

# Report on the Remuneration Policy and remuneration paid 2020



## Company profile

Snam is one of the world's leading energy infrastructure operators and one of the largest Italian listed companies in terms of market capitalization. The company's sustainable and technologically advanced network guarantees security of supply and promotes development in the areas in which it operates, while also contributing to promote the energy transition. Through its international subsidiaries, it operates in Albania (AGSCo), Austria (TAG, GCA), China (Snam Gas & Energy Services Beijing), France (Terēga), Greece (DESFA) and the United Kingdom (Interconnector UK). Snam is also one of the main shareholders of TAP (Trans Adriatic Pipeline), the final section of the Southern Energy Corridor.

The company has the most extensive transmission network among European peers (over 41,000 km including international activities) and greatest natural gas storage capacity (ca. 20 billion cubic meters, including international activities). It is also one of the main regasification operators in Europe, an activity it carries out through its Panigaglia terminal and its stakes in the Livorno (OLT)\* and Rovigo (Adriatic LNG) plants in Italy and in the Revithoussa (DESFA) plant in Greece, with a total pro rata regasification capacity of around 8.5 billion cubic metres per year.

As part of its new €6.5 billion plan to 2023, Snam will invest €1.4 bn in the SnamTec (Tomorrow's Energy Company) project, which aims to reduce the environmental impact of its activities by promoting innovation and contribute to decarbonisation. Through this project, Snam aims to reduce methane emissions by 40% by 2025 and direct and indirect CO<sub>2</sub> equivalent emissions by the same amount by 2030 and to invest in new energy transition businesses. These include sustainable mobility (compressed – CNG and bio-CNG – and liquefied – LNG and bio-LNG – natural gas distributors, Small Scale LNG), infrastructure for biomethane from organic waste and agricultural and agro-industrial waste, and energy efficiency services tailored to apartment buildings, the public administration and industry. Promoting the use of renewable gases, Snam was also the first European company to test the introduction of hydrogen blended with natural gas in its network.

Snam's business model is based on sustainable growth, transparency, the promotion of talent and diversity and the social development of regions through the initiatives of Fondazione Snam.

(\*) The acquisition of a 49.07% stake of the OLT regasification terminal was completed on 26 February 2020.

# Report on the Remuneration Policy and remuneration paid 2020

Approved by the Board of Directors on 18 March 2020,  
the Report is published in the “Ethics and Governance” section  
of the Company's website ([www.snam.it](http://www.snam.it))

# Snam's Reports



## THE ANNUAL REPORT

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



## THE FINANCIAL DISCLOSURE ON CLIMATE CHANGE

It describes the governance, the strategy, the scenarios, the risk and opportunities, the metrics and targets laid out by the company to manage the climate change issue according to the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD).



## THE CORPORATE GOVERNANCE REPORT

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



## THE SUSTAINABILITY REPORT

It describes performances and future goals regarding the environmental, social and governance topics (ESG), strengthening the relationship and collaboration with a wide audience of stakeholders.

## REPORTING PROCESS

Snam has been following, for some time, a path of integration of reporting processes based on the assumption that *"integrated reporting means integrated thinking"*. This approach has allowed for an organic and integrated approach to meet the demands of all stakeholders and shareholders, proposing comprehensive, transparent and responsible corporate reporting and providing a complete view of the activities, performance and challenges that Snam faces today.

# Report on the Remuneration Policy and remuneration paid



The Report on the Remuneration Policy and remuneration paid is a document that aims to illustrate the remuneration policy that the Company intends to adopt for the current year and the fees paid during the previous year, in accordance with the current policy.

The Report relates to the remuneration policy regarding specific categories of subjects: Non-executive Directors, Auditors, Chief Executive Officer and Managers with Strategic Responsibilities.

The objective of the document is to share the company's reward policy with Shareholders and other Stakeholders, an essential tool for achieving short and medium-long term objectives.

The Shareholders' Meeting is called to express a binding vote on the first Section of the document (2020 Policy) and a non-binding vote on the second Section (Remuneration paid in 2019).

# 2020

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# Letter from the Chairman of the Remuneration Committee



**Francesca Pace**

Chairman of the Remuneration Committee

## Dear Shareholders,

As Chairman of the Remuneration Committee of Snam (hereinafter also the "Company"), I am pleased to present the Report on the Remuneration Policy and remuneration paid 2020 (hereinafter the "Report").

The Committee, established following the Shareholders' Meeting on 2 April 2019, consists of Directors Prof. Rita Rolli, Attorney at Law and Alessandro Tonetti, Attorney at Law, in addition to the undersigned, has undertaken since its appointment a path to pursue its proactive and consultative functions on behalf of the Board of Directors. As in the past, the Committee's objective is to contribute to ensuring that remuneration policies are a tool for attaining the strategic objectives in the medium to long term, to ultimately create shareholder value. This is done with special attention to the sustainability of the initiatives undertaken and to transparency in sharing them.

As such, to prepare its recommendations to the Board of Directors regarding the remuneration of the Chairman and the CEO as well as the Directors, for their Board Committees' membership, the Committee initially performed a thorough analysis to identify the correct peer-group to be used for remuneration comparisons. To this end, the Committee considered it appropriate to select diversified panels for the various roles being analysed. The CEO's positioning was assessed against a peer-group that included also European companies, with a business perimeter similar to that of the Company. For the remuneration of the Chairman and Directors, we selected a panel consisting of Italian companies included in the FTSE MIB, the size and governance models of which are comparable to Snam.

Following the aforementioned benchmarking activity that was performed with the assistance of a specialised consultancy company (Mercer) and to ensure the competitiveness of its remuneration policy in the target market, the Committee recommended that the Board of Directors submit to the Shareholders' Meeting of 18 June 2020 a proposal to increase the amount of the CEO's Annual Monetary Incentive (AMI) 2020, from an amount equal to 50% of the fixed remuneration on target (with a maximum of 65%) to a bonus opportunity equal to 70% of the fixed remuneration on target (with a maximum of 91%); this is the first intervention made to the current CEO's remuneration since 2017, from the beginning of his first term and it is strictly in line what has already been reported in the remuneration policies of the last two years.



To strengthen the effectiveness of the remuneration policy on a pay-for-performance basis, the Committee performed an analysis and review process of top management incentive systems with Willis Towers Watson, acting as independent advisor and, for related issues, also with the support of the ESG Committee, which I thank for its effective collaboration. This activity covered the short-term incentive (Annual Monetary Incentive - AMI) as well as the long-term incentive (Three-Year Share-Based Plan 2020-2022), enabling the introduction of the following innovations for 2020 which took into account Snam's growing level of challenge and sustainable development:

- Short-term variable incentives
  - Increasing the weight of sustainability goals (ESG) in the AMI from 10% in 2019 to 20% in 2020, also through the introduction of a goal linked to the implementation of the CDP-coordinated "Forestry" project.
  - Introducing objectively measurable quantitative KPIs (EBITDA and project Milestones) focused on the objective of developing new businesses, whose increasing weight (from 10% in 2019 to 20% in 2020) reflects their growing relevance to the Company's business perimeter.
- Long-term variable incentives
  - Increasing the weight of sustainability goals (ESG) in the LTI from 10% of the 2017-2019 plan to 20% of the 2020-2022 plan (which will be submitted to the Shareholders' Meeting for approval on 18 June 2020). In this case, the ESG component was enhanced with an indicator focused on gender diversity, in addition to the KPI already used, linked to the reduction of natural gas emissions.
  - Introducing an Added Value parameter in the LTI 2020-2022 plan score-card to maximise the alignment between the interests of management and shareholders in the long-term.

The Report, which illustrates the aforementioned activities in greater detail, was also prepared in light of the innovations introduced into the remuneration area by Legislative Decree No. 49 of 10 May 2019, implementing the 2017/828 Directive of 17 May 2017 of the European Parliament and the Council (Shareholder Rights Directive II, "SHRD 2"), which amends the 2007/36/EC Directive ("SHRD"). The new legislation gives Shareholders the right to express two separate opinions on the two sections of which the document is composed:

- A binding vote on Section I, regarding the remuneration policy the Company adopted for 2020 for Directors, Statutory Auditors and Manager with Strategic Responsibilities.
- An advisory vote on Section II, which illustrates the compensation paid in 2019 to Directors and Statutory Auditors, by name, as well as to Managers with Strategic Responsibilities in an aggregate form.

In the hope that the Report will provide an effective and comprehensive snapshot of Snam's reward strategy, with special reference to the top management and members of the corporate bodies, as well as the implementation of the remuneration policy adopted for 2019, I hereby thank you for your willingness to discuss and provide support at the Shareholders' Meeting and in all other appropriate venues, with a view to ensuring ongoing dialogue and sharing for the pursuit of our common goals.

I thank the Directors Rita Rolli and Alessandro Tonetti for their constant commitment and significant efforts in support of the Committee's activities.

**Francesca Pace**  
Chairman of the Remuneration Committee

## Abstract - 2020 Remuneration Policy

### Member

### Purpose and characteristics

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#### Fixed remuneration

It adequately compensates the skills, professionalism and contribution required by the role held, with the aim of supporting motivation also for retention purposes.

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#### Short-term variable incentive (AMI - Annual Monetary Incentive)

Provided annually in monetary form, it is a useful tool to motivate and direct management's action in the short term, in line with the corporate objectives established by the Board of Directors. The amount of the short-term incentive depends on the position held and company and individual performance.

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#### Long-term variable incentive (LTI - Long-Term Incentive)

Reserved for holders of positions assigned the most direct responsibilities for the company results, it ensures greater alignment between the interests of shareholders and management's action.

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#### Benefits

They are an integral part of the remuneration package and are characterised by their mainly social security or pension nature

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#### Pay mix

The guidelines of the 2020 Remuneration Policy determine a remuneration mix consistent with the managerial position held. In the case of the CEO, the weight of the variable component is accentuated compared to the rest of the managerial team.

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## Implementation criteria and conditions

Fixed remuneration is determined on the basis of the assigned roles and responsibilities, by considering the levels for equivalent positions in the market and with any annual adjustments established by merit (continuity of individual performance) or by progression of role/responsibility

### Objectives of the Company/CEO Card:

- EBITDA (30%)
- Investments (15%)
- Operating Efficiency (20%)
- New Business: EBITDA and Projects (15%)
- Sustainability (20%) - injury frequency and severity weighted index of employees and contractors (10%); indices DJSI, FTSE4GOOD and CDP Climate Change (5%); Forestry Project (5%)

**MSR objectives:** the AMI is determined 25% by the results of the objectives assigned to the CEO and, for the remaining 75%, by individual objectives (focused on economic/financial, operating and industrial performance, internal efficiency, and sustainability and behavioural topics)

### Clawback Clauses

Three-year share-based plan with annual assignments and three-year vesting period

**Indicators:** Adjusted net profit (50%); Value Added Growth (30%); Sustainability (20% overall of which 10% for natural gas emissions reduction and 10% for gender gap targets)

**Incentive attribution:** depending on the role covered

**Incentive maturity:** Cumulative three-year results in the vesting period measured on a linear scale with respect to defined plan targets

### Clawback Clauses

Defined in continuity with the Policy adopted in the past years and in compliance with the provisions of national bargaining and supplementary company agreements for management

## Values

**Chair:** 310,000 euros (including annual fixed remuneration for directors established by the Shareholders' Meeting)

**Chief Executive Officer:** 970,000 euros (including annual fixed remuneration for directors established by the Shareholders' Meeting)

**MSR\*:** commensurate with the powers and role covered

Incentives paid based on the results achieved in the previous year and assessed according to a performance scale of 70/130 points, with a minimum incentive threshold equal to an overall performance of 85 points

**CEO:** 70% of the fixed remuneration for results of the company card equal to the target (score = 100); 91% of the fixed remuneration for results equal to the maximum (score = 130)

**MSR:** variable incentive percentages based on the role held, with a maximum of 35% of the fixed remuneration for results at target and 52% of the fixed remuneration for results at maximum

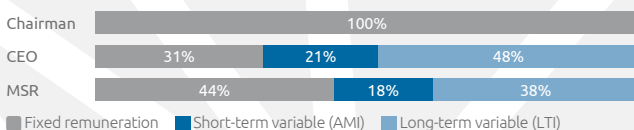
**CEO:** the maximum possible incentive is 210% of the fixed remuneration

**MSR:** variable incentive percentages based on the role held, with a maximum of 130% of the fixed remuneration

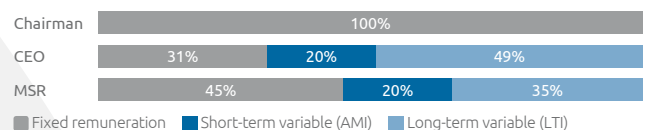
The entire management population is assigned:

- supplementary pension fund
- supplementary health care fund
- forms of insurance coverage against death and disability risk
- cars for both private and professional use

### PAY MIX target 2020



### PAY MIX paid 2019



Note: for the long-term component, the target values of the attribution have been considered, as no share-based LTI plan has yet reached maturity.

