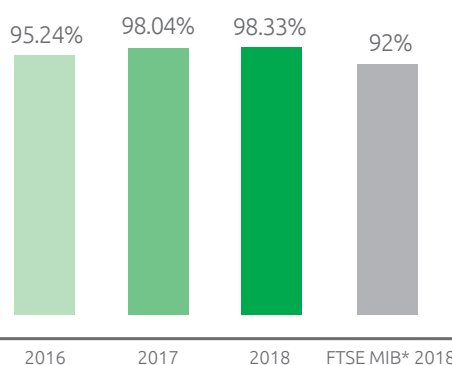
m: to be intended as the list from which the minority of the statutory auditors were drawn (please see p. 69).

** Independent director pursuant to the Italian Financial Services Act and to the Corporate Governance Code

Number of meetings of Auditors



Attendance rate of Auditors



* ASSONIME – Corporate governance in Italy: self-regulation, remuneration and comply-or-explain (year 2018), notes and studies. The 2018 research covered the 225 Italian companies, listed as at 31 December 2018, the Reports of which were available as at 15 July 2018.

Main elements of the Internal Control and Risk Management System

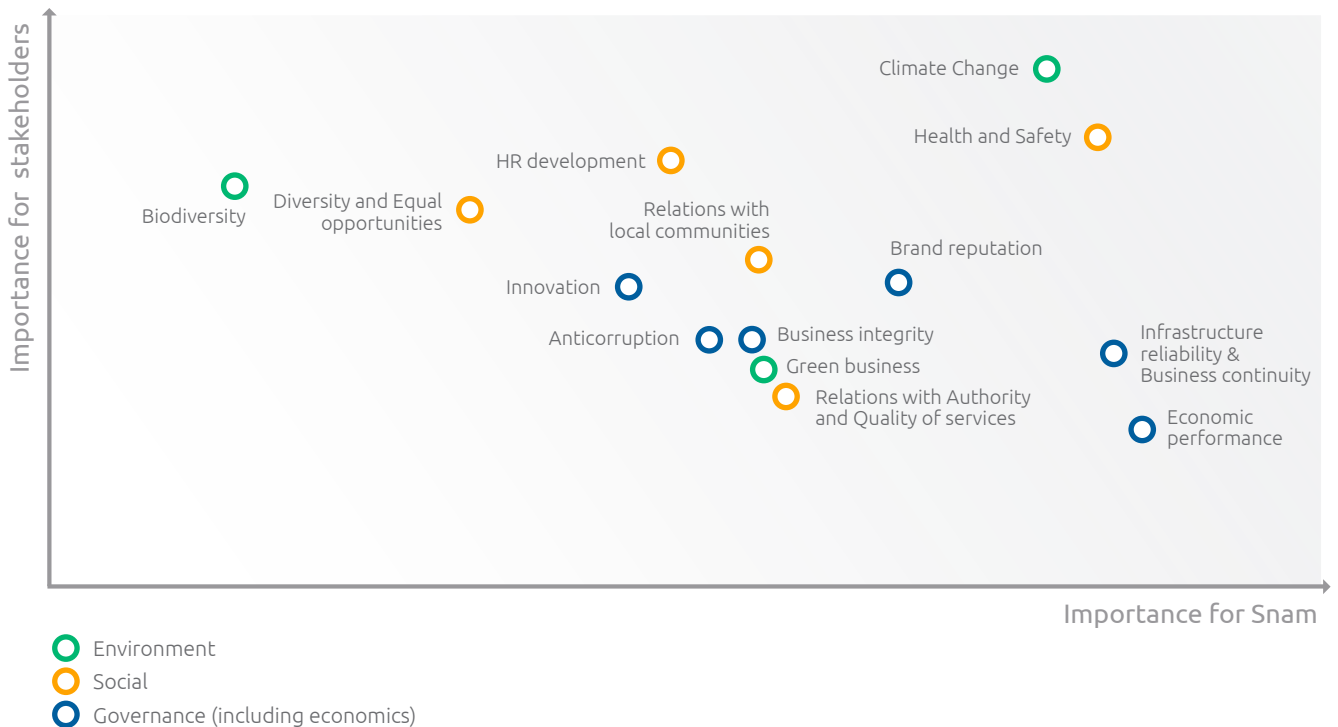
	Yes/No
Presence of the Risk Management function	yes
Is there an Enterprise Risk Management plan	yes
If so, has this plan been discussed with the Committee?	yes
Presence of succession plans (with regard to management)	yes
Preparation of specific Compliance programmes (<i>Antitrust, Anticorruption, Whistleblowing, etc.</i>)	yes

Main risks

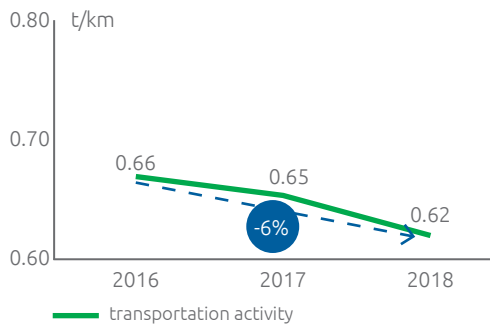
Main risks	Mitigation actions
Legislative development (regulatory, legislative and non-compliance context)	Monitoring and comparison with the main institutional parties involved. Training of management and employees on the issues of anticorruption, antitrust and other potential offences. Updating and circulation of the rules and contractual standards in line with the applicable regulations and legislation. Checks on the reputation of suppliers and sub-contractors. Anticorruption and antitrust monitoring.
Operational Risk (interruptions, disruptions)	Continuous control and monitoring activities aimed at preventing and/or limiting the impact related to third-party interference, potential situations of inadequate coordination at sites, the occurrence of hydrogeological events.
Cybersecurity Risk	Action aimed at collecting, analysing and monitoring 24/7 all the monitoring sources in a single command and control centre. Regular risk assessment for the analysis of the Cyber risk.
Creation of infrastructure	Actions aimed at strengthening relations with the local communities where Snam is present and operates, through preventive, continuous and integrated involvement of its stakeholders with a view to creating a sustainable business for the areas and the creation of value.

ETHICS, SUSTAINABILITY AND GOVERNANCE

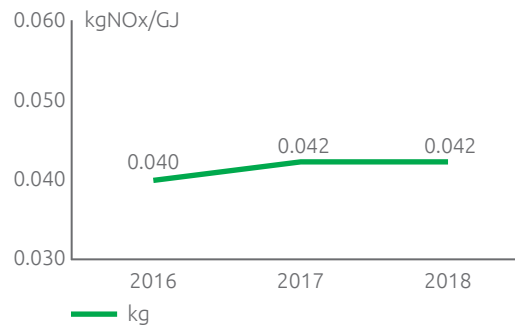
2018 Materiality Matrix



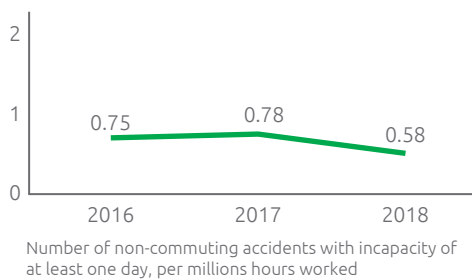
Methane emissions/network km



NOx emissions/energy used



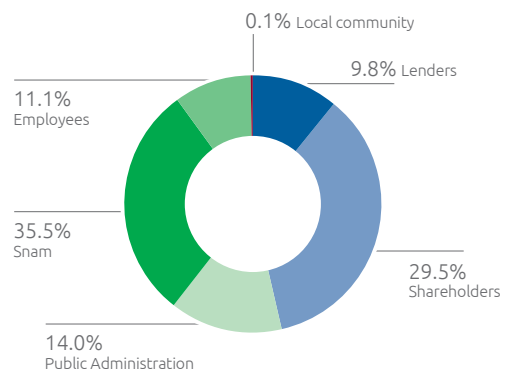
Accidents at work - Employee and contract worker frequency index



Breakdown of Added Value *

(millions of euro)	%	2017	%	2017
Added Value produced (A)		2,447		2,532
Added Value distributed (B)		1,621		1,634
Employees**	10.2	249	11.1	280
Local community	0.2	5	0.1	3
Donations and sponsorship				
Regulatory environmental compensation		5		3
Lenders (Bondholders and Banks)	11.9	292	9.8	249
Shareholders***	29.9	732	29.5	746
Public Administration	14.0	343	14.1	356
Direct taxes		329		341
Indirect taxes		14		15
Added Value retained by the Company (A) - (B)	33.8	826	35.5	898
		of wich depreciation		
		690		76.856

Breakdown of Added Value (%)



* At Snam, sustainability and the creation of value are strongly connected concepts. Sustainability creates value for the Company and stakeholders, and establishes a connection between the business and corporate social responsibility. The Company produces wealth by contributing to the economic growth of the society and environment in which it operates, and it measures this wealth in terms of added value produced and distributed to its key stakeholders.

Snam calculates the added value on the basis of the standard prepared by the Gruppo di Studio per il Bilancio Sociale (GBS) and the GRI Standards. A total of 35.5% of the gross global added value produced by Snam was reinvested within the Group (an increase on 2017: +1.7 percentage points), of which approximately 77% was allocated to the amortisation and depreciation of the infrastructures used in the production process (80% in 2017). As regards the main reference stakeholders, 2018 shows a greater incidence of Value Added distributed to employees (11.1%; +0.9 percentage points on 2017) through direct compensation comprised of wages, salaries and severance pay and indirect compensation comprised of social safety charges and costs for staff-related services (canteen services, travel cost reimbursement). The value allocated to the Public Administration through payment of direct and indirect tax records substantial stability (14.0%; no change on 2017).

** Includes staff-related service costs.

*** The 2018 figure refers to the dividend proposed by the Board of Directors subject to the approval of the Shareholders' Meeting called for 02 April 2019.



Section I

Snam introduces itself



18	1. Mission and international growth
19	2. The stages of a long journey
21	3. The presence of Snam in Italy and in Europe
24	4. Governance and sustainable development of the business
24	5. Snam's corporate governance
25	6. Code of Ethics

1. MISSION AND INTERNATIONAL GROWTH

Snam is a leading company in Europe in the implementation and integrated management of natural gas infrastructure. It promotes the conditions for an equitable energy cost by an efficient management of the gas system, the development of infrastructure and the offer of integrated services for the market. It promotes the integration of European networks, including through strategic partnerships with the most prominent industry operators across the main continental energy corridors.

Snam follows an ethical and socially responsible model, as also specified in the Company's Articles of Association, in the Code of Ethics, and in the Sustainability Report⁵ of the Company, which is able to generate value for the business and for the community in which it is active through recognised professionalism and a transparent dialogue with all the stakeholders, respecting the environment and the territory. It has a development strategy that is clear and sustainable over time and is based on one of the most significant investment plans in the countries in which it operates. This allows the Company to attract Italian and foreign capital, encouraging growth and employment.

Snam also adopts an economic and business model that includes in its business activities the respect for people in the belief that people's skills and their constant enhancement are a true investment to which to commit - for the stakeholders, the environment and the community as a whole.

Snam is active in the transport, storage and regasification of natural gas. It manages a national transport network that is longer than 32,300 kilometres, 9 storage sites and 1 regasification plant.

Snam owns the main gas infrastructure on the national territory and is a very prominent operator in Europe in terms of capital invested for regulatory purposes (approximately EUR 20 billion of RAB estimated at the end of the year 2018)⁶.

The Company actively promotes the use of natural gas as a source of energy that is flexible and safe and has a low environmental impact. Snam has launched a number of projects aimed at promoting the use of compressed natural gas – CNG, of biomethane and liquefied natural gas (LNG) in the transport sector. Snam also has a presence in the energy efficiency sector through its Subsidiary TEP Energy Solution S.r.l.

Over the past few years Snam has increasingly focused its attention on the international scene. Indeed, Snam, through companies in which it holds an interest in Austria (TAG and GCA), France (TEREGA), the United Kingdom (Interconnector UK) and Greece (DESFA) manages a 41,000-kilometre network and more than 20 billion cube metres of storage capacity through 11 sites. It is also a shareholder in the TAP project, the European section of the gas pipeline which connects the oil fields of Azerbaijan with the European Union and it has established the joint venture Albanian Gas Company Service Sh.A. with Albgaz SH.A. in Albania.

⁵ For further information please refer to Section I, Paragraph 4, of the Report.

⁶ Source: Annual Report 2018.

2. THE STAGES OF A LONG JOURNEY

1941

The birth of Snam, an integrated operator in the supply, transportation and sale of gas

1941-1999

Over the next 60 years Snam played the main role in the process of methanization of Italy. It built a capillary National Network, covering the whole Italian territory, while building pipelines for import from abroad allowing for a wide diversification of supply sources, with gas coming from Russia, the Netherlands, Algeria, the North Sea, and Libya. In 1971 Snam built, in Panigaglia (La Spezia), the first LNG terminal in Italy

2000

In 2000, following the Letta Decree 164/2000⁷ promoting the liberalisation of the gas market, Snam Rete Gas was established. The activities of transport, despatch and regasification of LNG, regulated by the Authority, were contributed to this new entity

2001-2011

On 6 December 2001 Snam Rete Gas started its journey as a listed company; over the years it has built a successful story as a share and brand operating in the regulated transport activities. In 2009 the range of operations was extended: after the Company bought 100% of Stogit and Italgas from eni it became an integrated operator of regulated activities occupying a leading position in the European landscape

2012

At the start of 2012 Snam Rete Gas modified its corporate structure and took on the name "Snam". The gas transport business was contributed to a wholly-owned company named Snam Rete Gas. In the subsequent October its shareholding structure changed considerably too: after the acquisition from eni of 30% of the share capital of Snam, CDP became the new reference shareholder

⁷ Legislative Decree no. 164 of 23 May 2000 ("Implementation of Directive 98/30/EC containing common rules for the internal market of natural gas, pursuant to Article 41 of Law no. 144 of 17 May 1999").

2016

Unbundling of the activities relating to gas distribution in Italy – the area in which Italgas and its Subsidiaries and Affiliates are active – those relating to transport and despatch, LNG and storage in Italy and abroad.

Technically, it is a partial and proportional demerger of Snam, whereby a proportion equal to 86.5% of the shareholding held by Snam in Italgas S.p.A. was transferred, pro quota, to Snam's current shareholders

2017

In 2017 Snam celebrated its first 75 years of activity, proving that the ability to put its commitment and skills to the service of the community and to keep a constant dialogue with the territories are and will be the key to its success. The acquisition from Edison of 100% of the share capital of Infrastrutture Trasporto Gas allowed Snam to strengthen its infrastructure in Italy and to develop further synergies in the integrated management of the whole gas system, connecting with the national transport network a strategic entry point for the Italian natural gas market

Concerning Snam's commitment to sustainable development, in December 2017 Snam entered into the first executive contract for the development of methane supply stations in Italy starting the activities of Snam 4 Mobility S.p.A. (wholly owned by Snam)

Snam today

In March 2018 Snam relaunched its brand identity, renewing its logo and values which accompany the group in meeting its challenges in the future, from the construction of infrastructure to guarantee stable and secure energy supplies, to the development of gas as a renewable source.

"Energy to inspire the world" is the message on which the strategic repositioning of Snam is based, in an increasingly global market featuring changes and innovation which are transforming the energy and environmental scenes.

In 2018, alongside growth in the core business of regulated activities, concluded with the acquisition in December, through a European Consortium, of DESFA, the national operator in the natural gas infrastructure sector in Greece, Snam made significant investments for the development of new businesses aimed at promoting decarbonisation and the improved use of energy, specifically in the biomethane sector (IES Biogas and Enersi Sicilia), sustainable mobility (Cubogas) and energy efficiency (TEP Energy Solution).

It also made important deals for the development of sustainable mobility, including through the development of micro-liquefaction plants, as well as agreements for evaluating possible collaboration in China, specifically in biomethane, research and development into renewable gas, sustainable mobility and joint electricity-gas projects.

With the objective of developing Snam's consolidated experience at a global level, under the scope of the activities launched by the Snam Global Solution business unit, Snam set up a joint venture with the Albanian infrastructure operator Albgaz aimed at providing services related to the management and maintenance (O&M) of the Albanese section of the TAP gas pipeline.

3. THE PRESENCE OF SNAM IN ITALY AND IN EUROPE





2012

1 Interconnector (23.54%)

235 km undersea pipeline between Bacton (UK) and Zeebrugge (Belgium)
1 terminal and 1 compression station at Bacton, and 1 terminal and 1 compression station at Zeebrugge



2013

2 Terēga (40.5%)

5,050 km of network; 6 compression stations (114 MW)
About 15% of French totale gas volume
5.8 bn m³ of storage capacity (2.8 bn m³ working gas): around 25% of national capacity



2014

3 TAG (84.47%)

3 parallel pipelines of about 380 km each
5 compression stations





2015

4 TAP (20%)

Assets under development: final section of the South gas Corridor from Azerbaijan to Europe.

878 km long (773 km on-shore and 105 km off-shore) through Greece, Albania, Adriatic sea and Italy.

Initial capacity of 10 bn m³/year, which can be increased to 20 bn m³/year.

Expected to come into service in 2020



2016

5 GCA (49% via AS Gasinfrastruktur)

554 km of transportation network
315 km of distribution network
5 compression stations



2018

6 DESFA (66% via Senfluga)

1,450 km of transportation network:
- 2 entry point (Bulgaria and Turkey)
- 1 exit point (Bulgaria)
1 LNG terminal (5 bn m³/year)



SNAM INFRASTRUCTURE IN ITALY

NATURAL GAS TRANSPORTATION

	ENTRY POINT	8
	REVERSE FLOW	
	COMPRESSION STATION	13
	PIPELINES UNDER OPERATIONS	

NATURAL GAS STORAGE

	OPERATING CONCESSIONS	9
--	-----------------------	---

LNG REGASIFICATION

	REGASIFICATION PLANT	1
--	----------------------	---

INVESTMENTS OVERSEAS

	INTERNATIONAL PIPELINES
	COMPRESSION STATION
	STORAGE FIELDS
	REGASIFICATION PLANT


4. GOVERNANCE AND SUSTAINABLE DEVELOPMENT OF THE BUSINESS

Corporate governance is instrumental to the creation of value for the shareholders and to balancing the interests of the Company's stakeholders. Snam ensures the protection of the matters of mutual interest and compliance with the rules and promotes a constructive dialogue with its stakeholders with the ultimate aim of acting towards the creation of shared value. The business is based on the principles set forth in the UN Universal Declaration of Human Rights, in the International Labour Organisation (ILO) fundamental Conventions and in the OECD Guidelines for Multinationals. Furthermore, Snam participates in the Global Impact of the United Nations, the most important international initiative in the field of sustainable development, aimed at promoting and spreading the ten global ethical principles concerning human rights, environmental protection, workers' rights, and fight against corruption. Finally, the commitment towards sustainable development also translates into the protection of the environment as an integral part of the definition of corporate policies. Indeed, Snam intends to promote the co-existence of the environment and of economic development, while not neglecting the protection of land.

The Snam share is listed on the FTSE MIB of Borsa Italiana and is present on the main international indices (STOXX Europe 600, STOXX Europe Utilities), and on the main sustainability indices (Dow Jones Sustainability, FTSE4Good, CDP, Stox Global ESG Leaders, MSCI, United Nations Global Compact 100 and Vigeo, Oekom and Sustainalytics).

To represent the value created and the sustainability of the business in a transparent way, since 2015 Snam has prepared in the Management Report - included in the annual Financial Report - an integrated accounting of financial and non-financial data and information, according to the guidelines of the framework suggested by the International Integrated Reporting Council ("IIRC").

As of 2017 the Management Report has contained information referred to in the Non-Financial Disclosure that Snam drew up as a separate section, in compliance with Legislative Decree 254/2016.

The Non-Financial Disclosure includes, where appropriate and necessary, also information contained in this Report, which can be identified and consulted by following the specific references:  infographic

The Financial Report is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/ENG_file/investor_relations/reports/annual_annual/2018/SNAM_2018_Annual_Report.pdf)

In September 2018, Snam became a supporter of the Task Force on Climate-related Financial Disclosures TCFD⁸.

As from 2019 Snam has published the document "*Snam in changing - 2018 Financial Disclosure on Climate Change*".

The document "*Snam for the future - 2018 Financial Disclosure on Climate Change*" is available on the Company's Website (www.snam.it/en/Sustainability/strategy_and_commitments/task_force_CFD.html)

Furthermore, Snam publishes the Sustainability Report, drawn up according to the GRI (Global Reporting Initiative) standards, as it is deemed to be an important tool for the management of the process of sustainability and communication towards the stakeholders. The Sustainability Report is approved by Snam's Board of Directors⁹.

The Sustainability Report is available on the Company's Website (www.snam.it/repository/ENG_file/investor_relations/reports/annual_reports/2018/2018_sustainability_report.pdf)

5. SNAM'S CORPORATE GOVERNANCE

The **corporate governance** of a business consists of the rules and methods for the planning, management and control required for the functioning of the company.

The corporate governance system of Snam was outlined by the Board of Directors in compliance with the legislation applicable to the Company¹⁰.

This system is based on key principles, such as a fair and transparent management choice of the business, ensured through (i) the definition of information flows between the corporate bodies; (ii) an efficient definition of the internal control and risk management system, and (iii) the adoption of an Enterprise Risk Management system (the "**ERM Model**") composed of organisational rules and structures aimed at identifying, measuring, managing and monitoring the main risks that may affect the achievement of the strategic targets.

⁸ The Task Force on Climate-related Financial Disclosures (TCFD) was set up in 2015 by the Financial Stability Board (FSB) –the body that promotes and monitors the stability of the global financial system - with the task of drafting a series of recommendations on the reporting of the risks associated with climate change. The objective is to guide and encourage companies to align the information disclosed with the expectations and needs of investors.

⁹ For further information please refer to Section III of this Report.

¹⁰ Specifically, the legislation to which the Company is subject (i) as a listed issuer; (ii) as it accepted the Corporate Governance Code; and (iii) as it accepted the national and international best practices which the Company has to face. The corporate governance system also pays special attention to the compliance with the Unbundling Legislation, taking into account the specific features of the activities carried out by Snam and by its Subsidiaries, subject to the regulation of the ARERA.

The Company's Articles of Association set forth the governance model of the Company and the main rules of functioning of corporate bodies

Snam's current corporate governance model is in compliance with the traditional management and control system. It is composed of two bodies appointed by the Meeting¹¹, i.e. the decision-making body of the shareholders, the Board of Directors having the broadest powers for the ordinary and extraordinary management of the Company, and the Board of Statutory Auditors, which supervises the administration and the compliance with the law and with the Articles of Association¹².

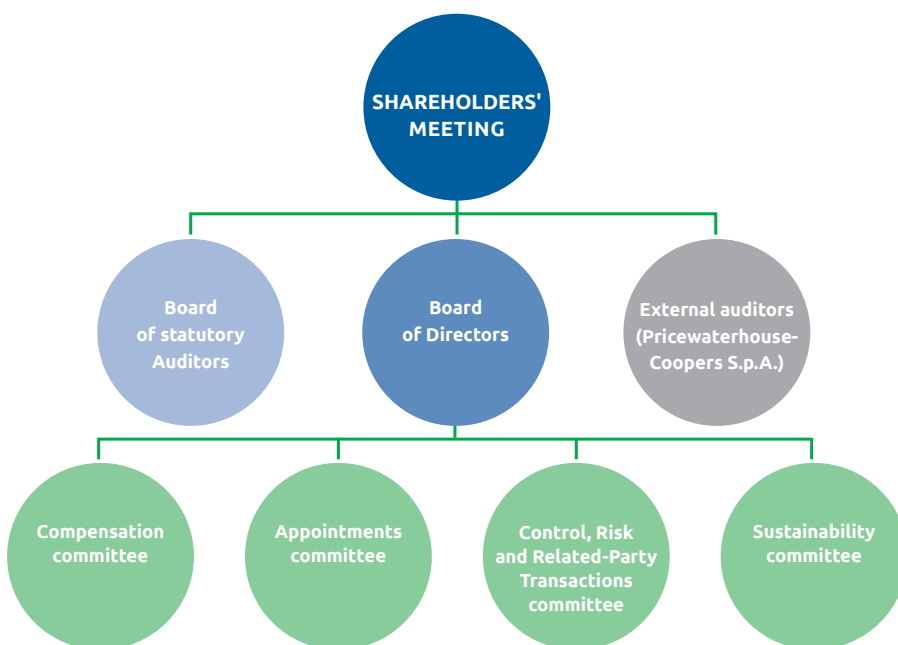
The audit of the accounts is carried out by an auditing firm appointed by the Meeting upon the proposal of the Board of Statutory Auditors, i.e. PwC S.p.A.

The Board of Directors established the following four committees, in compliance with the Corporate Governance Code and with the Articles of Association¹³:

- Control, Risk and Related-Party Transactions Committee;
- Remuneration Committee;
- Appointments Committee;
- Sustainability Committee.

The Company's Articles of Association are available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/statuto/Snam_S.p.A._Statuto_sociale_-_Aprile_2018_-_Clean_-_ENG.pdf)

Below is a chart illustrating the corporate governance structure of the Company as at the date of this Report:



11 For further information please refer to Section III, Paragraph 1, of the Report.
 12 For further information please refer to Section III, Paragraph 4, of the Report.
 13 For further information on the Board of Directors please refer to Section III, Paragraph 2; for further information on the Committees please refer to Section III, Paragraph 3, of this Report.

6. CODE OF ETHICS

The Code of Ethics sets forth a shared system of values, expresses Snam's culture of business ethics and inspires the strategic thinking and the performance of business activities¹⁴. Specifically, the Code of Ethics:

- i. expresses the values in which Snam identifies, such as compliance with the law, transparency, honesty, fairness, good faith, and full compliance with the rules on the protection of competition;
- ii. contains the behavioural rules for stakeholder relations (employees, customers, shareholders, commercial and financial partners, and the community where the Company is present with its activities);
- iii. prohibits, without exception, any form of corruption, illegal favours, collusive behaviours, solicitation, direct and/or through third parties, of personal and career benefits for oneself or for third parties.

The Code of Ethics represents, among other things, a mandatory general principle of the 231 Model. The Board of Directors assigned to the Watch Structure¹⁵ the role of Guarantor of the Code of Ethics, to whom the following may be submitted:

- requests for clarification and interpretation of the principles contained in the Code of Ethics;
- suggestions concerning the application of the Code of Ethics;
- reporting of breaches of the Code of Ethics.

The Code of Ethics is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Code_Ethics/Code_of_Ethics_Snam.pdf)

14 The Code of Ethics was finally approved by the Board of Directors on 30 July 2013.
 15 The Watch Structure was established pursuant to Legislative Decree 231 of 8 June 2001.

Section II

Snam's ownership structure



28	1. Share capital structure, variation of the corporate structure and market capitalisation
28	2. Allocation of shareholders according to geographical areas
29	3. Significant shareholdings
29	4. Restrictions on the transfer of shares and on the voting right
29	4.1 Unbundling Regulation
30	5. Shares carrying special rights
30	6. Special powers of the Government
31	7. Mechanism of exercise of voting rights in a possible employee share ownership scheme
32	8. Shareholders' agreements
33	9. Change of control clauses and provisions on tender offers
33	10. Powers of attorney to increase the share capital and authorisations to purchase treasury shares
34	11. Management and coordination activities
35	12. Further information - Reference

1. SHARE CAPITAL STRUCTURE, VARIATION OF THE CORPORATE STRUCTURE AND MARKET CAPITALISATION

The share capital, fully subscribed and paid up, is EUR 2,735,670,475.56, composed of 3,469,038,579 registered ordinary shares, without any indication of their nominal value.

Category of shares	No. of shares	% of share capital	Listing market	Rights and obligations
Ordinary shares with no indication of nominal value	3,469,038,579	100	Screen-based equity market (Mercato Telematico Azionario) organised and managed by Borsa Italiana	The shares are not divisible, and each share carries one voting right. The holders of shares may exercise the corporate and property rights to the extent of the limits set forth by the legislation in force and by the Company's Articles of Association

The treasury shares in the portfolio as at 31 December 2018 were 168,197,663, equal to 4.85% of the share capital; the floating capital was equal to 64.2%.

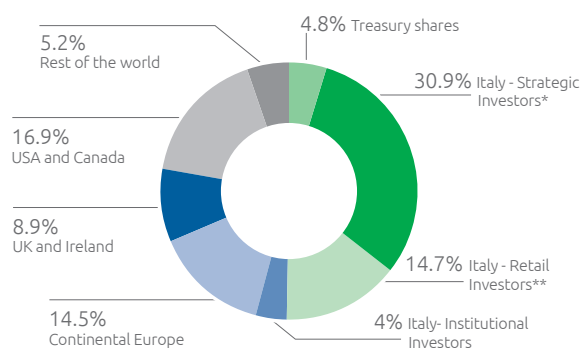
The market capitalisation of the Company went from EUR 13,953 million as at 31 December 2017 to EUR 12,606 million as at 31 December 2018 (official price EUR 3.819 for 3,300,840,916 outstanding shares).

2. ALLOCATION OF SHAREHOLDERS ACCORDING TO GEOGRAPHICAL AREAS

The table below shows the allocation of shareholders according to geographical areas¹⁶.

Shareholders' Areas	Proportion of share capital (%)
Italy	54.5
Continental Europe	14.5
USA and Canada	16.9
UK and Ireland	8.9
Rest of the world	5.2
Total	100.00

Type of Investors



¹⁶ The table was prepared based on the information available to the Company as at the date of approval of the Report.

3. SIGNIFICANT SHAREHOLDINGS

The table below shows the shareholders holding shareholdings in excess of 3% in Snam's share capital¹⁷.

Declarant	Direct Shareholder	% Proportion of ordinary capital
CDP S.p.A.	CDP RETI S.p.A. ⁽¹⁾	30.374
MINOZZI ROMANO	Minozzi Romano	3.017
	Iris Ceramica Group S.p.A.	2.185
	GranitiFiandre S.p.A.	0.505
	Finanziaria Ceramica Castellarano S.p.A.	0.316
		Totale: 6.023
BLACKROCK INC.		4.999
LAZARD ASSET MANAGEMENT LLC.		4.952
SNAM S.p.A.	SNAM S.p.A.	4.849

⁽¹⁾ A company the share capital of which is held to the extent of 59.1% by CDP S.p.A., to the extent of 35% by State Grid Europe Limited and to the extent of 5.9% by Italian institutional investors.

4. RESTRICTIONS ON THE TRANSFER OF SHARES AND ON THE VOTING RIGHT

The Articles of Association do not provide for any restrictions on the transfer of ownership of the Company's shares. However, the provisions of law described below do provide for a number of restrictions on the transfer and ownership of Snam's shares.

4.1 Unbundling Regulation

Prime Ministerial Decree dated 25 May 2012 (the "**PMD**") set forth "*Criteria, conditions and procedures with which the company Snam S.p.A. complies to adopt the ownership unbundling model of management of the national gas transport and ensure the full neutrality of the company Snam S.p.A. vis-à-vis vertically integrated companies for the production and supply of natural gas and electricity.*"

In compliance with ownership unbundling, on 15 October 2012, CDP RETI S.p.A. (at the time wholly-owned by CDP S.p.A.) bought 30% minus one share of Snam's share capital from Eni S.p.A.. Eni S.p.A. subsequently reduced its shareholding and today it no longer owns any shareholding in the Company's capital.

¹⁷ The table was prepared based on the information available to the Company as at the date of approval of the Report.

To ensure the full neutrality of Snam, the PMD¹⁸ further provided that:

- (i) even if Snam was included in the separate management of CDP S.p.A., all the decisions concerning the management of Snam's shareholdings would be adopted by the Board of Directors of CDP S.p.A., as if the shareholding was included in the ordinary management - thus excluding the power of guidance of the Ministry of Economy and Finance and without any influence over such decisions by the members supplementing the Board of Directors of CDP S.p.A. for the administration of the separate management;
- (ii) the members of the management and control bodies and the managers of Eni S.p.A. and its subsidiaries may not be part of the corporate bodies or carry out any managerial functions in CDP S.p.A. or in Snam and their subsidiaries, or have any direct or indirect professional or financial relationship with such companies, and vice versa.

The voting rights attributed to the shares acquired (including through acts, transactions or agreements in whatever form they were executed) and to any shares already owned, whether directly or indirectly, by gas and/or electricity producers or suppliers or by their parent companies, or by companies controlled by them or associated with them pursuant to the Italian Civil Code, or any appointment powers pertaining to them, shall be limited pursuant to the provisions of the applicable¹⁹ legislation, which regulates the ownership unbundling model. This article provides that the same person (whether an individual or a legal person) may not:

- (i) exercise its control, whether directly or indirectly, over a business producing or supplying natural gas or electricity while at the same time exercising its control or rights, whether directly or indirectly, over the operator of a natural gas or electricity transport system or over a natural gas transport system or electricity transmission system;
- (ii) appoint any members of the supervisory board, of the board of directors, or of the bodies legally representing the business within an operator of transport systems or a transport system, while at the same time exercising, whether directly or indirectly, its control or rights over the natural gas production or supply activities²⁰.

Pursuant to the above-mentioned rule the shareholders carrying out activities relating to the production and sale of gas and/or electricity may not exercise their voting rights at the meetings of the Company; therefore, they only have the property rights attaching to the shares they own in Snam.

As a result of the new legislation and of the consequent loss of control over Snam by Eni S.p.A., on 14 November 2013 the ARERA adopted Resolution 515/2013/R/gas concerning the decision of final certification of Snam Rete Gas as the operator of the natural gas transport system under the ownership unbundling regime. The continued fulfilment of the ownership unbundling requirements provided for by the legislation in force was subsequently confirmed by the ARERA by Resolution 318/2016/R/GAS of 16 June 2016, which was adopted following the transfer of shareholdings of CDP RETI S.p.A. by CDP S.p.A. to the company State Grid Europe Limited.

Finally, through resolution 589/2018/R/GAS of 20 November 2018, the ARERA also certified the company Infrastruttura Trasporto Gas S.p.A., acquired in full from Snam in October 2017 as a natural gas transport system operator, under the ownership separation regime.

5. SHARES CARRYING SPECIAL RIGHTS

The Articles of Association of the Company do not provide for the issue of multiple-voting or loyalty shares.

The Company did not issue any shares carrying special ownership rights.

6. SPECIAL POWERS OF THE GOVERNMENT

Law Decree no. 21 of 15 March 2012²¹ regulates "special powers" by restating the terms and conditions for the exercise of special powers by the Government concerning core assets in the energy, transport and communications sectors so as to adjust national legislation to the provisions of the Treaty on the Functioning of the European Union. Such legislation grants powers of intervention to the Government to protect legitimate, strategic and essential interests of the Country.

¹⁸ In this respect please refer to Article 2 of the PMD.

¹⁹ In this respect please refer to Article 19 of Legislative Decree No. 93 of 1 June 2011 on the "Transposition of Directives 2009/72/EC, 2009/73/EC and 2008/92/EC concerning common rules for the internal market in electricity and natural gas and a Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users, as well as the repeal of Directives 2003/54/EC and 2003/55/EC".

²⁰ These rights include, in particular, the power to exercise voting rights, to appoint members of the supervisory board, of the board of directors or of the bodies legally representing the company.

²¹ Law Decree no. 21 of 15 March 2012 was converted into Law no. 56 of 11 May 2012, subsequently amended by Law Decree No. 148 of 16 October 2017 – converted with amendments by Law No. 172 of 4 December 2017 sets forth rules concerning special powers over corporate assets in the defence and national security sectors, and also for core assets in the energy, transport and communications sectors.

With regard to the energy sector, the Decree entitles the Government to: (i) the voting power in relation to resolutions, acts or transactions adopted by the companies holding core assets in the energy sectors, provided that such resolutions, acts or transactions determine the loss of control or of the availability of such assets or the change in their destination; (ii) the power to impose obligations or a vetoing power in the event of purchase of controlling shareholdings in the above-mentioned companies by non-EU persons.

As far as Snam is concerned, the following duties of disclosure are provided for:

- (i) in the event of changes to the ownership, control, availability or destination of the networks, plants, assets and relationships of strategic relevance for national interest (the “Core Assets”)²². Resolutions passed by the Shareholders’ Meeting or the management bodies concerning the transfer of subsidiaries that hold the aforementioned Core Assets must be reported within the same time frame. If the President of the Council of Ministers does not notify²³ the veto, if any, or does not impose any provisions or conditions aimed at protecting public interests within 15 days following the notice, then the transaction may be carried out;
- (ii) where the purchase of shareholdings in a company holding Core Assets by non-EU persons is such as to determine the permanent establishment of the purchaser because of the acquisition of control of the company;

- (iii) where the purchase of shareholdings in a company holding Core Assets by non-EU persons is such as to determine a danger to security or public policy.²⁴

If the purchase involves a threat of serious injury to the core interests of the Government or a danger to security or public policy, the president of the Council of Ministers may:

- (i) make the validity of the acquisition subject to the acquirer’s assumption of commitments intended to guarantee the protection of the afore-mentioned interests;
- (ii) block the acquisition in exceptional cases involving risks to the protection of the aforementioned interests that cannot be eliminated through the assumption of specific commitments.

The law also provides that such powers may be exercised “solely according to objective and non-discriminatory criteria”.

7. MECHANISM OF EXERCISE OF VOTING RIGHTS IN A POSSIBLE EMPLOYEE SHARE OWNERSHIP SCHEME

No employee share ownership scheme is provided for.