\* MSR - Managers with Strategic Responsibilities

# Introduction

This “Report on the remuneration policy and remuneration paid”, hereinafter also the “Remuneration Report” or the “Report”, approved by the Board of Directors on proposal of the Remuneration Committee on 18 March 2020, in fulfilment of current legislative and regulatory obligations<sup>1</sup>, defines and explains:

- in the first section, which is subjected to the binding vote of shareholders, the Policy adopted for 2020 by Snam S.p.A. (hereinafter “Snam” or the “Company”) for the remuneration of Directors, Auditors and Managers with Strategic Responsibilities<sup>2</sup>, specifying the general purposes pursued, the bodies involved and the procedures used for adopting and implementing the Policy. The general principles and guidelines set out in the Snam Policy also apply for the purposes of determining the remuneration policies of Snam’s direct and indirect subsidiaries;
- in the second section, which is subjected to an advisory vote by shareholders, the remuneration paid in 2019 to Snam Directors and Auditors (individually) and Managers with Strategic Responsibilities (collectively).

The Remuneration Policy illustrated in this Report has also been adopted by the Company, as provided for by Consob Regulation 17221/2010 on the subject of related-party transactions, and pursuant to paragraph 3.2, point 6 of the Guideline “Transactions involving interests of Directors and Auditors and Related-Party Transactions” (the “Related-Party Guidelines”) approved by the Board of Directors most recently on 12 December 2019.

The Policy described in the first section of the Report was prepared in line with the remuneration recommendations made by the Corporate Governance Code approved by the Corporate Governance Committee (hereinafter the “Corporate Governance Code”), as amended in the July 2018 edition, to which Snam adheres, and the new aspects introduced on remuneration by Legislative Decree No 49 of 10 May 2019, implementing Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholder Rights Directive II or “SHRD 2”), which amends Directive 2007/36/EC (“SHRD”) as regards the encouraging of a long-term commitment by shareholders.

The text of this Report is made available to the public at the registered office, on the Company’s website<sup>3</sup>, and at the authorised storage mechanism “eMarket Storage” managed by Spafid Connect S.p.A. ([www.emarketstorage.com](http://www.emarketstorage.com)), by the twenty-first day before the date scheduled for the Shareholders’ Meeting convened to approve the FY 2019 financial statements and express: (i) with binding resolution, an opinion on the first section of said Report and (ii) with non-binding resolution, an opinion on the second section of the Report, as provided for by current legislation<sup>4</sup>.

The 2020-2022 Long-Term Share-Based Incentive Plan Information Document, assigned for approval by the Ordinary Shareholders’ Meeting of 18 June 2020 and published in the “Ethics and Governance” section of the Company’s website, is considered as annexed to this Report.

1 Article 123-ter of Legislative Decree No 58/98, implementing Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholder Rights Directive II, “SHRD 2”), which amends Directive 2007/36/EC (“SHRD”) as regards the encouraging of the long-term commitment of shareholders and Article 84-quater of the Consob Issuers Regulation (Resolution 11971/99 as subsequently amended and supplemented).

2 “Managers with Strategic Responsibilities” pursuant to Article 65, paragraph 1-quater, of the Issuers’ Regulation, which refers to the definition given in Annex 1 to Consob Regulation no. 17221 of 12 March 2010, setting out provisions on related-party transactions, as subsequently amended, are “the subjects with the power and the responsibility, directly or indirectly, for planning, managing and controlling the company’s activities, including the directors (executive or otherwise) of said company”. As at the date on which this Report is approved, Snam’s Managers with Strategic Responsibilities, other than Directors and Auditors, are the following: Chief Energy Transition Officer; Chief Financial Officer & Chief International & Business Development Officer; Chief Industrial Assets Officer; General Counsel; Executive Vice President Human Resources & Organization & PFM.

3 The text is published in the “Ethics and governance – Shareholders’ Meetings” section of the Company’s website ([http://www.snam.it/export/sites/snam/repository/file/Governance/remunerazione/Relazione\\_sulla\\_Remunerazione\\_2020.pdf](http://www.snam.it/export/sites/snam/repository/file/Governance/remunerazione/Relazione_sulla_Remunerazione_2020.pdf)).

4 New aspects introduced by Italian Legislative Decree no. 49/2019, Article 3, first paragraph, letters e) and g), which supplement paragraph 3 and replace paragraph 6 of Article 123-ter of Italian Legislative Decree no. 58/98.

## SUMMARY OF 2019 RESULTS

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Adjusted net profit

**1,093€** million euros

+8.2% vs 2018

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EBITDA

**2,169€** million euros

+3,5% vs 2018

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Investments

**963€** million euros

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## 2019 Results

EBITDA stands at 2,169 million euros and adjusted net profit at 1,093 million euros, up more than 8% on 2018. Investments stand at 963 million euros, mainly in the transmission segment (84%) for the maintenance and modernisation of the network, the replacement of pipes, more than 750 hydrogeological interventions, the reduction of emissions and new interconnections to biomethane plants.

### Operating data

The volumes of natural gas transmitted total 74.3 billion m<sup>3</sup>, up 1.6 billion on 2018, in particular due to the greater consumptions by the thermoelectric segment, thanks to the greater competitiveness of natural gas in respect to other fuels.

### Strong acceleration towards the energy transition

Trialling has been completed on the release of a methane mixture with 10% hydrogen into our network.

Snam4Environment grows, thanks to the acquisition of Ren-erwaste, a platform for the development of agricultural biomethane initiatives.

Snam4mobility has reached a total of 104 refuelling stations contracted; the first 9 are already operative.


### Financial efficiency and value creation

The cost of debt reduced further to 1.1%, also thanks to the buy-back of 597 million euros in bonds. The buy-back plan has speeded up and November 2019 saw the launch of one tranche of 150 million euros.

# Section I

## 2020 Remuneration Policy

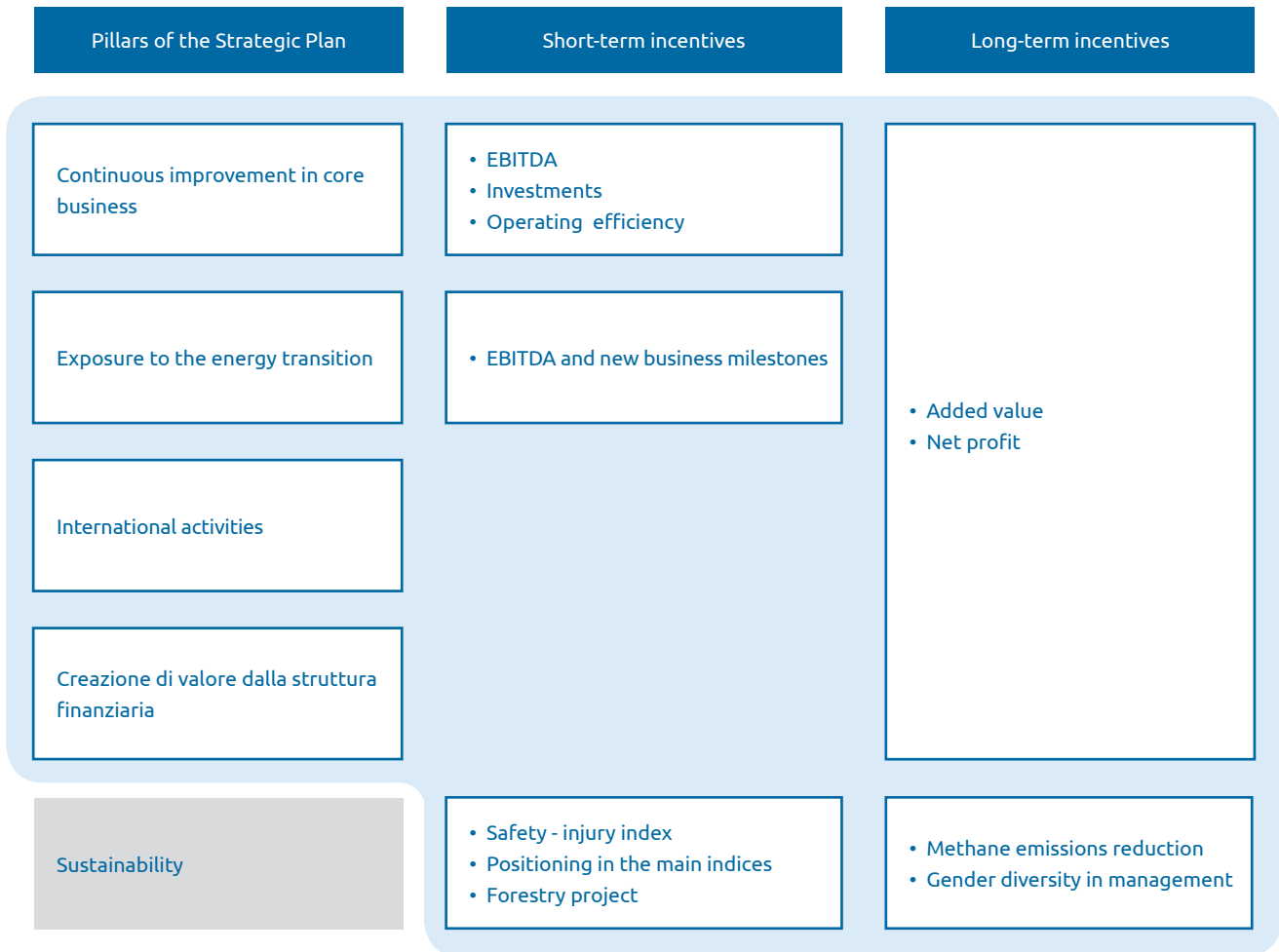




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## REMUNERATION POLICY AND STRATEGIC PLAN

With reference to the provisions of Article 123-ter, paragraph 3-bis of the Consolidated Law on Finance (TUF), below is a comparison of the performance objectives used in the short- and long-term incentive systems and the essential lines of the 2019-2023 Strategic Plan, showing the clear, complete **connection between the Company's Strategic Plan** and the incentive systems.







## SUSTAINABILITY

Late November 2019, Snam presented the new 2019-2023 Strategic Plan, which maps out the route that will allow the Company to rise to the challenges connected with climate change and help reduce emissions, minimising the rise in global temperature and limiting the costs of energy to end users.