22 Article 2 of Law Decree 21/2012 provides that the identification of the assets deemed to be relevant assets to national interest in the energy, transport and communications sectors shall take place by one or more regulations adopted by a Presidential Decree. On 6 June 2014, the Official Journal published the two decrees implementing Article 2, paragraph 9 of Decree-Law 21/2012, as approved by the Council of Ministers on 14 March 2014, which identify: (i) assets of strategic importance in the energy, transportation and communication sectors (Presidential Decree no. 85 of 25 March 2014) and (ii) the procedures for the activation of special power in the energy, transportation and communication sectors (Presidential Decree no. 86 of 25 March 2014). Finally, on 2 October 2014 the text of the PMD of 6 August 2014 was published, which contains the “regulation of the coordination activities of the presidency of the Council of Ministers preliminary to the exercise of the special powers over the ownership structures in the defence and national security sectors, and over the core assets in the energy, transport and telecommunications sectors”. Specifically, Core Assets include the national natural gas transport network, the relevant compressor stations, the despatch centres, the gas storage plants, the onshore and offshore LNG regasification plants, and the management activities connected with the use of the above-mentioned networks and infrastructure.

23 The notice is given by the company to the Presidency of the Council of Ministers within 10 days of the adoption of the resolution, act or transaction affecting the Core Assets, and in any case before their implementation.

24 Article 14 of Law Decree no. 148/2017, converted into Law no. 172 of 4 December 2017, partly amended the regulation of Article 2 of Law Decree no. 21/2012. For this purpose it is provided that “to determine whether a foreign investment may affect security or public policy the circumstance may be considered that the foreign investor is controlled by the Government of a non-EU third-party country, including through significant financing”.

8. SHAREHOLDERS' AGREEMENTS

The main direct shareholder of Snam is CDP RETI S.p.A., the main shareholders of which are CDP S.p.A. (59.1%) and State Grid Europe Limited (“**SGEL**”) (35%), a company wholly owned by State Grid International Development Limited.

CDP S.p.A., SGEL and State Grid International Development Limited are parties to a shareholders' agreement executed on 27 November 2014 (the “**Shareholders' Agreement**”).

The Shareholders' Agreement was amended on 7 November 2016, following the perfection of the Demerger, so as (i) to reflect the new corporate structure of the group of CDP RETI S.p.A.; (ii) to extend the provisions of the Shareholders' Agreement to the new subsidiary Italgas; and (iii) to coordinate the contents of the Shareholders' Agreement and the provisions of the shareholders' agreement executed on 20 October 2016 by CDP RETI S.p.A., CDP Gas S.r.l. and Snam and concerning all the shares held by CDP RETI S.p.A., CDP Gas S.r.l. and Snam in Italgas²⁵. The Shareholders' Agreement was last updated on 23 May 2017 to acknowledge the transfer by CDP S.p.A. in favour of CDP RETI S.p.A. of the whole shareholdings held by CDP S.p.A. in Italgas S.p.A. and in Snam S.p.A.. Specifically, on 1 May 2017 the merger by incorporation of CDP GAS S.r.l. into CDP S.p.A. became effective and, therefore, on such date CDP S.p.A. took over the ownership of the Snam and Italgas shares owned by CDP GAS. Having said this, on 19 May 2017 CDP S.p.A. transferred to CDP RETI the whole shareholding in Italgas and the whole shareholding in Snam.

The Shareholders' Agreement – having a term of three years from the execution date and being automatically renewed for further three-year periods subject to withdrawal

by any of the parties – regulates, among other things, a number of aspects relating to the corporate governance of Snam. Specifically:

- for as long as SGEL holds a shareholding at least equal to 20% of the capital of CDP RETI S.p.A., SGEL shall be entitled to designate a candidate to include in the list of candidates to the office of director of Snam, which shall be submitted by CDP RETI S.p.A. at the meeting called for the appointment of the members of the Board of Directors;
- the candidate designated by SGEL shall be included in the list submitted by CDP RETI S.p.A. in a position such as to ensure its appointment as a director of Snam should the list of CDP RETI S.p.A. obtain the majority of votes at the Meeting;
- SGEL has undertaken to ensure that the Director designated by it at the meeting of the Snam's Board of Directors (if and to the extent that such director is not independent pursuant to Article 148 of the CFA) shall abstain, to the largest extent permitted by the law, from receiving information and/or documentation from Snam in relation to matters in respect of which it has a conflict of interests on behalf of SGEL and/or of any of its affiliates, in relation to business opportunities in which Snam, on the one hand, and SGEL and/or one of its affiliates, on the other hand, have an interest and there may be competition. Furthermore, such Director shall not be allowed to participate in the discussions of Snam's Board of Directors concerning such matters.

The key information on the Shareholders' Agreement are available on the Company's Website (http://www.snam.it/en/Investor_Relations/Shareholders/Shareholders_agreements/)

²⁵ The shareholders' agreement concerning the shareholdings held in Italgas by CDP RETI S.p.A., CDP Gas S.r.l. and Snam came into effect on 7 November 2016 and regulates, among other things, the exercise of the voting rights related to the syndicated shares, the establishment of a “Consultation Committee” to which the decisions are referred on the exercise of the voting rights related to the syndicated shares at the meeting of Italgas, the obligations and procedure for the formation and submittal, through such Consultation Committee, of a joint list for the appointment of the members of the board of directors of Italgas, and a number of restrictions on the sale and purchase of Italgas shares.

With special regard to the Consultation Committee, the Italgas shareholders' agreement provides that: (a) it is composed of 5 members, 4 of which are appointed by CDP RETI S.p.A. (and notably 3 members, including the chairman of the committee, nominated by CDP S.p.A., and 1 member nominated by SGEL) and 1 member appointed by Snam. The voting rights attaching to the shares covered by the shareholders' agreement shall be exercised in compliance with the resolutions adopted by the Consultation Committee; as a result, the parties undertook to grant the chairman of the Committee a general power of attorney to vote for the syndicated shares at the relevant Italgas shareholders' meetings, in line with the resolutions adopted by the Consultation Committee.

The shareholders' agreement, which contains significant provisions pursuant to Article 122, paragraphs 1 and 5, letters (a) and (b), of the Italian CFA, was specifically published pursuant to the relevant legislation.

9. CHANGE OF CONTROL CLAUSES AND PROVISIONS ON TENDER OFFERS

Snam and its Subsidiaries executed a number of loan agreements concerning the change of control of the Company.

Specifically, these are bank loan agreements providing for the right for the counterparty to terminate the agreement early either in the event of acquisition of control of Snam by one or more persons in agreement with one another, other than CDP S.p.A., or where this also involves a downgrade of Snam below certain thresholds.²⁶

The Company's Articles of Association do not provide for any derogations from the provisions on the passivity rule referred to in Article 104, paragraphs 1 and 2, of the TUF.

Article 104, paragraph 1, of the CFA:

"Unless approved by the ordinary or extraordinary shareholders' meeting, depending on the attributed level of decision-making powers, Italian listed companies whose securities are involved in the offering shall abstain from actions or transactions that could counteract the achievement of the aims of the offering. [...] Mere research into other offerings shall not constitute an act or transaction in conflict with the aims of the offering"

The Articles of Association do not even contemplate the application of the neutralisation rules contained in Article 104-bis, paragraphs 2 and 3, of the CFA.

Article 104-bis, paragraph 2, of the CFA:

"In the takeover bid period limitations on the transfer of securities as envisaged in the articles of association shall have no effect on the bidder. Likewise, limitations on voting rights envisaged in the articles of association or shareholders' agreement in cases where a shareholders' meeting is called to resolve upon the actions and transactions pursuant to Article 104 shall have no effect on the bidder..."

26 Further information on loan agreements is contained in the Annual financial report for 2018, Note no. 25 "Guarantees, undertakings and risks – Management of financial risks" of the Notes to the Consolidated Financial Statements.

10. POWERS OF ATTORNEY TO INCREASE THE SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE TREASURY SHARES

The Board of Directors of the Company does not have any powers of attorney to increase the company's share capital²⁷. The Company's Articles of Association provide that the Company may issue shares, including special categories of shares, to be allocated free of charge²⁸.

The Ordinary Shareholders' Meeting of 11 April 2017 authorised a treasury shares purchase plan for an outlay of EUR 195,799,688.85, in any event up to a maximum number of shares no more than 3.5% of the share capital of Snam S.p.A., with regard to the treasury shares already owned by the Company to be carried out, in instalments, if applicable, within 18 (eighteen) months of the effective date of the meeting resolution.

Through the subsequent resolution of 24 April 2018, the Ordinary Shareholders' Meeting revoked the authorisation given on 11 April 2017 for the remaining part which had not been implemented and authorised a new treasury share purchase plan, in one go or in instalments, for a maximum duration of 18 months from the date of the Meeting, with a maximum outlay of EUR 500 million and up to the maximum limit of 134,564,883 shares without exceeding 6.50% of the share capital subscribed and released.

The authorisation to purchase treasury shares pursues the following aims: (i) provide the Company with a strategically and financially flexible tool aimed at increasing value for shareholders including through the improvement of the Company's financial structure; (ii) promoting liquidity and the management of the volatility of the stock price of the Company's shares and, specifically, intervene in the context of contingent market situations; (iii) under the scope of actions associated with future business and financial projects consistent with the strategic guidelines that the Company intends to pursue, also through the exchange, trading, transfer sale or other act of disposal of treasury shares for the acquisition of equity investments or blocks of shares, for business projects or other extraordinary funding transactions which involve the allocation or disposal of treasury shares; and (iv) executing Company stock option plans and any future share incentive plans.²⁹

27 In this respect please refer to Article 2443 of the Italian Civil Code.

28 In this respect please refer to Article 2349 of the Italian Civil Code.

29 A transaction carried out pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and 132 of the CFA.

11. MANAGEMENT AND COORDINATION ACTIVITIES

There are no shareholders declaring that they exercise their control over Snam pursuant to Article 2359 of the Italian Civil Code and to Article 93 of the CFA. Snam is not subject to any management or coordination activities.

Please note that the shareholder CDP S.p.A. stated in its Annual financial report for 2014 - with effect from the balance sheet ended at 31 December 2014 - the existence of *de facto* control over Snam pursuant to the International accounting standard IFRS 10 – Consolidated Balance Sheet. Snam is not subject to any management or coordination activities. Specifically, by the notice dated 30 October 2013 CDP S.p.A. officially declared the following to the ARERA:

- (i) it did not carry out any management or coordination activities vis-à-vis Snam or Snam's subsidiaries;
- (ii) it exercised vis-à-vis Snam only the administrative and property rights pertaining to it as a shareholder, without exercising the power to influence or limit in any way the free management choices of the management body of Snam and of Snam's Subsidiaries, including in respect of investment, business plans and business strategies;
- (iii) it did not receive any privileged or commercially sensitive information on the activity of Snam and of Snam's Subsidiaries, save the information made available to all market operators equally and without discrimination³⁰.

Snam carries out management and coordination activities vis-à-vis its Subsidiaries.

On 11 December 2018, the Board of Directors adopted the Guidelines on Corporate Governance (the "**Guidelines**"), for the purpose of consolidating and rationalising the collection of internal regulations, guidelines and rules on the issue of governance, through which the management and coordination activity of the Snam Group is carried out, specifying the interpretation and simplifying the implementation.

The Guidelines on Corporate Governance contain provisions on the exercise of management and coordination activity that define a uniform framework for governance structures and the organisational and management rules allowing the enhancement of the role played by Snam as the party carrying out the management and coordination activity in a strategic way, and at the same time duly takes into account the legal autonomy and the principles of fair corporate and business management of the Subsidiaries.

Specifically, the Guidelines contain:

- (a) the principles, contents, instruments and operating methods of the strategic activity carried out by Snam with regard to its Subsidiaries, in line with its corporate governance system and the features of its organisational structure;
- (b) the criteria, roles and responsibilities for the purpose of conferring, as well as revoking, delegated powers and powers of representation to parties operating under the scope of and in the interest of Snam and its Subsidiaries;
- (c) the roles, responsibilities and methods for the process of conferring, managing and revoking assignments involving the party appointed for the legally-required auditing of the accounts of Snam and its Subsidiaries.
- (d) a description of the information flows aimed at: (i) guaranteeing the transparency of the management of the company; (ii) ensuring the conditions for the efficient and effective direction and control of Company activity and operations by the Board of Directors; (iii) provide the Board of Statutory Auditors with the cognitive instruments necessary for performing its supervisory role efficiently.

Furthermore, the Guidelines refer to further documents adopted under the scope of the management and coordination activity.

This document outlines, among other things, the principles of fair corporate and business management adopted by Snam in the carrying-out of the activity of management and coordination of its own Subsidiaries, including, among other things:

- compliance with the applicable general rules, self-regulatory rules and the regulation of the sector;
- the monitoring of business risks;
- transparency with regard to the market;
- harmonisation of Snam Group management;
- the maximisation of value for shareholders;
- attention to stakeholders in the areas in which the Snam Group operates;
- confidentiality obligations.

The Guidelines on Corporate Governance have been adopted by the Boards of Directors of the Subsidiaries.

The Guidelines on Corporate Governance are available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/sistema_corporate_governance/169_18_snm_linee_guida_corp_gov_03.pdf)

³⁰ Please refer to ARERA resolution 515/2013/R/gas of 14 November 2013.

12. FURTHER INFORMATION - REFERENCE

The information³¹ relating to the agreements between the Company and the directors providing for an indemnity in the event of resignation or dismissal without a just cause or of termination of their employment in the event of a tender offer is contained in the specific Remuneration Report for the year 2019 published pursuant to the law.

The information concerning³² the rules applicable to the appointment and replacement of directors and to the amendment to the Articles of Association, if different from the legislative and regulatory rules that may also apply, is illustrated in the Report Section devoted to the Board of Directors.³³

The Remuneration Report is available on the Company's Website (http://www.snam.it/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Minutes_documents/2019/Remuneration_Report_2019.pdf)



31 In this respect please refer to the information required by Article 123-bis, paragraph 1, (i) of the CFA.

32 In this respect please refer to the information required by Article 123-bis, paragraph 1, (l) of the CFA.

33 In this respect please refer to Paragraph 2 of Section III of this Report.

Section III

Snam's Corporate Governance System



38	1. The Meeting and the shareholders' rights
38	1.1 Overview and quorums
38	1.2 Procedural regulations for shareholders' meetings
38	1.3 Meetings held during the corporate year 2018
39	2. Snam's Board of Directors
39	2.1 Snam's Board of Directors
47	2.2 Meetings of the Board of Directors
50	2.3 Role of the Board of Directors
52	2.4 Board Evaluation
56	2.5 Description of Snam's diversity policy
58	2.6 Chairman of the Board of Directors
58	2.7 Managing Director
58	2.8 Other executive directors
59	2.9 Independent directors
59	2.10 Maximum accumulation of offices held in other companies
60	2.11 Lead Independent Director
61	2.12 Succession planning
61	2.13 Remuneration system concerning directors and key management personnel
62	3. Snam's Committees
62	3.1 Remuneration Committee
64	3.2 Appointments Committee
65	3.3 Control, Risk and Related-Party Transactions Committee
67	3.4 Sustainability Committee
69	4. Snam's Board of Statutory Auditors and Auditing Firm
69	4.1 Snam's Board of Statutory Auditors
72	4.2 Auditing Firm
72	5. Induction Programme for directors and statutory auditors
73	6. Shareholder and investor relations
73	7. Considerations on the 2019 Recommendations of the Corporate Governance Committee

1. THE SHAREHOLDERS' MEETING AND THE SHAREHOLDERS' RIGHTS

1.1 Overview and quorums

The Shareholder's Meeting is the shareholders' decision-making body. The following solely pertains to it³⁴, in addition to the mandatory matters provided for by the law: the resolutions on the transfer, contribution, lease and usufruct and any other right of disposal, including in the context of a joint venture, or of the placement of restrictions on the company or ongoing concerns having strategic relevance, relating to the transport and despatch of gas.

The Shareholder's Meeting is the privileged institutional place where the Management of the Company and the Company's shareholders meet. The Shareholders' Meeting may be convened, with different quorums, as an ordinary or an extraordinary meeting, according to the items and matters to be approved. The Company's Articles of Association provide that the ordinary or extraordinary Meeting shall be held on sole call.

Ordinary Meeting (on sole call)

Quorum for due constitution	Quorum for resolutions
Not required	Majority of attendees, whether personally or by proxy ³⁵

Extraordinary Meeting (on sole call)

Quorum for due constitution	Quorum for resolutions
At least 1/5 of the share capital	At least 3/4 of the capital present at the meeting

1.2 Procedural regulations for shareholders' meetings

Snam has had Procedural Regulations for Shareholders' Meetings since 2001.

The Procedural Regulations for Shareholders' Meetings may be viewed on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Regulation_meetings/regolamento_assemblee.pdf)

³⁴ In this respect please refer to Article 12 of the Articles of Association.

³⁵ Subject to specific matters requiring a quorum of 3/4 of the share capital.

1.3 Meetings held during the corporate year 2018

In 2018 one Shareholders' Meeting was held, in an ordinary session and an extraordinary session on 24 April 2018. In the ordinary session, the Meeting:

- resolved on the approval of the financial statements as at 31 December 2017, on profit allocation, and on dividend distribution;
- authorised the purchase and disposal of treasury shares, after revoking the authorisation conferred by the ordinary meeting on 11 April 2017;
- resolved on the termination of the appointment for the auditing of the accounts with E&Y and, at the same time, appointed PwC as the new independent auditors for the period 2018-2026;
- approved the remuneration policy pursuant to Article 123-ter of the CFA.

In addition, in the extraordinary session, the Shareholder's Meeting:

- approved the cancellation of 31,599,715 treasury shares with no par value, without a reduction in the share capital, and the consequent amendment of Article 5.1 of the Articles of Association³⁶; and
- approved the integration of the mechanism for the statutory regulation of the slate voting for the appointment of the Board of Directors and the Board of Statutory Auditors, and the consequent amendment of Article 13.5 and 20.3 of the Articles of Association, with regard to the scenario in which the slate which has obtained the greatest number of votes at the meeting does not contain a sufficient number of candidates to ensure the number of candidates to be elected is reached. Provision has therefore been made in the Articles of Association that, in such an eventuality, the missing candidates are taken from the slates that have obtained a lower number of votes³⁷.

7 Directors out of 9 attended the Shareholder's Meeting. The member of the Remuneration Committee, Mrs. Oliveri introduced the contents of the Remuneration Report and, in particular, the guidelines of the remuneration policy followed by the Company. He also referred to the activities carried out during the year, focusing specifically on the definition of an agreement on the severance package for the CEO and a proposal for the amendment of the plan approved the previous year, which includes the extension of the allocation of the long-term share-based plan to other possible management beneficiaries in addition to the CEO.

³⁶ Below is Article 5.1 of the Articles of Association as amended by the Extraordinary Shareholders' Meeting on 24 April 2018: "The share capital is € 2,735,670,475.56 (two billion seven hundred and thirty-five million six hundred and seventy thousand four hundred and seventy-five point five six), divided into 3,469,038,579 (three billion four hundred and sixty nine million thirty eight thousand and five hundred and seventy nine) shares with no par value".

³⁷ For more information with regard to the statutory guidelines governing the slate voting mechanism for the appointment of the Board of Directors and the Board of Statutory Auditors, see, respectively Schedule 2 and Schedule 6 of this Report.

At the Shareholders' Meeting the Board of Directors guaranteed adequate information to the shareholders by filing the reports on the proposed resolutions with the Company's registered office, Borsa Italiana, and by publishing them on the Company's Website, and in the other manners provided for by the applicable legislation within the time provided for by the law. These reports were also sent to those who requested them and delivered at the entrance to the meeting room, together with the further useful documentation for adequate information. The Board of Directors also reported on the activity carried out during the corporate year and the planned activity.

2. SNAM'S BOARD OF DIRECTORS



2.1 Snam's Board of Directors

(i) Overview

The Company is managed by a Board of Directors composed of at least five and no more than nine members. The number of members and their term of office are determined by the Shareholder's Meeting upon the appointment of the members.

The Board of Directors is the central body in Snam's corporate governance system and has the broadest powers for the ordinary and extraordinary management of the Company. It is entitled to carry out any and all such actions as it may deem to

be expedient for the implementation and achievement of the corporate purpose, with the only exclusion of the actions that the law or the Articles of Association reserve for the Shareholders' Meeting. The Board of Directors appoints the Chairman if the Meeting has not already done so, grants powers attributed to it to one or more of its members, and may establish Committees within it.

Pursuant to Article 2381 of the Italian Civil Code Snam's Board of Directors reserved a number of powers, which add to the ones that are mandatory by law and to the ones laid down by the Corporate Governance Code.

The description of the attributions that the Board reserved pursuant to Article 2381 of the Italian Civil Code may be viewed on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/corporate-governance-system/attributions_board_of_directors.pdf)

The Shareholders' Meeting did not authorise, generally and by way of precaution, any derogation from the no-competition clause referred to in Article 2390 of the Italian Civil Code.

For a description of the provisions of the Articles of Association regulating the procedure for the appointment of the Board of Directors, the term of office, cessation and forfeiture of office of the members please refer to Schedule 2 of this Report.

(ii) Composition of Snam's Board of Directors

Appointment	27 April 2016
Term of office	Three corporate years
Maturity	Approval of the financial statements as at 31 December 2018
Members	9
Executive	1
Independent	5
Committees	<ul style="list-style-type: none"> • Control, Risk and Related-Party Transactions Committee • Appointments Committee • Remuneration Committee • Sustainability Committee

In 2014 Snam was acknowledged to be the best Italian company in terms of transparency and compliance in the process of appointment of directors³⁸. The recognition is the result of Snam's constant alignment with the highest international governance standards and bears witness to the importance of the results achieved in recent years by the Company in relations with institutional investors.

Upon the renewal of the Board of Directors by the Meeting of 27 April 2016 the following lists of candidates were submitted:

- (i) a list composed of 6 candidates, submitted by CDP RETI S.p.A.;
- (ii) a joint list composed of 3 candidates, submitted by a number of institutional investors; and
- (iii) a list composed of 2 candidates, submitted by Inarcassa.

The share capital represented at the Meeting and which fully voted in relation to the appointment of the directors by the slate voting system represented 69.37% of the share capital.

The list submitted jointly by the institutional investors was the one which received the most votes (with 34.39% of the share capital represented), while the list submitted by CDP RETI S.p.A. was voted on by 33.85% of the share capital represented and the one submitted by Inarcassa obtained 0.55% of the votes.

Therefore, based on the provisions of the Articles of Association relating to the slate voting mechanism in force in 2016³⁹, the 3 directors selected from the majority list submitted by the institutional investors were appointed, as were the first 3 candidates selected from the list submitted by CDP RETI S.p.A. No director was selected from the list submitted by Inarcassa.

To supplement the slate voting, the 3 remaining directors were appointed by a majority vote upon the proposal of the shareholder CDP RETI S.p.A. The shares represented at the meeting and voted upon represented 31.99% of the share capital and the favourable votes were 30.82%.

³⁸ This is the result of a study carried out by the United Nations through the Principles for Responsible Investment Initiative (PRI), a network including the institutional investors paying the most attention to the principles of sustainability and of corporate responsibility in their investment choices.

³⁹ The regulation laid down by the Articles of Association on slate voting was amended by resolution of the Shareholders' Meeting on 24 April 2018. In this regard, see Paragraph 1.3 of this Section.

The table below shows the main data on the composition of the current Board of Directors of the Company, including the lists from which the current members of the Board were selected as well as the directors meeting the independence requirements pursuant to the CFA and to the Corporate Governance Code⁴⁰.

Director	Office and qualification	List submitted in which they were included	CRRPTC	AC	RC	SC
Carlo Malacarne	Non-executive Director and Chairman	List of CDP RETI S.p.A.				
Marco Alverà	Managing Director	List of CDP RETI S.p.A.				
Sabrina Bruno	Non-executive Director ⁽¹⁾	List jointly submitted by minority shareholders	✓			✓
Monica de Virgiliis	Non-executive Director ⁽¹⁾⁽²⁾	List of CDP RETI S.p.A.		✓	✓	
Francesco Gori	Non-executive Director ⁽¹⁾	List jointly submitted by minority shareholders		✓		
Yunpeng He	Non-executive Director ⁽²⁾	List of CDP RETI S.p.A.				✓
Lucia Morselli	Non-executive Director ⁽¹⁾⁽²⁾	List of CDP RETI S.p.A.	✓			✓
Elisabetta Oliveri	Non-executive Director ⁽¹⁾	List jointly submitted by minority shareholders	✓		✓	
Alessandro Tonetti	Non-executive Director	List of CDP RETI S.p.A.		✓	✓	

⁽¹⁾ Independent director pursuant to the CFA and to the Corporate Governance Code

⁽²⁾ Director appointed according to the quorums provided for by the law upon the proposal made by CDP RETI S.p.A.

- CRRPTC: Control, Risk and Related-Party Transactions Committee
- AC: Appointments Committee
- RC: Remuneration Committee
- SC: Sustainability Committee

The female gender is currently represented on the Board of Directors by four members out of nine. The presence of the female component is higher than the minimum set forth by the legislation on gender balance (one third of the total number of members)⁴¹. Furthermore, three Chairmen of the Committees out of four and the whole composition of the Control, Risk and Related-Party Transactions Committee belong to the female gender.

The Board of Directors convened on 25 July 2017 appointed Rozemaria Bala Head of the Governance and Corporate Affairs function, reporting directly to the General Counsel, the Secretary of the Board of Directors.

The Board of Directors convened on 18 February 2019 certified:

- a) that in respect of the Directors there were no reasons for ineligibility, forfeiture of office and incompatibility, and that they met the integrity requirements provided for by the applicable legislation; and
- b) that in respect of the Corporate Accounting Documents Officer, based on the statement issued by the latter, there were no reasons for incompatibility provided for in Article 16.4 of the Articles of Association, and that the latter met the honourableness requirements provided for by the applicable legislation⁴².

40 Further information on the lists of candidates may be viewed on the Company's Website (<http://www.snam.it/it/etica-governance/assemblee-degli-azionisti/>). For details of the date of appointment and expiry of the directors please also refer to the table 1 of Section VI.

41 Law No. 120 of 12 July 2011 requires, for the first renewal after the coming into force of the law itself, the appointment of a Board composed of a number of directors of the less represented gender representing at least one fifth of the total number of its members. Otherwise, for the subsequent terms of office the minimum requirement provided for by Article 147-ter, paragraph 1-ter, of the CFA shall apply; therefore, it is necessary to appoint a number of directors belonging to the less represented gender equal to at least one third of the total number of members.

42 Article 14-quinquies of the CFA stipulates that "parties that perform management functions must meet the integrity requirements laid down for members of control bodies by the regulations issued by the Ministry of Justice pursuant to Article 148, paragraph 4" of the CFA. These requirements were set forth by Article 2 of Decree no. 162 of the Minister of Justice of 2000, "Regulation containing rules for the determination of the professionalism and integrity requirements of the members of the board of statutory auditors of listed companies to be issued according to Article 148 of the CFA".

(iii) Our directors

Below is a summary of the professional CVs of each Director of the Company currently in office⁴³.



Carlo Malacarne

Nationality: Italian

Professional Background: Manager

Career

He was born in Pavia in 1953.

He has been Snam's Chairman since 27 April 2016.

Since June 2017 he has been the Chairman of the Snam Foundation.

Before then he was the Managing Director of the Company from 2006 to 2016.

He obtained a degree in Electronic Engineering. After working for a short while with Selecontrol he started his career at Snam in the gas transport technical service department; in 1990 he was appointed Area operations manager and ensured the building and operation of gas pipelines and promoted commercial initiatives to support the sale of methane. Later on, as the Manager of telecommunications and process systems, he contributed to the reorganisation of the telecommunication systems of Eni S.p.A., managing the contribution of the Snam going concern into the Nuova Società di Telecomunicazioni, of which he was appointed Managing Director.

In March 1998 he was appointed Snam's Manager of Constructions and entrusted with the task of ensuring the realisation of the investments in Italy and abroad. In parallel, he is a member of the construction committee of TENP, the pipeline transporting gas from the North Sea to Italy, and of TAG, the pipeline transporting Russian methane to the Peninsula through Austria, taking an active part in the

implementation of two key infrastructures for gas transport along the main continental energy corridors. In July 1999 he was the Manager of the Italian Network, with a duty to oversee the management of the Italian gas transport network and the LNG terminal of Panigaglia.

In July 2001 he was appointed General Manager of Operating Activities of Snam Rete Gas in contemplation of the listing on the Stock Exchange, and Chairman of the Board of Directors of GNL Italia, the company operating the LNG terminal of Panigaglia.

From December 2005 to the beginning of May 2006 he was the General Manager of Snam Rete Gas with a duty to oversee the managerial functions and also commercial activities, planning, the management of the transport network and the despatch service.

From November 2012 to April 2016 he was the Chairman of the Subsidiary Snam Rete Gas, active in the transport and despatch of natural gas.

He is a member of the general board of Confindustria and Assolombarda, and of numerous technical bodies, including the presidential committee of the CIG (Italian Gas Committee) and the steering committee of ATIG (Italian Technical Gas Association). From 1997 to 2000 he chaired the transport commission of IGU (International Gas Union).

From November 2013 to October 2015 he was the president of Confindustria Energia.

He was also the Managing Director of Mariconsult and a member of the Board of Directors of many international companies, including Transitgas, which manages the system of gas transport from the North to the South of Switzerland, and companies Sergaz and Scogat, in charge of building and operating the Tunisian part of the Transmed gas pipeline.

⁴³ For the full version of the professional CVs of each Director of the Company currently in office please refer to the following website: <http://www.snam.it/it/etica-governance/board-of-administration/>.



Marco Alverà

Nationality: Italian

Professional Background: Manager

Career

He was born in New York in 1975.

He has been Snam's Managing Director since 27 April 2016 and the General Manager since January 2016.

From July 2017 to November 2017 he was the Managing Director of Snam Rete Gas.

He has been the Deputy Chairman of the Snam Foundation since June 2017.

He has a twenty-year experience working with the most prominent Italian energy companies. After obtaining a Philosophy and Economics degree from the London School of Economics, he started his career at Goldman Sachs in London. In 2002, he joined Enel as the manager of the Corporate Strategy division and a member of the steering committee, significantly contributing

to the development of the group's strategy in the gas sector. In 2004 he became the Chief Financial Officer of Wind Telecom, where he was in charge of the sale of the company to Orascom. In 2005 he joined Eni S.p.A., where he worked for ten years occupying various management positions. His first position was as the manager of Supply & Portfolio Development in the Gas & Power division, where he successfully managed the Russian-Ukrainian gas crisis in the Winter of 2006. In 2008 he moved to the Exploration and Production Division as the Executive Vice President for Russia, Northern Europe and South America. In 2010 he was appointed Chief Executive Officer of Eni Trading and Shipping. In 2013 he became the manager of the Midstream business unit, which consolidates the results of the Gas & Power division and includes all the supply, logistics and trading activities relating to energy commodities. He was subsequently appointed Chief Retail market Gas & Power Officer.

Mr Alverà is a Visiting fellow of the Oxford University. He is currently the President of GasNaturally, an independent director of S&P Global and a member of the General Board of the Giorgio Cini di Venezia Foundation.



Sabrina Bruno

Nationality: Italian

Professional Background: University Professor

Board Committees: Control and Risk and Related-Party Transactions Committee, Chairman of the Sustainability Committee

Career

She was born in Cosenza in 1965.

Since 26 March 2013 she has been a Director at Snam.

She has been a Tenured Professor of Comparative Private Law in the Business and Legal Science Department of the University of Calabria since 2017 and a professor of Law and Economics (Business and Company Law) in the Economics and Finance Department of LUISS G. Carli of Rome since 2006.

She obtained the national authorisation to be a Tenured Professor of Commercial Law in 2016 and of Comparative Law in 2013. She was an Associate Professor of Commercial Law (2002-2017) and a Researcher of Commercial Law (1993-2002) at the Faculty of Economics of the University of Calabria.

She is also a lawyer, and has been enrolled with the Special register of the Rome Bar Association since 1991.

In 2010 she was a Fulbright Visiting Scholar at the Harvard Law School (MA, USA).

In 1995 she obtained a PhD of Comparative Private Law and of EU Law from the University of Florence.

In 1994 she obtained a 3-year Master of Letters (M.Litt.) from Oxford University, Linacre College.

She graduated cum laude in Law in 1987 from Luiss G. Carli, Rome.

She was a non-executive and independent director of the Appointments Committee of Veneto Banca (2016-2017). She was a non-executive and independent director and chairman of the Control and Risk Committee of Banca Profilo S.p.A. (2012-2015). She was a standing statutory auditor of Telecom Italia S.p.A. (2012).

She has been a non-executive and independent director of Banca Apulia S.p.A. (Intesa San Paolo Group) since 2016 and she has been a non-executive and independent director of Edizioni Master S.p.A. since 2013.

She has been the co-founder of the *Italian Chapter of the World Economic Forum Climate Governance Initiative* since 2018. She has been an Academic Member of the European Corporate Governance Institute since 2014. She has been a member of the Scientific Committee of the Bruno Visentini Foundation since 2010. She has been a member of the Italian Linacre Society since 1995.

She is the author of two monographies (*"The role of an S.p.A's shareholders' meeting in corporate governance"*, Cedam 2012; *"Compensation for damages from incorrect information on the financial market"*, ESI, 2000) and various articles and essays on Italian and comparative company law and corporate governance.



Monica de Virgiliis

Nationality: Italian

Professional Background: Manager
Board Committees: Appointments
Committee, Chairman of the
Remuneration Committee

Career

She was born in Turin in 1967.

She has been a Director of Snam since 27 April 2016.

In over twenty years of her international career she has gained considerable management experience in many high technology strategic sectors, alternating between operational and strategic management roles, and being the driver for the turnaround of the business model and value chain in markets affected by digitalisation.

She began her career in 1993 at Magneti Marelli as a Manufacturing Engineer in the Electronic Division headquartered in Pavia. In 1996 she joined the French Atomic Energy Commission (CEA) with the mission of developing cooperation agreements with Italian businesses.

In 2010 she left ST-Ericsson and went back to STM, contributing her business experience to Corporate programmes as the Group Vice President of Organizational Development and then of Corporate Strategy and Development.

In 2015 she joined Infineon Technologies as the Vice President of Industrial Microcontrollers with its offices in Munich, where she carried out a turnaround of the product line of which she was in charge.

She was a member of the Board of Directors of a number of start-up companies in the years 2010-2014. She has been on the Board of Directors of Prysmian S.p.A. since April 2015 and of the Stevanato Group since February 2016 and on the Supervisory Board of the French company Geodis SA (SNCF Group) since June 2018.

She is currently the Chief Strategy Officer of the French CEA, where she heads, in particular, a mission focused on digital transition and energy transition.

She joined STM in 2001 as the Business Development Manager for the Telecom Wireline Division, and in 2003 she became the Strategic Alliances Director for the group of Tecnologie Avanzate. In 2004 she became the Group Vice President of System and Business Development of the Wireless group.

In 2006 she became the General Manager of the Home Video Division and in 2007 the General Manager of the Wireless Multimedia Division, with a turnover in excess of one billion dollars, where she successfully carried out a transformation of product portfolio and business model. She played a key role in the acquisition of NXP-Wireless and in the establishment of the joint venture with Ericsson.



Francesco Gori

Nationality: Italian

Professional Background: Manager
Board Committees: Chairman
of the Appointments Committee

Career

He was born in Florence in 1952.

He has been a Director of Snam since 26 March 2013.

He obtained an Honours Degree in Economics from the University of Florence, having worked first with a software company and then with a paper-making company.

In 1978 he joined Pirelli in the Tyre Division, where in 1984 he was promoted to the office of Executive and where, after gaining experience in sales, marketing, M&A and management roles in Italy and abroad, he was appointed general manager of the division in 2001, managing director of Pirelli Tyre in 2006, and, in 2009, also General Manager of Pirelli & C. From 2006 to 2011 and for two consecutive mandates

he was elected chairman of ETRMA, the European tyre and rubber manufacturers' association.

In 2012 he left the Pirelli group of his own accord. In his ten years at the helm of Pirelli, tyre sales and the gross operating margin doubled, generating cash thanks to the execution of a premium strategy which allows higher growth of the top and bottom lines than benchmark competitors, culminating in becoming an exclusive F1 supplier in 2010.

From 2013 to 2015 he was Industrial Advisor of Malacalza Investimenti, the second largest shareholder of Pirelli. From 2014 he was the Managing Director of the Corporate Credit Recovery 1 fund of Dea Capital Alternative Funds Sgr (De Agostini Group) and from 2018 he was the Senior Advisor for the Corporate Credit Recovery 1 and 2 funds. In 2015 he was appointed Non-executive director on the Supervisory and Management boards of Apollo Tyres, a leading company in the industry and listed in India. From 2016 to 2018 he was Executive Chairman of the Benetton Group Srl. He became a member of the Board of Directors of the Prysmian Group S.p.A. in 2018 after being co-opted.

**Yunpeng He**

Nationality: Chinese

Professional Background: Manager

Board Committees: Sustainability Committee

Career

He was born in Baotou City (Inner Mongolia, China) in 1965. He has been a Director of Snam since 26 January 2015.

He obtained a specialist degree of Electrical Systems and Automation from the University of Tianjin and a Master's degree of technology management from the Rensselaer Polytechnic Institute ("RPI").

He was the Vice General Manager of the European representative office of State Grid Corporation of China from January 2013 to December 2014.

He currently holds the office of Director of CDP Reti S.p.A., of Terna S.p.A., Italgas S.p.A. and of IPTO S.A. (TSO of the Greek Electricity transport network). He also held the following main offices at the State Grid Tianjin Electric Power Company: Vice Chief Technical Officer ("CTO") from December 2008 to September 2012, Manager of the economic and legal department from June 2011 to September 2012, Manager of the planning and development department from October 2005 to December 2008, and Manager of the Planning and design department from January 2002 to October 2005.