Snam's sustainability activities and projects aim to reduce greenhouse gas emissions, in line with European and national decarbonisation objectives.

In all, Snam aims to reduce scope 1 (direct) and scope 2 (indirect) CO<sub>2</sub> equivalent emissions by 40% by 2030 (as compared with 2016), approximately 1.5 million tonnes of CO<sub>2</sub> equivalent, to fight climate change in line with the global objectives.

More specifically, Snam undertakes to reduce its CH<sub>4</sub> emissions by 40% by 2025 (as compared with 2016) instead of the 25% target set by the previous plan. This objective will be achieved through the application to the network of a methane leak detection and repair campaign, the blanket replacement of network and central components and the adoption of the best technology available.

Snam has also promised to reduce direct CO<sub>2</sub> emissions by 40% by 2030, thanks to the start of conversion of the first six hybrid gas-electric plants, which will also help assure the flexibility of the electricity system and energy efficiency in buildings. In order to achieve the comprehensive objective of 40%, Snam also expects to reduce CO<sub>2</sub> generated by electricity consumption by 40% by 2030, thanks to a greater use of photovoltaic power.

2020 will see a continued effort by Snam to strengthen a sustainable business model on all ESG factors, starting from those that impact the climate and the environment and to define a virtuous route towards climate neutrality by 2050.

The 2020 Remuneration Policy focuses in particular on ESG (Environmental, Social & Governance) objectives and, specifically, provides for the following, in line with the Company's sustainable strategy:

- for the short-term incentive system, a weighting of 20% with three specific KPIs linked to sustainability: the weighted index of frequency and severity (IpFG) of injuries involving employees and contractors; confirmation of the inclusion and maintenance of Snam at excellent levels in respect of the Dow Jones Sustainability Index, FTSE4GOOD and CDP climate change sustainability indices; and the achievement of specific milestones connected with the "Forestry" project, for which Cassa Depositi e Prestiti (CDP) and Snam have signed a collaboration agreement aimed at promoting and developing projects for the reduction and absorption of CO<sub>2</sub> emissions by replanting forests and creating green areas throughout Italy.
- for the long-term share-based incentive plan, a weighting of 20% with two KPIs linked to sustainability: reductions of natural gas emissions (weighing for 10%) and representation in terms of gender diversity in Snam's management team (weighing for 10%).

## GOVERNANCE OF THE REMUNERATION PROCESS

The process of defining the Snam Remuneration Policy involves multiple parties, as per regulatory and statutory provisions and the Company's governance model.

Please note that, in accordance with paragraph 3-bis of Article 123-ter of the Consolidated Law on Finance, the Snam Board of Directors, on the proposal of the Remuneration Committee and having consulted with the Board of Auditors, may derogate from the contents of the Remuneration Policy explained in this Report, where exceptional circumstances so demand, as provided for by said regulatory provisions.

### Shareholders' Meeting

In relation to remuneration, the Shareholders' Meeting:

- determines the remuneration of Board Members at the time of their appointment and for their entire term of office;
- resolves, on the proposal of the Board of Directors, on remuneration plans based on the attribution of financial instruments;
- expresses, by binding vote, an opinion on the first section of the Remuneration Report and, by non-binding vote, an opinion on the second section.

### Board of Directors

In relation to remuneration and in line with the Snam rules of corporate governance, the Board of Directors<sup>5</sup>:

- on the recommendation of the Remuneration Committee, and having consulted with the Board of Auditors, determines the remuneration of the Directors assigned specific duties and for participation in Board Committees;
- after examining the proposals made by the Remuneration Committee, defines the remuneration policy for Directors, Auditors, General Managers and Managers with Strategic Responsibilities of the Company and its subsidiaries, as well as the relevant remuneration systems;
- after checking with the Remuneration Committee, determines the remuneration of the Head of Internal Audit, in keeping with the Company's remuneration policies;
- it implements the compensation plans based on shares or financial instruments resolved upon by the Shareholders' Meeting;

- approves the Remuneration Report to be presented to the Shareholders' Meeting;
- assesses, after obtaining the necessary opinion from the Remuneration Committee and with reference to both the first and second sections, the contents of the vote on the Remuneration Report carried out by the Shareholders' Meeting and the proposals of the Committee on the adequacy, overall coherence and application of the Remuneration Policy adopted for Directors and Managers with Strategic Responsibilities.

In accordance with the changes made to Article 123-ter of the Consolidated Law on Finance, the Remuneration Policy defined by the Board of Directors also includes the Remuneration Policy of Auditors, without prejudice to the provisions of Article 2402 of the Italian Civil Code. In complying with the recommendations contained in the Corporate Governance Code, the Board of Directors is assisted, with regard to remuneration matters, by a Committee of non-executive directors, the majority of whom are independent (Remuneration Committee), having both an advisory and a proposing role in this regard.

### Remuneration Committee

#### Members, appointment and tasks

The Remuneration Committee, first established by the Board of Directors in 2002, in line with the most recent recommendations of the Corporate Governance Code, is composed of three non-executive directors, the majority of whom are independent, with the Chairman selected from among the independent directors. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, as assessed by the Board of Directors at the time of the appointment. On 14 May 2019, the Board of Directors chose Francesca Pace as Chairman and verified that all members had adequate knowledge and experience in matters of finance and remuneration policies.

As from 14 May 2019, the Remuneration Committee includes the following Directors:

Member	Position
Francesca Pace	Non-executive and Independent <sup>(1)</sup> - Chairman
Alessandro Tonetti	Non-executive
Rita Rolli	Non-executive and Independent <sup>(1)</sup>

<sup>(1)</sup> Independent pursuant to the independence requirements laid down by the TUF and the Corporate Governance Code

<sup>5</sup> For more information on the Snam governance structure, see the "2019 Report on Corporate Governance and Ownership Structures" published in the "Ethics and Governance" section of the Company's website.

The members, tasks and operating methods of the Committee and its secretariat are governed by a specific regulation<sup>6</sup>, approved by the Board of Directors and most recently updated on 12 June 2019.

The Committee makes proposals and provides advice to the Board of Directors; specifically, it:

- submits the Remuneration Report to the Board of Directors for approval, and, in particular, the Remuneration Policy for Directors and Managers with Strategic Responsibilities to be submitted to the Shareholders' Meeting convened to approve the annual financial statements, within the period provided for by the law;
- it reviews the vote on the Remuneration Report taken by the Shareholders' Meeting in the previous financial year and expresses an opinion to the Board of Directors;
- it prepares proposals regarding the remuneration of the Chairman and the Chief Executive Officer, with regard to the various forms of compensation and economic treatment;
- makes proposals concerning the remuneration of members of the Board Committees;
- examines information reported by the Chief Executive Officer and makes suggestions, with a view to promoting sustainable value creation over the medium/long term, as to:
  - the general criteria for the remuneration of Managers with Strategic Responsibilities;
  - general guidelines for the remuneration of other managers of Snam and its Subsidiaries;
  - annual and long-term incentive plans, including share-based plans;
- 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 delegations;
- proposes the definition, in relation to Directors with delegations: i) of the indemnities to be disbursed in the event of the termination of the contract; ii) of the non-compete agreements;
- it monitors the application of decisions made by the Board;
- periodically evaluates the suitability, overall consistency and actual application of the Policy adopted, making proposals to the Board in this regard;
- performs any duties that may be required by the procedure concerning related-party transactions carried out by the Company;

Once a year, the Remuneration Committee checks the consistency of the remuneration of the Senior Vice President of Internal Audit proposed by the Chief Executive Officer, by agreement with the Chairman, to be submitted for the approval of the Board of Directors after seeking the favourable opinion of the Control, Risk and Related-Party Transactions Committee and consulting with the Board of Auditors.

The Remuneration Committee reports back to the Board on the activity carried out at least every six months and no later than by the deadline for the approval of the financial statements and the half-yearly 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 providing a notice, at the next available meeting, on the topics discussed and on the remarks, recommendations and opinions given on any such occasion. The Committee also reports on the exercising of its functions to the Shareholders' Meetings called to approve the Financial Statements, through the Chairman of the Committee, as provided for in its rules, while adhering to the guidelines as set out in the Corporate Governance Code and with a view to establishing a suitable channel for dialogue with shareholders and investors.

In order to assure the effective performance of its analyses and investigations, the Board of Directors assigns to the Remuneration Committee 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 advisors, through the Company's structures, provided that they are not in such situations as to compromise their independence of judgement.

#### **Activity cycle of the Remuneration Committee**

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

- verification of the adequacy, overall consistency and concrete application of the Policy adopted in the previous year, in relation to the results achieved and the remuneration benchmarks provided by highly specialised providers;
- definition of Remuneration Policy proposals and proposals relating to performance objectives connected to short- and long-term incentive plans;
- proposals regarding the implementation of the existing short and long-term variable incentive plans, subject to verification of the results achieved in relation to the performance objectives envisaged in the same plans;
- preparation of the Remuneration Report to be submitted to the Shareholders' Meeting once a year, after approval by the Board of Directors.

6 The regulation governing the Remuneration Committee is available in the "Ethics and Governance" section of the Company's website.

**Figure 1 - Activity cycle of the Remuneration Committee**

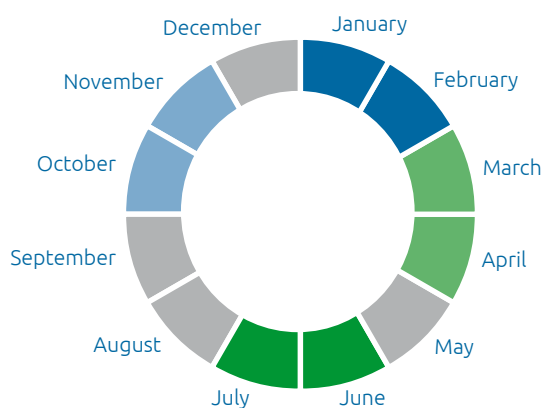
**October - November**

In-depth study of the issues subject to attention by shareholders and proxy advisors

**June - July**

Implementation of Long-Term Incentive (LTI) Plan

Analysis of shareholders' meeting votes on the Remuneration Report



**January - February**

Periodic evaluation of the policies adopted in the previous year

Definition of the Remuneration Policy

Final calculation of results and definition of objectives related to the variable incentive plans

Implementation of the Annual Monetary Incentive Plans (AMI)

Remuneration Report Drafting

**March - April**

Presentation of the Remuneration Report at the Shareholders' Meeting

**Activities carried out and scheduled**

**Activities carried out in 2019**

In 2019, the Remuneration Committee met a total of 11 times. The attendance of its members was 100%. The Chairman of the Board of Auditors (or another regular member designated by them) regularly attended the Committee's meetings. The Committee focused its activities for the first part of the year on: the preparation of the guidelines for the Remuneration Policy and the 2019 Remuneration Report; the finalisation of the company results for 2018 and the definition of performance targets for 2019, for the purposes of the variable incentive plans.

During the second half of the year, among others, the following topics were broached: following the renewal of the BoD, fees for the Chairman, Chief Executive Officer and Directors for participating in Committees; results of the shareholders' meeting votes on the 2019 Remuneration Report and more details on the topics focused on by shareholders and proxy advisors; additionally, the contents of the new provisions of regulations governing remuneration were also examined (Italian Legislative Decree no. 49/2019).

**Activities carried out and main topics covered in 2019**

**January 2019**

- 2019 Remuneration Report - first release
- 2019 Objectives - injury index
- Half-yearly report

**February 2019**

- Definition of corporate objectives for 2019
- Final calculation of corporate objectives for 2018
- Short-term incentive for the Chief Executive Officer
- Assessment of Remuneration Policy and guidelines
- 2019 Remuneration Report



#### June 2019

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- Examination of the Committee Regulation
- Induction on remuneration systems

#### July 2019

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- Attribution of the Long-Term Incentive Plan for the Chief Executive Officer
- Analysis of Italian Legislative Decree No 49/2019 (SHRD II)
- Half-yearly report

#### September 2019

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- Remuneration Policy guidelines: analysis of the remuneration positioning for the Chairman, Chief Executive Officer and Directors assigned specific duties

#### October 2019

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- Remuneration Policy guidelines: definition of the reference panel of businesses for a comparison of remuneration

#### November 2019

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- Remuneration Policy guidelines: proposal for the remuneration of the Chairman, Chief Executive Officer and Directors for attending the Board Committees

#### December 2019

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- Analysis of the Shareholders' Meeting vote on the 2019 Remuneration Report

Resolutions passed by the Board of Directors in 2019 concerning remuneration were among the cases excluded, pursuant to paragraph 3.2, point 6 of the Related-Party Guidelines, bearing in mind that, as also specified in Article 13 of the *"Regulation containing provisions on Related-Party Transactions"* (adopted by Consob in Resolution 17221 of 12 March 2010 and subsequently amended by Resolution 17389 of 23 June 2010): (i) the Company has adopted a Remuneration Policy; (ii) the Remuneration Committee was involved in determining the Remuneration Policy; (iii) the Remuneration Policy was submitted to the Shareholders' Meeting for its advisory vote; (iv) in all cases, the consistency of the remuneration proposed was checked against this Policy.

## Activities carried out and scheduled for 2020

For 2020, the Committee has defined a calendar and scheduled 17 meetings, 5 of which shall take place only if there are matters for discussion. As at the date of approval of this Report, the first 9 meetings have already been held, focused on the following topics: (i) periodic assessment of the remuneration policies implemented in 2019 in order to define the Policy proposals for 2020; (ii) examination of this Report for subsequent approval by the Board of Directors; examination of the Information Document for the new 2020-2022 Long-Term Share-Based Plan; (iii) final calculation of the 2019 corporate results and definition of performance objectives, including ESG, and, for 2020 and for the 2020-2022 three-year period, for the variable incentive plans.

### January 2020

- 2020 corporate targets for the variable incentive systems: first analysis
- Identification of Committee advisors

### February 2020

- Appointment of a highly specialised independent advisor<sup>7</sup> to assist the Committee in defining performance indicators to apply to the incentive system
- Evaluation of the 2019 Remuneration Policy
- Half-yearly report

### March 2020

- Final calculation of the 2019 corporate objectives for the variable incentive systems
- Definition of corporate objectives for 2020
- Short-Term Incentive proposal for the Chief Executive Officer
- 2020-2022 Long-Term Share-Based Incentive Plan
- Report on the Remuneration Policy and remuneration paid

## 2020 Remuneration Policy approval process

More specifically, at the meetings held on 6, 11 and 16 March 2020, in line with both the tasks defined in its Regulation and the recommendations set out by the Corporate Governance Code, the Remuneration Committee defined the structure and contents of the Remuneration Policy in order to prepare this Report. In making its decisions, the Committee took into consideration the resolutions passed by the Shareholders' Meeting of 2 April 2019 and by the Board of Directors in 2019.

These activities were carried out following an assessment of the legislative framework relating to remuneration, with particular reference to said Italian Legislative Decree No 49 of 10 May 2019, implementing SHRD II, and of the practices observed nationally and internationally for the preparation of remuneration reports.

The 2020 Snam Remuneration Policy for Directors, Auditors and Managers with Strategic Responsibilities was thus approved by the Board of Directors, on the recommendation of the Remuneration Committee, at the meeting of 18 March 2020, at the same time that this Report was approved.

The remuneration policies defined in line with the instructions of the Board of Directors are implemented by the delegated bodies, with the assistance of the relevant company departments.

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

## Board of Auditors

As regards remuneration, the Board of Auditors, which regularly attends the meetings of the Remuneration Committee through the Chairman or a Regular Auditor designated by them, expresses the opinions required by current regulations, with reference, in particular, to the remuneration of Directors holding specific offices, in accordance with Article 2389 of the Italian Civil Code, also verifying the consistency with the general policy adopted by the Company.

<sup>7</sup> The Committee has chosen Willis Towers Watson as its independent advisor. Willis Towers Watson does not provide Snam with any form of consultancy on the remuneration topics covered by the Report.

## PURPOSE AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The Snam Remuneration Policy is defined in accordance with the governance model adopted by the Company and with the recommendations of the Corporate Governance Code, with a view to attracting and retaining staff with high professional and managerial skills and aligning the interests of management with the primary objective of creating shareholder value over the medium to long term.

The Remuneration Policy also refers to the contents of the January 2020 Corporate Governance Code (in force starting 2021) to ensure the pursuit of the Company's sustainable success.

Within the adopted Policy, the variable, results-linked component is particularly important. This component is implemented through incentive systems linked to the achievement of economic/financial, business development and operational objectives, defined to help contribute towards the corporate strategy, to pursue the long-term interests and sustainability of the Company.

More specifically, the Snam Remuneration Policy contributes towards the achievement of the corporate mission, values and strategies, through: i) the promotion of action and conduct in line with the Company's culture, in compliance with the principles of multiple parties, equal opportunities, the optimisation of the knowledge and professionalism of people, fairness and non-discrimination provided for by the Snam Code of Ethics; ii) the recognition of responsibilities assigned, results achieved and quality of the professional contribution made, taking into account the context and market references applicable for similar roles or roles of a similar level in terms of responsibilities and complexities, under the scope of the panel of companies comparable with Snam, through specific remuneration benchmarks performed with the help of leading consultancy firms.

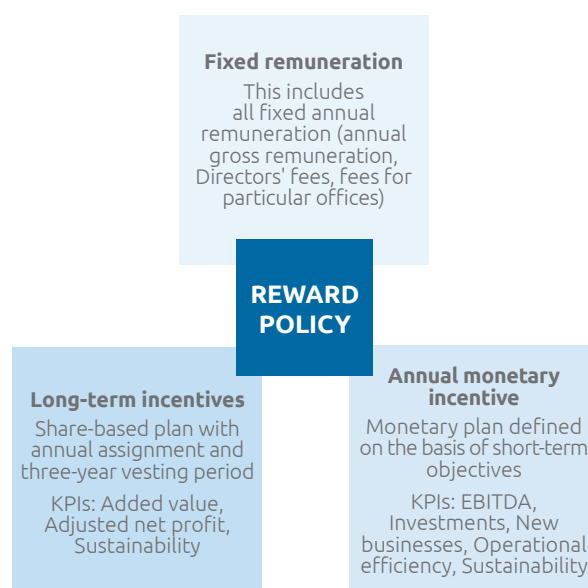
Any additional severance indemnities granted at the end of a contract and/or mandate, in line with the remuneration received, for executive roles characterised by the 'fixed-term' nature of the employment or by a higher risk of being attracted by the competition.

## 2020 REMUNERATION POLICY GUIDELINES

The Guidelines to the 2020 Remuneration Policy (hereinafter also the "Guidelines") are defined in line with that established in 2019, consistent with the purpose and general principles laid down, and have been assessed by the Remuneration Committee as consistent with the applicable market references.

The remuneration instruments provided for are summarised and explained by the following chart:

**Figure 2 - Reward policy**



## Remuneration of the Chairman and Non-executive Directors

The remuneration structure for the Chairman comprises fixed remuneration consistent with the position held. The remuneration of Non-executive Directors is commensurate with the commitment required in relation to participation in Board Committees; the remuneration of the Chairman differs from that of the members of each Committee, taking account of the role attributed to the former in respect of the coordination of duties and liaison with Company Boards and Departments.

As regards the remuneration of the Chairman, at its meeting of 13 November 2019 the Board of Directors, on the basis of a proposal defined by the Remuneration Committee and also with the support of a specific benchmark with the companies of the FTSE MIB (see the paragraph on “Market references and pay mix” and, in particular, figure 10), provided for an annual gross fixed remuneration for the office equal to 310,000 euros. This included the annual fixed remuneration for the Directors, established by the Shareholders’ Meeting, in addition to the reimbursement of expenses incurred in connection with the office. The resulting positioning for the remuneration of the Chairman comes in below the median values of the reference market.

With regard to the nature of the office, there is no provision for: i) short- or long-term variable incentive components; ii) benefits<sup>8</sup>.

For Non-executive Directors, the Shareholders’ Meeting of 2 April 2019 determined the remuneration of directors, providing for a fixed gross annual remuneration of 70,000 euros plus reimbursement of expenses incurred in relation to the position.

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

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

As regards the remuneration provided for participating in Board committees, in its meeting of 20 November 2019 and on the basis of a proposal made by the Remuneration Committee, backed by a specific benchmark with the companies of the FTSE MIB, the Board of Directors provided for the following annual remuneration:

- for the Control, Risk and Related-Party Transactions Committee, in relation to the increasingly important role played in monitoring corporate risks, 35,000 euros for the Chairman and 25,000 euros for the other members;
- for the Remuneration Committee, the Appointments Committee and the ESG Committee, 25,000 euros for the Chairman and 20,000 euros for the other members.

The Remuneration Committee has pointed out that the structure adopted by the resolutions passed by the Shareholders’ Meeting and the Board of Directors is consistent with a positioning on the median level of the reference markets.

### Severance indemnity and benefits

Given the nature of the office, there are no agreements on severance indemnity and benefits.

## Board of Auditors

According to the resolutions of the Ordinary Shareholders’ Meeting of 2 April 2019, the remuneration of the Chairman of the Board of Auditors includes an annual gross fixed remuneration of 80,000 euros, and that of the other members involves emoluments of 60,000 euros, plus the reimbursement of expenses incurred by virtue of the office. As regards the nature of the office, the following are not provided for: i) short- or long-term variable incentive components; ii) agreements on severance indemnity and benefits; iii) benefits (apart from what is specified in note 8 with reference to insurance cover). During its meeting of 1 October 2019, the Remuneration Committee analysed the positioning of the remuneration of the Chairman and the members of the Board of Auditors, which falls around the median of the reference market.

<sup>8</sup> It should be recalled that on 18 April 2008, the Shareholders’ Meeting authorised the Board of Directors to extend the insurance policy, provided for the management to cover professional risks, to include the directors and auditors of Snam S.p.A. according to the standard terms and conditions in practice on the insurance market. The aforementioned authorisation was taken up in the context of the subsequent Reports to the Shareholders’ Meeting on the remuneration of Directors and Auditors and most recently at the Shareholders’ Meeting held 2 April 2019. The policy, which also guarantees coverage of the new members of these bodies, provides for a total limit and an annual premium of 50 million euros and about 190,000 euros, respectively.



## Remuneration of the Chief Executive Officer and Managers with Strategic Responsibilities

The Remuneration Committee, using specific benchmarks with panels of companies comparable to Snam in terms of size and complexity (see the paragraph on “Market references and pay mix” and, in particular, figure 10), has analysed the remuneration position of the Chief Executive Officer, which is below median market levels, with particular reference to the short-term variable component. In its meeting of 13 November 2019, on the proposal of the Remuneration Committee, the Board of Directors therefore approved raising the short-term variable incentive levels, specifying that these new levels will apply as from the disbursement of the incentive in 2021, in reference to the results achieved in FY 2020.

For Managers with Strategic Responsibilities, a remuneration structure is confirmed with a suitable balance of a fair fixed component for the responsibilities assigned and a variable component defined within maximum limits and aimed at hinging remuneration to performance defined with a pay mix that assigns greater value to the variable component, in particular in the long term, than the external market.