He was also the Head of the Tianjin Binhai Power Company from December 2008 to March 2010 and the president of the Tianjin Electric Power Design Institute from June 2000 to January 2002.

**Lucia Morselli**

Nationality: Italian

Professional Background: Manager

Board Committees: Control and Risk and Related-Party Transactions Committee, Sustainability Committee

Career

She was born in Modena in 1956.

She has been a Director of Snam since 27 April 2016.

She obtained an honours degree of mathematics from University of Pisa. In 1981, she obtained a PhD of Mathematical Physics from Università degli Studi of Rome and in 1982 a Master in Business Administration from the University of Turin. In 1998 she obtained a European Masters in Public Administration from the University of Milan.

She initially held a number of offices with various companies: CFO of Olivetti S.p.A. Senior Manager of the Strategic and Manufacturing Service at the company Accenture; CFO of the Aircraft Division at Finmeccanica S.p.A..

She was the Managing Director of the Telepiù Group from 1995 to 1998, of News Corporate Europe and of Stream

(Sky) S.p.A. from 1998 to 2003, of Tecnosistemi S.p.A. in 2004, of Mikado S.p.A. and of Compagnia Finanziaria S.p.A. in 2009, of Bioera S.p.A. from 2010 to 2011, of the Berco Group from 2013 to 2014, and of Acciai Speciali Terni from 2014 to 2016 and of Acciaitalia S.p.A. from 2016. She was also the Chairman of the Board of Directors and the Managing Director of Magiste International SA in 2006 and of Scorpio Shipping Group Ltd from 2011 to 2013.

She was also a member of the Board of Directors of NDS from 2004 to 2005 and of IPI S.p.A. from 2007 to 2008. In 2003 she founded the consultancy firm Studio di Consulenza Franco Tatò & Partner. She has been on the Advisory Board (Restructuring fund) of the DGPA & TATÓ Investment Fund since 2009.

She is currently the Chairman of the Related-Party Committee and a member of the Control and Risk Committee of Telecom Italia, Chairman of the Audit Committee of Es-silorLuxottica in Paris, a member of the Control Committee and the Appointments Committee of Sisal S.p.A., a member of the Advisory Board of Veneranda Fabbrica del Duomo di Milano and Head of the degree course in Economics at the Link Campus University in Rome.



Elisabetta Oliveri

Nationality: Italian

Professional Background: Manager

Board Committees: Chairman of Control, Risk and Related-Party Transactions Committee, Remuneration Committee

Career

She was born in Varazze (SV) in 1963.

She has been a Director of Snam since 27 April 2010.

She obtained an honours degree in Electronic Engineering from the State University of Genoa.

She developed her career in Marconi S.p.A., a leading company in telecommunication technology, gradually taking on roles of increasing responsibility becoming Senior Vice President, Strategy of Marconi Mobile S.p.A. In 2001 she joined the Sirti Group, a leading company in the business segment of telecommunication networks engineering and plant engineering, initially as Director of Strategy and Business Development. She was later appointed General Manager of the Group and then CEO. Since 2012 she has been the CEO of Fabbri Vignola S.p.A. Since 2010 she has held the role of Non-Executive Director in important Italian and foreign companies.

Between 2011 and 2014 she was an Independent Director of ATM – Azienda Trasporti Milanesi S.p.A., also holding the position of Chairman of the Supervisory Body.

From 2012 to 2016 she was a Non-Executive Director of Eutelsat S.A. and a member of the Audit Committee and, from 2014 to 2018, a Non-Executive Director of Banca Farmafactoring S.p.A., presiding over both the Remuneration Committee and the Committee for Related-Party Transactions.

From 2012 she has been an Independent Director of Gruppo Editoriale L'Espresso, where she holds the position of Lead Independent Director and she is the Chairman of Control and Risk Committee, as well as a member of the Related-Party Transactions Committee.

Since 2016 she has been an Independent Director of Sagat S.p.A., the management company of Turin Airport. Since April 2018 she has also been an Independent Director of ERG S.p.A., a member of the Control and Risk Committee and the Strategic Committee. She is also the Chairman of the "Furio Solinas Onlus" Foundation and she is a Cavaliere al merito of the Republic of Italy. In 2016 Federmanager-Al dai awarded her the "Merito e Talento" prize.



Alessandro Tonetti

Nationality: Italian

Professional Background:

Academic and managerial activity

Board Committees: Appointments Committee, Remuneration Committee

Career

He was born in Ronciglione (VT) in 1977.

He has been a Director of Snam since 27 April 2016.

He obtained an Honours Law Degree, won two annual scholarships for further Administrative Sciences education, with special focus on public economic law. He later obtained a PhD of Administrative Law and organisation and functioning of the public administration from Università degli Studi of Rome "La Sapienza" and the post-graduate Diploma in European Public Law from the Academy of European Public Law of the Capodistrian University of Athens, studying in depth competition and State aids. He was also authorised to practise as a lawyer.

He is the Vice General Manager and Chief Legal Officer of Cassa Depositi e Prestiti S.p.A. He was the Vice head of the cabinet of the Ministry of Economy and Finance; a member of the Coordination group for the implementation of the regulation of special powers over ownership structures acting with the Presidency of the Council of Ministers.

He was a director of Enav S.p.A. in the period 2014-2017 (during which the company was listed on the Stock Exchange).

He is a member of the Special funds management committee of the Istituto del credito sportivo and a member of the Board of Management of the Accademia delle Belle Arti di Firenze (Florence Academy of Fine Arts).

He teaches Administrative Law on the Level II inter-university Masters course at the "Roma Tre" University and on the Masters course in Economics and Development Policies at the Luiss Guido Carli University.

2.2 Meetings of the Board of Directors

The Company's Board of Directors is convened at regular intervals and is organised and acts to ensure an efficient and effective execution of its functions.

The Board of Directors approved its own Regulations aimed at regulating the procedure to call meetings, the running of the board works, and the drawing-up of minutes⁴⁴.

For a description of the procedure to call and run board meetings please refer to Schedule 2 of this Report.

During 2018:

- the Board of Directors was convened 7 times;
- meetings were attended by an average 96.8% of the directors;
- the presence of independent directors was an average of approximately 94.2%;
- the average duration of Board meetings was 227.1 minutes.

A total of eleven meetings are expected to be held in 2019. As at the date of this Report two meetings of the Board of Directors were held concerning this year.

As laid down in the aforesaid Regulation, the notice of the meeting of the Board of Directors is usually sent at least five days before the day scheduled for the meeting. The complete and comprehensive documentation relating to the items on the agenda is made available to the Directors and to the standing Statutory Auditors by the Board Secretary at least five days before the date of the meeting, save in exceptional cases. This deadline has usually been abided by.

The governance of the Company provides that the members of the Board shall act and adopt resolutions with full knowledge of the facts and autonomy on the matters pertaining to them, pursuing the objective of creation of value for the Shareholders.

Upon the invitation of the chairman and with the consent of those present, the managers of the competent corporate functions of the Company and of the Group may attend Board meetings so as to provide the necessary details relating to the items on the agenda and, therefore, encourage greater knowledge by the Directors of the structures and dynamics of the Company and of the group⁴⁵.

Specifically, when issues involving the areas they are responsible for (listed in the summary of 2018 activities) were dealt with, the following persons attended Board meetings in 2018: the Chief Financial Officer, the General Counsel, the Institutional CSR Relations and Communication EVP, the Human Resources & Organisation EVP, the Chief Industrial Assets Officer, the Chief Commercial, Regulation & Development Officer, the SVP of Internal Audit and some heads of their structures in relation to the relevant issues.

Furthermore, pursuant to the Guideline *"Transactions involving the interests of the Directors and Statutory Auditors and Related-Party Transactions"* the Directors have to declare their own interest or the interest of third parties in specific transactions submitted to the Board of Directors.

Digitalisation of the activities of the Board of Directors

To facilitate the activities of the Board of Directors, Snam has introduced an IT tool allowing to manage in an effective and safe way the activities of the Board of Directors and of the Committees through tablets, smart phones, and PCs.

This way the documents prepared for the Board or the committees are accessed in digital form, with no need for paper, and optimising times and costs. The digital Portal allows to do the following:

- speed up the times of board meetings allowing, among other things, for the sharing of documents or presentations in real time;
- ensure to users the possibility to view the status of a document or whether there are any unread messages or any documents requiring approval;
- view the documentation both online and off-line; and
- make any changes or notes to the files made available.

44 At the meeting of 26 January 2015 the Board of Directors amended its regulations so as to allow for compliance with the provisions of the Shareholders' Agreement executed by CDP S.p.A., SGEL and State Grid International Development Limited in relation to potential positions of conflict of interest of the director designated by SGEL.

45 In this regard, reference is made to Criterion 1.C.6 of the Corporate Governance Code

Below is a summary of the main activities carried out by the Company's Board of Directors in 2018 and, finally, at the meetings of 01 February 2019 and of 18 February 2019.

MONTH	STRATEGY & FINANCE ⁴⁶	GOVERNANCE	INTERNAL AUDIT AND RISK MANAGEMENT
February		<ul style="list-style-type: none"> - Position with regard to the accumulation of offices of directors and verifying the compatibility of offices and checking that the independence and integrity requirements are met by the directors. - Positive assessment of the size, composition and running of the Board and of the Committees - Amendments to the Regulations of (i) the Control, Risk and Related-Party Transactions Committee; (ii) the Appointments Committee; (iii) the Sustainability Committee 	
March	<ul style="list-style-type: none"> - Approval of the Consolidated Financial Statements, of the Draft Budget for 2017 and of the Management Report - Approval of the Non-Financial Disclosure pursuant to Legislative Decree 254/2016 - Approval of the updating of the Strategic Plan of the Snam Group for 2018-2022, during the definition of which (in line with the strategic risks defined in the ERM Model, also with a view to medium- and long-term sustainability) reviews and sensitivity reports were carried out to account for any potential impacts of such risks 	<ul style="list-style-type: none"> - Report on corporate governance and ownership structure 2017 - Reports of the committees on the activity carried out in the second half of 2017. - Remuneration Report for 2018 - Proposal for the amendment of the Long-Term Stock Option Plan for 2018-2020 - Social Responsibility Report 2017 - Call of the Shareholders' Meeting for 24 April 2018 and approval of the relevant explanatory reports - Approval of the Diversity policy - Assessment of the recommendations made by the Chairman of the Corporate Governance Committee of Borsa Italiana contained in the letter of 13 December 2017 - Approval of the Guidelines on the issue of Market Abuse, reports, including anonymous ones, received by Snam and its subsidiaries, Enterprise Risk Management, Health, Safety and the Environment, Physical Health. - Review of the methodology and definition process of the succession plans for Snam's management - Approval of the CEO's contingency plan 	<ul style="list-style-type: none"> - Assessment of the Organisational, administrative and accounting structure of the Company prepared by the Managing Director with the help of its structures and submitted to the Board of Directors for approval and also to the Board of Statutory Auditors and to the Control, Risk and Related-Party Transactions Committee. In this regard, the Board of Directors issued an adequate opinion - Assessment of the Organisational, administrative and accounting structure of the Subsidiaries, subject to the prior approval of it by the Board of Directors of each of the Subsidiaries and after consultation with the respective Boards of Statutory Auditors. In this regard, the Board of Directors issued an adequate opinion - The Board of Directors did not set forth any criteria for the identification of strategic subsidiaries as it assesses the organisational, management and accounting structure of all the Subsidiaries - Positive assessment of the adequacy and effectiveness of the internal control and risk management system - Review of the Budget and Audit Plan of the Internal Audit function for the year 2018
May	<ul style="list-style-type: none"> - Interim Management Report as at 31 March 2018 	<ul style="list-style-type: none"> - Approval of the Guidelines on the issues of: Privacy and Global Security 	
July	<ul style="list-style-type: none"> - Approval of the Half-year report at 30 June 2018 - Review of the second Forecast 2018 	<ul style="list-style-type: none"> - Semi-annual review of sustainability - Reports of the committees on the activity carried out in the first half of 2018. - Opinion on the substance of the vote on the Remuneration Report expressed by the Shareholders' Meeting - Final balance of Adjusted net profit and Total Shareholders Return relating to the Long-term Monetary Incentive Plan for 2015-2017 	<ul style="list-style-type: none"> - Report on the adequacy of the system of control over the corporate disclosure of the Group and the compliance with the administrative and accounting procedures for the first six months of 2018
October	<ul style="list-style-type: none"> - Renewal of EMTN programme - Euro Commercial Paper Programme and issuing of the Euro Commercial Paper 		

⁴⁶ Furthermore, the Progress reports on development initiatives and new projects have been regularly submitted to the Board of Directors.

MONTH	STRATEGY & FINANCE	GOVERNANCE	INTERNAL AUDIT AND RISK MANAGEMENT
November	<ul style="list-style-type: none"> – Interim Management Report as at 30 September 2018 – Approval of the Strategic Plan 2019-2022, in the definition of which - in line with the strategic risks defined under the scope of the ERM Model, also from a perspective of sustainability in the medium and long-term - sensitivity analyses were developed to take into consideration the potential impacts resulting from these risks – Proposal for the distribution of the advance on the dividend for the financial year 2018 		
December	<ul style="list-style-type: none"> – Examination of the 2019 budget 	<ul style="list-style-type: none"> – Adoption of the Guidelines on the issue of Corporate Governance – Adoption of the Risk Assurance & Integrated Compliance Guideline – Adoption of the Tax Cooperative compliance – Adoption of the Guideline on the issue of the Snam Group's Tax Strategy 	<ul style="list-style-type: none"> – Examination and annual analysis of the risks of the Company and its subsidiaries
1 February 2019		<ul style="list-style-type: none"> – Guidelines on the accumulation of offices of members of the Board of Directors – Proposal of Guidelines on the qualitative and quantitative composition of the Board of Directors – Positive assessment of the size, composition and running of the Board and of the Committees⁴⁷ – Reports of the committees on the activity carried out in the second half of 2018 	
18 February 2019	<ul style="list-style-type: none"> – Approval of the Consolidated Financial Statements, the Draft Financial Statements for 2018 and the Management Report – Approval of the Non-Financial Disclosure pursuant to Legislative Decree 254/2016 – Approval of the document Financial Disclosure on Climate Change 2018 	<ul style="list-style-type: none"> – Report on corporate governance and ownership structure for 2018 – Remuneration Report for 2019 – Social Responsibility Report for 2018 – Adoption of the Antitrust Guideline – Adoption of the Anticorruption Guideline – Shareholders' Meeting of 2 April 2019 and approval of the reports – Approval of the updating of the Diversity policy – Approval of the Guidelines on the qualitative and quantitative composition of the Board of Directors – Assessment of the recommendations made by the Chairman of the Corporate Governance Committee contained in the letter of 21 December 2018 – Check of the compatibility of offices and check that the independence and integrity requirements are met by the Directors 	<ul style="list-style-type: none"> – Assessment of the Organisational, administrative and accounting structure of the Company prepared by the Managing Director with the help of its structures and submitted to the Board of Directors for approval and also to the Board of Statutory Auditors and to the Control, Risk and Related-Party Transactions Committee. In this regard, the Board of Directors issued an adequate opinion – Assessment of the Organisational, administrative and accounting structure of the Subsidiaries, subject to the prior approval of it by the Board of Directors of each of the Subsidiaries and after consultation with the respective Boards of Statutory Auditors. In this regard, the Board of Directors issued an adequate opinion <p>The Board of Directors did not set forth any criteria for the identification of strategic subsidiaries as it assesses the organisational, management and accounting structure of all the Subsidiaries</p> <ul style="list-style-type: none"> – Positive assessment of the adequacy and effectiveness of the internal control and risk management system – Review of the Budget and Audit Plan of the Internal Audit function for the year 2019

47 For further information please refer to Paragraph 2.4 of this Section.

2.3 Role of the Board of Directors

The Board of Directors plays a key role in the corporate governance structure of the Company as it has the powers relating to the strategic, organisational and control guidelines of the Company and of the Subsidiaries. Specifically, the Board of Directors is granted the functions shown in the table below⁴⁸.

<p>Review and approval of the strategic, business and financial plans</p>	<ul style="list-style-type: none"> • It sets forth the strategic lines and targets of the Company and of the Group, including the sustainability policies • It reviews and approves the strategic, business and financial plans of the Company and of the Group, and the strategic agreements of the Company and the annual and multi-annual infrastructure plan, and monitors their implementation on an annual basis • It reviews and approves the Company's budget and the consolidated budget, the semi-annual report, the interim Company management reports and the consolidated ones, the Sustainability Report and the Corporate Governance and Ownership Structure Report
<p>Definition of the corporate governance and structure of Group</p>	<ul style="list-style-type: none"> • It adopts rules ensuring the transparency and fairness of related-party transactions and of the transactions where the Directors and the Statutory Auditors are stakeholders, after consultation with the Control, Risk and Related-Party Transactions Committee • It adopts a procedure for the management and the disclosure of corporate information, with special reference to privileged information • It establishes the Internal committees with proposing and advisory functions, from which it receives a periodic semi-annual report • It appoints and removes general managers and the corporate accounting documents officer, and identifies the person in charge of shareholder relations • It resolves upon the exercise of the voting right at the meetings of the Subsidiaries, upon the proposal of the Managing Director • It resolves upon the designation of the members of the bodies of the consolidated Subsidiaries and of the strategic foreign subsidiaries, upon the proposal of the Appointments Committee
<p>Assessment of the adequacy of the organisational, administrative and accounting structure</p>	<ul style="list-style-type: none"> • It sets forth the main lines of the organisational, management, and accounting structure of the Company and of the Subsidiaries, assessing their adequacy each year, with special reference to the internal control and risk management system • It sets forth, after consultation with the Control, Risk and Related-Party Transactions Committee, the guidelines of the internal control and risk management system to ensure the identification, measurement, management and monitoring of the main risks, also determining the degree of compatibility of such risks with a management of the Company and of the Group that is consistent with the individual strategic targets, assessing its adequacy and effectiveness each year • It assesses, after consultation with the Control, Risk and Related-Party Transactions Committee and with the Board of Statutory Auditors, the findings shown by the auditing firm in its letter of suggestions, if any, and in the report on the key issues emerged during the audit • It appoints and removes the Internal Audit Manager, setting its remuneration consistently with the remuneration policies of the Company, and ensures that the latter has adequate resources to perform its duties
<p>Ongoing assessment of the general management performance and of the relationship with executive bodies</p>	<ul style="list-style-type: none"> • It assesses the general management performance, considering the information received from the executive bodies and paying special attention to the situations of conflict of interest and periodically comparing the results obtained that emerged from the financial statements and from the interim accounting statements with the budget figures • It grants and withdraws powers of attorney to and from the members of the Board of Directors, setting forth their limits, mode of exercise and related remuneration; such members report at least quarterly to the Board of Directors and to the Board of Statutory Auditors on the exercise of the powers of attorney and on the most significant economic, financial and equity transactions carried out by the Company and by the Subsidiaries, and on the transactions with related parties⁴⁹ • It is entitled to issue guidelines to the executive bodies and to assume responsibility for transactions included in the powers of attorney granted.

⁴⁸ The functions are attributed to the Board of Directors pursuant to the Board of Directors' resolution of 27 April 2016.

⁴⁹ The disclosure shall be timely in the event of transactions in which the Directors have a personal or third-party interest or which are affected by the person, if any, carrying out direction and coordination activities. This disclosure is usually provided for on the occasion of each board meeting.

<p>Approval of significant transactions of Snam and of the Subsidiaries</p>	<ul style="list-style-type: none"> • It resolves, upon the proposal of the Managing Director, on the transactions of the Company and of the Subsidiaries, in the performance of the direction and coordination activity, which are of strategic, economic, equity and financial relevance to the Company and to the Group. In any case, this is subject to compliance with the duty of confidentiality relating to the business relations existing between the Company and the Subsidiaries and/or third parties. The transactions of strategic, economic, equity and financial relevance are considered to be the ones concerning any of the following: <ul style="list-style-type: none"> - acquisitions, disposals, sales, contributions of businesses or of going concerns (including lease and usufruct), real estate assets and/or shareholdings, having a value exceeding EUR 100 million - agreements concerning the sale of goods and/or services being the subject-matter of the business of the Company and of the Subsidiaries and their supply, having a value exceeding EUR 1 billion and/or having a term exceeding 15 years - agreements directly concerning the activities specified in the corporate purpose and/or relating to the ordinary management of corporate activities, having a value in excess of EUR 100 million and/or having a term exceeding 15 years - the execution of, amendment to, and termination of facility agreements in an amount exceeding EUR 2 billion and/or having a term exceeding 15 years - suretyships and other forms of personal guarantees, and letters of patronage, relating to obligations undertaken or to be undertaken by companies in the share capital of which the Company holds an interest, whether directly or indirectly, having a value in excess of EUR 100 million, or in any case, where the amount is not proportionate to the interest held; - personal guarantees securing obligations undertaken or to be undertaken by the Company towards third parties in an amount exceeding EUR 100 million - intermediation contracts of the Company
<p>Assessment of the size, composition and functioning of the Board of Directors and of the Committees</p>	<ul style="list-style-type: none"> • Every year it assesses the size, composition and functioning of the Board and of the Board Committees with the contribution of an external adviser. The aspects being the subject-matter of the assessment include the following: (i) the role of the Board of Directors in the strategic planning process, (ii) the interaction between the Board and the Committees, (iii) the quality of information and of board discussions, (iv) the qualitative and quantitative composition of the Board and of the Committees, with specific reference to the relationship between executive/non-executive/independent directors and the individual professional skills and experience
<p>Definition of the remuneration policy</p>	<ul style="list-style-type: none"> • It sets forth the policy concerning the remuneration of the directors, of the general manager, and of the key management personnel of the Company and of the Subsidiaries, and the compensation systems • It implements the remuneration plans based on actions and/or financial instruments resolved upon by the Meeting • It approves the Remuneration Report

24 Board Evaluation

The Board, with the support of the Appointments Committee and in line with international best practices and with the provisions laid down in the Corporate Governance Code, launched a three-year innovative programme in terms of procedures and instruments selected, which is summarised below: this programme encompasses the three-year of the term of office, relying on the support of the advisers to Spencer Stuart Italia S.r.l., a company that performed further staff selection professional services in favour of Snam and that has years of extensive experience of Board Evaluation activities.

Year	Type
2016	<p>Starting Board Review</p> <ul style="list-style-type: none"> • Review of the findings of the Board Review activity carried out in the previous board's term of office • Discussion with the Appointments Committee to determine expectations and to carry out any in-depth analysis and provide any explanations • Individual interview of Directors • Comparison with the best practices • Viewing of the minutes of the Board meetings and of the Committee for the corporate year • Liaising with the Chairman of the Board of Statutory Directors, the General Counsel, and the Secretary of the Board of Directors • Attendance of a Board meeting • Reporting, action plan for improvement • Presentation to the Appointments Committee and to the Board of Directors
2017	<p>Targeted Board Review (mid-stage)</p> <ul style="list-style-type: none"> • Collegial meeting with the Directors • Check of the effectiveness of the actions carried out in the last year to follow up on the previous Board Review • Review of the prevailing culture of the Board • Review of other topics relating to the running, functioning and size of the Board of Directors • Summary and reporting, update of the action plan • Submittal of results to the Appointments Committee and to the Board of Directors
2018	<p>Final Board Review</p> <ul style="list-style-type: none"> • Collegial meeting with the Directors • End-of-term evaluation • Quantitative and qualitative composition of the Board (guidelines for the shareholders on the professionals whose presence on the Board is deemed to be expedient) for inclusion in the Corporate Governance Report and Ownership Structure for 2018 and in the Report of the Board of Directors to the Meeting • <i>"Peer-to-peer review"</i>

As far as 2018 activity is concerned, namely the third year of the board's term of office, a collegiate meeting was organised, facilitated by the consultants of Spencer Stuart Italia S.r.l., held on 22 November 2018, in which all directors took part, either attending in person or through an audio/video link.

The following issues were dealt with during the meeting:

- (i) the "end-of-term evaluation", in order to understand the director's satisfaction with the contribution made by and the support received from the Company for performing their tasks as well as possible; the Directors' comments also involved the effectiveness of the measures taken during the last year, to follow up on the suggestions that emerged during the previous Board Performance Evaluation;
- (ii) the analysis of the size and composition of the Board in view of its renewal, in order to be in a better position to express the opinion set out in the Corporate Governance Code to shareholders. In order to facilitate the directors' thoughts, external consultant Spencer Stuart Italia S.r.l. prepared a benchmarking survey of the suggestions made in the Report on the Ownership Structure and Corporate Governance of several listed companies.

A guide was prepared to support the board discussion, facilitated by the Spencer Stuart advisers, which was reviewed with the Appointments Committee at the meeting of 1 October 2018.

Additionally, in June and July 2018, a "Peer-to-Peer review" was conducted, consisting of the analysis of the individual contributions made by each Director by colleagues, so as to provide information further to improve the contributions made by each person and, consequently, the overall functioning of the Management Body. The results were illustrated to the Chairman by the advisers, in detail; a summary was presented to the Board of Directors on 2 October 2018. The individual feedback to the participants was completed by the Chairman before the Board Evaluation meeting of 22 November 2018.

The 2018 Board Evaluation confirmed that Directors were satisfied with the work carried out by the Board during its term of office, stressing the improvements made in all the Board operating processes. During the three-year period a large number of issues that are important for the Company's future were examined in depth, through a constructive collective comparison, with the support of the CEO and management, who were extremely willing to provide information and answer the directors' questions.

The actions proposed at the end of the previous Board Evaluation were all implemented by the Company, through specific activities which contributed to the previously mentioned improvement in the operation of the administrative Body. The Committees worked with great commitment and efficiency, examining the issues they are responsible for in great detail and conducting useful investigations to support the board decision-making process. The Directors who are members of the Committees expressed their appreciation for this, which enabled them to acquire key information and go into the details of complicated issues.

The Board Evaluation also made it possible to identify several areas that need improvement were also identified. Specifically, the opportunity arose to:

- (i) provide the minutes of the Chairman of each Committee for each meeting, aimed at accompanying the written reports summarising the work performed, to be distributed to the Directors in advance, so that each director could be prepared; concentrate the time spent collectively on the in-depth analyses suggested by the Chairmen of the Committees through the above-mentioned communications;
- (ii) review the structure of the agendas of board meetings to put the above-mentioned communications of the Chairmen and the committee first;
- (iii) prepare the annual meetings timetable, with a suitable gap between Committee and board meetings and highlight the agenda items to share them with the managers supporting the Committee activities, to enable them to plan the preparation of the documentation;
- (iv) prepare a schedule for each item on the agenda of board meetings, containing details of the subject, objective, proposed resolution (where applicable), classification (to which board task it corresponds: guidance, control, risk management, etc.);

(v) distribute the periodic reports by the analysts and information on management road shows with the financial community to directors;

(vi) from the initial establishment of the new board, promote learning about the business and the Company, especially for new Directors, as well as the development of interpersonal relations and unity among Directors, through the organisation of informal meetings (e.g. working breakfasts at the same time as board meetings), a structured induction programme and updating on key issues, including analyses on ESG issues and visits to plants. Continue with the organisation of strategy days, as opportunities to reflect on the future and "socialisation", with the support of management.

The Board shared the actions proposed by the adviser, which will be the starting point for the Board Evaluation of the next corporate year.

The self-assessment of the size, composition and running of the Board and of the Committees was successfully finalised at the meeting of the Board of Directors held on 1 February 2019. Specifically, it was found that the Board contained people of very high professional standing and people who, thanks to their respective experience and know-how, ensure the effective and efficient operation of the Board and guarantee informed operation.

Finally, for the sake of completeness, below are the Guidelines expressed by the Board of Directors in 2019 on the future size and composition of the Board of Directors, in compliance with the recommendations of the Corporate Governance Code. The Guidelines were approved on 18 February 2019 by the Board of Directors in view of the next renewal of the Board of Directors which will take place during the Meeting of 2 April 2019. The above-mentioned Guidelines are available on the Company's website http://www.snam.it/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Minutes_documents/2019/Orientations_BoD_to_Shareholders.pdf.

Guidelines of the Board of Directors of Snam to Shareholders on the future size and composition of the Board of Directors.

Purpose and process followed

In accordance with the Code of Corporate Governance's recommendations, in view of the renewal of the corporate bodies, which would occur at the shareholders' meeting on 2 April 2019, the Board of Directors of Snam, has carried out, after consulting the Appointments Committee, considerations on the future dimension and composition of the Board of Directors to be submitted to shareholders.

The aforementioned considerations were made as part of the annual self-assessment process undertaken by the administrative body and its committees, through:

- the initial meeting of the Appointments Committee to define the work methods and procedures for collecting data and useful information;
- support for Spencer Stuart, the advisor appointed to support the annual self-assessment, which produced a benchmarking of the composition and size of the Boards of Directors of the main companies listed on Italy's Stock Market and of the information provided to the market by the outgoing Boards;
- a meeting of Snam's Board of Directors focusing on the annual self-assessment facilitated by the aforementioned advisor – with the defined and innovative methods described in the Corporate Governance and Ownership Structure Report referred to the year 2018 – during which the size and composition of the Board of Directors were also analysed and discussed in view of the expiry of the term of office of the administrative body in office;
- the proposed Guidelines put forth by the Appointments Committee;
- the approval of the Guidelines by the Board of Directors in office, at the meeting held on 18 February 2019.
- the dissemination of this document to the market, within the terms of the law, to allow shareholders to make their considerations in view of the appointment of the new Board of Directors of Snam for the three-year period 2019-2021.

For the sake of completeness and for the benefit of shareholders, the orientations of the Board of Directors on the subject of the maximum number of offices of Directors approved by the Board itself at the meeting of 1 February 2019 are also reported in this document (see Paragraph 2.10 of this section).

Preliminary considerations

In the first place, the Board suggests ensuring, compatible with corporate governance restrictions and rules, that substantially similar composition of the administrative body be maintained to enhance Snam's wealth of knowledge, acquired by the Directors, necessary to continue and support the current development phase of a structured and complex group.

The composition of the Board of Directors should also contain adequate diversity of gender, age, seniority, professional and managerial experience of complementary nature, a suitable knowledge, also of a linguistic nature, and international or foreign culture, as well as the characteristics and relevance of offices held previously, also in institutional contexts.

Size of the Board of Directors

The Board of Directors deems the current number of nine directors, the maximum permitted by the Bylaws in force, to be adequate: it should have an appropriate ratio between Executive Directors, Non-Executive Non-Independent Directors and the Independent Directors, in light of the complexity and specificity of the activities and management functions (Committees included) of both the Company and the Group.

Composition of the Board of Directors

The Chairman:

- should be a person with experience and authority, and with managerial and/or professional preparation adequate to the role and complementary to the CEO's ones;
- should have primary experience on - and preferably at the head of - boards of directors of listed companies of a comparable size, complexity and international scope to Snam and/or primary experiences at a technical-institutional level;
- should have the personal characteristics to foster a strong team spirit and a strong sense of cohesion among the members of the Board of Directors and should devote time, presence, and commitment to the full performance of the role assigned;
- should ensure a fair and transparent leadership of the Board of Directors during the whole term and represent a guarantor for all Shareholders.

The CEO:

- should be a person capable of leadership and with recognised capacity for strategic vision;
- should have in-depth knowledge of economic/financial matters and exercising operating control over large infrastructure assets;
- should have international experience of the energy business, energy transition, climate change and technological innovation;
- should have accrued significant and successful managerial experience holding executive offices at prominent listed companies of comparable structure and complexity to those of Snam;
- should have recognised experience in the energy business, with particular regard to the relations, opportunities and risks of a governance/institutional nature on an international scale.

The other seven Directors:

- should all be non-executive directors, of whom – also in relation to the composition of the Committees – at least five should be independent, based on the criteria set out by law and by the recommendations of the Code of Corporate Governance;
- should be able to demonstrate, in the light of their experience, also gained within boards of directors of listed companies with significant capitalisation, the ability of strategic guidelines and to stimulate results, team work and the capacity to influence and resolve potential disagreements;
- should have an appropriate seniority, it meaning a recognized experience in complex organizational structures within a corporate and/or professional and/or institutional framework;
- all that having been said, should represent the following areas of expertise and experience:
 - multinational experience in top management, including in situations of strategic and corporate development;
 - recognised experience in the reality of the main foreign technical and institutional contexts, in countries where Snam operates;
 - recognised experience in primary institutions and/or businesses in the energy sector on an international level;
 - recognised expertise in economic/financial matters, financial statements and risk management;
 - recognised legal knowledge and knowledge of corporate governance topics *Environmental Social and Governance ("ESG")*.

Lastly, with reference to the composition of the Board of Directors, reference should be made to the statutory provisions (Article 13) regarding compliance with the regulation on gender balance pursuant to law no. 120 of 12 July 2011.

Time availability

When accepting their appointment all Directors, including non-executive Directors, shall have carefully considered and guaranteed to the Shareholders proposing them the time availability required for the full and diligent performance of the responsibilities and duties assigned to them.

25 Description of Snam's diversity policy⁵⁰

DNF This section describes the diversity policy adopted upon the proposal of the Appointments Committee in 2018 and updated by the resolution of the Board of Directors, upon the proposal of the Appointments Committee, dated 18 February 2019 on the composition of administration, management and control bodies in relation to age, gender composition and education and career.

The provisions of Law no. 120 of 2011 have limited time validity⁵¹.

In this regard, the 2018 Code of Corporate Governance requires that at least one third of the members of the Board of Directors and the Board of Statutory Auditors is composed of the less represented gender, inviting issuers to select and apply the instrument deemed most suitable to achieve this objective. These provisions are operational from the start of the first term of office of these bodies after the effects of Law 120 of 12 July 2011 have ceased (specifically, for Snam the term after the next renewal of the corporate bodies).

The comment of the Code of Corporate Governance identifies various instruments that the company can adopt for the implementation of the quota of one third, inviting them to select the one they deem most suitable taking into consideration their ownership structure and the degree of the binding nature considered most appropriate for achieving the objective.

Among these instruments, the Code of Corporate Governance points out the Articles of Association (currently already amended pursuant to Law 120/2011, but linked to the temporary nature of its effects), the diversity policies (which must now be reported pursuant to Article 123-*bis* of the CFA), the guidelines of the Board of Directors for shareholders (already recommended by the Code of Corporate Governance) and the list submitted by the outgoing Board of Directors. The Board of Directors convened on 18 February 2019, in order to ensure gender balance in the composition of Snam's corporate bodies even when the provisions laid down by Law no. 120 of 2011 have ceased to be effective, has deemed it appropriate to recommend that the Board of Directors that will be appointed at the time of the Shareholders' Meeting of 2 April examine, in a timely fashion and, in any event in due time in consideration of the expiry of the validity of the afore-mentioned regulatory provisions, the integration of the rules laid down in the Articles of Association so as to make permanent the application of the gender balance principle as regards the composition of Snam's Board of Directors and Board of Statutory Auditors.

The Company believes that diversity is a value and makes a positive contribution to the effectiveness of the actions of corporate bodies.

In the composition of the administration, management, and control bodies it pursues a target of integration of professionals having different profiles, thus acknowledging the importance, for the good functioning of corporate bodies, of complementary experience and skills, to be combined with the diversity of gender and of age groups of the body members. Snam adopts all the measures required to ensure diversity in the above-mentioned respects.

Below is a brief description of the main methods adopted by Snam in terms of diversity, and of the results obtained over the years.

⁵⁰ The description of the diversity policy is provided for by Article 123-*bis*, *d-bis* of the CFA.

⁵¹ Article 1-*ter* of Law 120/2011 thus provides a limited time duration to three consecutive mandates of the provisions of the aforesaid law. The regulation ran from the first renewal of the corporate bodies subsequent to one year from the date of entry into force.

a. Gender diversity

Snam's main targets for the three-year period 2016-2019 include the perfection of the procedure for the enhancement of diversity, especially in terms of gender.⁵²

The Articles of Association expressly provide for the compliance with the regulation in force on gender balance in the process of appointment of the Board of Directors and of the Board of Statutory Auditors.

The below figures show a growth in the presence of the gender that is normally less represented within Snam, i.e. the female gender: thus, 44% of directors are women; this is one of the highest figures that can be observed in listed companies (the FTSE MIB average is 36.9 %).

In the light of the data shown below it is believed that in the composition of its corporate bodies Snam ensures an adequate gender diversity. Thus:

- three Chairmen of the Committees out of four and the whole composition of the Control, Risk and Related-Party Transactions Committee belong to the feminine gender;
- the presence of the female gender is higher (4 out of 9) than the minimum provided for by the legislation on gender balance (i.e. one third of the total number of members);
- The Board of Statutory Auditors is composed of three Standing Statutory Auditors (one of whom is a female) and of two female Alternate Statutory Auditors. Overall, the presence of the female gender in the controlling body is higher than 50% (3 out of 5).

Snam's commitment to gender diversity is also apparent in the composition of its employees. In particular:

- continuing with the policy adopted in 2017, Snam also intends to reach a better balance between males and females at company level through a recruitment policy - specifically for executive and managerial positions - that focuses more on gender diversity (recruitment percentages in 2018: 28% women, 72% men); the percentage of women in the company, however, thanks to the retirement accompanying actions, went from 13.5% in 2017 to 13.9% in 2018.
- Snam's journey aimed at tackling the gender pay gap has led to a slight improvement in the pay differential percentage compared with 2017. Specifically, the women/men pay differential for executives is equal to around 98%, and as far as managers are concerned it is 93% and for office workers it is 89%. Our commitment continues through careful monitoring and reporting of remuneration at all organisational levels, improvements in the application of the principle of equal pay together with valuing the capacities, responsibilities and results contributed by all women in the company.

b. Education and career

The Company carefully analyses the wealth of expertise of the members of the administrative and control bodies and commits to the continued enhancement of the various skills present within the various bodies, so as to establish administration, management, and control bodies having expertise in relevant business segments for Snam. The Company ensures an ongoing monitoring of the situation as concerns the diversity and the essential complementary nature of professional profiles.

The members of the Board of Directors and of the Board of Statutory Auditors have different backgrounds, acquired not through different previous training and professional experience. These skills allow for a more efficient functioning of the bodies and allow them to adapt immediately to any changes. By regular checks Snam ensures that the members of the Board of Statutory Auditors and of the Board of Directors meet the professionalism, honourableness and integrity requirements provided for by the applicable legislation and by the Corporate Governance Code.

Over the years the Company has adopted instruments and initiatives aimed at ensuring diversity, particularly through the position expressed by the Board of Directors to the shareholders on the future size and composition of the Board of Directors⁵³ and the resolutions of the Board of Directors on co-optation. The recommendations to the shareholders at the Shareholders' Meeting of 2 April 2019 take into account the issue of the necessary diversity within Snam's Board of Directors of gender, as well as age, seniority and complementarity of professional and managerial experience, and an adequate knowledge of languages and an international culture, as well as characteristics and relevance of the offices previously held, including in institutional contexts.

A method used by Snam to increase the wealth of skills and expertise of the members of the administrative and control bodies is that of board inductions, through which the members of the Board of Directors and the members of the Board of Statutory Auditors acquire specific industry know-how.

Board evaluations and board inductions⁵⁴ are considered in the expression of such recommendations.

52 Data available in the 2018 Sustainability Report, which may be viewed on Snam's website.

53 For further information on the contents of the position expressed by the Board of Directors please refer to paragraph 2.4 of this section.

54 For further information, reference is made to Paragraph 5 of this Section.

c. Age

The Articles of Association of Snam do not provide for any specific age limits for the members of the corporate bodies. No statutory limits are deemed to be necessary as age diversification is already such as to ensure adequate diversity. This is clearly proven by the following data:

- the age of Snam's directors varies between 42 and 67 years, with an average age of 55;
- the directors' average age has decreased compared with the previous appointments;
- the age of Snam's statutory auditors of Snam varies between 43 and 58 years, with an average age of 52.

To bring to the shareholders' attention the topic of diversity the Company includes an explicit reference to the aspect of age in the opinion expressed by the Board of Directors to the shareholders on the future size and composition of the Board of Directors.

The methodologies adopted to implement diversity policies include above all the board evaluations carried out with the contribution of an external adviser as better specified in Paragraph 2.4 of this Section. Snam carried out – lastly on 1 February 2019 - an evaluation of the functioning of the Board of Directors and of its Committees and of their size and composition, also considering elements such as the professional characteristics, the experience - including managerial experience - and the gender of its members and their seniority.

Furthermore, the Sustainability Committee carries out, as one of its tasks, an in-depth review of gender diversity.

Among the initiatives aimed at promoting attention to diversity policies in corporate governance, it is noted that Snam is a member of "Valore D", the association of undertakings promoting diversity and female talent and leadership for the growth of companies and of the country, by promoting seminars, workshops and mentoring activities. Furthermore, the Company signed the "Female employment manifesto", which identifies in practice the instruments for the enhancement of female talents.

Concerning the Board of Statutory Auditors, at the moment Snam does not deem it necessary to adopt any specific diversity policies for the controlling body as it believes that its current composition is adequately structured in terms of age, gender, and training and professional experience. In any case Snam considers the legal and statutory requirements and the independence requirements referred to in the Corporate Governance Code.

Finally, Snam also takes the diversity policy into account when exercising direction and coordination activities, guaranteeing the consistency of the policy described above for its Subsidiaries.

26 Chairman of the Board of Directors

The Shareholders' Meeting of 27 April 2016 appointed Carlo Malacarne Chairman of the Board of Directors⁵⁵.

The Chairman, who does not have an executive role, carries out duties provided for by the law, by the Articles of Association, or by a Board of Directors' resolution, specified in Schedule 4 of this Report.

The Chairman is not the main person responsible for the management of the Company (Chief Executive Officer), nor is he the controlling shareholder.

27 Managing Director

At the meeting of 27 April 2016, the Board of Directors appointed Marco Alverà managing Director, also confirming the appointment as General Manager which had taken place on 15 January 2016. The Board of Directors attributed to the Managing Director the functions of Chief Executive Officer and granted the latter all the attributions and powers not reserved for the Board of Directors or the Chairman, referred to at Paragraphs and 3 above 2.5, respectively, and in Schedule 4 of this Section.

The Managing Director has the power to represent the Company and carries out the role of the director in charge of the internal control and risk management system (the "Director in Charge")⁵⁶.

In respect of the Managing Director there is no situation of interlocking directorate, as defined in criterion 2.C.6 of the Corporate Governance Code⁵⁷.

28 Other executive directors

Save the Managing Director, the other members of the current Board of Directors are non-executive directors as (i) they are not managing directors or chief executive officers of any strategic Subsidiaries, and (ii) do not hold any managerial offices in the Issuer or in any strategic Subsidiaries.

55 Carlo Malacarne was the Managing Director of Snam from 8 May 2006 to 27 April 2016.

56 For further information on the Director in Charge please refer to Section IV, Paragraph 1.2 (ii).

57 Criterion 2.C.6 of the Corporate Governance Code provides that "the chief executive officer of issuer (A) does not hold the office of director of issuer (B) not belonging to the same group, of which a director of issuer (A) is the chief executive officer".

2.9 Independent directors

The Board of Directors is composed of a number of independent members such as to ensure, by their number and authority, that their opinion may materially affect board resolutions. Indeed, five of the nine Directors qualify as independent directors, a greater number compared to the provisions of the Code of Corporate Governance, which recommends that the independent directors should make up at least one third of the members of the Board of Directors of issuers belonging to the FTSE-MIB⁵⁸. The presence of independent Directors on the Board of Directors and on the Committees established within it is an element suitable for ensuring adequate protection of the interests of all the shareholders.

The Board of Directors ascertained that the independence requirements set forth by the CFA and by the Corporate Governance Code were met by Non-Executive Directors Sabrina Bruno, Monica de Virgiliis, Francesco Gori, Lucia Morselli and Elisabetta Oliveri on 27 April 2016, at the first meeting after their appointment, and published the outcome of such assessment in a press release published on the same date. Furthermore, the Board last considered the continued fulfilment of the independence requirements by each of such Directors during the meeting of 18 February 2019⁵⁹.

Lastly, on 1 March 2018 the Board of Statutory Auditors ascertained the correct application of the criteria and procedures adopted by the Board of Directors to identify the independence requirements.

A meeting of the Independent Directors was held on 6 November 2018 during which they discussed and examined in depth, specifically, the issue of the Guidelines of the outgoing Board to the Shareholders' Meeting on the quantitative-qualitative composition of the Board of Directors for the next three-year term, after comparisons and having established that there were no further topics that merited a different discussion to that of the board committees⁶⁰.

58 In this respect refer to the provision of Criterion 3.C.6 of the Corporate Governance Code.

59 When carrying out such analyses the Board of Directors used the assessment parameters specified in the CFA and in the Corporate Governance Code.

60 In this respect please refer to the provision of Criterion 3.C.6 of the Corporate Governance Code.

2.10 Maximum accumulation of offices held in other companies

At the meeting of 1 February 2019 the Board of Directors, upon the proposal of the Appointments Committee, issued the following guidelines and expressed the following opinion on the accumulation of the offices held by Directors:

- (i) an **Executive Director** should not hold:
 - a) the office of executive director at another Italian or foreign listed company, or at a financial institution, bank, or insurance company or a company having a net worth or a consolidated annual turnover in excess of EUR 500 million or equivalent amount in the case of a company adopting a different currency;
 - b) the office of non-executive director or statutory auditor (or member of another controlling body) at more than three companies referred to in point a) above. Furthermore, a CEO may not hold the office of director of another issuer not belonging to the same group of which another director of the Company is the CEO;
- (ii) a **Non-Executive Director** (who may also be independent), should not hold the following, in addition to the office held within the Company:
 - a) the office of executive director at more than one Italian or foreign listed company or financial institution, bank, or insurance company or company having a net worth or a consolidated annual turnover in excess of EUR 500 million or equivalent amount in the case of a company adopting a different currency, and the office of non-executive director or statutory auditor (or member of another controlling body) at more than three companies specified above; or
 - b) the office of non-executive director or statutory auditor (or member of another controlling body) at more than four companies referred to in point a) above.

For the purpose of the calculation of the maximum number of offices, the offices held within Snam and the Subsidiaries and the offices held on the Committees of Snam shall not be taken into account.

The Board may, when assessing each individual position, to be carried out in the interests of the Company, consider the concrete circumstances and the professional commitments (not limited to the holding of offices) of each director, so as to allow for a possible derogation from the limits of offices and also to provide for a possible reduction in the number of offices that may be held. The Board of Directors shall, to the extent necessary, invite the director to adopt the consequent decisions.

The following table shows, based on the statements made by the Directors, the other offices held by the Directors of the Company that are relevant pursuant to the Corporate Governance Code and the opinion of the Board of Directors on the maximum accumulation of offices.

Director	Other significant offices held
Marco Alverà	Independent Director of S&P Global
Sabrina Bruno	Independent Director of Banca Apulia
Monica de Virgiliis	Independent Director of PRYSMIAN S.p.A.
Francesco Gori	Non-Executive Director of Supervisory and Management Boards of Apollo Tyres Ltd Independent Director of PRYSMIAN S.p.A.
Lucia Morselli	Non-Executive Director of Sisal Group S.p.A.
	Non-Executive Director of Sisal S.p.A.
	Independent Director of Essilor Luxottica
	Independent Director of Telecom Italia S.p.A.
Yunpeng He	Non-Executive Director of CDP RETI S.p.A., Terna S.p.A, Italgas S.p.A., and IPTO S.A.
Elisabetta Oliveri	Independent Director of GEDI S.p.A.
	Independent Director of ERG S.p.A.

At the meeting of 18 February 2019 the Board of Directors ascertained the following:

- (i) save the Managing Director, the directors are non-executive directors;
- (ii) the number of offices that is relevant pursuant to the Corporate Governance Code and to the opinion of the Board of Directors on the maximum accumulation of offices held by the same directors is compatible with the effective performance of the function of director at Snam.

2.11 Lead Independent Director

Snam did not appoint any lead independent director in view of the absence of the conditions provided for by the Corporate Governance Code⁶¹. Indeed, the Chairman of the Board of Directors does not hold the office of chief executive officer and does not appear to have a controlling shareholding in the Company. Furthermore, the establishment of the lead independent director was not requested by the independent directors.

⁶¹ Criterion 2.C.4 stipulates that: "the Board of Directors appoints an independent director as lead independent director in the following circumstances: (i) if the Chairman of the Board of Directors is the person with chief responsibility for the management of the business (Chief Executive Officer); (ii) if the office of Chairman is held by the person who controls the issuer. The Board of Directors of the issuers belonging to the FTSEMib index designates a lead independent director if so requested by the majority of the independent directors, subject to a different assessment of the board, to be mentioned in the corporate governance report."

2.12 Succession planning

Succession planning aims to: (i) encourage generational replacement in companies; (ii) improve the management of the cessation from office of executive directors and of the top management; and (iii) mitigate the negative effects of any management discontinuity.

Snam is very careful to define the evaluation process on which the selection of candidates must be based. The candidates must be active, proactive and driven in helping to shape the future of the Group - these are characteristics shared by those who decide to commit to Snam. Snam's success is also due to the special attention paid to the selection of the key functions of the top offices.

For this purpose the Succession Planning considers Snam's key management personnel, that is, Chief Financial Officer, General Counsel, EVP Human Resources & Organization, Chief Industrial Assets Officer, Chief Commercial, Regulation & Development Officer, Chief International Assets Officer, and Chief Global Solutions Officer.⁶²

The method adopted provides for the following:

- (i) the running of evaluation interviews of the current holders of key offices and their potential successors;
- (ii) the identification, for each key position, of the relevant requirements: scope of responsibility, expertise, required skills, strategic targets;
- (iii) the assessment and weighing of the risk associated with each key position;
- (iv) the identification and analysis of the succession line of each position so as to check that it corresponds in terms of skills, experience, and readiness;
- (v) the management of the plans of action: individual career plans for internal candidates/selection from the outside or mapping, if necessary;
- (vi) a contingency plan for crisis situations.

The activity is carried out with the support of an external adviser. The Appointments Committee and the Board of Directors examined and agreed on the methodology definition of the Succession Planning⁶³.

In view of the nature of the shareholders, Snam does not provide for any specific succession planning for executive directors. On 13 March 2018, the Board of Directors, upon proposal of the Appointments Committee, approved a "Contingency Plan", in the event of early termination of the Managing Director or of permanent impediment to the performance of his duties, which provides as follows:

- in the event of early termination of the office of the

Chief Executive Officer or of permanent impediment to the performance of his duties, the Chairman of the Board of Directors calls urgently (within 24 hours) the Board of Directors. In the absence of the Chairman of the Board of Directors, the Board of Directors is convened by the oldest Board member in accordance with the provisions of art. 15.1 of the Snam Articles of Association.

- The Board of Directors meets and, if possible, proceeds to co-opt a Director, appointing him Chief Executive Officer and granting the relative powers, or promptly launching the process for the identification of a Chief Executive Officer, with the support of the Appointments Committee, conferring the powers for the ordinary management of the Company to a Director in the interim.
- The Appointments Committee, also availing itself of a consultancy firm specialising in the sector, makes proposals to the Board of Directors regarding the identification of the person deemed most suitable to hold the role of Chief Executive Officer.
- The Board of Directors, upon proposal of the Appointments Committee, proceeds to co-opt a Director and identifies the new Chief Executive Officer, granting him the relative powers

2.13 Remuneration system concerning directors and key management personnel

The Board of Directors reviews the Remuneration Report provided for by Article 123-ter of the CFA, the first section of which - devoted to the remuneration policy for directors and offices with strategic responsibilities adopted by the Company - is submitted to the Shareholders' Meeting for an advisory vote.

Snam's key management personnel are identified as follows: Chief Financial Officer, General Counsel, EVP Human Resources & Organization, Chief Industrial Assets Officer, Chief Commercial, Regulation & Development Officer, Chief International Assets Officer, and Chief Global Solutions Officer.

For a description of the remuneration policy adopted by Snam please refer to the Remuneration Report, which shall be submitted to the Company's Meeting for review on 2 April 2019 and made available on the Company's Website.

The Financial Report is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Minutes_documents/2019/Remuneration_Report_2019.pdf)

⁶² The Succession Planning takes into account not only Snam's key management personnel, but also the Corporate Accounting Documents Officer and the SVP of the Internal Audit.

⁶³ Respectively, on 6 November 2017 and 9 March 2018 the Appointments Committee, and on 13 March 2018 the Board of Directors.

3. SNAM'S COMMITTEES

The Board established the following Committees within its members having proposing and advisory functions, pursuant to the Corporate Governance Code and to article 16 of the Company's Articles of Association:

- Remuneration Committee;
- Appointments Committee;
- Control, Risk and Related-Party Transactions Committee;
- Sustainability Committee.

In the performance of their functions the Committees may access corporate information and functions, have adequate financial resources, and may use external advisers in the terms set forth by the Board of Directors⁶⁴.

The meetings of the Committees may also be attended, by invitation and with reference to individual items on the agenda, by persons who are not members of them. The meetings of the Committees are evidenced by minutes drawn up by the respective Secretaries.

The Regulations of the Committees provide that after each meeting the Chairman of each Committee shall update the Board of Directors by means of a notice, at the next following meeting, on the items discussed and on the remarks, recommendations, and opinions made and given during such meeting⁶⁵.

3.1 Remuneration Committee

(i) Composition

Il Comitato per la Remunerazione è composto come segue:

Member	Qualification
Monica de Virgiliis	Non-Executive and Independent Director ⁽¹⁾ - Chairman
Elisabetta Oliveri	Non-Executive and Independent Director ⁽¹⁾
Alessandro Tonetti	Non-Executive Director

⁽¹⁾ Independent pursuant to the independence requirements set forth by the CFA and by the Corporate Governance Code

The Board of Directors identified the Chairman (Monica de Virgiliis) among the members having adequate knowledge and experience of finance and of remuneration policies.

The Remuneration Committee is validly convened in the presence of at least the majority of the members in office, and adopts resolutions by the absolute majority of those present. In the event of a tie the vote of the Chairman of the Committee shall prevail.

The meetings of the Committee may be attended by the Chairman of the Board of Statutory Auditors or by a Standing Statutory Auditor designated by the latter; furthermore, meetings may be attended by other persons to provide, at the request of the Chairman, the relevant information and evaluations within the scope of their competence with reference to individual items on the agenda.

(ii) Duties

The Remuneration Committee makes proposals and provides advice⁶⁶, as described in the Regulation last approved by the Board of Directors on 11 May 2016, to the Board of Directors on the remuneration of directors.

Consistently with the provisions of the Board of Directors, the Remuneration Committee reviews each year the remuneration structure of the Internal Audit Manager, checking that it is consistent with the general criteria approved by the Board for all officers and informing of the above the Chairman of the Control, Risk and Related-Party Transactions Committee according to the opinion that it is asked to express on the Board concerning such matter⁶⁷.

(iii) Activity

In 2018 the Remuneration Committee met six times, with an average attendance of 100% of its members. The average duration of these meetings was of 84.2 minutes.

⁶⁴ The composition, duties and functioning of the Committees are regulated by the Board through specific regulations (which may be viewed under the section "Etica e Governance" (Ethics and Governance) of the Company's Website (<http://www.snam.it/it/etica-governance/committees/>), in compliance with the criteria set by the Code.

⁶⁵ In this respect please refer to the provision of Criterion 4.C.1(d) of the Corporate Governance Code.

⁶⁶ For a more detailed description of the attributions of the Remuneration Committee please refer to Schedule 5 of this Report.

⁶⁷ In this respect please also refer to Paragraph 3.3 of this Section.

Below is a brief description of the main items discussed by the Remuneration Committee in the corporate year 2018.

Activities

- Review of the implementation of the policies set forth in 2017 for the remuneration of the CEO and of the other Key management personnel;
 - Review of the criteria for the definition of the proposed policy guidelines for 2018 for non-executive directors, the CEO, and the other Key management personnel, considering the outcome of the assessment of the policies implemented in 2017
 - Verification of the results achieved in relation to the corporate targets of Snam's performance plans for 2017 approved by the Board of Directors of 2 February 2017
 - Definition of a proposal relating to the corporate targets of Snam's performance plans for 2018 for annual monetary incentive purposes.
 - Definition of a proposal to amend the document relating to the new long-term variable stock option plan.
 - Verification of the EBITDA results for 2017 and of the EBITDA targets for 2018 and of Adjusted Net Profit results for 2017 and TSR for 2017 and Adjusted Net Profit target for 2018 and definition of the sustainability target for the purpose of the implementation of the long-term stock option plan.
 - Verification and proposal to the Board of Directors of the variable remuneration to be granted to the Managing Director in 2018, determined according to Snam's results in 2017.
 - Review of the results of the meeting voting process concerning the Remuneration Report for 2018, and start of a more in-depth study of the matters considered by the shareholders and by the proxy adviser.
 - Drawing-up of a proposal for the remuneration of the role of Senior Vice President Internal Audit
-

At the meetings of 31 July 2018 and 1 February 2019 the Committee reported to the Board of Directors on the activity carried out during the first six-month period and the second six-month period of 2018, respectively. Furthermore, in compliance with Criterion 4.C.1(d) of the Corporate Governance Code, it reported to the next following Board meeting on each meeting previously held.

The Committee has scheduled six meetings for 2019. As at the Report approval date, three meetings have been held.

Pursuant to the Regulation the directors abstain from attending the meetings of the Committee where proposals are made to the Board concerning their remuneration.

In 2018 the Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by the latter, duly attended the meetings of the Committee and, at the request of the Committee, non-members of the Committee also attended them to provide information and detailed material on a number of items on the agenda.

The Regulation of the Remuneration Committee provides that the Committee shall be granted by the Board of Directors the resources required for the performance of its duties; specifically, it may - in the terms set forth by the Board of Directors from time to time - use external advisers, through the Company's structures, provided that they are not in such situations as to compromise their independence of judgement.

The Committee used external advisers, some of whom also carry out activities for the Human Resources & Organization Area - which do not compromise their independence of judgement.

The Regulation of the Remuneration Committee is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Regolamento_Comitato_per_la_Remunerazione_di_Snam/ENG_REVOK.pdf)

Table 1 of Section VI shows the information on the participation of each member in the meetings of the Remuneration Committee.

3.2 Appointments Committee

(i) Composition

The Appointments Committee is composed as follows:

Member	Qualification
Francesco Gori	Non-Executive and Independent Director ⁽¹⁾ - Chairman
Monica de Virgiliis	Non-Executive and Independent Director ⁽¹⁾
Alessandro Tonetti	Non-Executive Director

⁽¹⁾ Independent pursuant to the independence requirements set forth by the CFA and by the Corporate Governance Code

The following persons are usually invited to attend the meetings of the Committee - which usually happened in 2018 -: the Chairman of the Company, the CEO and, for the matters pertaining to them, the Chairman of the Board of Statutory Auditors or a Standing Statutory Auditor designated by the latter; it is understood that meetings may also be attended by persons who are not members of the Committee, if invited by the Committee, to provide information and to express evaluations within the scope of their competence with reference to the individual items on the agenda.

The Committee is validly convened in the presence of the majority of the members in office, and adopts resolutions with the absolute majority of the members present. In the event of a tie, the vote cast by the Chairman of the Committee shall prevail.

(ii) Duties

The Appointments Committee makes proposals and provides advice to the Board of Directors on the matters specified in Schedule 5 of this Report.

(iii) Activity

In 2018 the Appointments Committee was convened six times, and 94.5% of its members attended its meetings. The average duration of these meetings was 38 minutes. Below is a brief description of the main activities carried out by the Appointments Committee in 2018.

Activities

- Review and proposal to the Board of Directors of the Final Board Evaluation Report for 2017 by the appointed adviser Spencer Stuart
- Review and proposal to the Board of Directors concerning the limits and prohibitions for Snam's Directors to accumulate offices
- Contingency Plan proposal
- Proposal of Snam's diversity policy pursuant to Article 123-bis, section d-bis) of the CFA.
- With regard to the Subsidiaries under the scope of consolidation and strategic international Investees, the formulation of proposals to the Board of Directors on the appointment of members of the corporate bodies
- Illustration of the outcomes of the Peer to Peer Reviews.
- Review and proposal to the Board of Directors of the Final Board Evaluation Report for 2018 by the appointed adviser Spencer Stuart
- Review of the methodology and process for the definition of the succession plans for Snam's management

The Regulation of the Appointments Committee was last approved by the Board of Directors on 13 February 2018 to attribute to the Committee the power to make proposals on the diversity policy.

The Regulation of the Appointments Committee is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Regolamento_Comitato_Nomine_di_Snam/ENG_REVOK.pdf)

At the meetings of 31 July 2018 and 1 February 2019 the Committee reported to the Board of Directors on the activity carried out during the first six-month period and the second six-month period of 2018, respectively. Furthermore, in compliance with Criterion 4.C.1(d) of the Corporate Governance Code, the Committee reported to the next following Board meeting on each meeting previously held. For 2019 the Committee scheduled seven meetings. As at the date of approval of the Report two meetings have been held.

The Regulation of the Appointments Committee provides that the Committee shall be granted by the Board of Directors the resources required for the performance of its duties; specifically, it may - in the terms set forth by the Board of Directors from time to time - use external advisers, through the Company's structures, provided that they are not in such situations as to compromise their independence of judgement. In compliance with the Regulation of the Appointments Committee, in 2018 the meetings of the Committee - because of their agenda - were attended by the EVP Human Resources & Organization and by the General Counsel.

Table 1 of Section VI shows the information on the participation of each member in the meetings of the Appointments Committee.

3.3 Control, Risk and Related-Party Transactions Committee

(i) Composition

The Control, Risk and Related-Party Transactions Committee is composed as follows:

Member	Qualification
Elisabetta Oliveri	Non-Executive and Independent Director ⁽¹⁾ - Chairman
Sabrina Bruno	Non-Executive and Independent Director ⁽¹⁾
Lucia Morselli	Non-Executive and Independent Director ⁽¹⁾

⁽¹⁾ Independent pursuant to the independence requirements set forth by the CFA and by the Corporate Governance Code

Snam's Board of Directors identified the Chairman (Elisabetta Oliveri) among the members having adequate knowledge and experience of accountancy, finance, and risk management.

The following persons are usually invited to attend the meetings of the Committee: the President of the Company and the members of the Board of Statutory Auditors; the meetings of the Committee may be attended, upon invitation from the Committee, by the Director in Charge and by other persons who are not members of the Committee, to provide information and to express evaluations within the scope of their competence with reference to the individual items on the agenda.

The Committee is validly convened in the presence of the majority of the members in office, and adopts resolutions by the absolute majority of those present. In the event of a tie the vote of the Chairman of the Committee shall prevail.

(ii) Duties

The Committee makes proposals and provides advice⁶⁸ to the Board of Directors to support by an adequate investigation activity the evaluations and decisions of the Board concerning the internal control and risk management system, and the decisions relating to the approval of the periodic financial reports.

⁶⁸ For a more detailed description of the attributions of the Control, Risk and Related-Party Transactions Committee please refer to Schedule 5 of this Report.

(iii) Activity

In 2018 the Appointments Committee was convened eleven times, and 97% of its members, on average, attended its meetings. The average duration of these meetings was 227 minutes.

Below is a brief description of the main items discussed and of the main activities carried out by the Control and Risk, Related-Party Transactions Committee in the corporate year 2018.

Area	Activities
	<p>Non-recurrent activities</p> <ul style="list-style-type: none"> • Analysis, with the support of the Senior Vice President of Planning and Control, of the method used by Snam to carry out the impairment test, and of the preliminary results of the analyses carried out • Review of the proposal to adopt the Guidelines on the issues of: i) Market Abuse, ii) Reports, including anonymous ones, received by Snam and its subsidiaries, iii) Enterprise Risk Management, iv) Health, Safety and the Environment and Public Safety, v) Privacy, vi) Global Security, vii) Corporate Governance, viii) Risk Assurance and Integrated Compliance and ix) Tax Strategy of the Snam Group • Updates with regard to the TAP project • Information received from the Head Property & Facility Management with regard to the property divestments of the Snam Group • Review, with the support of the Senior Vice President Supply Chain of the management and publication of property sales tenders and the new supplier qualification/selection process • Review, with the support of the General Counsel and the Chief Financial Officer, of the existing contractual relations between Snam S.p.A. and Italgas S.p.A. for Information and Communications Technology services • Monitoring of the progress of the Lean Simplify project with the support of Human Resources Management. • Review of the issue of unaccounted for gas with the support of the Chief Financial Officer and the Chief Industrial Assets Officer. • Analysis of Snam's new unregulated business initiatives, specifically of the CNG project aiming to build and maintain the plants for the provision of the service of natural gas compression and instrumental in the supply as fuel for motor vehicles • Analysis, with the support of the General Counsel, of the implementation status of the privacy regulations, as well as the Risk Assessment and Integrated Compliance Project • Analysis, with the support of the Senior Vice President Administration, Budget and Tax of the Tax Cooperative Agreement • Information with regard to the invitation to tender opened by Gruppo CDP S.p.A. for the appointment of the auditors for the nine-year period 2020 – 2028 • Analysis, with the support of the Executive Vice President Relations with the Authorities with regard to the consultation activities with ARERA for the fifth regulation period 2020 - 2023
	<p>Recurrent activities</p>
ERM Model and management of the Company's main risks	<ul style="list-style-type: none"> • Examination of the quarterly relations involving the identification and updating of the main corporate risks under the scope of the ERM system with special reference to the risks associated with the new unregulated businesses (e.g. Snam4Mobility, Cubogas, Ies Biogas, etc) – Periodic analysis, together with management, of the Finance function for the management of financial risks as well as the Strategic Plan risks
Overseeing of the Internal Audit function	<ul style="list-style-type: none"> • Analysis of methodological updates of the internal auditing process of the INTAU function • Review of the periodic reports on the activities carried out for the conclusion of the 2017 Audit Plan and to implement the audit plan for the year 2018, the relevant follow-up activities and the findings of audits; • In-depth study of the internal audit relations emerged in 2018; • Analysis of the quarterly reports on the reports received from Snam and the Subsidiaries • Analysis of the proposed audit plan for the years 2018 and 2019
Corporate information control system	<ul style="list-style-type: none"> • Review of the report on the adequacy of the corporate information control system and on the compliance with the administrative and accounting procedures and of the annual Report on the organisational, administrative and accounting structure of Snam and of the Subsidiaries • Analysis of the activities carried out in 2017 and in the first half of 2018 for the continuous update and improvement of the corporate information control system of the Snam Group
Audit of accounts	<ul style="list-style-type: none"> • Analysis of the matters concerning the semi-annual and the annual financial reports, with reference to the audit activity and to the verifications carried out in relation to the effectiveness of the corporate information control system
Legislative Decree 231 of 2001, Code of Ethics and Anticorruption Policy	<ul style="list-style-type: none"> • Meetings with the Watch Structure and review of the activities carried out by the latter
Corporate governance and compliance with the legislation	<ul style="list-style-type: none"> • Review with the General Counsel of the Report on Corporate Governance and the ownership structure for 2017 and the 2017 Compliance Report • Analysis of the new features introduced by Legislative Decree 254/2016 with regard to the Non-Financial Disclosure and review of the 2017 Sustainability Report
Transactions involving the interests of directors and statutory auditors and related-party transactions	<ul style="list-style-type: none"> • Annual review of the choices made by the Company for the determination of the threshold to distinguish between minor transactions and major transactions, and expression of a positive opinion on the adoption of the "Guideline on transactions involving interests of directors and statutory auditors and related-party transactions" to replace the procedure • Analysis of the report prepared by the Administration function on the relations established with related parties in 2017

The Regulation of the Control, Risk and Related-Party Transactions Committee was last approved by the Board of Directors on 13 February 2018 to implement the novelties introduced by Legislative Decree no. 254/2016.

The Regulation of the Control, Risk and Related-Party Transactions Committee is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Regolamento_Comitato_Controllo_e_Rischi_di_Snam/ENG_REVOK.pdf)

At the meetings of 31 July 2018 and 1 February 2019 the Committee reported to the Board of Directors on the activity carried out during the first six-month period and the second six-month period of 2018, respectively. Furthermore, in compliance with Criterion 4.C.1(d) of the Corporate Governance Code, it reported to the next following Board meeting on each meeting previously held.

For 2019 the Committee scheduled ten meetings. As at the date of approval of the Report three meetings have been held.

At the invitation of the Control, Risk and Related-Party Transactions Committee, in 2018 the meetings of the Committee were also attended by non-members to provide information and detailed studies, as well as, usually, by the Chairman of the Board of Statutory Auditors and/or by other Statutory Auditors.

The Regulation of the Committee provides that in the performance of its functions the Committee shall be entitled to access the corporate information and functions required for the execution of its duties.

The Committee is granted by the Board of Directors the resources required for the performance of its duties; specifically, it may - in the terms set forth by the Board of Directors from time to time - use external advisers, through the Company's structures, provided that they are not in such situations as to compromise their independence of judgement.

Table 1 of Section VI shows the information on the participation of each member in the meetings of the Control, Risk and Related-Party Transactions Committee

34 Sustainability Committee

(i) Composition

The Sustainability Committee is composed as follows:

Member	Qualification
Sabrina Bruno	Non-Executive and Independent Director ⁽¹⁾ - Chairman
Yunpeng He	Non-executive Director
Lucia Morselli	Non-Executive and Independent Director ⁽¹⁾

⁽¹⁾ Independent pursuant to the independence requirements set forth by the CFA and by the Corporate Governance Code

The following persons are usually invited to attend the meetings of the Committee: the President of the Company, the CEO and the Chairman of the Board of Statutory Auditors, or a Standing Statutory Auditor designated by the latter, and the Executive Vice President of Institutional Relations, CSR and Communication; it is understood that meetings may also be attended by persons who are not members of the Committee, if invited by the Committee, to provide information and to express evaluations within the scope of their competence with reference to the individual items on the agenda.

The meetings were usually attended by the members of the Board of Statutory Auditors and regularly by the Executive Vice President of Institutional Relations, CSR and Communications. Meetings were also attended by persons who are not members of the Committee, invited by the Committee, to provide information and to express evaluations within the scope of their competence with reference to the individual items on the agenda.

The Committee is validly convened in the presence of the majority of the members in office, and adopts resolutions by the absolute majority of those present.

(ii) Compiti

The Committee makes proposals and provides advice to the Board of Directors on Sustainability matters, including in respect of Stakeholder relations, as specified in Schedule 5 of this Report.

(iii) Activity

In 2018 the Sustainability Committee was convened ten times, and 100% of its members attended its meetings. The average duration of these meetings was 89 minutes.

In 2018 the Sustainability Committee focused its activities on the matters specified in the table shown below.

Activities

-
- Follow-up on the review of the non-financial information contained in the Financial Report for 2017
 - Final balance of the profit and non-profit initiatives for 2017 and review of the profit and non-profit initiatives for 2018
 - Review of the Non-Financial Disclosure (NDF) in the Annual Report
 - Review of the Sustainability Report
 - Examination and review of the Health Safety Environmental – & Quality Guidelines
 - Six-monthly review of sustainability
 - Information on the activities of the Snam Foundation and examination of the projects planned for 2019
 - Proposal for amendment of the Regulation
 - Review of the company's process of accounting of non-financial information and of the non-financial disclosure to be submitted to the Board of Directors
 - Review of the materiality analysis process for the formation of the Non-Financial Disclosure and of the document submitted to the Board
 - Analysis of Sustainable Finance initiatives
 - Analysis of the initiatives, sustainability targets, new projects, methodology and investments in the strategic plan in relation to the climate change strategy
 - Examination of the gas advocacy initiatives
 - Examination of the gender diversity initiatives
 - Updates with regard to the TAP project
 - Examination with regard to the activities of the Working Group with regard to the TCFD
 - Engagement activities vis-à-vis Socially Responsible Investors
-

The Regulation of the Sustainability Committee was last approved by the Board of Directors on 13 February 2018 to implement the new features introduced by Legislative Decree no. 254/2016.

The Regulation of the Sustainability Committee is available on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organizational/comitati/Regolamento_Comitato_Sostenibilita_di_Snam/ENG_REVOK.pdf)

At the meetings of 31 July 2018 and 1 February 2019 the Committee reported to the Board of Directors on the activity carried out during the first six-month period and the second six-month period of 2018, respectively. Furthermore, in compliance with Criterion 4.C.1(d) of the Corporate Governance Code, it reported to the next following Board meeting on each meeting previously held.

The Committee scheduled seven meetings for 2019. As at the date of approval of the Report two meetings have been held.

The Regulation of the Sustainability Committee provides that the Committee shall be granted by the Board of Directors the resources required for the performance of its duties; specifically, it may - in the terms set forth by the Board of Directors from time to time, use external advisers, through the Company's structures, provided that they are not in such situations as to compromise their independence of judgement.

Table 1 of Section VI shows the information on the participation of each member in the meetings of the Sustainability Committee.

4. SNAM'S BOARD OF STATUTORY AUDITORS AND AUDITING FIRM

4.1 Snam's Board of Statutory Auditors

The Board of Statutory Auditors, pursuant to the CFA, oversees the compliance with the law, with the memorandum of association, and with the principles of correct management in the performance of corporate activities; it also controls the adequacy of the organisational, management, and accounting structure adopted by the Company and its actual functioning. Furthermore, pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010 (as updated by Legislative Decree No. 135 of 17 July 2016, which incorporated European Directive 2014/56/EU on legal auditing), the Board of Statutory Auditors also carries out supervisory activities as the *"Internal control and audit committee"*.

(i) Composition

The current Board of Statutory Auditors of the Company was appointed by the Shareholders' Meeting on 27 April 2016 for a term of three corporate years and in any case until the date of the Meeting called for the approval of the financial statements for the year 2018. Below is a table containing some information on the current members of the Board:

Member	Qualification	List submitted in which they were included
Leo Amato	Standing Statutory Auditor and Chairman	List of CDP RETI S.p.A.
Massimo Gatto	Statutory auditor	List jointly submitted by minority shareholders
Maria Luisa Mosconi ⁽¹⁾	Standing Statutory Auditor	List of CDP RETI S.p.A.
Maria Gimigliano	Alternate Statutory Auditor	List of CDP RETI S.p.A.
Sonia Ferrero	Alternate Statutory Auditor	List jointly submitted by minority shareholders

⁽¹⁾ Director appointed according to the quorums provided for by the law upon the proposal made by CDP RETI S.p.A.

At the Meeting of 27 April 2016 two lists were submitted for the appointment of the Board of Statutory Auditors:

- (i) a list submitted by CDP RETI S.p.A. (two candidates to the office of Standing Statutory Auditor and one candidate to the office of Alternate Statutory Auditor), and
- (ii) a joint list submitted by a number of institutional investors (one candidate to the office of Standing Statutory Auditor and one candidate to the office of Alternate Statutory Auditor).

The share capital represented at the Meeting in relation to the appointment of the Statutory Auditors by the slate voting mechanism was equal to 69.37% of the share capital, and 69.25% of the share capital expressed their vote. The list submitted by CDP RETI S.p.A. was voted by 33.79% of the share capital, whereas the list jointly submitted by institutional investors was voted by 34.47% (therefore being the list receiving the highest number of votes).