### Fixed remuneration

The fixed remuneration of the Chief Executive Officer, on the basis of the evidence presented by the Remuneration Committee to the Board of Directors in the meeting of 13 November 2019, remains defined as 970,000 euros, taking into account: the remuneration established by the Shareholders' Meeting for Directors of 70,000 euros; the remuneration resolved by the Board for the delegations conferred, equal to 150,000 euros; and the annual gross remuneration for the appointment of General Manager, equal to 750,000 euros.

For Managers with Strategic Responsibilities, fixed remuneration is determined on the basis of the assigned roles and responsibilities, by considering the average market salary levels of large national companies for positions of a similar level of responsibility and managerial complexity. This remuneration may be adjusted periodically as part of the annual salary review process that applies to all

managerial staff. Given the reference context and current market trends, and in continuity with 2019, the guidelines for 2020 provide selective criteria while however maintaining high levels of competitiveness and motivation. In particular, the proposed actions will concern adjustments aimed at those who hold positions for which the scope of responsibility has increased or which are positioned no higher than the median market references.

Furthermore, in their capacity as Snam managers, the Chief Executive Officer and Managers with Strategic Responsibilities receive travel allowances for work-related travel undertaken both nationally and abroad, in line with the provisions of the reference national collective bargaining agreement and supplementary company agreements.

### Variable remuneration

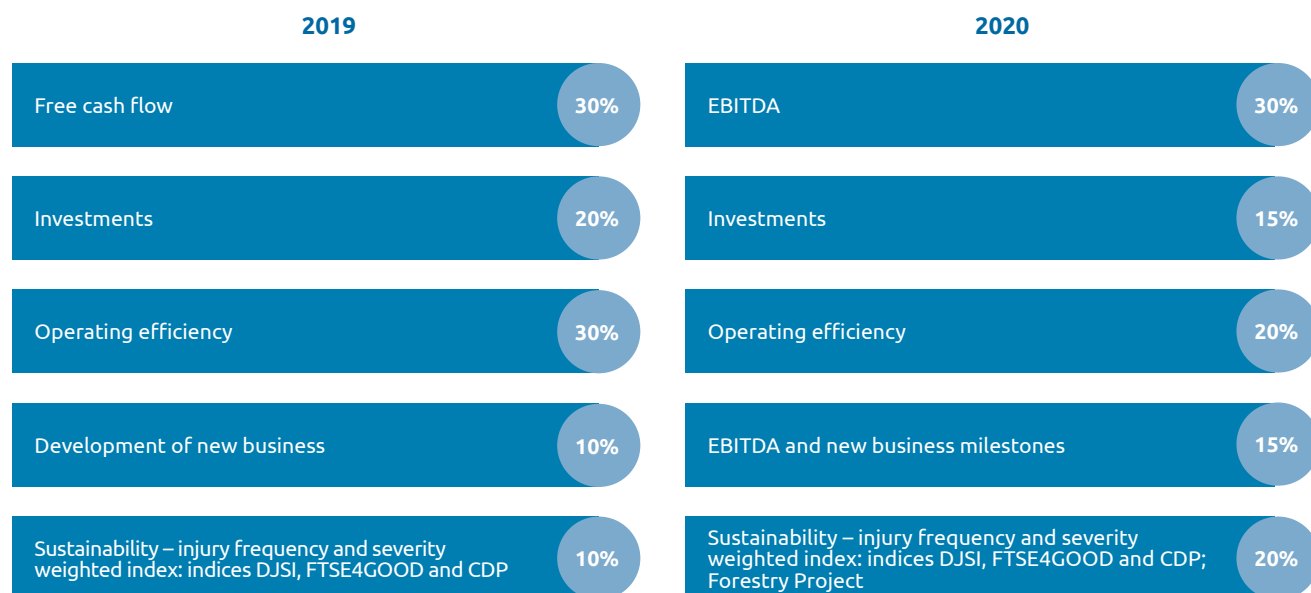
Variable remuneration is structured into a short-term component and a long-term share-based component with a view to assuring the sustainability of results and the creation of value for shareholders in the medium/long term. The assessment of the assigned performance objectives is carried out net of the effects of the exogenous variables deriving from the evolution of the reference scenario, in order to enhance the effective individual contribution to the achievement of the assigned performance objectives.

### Short-term variable incentives

The annual variable component (the Annual Monetary Incentive Plan - AMI) is determined in connection with the results achieved by Snam in the previous year on the defined objectives and with reference to an incentive level at target (performance = 100) and maximum (performance = 130), respectively equal to 70% (target) and 91% (max.) of the fixed remuneration for the Chief Executive Officer. It differs according to the role held for Managers with Strategic Responsibilities up to a maximum of 35% (target) and 52% (max.) of fixed remuneration. A threshold level (performance = 85) is set, which corresponds for the Chief Executive Officer to an incentive level of 59% of the fixed remuneration; for performance below the threshold level, the short-term incentive is not disbursed.

The 2020 corporate objectives approved by the Board of Directors on 18 March 2020 and attributed directly to the Chief Executive Officer focus on the Company's economic, financial and operating performance, on investments, the development of new business and on sustainability topics.

**Figure 3 - Annual Monetary Incentive Objectives, 2019 vs 2020**



The final value calculated on the corporate objectives will arise from the sum of the results of the individual objectives, weighted accordingly. The result of each objective corresponds to a score calculated by linear interpolation between a minimum of 70 and a maximum of 130, with a threshold level on the overall result of 85.

**Figure 4 - AMI 2020 Objectives for the Chief Executive Officer**

Purpose	Description	Weight	Scenario	Performance	Score
EBITDA <sup>1</sup>	An acronym for Earnings Before Interest Taxes Depreciation and Amortisation, which in Italian is often translated as gross operating margin, is an indicator that represents the profitability of operating management.	30%	Minimum	Budget Target -2%	70
			Target	Budget Target +1%	100
			Maximum	Budget Target +2%	130
Investments/1 Investment spending in core business <sup>1</sup>	Value of the technical investments of the core business (Transport, Storage, Regasification) and Corporate. Measured to "centre" with respect to the budget value.	10%	Minimum	Budget Target +/-7,5%	70
			Target	Budget Target +/-5%	100
			Maximum	Budget Target +/-4%	130
Investimenti/2 Investment projects' Milestones <sup>2</sup>	These are the main investment projects relating to both transport activities (putting methane pipelines into operation and new turbines into power plants) as well as storage (work-over wells and single measurement points).	5%	Minimum	3 milestones reached of 5	70
			Target	4 milestones reached of 5	100
			Maximum	5 milestones reached of 5	130
Operational efficiency <sup>1</sup>	Measured in terms of reducing costs related to the core business with a minimum, target and maximum result defined based on deviations with respect to the budget value.	20%	Minimum	Budget Target +2%	70
			Target	Budget Target	100
			Maximum	Budget Target -3%	130
New Businesses/1 EBITDA <sup>1</sup>	Cumulative EBITDA of the energy transition businesses (CNG, Biomethane, Energy Efficiency, Snam Global Solutions).	10%	Minimum	Budget Target -5%	70
			Target	Budget Target	100
			Maximum	Budget Target +5%	130
New Businesses/2 Key project Milestones	These refer to the construction of biomethane plants, the contracting with industrial customers (measured in terms of MW) within the area of energy efficiency and the number of new contracted CNG/CLNG stations.	5%	A scorecard weights the degree of achievement on each project in the "New Businesses" area against pre-defined levels of minimum, target and maximum performance.		
Sustainability/1 IpFG <sup>1</sup>	Weighted index of frequency and severity of accidents of employees and contractors. The index is composed of the frequency index, measured in terms of the number of accidents that occurred for every million hours worked during the year, and the severity index, measured in terms of days of absence with regard to the number of hours worked.	10%	Minimum	0.9	70
			Target	0.7	100
			Maximum	0.5	130
Sustainability/2 Indices <sup>3</sup>	Confirmation of the inclusion and maintenance of Snam at excellence levels with regard to the Dow Jones Sustainability Index, FTSE4GOOD and CDP climate change.	5%	Minimum	A	70
			Target	B	100
			Maximum	C	130
Sustainability/3 Forestry Project	Reforestation project on the national territory.	5%	Milestones are related to the establishment of the specific NewCo and the signing of agreements both with local governments for lots of land as well as with customers for the purchase of trees.		

<sup>1</sup> - For performance levels below the minimum, the score is zero.

- For intermediate performance levels between the minimum and the target and between the target and the maximum, the score is calculated by linear interpolation.

- For performance levels above the maximum, the score is always equal to 130.

<sup>2</sup> - For performance levels below the minimum, the score is zero.

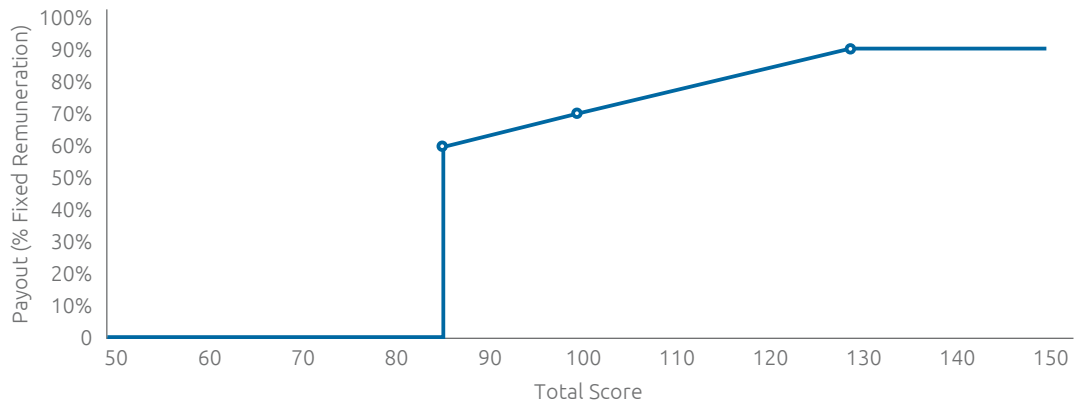
<sup>3</sup> A = Inclusion in at least two indices above the eightieth percentile

B = Inclusion in at least two indices, of which one is above the ninetieth percentile

C = Inclusion in all three indices, at least one of which is above the ninetieth percentile

The graph illustrates the overall incentive curve of the 2020 AMI for the Chief Executive Officer.

**Figure 5 - Incentive curve AMI 2020**



Scenarios	Total Score	Payout (% Fixed Remuneration)	Payout (% vs. target)
Minimum	85	59%	85%
Target	100	70%	100%
Maximum	130	91%	130%

For Managers with Strategic Responsibilities, the variable annual incentive is determined in part (25%) from the company results on the objectives assigned to the Chief Executive Officer by the Board of Directors and, for the remainder (75%), from a series of individual objectives (focused on economic/financial, operational and industrial performance, internal efficiency, and issues relating to the managerial expertise model assigned in relation to the scope of responsibilities of the role held, in coherence with the provisions in the Company's performance plan).

### **Long-term variable incentives**

In 2020, a new long-term share-based incentive plan was defined for the next three years. It will be submitted for the approval of the Shareholders' Meeting scheduled for 18 June 2020. Continuing on from the previous version in place during the previous three years, the new share plan provides for three annual attributions ("rolling plan"), each of which coincides with a three-year reference period for performance (2020-2022, 2021-2023, 2022-2024). For each attribution, any disbursement is envisaged after three years (vesting period) in an amount that is tied to the results obtained and will have a maximum value for the Chief Executive Officer of 210% and for Managers with Strategic Responsibilities of 130% of the respective fixed remuneration.