Therefore, by applying the provisions of the Articles of Association relating to the slate voting mechanism in force in 2016⁶⁹, 2 Standing Statutory Auditors were appointed in 2016 (1 selected from the list of CDP RETI S.p.A. and 1 selected from the list of institutional investors) and 2 Alternate Statutory Auditors were also appointed (1 selected from the list of CDP RETI S.p.A. and 1 selected from the list of institutional investors). To supplement the slate voting mechanism one of

⁶⁹ Refer to note 39 of this Relation.

the remaining Standing Statutory Auditors was appointed by a majority vote on the proposal of the shareholder CDP RETI S.p.A. The other Standing Statutory Auditor was selected from the list submitted by CDP RETI S.p.A. At the time of the voting the shares represented at the Meeting were equal to 31.91% of the share capital. The vote was expressed by 31.80% of the share capital and the favourable votes represented 30.76% of the share capital.

On 1 March 2018 the Board of Statutory Auditors, based on the statements provided by the Statutory Auditors themselves, carried out the periodic check and ascertained that all the members of the Board still met the independence requirements provided for by article 148, paragraph 3, of

the CFA, and the ones specified for directors by article 3 of the Corporate Governance Code.

On 27 April 2016, upon the appointment, the Board of Statutory Auditors of the Company carried out the verification that all the members of the Board still met the independence requirements provided for by article 148, paragraph 3, of the CFA, as well as the ones specified for directors by article 3 of the Corporate Governance Code. In relation to the outcome of such verifications the Board of Directors published a press release⁷⁰.

The personal and professional characteristics of each statutory auditor are outlined in the CVs below.⁷¹



Leo Amato
Chairman

Nationality: Italian
Professional Background:
University Professor- Chartered
accountant and auditor

Career

He was born in Turin in 1961.
Since 27 April 2016 he has been the Chairman of Snam's Board of Statutory Auditors.
From 26 March 2013 to 27 April 2016 he was a Standing Statutory Auditor at Snam.

He obtained an honours degree in economics from the University of Turin.

Leo Amato is enrolled with the Register of Auditors and the Register of Court-appointed Technical Experts; he is an Arbitrator of the Piedmont Chamber of Arbitration. He also holds administrative and control posts in numerous Italian companies. He was an Associate Professor of Contract Law, Non-Profit Organisations Law and Trust and Lien Law at the Faculty of Economics of the University of Eastern Piedmont. He is the President of Iusefor, the training agency of the University Institute for European Studies of Turin.



Massimo Gatto
Standing Statutory Auditor

Nationality: Italian
Professional Background:
Chartered accountant and auditor

Career

He was born in Rome in 1963.
Since 27 April 2016 he has been a Standing Statutory Auditor at Snam.

From 27 April 2010 to 27 April 2016 he was the Chairman of Snam's Board of Statutory Auditors.

He obtained a degree in economics from the University "La Sapienza" of Rome.

Massimo Gatto is a chartered accountant, auditor and receiver.

He is Chairman of the Board of Statutory Auditors of MARR and of Collegamenti Integrati Veloci – C.I.V. S.p.A.

He is an alternate auditor at UNIPOL Gruppo Finanziario S.p.A., and ARCA HOLDING S.p.A.

⁷⁰ In this respect please refer to the provision of Criterion 8.C.1 of the Corporate Governance Code.

⁷¹ For the full version of the professional CVs of each Director of the Company currently in office please refer to the following website: <http://www.snam.it/it/etica-governance/collegio-sindacale/>.



Maria Luisa Mosconi
Standing Statutory Auditor

Nationality: Italian
Professional Background:
University Professor- Chartered
accountant and auditor

Career

Maria Luisa Mosconi is enrolled with the Register of Court-appointed Technical Experts of the Court of Milan, with specific reference to business evaluations and Extraordinary Finance transactions.

She is a Chartered Accountant and Auditor and has been enrolled with the Register of Chartered Accountants of Milan since 1992. She carried out the activities and roles as the Chairman or a Member of the Board of Statutory Auditors/

Audit Committee, of the Board of Directors, of the Supervisory Board and Legal Liquidator of listed and unlisted companies.

Maria Luisa Mosconi accrued experience working with a number of listed companies, including in regulated sectors, in the banking, insurance, in financial intermediaries and in asset management company sectors.

She is a Teaching Assistant at Università Commerciale L. Bocconi for Prof. Mario Massari in the subjects of Corporate Finance-Introduction to Evaluations and Corporate Finance-Financial Management (advanced topics). She is also a member of the National Commission for the issue of the "Behavioural rules for the Board of Statutory Auditors of listed companies" within the National Board of Chartered Accountants.

Maria Gimigliano
Alternate Statutory Auditor

Nationality: Italian
Professional Background:
Chartered accountant and auditor

Career

She was born in Naples in 1976.

Since 26 March 2013 she has been an Alternate Statutory Auditor at Snam.

She obtained a degree in Business Economics from Università Bocconi of Milan.

She is enrolled with the Register of Auditors.

She is a member of the Board of Auditors of Bocconi University of Milan.

She is a standing auditor and member of the Watch Structure of Banca Progetto S.p.A. and Cedacri S.p.A. She is a standing auditor of Infrastrutture Trasporto Gas S.p.A., TEP Energy Solution S.r.l., Surfaces Technological Abrasives S.p.A., ADI S.r.l., Ennefin S.p.A., RBM Italia S.r.l. and Nocoat S.p.A..

Sonia Ferrero
Alternate Statutory Auditor

Nationality: Italian
Professional Background:
Chartered accountant and auditor

Career

She was born in Turin in 1971.

Since 27 April 2016 she has been an Alternate Statutory Auditor at Snam.

She obtained a degree in Economics from Università degli Studi of Turin.

Since May 2013 she has been a member of the Board of Statutory Auditors of MBDA Italia S.p.A. and of Iniziativa Gestione Investimenti (IGI) SGR S.p.A.; since April 2016 she has been the Chairman of the Board of Statutory Auditors at Geox S.p.A. Since April 2015 she has been a member of the Board of Statutory Auditors of Banca Profilo S.p.A. On 20 April 2018 she was appointed as a standing auditor of Atlantia S.p.A.

Since 2015 she has been working with Studio Vasapoli & Associati.

She is a Chartered Accountant enrolled with the Register of Chartered Accountants of Turin since 2001.

For a description of the main functions carried out by the Board of Statutory Auditors pursuant to the law and to the statutory provisions regulating the mode of appointment and the term of office of such board please refer to Schedule 6 of this Report.

The remuneration of the Board of Statutory Auditors was determined by the Meeting considering the commitment required, the importance of the role carried out, and Snam's size and business segments.

(ii) Meetings of the Board of Statutory Auditors

In 2018 the Board of Statutory Auditors met twenty times; the meetings were attended by an average of 98.33% of the Statutory Auditors (see table 2 of Section IV). The average duration of the meetings of the Board of Statutory Auditors was 169 minutes.

For 2019 the Board of Statutory Auditors scheduled eight meetings until the end of March. As at the date of approval of the Report three meetings have been held.

Pursuant to the Guideline *"Transactions involving the interests of Directors and Statutory Auditors and Related-Party Transactions"* the members of the Board of Statutory Auditors have to declare their interest or any third-party interest in specific transactions submitted to the Board of Directors. In 2018 no situations occurred in respect of which the members of the Board of Statutory Auditors had to make any such statements.

The Board of Statutory Auditors receives the information flow required for the performance of its duties. At the meeting of 19 December 2018, the Board of Statutory Auditors of Snam conducted a self-assessment of the "Framework Resolution of Snam Group Boards of Statutory Auditors", which formalises the information flows between them, approving amendments/supplements. The amended Resolution was sent to the Boards of Statutory Auditors of the Subsidiaries.

For a description of the mode of coordination between the Board of Statutory Auditors and the Control, Risk and Related-Party Transactions Committee and the Internal Audit function please refer to Paragraph 1.3 of Section IV of the Report.

4.2 Auditing Firm

The audit of the accounts is entrusted, pursuant to the law, to an auditing firm enrolled with a specific register and appointed by the Meeting upon the reasoned proposal of the Board of Statutory Auditors. On 24 April 2018 the Ordinary Shareholders' Meeting approved the reasoned proposal of the Board of Statutory Auditors concerning the consensual termination of the office of auditing firm of Ernst&Young S.p.A. and the grant of the new appointment to PwC for the financial years 2018-2026 (Sole Auditor of the CDP Group).

In August 2018, CDP launched a single tendering procedure aimed, where possible, at identifying a sole auditor for all the companies coming under the scope of consolidation of CDP, taking into account that the PwC mandate will expire when the financial statements are reviewed as at 31 December 2019. Snam adhered to such tendering procedure, without prejudice to the fact that Snam makes its own fully independent decisions and, also taking into account its status as an organisation of public interest pursuant to Article 16 of Legislative Decree 39/2010, the Board of Statutory Auditors as a "Committee for internal control and auditing" is also bound to carry out, fully independently, the specific functions attributed to it by the above-mentioned legislative decree.

5. INDUCTION PROGRAMME FOR DIRECTORS AND STATUTORY AUDITORS

Snam adopts a pro-active approach aimed at achieving an increasingly efficient functioning of the Company by involving Directors and Statutory Auditors during board induction sessions, opportunities for discussion such as the Strategy Days, and off-site visits.

Board Induction and off-site visits

After the appointment of the Board of Directors and of the Board of Statutory Auditors a number of board induction sessions took place, which were attended by the members of both boards.

These sessions, in compliance with the provisions of the Corporate Governance Code, were aimed at providing directors and statutory auditors with adequate knowledge of the business areas in which the Company is active, also in view of corporate dynamics and of the development of the corporate structure. The sessions concerned the following: (i) the business and regulatory context of the Snam Group; (ii) the governance matters; (iii) the economic/financial data; (iv) the Strategic Plan. These sessions were prepared and run by the managers of the relevant structures, whereas the session on the Strategic Plan was held by the Managing Director.

In 2018 further Board Induction sessions were held to study clear business matters in greater detail.

Specifically:

- on 13 February 2018 the first Board Induction session of the year took place, which related to climate change and future gas scenarios, with the involvement of experts of the Sustainable Gas Institute of Imperial College London.
- on 13 March 2018 a meeting was held to take an in-depth look into digital and cyber security activities;
- on 2 October 2018 an off-site visit was conducted to the new Sergnano Compressor Station (CR) in order to enable a clearer understanding of the industrial processes concerning the Snam Group and a direct knowledge of the sites and persons operating on site.

Strategy Days

These are opportunities for discussion between the corporate bodies and the Management concerning matters or projects of strategic relevance to the Group.

Specifically, an initial meeting was held on 31 July 2018 to take an in-depth look at the guidelines of the Strategic Plan, while on 1 October 2018 a further meeting was held dedicated to the content of the 2019-2022 Strategic Plan with an in-depth examination of the issues relating to future Group scenarios and strategies. The Strategy Day is a time for everybody's reflection on the future, and a time for socialising that ensures greater cohesion and uniformity of targets.

6. SHAREHOLDER AND INVESTOR RELATIONS

In line with the Code of Ethics and the Code of Corporate Governance, Snam has established an ongoing dialogue with shareholders, institutional investors, socially responsible investors, analysts, and all financial market operators, ensuring the systematic disclosure of comprehensive and timely information on its activity, subject to the confidentiality requirements in relation to certain information. In this context the disclosure to investors, to the market, and to the media is ensured by press releases, by regular meetings with institutional investors, with the financial community and with the press, and by the rich documentation and numerous publications made available and constantly updated on the Company's Website.

The information on financial statements, on events/material transactions and on the procedures issued by Snam on corporate governance is timely disclosed to the public, including by publication on the Company's Website. The press releases of the Company, the documentation used at meetings with financial analysts, the notices to shareholders, and the disclosure and documentation on the agenda of the shareholders' meetings, including the relevant minutes, may also be viewed on the Company's Website.

As in 2017, in 2018 as well, the Investor Relations function also undertook an engagement activity with the main proxy advisers, which was aimed at establishing a productive and ongoing dialogue over the years concerning corporate governance matters.

The relations with the shareholders and with all the financial market operators are kept by the Corporate Strategy and Investor Relations function. The information of interest to them is available on the Company's Website and may also be requested by sending an email to this address: investor.relations@snam.it.

The page entitled "*Investors publications*", in the Investor Relations section of the Company's Website, contains all the institutional products for those who wish to invest in Snam or gain a better understanding of the Company's characteristics and the environments in which it is active.

Snam has, for a long time, promoted digital communication as an efficient and trusted means of sharing corporate, financial and business information, with a view to establishing a transparent and trusting relationship with its stakeholders and potential investors. In the two-year period 2017-2018, the Company maintained its leading position in digital corporate communication in the Comprend 2017-2018 Italy and Europe Webranking classification.⁷²

Snam believes that the involvement of the shareholders and the establishment of a relationship of trust with them are strategic elements, which were pursued in 2018 too. The Corporate Strategy and Investor Relations function encourages the exercise of the voting right at meetings and believes that a political engagement activity is a valuable resource for the whole Group as it ensures satisfaction among the shareholders, contributes to strengthening the relationship between the latter and the Company, and contributes to involving and informing the shareholders in contemplation of their actions and decisions, and to understanding their expectations.

Snam is also in favour of the initiatives for the development of principles addressed to managers, investors and relevant advisers on the transparency of voting policies and on the management of conflicts of interest (the "*stewardship code*"), such as, for example, the principles contained in the stewardship code, published by Assogestioni, which reproduces the principles contained in the EFAMA code (*European Fund and Asset Management Association*) developed at a European level; these principles promote, specifically, the adoption and application of a policy on the exercising of rights concerning the instruments held in the portfolio, as well as the responsible management of continuous dialogue with issuers, paying attention in particular to the adequacy and correctness of any dialogue with their corporate bodies.

7. CONSIDERATIONS ON THE 2018 RECOMMENDATIONS OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee identified a number of areas in respect of which it urges listed companies to comply better with the regulation of the Corporate Governance Code (the "**2018 Corporate Governance Recommendations**").

⁷² The market analysis is available at the link https://lundquist.it/wp-content/uploads/2017/11/Whitepaper_Webranking_Italia-2017-2018.pdf

Specifically, the Corporate Governance Committee calls on board directors to:

- a) give a specific evaluation of the adequacy of the information received before board meetings during the year and, with specific reference to the chairmen of boards of directors, to promote this evaluation activity and make sure that the confidentiality requirements are safeguarded without compromising the adequacy and speed of the information flows prior to board meetings;
- b) apply the independence requirements defined by the Code with greater rigour and, with specific reference to control bodies, to oversee the correct application of these requirements. The committee stresses how disapplication cases should be the exception and, above all, be subject to an in-depth assessment at an individual level, with reference to the situations which the individual board director is facing, and an exhaustive explanation in the corporate governance report;
- c) ensure greater transparency surrounding the methods through which the board review is conducted. The committee hopes, especially for larger issuers, that a competent member of the board will oversee the board review process and that methods which value the individual contribution of each board member will be adopted;
- d) to evaluate, together with the competent committees on the subject of remuneration, the adequacy of the remuneration policies striving to achieve the sustainability of the activities of the business in the medium-/long-term. Specifically, the committee recommends especially to the competent bodies of medium-large issuers, that they should strengthen the connection between variable remuneration and parameters linked to long-term targets and, after adequate explanation, to limit the possibility of supplying sums not linked to predetermined parameters (i.e. ad hoc bonuses) to exceptional individual cases.

The 2018 Corporate Governance Recommendations are undoubtedly a useful tool to adjust the corporate governance structure of companies to national and international best practices. Snam submitted the Recommendations to the Board of Directors during the meeting held on 18 February 2019 and to the Board of Statutory Auditors during the meeting held on 11 February 2019.

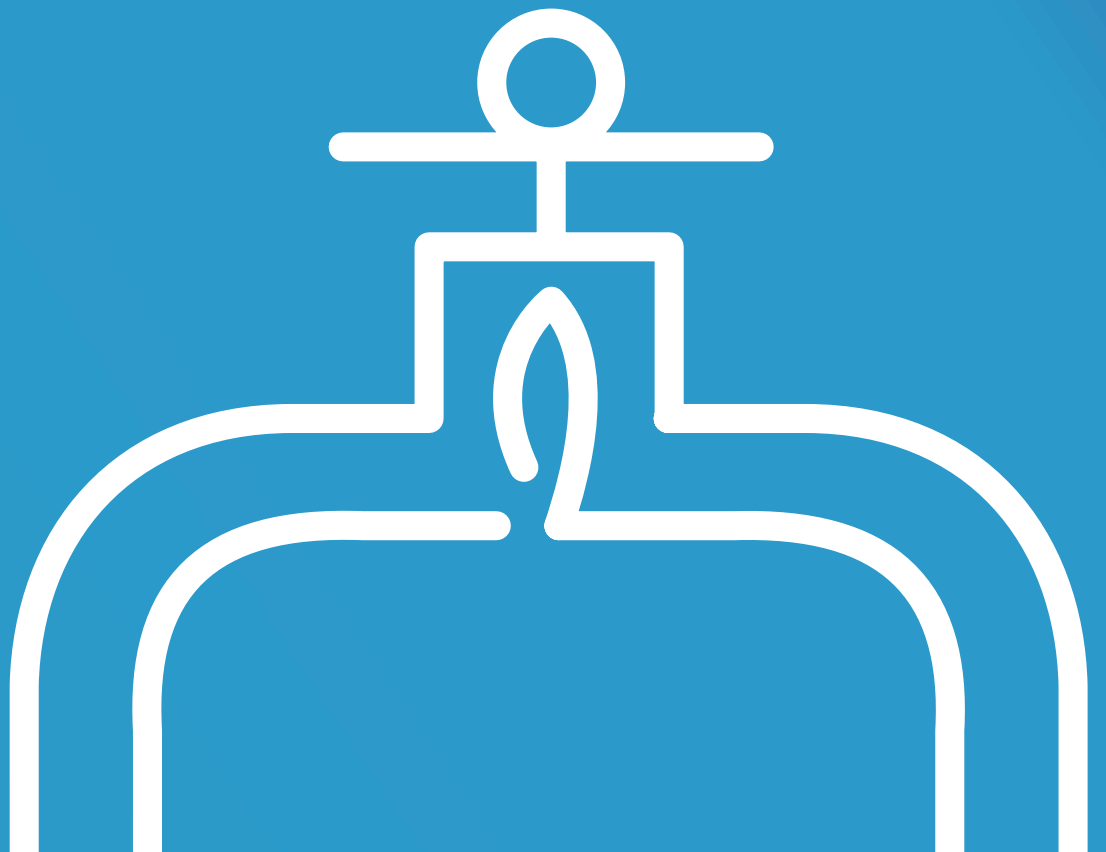
Snam believes that it has already aligned itself a long time ago to the Recommendations expressed by the Corporate Governance Committee, as illustrated below. Specifically, the Company:

- a) adopts the necessary measures to ensure the actual compliance with the pre-meeting information, the timeliness, completeness and availability of which are acknowledged in the findings of the Board Evaluation and in this Report⁷³;

- b) the Board of Directors verifies each year the fulfilment of the independence requirements by the directors representing the majority of the Board Directors (5 out of 9). Snam's Independent Directors, indeed, meet the independence requirements provided for by the CFA and by the Corporate Governance Code with which Snam complies – as described at length in Section III Paragraph 2.9 of this Report. Each year the Board of Statutory Auditors verifies the correct application of the criteria and procedures adopted by the Board of Directors to evaluate the independence of its members, as described in Section III Paragraph 2.9 of this Report;
- c) with the Board review activity, it promotes times for comparison within the Board of Directors. Indeed, the Board of Directors conducts, through the investigation activities of the Appointments Committee, under the supervision of the Chairman of the Board of Directors, and with the support of an external adviser, a well-structured Board review covering the entire term of office and Peer-to Peer Reviews in order to provide guidelines to support the contributions of each board director in their work on behalf of the board. This activity has led to an easy identification of the strengths and of the areas for improvement in Snam's corporate governance structure;
- d) upon the proposal of the Remuneration Committee, the Board of Directors defines the remuneration policies in line with the aims and general principles of the Company, which include a long-term incentive system linked to targets aimed at guaranteeing the sustainability of the business in the medium-/long-term. These targets, evaluated over a three-year period, relate to profitability aspects (EBITDA with a 60% weight and Net Profit with a 30% weight) and sustainability aspects with a 10% weight (in terms of reduction of natural gas emissions in the three-year vesting period). The weighting of the long-term incentive on total remuneration varies, according to the target results, from 40% for Key Management Personnel to 51% for the CEO. Bonuses linked to predetermined parameters are not paid out.

Snam, although it believes that it has already acted in the areas pointed out by the Corporate Governance Committee and that it has therefore found a substantial alignment with respect to the said recommendations, does not rule out the future adoption of further measures, if they are deemed to be necessary for the improvement of the Company's corporate governance structure.

73 In this respect please also refer to Section III, Paragraph 2.2 of this Report, which refers to the pre-meeting information.



Section IV

Snam's internal control and risk management system



78	1. The structure of the internal control and risk management system and the parties involved
78	1.1 Background
79	1.2 The corporate bodies, structures and functions involved
85	1.3 Coordination between the parties involved in the ICRMS
85	A) Information flows under the scope of the ICRMS
87	B) Information flows between Snam Group Boards of Statutory Auditors
87	1.4 Main characteristics of the internal control and risk management system in relation to corporate reporting
89	2. Snam's legal framework
89	2.1 Overview
90	2.2 Compliance programmes
97	2.3 Related Party Guidelines
98	2.4 Guidelines on Market Abuse

1. THE STRUCTURE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THE PARTIES INVOLVED

1.1 Background

The Internal Control and Risk Management System consists of the rules, procedures and organisational structures aimed at allowing for the identification, measurement, management and monitoring of the main risks.

Snam adopted and undertakes to promote and maintain an adequate Internal Control and Risk Management System (the "ICRMS").

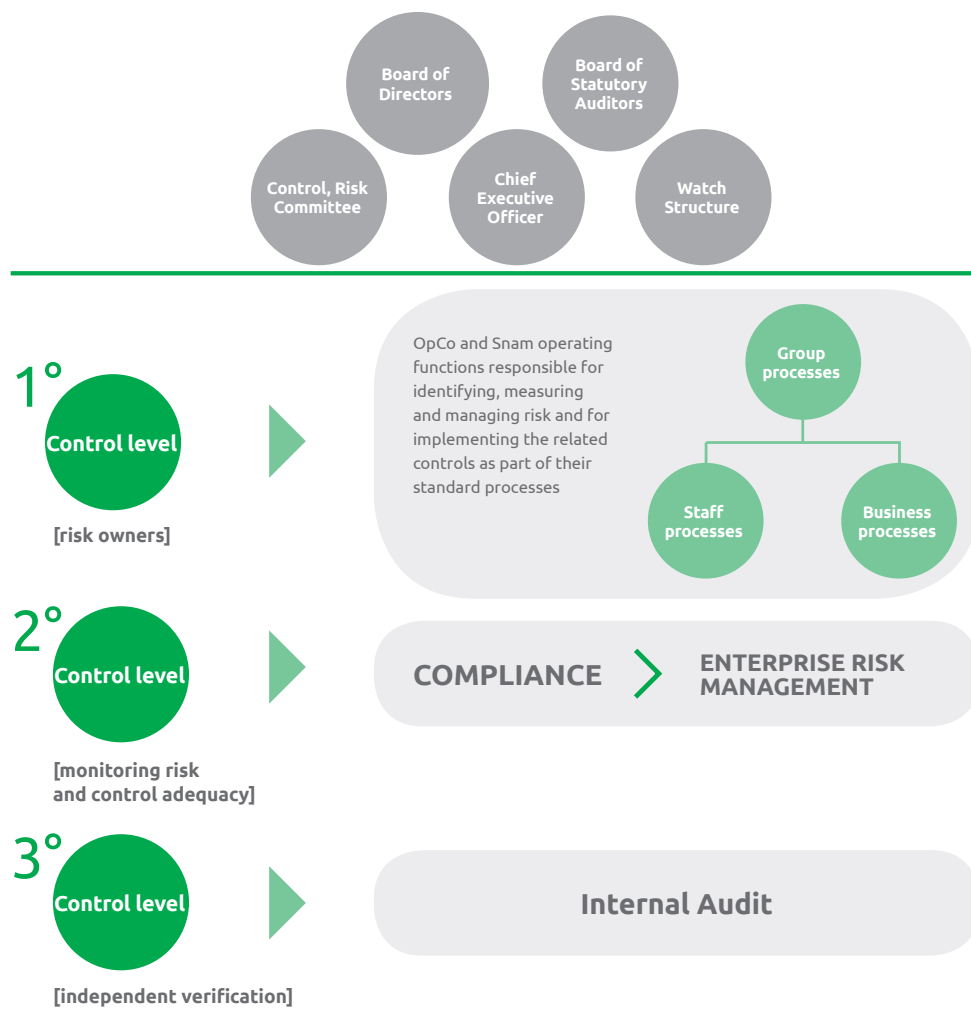
This system is integrated into the organisational, management and accounting structure and, in general, into the corporate governance of Snam and is based on the Corporate Governance Code which Snam complies with, taking as references the national and international models and best practices.

The Code of Ethics⁷⁴ sets forth the guidelines on which the ICRMS is based, such as:

- the segregation of the activities of the persons in charge of the authorisation, execution, or control procedures;
- the existence of suitable corporate provisions for providing the general reference principles for the regulation of corporate processes and activities;
- the existence of formalised rules for the exercise of signatory powers and of internal authorisation powers; and
- traceability (guaranteed through the adoption of information systems that can identify and reconstruct sources, information and checks carried out in support of the formation and implementation of the Company's decisions and financial resource management procedures).

The ICRMS is made subject to verification and update over time, so as to ensure that it is always suitable for monitoring the main risk areas of the business. In this context, and also to implement fully the provisions of the Corporate Governance Code, Snam adopted the ERM Model⁷⁵.

(i) Structure of control levels



74 For further information on the Code of Ethics please refer to Section I, Paragraph 6, of this Report.

75 For further information on the ERM Model please refer to Section IV, Paragraph 1.2 (vii).

First Level:	<p>Identification, assessment and monitoring of the relevant risks within the individual Group processes.</p> <p>This level includes the functions of the Snam Group owners of the individual risks, responsible for their identification, measurement and management, and for the implementation of the necessary controls in the processes pertaining to them.</p>
Second Level:	<p>Monitoring the main risks to ensure they are effectively and efficiently managed and processed, and monitoring the adequacy and functioning of the controls in place to protect against these risks; support for Level One in defining and implementing adequate management systems for the main risks and related controls.</p> <p>This level includes the functions of the group staff in charge of the coordination and management of the main control systems (e.g. Corporate Administrative Liability, Corporate Reporting, Anticorruption; Antitrust).</p>
Third Level:	<p>Independent and objective assurance of the adequacy and actual operation of the first and second control levels and in general of the overall risk management procedures. The Internal Audit acts based on the Guidelines.</p>

1.2 The corporate bodies, structures and functions involved

The ICRMS is an integrated system involving the whole organisational structure: both corporate bodies and corporate structures are to contribute, in a coordinated way, to its functioning, according to the chart shown below, so as to ensure that the main risks concerning the Company and its Subsidiaries are correctly identified and adequately measured, managed and monitored, also consistently with the strategic targets identified.

(i) The Board of Directors

Functions carried out within the ICRMS	<ul style="list-style-type: none"> • In the preparation of the Strategic Plan of the Snam Group it defines the nature and risk level compatible with Snam's strategic targets - based on the mapping of risks executed within the ERM Model - including in its assessments all the risks that may be relevant with a view to medium-long sustainability of Snam's activities.
	<ul style="list-style-type: none"> • It defines the guidelines of the ICRMS in the preparation of the Strategic Plan for the Snam Group.
	<ul style="list-style-type: none"> • It assesses at least once a year (subject to the prior opinion of the Control, Risk and Related-Party Transactions Committee) the adequacy of the ICRMS to the characteristics of the Company and of the Group and to the risk profile undertaken. <p>Concerning 2018, on 13 March 2018 the Board of Directors assessed, also based on the investigation activity of the Control, Risk and Related-Party Transactions Committee, the adequacy and the effectiveness of the ICRMS. Concerning 2019, on 18 February 2019 the Board of Directors assessed, also based on the investigation activity of the Control, Risk and Related-Party Transactions Committee, the adequacy and the effectiveness of the ICRMS.</p>
	<ul style="list-style-type: none"> • It approves, at least once a year, the Audit Plan prepared by the Internal Audit manager, subject to the prior opinion of the Control, Risk and Related-Party Transactions Committee and after consultation with the Chairman of the Board of Directors, with the Director in Charge and with the Board of Statutory Auditors. <p>Concerning 2018, on 13 March 2018 the Board of Directors approved the Audit Plan. Concerning the corporate year 2019, the Audit plan was approved at the meeting held on 18 February 2019.</p>
	<ul style="list-style-type: none"> • It assesses the adequacy of the ICRMS to the characteristics of the business and the risk profile undertaken, as well as its effectiveness. <p>Concerning 2018, on 13 March 2018 and, concerning 2019, on 18 February 2019, the Board of Directors considered the organisational, management and accounting structure as being adequate to the current size and types of activities carried out by Snam and by the Subsidiaries, which was prepared by the management and organisational structures directed by the Managing Director, after submittal to the Control, Risk and Related-Party Transactions Committee and to the Board of Statutory Auditors.</p>

For further details on the decision-making powers of the Board of Directors please refer to Paragraph 2.3.

(ii) The Director in Charge

Pursuant to the governance rules of the Company, Snam's Managing Director acts as the Director in Charge.

Functions carried out within the ICRMS	<ul style="list-style-type: none">• He identified the main enterprise risks, in view of the characteristics of the activities carried out by Snam and by the Subsidiaries, considering them in the definition of the Strategic Plan for 2019-2022 approved by the Board of Directors
	<ul style="list-style-type: none">• He designed, implemented, and managed the ICRMS and constantly checked its adequacy and effectiveness
	<ul style="list-style-type: none">• He adjusted the ICRMS to the dynamics of operating conditions and to the legislative and regulatory framework
	<ul style="list-style-type: none">• He is entitled to request that the Internal Audit Manager carry out verifications of specific operating areas and of the compliance with the internal rules in the performance of corporate activities, simultaneously reporting on them to the Chairman of the Board of Directors, to the Chairman of the Control, Risk and Related-Party Transactions Committee and to the Chairman of the Board of Statutory Auditors
	<ul style="list-style-type: none">• He provided a timely disclosure, also through its own structures, to the Control, Risk and Related-Party Transactions Committee on problems and issues emerged in the performance of his activities or of which they became aware.

(iii) Control, Risk and Related-Party Transactions Committee

The Control, Risk and Related-Party Transactions Committee is in charge of supporting, by an adequate investigation activity, the assessments and decisions of the Board of Directors on the internal control and risk management system and on the approval of the periodic financial reports.

For a more detailed description of the attributions of the Control, Risk and Related-Party Transactions Committee please refer to Schedule 5 of this Report.

(iv) Board of Statutory Auditors

The Board of Statutory Auditors, also as the *"internal control and audit committee"* pursuant to Legislative Decree 39/2010, monitors the effectiveness of the ICRMS.

For further information on the main functions carried out by the Board of Statutory Auditors please refer to Schedule 6 of this Report.

(v) Corporate Accounting Documents Officer

The Corporate Accounting Documents Officer prepares appropriate administrative and accounting procedures for the drawing-up of the financial statements and, where so provided for, of the consolidated financial statements, and of any other financial notice

On 27 September 2016 the Board of Directors, in compliance with article 16.4 of the Articles of Association and article 154-*bis* of the CFA, upon the proposal of the CEO, in agreement with the Chairman and subject to the prior favourable opinion of the Board of Statutory Auditors, appointed Mr Franco Pruzzi – Senior Vice President of the Administration, Budget and Tax Department - Corporate Accounting Documents Officer of Snam.

The Corporate Accounting Documents Officer was selected from among persons not holding any office within the management or control body, nor any managerial offices at Eni S.p.A. and its subsidiaries, and not having any professional or financial relationship with such companies⁷⁶. Pursuant to article 16 of the Company's Articles of Association the Corporate Accounting Documents Officer must be selected from among persons having carried out any of the following activities for at least three years:

- a) administrative, or management, or control activities at companies listed on regulated markets in Italy or in other EU countries or in other OECD countries having a share capital of at least EUR 2 million;
- b) audit of accounts at the companies specified at point (a) above;
- c) professional activities or university teaching in the financial or accounting fields;
- d) managerial functions at public or private entities with competence in the financial, accounting, or control segments.

The Board of Directors checks every year that in respect of the Corporate Accounting Documents Officer, based on the latter's declaration, there are no incompatibility reasons provided for by the Articles of Association and that the latter meets the integrity requirements provided for by the applicable legislation.

⁷⁶ In compliance with the provisions of the PMD of 25 May 2012.

The Board of Directors checks every year the adequacy of the powers and means available to the Corporate Accounting Documents Officer pursuant to the law for the performance of its duties, and every six months it checks the compliance with the existing administrative and accounting procedures.

These checks were carried out on 13 March 2018 for the year 2018 and on 18 February 2019 for the year 2019.

(vi) Internal Audit Manager

The Internal Audit function is centred on Snam and acts within Snam and its Subsidiaries pursuant to article 93 of the CFA as well as the joint venture/shareholdings held jointly with the other partners in agreement with the express provisions contained in the agreements between the parties.

The role, duties and responsibilities of the Internal Audit are set forth and formalised by the Board of Directors in the Guidelines on internal audit activities (the “**Guidelines**”).

Snam’s Board of Directors, upon the proposal of the Director in Charge and in agreement with the Chairman of Snam’s Board of Directors, subject to the prior favourable opinion of the Control, Risk and Related-Party Transactions Committee, and after consultation with the Board of Statutory Auditors, appoints for an indefinite period of time, and may remove from office at any time, the Internal Audit Manager⁷⁷. The Board of Directors evaluates, at least once during the mandate conferred by the Shareholders’ Meeting, the confirmation of the Internal Audit Manager, also in accordance with rotation criteria and, if necessary, proposes the revocation thereof upon consultation with the Board of Statutory Auditors.

The Internal Audit Manager, who is part of the organisational structure reporting to the Managing Director, carries out audit activities with complete independence, according to the instructions of the Board of Directors; the Control, Risk and Related-Party Transactions Committee oversees the Internal Audit activities.

The Internal Audit activities are carried out by ensuring that the conditions of complete independence and autonomy are preserved, as well as the due professional diligence, objectivity, and competence, as provided for by the Mission of the Internal Audit and by the Mandatory Guidance of the Institute of Internal Auditors⁷⁸ and by the principles contained in the Code of Ethics⁷⁹.

The Board of Directors approves each year, in the process of approval of the audit plan, the budget of the resources required to perform the duties attributed to the Internal Audit function. The Guidelines provide that the Internal Audit Manager shall have autonomous expenditure powers for the performance of the activities of assessment, analysis and evaluation of the internal control and risk management system and/or of the activities related thereto. In exceptional and urgent situations requiring available funds in excess of the budget, the Internal Audit Manager may submit to the Board of Directors the extra budget of the Internal Audit for approval, for the performance of the tasks assigned to it, subject to the prior favourable opinion of the Control, Risk and Related-Party Transactions Committee.

The Director in Charge may request that the Internal Audit Manager carry out checks of specific operating areas and of the compliance with the internal rules in the performance of corporate transactions, simultaneously reporting on them to the Chairman of the Board of Directors, to the Chairman of the Control, Risk and Related-Party Transactions Committee, and to the Chairman of the Board of Statutory Auditors.

The (fixed and variable) remuneration of the Internal Audit Manager is approved by the Board of Directors, upon the proposal of the Director in Charge, in agreement with the Chairman of the Board of Directors, consistently with the corporate policies and subject to the prior favourable opinion of the Control, Risk and Related-Party Transactions Committee, and after consultation with the Board of Statutory Auditors. The proposal is also subject to review by the Remuneration Committee.

At the meeting of 14 December 2016 Snam’s Board of Directors, subject to the prior favourable opinion of the Control, Risk and Related-Party Transactions Committee and after consultation with the Board of Statutory Auditors, upon the proposal of the Director in Charge, and in agreement with the Chairman of the Board of Directors⁸⁰, appointed Lorenzo Alzati new Internal Audit Manager.

In order to ensure the independence and transparency of the process for the selection of the Internal Audit Manager, Snam appointed a specialised company to seek a shortlist of candidates on the market having the suitable personal and professional characteristics for holding such position. The candidates were reviewed jointly by the Control, Risk and Related-Party Transactions Committee and by Snam’s Board of Statutory Auditors, together with the Chairman of the Board of Directors and the Executive Vice President of Human Resources & Organization.

77 In application of application criterion 7.C.5 letter b) of the Code of Corporate Governance, the exclusive power reserved by the Board to issue directives to the Internal Audit Manager is enhanced.

78 The international standards for the professional practice of the Internal Audit are available at the following address: http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/IOS/temp/PPF_Standards%20ENG.pdf.

79 In this respect please refer to Section IV, Paragraph 1, of this Report.

80 According to the Guidelines the assessment concerns the profile of the candidate and the characteristics of integrity, professionalism, competence, autonomy and experience required, and any incompatibility, also in terms of conflict of interest, with previous activities or functions performed at the Company and/or at Subsidiaries. The Control, Risk and Related-Party Transactions Committee assesses each year whether such characteristics are maintained.

The appointment of Lorenzo Alzati as the Internal Audit Manager is for an indefinite period of time and is subject to termination by the Board of Directors.

Functions carried out within the ICRMS	<ul style="list-style-type: none"> • He verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operations and suitability of the ICRMS through an Audit Plan approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks
	<ul style="list-style-type: none"> • He is not responsible for and he has no authority over the processes being the subject-matter of control, and he has direct access to all the information that is useful for the performance of his appointment
	<ul style="list-style-type: none"> • He prepares periodic reports containing adequate information on his activity, on the way in which risk management is carried out, and on the compliance with the plans defined to mitigate risks, which contain an assessment of the suitability of the ICRMS, and he sends them to the Chairmen of the Board of Statutory Auditors, of the Control, Risk and Related-Party Transactions Committee and of the Board of Directors, and to the Director in Charge
	<ul style="list-style-type: none"> • He timely prepares reports on particularly significant events and sends them to the Director in Charge, to the Chairmen of the Board of Directors, of the Control, Risk and Related-Party Transactions Committee and of the Board of Statutory Auditors
	<ul style="list-style-type: none"> • He verifies, in the context of the Audit Plan, the reliability of the IT systems used, including the accounting systems.
	<ul style="list-style-type: none"> • He activates other audit operations not set out in the Audit Plan (spot audits), based on requests which may also be made by: (i) the Board of Directors; (ii) the Control, Risk and Related-Party Transactions Committee, and the Board of Statutory Auditors, giving notice appropriately; (iii) the Chairman of the Board of Directors and Director in Charge, ensuring that they are notified to the Control, Risk and Related-Party Transactions Committee and to the Board of Statutory Auditors; (iv) the Watch Structure. The Internal Audit Manager also considers the activation of audit actions following reports received, including anonymous ones, in compliance with the instrument.

Main activities carried out in 2018

In 2018 the Internal Audit function duly performed the planned activities, which concerned, specifically:

- (i) the drawing-up of the proposal for the Audit Plan based on the identification and prioritisation of the main enterprise risks carried out by the ERM unit;
- (ii) the implementation of the Audit Plan, composed of 11 interventions, approved by Snam's Board of Directors on 13 March 2018, subject to the prior favourable opinion of the Control, Risks and of the Related-Party Transactions Committee;
- (iii) the performance of the independent monitoring programme defined together with the Corporate Accounting Documents Officer within Snam's Corporate Reporting Control System (CRCS);
- (iv) the reporting (including anonymous reporting) of issues relating to the internal control and risk management system, to the Company's administrative liability, and to whistleblowing;
- (v) the performance of three further audit activities not provided for in the plan (spot audits);
- (vi) the activities relating to a) the relationship with the Auditing Firm; b) the monitoring of the process for the con-

- ferral and management of the additional appointments by Snam Group companies and of the relevant legislative and regulatory provisions as well as support, jointly with the legal and administrative functions, in the invitation to tender opened by the CDP S.p.A. Group aimed at finding a sole auditing firm for the financial years 2020 - 2028;
- (vii) updating of the Key Risk Indicators and implementation under the scope of the continuous auditing tool in relation to the passive cycle process;
- (viii) implementation under the scope of the Integrated Risk Assurance and Compliance Project of a new tool for managing audit activities;
- (ix) performance of the Internal Quality Review⁸¹.

(vii) The Enterprise Risk Management Model

The Enterprise Risk Management Model (the "ERM Model") provides for suitable instruments for the identification, measurement, management, and monitoring of the main risks that might affect the achievement of strategic targets.

⁸¹ The Internal Audit function, in compliance with the provisions of the standards issued by the *Institute of Internal Auditors*, has adopted a quality assurance and continuous improvement programme covering all aspects of auditing activities and aimed at evaluating the conformity of these activities in relation to the definition of internal control to the professional standards drawn up by the *Institute of Internal Auditing*, as well as to the Code of Ethics adopted by this institute.

Snam's ERM Model, in line with the existing international reference models and best practices (COSO Framework and ISO 31000), provides for an integrated and dynamic cross risk assessment enhancing the management systems already existing in the individual corporate processes, and which is subject to updates, if any, so as to provide an effective risk management model on an ongoing basis and also provide a continuous training process for all parties involved. At the second control level the ERM function has, among other things, the following tasks:

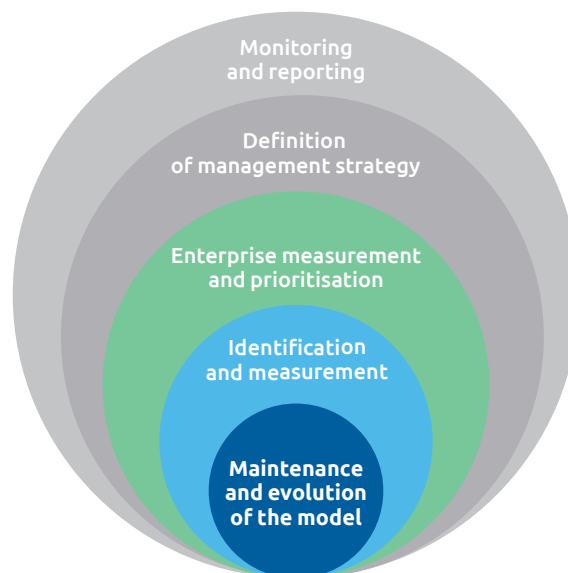
- defining and updating Snam's enterprise risk management model, through specialised methodological support in the risk identification and assessment;
- coordinating the enterprise risk management overall process, aimed at the correct consolidation and prioritisation of the risks of Snam;
- consolidating the strategies for the management of the risks identified by the competent corporate functions for the identification and measurement of the enterprise risks;
- ensuring the coordination of risk control and monitoring activities; periodical drafting of the reports and managing and updating the risk indicators defined, in order to ensure the coordination of the risk monitoring and control activities.

The objective of the risk identification phase is the identification of risky events relating to the corporate and outside processes which might affect the achievement of the corporate purposes. The risk measurement is carried out in an integrated and cross-sectional way through pre-determined classification scales based on likelihood and impact, which concern both quantitative aspects (e.g. economic and financial impacts) and more qualitative and intangible aspects (such as impact on reputation, health, safety, and environment).

The risk is defined as an effect of the uncertainty on the targets and can be negative or positive in scope (opportunities).

An enterprise measurement is assigned to each event, which summarises for each risk the various assessments carried out by the Risk Owners and by the centralised units with specialist skills. Risk prioritisation is defined by the combination of the impact and likelihood measurements. Management strategies and any specific actions, together with the relevant implementation, are identified for all risks.

The mapping of the risks must be regularly re-verified according to the enterprise evaluation and in any case it is at least annual, including for low-priority risks. The periodic reporting activity ensures, at the various corporate levels, the availability and representation of the information on the activities concerning the management and monitoring of the relevant risks. Below is a graph representing the various operating stages of the ERM Model.



In 2018 (i) the Board of Directors approved the Enterprise Risk Management guideline; (ii) continued with the Lean Simplify Project which will enable the full implementation in 2019 of a risk assurance and compliance model integrated through the use of an IT platform (RACI) and a single data base, aimed at incorporating the second level control information flows with a synergistic approach targeted at maximum rationalisation and overall efficiency, as described in more detail in Paragraph 2.2 of Section IV; (iii) the scope of the ERM Model was extended to include the new Group Companies (Infrastrutture Trasporto Gas ,TEP, Cubogas, IES Biogas) and the new services and corporate businesses (biomethane, Compressed Natural Gas - CNG, Small Scale LNG and the marketing of the business services of the Snam Group)

At the end of 2018 approximately 138 enterprise risks were mapped and 25 of them distributed across all corporate processes. The main enterprise risks identified and monitored were classified according to the following categories: strategic risks; legal and non-compliance risk; operational risks; financial risks.

For further details in this regard, please refer to the chapter "Factors of uncertainty and risk management" of the Management Report for 2018.

(viii) 231 Model, Watch Structure and Guarantor of the Code of Ethics

A. 231 Model

The 231 Model consists of a comprehensive set of principles, rules, and provisions concerning, among other things, the management and the control of each corporate process, the aim of which is to protect the company from any behaviours that may entail administrative liability pursuant to Legislative Decree 231 of 2001, in relation to offences committed or attempted in the interests or for the benefit of the company by persons holding top positions within the structure or by persons supervising and controlling them.

The Board of Directors adopted the 231 Model to prevent the offences referred to in the legislation on corporate administrative liability for the offences committed in the interests or for the benefit of the company, and appointed a Watch Structure having autonomous initiative and control powers, in compliance with the laws and regulations.

The analysis of corporate processes and the comparative analysis of the existing control environment and of the control systems are carried out according to the COSO Framework, which is the international reference model for the establishment, update, analysis and assessment of the internal control system (the “**COSO Framework**”, last published in May 2013⁸²).

The Subsidiaries also adopted their own 231 Model adapted to their peculiarities, and appointed their own Watch Structure to monitor the implementation of the 231 Model and its effective application.

In May and June 2018 the documents in the Special Part of the 231 Model of Snam and its Subsidiaries were updated, in the light of:

- the new legislative features, which amended and extended the list of offences referred to by Legislative Decree 231/2001 and the development of the case law on the subject, namely:
 - the new formulation of the corruption offences between individuals (article 2635 of the Italian Civil Code);
 - the crime of "illegal employment", introduced in Article 25-sexies of Legislative Decree 231/2001;
 - the offence of “racism and xenophobia”, introduced by the new Article 25-terdecies of Legislative Decree 231/2001;
- the organisational developments that affected Snam.

Snam developed a specific training programme for all Snam’s staff. As well as being an important tool for making management and other employees aware of corporate ethics and the prevention of the crimes mentioned in Legislative Decree 231 and the fight against corruption, this training activity encourages all staff members to play an active role in Snam's system of ethics and values.

The 231 Model may be viewed on the Company’s Website (http://www.snam.it/export/sites/snam/repository/file/Governance/modello231/modello_231_Snam.pdf)

B. Watch Structure and Guarantor of the Code of Ethics

On 26 July 2016 the Board of Directors modified the composition of the Supervisory Body by providing for the sole presence of members from outside the Company and the Group, also with a view to ensuring an adequate segregation of the functions and also ensuring that it shall include persons having specific know-how to be able to perform the duties assigned to it in an effective way.

The Watch Structure is currently composed of three external members - one of whom acts as the Chairman - expert in the legal, corporate, business economics and corporate organisation fields. The following table shows the members of this body:

Member	Qualification
Gianluigi Tosato	External member (Chairman)
Giovanni Maria Garegnani	External member
Ugo Lecis	External member

The Watch Structure oversees, among other things, the effectiveness of the 231 Model and the monitoring of the activities of implementation and update of such model. It assesses the adequacy of the 231 Model in the prevention of illegal behaviours and deals with the relevant information flows exchanged with the various corporate functions and with the Watch Structures of the Subsidiaries. The Watch Structure acts as the Guarantor of the Code of Ethics.

The Watch Structure has unrestricted access to corporate information for the investigation, analysis and control activities. All corporate functions, employees and/or members of corporate bodies have a duty of disclosure in the event of any requests of the Watch Structure, or upon the occurrence of material events or circumstances, for the purposes of the performance of the activities pertaining to the Watch Structure.

82 The document “Internal Control – Integrated Framework” published by the Committee of Sponsoring Organizations of the Treadway Commission (<http://www.coso.org>).

Should any critical aspects emerge, the Watch Structure notifies the outcome of the activities conducted during the exercising of the assigned tasks, in accordance with the methods and timing described in more detail in Paragraph 1.3 (A) of this Section.

In 2018 the Supervisory Body was convened eleven times, and 100% of its members attended its meetings.

(ix) Functions with specific control duties

The ICRMS clearly classifies corporate functions according to the so-called three internal control levels.

Consistent with a development process aimed at achieving a constant improvement in the effectiveness and efficiency of the ICRMS and its increasing integration, in addition to the functions described above the following organisational structures play an important role in the identification, measurement and monitoring of the risks associated with the management of the business, in the context of its operating responsibilities, in a coordinated way and through continued information flows.

Specifically:

- the Legal Function through *Compliance* and *Ethics & Antibribery*: (i) takes care of the dissemination and promotion of the culture of compliance and the simplification/rationalisation of the compliance models and the system of associated standards and procedures, quantifying the actual risk in the specific areas in line with the best practices and monitoring their application; (ii) guarantees the necessary assistance and advice on legal compliance for the company units; (iii) safeguards the Italian and foreign regulatory and case-law development (Regulatory Framework), monitoring and analysing the possible impacts on Snam's activities, supporting Snam business units with the application of the standards; (iv) is responsible for the updating of the internal control and risk management system, the 231 Model and the compliance model with regard to privacy and data protection; (v) takes care of the design, proposal and definition of the compliance programme for crime prevention; monitors the development of standards and best practices; (vi) takes care of the promotion of the Company's ethics culture and of the updating of Snam's Code of Ethics; (vii) deals with the updating of the anticorruption compliance programme, the supervision of the implementation and monitoring of corporate regulatory and training instruments for the prevention of criminal infiltration; (viii) supervises the reputation checks on third-parties and coordinates the activities of the Assessment Team; (ix) carries out the anticorruption due diligence and management of relations with Transparency International and the OECD.
- the Planning, Administration, Finance and Control Function controls strategic and financial risks. Furthermore, inside this function there is the Corporate Reporting Control System Function supporting the Corporate Ac-

counting Documents Officer, who, among other things, is in charge of (i) defining the CRCS, the relevant methodologies, operating procedures and instruments, (ii) guaranteeing the risk assessment activities, (iii) ensuring the management of information flows, of the assessments of controls and reporting, and the drawing-up of the reports and disclosures on the status of the system for the CEO, the Corporate Accounting Documents Officer, the control bodies, the Internal Audit and the Auditing Firm, (iv) providing methodological and operating support to the functions involved in the implementation of the CRCS.

1.3 Coordination between the parties involved in the ICRMS

The corporate rules adopted by Snam in the ICRMS and in the CRCS ensure adequate coordination between all the parties involved.

Specifically, the information flows ensuring the coordination between the persons of the ICRMS and the Board of Directors are structured around the following:

- (i) the review by the Board of Directors of the opinions and reports prepared by the parties involved in the ICRMS;
- (ii) the disclosures to the Board of Directors and to the Board of Statutory Auditors sent by the Chairman of the Control, Risk and Related-Party Transactions Committee and the presence of the Board of Statutory Auditors at the meetings of the Board of Directors; and
- (iii) the participation of the managers of the control functions and of the Corporate Accounting Documents Officer in the meetings of the Board of Directors and of the Control, Risk and Related-Party Transactions Committee dealing with the matters pertaining to them.

A. Information flows under the scope of the ICRMS

The Control, Risk and Related-Party Transactions Committee and the Board of Statutory Auditors of Snam - periodically or when there are specific requirements - are the recipients of information flows from Internal Audit, the other Company control functions (i.e. Enterprise Risk Management and Compliance), the Watch Structure, the Audit Firm and the Corporate Accounting Documents Officer. After receiving such information, these bodies meet to review the resulting findings.

Specifically, the Control, Risk and Related-Party Transactions Committee and the Board of Statutory Auditors of Snam receive a half-yearly report and an annual report from the Corporate Accounting Documents Officer on the evaluation of the corporate information control system (CRCS) and on the compliance of the administrative and accounting procedures and an annual report on the organisational, management and accounting structure of the Snam Group.

Snam's Board of Statutory Auditors, in its capacity of "internal control and audit committee" pursuant to Legislative Decree 39/2010, receives the information flows from the Audit Firm necessary in order to carry out its tasks required by the applicable interim regulations.

Additionally, and at the same time as the other corporate bodies, the CEO, as the Director in Charge, receives periodic information flows, from the Corporate Accounting Documents Officer and from the Head of Internal Audit, on events of particular significance; in turn, he reports promptly to the Control, Risk and Related-Party Transactions Committee and/or to the Board of Directors of Snam, at the next meeting, on the critical issues and problems involving the ICRMS.

In addition, there are both information flows from management to the Watch Structure, and information flows (continuous, half-yearly or immediate in the case of particular situations and/or requirements) from the Supervisory Body to top management (CEO, Control, Risk and Related-Party Transactions Committee, Board of Statutory Auditors).

There is provision for the following types of information flows to be sent by the Supervisory Body to the top management of Snam:

- ongoing, to the CEO, who informs the Board of Directors in the context of the disclosure on the exercise of the powers of attorneys granted;
- semi-annual, to the Control, Risk and Related-Party Transactions Committee and to the Board of Statutory Auditors; in this respect a semi-annual report is provided for concerning the activity performed, which specifies the outcome of the verifications and the legislative innovations on the administrative liability of entities; on such occasion dedicated meetings are organised with the Control, Risk and Related-Party Transactions Committee and the Board of Statutory Auditors; the semi-annual report is also sent to the President and to the Managing Director and is notified to the Board of Directors;
- immediate, if any significant or material facts are ascertained, to the Control, Risk and Related-Party Transactions Committee and to the Board of Statutory Auditors, after notice to the President and to the Managing Director.

The Corporate Accounting Documents Officer, after consultation with the Auditing Firm and the Board of Statutory Auditors, assesses together with the Control, Risk and Related-Party Transactions Committee the correct application of the accounting standards and their consistency for the purposes of the Consolidated Financial Statements. In view of the specific responsibilities assigned to the Corporate Accounting Documents Officer within the CRCS, the Corporate Accounting Documents Officer receives information flows from other persons, bodies and functions of the Company and of the Subsidiaries.

The Internal Audit function receives and provides information pertaining to the ICRMS, according to the provisions of the Guidelines adopted by Snam for Internal Audit activities.

Specifically:

- acquires the comments and evaluations of the Boards of Directors, Boards of Statutory Auditors – as well as the Watch Structures of Snam and its Subsidiaries for the purpose of formulating the proposed Audit Plan for subsequent approval by the Board of Directors;
- sends the Internal Audit reports relating to each audit conducted to the Chairman of the Board of Directors, the Director in Charge, the top management of the structures that are audited, the Control, Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and, as far as it concerns them, the Watch Structure and the Corporate Accounting Documents Officer. For audits carried out at Subsidiaries, the reports are also sent to the Chairman of the Board of Directors, the CEO, as well as the Board of Statutory Auditors and the Watch Structure of the companies concerned, with the exception of any Internal Audits conducted at joint ventures with other partners or similar agreements that will be evaluated from time to time;
- if the findings highlight alleged unlawful behaviour by Snam personnel or third parties, including - among others - suppliers, the Head of Internal Audit should also forward the audit report to the EVP, Human Resources & Organization and to the General Counsel, to the extent pertaining to them;
- ensures a quarterly information flow to the Watch Structure of Snam and its Subsidiaries regarding the summary evaluations relating to the audits conducted and the implementation status of the corrective actions;
- with specific reference to the CRCS, notifies the Heads of the Functions involved of the outcomes of the independent monitoring activities carried out;
- complies with the disclosure obligations required by the "Guidelines for Reporting, including anonymous reporting" and, specifically, prepares a quarterly report on whistle blowing, shared by the Ombudsman, which is sent by the Head of Internal Audit to the Watch Structure and, for information, to the Chairman of the Board of Directors, the Director in Charge, the Board of Statutory Auditors, the Control, Risk and Related-Party Transactions Committee, the Independent Auditors, the General Counsel and Ethics & Antibribery Department, the CFO and the Corporate Accounting Documents Officer and, lastly, the Executive Vice President HRO.

The Enterprise Risk Management function: (i) sends the Risk Owner, Category Risk Manager and Heads of functional areas reports with regard to the risks mapped out in their areas of responsibility; (ii) sends the management quarterly and half-yearly reports, respectively, on the updating of critical and high-level risks, as well as annual reports, which are sent also to the Board of Directors, on the updating of all corporate risks; (iii) illustrates the progress of the activities conducted on a quarterly basis, plus the results that have emerged and the management plans to the Control, Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and the Watch Structure in order to enable the evaluations regarding the effectiveness of the ICRMS.

Lastly, the Legal Department reports periodically to the Control, Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and the Watch Structure, specifically to examine issues of compliance with reference, among other things, to any critical issues and/or possible guidelines for improvement, as well as the status of the Company's legal disputes; a report is also sent on the verification, training, evaluation and monitoring activities set out by the anticorruption policy.

B. Information flows between Snam Group Boards of Statutory Auditors

In order for the Snam Board of Statutory Auditors to discharge its supervisor and control obligations with regard to the Snam Group, including in relation to the exercising of management and coordination activities by Snam vis-à-vis its Subsidiaries, the Board of Statutory Auditors of Snam receives information flows from the Boards of Statutory Auditors of its Subsidiaries:

- (i) in the context of joint meetings between Snam Group Boards of Statutory Auditors;
- (ii) through the transmission of periodic reports or in the presence of particular circumstances;
- (iii) through the transmission of information requested by the Snam Board of Statutory Auditors or at the independent initiative of the Boards of Statutory Auditors of the Subsidiaries.

Specifically, the Snam Board of Statutory Auditors is the recipient, among other things, of a half-yearly report on the supervisory activities carried out by the Boards of Statutory Auditors of the Subsidiaries.

In any event, the Board of Statutory Auditors, on the basis of all the reports received from the corporate control bodies, the corporate control structures and all the control functions, informs the Board of Directors promptly in the case of any findings of vulnerabilities, critical issues or irregularities in the ICRMS so that the Board of Directors can adopt any measures it deems necessary or appropriate.

1.4 Main characteristics of the internal control and risk management system in relation to corporate reporting

(i) Background

The internal control and risk management system in relation to the corporate reporting process is an element of the same System (Corporate Reporting Control System), aimed at ensuring the credibility⁸³, the accuracy⁸⁴, the reliability⁸⁵ and the timeliness of corporate financial reporting and the capacity of corporate processes relevant in this respect for the purposes of producing such reporting according with the accounting principles.

The reporting in question consists of all financial and non-financial data and information contained in the periodic accounting documents required by law as well as in any other accounting document or external communication covered by the statements provided for by Article 154-*bis* of the CFA. Non-financial data and information have the purpose of describing the significant aspects of the business, of commenting on the economic and financial results for the year, and/or of describing future prospects.

The CRCS model adopted by Snam and its Subsidiaries was defined in line with the provisions of Article 154-*bis* of the CFA and is based, from a methodological perspective, on the COSO Framework. Through this document, the *Committee of Sponsoring Organizations of the Treadway Commission* (COSO), in addition to having outlined the five essential components of the SCIS, also encoded 17 principles which the SCIS should comply with in order to guarantee the efficiency and effectiveness of information processes. The 17 principles identified by the COSO Framework with reference to the system adopted by Snam essentially involve: (i) structural elements of the SCIS of Snam, such as the procedure for identifying risks and the distribution of activities among the individual functions involved; and (ii) control and monitoring activities, which are regulated by the Snam Regulatory System through multiple and diverse instruments, as described in more detail in Paragraph 2 of this Section.

The Corporate Reporting Control System of the Snam Group is indeed regulated by a set of rules which defines the methodologies, roles, responsibilities and activities to be implemented and reporting flows for the establishment, maintenance over a period of time, operation and evaluation of the effectiveness of the Group CRCS, applied to Snam and its Subsidiaries taking into account their importance.

⁸³ Dependability (of reporting): reporting that is fair and compliant with the generally accepted accounting standards and meets the requirements imposed by the applicable laws and regulations.

⁸⁴ Accuracy (of reporting): error-free reporting.

⁸⁵ Reliability (of reporting): reporting that is so clear and complete as to lead to informed investment decisions by investors.

(ii) CRCS phases

The planning, establishment and keeping of the CRCS are ensured by the following activities:

1. Scoping	Identification of the scope of analysis in relation to the Group's companies to which to apply the CRCS, carried out according to the balance sheet items and information that are relevant for that purpose, and according to the relevance of the companies in relation to specific processes and risks
2. Risk assessment	identification of the specific activities capable of generating risks of errors or fraud that might materially affect the financial statements, i.e. potential events the occurrence of which may prejudice the achievement of the control targets concerning corporate reporting
3. Identification of controls	Having identified the company, processes and related risks as significant, the system breaks down into two fundamental principles: (i) disseminating controls to all levels of the organisational structure, in line with the operational responsibilities assigned; (ii) sustaining the controls over time, so that they are integrated and compatible with operating requirements. The model provides for Company Entity Level Controls, which operate in a cross-sectional way in relation to the reference entities, and process level controls, namely specific checks carried out for significant corporate processes (Process Level Controls, Segregation of Duties, and IT General Controls)
4. Monitoring of controls	The controls are subject to regular verification of the adequacy of design and of the actual operation, through line monitoring entrusted to the management and through independent monitoring entrusted to the internal audit. Furthermore, Snam's Board of Directors appointed the Auditing Firm to review the adequacy of the internal control system connected with the preparation of the financial reporting for the drawing-up of the financial statements and of the Consolidated Financial Statements of Snam
5. Assessment and reporting	The outcome of the assessments of controls carried out based on monitoring activities is the subject-matter of regular reporting based on which the Corporate Accounting Documents Officer draws up a semi-annual report and an annual report on the adequacy and actual application of the CRCS, which is shared with the CEO and notified to the Board of Directors, after disclosure to the Control, Risk and Related-Party Transactions Committee and to the Board of Statutory Auditors, upon the approval of the draft financial statements and of the Consolidated Financial Statements, and of the semi-annual consolidated financial report

(iii) Roles and functions involved

The Corporate Accounting Documents Officer is supported in the activities of identification of controls, monitoring and evaluation by a number of persons (such as Risk Owners, Function Managers) at various levels of the organisational structure of Snam and of the Subsidiaries.

Furthermore, the top administrative positions and the managing directors of the individual companies of the Group are responsible for the establishment and maintenance over time of the control system of the companies, receive the results of the verifications of all the controls and draw up specific semi-annual and annual reports of companies that they submit to their Board of Directors, after informing the Board of Statutory Auditors, and to the parent company.

(iv) Update of the Model

The Corporate Reporting Control System is subject to a constant update to take into account the new companies coming under the scope of consolidation of Snam as well as to reflect the changes to activities and responsibilities, so as to keep the controls always adequate.

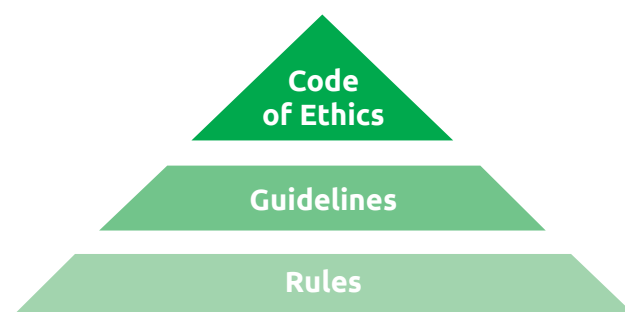
The training relating to the CRCS has continued in the form of e-learning for Snam Group staff to inform on the requirements, purposes and characteristics of the model, so that everyone can be aware of their roles and responsibilities and may, at the same time, adequately contribute to its correct functioning.

2. SNAM'S LEGAL FRAMEWORK

2.1 Overview

Snam started a process of simplification and rationalisation of its Legal Framework.

The new Legal Framework has the form of a pyramid divided into three hierarchical levels with different types of regulatory instruments as described below:



- (i) Code of Ethics: (1st regulatory level): it sets forth the values, behavioural principles and guidelines on which the whole internal control and risk management system is based, which Snam acknowledges, accepts, shares and assumes internally and vis-à-vis third parties.
- (ii) Guidelines (2nd regulatory level): they set forth the set of principles and behaviours that each employee of Snam is required to follow. They also set forth the procedures and instruments of the internal control and risk management system.
- (iii) Rules (3rd regulatory level): they define the process flow, the structure of responsibilities, the task list and the structure of controls at process level.

Furthermore, the documents relating to the certified management systems are an integral part of the regulatory system (in compliance with the ISO international regulations) as concerns Health, Safety, Environment, and Quality (Policies, Manuals, Procedures, and Operating Instructions). Finally, there are the regulatory circulars aimed at regulating specific matters (sometimes occasional ones).

Snam's Legal Framework aims to:

- (i) pursue and support the efficiency of the internal control and risk management system; and
- (ii) regulate a number of aspects of the direction and coordination activities carried out by Snam over the Subsidiaries, the Boards of Directors of which regularly receive - for information purposes - the regulatory instruments adopted by Snam.

Concerning certain specific matters (such as those relating to health, safety and the environment and/or pertaining to the Boards of Directors of Snam and of the Subsidiaries) providing for a direct liability for the Subsidiaries, it is provided that such Subsidiaries shall formally adopt such regulatory instruments prepared by Snam.

2.2 Compliance programmes

The Board of Directors, including within the scope of the management and coordination activity, approved the following Guidelines.

(i) Enterprise Risk Management Guideline

The ERM Guideline considers (i) the new company organisational structure following the exit of the distribution business segment (ii) the diversification into new unregulated businesses (iii) alignment to the guideline contained in the updating of the COSO Framework of June 2017 *“Enterprise risk management - Integrating with strategy and performance”* (iv) alignment to the Lean-Simplify Projection guideline.

Highlights of the ERM Guideline

- the introduction of a Risk Register in which all the data necessary for the identification, measurement, management and monitoring of the risks is recorded;
- the introduction of a risk classification currently broken down into strategic, legal and non-conformity, operational and financial;
- greater integration between the ERM processes and strategic planning;
- the updating, at least once a year, of the metrics for measuring probability and the impacts which the ERM function is responsible for;
- the sharing of the mapped risks between functions;
- Quarterly reporting to the Control, Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and the Watch Structure;
- Reporting to the Board of Directors at least once a year.

The Enterprise Risk Management (hereinafter “ERM”) Guideline defines the risk as an effect of the uncertainty on the targets and can be negative or positive (opportunities).

The main benefits resulting from the adoption of the ERM Guideline involve:

- a better understanding of the main risks associated with strategic planning and the business objectives;
- an increased capacity to prevent, adapt and react to changes in external developments.

The ERM Guideline is broken down into 9 sections which describe:

- the fundamental principles for the governance of corporate risk
- the scope of application
- the Enterprise Risk Management model
- the risk register
- the evaluation methodology
- the roles and responsibilities
- reporting
- communication and training
- updating responsibilities

The Enterprise Risk Management Guideline may be viewed on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Sostenibilita/documenti_sostenibilita/Linea-Guida-Enterprise-Risk-Management.pdf)

(ii) Risk Assurance and Integrated Compliance" Guideline – Compliance Programme for the prevention of offences

The "Risk Assurance & Integrated Compliance" Guideline has the objective of integrating the level 2 models under the scope of the ICRMS and promoting and sustaining conformity to the reference standards and the prevention of any offences during the performance of corporate activities through the adoption and actual implementation of a dedicated integrated compliance programme (Compliance Programme for the Prevention of Offences (hereinafter "CPPI").

Highlights of the Risk Assurance & Integrated Compliance Guideline

- Making the ICRMS more efficient through better coordination and integration of the relative flows and interactions between the three lines of control, developing the respective contributions;
- Adoption of a Compliance Programme for the Prevention of Offences to promote and support conformity to reference standards and the prevention of offences;
- Implementation of a Risk Assurance & Integrated Compliance (RACI) platform to coordinate the risk management activities introduced under the scope of the level 2 control models, keeping the specific features of the methodologies of each model;
- Single risk & control register to collect consistent and complete information and data supporting the decision-making processes of top management and company bodies that receive dedicated reporting flows.

The Guideline defines the content of the CPPI aimed at promoting and supporting compliance with the reference regulations and preventing offences during the performance of corporate activities.

The CPPI is implemented and made operational through:

- I. the Regulatory System;
- II. the corporate governance provisions adopted in compliance with applicable legislation and international best practices;
- III. the provisions, methodologies and activities of the models applied by the dedicated functions;
- IV. an integrated risk assurance & compliance process.

The following are important elements for the implementation of the CPPI:

- the integrated risk assurance & compliance model;
- the reporting, reward and penalty systems;
- education and communication.

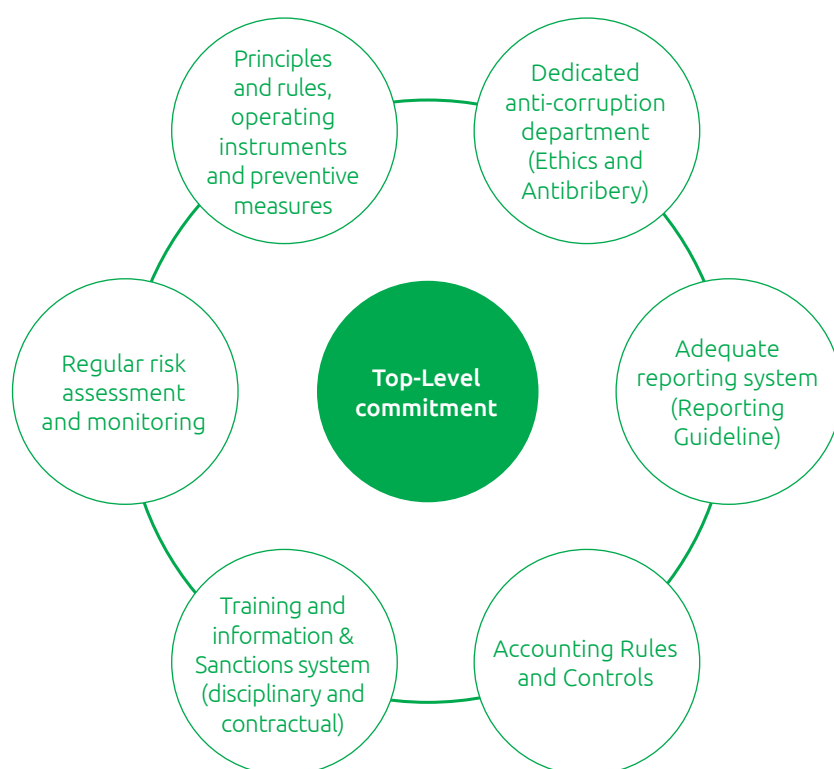
The Guideline describes, *inter alia*, the integrated risk assurance & compliance model which aims to improve the perception of the controls carried out by the various owners involved and make the ICRMS even more efficient through better coordination and integration of the related flows and interactions between the 3 lines of control developing the respective contributions.

This model involves the use of a **Risk Assurance & Integrated Compliance e (RACI)** platform which makes it possible to coordinate the risk management activities implemented under the scope of the level 2 control models keeping the specific features of the methodologies of each model and creating an integrated database (risk & control register) where the models involved in the integrated risk assurance and compliance process share a single catalogue of risks and controls. This repository makes it possible to collect consistent and complete information to support the decision-making processes of top management and company bodies that receive dedicated reporting flows.

(iii) Anticorruption Guideline

In establishing and maintaining an Anticorruption Compliance Programme Snam not only adopts the 231 Model (aiming to prevent offences from which administrative liability for offences by the company arises, including corruption offences) but, consistently with the provisions of international guidelines and best practices, has also implemented the following instruments⁸⁶:

- “Top Level Commitment”, i.e. the commitment by the top management to fight corruption;
- the adoption of specific preventative anticorruption safeguards;
- the establishment of an Anticorruption Legal Function (Ethics & Antibribery);
- the anticorruption due diligence concerning the contractual/business counterparties;
- the monitoring by an external and independent adviser to verify the actual knowledge and implementation of the above-mentioned procedures;
- the awareness of staff through training and information activities;
- disciplinary measures in the event of breach of the anticorruption rules.
- Periodic Risk Assessment.



⁸⁶ In this regard, the Code of Ethics provides, *inter alia*, for Snam to repudiate any kind of corruption (in all its forms with reference to any public or private entity) and that practices of corruption, illegitimate favours, collusive behaviour, solicitations, whether direct and/or through third parties, personal and career advantages for oneself or for others, are without exception prohibited.

Cooperation with Transparency International and other initiatives

- In October 2016, Snam and Transparency International executed an agreement to develop a partnership in the context of the Global Corporate Supporters Forum promoted by the ONG. By virtue of this agreement Snam was the first Italian business to become an international partner of the Forum, which was established to group the undertakings standing out for their integrity in the management of the business, in compliance with the standards of good governance, transparency and responsibility promoted by Transparency International in the context of the global commitment to fight corruption and in favour of an ethical corporate behaviour.
 - The partnership - through a Memorandum of Understanding - formalised the principles of cooperation of Transparency International with Snam in the management of the anticorruption programmes and of the policy of fight against fraud and irregularities, conflicts of interest and whistleblowing, among the other measures aimed at strengthening the highest anticorruption standards acknowledged by Transparency International.
 - In 2017, Snam participated in initiatives promoted by the OECD and the Ministry of Foreign Affairs, taking part in the Global Forum on Responsible Business Conduct of the OECD held in Paris on 30 June: it was the first private company in the world to be part of the panel devoted to the discussion of the approaches to due diligence in the context of the fight against corruption and the protection of human rights. Since 2017, Snam has also been a member of the Business and Industry Advisory Committee (BIAC) - the first Italian private company to do so.
 - In 2018, Snam took part in a series of events, including the 27th Session of the United Nations Commission on Crime Prevention and Criminal Justice organised at the United Nations in Vienna, by the Ministry of Foreign Affairs and International Cooperation (MAECI) in conjunction with Transparency International, the Business Integrity Forum Roadshow 2018, organised by Transparency International Italy in June and the Working Party on State Ownership and Privatisation Practices organised by the OECD in Paris in November.
 - In October 2018, at the Transparency International 18th International Anti-Corruption Conference, Snam renewed its partnership with Transparency International for another two years, confirming its zero tolerance policy with regard to corruption and its commitment to uphold the globally recognised best practices in transparency and business ethics.
 - Lastly, in December Snam took part to the Italian Business Integrity Day (IBID) held at the Italian Embassy in Washington, where the Company intervened in a round table regarding preventive approaches, management of the counterparty risk and new business strategies, aimed at making efficient the internal anticorruption control system.
-

Anti-corruption Compliance Programme Highlights

- Prohibition of corruption without exception vis-à-vis any public or private person
 - Specific rules and controls concerning the activities identified as being potentially at risk and the activities concerning the actual implementation of anticorruption compliance
 - Clear distinction between permitted and prohibited behaviours
 - Special attention to the relations with Public Officials and with suppliers and subcontractors and in general with all business partners
 - Establishment of the Ethics & Antibribery dedicated function
 - Monitoring with the involvement of management and training launched in 2016 in favour of 1,442 participants and continued in 2017 and, lastly in 2018, issued to 112 new recruits.
 - Preparation of the "Anticorruption Mini-Guide", distributed to all Snam personnel, as an easily accessible supporting tool aimed at strengthening the anticorruption culture
 - Example of "absolute excellence" by Transparency International Italy following its Assessment on Transparency in Reporting on Anti-Corruption, confirmed also by the presentation of the new "Italian Business Integrity of Transparency"
 - 2,074 reputational checks on counterparties (suppliers and subcontractors) performed in 2018.
-

The Anticorruption Guideline is an integral part of a broader corporate ethics control system, aimed at ensuring the compliance by Snam with national and international Anticorruption Laws and with the best national and international⁸⁷ standards in the fight against corruption, also to protect Snam's reputation. Among other things, the Anticorruption Guideline focuses on the selection of suppliers and business partners, on the management of the relations with them and on the relevant contractual protection clauses.