The performance conditions applicable for the first attribution of the Plan<sup>9</sup> are connected to the following parameters, two of which are economic-financial indicators and two of which relate to sustainability:

**Adjusted net profit** Adjusted Net Profit (with weight of 50%) calculated as the sum of adjusted net profit for the years 2020, 2021 and 2022. The degree of achievement of the objective is calculated according to a criterion of linear interpolation between minimum, target and maximum values (see also Figure 6).

**Added value** (with a weight of 30%) which reflects the value generation of the regulated business, calculated as the change in the RAB in the period 2020-2022 added to distributed dividends, to treasury shares repurchased and reduced by the change in net debt<sup>10</sup>. The degree of achievement of the objective (see also Figure 7) is calculated according to a criterion of linear interpolation between minimum, target and maximum values.

**Reductions in natural gas emissions** (with a weight of 10%). The degree of achievement of the target is calculated according to a criterion of linear interpolation between minimum, target and maximum values compared to the final emission values recorded at the end of 2016 (48.08 MSmc) (See also Figure 8).

**Equal representation in terms of gender diversity in Snam's management team** (with a weight of 10%), calculated in terms of the % of women managers and middle managers of the total management and middle management figures of the Group. The degree of achievement of the objective is calculated according to a criterion of linear interpolation between minimum, target and maximum values (See also Figure 9).

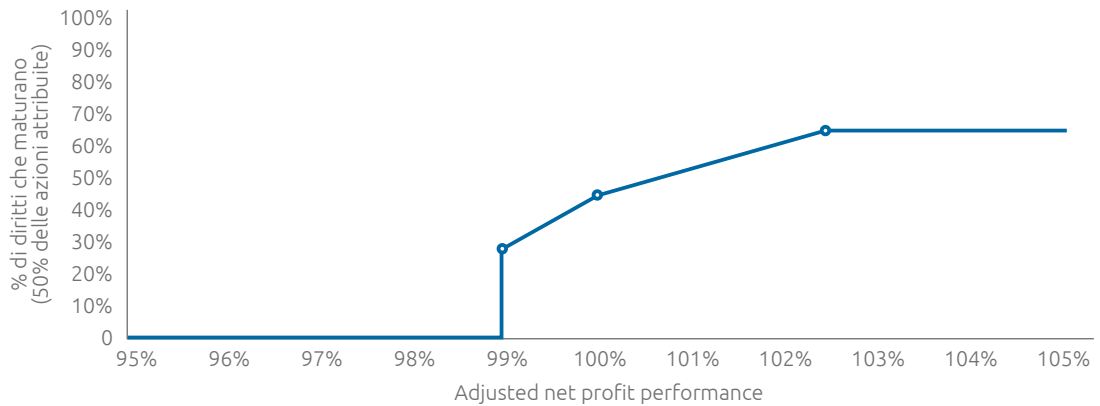
The achievement of performance conditions at target, maximum and threshold level respectively entails the accrual of 100%, 133% and 67% of the shares attributed; below threshold level, the percentage will always be zero. At the end of the vesting period, an additional number of shares will be assigned, defined as "dividend equivalents", calculated as the equivalent value of dividends not used with respect to the number of shares effectively accrued. The plan also provides for a two-year lock-up on 20% of the shares assigned, gross of those necessary to fulfil tax requirements.

9 The first section of the Report of each year will offer a full disclosure on any changes for subsequent attributions provided for by the Plan.

10 The change in net debt is calculated excluding changes to working capital connected with regulatory dynamics and considering changes to commercial working capital.

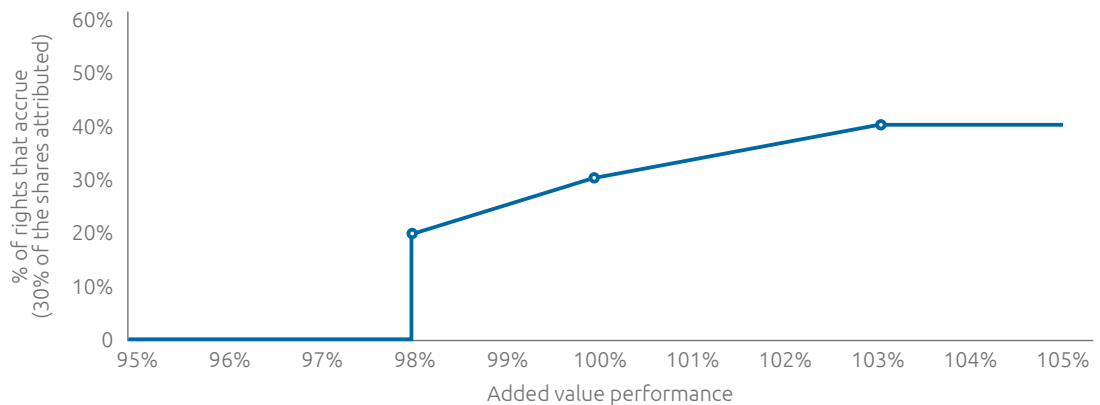
Below is an explanation of the metrics connected with each individual performance indicator. The absolute Performance values are valid for the first attribution (2020), with reference to the 2020-2022 three-year period<sup>11</sup>.

**Figure 6 - Adjusted net profit**



Scenarios	Performance (values)	Performance (% vs. target)	Payout (% of shares attributed)
Minimum	€mln 3,407	99%	33%
Target	€mln 3,441	100%	50%
Maximum	€mln 3,527	102.5%	67%

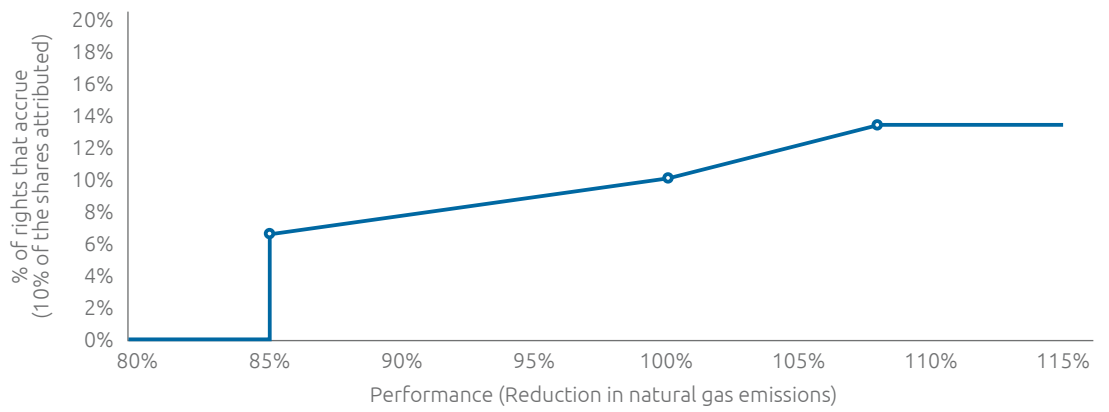
**Figure 7 - Added value**



Scenarios	Performance (values)	Performance (% vs. target)	Payout (% of shares attributed)
Minimum	€mln 2,694	98%	20%
Target	€mln 2,751	100%	30%
Maximum	€mln 2,836	103%	40%

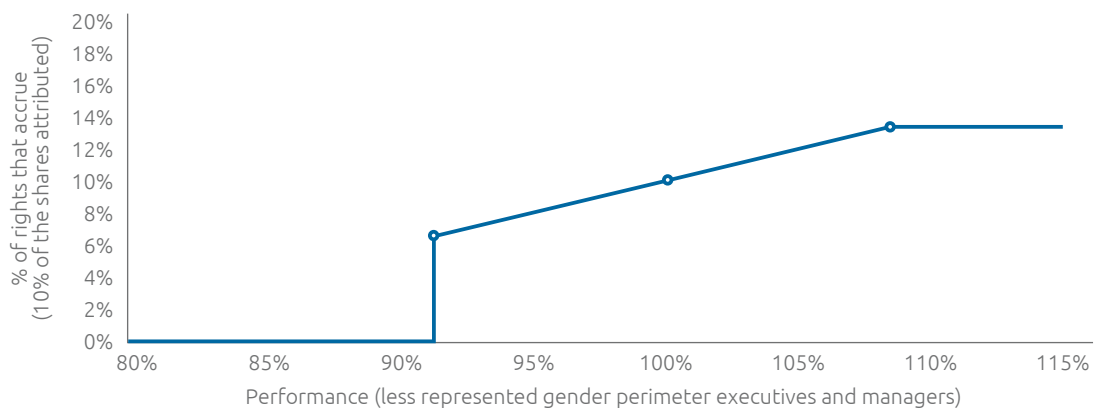
<sup>11</sup> In the first section of the Remuneration and Compensation Report, full disclosure will be given of any changes for subsequent allocations under the Plan, as well as the absolute value of the valid targets for future attributions.

**Figure 8 - Reduction in natural gas emissions**



Scenarios	Performance (values)	Performance (% vs. target)	Payout (% of shares attributed)
Minimum	- 22%	85%	7%
Target	- 26.1%	100%	10%
Maximum	- 28%	108%	13%

**Figure 9 - Equal representation in terms of gender diversity**



Scenarios	Performance (values)	Performance (% vs. target)	Payout (% of shares attributed)
Minimum	21%	91%	7%
Target	23%	100%	10%
Maximum	25%	109%	13%

### Severance indemnity and benefits

In accordance with the reference markets, severance indemnity is provided for the Chief Executive Officer for the termination of the directorship and managerial position.

If both contracts are terminated simultaneously in connection with the non-renewal of the office upon expiry, or if the appointment is terminated early, two years of fixed annual remuneration are payable upon termination of employment plus the average of the Annual Monetary Incentive paid over the last three years, and subject to the application of the provisions of the national contract for Managers of companies that produce goods and services. The indemnity is not payable if the employment contracts are terminated for just cause or due to dismissal with notice on subjective grounds involving the notion of justifiability as defined by the collective agreement or in the event of a resignation.

For Managers with Strategic Responsibilities, severance pay established by the reference national collective bargaining agreement shall be due.

The effects of possible termination of the contract of employment on the rights allocated under existing long-term incentive plans are described in the relevant regulations governing assignment. In particular, the Long-Term Plan contains provisions to encourage the retention of staff, providing, in cases of consensual termination of employment during the course of the vesting period, for the beneficiary to retain the right to the incentive at a reduced level for the period between the definition of the promise and the occurrence of the termination (pro-rata). No payment is due in cases of unilateral termination by the Company for just cause, or of voluntary resignation.

### Non-Competition Agreements

There are no non-competition agreements neither for the CEO nor for Managers with Strategic Responsibilities

### Benefits

Benefits are defined in line with pay practices in the reference market and are consistent with current regulations, in order to complete and enhance the overall remuneration package, taking into account the roles and/or responsibilities assigned.

Therefore, in line with the provisions of the national bargaining agreements and supplementary corporate contracts for Snam managers, for the Chief Executive Officer and Managers with Strategic Responsibilities, registration is envisaged with the Complementary welfare fund (FOPDIRE or PREVIN-DAI)<sup>12</sup>, with the Supplementary healthcare fund (FISDE)<sup>13</sup> and insurance to cover death and disability, as well as the assignment of a car for both private and professional use.

### Senior Vice President of Internal Audit

For the Senior Vice President of Internal Audit, on the proposal of the Remuneration Committee and by agreement with the Control and Risks Committee, the Board of Directors has provided for: a performance assessment card with exclusively functional, measurable objectives, excluding any economic-financial objectives; the determination of the annual monetary incentive only according to results relative to this card; the assignment of minimum/target/maximum performance levels and the assessment of the results achieved by the Control and Risks Committee; the homogeneity of the other forms of incentive and benefits recognised, with respect to the entire management team.