⁸⁷ These include the Foreign Corrupt Practices Act (FCPA) issued in the United States; UK Bribery Act issued in the United Kingdom; the Economic Cooperation and Development Organisation's Convention on Combatting Bribery of Foreign Public Officials in International Business Operations and the United Nations Convention against Corruption.

The Anticorruption Guideline applies to Snam and its Subsidiaries and is also notified to the other subsidiaries so as to promote behaviour and information flows consistent with the ones expressed by Snam. Furthermore, Snam uses its influence, to the extent reasonable according to the circumstances, so that the companies and the entities in which Snam owns a non-controlling shareholding and business partners meet the standards specified in the Anticorruption Procedure.

The Anticorruption Guideline may be viewed on the Company's Website (http://www.snam.it/export/sites/snam/repository/file/Governance/lineaguida/anticorruzione/snam_anticorruzione_01.pdf)

(iv) Reporting Guideline (Whistleblowing)

Since 2006, Snam has adopted specific rules aimed at establishing a codified system for the collection, analysis, verification and reporting of reports, including anonymous reports, received by Snam and by the Subsidiaries (the "Reporting Guideline") and set forth the criteria and procedures to establish suitable information systems.

Highlights of Whistleblowing

- Management of the communication channels entrusted to an external and independent person (the Ombudsman), identified as a professional having a high level of legal training on criminal law, who ensures the receipt and review of any report by applying criteria of strict confidentiality suitable, among other things, for protecting the integrity of the reported persons and the effectiveness of the assessments
- Investigation concerning the reports, carried out in an integrated and coordinated way by involving the Internal Audit Function and after consultation, to the extent pertaining to it, of the Legal and Corporate Affairs, Compliance and ERM Function. Quarterly sharing of a report on the reports received, sent by the Internal Audit Function, with the following corporate functions:
 - Snam's Chairman;
 - Chief Executive Officer
 - Board of Statutory Directors of Snam
 - Control, Risk and Related-Party Transactions Committee
 - Watch Structure;
 - Independent auditors
 - General Counsel;
 - CFO and Corporate Accounting Documents Officer;
 - EVP of Human Resources & Organization;

In the event of reports concerning the Subsidiaries the report is sent to the CEO of each Subsidiary concerned and to the relevant Controlling and Watch Structures, to the extent pertaining to them, respectively.

The Reporting Guideline has also been reviewed to take into account the new features introduced by Law no. 179 of 30 November 2017 ("*Provisions for the protection of those who report offences or irregularities which have come to their knowledge under the scope of a public or private employment relationship*") which, with regard to the private sector, has included, through amendment to Article 6 of Legislative Decree 231 of 2001, the safeguarding of the employee or contractor reporting unlawful behaviour or violations of the organisation's organisational and management model, as well as the preparation of (i) one or more channels that allow the transmission of the reports, at least one of which that is suitable to guarantee the confidentiality of the identity of the person making the report through IT methods and (ii) disciplinary sanctions for whoever violates the safeguarding of the person making the report.

The Reporting Guideline may be viewed on the Company's Website http://www.snam.it/export/sites/snam-rp/repository/file/Governance/procedure/procedure_segnaizoni/snam_segnaizoni_anche_anonime_04.pdf

Below is a table showing details of the activities carried out by the Internal Audit department concerning the reports received in the last three years:

	2016	2017	2018
Reports received	5	5	4
- of which related to the internal control system	1	-	-
- of which concerning accountancy, audit, fraud, etc.	-	-	-
- of which concerning administrative liability pursuant to Legislative Decree 231/2001	1	-	-
- of which concerning breaches of anticorruption law	1	1	-
- of which concerning other matters (Code of Ethics, mobbing, theft, security, etc.)	-	5	4
Reports shelved due to lack of proof or because untrue (no)	2	-	2
Reports ended by disciplinary or managerial measures and/or submitted to the Judicial Authority	-	4	2
Reports under examination (no)	3	3	-

(v) Antitrust Guideline

The free market and competition principles are some of Snam's fundamental values recognised both by the Articles of Association and by the Code of Ethics and are an integral part of Snam's business culture. The Antitrust Compliance Programme is aimed at identifying violations of Italian and European competition regulations, in order to be able to curb behaviour that does not conform and make employees, middle management and senior management aware of compliance with existing legislation.

Highlights of the Antitrust Compliance Programme

The programme develops through the following:

- the Antitrust Guideline, aimed at illustrating the contents of the antitrust rules, in a simple and accessible way, and, at the same time, provides a practical guide to the behaviour to be adopted in practical situations that may cause potential antitrust violations, also performing a simplification function in that respect. The Guideline is composed of a central document and various annexes; specifically, the central document summarises the fundamental concepts of antitrust law; the structure of the compliance programme adopted by Snam; the powers of the Antitrust Authorities to guarantee compliance with the legislation; lastly, the rules of behaviour for Snam personnel to prevent and/or mitigate antitrust risk. The individual annexes, on the other hand, contain the necessary in-depth analyses of the issues dealt with.
- specific communication and training initiatives addressed to all employees to ensure the knowledge, effectiveness and correct implementation of the Antitrust Guideline
- the establishment, within Snam's Legal and Corporate Affairs, Compliance and ERM Function, of an Antitrust Control, which provides the necessary support and assistance for the implementation of the Antitrust Guideline
- a monitoring programme aimed at verifying the effectiveness of the setting-up and implementation of the rules contained in the Antitrust Guideline and at allowing the making of amendments and updates to the latter
- risk mapping, carried out based on interviews with the personnel with the greatest exposure to antitrust risk taking into consideration the specific function they carry out
- the drawing-up of the "Practical Guide on competition protection", as a support to explain to Snam's persons

The Antitrust Guideline may be viewed on the Company's Website (http://www.snam.it/export/sites/snam/repository/file/Governance/lineaguida_antitrust/lineaguida_di_condotta_antitrust.pdf)

(vi) Privacy Guideline

The Privacy Guideline is designed to (i) define the corporate roles and obligations to be implemented with regard to personal data protection pursuant to (EU) Regulation 2016/679 and (ii) guide all Snam employees so that the handling of personal data takes place in full compliance with all personal rights and fundamental liberties and, specifically, the right of personal data protection.

In line with what has already been provided for in the Ethics Code, the document specifies the actions which should be undertaken in conformity with both national and EU regulations with regard to data processing and protection initiatives, to be undertaken at company level, in order to prevent data breaches.

The document is organised in 3 macro areas which can be distinguished by:

- the legal foundations for data processing and the rights of those concerned, aimed at identifying the legal basis of the data processing and the main rights afforded to stakeholders with reference to principles of lawfulness transparency and non-excessiveness;
- privacy management system which encompasses the Snam logic applied to the privacy system (risk assessment, impact evaluation, safety measures adopted, privacy by design and by default);
- roles and responsibilities which refer to and identify all significant privacy figures both within and outside of Snam who contribute, in various ways, to maintaining an effective and efficient management system and related responsibilities.

(vii) The Guideline on "Health, safety, the environment and public safety"

The Guideline on "*Health, safety, the environment and public safety*" illustrates the principles on the issue of health, safety, the environment and quality (hereinafter also "**HSEQ**") and public safety which guide actions from a perspective of transparency and collaboration with suppliers and business partners. These principles, expressed consistently through the adoption of specific HSE policies, are adopted by Snam with a view to preventing risks and reducing the impact on health, safety and the environment of its activities.

All the measures prescribed by the industry laws and regulations are also implemented through the development, continuous updating and timely implementation of the HSEQ management systems. These systems, in line with international standards and certified by third parties, also enable

Snam to guarantee the continuous improvement of its performance and the adoption of best practices at an international level.

The HSEQ Guideline requires, among other things, that the periodic review be carried out by senior management and the competent functions includes the analysis of the situation inside and outside of the company, in order to evaluate the adequacy, suitability and effectiveness of the Management Systems also in relation to the achievement of the objectives, continuous improvement and conformity to applicable rules and provisions, as well as to ensure alignment with strategic guideline. Lastly, there are plans for periodic reports and sessions, dedicated meetings as the main communication and information instruments through which top management, company control bodies and operational units verify conformity with the reference standards, as well as the adequacy, efficiency and effectiveness of the Management Systems.

(viii) Guideline on the "Snam Group Tax Strategy" and Tax Cooperative Compliance

The "Snam Group Tax Strategy" Guideline represents the description of the principles that inform the tax governance of the Group, both from a strategic perspective, as far as the risk appetite and the objectives pursued in the long-term with regard to the tax variable are concerned, and from an operational perspective as far as the structure of the tax risk control system (TCF) is concerned.

The adoption of a clear and documented tax strategy represents, among other things, an essential requirement for access to cooperative compliance tax regime established through Legislative Decree no. 128 of 5 August 2015 which promotes forms of communication and cooperation between the Tax authorities and taxpayers.

The Revenue Agency aims, through the Tax Cooperative Compliance scheme, to establish a relationship of trust between the Authority and taxpayers which seeks to increase the level of certainty over important tax matters. This objective is pursued through constant and pre-emptive dialogue with contributors on matters of fact and law, aimed at a joint evaluation of situations susceptible to generating fiscal risks.

Taxpayers who possess the requirements set out by the legislation are eligible to join the scheme with a detection, measurement, management and control system of the fiscal risk ("*Tax Control Framework*" hereinafter also the "*TCF*") intended as the risk of operating in breach of regulations of a tax nature or in contrast with the principles or the purposes of tax legislation.

In view of the creation of this tax risk prevention system, the law guarantees several benefits, some of the main ones being:

- constant dialogue with the Revenue Agency which affords the opportunity to manage situations of uncertainty and lends itself to resolving tax disputes early on;

- obvious advantages in reputational terms through the inclusion of the company in public lists of "virtuous" taxpayers (the list is published on the Revenue Agency website);
- 50 percent reduction in penalties in the case of any disputes.

Snam's adherence constitutes a vital step on the journey of accountability, presenting Snam and the Group as a party whose actions with the Tax Authorities are fully transparent, perfectly in line with its own sustainability programme. Currently Snam and Snam Rete Gas S.p.A. are in the final stages of joining the "cooperative compliance" scheme.

2.3 Related Party Guideline

The Guideline "*Transactions Involving the Interests of Directors and Statutory Auditors and Third-Party Transactions*" was adopted pursuant to the Regulation on Related-Party Transactions ("**Related Party Guideline**")⁸⁸, in compliance with the Unbundling Legislation, taking into account the specific characteristics of the activities carried out by Snam and by the Subsidiaries, subject to the ARERA's supervision.

Highlights of the Related Party Guideline

- Involvement of the Control, Risk and Related-Party Transactions Committee or of the Committee Remuneration, as the case may be (for the decisions concerning the remuneration of Snam's Directors, Statutory Auditors and Key management personnel)
 - Introduction of a fixed EUR 140 million materiality threshold
 - Extension of the scope of application of the Guideline to all transactions executed by the Subsidiaries with Snam's related parties
 - Introduction of the review of a specific procedure for the approval of transactions involving interests of Snam's Directors or Statutory Auditors
-

The Guideline distinguishes between Major Transactions and Minor Transactions based on a materiality threshold. Specifically, to encourage maximum transparency vis-à-vis the market the Related Party Guideline adopted a stricter parameter for the identification of Major Transactions than the one provided for by the Regulation on Related-Party Transactions by providing for a fixed EUR 140 million materiality threshold.

The Guideline requires that the competent Committee shall issue the following:

- for "**Minor Transactions**"⁸⁹ a non-binding reasoned opinion on the interest of the Company in the execution of the transaction and on the cost-effectiveness and material fairness of its conditions. In the event of a negative opinion the Company shall inform the market of the reasons that led to execute such transaction despite such opinion;

⁸⁸ The Guideline "*Transactions Involving the Interests of Directors and Statutory Auditors and Related-Party Transactions*" defines as "Transaction" (or "Transactions") any active or passive transfer of resources, services, or undertaking of obligations, irrespectively of whether a consideration was agreed, carried out by Snam or by the Subsidiaries with Snam's Related Parties. These include: (i) mergers or demergers by incorporation or non-proportional demergers; (ii) any decision relating to the awarding of remuneration and financial benefits, in any form, to members of the administration and control bodies and to executives with strategic responsibilities.

⁸⁹ Pursuant to the Guideline "*Minor Transactions*" are all the transactions other than Major Transactions and transactions of Minor Value (as defined in Schedule 2 of the Guideline).

- for “*Major Transactions* ⁹⁰”, solely pertaining to the Board of Directors, a binding reasoned opinion on the interest of the Company in the execution of the transaction and on the cost-effectiveness and material fairness of its conditions. The committee is also involved in the negotiation and investigation stages by receiving a complete and timely information flow, and is entitled to request information of and make remarks vis-à-vis the executive bodies and the persons in charge of conducting the negotiations and the investigation.

In both cases the Committee may, at the Company’s cost, request the assistance of one or more independent experts.

Finally, the Guideline provides for a specific approval procedure - which requires, among other things, in the case of a transaction pertaining to the board, the issue of a non-binding opinion by the Control, Risk and Related-Party Transactions Committee on the convenience of the transaction for the Company - in the event of transactions other than related-party transactions, where there are interests - for their own account or on behalf of third parties - of Snam’s Directors or Statutory Auditors.

The Related Party Guideline may be viewed on the Company’s Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/procedure/operazione_parti_correlate/procedura_parti_correlate.pdf)

2.4 Guideline on Market Abuse

Snam’s Guideline on Market Abuse collects and coordinates in a single systematic document the principles and rules on market abuse that have to be complied with by the Company and its related persons for the purpose of:

- protect investors to prevent any situations of information asymmetry and ensure that no persons may use information that is not in the public domain to carry out speculative transactions on the markets; and
- protect the Company from any liability that it may incur following behaviours shown by persons related to it.

Highlights of the Market Abuse Guideline

- Snam’s Guideline takes into account the “Market Abuse Regulation” referred to in EU Regulation 596/2014 (and related implementing regulations), which came into effect on 3 July 2016 and was last updated in March 2018 to implement, among other things, the legislative changes introduced to the Issuers’ Regulation by Consob Resolution no. 19925 of 22 March 2017 and to reflect the Guideline on the “Management of privileged Information” issued by Consob on 13 October 2017
- A single text - comprehensive, systematic and updated, adjusted to the new European regulation - grouping all the measures on market abuse. Provisions on the management of price-sensitive information, material information, internal dealing, the black-out period and the insider register
- Introduction of a specific procedure for the delay in the disclosure of privileged information
- Identification of a detailed information flow within the corporate organisation and with the Subsidiaries
- A training programme to make Snam’s persons aware of the matters relating to the regulation of market abuse

⁹⁰ Pursuant to the Guideline “*Minor Transactions*” are all the transactions other than Major Transactions and transactions of Minor Value (as defined in Schedule 2 of the guideline).

The Guideline on Market Abuse is divided into three Sections:

Section I – Management of Privileged Information

This section regulates the following:

- a) the identification and management of material information and of privileged information
- b) the procedures to be followed for the communication of such information within and outside the Company
- c) the procedure to be followed if the Company deems it necessary to delay the disclosure of privileged information to the public
- d) the setting-up, keeping and update of the register of the persons having access the material information and of the register of the persons having access to privileged information

Section II – Internal Dealing

This section regulates the disclosure and behavioural obligations relating to: (a) the execution of transactions on shares or debt instruments issued by the Company or on derivatives or other related instruments, and, as applicable, on quota-shares of issues, products being the subject-matter of auctions based on them or of related derivatives, by those who carry out administration or control functions or by persons closely related to them; and (b) the transactions concerning Company shares or other related financial instruments, which are executed, through an intermediary or otherwise, by anyone holding shares in the Company to the extent of 10% of the share capital, and by any other person controlling the Company.

Specifically, the following is specified:

- a) the criteria for the identification of “Relevant Persons”, of “Relevant Shareholders”, and of “Material Transactions”, to whom the legislation in question applies;
- b) the duties of disclosure of “Relevant Persons”, of “Relevant Shareholders”, and of the Company to Consob and to the public in relation to “Material Transactions”; and
- c) the regulation of the prohibition for “Relevant Persons” to carry out “Material Transactions” in certain periods (the black-out periods⁹¹).

Section III – Final Provisions

This section regulates the provisions concerning: (a) market surveys; (b) the update of the Guideline, and final provisions.

The Market Abuse Guideline may be viewed on the Company's Website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/procedure/Market_Abuse/Procedure_Market_Snam_REV04.pdf)

91 Pursuant to the on Market Abuse “Relevant Persons” and “Closely Related Persons” may not - whether directly or through an intermediary - carry out “Material Transactions” in the thirty calendar days preceding the disclosure by the Company of the data contained in the annual financial report, in the semi-annual financial report, and in further periodic financial reports the publication of which is mandatory by law. For the definition of “Relevant Persons”, “Closely Related Persons” and of “Material Transactions” please refer to the Guideline on Market Abuse.

Section V

Any changes to the corporate governance structure that occurred after the end of the financial year



No further material changes occurred after the end of the financial year.

Section VI

Summary tables



IV	Schedule 1
XVI	Schedule 2
XVIII	Schedule 3
XIX	Schedule 4
XX	Schedule 5
XXII	Schedule 6

Table 1 – Structure of Snam’s Board of Directors and Committees

Board of directors											Control, Risk and Related-Party Transactions Committee	Remun. Committee	Appoint. Committee	Sustainability Committee	Executive Committee if any								
Post	Members	Year of birth	Date of appoint.*	In office since	In office until	List **	Exec.	Non Exec.	Indip. Code of	Indip. CFA	N° other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)			
Chairman	Malacarne Carlo	1953	27/04/06	27/04/16 ⁹²	Balance Sheet 31/12/18	M		✓			0	7/7										Non-existent	
CEO (•) (◊)	Marco Alverà	1975	27/04/16	27/04/16 ⁹³	Balance Sheet 31/12/18	M	✓				1	7/7										Non-existent	
Director	Bruno Sabrina	1965	26/03/13	27/04/16	Balance Sheet 31/12/18	m		✓	✓	✓	1	7/7	11/11	M							10/10	P	Non-existent
Director	de Virgiliis Monica	1967	27/04/16	27/04/16	Balance Sheet 31/12/18	M		✓	✓	✓	1	6/7			6/6	P	5/6	M					Non-existent
Director	Gori Francesco	1952	26/03/13	27/04/16	Balance Sheet 31/12/18	m		✓	✓	✓	3	7/7					6/6	P					Non-existent
Director	Lucia Morselli	1956	27/04/16	27/04/16	Balance Sheet 31/12/18	M		✓	✓	✓	4	7/7	10/11	M							10/10	M	Non-existent
Director	He Yunpeng	1965	26/01/15	27/04/16	Balance Sheet 31/12/18	M		✓			4	7/7									10/10	M	Non-existent
Director	Elisabetta Oliveri	1963	27/04/10	27/04/16	Balance Sheet 31/12/18	m		✓	✓	✓	2	6/7	11/11	P	6/6	M							Non-existent
Director	Alessandro Tonetti	1977	27/04/16	27/04/16	Balance Sheet 31/12/18	M		✓			0	7/7			6/6	M	6/6	M					Non-existent
DIRECTORS WHOSE TERM EXPIRED DURING THE YEAR																							
No. of meetings held during the year: 7						Control, Risk and Related-Party Transactions Committee: 11						Remuneration Committee: 6			Appointments Committee: 6			Sustainability Committee: 10					

Indicate the quorum required for the submission of lists by minority shareholders for the election of one or more members (pursuant to Article 14-ter of the CFA): 1% of the share capital

NOTES

The symbols specified below need to be included in the column "Office":

- This symbol indicates the Director in Charge of the internal control and risk management system.
- ◊ This symbol indicates the head of the Management of the issuer (Chief Executive Officer or CEO).
- This symbol indicates the Lead Independent Director (LID).
- * Date of first appointment of each director" means the date on which the director was appointed for the first time ever to the Board of Directors of the issuer.
- ** This column contains the list from which each director was selected.
M: to be intended as the list from which the majority of the Directors were drawn (please see p. 41).
m: to be intended as the list from which the minority of the Directors were drawn (please see p. 41).
- *** This column specifies the number of director or statutory auditor offices held by the person concerned in other companies listed on regulated markets, including foreign ones, in financial, insurance companies, banks, or large companies. In the Corporate governance report the offices are shown in full.
- (*) This column specifies the participation of the directors in the meetings of the BoD and in the meetings of the committees (specify the number of meetings attended compared with the total number of the meetings which could have been attended; e.g. 6/8, 8/8, etc.).
- (**) This column indicates the director's role on the committee concerned: "P": chairman; "M": member.

92 The date refers to the appointment of Carlo Malacarne as Director by the Shareholders' Meeting. From 8 May 2006 to 27 April 2016 Carlo Malacarne held the office of Managing Director.

93 Marco Alverà has held the office of General Manager since 15 January 2016, and he is still holding this office even after his appointment to the office of Managing Director.

Table 2 - Structure of the Board of Statutory Auditors Snam

Role	Members	Year of birth	Date of first appointment*	In office since	In office until	List**	Independent Code of	Attendance at Board meetings***	Attendance of BoD meetings	No. other offices****
Chairman	Amato Leo	1961	26/03/2013	27/04/2016	Balance sheet 31/12/2018	M	✓	19/20	7/7	45
Standing auditor	Gatto Massimo	1963	27/04/2010	27/04/2016	Balance sheet 31/12/18	m	✓	20/20	7/7	2
Standing auditor	Mosconi Maria Luisa	1962	27/04/2016	27/04/2016	Balance sheet 31/12/2018	M	✓	20/20	7/7	6
Alternate auditor	Gimigliano Maria	1976	26/03/2013	27/04/2016	Balance sheet 31/12/2018	M	✓	=	=	=
Alternate auditor	Ferrero Sonia	1971	27/04/2016	27/04/2016	Balance sheet 31/12/2018	m	✓	=	=	=

STATUTORY AUDITORS WHOSE TERM EXPIRED DURING THE YEAR

No. of meetings held during the year: 20

Indicate the quorum required for the submission of lists by minority shareholders for the election of one or more members (pursuant to Article 148 of the CFA):
1% of the share capital

NOTES

- * Date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the first time ever to the Board of Statutory Auditors of the issuer.
- ** This column contains the list from which each statutory auditor was selected.
M: to be intended as the list from which the majority of the statutory auditors were drawn (please see p. 69).
m: to be intended as the list from which the minority of the statutory auditors were drawn (please see p. 69).
- *** This column specifies the participation of the statutory auditors in the meetings of the Board of Statutory Auditors (specify the number of meetings attended compared with the total number of the meetings which could have been attended; e.g. 6/8, 8/8, etc.).
- **** This column specifies the number of director or statutory auditor offices held by the person concerned pursuant to Article 148-bis of the CFA and relevant implementing provisions contained in the Consob Issuers' Regulation. The full list of the offices is published by Consob on its own website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulation.

CORPORATE GOVERNANCE CODE - JULY 2018 Principles and Implementation Criteria (Borsa Italiana)		Applied	Not applied	Inapplic.	Reference page
	methods and results of the application of the diversity criteria recommended in Articles 2 and 8;				pages 98-99
	j) to ensure the correct handling of corporate information, adopts, upon proposal of the managing director or the chairman of the board of directors, internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price-sensitive information.				
1.C.2	The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or large companies. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the corporate governance report.	✓			page 55, 60
1.C.3	The board shall issue guidelines regarding the maximum number of offices as director or statutory auditor for the types of companies referred to at the above paragraph that may be considered compatible with an effective performance of a director's duties, taking into account the attendance by the directors of the committees set up within the board. To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive, non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group.	✓			page 59
1.C.4	If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the board of directors shall evaluate each such issue, reporting the critical ones, if any, at the next shareholders' meeting. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.			✓	page 40
1.C.5	The chairman of the board of directors shall ensure that the documentation relating to the agenda of the board is made available to directors and statutory auditors in a timely manner prior to the board meeting. The board of directors shall provide information in the corporate governance report on the promptness and completeness of the pre-meeting information, providing details, among other things, on the prior notice usually deemed to be adequate for the supply of documents and specifying whether such prior notice has usually been observed.	✓			page 47
1.C.6	The chairman of the board of directors, also upon request of one or more directors, may request of the managing directors that certain executives of the issuer or the companies belonging to its group, in charge of the pertinent management areas related to the board agenda, attend the meetings of the board, in order to provide appropriate supplemental information on the items on the agenda. The corporate governance report provides information on the effective attendance of the board meetings.	✓			pages 47
	Article 2 – Composition of the board of directors				
2.P.1	The board of directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.	✓			pages 40-46 Schedule 2
2.P.2	Non-executive directors shall bring their specific expertise to board discussions and contribute to the adoption of fully informed decisions paying particular attention to the areas where conflicts of interest may exist.	✓			page 59
2.P.3	The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the making of board's decisions.	✓			pages 40-46, 60

CORPORATE GOVERNANCE CODE - JULY 2018
Principles and Implementation Criteria (Borsa Italiana)

	Applied	Not applied	Inapplic.	Reference page
2.P.4				pages 41, 57-58
2.P.5	✓			pages 58-59
2.P.6			✓	page 58
2.C.1	✓			page 58
<p>The following persons qualify as executive directors of the issuer:</p> <ul style="list-style-type: none"> - the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies; - the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer; - the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer. <p>The grant of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, provided however, that such powers are not actually exercised with considerable frequency.</p>				
2.C.2	✓			pages 72-74
<p>The chairman of the board of directors shall use his best efforts to allow the directors and the statutory auditors, after the election and during their mandate, to participate, in the ways deemed appropriate, in initiatives aimed at providing them with adequate knowledge of the business segment in which the issuer operates, of the corporate dynamics and the relevant evolutions, of the principles of proper risk-management as well as the relevant regulatory and self-regulatory framework.</p> <p>The issuer shall describe in the corporate governance report the type and organizational procedures of the activities that took place during the reference financial year.</p>				
2.C.3 ⁹⁴				page 41
2.C.4			✓	page 60
<p>The Board of Directors appoints an independent director as lead independent director in the following circumstances: (i) if the Chairman of the Board of Directors is the person with chief responsibility for the management of the business (Chief Executive Officer); (ii) if the office of Chairman is held by the person who controls the issuer.</p> <p>The Board of Directors of the issuers belonging to the FTSEMib index designates a lead independent director if so requested by the majority of the independent directors, subject to a different assessment of the board, to be mentioned in the corporate governance report.</p>				
2.C.5			✓	page 60
<p>The lead independent director:</p> <ol style="list-style-type: none"> a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below; b) cooperates with the chairman of the board of directors to guarantee that directors receive timely and complete information. 				
2.C.6	✓			page 60
<p>The chief executive officer of an issuer (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer is a director of issuer (A).</p>				

94 The gender diversity criteria pursuant to principles 2.P.4 and 8.P.2 for the composition of, respectively, the board of directors and the board of statutory auditors, are operational from the start of the first term of office of these bodies following the cessation of the effects of Law no. 120 of 12 July 2011.

CORPORATE GOVERNANCE CODE - JULY 2018 Principles and Implementation Criteria (Borsa Italiana)		Applied	Not applied	Inapplic.	Reference page
Article 3 – Independent directors					
3.P.1	An adequate number of non-executive directors shall be independent, in the sense that they shall not maintain, directly or indirectly or on behalf of third parties, nor have recently maintained any business relationships with the issuer or persons linked with the issuer, of such a significance as to influence their autonomous judgement.	✓			page 59
3.P.2	The independence of the directors shall be assessed by the board of directors after the appointment and, subsequently, on a yearly basis. The results of the assessments of the board shall be communicated to the market.	✓			page 59
3.C.1	The board of directors shall evaluate the independence of its non-executive members having regard more to the substance than to the form and bearing in mind that a director usually does not appear independent in the following events, without limitation: <ul style="list-style-type: none"> a) if such director controls the issuer, whether directly or indirectly, also through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over the issuer, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer; b) if such director is, or was in the preceding three financial years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement; c) if such director has, or had in the preceding financial year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship: <ul style="list-style-type: none"> • With the issuer, one of its subsidiaries, or any of its significant representatives; • With a person who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives; or is, or has been in the preceding three financial years, an employee of the above-mentioned persons; d) if such director receives, or received in the preceding three financial years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared with the "fixed" remuneration of non-executive director of the issuer and with the remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked with the company's performance, including stock option plans; e) if such director was a director of the issuer for more than nine years in the last twelve years; f) if such director is vested with the executive director office in another company in which an executive director of the issuer holds the office of director; g) if such director is a shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer; h) if such director is a close relative of a person who is in any of the positions listed at the above paragraphs. 	✓			page 59; Schedule 2
3.C.2	For the above purposes the chairman of the entity, the chairman of the board of directors, the executive directors and key management personnel of the relevant company or entity must be considered as being "significant representatives".	✓			pages 58-59
3.C.3	The number and expertise of the independent directors are adequate to the size of the board and to the activity carried out by the issuer, and they are such as to allow for the establishment of committees within the board as specified in the Code.	✓			page 59
As for issuers belonging to the FTSA-MIB index, at least one third of the board of directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down.					
In any event, there should be at least two independent directors.					

CORPORATE GOVERNANCE CODE - JULY 2018
Principles and Implementation Criteria (Borsa Italiana)

Applied **Not applied** **Inapplic.** **Reference page**

3.C.4	<p>After the appointment of a director who qualifies himself/herself as being independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the board of directors shall evaluate, on the basis of the information provided by the same director or available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director.</p> <p>The board of directors shall notify the result of its evaluations, after the appointment, through a press release to the market and, subsequently, within the corporate governance report.</p> <p>In these documents the board of directors shall:</p> <ul style="list-style-type: none"> - disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons; - describe the quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation. 	✓	page 59
3.C.5	<p>The board of statutory auditors shall, in the context of the duties attributed to it by the law, ascertain the correct application of the assessment criteria and procedures adopted by the board of directors for evaluating the independence of its members. The outcome of these checks is made known to the market in the context of the Report on Corporate Governance or the Statutory Auditors' Report to the Shareholders' Meeting.</p>	✓	pages 59, 70
3.C.6	<p>The independent directors shall meet at least once a year without the presence of the other directors.</p>	✓	page 59
<p>Article 4 – Establishment and functioning of the internal committees of the board of directors</p>			
4.P.1	<p>The board of directors shall establish one or more committees, by selecting them from among its members, with proposing and consultative functions according to what is set out in the articles below.</p>	✓	page 62
4.C.1	<p>The establishment and functioning of the committees governed by the Code shall meet the following criteria:</p> <ul style="list-style-type: none"> a) committees shall be made up of at least three members. However, in those issuers whose board of directors is made up of no more than eight members, committees may be made up of two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman; b) the duties of individual committees are provided for by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the board of directors; c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded of a number of committees lower than the envisaged one, provided that for their composition the rules are complied with that are indicated from time to time by the Code and the achievement of the underlying objectives is ensured; d) the meetings of each committee shall be evidenced by minutes, and the chairman of the committee shall inform the board of directors thereof during the first available meeting; e) in the performance of their duties the committees have the right to access the necessary company information and functions, according to the procedures established by the board of directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the board; f) persons who are not members of the committee, including other board members or persons belonging to the issuer's structure may participate in the meetings of each committee if invited by such committee, with reference to individual items on the agenda; g) the issuer shall provide adequate information, in the corporate governance report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the financial year, the number of meetings held, their average duration and the relevant percentage of participation of each member. 	✓	pages 62-68

CORPORATE GOVERNANCE CODE - JULY 2018 Principles and Implementation Criteria (Borsa Italiana)		Applied	Not applied	Inapplic.	Reference page
4.C.2	<p>The establishment of one or more committees may be avoided by reserving the relevant functions to the entire Board of Directors, under the coordination of the Chairman and subject to the following conditions: (i) the independent directors represent at least half of the Board of Directors, with the figure rounded downwards if the Board is made up of an odd number of persons; (ii) for the performance of the functions assigned to the committees by the Code, suitable dedicated spaces are set aside at the meetings of the Board of Directors, and these spaces are accounted for in the Report on Corporate Governance; and iii) limited to the Control, Risk and Related Parties Transactions Committee, the issuer is not controlled by another listed company or subject to management and coordination.</p> <p>The board of directors describes in detail in the corporate governance report the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risks and control committee in consideration of the complexity level of the issuer and the business segment in which it operates. In addition, the board shall periodically reassess the choice made.</p>			✓	
	Article 5 – Appointment of directors				
5.P.1	The board of directors shall establish a committee, by selecting it from among its members, to propose candidates to the position of director, composed of a majority of independent directors.	✓			page 64
5.C.1	<p>The committee to propose candidates to the position of director shall be vested with the following functions:</p> <p>a) expressing opinions to the board of directors regarding its size and composition and expressing recommendations with regard to the professional skills necessary within the board as well with regard to the topics indicated by Articles 1.c.3. and 1.c.4;</p> <p>b) Submitting to the board of directors candidates to director offices in case of co-optation, should the replacement of independent directors be necessary.</p>	✓			Schedule 5
5.C.2	The board of directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, the issuer shall disclose it in the corporate governance report. The preliminary review concerning the preparation of the above-mentioned plan shall be carried out by the appointments committee or by another committee established within the board of directors and being in charge of this task.	✓			page 61
	Article 6 – Remuneration of directors				
6.P.1	The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.	✓			Remuneration Report
6.P.2	The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with the pursuit of the priority objective of the creation of value for the shareholders in a medium-long term. With regard to directors with managerial powers or performing, also de facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked with the achievement of specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4.	✓			Remuneration Report
	The remuneration of non-executive directors shall be proportionate to the commitment required of each of them, also taking into account their possible participation in one or more committees.				
6.P.3	The board of directors shall establish among its members a remuneration committee made up of independent directors. Alternatively, the committee may be composed of non-executive directors, the majority of which to be independent; in this case, the chairman of the committee shall be selected from among the independent directors. At least one committee member shall have adequate knowledge and experience of finance or remuneration policies, to be assessed by the board of directors at the time of his/her appointment.	✓			pages 62-63

CORPORATE GOVERNANCE CODE - JULY 2018
Principles and Implementation Criteria (Borsa Italiana)

		Applied	Not applied	Inapplic.	Reference page
6.P.4	The board of directors shall, upon the proposal of the remuneration committee, establish a policy for the remuneration of directors and key management personnel.	✓			pages 48-49, 51, 61, Remuneration Report
6.P.5	In case of cessation from office and/or termination of the employment relationship with an executive director or a general manager the issuer shall, following the internal process leading to the assignment or recognition of indemnities and/or other benefits, disclose detailed information through a press release to the market.	✓			Remuneration Report
6.C.1	The policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues, consistently with the criteria detailed below: a) the non-variable component and the variable component shall be properly balanced according to the issuer's strategic objectives and risk management policy, taking into account the business segment in which it operates and the nature of the business carried out; b) the upper limits for variable components shall be established; c) the non-variable component shall be sufficient to reward the director where the variable component is not delivered because of the failure to achieve the performance objectives specified by the board of directors; d) the performance objectives – i.e. the economic performance and any other specific objectives with which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be pre-determined, measurable and linked with the creation of value for the shareholders in the medium-long term; e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile; f) contractual arrangements shall be provided to enable the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to withhold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated; g) any indemnity set out by the issuer in the event of termination of directors shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.	✓			Remuneration Report
6.C.2	In preparing stock-option plans the board of directors shall ensure that: a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have an average vesting period of at least three years; b) the vesting referred to in paragraph (a) shall be subject to pre-determined and measurable performance criteria; c) the directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in paragraph (a), until the end of their mandate.	✓			Remuneration Report
6.C.3	Criteria 6.C.1 and 6.C.2 shall also apply, all necessary changes being made, to the definition – by the bodies entrusted with that task – of the remuneration of key management personnel.	✓			Remuneration Report
6.C.4	The incentive mechanisms for the Internal Auditor and for the executive responsible for the preparation of the accounting documents are consistent with the tasks assigned to them	✓			Remuneration Report
6.C.5	The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked with the economic results achieved by the issuer. Non-executive directors shall not be the beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons. The remuneration committee shall: - periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the board of directors in that regard;	✓			Remuneration Report

CORPORATE GOVERNANCE CODE - JULY 2018 Principles and Implementation Criteria (Borsa Italiana)		Applied	Not applied	Inapplic.	Reference page
	- submit proposals or issue opinions to the board of directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the board of directors and verify, in particular, the actual achievement of performance objectives.				
6.C.6	No director shall participate in meetings of the remuneration committee in which proposals are formulated to the board of directors relating to his/her remuneration.	✓			page 63
6.C.7	When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence of judgement.	✓			page 63
6.C.8	According to principle 6.p.5. The press release should provide: a) Adequate information on the indemnity and/or other benefits, including their amount, timing of disbursement – distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and claw-back clauses, if any, in particular with reference to: - severance indemnities or severance pay, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement); - maintenance of rights associated with any monetary incentive plans or incentive plans based on financial instruments; - benefits (monetary or non-monetary) payable following termination of office; - non-compete agreements, describing their main content; - any other remuneration allocated for any reason and in any form; b) Information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and, in case of even partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob's regulation on related-party transactions; c) information about the application or non-application of any mechanisms imposing constraints or correctives on the payment of the allowance in the event that the termination of the relationship is due to inadequate achievement of results, as well as about any preparation of requests for reimbursement of remunerations already paid; d) information about the fact that the replacement of the outgoing executive or managing director is governed by a succession plan adopted by the company, and, in any event, information about the procedures that have been or will be followed for the replacement of the director concerned.	✓			Remuneration Report
	Article 7 – Internal control and risk management system				
7.P.1	Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by the issuer and shall take into consideration the reference model and the best practices that are applied both at national and international level.	✓			pages 78-88
7.P.2	An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the board of directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of the information provided to the corporate bodies and to the market and the compliance with laws and regulations, including the corporate Articles of Association and the internal procedures. The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities: a) the Board of Directors, which oversees and assesses the adequacy of the system and identifies within itself: (i) one or more directors to be charged with the task of establishing and	✓			pages 78-88

CORPORATE GOVERNANCE CODE - JULY 2018
Principles and Implementation Criteria (Borsa Italiana)

Applied **Not applied** **Inapplic.** **Reference page**

7.P.3	<p>maintaining an effective internal control and risk management system (hereinafter pursuant to Article 7, the “director in charge of the internal control and risk management system”), and</p> <p>(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the board of directors in relation to the internal control and risk management system, as well as to the approval of the periodic financial reports;</p> <p>b) the manager of the internal audit function, entrusted with the task of verifying the functioning and adequacy of the internal control and risk management system;</p> <p>c) the other roles and business functions having specific tasks with regard to internal control and risk management, organised depending on the company’s size, complexity and risk profile;</p> <p>d) the board of statutory auditors, also as the “internal control and audit committee”, which is responsible for overseeing the internal control and risk management system.</p>	✓	pages 78-88
	<p>The issuer shall provide for coordination methods between the above mentioned bodies so as to enhance the efficiency of the internal control and risk management system and reduce the duplication of activities.</p>		
7.P.4	<p>The Control, Risk and Related Party Transactions Committee is composed of independent directors. Alternatively, the committee may be composed of non-executive directors, the majority of whom are independent; in this case, the Chairman of the committee is chosen from among the independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have adequate experience in the area of accounting and finance or risk management, to be assessed by the board of directors at the time of appointment.</p>	✓	pages 65-66
7.C.1	<p>The board of directors, after hearing the opinion of the Control, Risk and Related Party Transactions Committee, shall:</p> <p>a) define the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, also determining the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;</p> <p>b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;</p> <p>c) approve, at least once a year, the plan drafted by the internal audit manager, after hearing the board of statutory auditors and the manager of the internal control and risk management system;</p> <p>d) describe in the corporate governance report the main features of the internal control and risk management system and how the different persons involved therein are coordinated, expressing the evaluation on its adequacy;</p> <p>e) after hearing the board of statutory auditors, assess the findings reported by the external auditor in the letter of suggestions, if any, and in the report on the main issues resulting from the auditing.</p>	✓	pages 51, 79
	<p>The board of directors, upon the proposal of the director in charge of the internal control and risk management system and subject to the prior favourable opinion of the control and risk committee, and after consultation with the board of statutory auditors, shall:</p> <ul style="list-style-type: none"> • appoint and dismiss the internal audit manager; • ensure that the Internal Auditor has sufficient resources to perform their responsibilities; • define the relevant remuneration consistent with company policy. 		page 81

CORPORATE GOVERNANCE CODE - JULY 2018 Principles and Implementation Criteria (Borsa Italiana)		Applied	Not applied	Inapplica.	Reference page
7.C.2	The Control, Risk and Related Party Transactions Committee shall, when assisting the board of directors: a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the board of statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, if any; b) express opinions on specific aspects relating to the identification of the main risks for the company; c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant; d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function; e) be entitled to request that the internal audit function carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the board of statutory auditors; f) report to the board of directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system; g) support, with adequate preliminary activities, the board of directors assessments and resolutions on the management of risks arising from detrimental facts that the board may have become aware of.	✓			page 50, 66, 80-81, Schedule 5
7.C.3	The chairman of the board of statutory auditors or another statutory auditor designated by the chairman of such board shall participate in the works of the Control, Risk and Related Party Transactions Committee; the remaining statutory auditors are also allowed to participate.	✓			page 67
7.C.4	The director in charge of the internal control and risk management system shall: a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the board of directors; b) implement the guidelines defined by the board of directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness; c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework; d) be entitled to request that the internal audit function carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the board of directors, the chairman of control and risk committee and the chairman of the board of statutory auditors; e) promptly report to the control and risk committee (or to the board of directors) any issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the board) to take the appropriate actions.	✓			page 80
7.C.5	The internal audit manager shall: a) verify, both on an ongoing basis and in relation to special needs, in compliance with the international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the board of directors. Such a plan shall be based on a structured analysis and ranking of the main risks; b) not be responsible for any operational area and report to the board of directors; c) have direct access to all useful information for the performance of its duties; d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as on the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation of the adequacy of the internal control and risk management system; e) prepare timely reports on particularly significant events; f) submit the reports indicated under items d) and e) above to the chairman of the board of statutory auditors, the Control, Risk and Related Party Transactions Committee and the board of directors, as well as to the director in charge of the internal control and risk management system; g) verify, according to the audit plan, the reliability of information systems, including the accounting one.	✓			pages 81-82

CORPORATE GOVERNANCE CODE - JULY 2018
Principles and Implementation Criteria (Borsa Italiana)

Applied **Not applied** **Inapplic.** **Reference page**

7.C.6	The internal audit function may be entrusted, whether as a whole or by business segments, to a person external to the issuer, provided, however, that the latter meets adequate professionalism, independence and organisational requirements. The adoption of such organisational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and to the market in the corporate governance report.		✓	
8.P.1	Article 8 – Statutory auditors The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders who elected them.	✓		pages 69-72
8.P.2	The issuer should apply diversity criteria, including gender, as far as the board of statutory auditors is concerned.	✓		pages 56-58, 70-71; Schedule 6
8.P.3	The issuer shall adopt suitable measures to ensure the effective performance of the duties pertaining to the board of statutory auditors.	✓		page 69-72; Schedule 6
8.C.1	The statutory auditors shall be selected from among people who are qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The board of statutory auditors shall check the compliance with such criteria after appointment and subsequently on an annual basis, submitting the result of such verification to the board of directors that discloses it, after the appointment, through a press release to the market and, subsequently, in its corporate governance report, according to procedures complying with the ones provided for with reference to directors.	✓		page 70
8.C.2	The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.	✓		Page 70 Table 2
8.C.3 ⁹⁵	At least one third of the standing and alternate auditors of the board of statutory auditors should be of the less represented gender.			pages 56-58, 70-71
8.C.4	The remuneration of statutory auditors shall be proportionate to the commitment required of each of them, to the importance of their roles as well as to the size and business segment of the company.	✓		Remuneration Report
8.C.5	A statutory auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer shall timely and exhaustively inform the other statutory auditors and the chairman of the board about the nature, the terms, origin and extent of his/her interest.	✓		page 72
8.C.6	In the context of their activities statutory auditors may demand from the internal audit function that it make assessments on specific operating areas or transactions of the company.	✓		pages 85-86
8.C.7	The board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.	✓		pages 85-87
	Article 9 – Shareholder relations			
9.P.1	The board of directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and at facilitating the exercise of the shareholders' rights.	✓		Schedule 2
9.P.2	The board of directors shall endeavour to establish an ongoing dialogue with the shareholders based on the understanding of their reciprocal roles.	✓		page 73
9.C.1	The board of directors shall ensure that a person is identified as being responsible for handling shareholder relations and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	✓		page 73
9.C.2	All directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors reports to the meeting on the activities carried out and planned, and endeavours to ensure	✓		pages 38-39

95 See note 94 of this Report.

CORPORATE GOVERNANCE CODE - JULY 2018
Principles and Implementation Criteria (Borsa Italiana)

	Applied	Not applied	Inapplic.	Reference page
so that they can, with full knowledge of the facts, make the decisions that fall to the responsibility of the Shareholders' Meeting.				
9.C.3 The board of directors should submit to the shareholders' meeting, for approval, rules laying down the procedures to be followed to allow for an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right for each shareholder to express his or her opinion on the matters under discussion.	✓			page 38
9.C.4 In the event of any significant changes in the market capitalization of the issuer's shares or in the composition of its corporate structure, the board of directors shall assess whether any proposals should be submitted to the shareholders' meeting to amend the Articles of Association in relation to the quorums required for exercising actions and rights provided for the protection of minority interests.			✓	

SCHEDULE 2

Board of Directors appointment, term of office, and functioning

1. Appointment of the Board of Directors

(i) Overview

Article 13 of the company's Articles of Association provides, in respect of the appointment of the Board of Directors, for a slate voting mechanism structured so as to allow for the presence on the Board of Directors of Directors designated by the minority shareholders and the compliance with the criteria of gender balance in compliance with the provisions of Article 147-ter of the CFA. Furthermore, the company's Articles of Association provide, in a stricter way compared with the provisions of Article 147-ter, paragraph 4, of the CFA, that at least one director, if the Board is composed of a number of members up to seven, or at least three directors, if the Board is composed of a number of members in excess of seven, need to meet the independence requirements set forth in the CFA⁹⁶. The slate voting procedure shall only apply in the case of renewal of the whole Board of Directors. The Meeting may, even during the term of office, vary the number of the members of the Board of Directors, always to the extent of a minimum of five and a maximum of nine as provided for by the Articles of Association, and procure the relevant appointments. The directors so appointed shall cease to hold office together with the ones in office at the time.

The lists explicitly identify the candidates meeting the independence requirement. All candidates shall also meet the integrity requirement provided for by the legislation in force.

The shareholders who, whether alone or together with others, represent the minimum proportion calculated pursuant to the legislation in force (1% of the share capital, as provided for by Consob Resolution no. 13 of 24 January 2019) shall be entitled to submit lists. Each shareholder may submit or contribute to the submittal and voting of a single list.

The lists shall be filed at the company's registered office within the twenty-fifth day preceding the date of the meeting for the resolution upon the appointment of the members the Board of Directors, and they shall be made available to the public, in the manner provided for by the law and by the Issuers' Regulation, at least twenty-one days before the date of the meeting. The following needs to be filed together with the lists:

- the CV of each candidate;
- the statements whereby the candidates accept their candidature and certify, under their own responsibility, that there are no reasons for ineligibility or incompatibility, and that they meet the integrity and, if any, independence requirements. Should the directors at any time fail to meet such requirements or should any reasons for ineligibility or incompatibility materialise, the appointed directors shall immediately notify the Company accordingly.

(ii) The slate voting mechanism

Below is a description of the procedure for the appointment of the administrative body through the slate voting mechanism, as provided for by Article 13 of the Company's Articles of Association:

- a) seven tenths of the directors to be appointed shall be selected from the list obtaining the majority of the votes cast by the shareholders (the "Majority List"), in the progressive order in which they appear on the list; in case of a decimal number,

of a fraction smaller than one, the number shall be rounded down to the previous integer;

- b) the remaining directors shall all be selected from the other lists (the "Minority Lists") not related in any way, whether directly or indirectly, to the shareholders who submitted or voted for the list that obtained the highest number of votes; for this purpose the votes obtained by the lists shall subsequently be divided by one, two, or three according to the progressive number of the directors to be appointed. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown therein. The results so attributed to the candidates of the various lists shall be placed in decreasing order. The candidates appointed shall be the ones who obtain the highest quotients. If several candidates obtain the same quotient, the candidate of the list that has not appointed any director yet or that appointed the lowest number of directors shall be appointed. If none of such lists has appointed a director yet or if all lists appointed the same number of directors, the candidate appointed shall be the one of the list that obtained the highest number of votes. In the event of any equal number of list votes and an equal quotient, the whole Meeting shall vote again, and the candidate who obtains the simple majority of the votes shall be appointed;

- b-bis) if the Majority List does not have a sufficient number of candidates to ensure that the number of directors to elect pursuant to letter a) is reached, all the candidates listed here shall be taken, in the progressive order that they appear in on the list; after having made provision to take the other directors from the Minority List, pursuant to letter b), for the number of positions, equal to three-tenths of the total, for these lists, the remaining directors should be taken, for the positions not covered by the Majority List, from the list that obtained the highest number of votes from the Minority Lists (the "First Minority List") in relation to the capacity of this list. If the capacity is insufficient, the remaining directors should be taken, through the same methods, from the next list ("Second Minority List") or, possibly, from subsequent ones, depending on the number of votes and capacities of the actual lists. Lastly, if the total number of candidates in the lists submitted, both in the Majority List and in the Minority Lists, is less than the number of directors to be elected, the remaining directors shall be elected by the meeting through the resolution taken pursuant to letter d) below;

- c) if, following the above-mentioned procedure, the minimum number of independent directors required by the Articles of Association are not appointed, the quotient is calculated of the votes to be attributed to each candidate selected from the lists, dividing the number of votes obtained from each list by the progressive number of each of such candidates; the candidates who do not meet the independence requirement and have the lower quotients out of the candidates selected from all the lists shall be replaced, starting from the last one, by any independent candidates specified on the same list of the replaced candidate (following the order in which they are specified, otherwise by persons meeting the independence requirement, appointed according to the procedure referred to in section d)). If candidates taken from different lists have obtained the same quotient, the candidate from the list from which the highest number of directors has been taken shall be replaced, or, alternatively, the candidate taken from the

⁹⁶ Or, pursuant to Article 14-ter, paragraph 4 of the CFA, the independence criteria required for statutory auditors pursuant to Article 148, paragraph 3 of the CFA.

list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced; if no Shareholder Lists have been submitted, the remaining three directors will be appointed by the Shareholders' Meeting in accordance with the legal majority, with the Excluded Relative Majority Shareholders still not allowed to take part in the vote.

- c-bis) if the application of the procedure referred to at paragraphs (a), (b) and (b)-bis does not allow for the compliance with the legislation on gender balance, the quotient of votes shall be calculated to be attributed to each candidate selected from the lists by dividing the number of votes obtained from each list by the progressive number of each of such candidates; the candidate of the more represented gender with the lowest quotient out of the candidates selected from all the lists shall be replaced, subject to the compliance with the minimum number of independent directors, by the candidate belonging to the less represented gender that may be indicated (by the subsequent highest progressive number) on the list of the replaced candidate, otherwise by the person appointed according to the procedure referred to in paragraph (d). If candidates of different lists obtain the same minimum quotient, the candidate to be replaced shall be the one of the list from which the highest number of directors is selected or, alternatively, the candidate selected from the list that obtained the lowest number of votes or, in the case of parity of votes, the candidate who obtains the lowest number of votes from the Meeting at the outcome of a specific voting process;
- d) concerning the appointment of directors not appointed, for any reason, pursuant to the procedure referred to above, the Meeting shall adopt its resolution with the majority votes provided for by the law, so as to ensure in any case that the composition of the Board of Directors is in compliance with the law and with the Articles of Association.

In any case, the foregoing provisions are subject to further mandatory provisions of law of the legislation and regulations in force.

2. Term of office, cessation and termination

Pursuant to Article 13.2 of the Articles of Association the Directors may be appointed for a period of up to three corporate years, and shall cease to hold office on the date of the meeting called to approve the financial statements for the last financial year of their office, and they may be reappointed. Pursuant to Article 13.8 of the Articles of Association if, during the financial year, one or more directors cease to hold office, then the measures provided for by the law shall be adopted⁹⁷. Should the majority of directors cease to hold office, the whole Board shall be deemed to cease to hold office, and the Meeting shall be convened by the Board of Directors without delay to reconstitute it.

97 Pursuant to Article 2386 of the Italian Civil Code if during the financial year one or more directors cease to hold office, the others shall replace them by a resolution approved by the Board of Statutory Auditors, provided that the majority is always made of Directors appointed by the Meeting.

Pursuant to Article 13.4 of the Articles of Association the Board shall assess every year the fulfilment of the independence and integrity requirements by the directors and the absence of any reasons for ineligibility or incompatibility⁹⁸. If one of the directors does not fulfil or no longer fulfils the established independence or integrity requirements imposed by law, or if there are grounds for ineligibility or incompatibility, the Board will dismiss the director and arrange for them to be replaced, or will ask that they either remove the grounds for incompatibility within an established period of time or forfeit the post.

3. Meetings of the Board of Directors

Pursuant to the Articles of Association and to the Regulation the Board of Directors shall be convened by the Chairman or, should the latter be absent or have an impediment, by the Managing Director or, should the latter be absent or have an impediment, by the eldest director.

At the start of each Board meeting the directors and statutory auditors shall be required to inform the Board and the board of Statutory Auditors of any interest that they may have, for their own account or on behalf of third parties, in a specific transaction of the Company.

Sufficient time is dedicated to each agenda item to hold a constructive debate, and the Chairman encourages all directors to make a proactive contribution.

The Board of Directors shall be convened at regular intervals, at least quarterly, in compliance with the deadlines provided for by the law.

98 The reasons for incompatibility include the following: pursuant to Article 2, paragraph 2, letter c), of the Prime Ministerial Decree of 25 May 2012, the members of the administrative or control body and any executive directors may not hold any office within the administrative or control body, or any executive functions, at Eni or its subsidiaries, or have any direct or indirect professional or financial relationship with them.

SCHEDULE 3

Meeting: role and functioning

1, Role and functions of the Meeting

Pursuant to the law and to the Articles of Association the Ordinary Meeting shall:

- approve the financial statements;
- appoint and revoke the directors; appoint the statutory auditors and the chairman of the Board of Statutory Auditors and the person in charge of carrying out the audit of the accounts upon the reasoned proposal of the Board of Statutory Auditors;
- determine the remuneration of the directors and of the statutory auditors;
- resolve upon the liability of the directors and of the statutory auditors;
- resolve upon the other matters pertaining to the meeting by law;
- approve the running of the meeting's works;
- authorise the resolutions concerning the transfer, contribution, lease, usufruct and any other act of disposal, including in the context of a joint venture, or of the placement of restrictions on the business or ongoing concerns having strategic relevance, concerning the transport and despatch of gas, subject, pursuant to Article 2364, paragraph 1, no. 5 of the Italian Civil Code, to the liability of the directors for their actions. The resolutions concerning such matters shall be adopted by the favourable votes of a number of shareholders representing at least three

Pursuant to the law the Extraordinary Meeting shall resolve upon the following:

- the amendments to the Articles of Association;
- extraordinary transactions, save the matters referred to the Board of Directors by the Articles of Association.

Article 12 of the company's Articles of Association provides that the Board of Directors shall resolve upon specific matters.

2. Call, legitimacy of, and right to participate in the Meeting

The Meeting shall be convened by a notice published on the Company's Website within the thirtieth day preceding the date scheduled for the meeting (or the different period provided for by the law for specific matters). Specifically, in the case of a meeting called to elect by the slate voting system the members of the management and control bodies, the deadline for the publication of the notice

of the meeting shall be advanced to the fortieth day preceding the date of the meeting. The notice of the meeting shall refer to the applicable legislation and describe the procedure for the participation in the meeting. The meeting may be attended by those in whose respect the intermediary authorised pursuant to the applicable legislation sent the Company the notice certifying the entitlement to attend by the end of the accounting day of the seventh market trading day preceding the date scheduled for the meeting on sole call (the record date). The notification must reach Snam by the end of the third trading day before the date set for the Meeting in a single call.

Those entitled to the voting right may be represented by written proxy to the extent permitted by the law. Such proxy may be notified by certified email. The relevant documents shall be kept with the Company's records. In order to facilitate shareholders' participation in the Shareholders' Meeting, the Company shall, pursuant to Article 135-*undecies* of the CFA, appoint a representative whom shareholders may nominate as their proxy free of charge, giving them voting instructions on some or all of the proposals relating to the agenda items.

To facilitate the participation of shareholders the Articles of Association provide that the Company shall provide the associations of shareholders meeting the requirements provided for by the legislation in force with space required for the communication and the performance of the collection of proxies of shareholders who are employees of the Company and of its Subsidiaries. The procedure and terms of such collection shall be agreed from time to time with the legal representatives of such associations.

Shareholders may ask questions about agenda items both prior to and during the Meeting. The notice of the meeting shall specify the deadline by which the questions asked before the meeting must be received by the company⁹⁹. Questions arriving before the Shareholders' Meeting will be answered during the Meeting, at the latest. The information shall be provided in compliance with the regulation of price-sensitive information.

The shareholders who, whether jointly or severally, represent at least one fortieth of the share capital may, within ten days of the publication of the notice of the meeting (or within the different period provided for by the law for specific matters) request the extension of the items on the agenda, specifying in their request the further items to be added to the agenda, or submit any proposed resolutions on matters already on the agenda.

⁹⁹ Pursuant to Article 127-*ter* of the CFA, this deadline cannot be earlier than three days prior to the date of the first or combined notice of meeting of the Shareholders' Meeting, or five days prior if the notice of meeting requires the Company to provide a response to the questions received before the Meeting. In this case, the answers shall be provided at least two days before the Shareholders' Meeting, including through publication in a dedicated section of the Company website. No reply is due, whether at the meeting or otherwise, to the questions asked before the meeting if the information requested is already available in Q&A format in the section of the Company's Website specified at paragraph 1-*bis* or if the reply was published pursuant to the same paragraph.

SCHEDULE 4

Chairman of the Board of Directors: role

Si riportano di seguito le attribuzioni del Presidente del Consiglio di Amministrazione:

- pursuant to Article 2381, paragraph 1, of the Italian Civil Code the Chairman shall convene the Board of Directors, determine its agenda, coordinate its works and ensure that adequate information on the items of the agenda is provided to the directors;
- pursuant to Article 19 of the Company's Articles of Association the Chairman shall have the power to represent the Company before any judicial or administrative authority and before third parties, and the company signatory power;
- pursuant to Article 14.1 of the Articles of Association, the Chairman shall: (i) chair the Meeting, carrying out the functions provided for by the law and by the meeting's regulations; (ii) convene and chair the meetings of the Board of Directors, determine their agenda, and coordinate the board works; (iii) ensure that adequate information on the items of the agenda is provided to the directors;
- pursuant to Article 16.1, paragraph 2, of the Company's Articles of Association the Board, upon the proposal of the Chairman, in agreement with the Managing Director, may grant powers of attorney for individual actions or categories of actions also to other members of the Board of Directors. The powers of the Chairman and of the Managing Director, to the extent of the expertise attributed to them, shall include the grant of powers of attorney and powers to represent the Company for individual actions or categories of actions to employees of the Company and also to third parties;
- pursuant to Article 16.2 of the Company's Articles of Association the Board of Directors, upon the proposal of the Managing Director, in agreement with the Chairman, may appoint one or more general managers and determine their powers, after ascertaining that they meet the integrity requirements provided for by the law;
- pursuant to Article 16.4, paragraph 1, of the Company's Articles of Association the Board of Directors, upon the proposal of the Managing Director, in agreement with the Chairman, subject to the prior favourable opinion of the Board of Statutory Auditors, shall appoint the Corporate Accounting Documents Officer;
- the Board of Directors shall appoint and revoke the Internal Audit Manager, upon the proposal of the Managing Director, in agreement with the Chairman and subject to the prior favourable opinion of the Control and Risk Committee and after consultation with the Board of Statutory Auditors, and, subject to the prior brief verification of the Remuneration Committee, determine its remuneration consistently with the remuneration policy of the Company; the board shall also ensure that the latter has adequate resources for the performance of its duties;
- the Appointments Committee, as provided for by its Regulation, upon the proposal of the Managing Director, in agreement with the Chairman, shall submit to the Board of Directors the candidates for the corporate bodies of the consolidated Subsidiaries and of the strategic foreign subsidiaries;
- pursuant to Article 3.1.2. of the 231 Model of the Company the composition of, the amendments and the supplements to the Supervisory Body shall be approved by a resolution of the Board of Directors, after hearing the opinion of the Control and Risk Committee and of the Board of Statutory Auditors, upon the proposal of the Managing Director, in agreement with the Chairman;
- the Chairman shall also carry out the further tasks provided for by the provisions of the Corporate Governance Code approved by the Corporate Governance Committee in relation to the role of Chairman of the Board of Directors.

SCHEDULE 5

Board committees: attributions

Remuneration Committee

The remuneration committee shall:

- a) submit the Remuneration Report to the Board of Directors for approval, specifically the policy concerning the remuneration of Directors and Key management personnel to be submitted to the Shareholders' Meeting concerned for the approval of the financial statements for the financial year, within the period provided for by the law;
- b) review the contents of the votes on the Remuneration Report expressed by the Shareholders' Meeting in the previous financial year, and provide an opinion to the Board of Directors;
- c) make the proposals on the remuneration of the Chairman and of the Managing Director, with respect to the various forms of remuneration and economic treatment;
- d) make the proposals on the remuneration of the members of the Director committees established by the Board;
- e) it examines information reported by the Chief Executive Officer and proposes: (i) the general criteria for the remuneration of Key management personnel, (ii) the annual and long-term incentive plans, including stock option plans, and (iii) the general guidelines on the remuneration of the other Officers of Snam and of the Subsidiaries;
- f) it proposes the definition of performance targets, the aggregation of company results, the definition of claw-back clauses related to the implementation of incentive plans and the determination of the variable remuneration of directors with powers;
- g) it proposes the definition, in relation to directors with powers, of: (i) the indemnities to be disbursed in the event of cessation of the employment relationship, and (i) of the non-competition agreements;
- h) it monitors the implementation of the decisions adopted by the Board;
- i) it regularly assesses the adequacy, the overall consistency, and the correct implementation of the Policy adopted, as described at paragraph (e) above, making proposals to the Board in this respect;
- j) it carries out any duties required by the procedure on related-party transactions adopted by the Company;
- k) it reports to the Board on the activity carried out at least every six months and not later than by the deadline for the approval of the financial statements and of the semi-annual report, at the board meeting specified by the Chairman of the Board of Directors; furthermore, after each of its meetings the Committee shall update the Board of Directors by a notice, at the next following meeting, on the topics discussed and on the remarks, recommendations, and opinions given on any such occasion.

Appointments Committee

The Appointments Committee shall carry out the following proposing and consultative functions vis-à-vis the Board of Directors:

- a) it proposes to the Board candidates for the position of director, should the office of one or more directors be vacated during the year (Article 2386, paragraph 1 of the Italian Civil Code), ensuring compliance with the requirements for the minimum number of independent directors and for the quota reserved for the least represented gender;
- b) upon the proposal of the Managing Director, in agreement with the Chairman, it submits to the Board of Directors the candidates to the office of director of the consolidated Subsidiaries and of foreign strategic subsidiaries. The proposal made by the Committee is necessary;
- c) to develop and put forward: (i) procedures for the annual self-evaluation of the Board and of its Committees, (ii) guide-

lines on the limits and prohibition to accumulate offices by Directors of Snam and of the Subsidiaries, and (iii) criteria for the assessment of the professionalism and independence requirements of the Directors of Snam and of the Subsidiaries, and of the activities carried out in competition; (iv) diversity policies in relation to the duties referred to at paragraphs (a) and (b) concerning aspects such as age, gender composition, and training and career;

- d) it reports to the Board, at least once a month, not later than on the deadline for the approval of the annual and semi-annual financial report, on the activity carried out.

Control, Risk and Related-Party Transactions Committee

The Control, Risk and Related-Party Transactions Committee shall carry out the following functions:

- a) assess, together with the Corporate Accounting Documents Officer and after consultation with the Auditing Firm and the Board of Statutory Auditors, the correct use of the accounting standards and their uniformity for the purposes of the drawing-up of the Consolidated Financial Statements;
- b) express opinions on specific aspects concerning the identification of the main corporate risks, execute the further tasks assigned to it by the Board of Directors concerning transactions involving the interests of Directors and Statutory Auditors and related-party transactions, in the terms and manner specified in the Guidelines attached to the Regulations of the Committee;
- c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant;
- d) monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- e) be entitled to request that the Senior Vice President of Internal Audit carry out the verifications relating to specific operational areas, simultaneously informing the Chairman of the Board of Statutory Auditors and the Chairman of the Board of Directors and the Director in Charge accordingly;
- f) report to the Board, at least every six months, upon the approval of the annual and semi-annual financial report, on the activity carried out and on the adequacy of the internal control and risk management system. In any case, after each of its meetings the Committee shall update by a notice the Board of Directors at the next following meeting on the topics discussed and on the remarks, recommendations, and opinions given on any such occasion;
- g) it expresses its opinion on the proposals put forward by the director in charge of the internal control and risk management system, in agreement with the Chairman, to the Board of Directors: (i) on the appointment, revocation and remuneration of the Senior Vice President of Internal Audit, in line with the remuneration policy of the Company, (ii) aimed at ensuring that it has the resources required for the performance of its duties and (iii) it shall also support by an adequate investigation activity the assessments and decisions of the Board of Directors on the management of risks arising from prejudicial facts of which the Board became aware or which the Committee reported to the Board.

The Committee shall also give the Board of Directors its opinion for the following purposes:

- a) a) the definition of the guidelines on the internal control and risk management system also in the medium and long term, so that the main risks, including, in coordination with the Sustainability Committee, the risks that may be relevant with a view to sustainability, including for the purpose of drawing up

the non-financial report - so that the main risks concerning the Company and its Subsidiaries appear to be correctly identified and adequately measured, managed and monitored, and of determining the degree of compatibility of such risks with a management that is consistent with the strategic targets identified;

- b) the regular assessment, at least once a year, of the adequacy of the internal control and risk management system in view of the characteristics of the Company and the risk profile undertaken, and its effectiveness;
- c) the periodic approval, at least once a year, of the Audit Plan prepared by the Senior Vice President of Internal Audit;
- d) the description in the Corporate Governance and Ownership Structure Report of the main characteristics of the internal control and risk management system as well as the assessment of the adequacy of the system;
- e) the assessment of the results shown by the auditing firm in any letter of suggestions and in the report on the key issues emerged during the audit of the accounts.

Sustainability Committee

The Sustainability Committee shall carry out the following proposing and consultative functions vis-à-vis the Board of Directors:

- a) reviews and evaluates: (i) the sustainability policies aimed at ensuring the creation of value of a period of time for shareholders and for all stakeholders in the medium-/long-term in compliance with the principles of sustainable development; (ii) the guidelines, objectives and consequent sustainability processes and sustainability reports, submitted annually to the Board of Directors; (iii) on the basis of the information provided according to the information supplied by the following Functions: (a) Administration, Budget and Tax, (b) Institutional Relations, CSR and Communication (c) Legal and Corporate Affairs, Compliance and ERM and of the Auditing Firm, the correct use of the standards adopted for the purpose of preparing non-financial information and the document to be submitted for the approval of the Board of Directors, including and in coordination with the Control, Risk and Related Party Transactions Committee, the reporting of risks which could become important from a sustainability perspective, including in the medium-/long-term;
- b) monitor the positioning of the Company in the financial markets in terms of sustainability matters, with special reference to the positioning of the Company in the ethics sustainability indices;
- c) monitor international sustainability initiatives and the participation in them by the Company, aimed at consolidating the international reputation of the Company;
- d) review any sustainability initiatives provided for in the agreements pertaining to the Board of Directors, including in relation to individual projects and to climate change;
- e) review the profit and non-profit strategy of the Company and the Company's gas advocacy initiatives;
- f) at the request of the Board, express opinions on other sustainability matters.

SCHEDULE 6

Board of statutory auditors: appointment and functions

1. Appointment of the Board of Statutory Auditors

Overview

Pursuant to Article 20 of the Articles of Association Snam's Board of Statutory Auditors is composed of three standing statutory auditors and two alternate statutory auditors, which are appointed by the Meeting for three corporate years and may be re-appointed at the end of their term of office.

The Statutory Auditors shall be selected from among those who meet the professionalism and integrity requirements specified in the Decree of the Ministry of Justice no. 162 of 30 March 2000. For the purposes of this decree the matters closely connected with the Company's activity are: commercial law, business economics, and corporate finance. For the same purposes the industry closely relating to the Company's activity is the engineering and geological industry.

The Statutory Auditors may not exceed the limit of the number of offices set forth by the legislation in force. In any case, pursuant to Article 2, paragraph 2(c), of the Prime Ministerial Decree of 25 May 2012 the Statutory Auditors may not hold any office within the administrative or control bodies, or any executive functions at Eni and its subsidiaries, and may not have any direct or indirect professional or financial relationship with them.

Similarly to what is provided for in respect of the Board of Directors and in compliance with the applicable provisions, the Articles of Association provide that the Statutory Auditors shall be appointed by the slate voting system, save in the event of replacement during the term of office, in compliance with the gender balance legislation in force.

The lists submitted by the shareholders shall list the candidates by progressive numbers; the number of candidates shall not exceed the number of the members of the body to be appointed. The filing, submittal, and publication of the lists shall be regulated as specified for the appointment of directors (please see schedule 2). Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms laid down in the applicable legislative and regulatory provisions.

Only the shareholders who, whether alone or together with other shareholders, represent at least 1% of the share capital (as provided for by Consob Resolution no. 13 of 24 January 2019) may submit lists. Each candidate may appear on only one list, under penalty of ineligibility.

The lists shall be divided into two sections: the first one concerns the candidates to the office of Standing Statutory Auditor, whereas the second one concerns the candidates to the office of Alternate Statutory Auditor. At least the first candidate of each section is required to be enrolled with the register of auditing firms and to have carried out the audit activity for a period of at least three years.

The lists that, considering both sections, have a number of candidates equal to or higher than three and compete for the appointment of the majority of the members of the Board of Statutory Auditors shall include, in the section of standing statutory auditors, candidates of different gender, as specified in the notice of the meeting, to comply with the gender balance legislation in force. If the list indicates two candidates, these must be of different genders.

The lists for the appointment of the statutory auditors, complete with the information on the characteristics of the candidates and the identity of the shareholders who submitted such lists and the shareholdings held, shall, timely and in any case within the time provided for by the legislation in force, be made available to the public at the Company's registration office, at the offices of Borsa Italiana, and shall be published on the Company's Website. In any case, the foregoing provisions are subject to further mandatory provisions of law of the legislation and regulations in force.

Slate voting mechanism

Below is the description of the procedure for the appointment of the Board of Statutory Auditors by the slate voting mechanism, as provided for in Article 20 of the Company's Articles of Association.

Two Standing Statutory Auditors and one Alternate Statutory Auditor shall be selected from the list that obtains the majority of the votes. The other Standing Statutory Auditor, to act as the Chairman, and the other Alternate Statutory Auditor shall be appointed in the manner specified in Article 13.5(b) of the Articles of Association for the appointment of directors, to be applied separately to each of the sections of which the other lists are composed.

If there should be, *mutatis mutandis*, a similar situation to the one set out in Article 13.5 b-bis) of the Articles of Association, the procedures in b-bis) apply both for standing auditors and alternate auditors because they are compatible with the legislation in force and with the provisions of the above-mentioned Article 20.

Where following the above procedure fails to ensure compliance with the law on gender representation for the standing auditors, the quotient of votes to be attributed to each candidate taken from the standing auditor sections of the different lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same standing auditor section of the list of the replaced candidate, or, failing this, from the alternate auditor section of the same list as the replaced candidate (who, in this case, takes the place of the alternate auditor that they have just been replaced by the person appointed by statutory majority at the Shareholders' Meeting, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and the Articles of Association.

If candidates of different lists obtain the same quotient, the candidate to be replaced shall be the one of the list from which the highest number of statutory auditors are selected, or, alternatively, the candidate selected from the list that obtained the lowest number of votes or, in the event of a tie, the candidate obtaining the lowest number of votes from the Meeting at the outcome of a specific voting process.

In the event of replacement of a statutory auditor selected from the list that obtained the majority of the votes, the Alternate Statutory Auditor selected from the same list shall replace such candidate; in the event of replacement of a statutory auditor selected from the other lists, the Alternate Statutory Auditor selected from these other lists shall replace the latter.

2. Functions

Pursuant to Article 149, paragraph 1, of the CFA the Board of Statutory Auditors shall oversee the following:

- compliance with the law and with the Articles of Association;
- compliance with the principles of correct administration;
- the adequacy of the company's organisational structure for matters within the scope of the board's authority, the adequacy of the internal control system and the administrative and accounting system and the reliability of the latter in correctly representing the company's transactions;
- the arrangements for implementing the corporate governance rules provided for in the Corporate Governance Code;
- the adequacy of the instructions imparted by the Company to its Subsidiaries pursuant to Article 114, paragraph 2 of the CFA.

Pursuant to Article 19 of Legislative Decree no. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016, the Board of Statutory Auditors also performs supervisory functions in its capacity as the Internal Control and Audit Committee, overseeing in particular:

- the financial reporting process;
- the effectiveness of the internal control, audit - as applicable - and risk management systems;
- the audit of the annual and of the consolidated accounts;
- the independence of the auditing firm, specifically as concerns the performance of non-audit services for the entity made subject to audit.

The Board of Statutory Auditors may, after notifying the Chairman of the Board of Directors, convene the Meeting and the Board of Directors. The power to convene the Board of Directors may be exercised individually by each member of the Board of Statutory Auditors; the power to convene the Meeting shall be exercised by at least two members of the Board of Statutory Auditors.

The Board of Statutory Auditors shall be invited to attend the meetings of the Control, Risk and Related-Party Transactions Committee.



by
Snam

Concept & Design
Inarea Strategic Design
Pre-printing
ACC & Partners

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

March 2019