### Clawback mechanisms

In 2014, a clawback clause was introduced applicable to the variable incentive systems, through which Snam, by the legal deadline (ten years) will be able to take back possession of all or part of the amounts disbursed if it is ascertained that these amounts have been determined on the basis of objectives that were achieved through wilful or grossly negligent conduct or, in any case, in breach of the reference standards, or achieved on the basis of data that was later found to be clearly incorrect. In 2015, the Remuneration Committee prepared a document that explains the process and responsibilities connected with the activation of this clause. This process envisages the clause activation procedure to be launched upon the identification of errors/imprecisions and/or the non-existence of data/acts/events, also in connection with reports resulting from the audit activities. For findings relating to: (i) individual performance cards, the clause will be activated by the Chief Executive Officer, informed by the EVP HRO, who will also inform the Remuneration Committee; (ii) the objectives of the corporate card or long-term incentive plans, the clause will be activated by the Board of Directors on the basis of a report made by the Remuneration Committee. The document describing this process is delivered to assignees of the incentive plan at future attributions or promises of incentive.

<sup>12</sup> A contractual pension fund with defined contributions and individual capitalisation, [www.fopdire.it/portale.previndai.it/default.do](http://www.fopdire.it/portale.previndai.it/default.do).

<sup>13</sup> A fund that provides for the reimbursement of medical expenses to in-service or retired executives and their families, [www.fisde-eni.it](http://www.fisde-eni.it). Additional health insurance (Generali/Previgen) is also envisaged, to supplement the FISDE.



## Market references and pay mix

The Remuneration Committee has discussed the matter of the definition of reference panels for the analysis of remuneration positioning in multiple meetings, seeking the assistance of a highly specialised provider (Mercer). Upon completion, it held the definition of the panel as shown in figure 10 to be fair, which takes into account the need to: assure a solid panel through the identification of both a sufficiently large number of companies and ones that are sufficiently comparable in terms of size and/or business type; guarantee on the one hand a homogeneous approach, where possible using the same companies for all figures analysed and, on the other, the safeguarding of the specificities of certain roles; use, in particular for the Chief Executive Officer, an integrated reference market of Italian and European businesses, so as to express the increasingly global nature of Snam's business. The preparation of the guidelines for the Remuneration Policy and the assessment of the policies implemented are also carried out with the assistance of highly specialised independent advisors, using specific remuneration benchmarks.

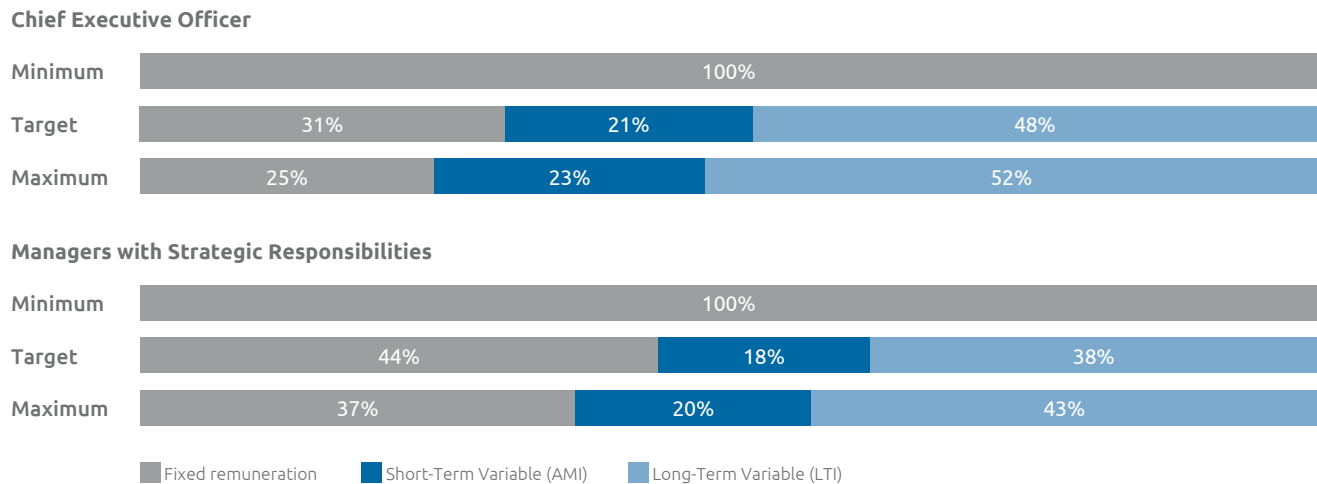
The remuneration references used for the different types of position are indicated below:

**Figure 10 - Panels used for Remuneration Benchmarking**

Role	Provider	Criteria	Peer Group
Chief Executive Officer	Mercer	Industry sector companies belonging to the FTSE MIB index and Snam European peer companies, utilities and operators of infrastructures in concession	A2A, Amplifon, Atlantia, Brembo, Campari, CNH, Diasorin, Enel, Eni, Ferrari, FCA, Italgas, Leonardo, Moncler, Pirelli, Prysmian, Saipem, Telecom Italia, Terna, Centrica, E.On, Enagas, Endesa, ENGIE, Ferrovial, Iberdrola, National Grid, Red Electrica, Naturgy, RWE, Severn Trent, United Utilities, Vinci, Veolia
Chairman	Mercer	Industry sector companies belonging to the FTSE MIB index	A2A, Amplifon, Atlantia, Brembo, Campari, CNH, Diasorin, Enel, Eni, Ferrari, FCA, Italgas, Leonardo, Moncler, Pirelli, Prysmian, Saipem, Telecom Italia, Terna
Directors and Control bodies	Mercer	Industry sector companies belonging to the FTSE MIB index	A2A, Amplifon, Atlantia, Brembo, Campari, CNH, Diasorin, Enel, Eni, Ferrari, FCA, Italgas, Leonardo, Moncler, Pirelli, Prysmian, Saipem, Telecom Italia, Terna
Managers with Strategic Responsibilities	Mercer	Industry sector companies belonging to the FTSE MIB index and SNAM European peer companies, utilities and operators of infrastructures in concession	A2A, Amplifon, Brembo, CNH, Enel, Eni, Ferrari, FCA, Italgas, Saipem, Telecom Italia, Centrica, E.On, Enagas, Endesa, Ferrovial, RWE, Severn Trent, United Utilities
SVP Internal Audit	Mercer	Industry sector companies belonging to the FTSE MIB index (11 companies) and Remuneration Market of the Mercer 2018 Total Remuneration Survey (approx. 440)	

The 2020 Remuneration Policy guidelines determine a pay mix in line with the managerial position held, with greater weighting for the variable component for posts typically having a greater impact on business results, as shown in the pay-mix chart set out below and calculated considering the enhancement of short- and long-term incentives in the event of on-target results, in terms of a minimum level (non-achievement of the threshold value provided for by all the short- and long-term variable incentive plans) and a maximum level.

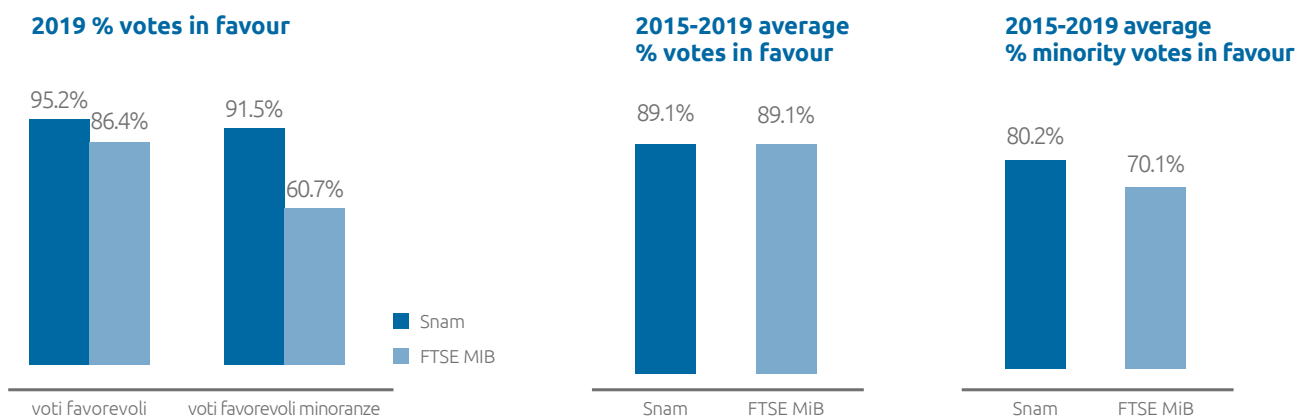
**Figure 11 - 2020 pay-mix of the Chief Executive Officer and Managers with Strategic Responsibilities**



### Results of shareholders' meeting votes

The 2019 Report received a broad consensus among stakeholders, thanks in part to the usual engagement activities carried out during the course of the year. The approval was confirmed by the vote in favour at the Shareholders' Meeting, including with regard to minority shareholders alone. The graphs below show a comparison between the FTSE MIB and Snam for 2019, as well as the average for the period 2015-2019.

**Figure 12 - 2015-2019 Shareholders' meeting vote in favour - comparison of Snam/FTSE MIB**  
source Morrow Sodali



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## COVID-19 CRISIS: COMPANY INITIATIVES RELATED TO REMUNERATION POLICIES

As part of an integrated plan of initiatives implemented by Snam to help in managing the coronavirus crisis, in April 2020 the Company launched the "Let's shape the future" programme.

The programme, funded by Snam, is aimed at supporting solidarity gestures by the executive population, beginning with the CEO and top management.

The Company has made the following options available to participants on a voluntary basis:

- A voluntary waiver of part of individual's fixed annual gross compensation, for donation (doubled) by Snam – the employee may voluntarily waive a percentage of his fixed annual gross compensation, which will be withheld on a monthly basis from May 2020 to December 2020. The total amount raised, along with social contribution theoretically due, will be doubled by Snam and will then be donated to parties involved in the health crisis, to be identified in conjunction with the Snam Foundation.
- An autonomous donation by the employee to parties of his choice, doubled by Snam – the employee will be able to make a donation for purposes related to the fight against the crisis, to a party of his choice. All donations of EUR 500 or more will have to be communicated to the company so as to enable Snam to double the money donated.
- A donation of the economic consideration payable for the residual holidays to third sector entities of employee's choice.
- A donation of residual holidays to Snam colleagues through the holiday solidarity mechanism.

The CEO has decided, as part of this initiative, to waive 25% of his fixed annual gross remuneration due to him for the period May 2020 - December 2020. This amount will be donated by Snam to parties involved in the health crisis, doubling the value.

It should also be noted that, among the various measures taken to protect the health of its employees while ensuring the performance of uninterrupted strategic activities, the Company has established a 24-hour oversight office at the physical dispatch facility of San Donato Milanese. Housing modules have been set up to permit the continuous presence of the necessary personnel, ensuring the highest level of safety, with 12-hour shifts according to a 1/1 work/rest cycle.

In view of the commitment made by the workers involved and the discomfort associated with the manner in which the service is performed, Snam has undertaken to pay each worker an "exceptional" economic treatment equivalent to offshore platform treatment, which is significantly higher than the economic treatment normally paid.

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# Section II

## Remuneration paid in FY 2019



36	<b>Implementation of the 2019 remuneration policies</b>
36	Fixed remuneration and fees for participation in Board Committees
37	Variable incentives
38	Benefits
40	<b>Remuneration paid in FY 2019</b>
47	<b>Equity investments held</b>
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## IMPLEMENTATION OF THE 2019 REMUNERATION POLICIES

A description of the remuneration measures implemented in 2019 for the Chairman of the Board of Directors, Non-executive Directors, the Chief Executive Officer and Managers with Strategic Responsibilities is set out below.

Implementation of the 2019 Remuneration Policy, as verified by the Remuneration Committee during the periodic assessment as required by the Corporate Governance Code, remained in line with the general principles referred to in the resolutions passed by the Board of Directors. On the basis of the Committee's assessment, the 2019 Policy was essentially in line with the known market benchmarks.

The incentives disbursed in 2019 were paid in view of the final results recorded for 2018 as accrued within the Group and resolved by Snam's Board of Directors, on the verification and proposal of the Remuneration Committee. The 2018 results were anticipated in the 2019 Remuneration Policy.

Below are also the 2019 performance results accrued in view of the objectives assigned by the Snam Board of Directors and which will determine, or go towards determining, the incentives to be disbursed in 2020<sup>14</sup>.

### Fixed remuneration and fees for participation in Board Committees

In 2019, Non-executive Directors were disbursed, *pro quota*, the fixed remuneration resolved by the Shareholders' Meeting in the meeting of 2 April 2019, equal to a gross annual figure of 70,000 euros. As resolved by the Board of Directors on 20 November 2019, the additional remuneration due for participating in Board Committees, details of which are given in Table 1 under "Remuneration for participation in Committees", have also been disbursed.

As regards the Chairman, *pro quota* from the date of appointment, the remuneration has been disbursed as resolved by the Board of Directors in the meeting held on 13 November 2019 for a gross amount of 310,000 euros, including the annual fixed remuneration for the Directors established by the Shareholders' Meeting of 2 April 2019.

Fixed remuneration approved by the Board of Directors during the meeting of 31 May 2016 for the powers and duties assigned was paid to the Chief Executive Officer, which includes remuneration as a Director approved by the Shareholders' Meeting. As part of the annual salary review process provided for all managers, selective adjustments were made in 2019 to the fixed remuneration in cases of the promotion to more superior levels or where it was necessary to adjust remuneration levels in line with reported market references. The amounts relating to fixed remuneration are specified under the relevant items in Table 1 on page 41.

Any indemnities with regard to salaries provided for by the relevant national collective bargaining agreements and supplementary company agreements are set out in the notes to this table.

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**With reference to fiscal year 2020, The CEO Marco Alverà has decided to waive 25% of his fixed annual gross remuneration due to him for the period May 2020 - December 2020, as part of the "Let's shape the future" programme as described at page 33.**

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<sup>14</sup> The new aspects introduced by Legislative Decree no. 49/2019 include the new paragraph 4, letter b-bis) of Article 123-ter of the Consolidated Law on Finance, which establishes that "The second section of the report [...] explains how the Company took into account the vote expressed the previous year on the second section of the report". Given that the second section of this Report will be submitted for the non-binding vote of the Ordinary Shareholders' Meeting, for the first time, during the approval of the FY 2019 financial statements, this provision can only apply starting from FY 2021.




## Variable incentives

### Short-term variable incentives

For the Chief Executive Officer, the incentive for the 2019 Annual Plan was paid following the assessment of the Company's performance in relation to the achievement, in 2018, of the targets defined in line with the Strategic Plan and annual budget (see figure 13).

**Figure 13 - Achievement of Annual Monetary Incentive Objectives**

Final calculation of 2018 objectives			
Objectives	Weight	Objective calculated	Level of achievement of the objective
Free Cash Flow before M&A and buyback	30%	985 mln €	↗
<b>Investments</b>	<b>20%</b>		
- Spending	15%	880 mln €	↗
- Milestones key projects	5%	5 su 5	↗
<b>Operating efficiency</b>	<b>30%</b>	274 mln €	↗
<b>Development of new business</b>	<b>10%</b>	2.5 su 3	↗
<b>Sustainability</b>	<b>10%</b>		
- Employee and contractor accident frequency index	5%	0.58	↗
- Sustainability indexes (DJSI, FTSE4Good and VigeoEurope)	5%	3 su 3	↗

 Below target  
  At target  
  Above target

For Managers with Strategic Responsibilities, the variable incentive paid out in 2019 was calculated as the weighted sum of 25% of the Snam performance score and 75% of the score achieved on individual targets (focused on economic/financial, operating and industrial performance, internal efficiency and sustainability topics), assigned in connection with the scope of responsibilities of the role held, in line with the provisions of the 2018 Snam Performance Plan.

Snam's results for FY 2018, measured on a constant basis and approved by the Board on the recommendation of the Remuneration Committee at its meeting of 13 February 2019, led to the calculation of a performance score of 129 points (129.5 in 2017) on the measurement scale used, which provides minimum, target and maximum levels of 70, 100 and 130 points respectively, with a threshold level on the overall result of 85. For the purposes of the variable remuneration to be paid, the final performance score resulted in:




- for the Chief Executive Officer, the payment of an incentive of 625,500 euros, equivalent to 64.5% of fixed remuneration, taking into account the target incentive level (50%) and maximum level (65%) assigned;
- for Managers with Strategic Responsibilities, the payment of incentives calculated in relation to specific performance achieved and dependent on the different incentive levels, varying according to their job.

The incentives paid to Managers with Strategic Responsibilities are listed under the heading "Variable non-equity remuneration/bonuses and other incentives" in Table 1 on page 41, with more detailed information given in Table 3B on page 46.

Figure 14 shows the final results of the company performance for 2019. These results, measured on a constant basis and approved by the Board on the recommendation of the Remuneration Committee at its meeting of 18 March 2020, led to the calculation of a performance score of 128.5 points on the measurement scale used, which provides minimum, target and maximum levels of 70, 100 and 130 points respectively, with a threshold level on the overall result of 85. For the purposes of variable remuneration to be paid, the final performance score determined for the Chief Executive Officer the payment of an incentive of 623,225 euros, equivalent to 64.25% of fixed remuneration, taking into account the target incentive level (50%) and maximum level (65%) assigned.

**Figure 14 - Achievement of 2019 objectives**

Final calculation of 2019 objectives			
Objectives	Weight	Objective calculated	Level of achievement of the objective
Free Cash Flow before M&A and buyback	30%	546 mln €	↗
<b>Technical investments</b>	<b>20%</b>		
- Spending	15%	946 mln €	↗
- Milestone key projects	5%	5 su 5	↗
<b>Operating efficiency</b>	<b>30%</b>	350 mln €	↗
<b>Development of new business</b>	<b>10%</b>	2.5 su 3	↗
<b>Sustainability</b>	<b>10%</b>		
- Employee and contractor accident frequency index	5%	0.3	↗
- Sustainability indexes (DJSI, FTSE4Good and CDP)	5%	3 su 3	↗

 Below target   
  At target   
  Above target

#### Long-Term Variable Share-Based Incentive Plan

In its meeting of 20 November 2019, on the verification and proposal of the Remuneration Committee, the Board of Directors resolved to attribute the 2019 incentive to the Chief Executive Officer in the maximum amount of 2,037,000 euros, equal to 446,613 shares (the reference value is the average share price in June 2019: 4.56 euros).

Managers with Strategic Responsibilities were paid incentive amounts that differed according to the levels of their positions, up to a maximum of 100% of fixed remuneration. The incentives awarded to Managers with Strategic Responsibilities are specified under the heading “Deferred yearly bonus” in Table 3A on page 45.

The incentives assigned in 2017 will be attributed in 2020, at the end of the three-year vesting period (30 June 2020), according to the performance booked in the three-year period 2017-2019. This will therefore be reported in next year’s Report on Remuneration and remuneration paid.

#### Deferred Monetary Incentive Plan

In 2019, the Deferred Monetary Incentive attributed in 2016 matured. On the basis of Snam’s EBITDA in the three-year period 2016-2018 and on the proposal of the Remuneration Committee, at its meeting of 18 February 2019, the Board of Directors set a multiplier of 163% (score of the individual years; 2016 → 161%; 2017 → 160%; 2018 → 169%) on an incentive scale of 0÷170%, to be applied to the base incentive in order to calculate the amount to be paid.

The amounts paid to Managers with Strategic Responsibilities are set out under the heading “Bonuses for previous years – payable/paid” in Table 3B on page 46.

#### Long-Term Monetary Incentive Plan

In 2019, the 2016 Long-Term Monetary Incentive Plan reached maturity. At its meeting of 26 July 2019, the Board of Directors, based on Snam’s adjusted net profit weighing for 60% (scores achieved in the individual years: 2016 → 130%; 2017 → 130%; 2018 → 130%) and total shareholder return, or TSR, weighing for 40% - measured in relative terms compared with the Enagas, National Grid, Red Eléctrica, Severn Trent, Terna and United Utilities peer group - (scores achieved in the individual years: 2016 → 110.8%; 2017 → 109.9%; 2018 → 93.4%), achieved in the period 2016-2018, resolved, upon the Remuneration Committee’s proposal, that the multiplier to be applied to the basic incentive allocated would be 119.9% on the incentive scale 0÷130%.

The amounts paid to Managers with Strategic Responsibilities are set out under the heading “Bonuses for previous years – payable/paid” in Table 3B on page 46.

#### Benefits

Table 1 on page 41 shows the amount of benefits recognised in 2019 according to a tax liability criterion. In particular, these amounts relate to the following benefits: i) annual contribution to the complementary welfare fund FOPDIRE/PREVINDAI; ii) annual contribution to the supplementary healthcare fund FISDE/PREVIGEN; and iii) assignment of a car for personal and professional use for three years (value net of the contribution paid by the assignee).





## REMUNERATION PAID IN FY 2019

**Table 1 – Remuneration paid to Directors, Auditors and Managers with Strategic Responsibilities**

The table below indicates the remuneration paid individually to Directors and Auditors, and collectively to Managers with Strategic Responsibilities<sup>15</sup>.

It provides an indication of the fees paid by Snam to other companies; there is no indication of additional fees received by subsidiaries and/or associates as they are fully paid back to the Company. Persons who have held these positions, even for a portion of the year, are included.

More specifically:

- the **“Fixed remuneration”** column shows, according to the positions concerned, the fixed emoluments and salaries for employment payable in 2019, before social security contributions and taxes. Reimbursements of lump-sum expenses and attendance fees are excluded, since these are not provided for. Details of the remuneration, with a separate disclosure of any indemnities or payments relating to the employment relationship, are provided in a note;
- the **“Remuneration for participation in Committees”** column shows, according to the positions concerned, the remuneration payable to Directors for participation in the Committees set up by the Board. Separate information about remuneration for each committee of which the director is a member is provided in a note;
- in the **“Variable non-equity remuneration”** column, the **“Bonuses and other incentives”**, entry shows the incentives for the year according to the maturity of the relative rights following assessment and approval of the performance results by the competent company bodies, as specified in greater detail in the table “Monetary Incentive Plans for Directors and Managers with Strategic Responsibilities”;
- the **“Non-monetary Benefits”** column shows, in accordance with competence and taxation criteria, the value of the fringe benefits awarded;
- the **“Total”** column gives the totals for the above items;
- the columns **“Variable non-equity remuneration/Profit sharing”**, **“Other remuneration”** and **“Fair Value of equity remuneration”** give the equivalent value of the shares attributed for participating in the Long-Term Share-Based Incentive Plan;
- the column **“Severance indemnity”** indicates the indemnities accrued for resignations occurring during the year or when the mandate and/or contract expire.

15 There are no grounds for disclosure on an individual basis pursuant to the legislation in force.

**Table 1: Remuneration paid to Directors, Auditors and Managers with Strategic Responsibilities**

(amounts in thousands of euros)

Name	Notes	Office	Period for which the office was covered	End of term	Fixed remuneration	Remuneration for participation in the Committees	Non-equity variable remuneration				Total	Fair Value of equity remuneration	Indemnity for end of term or termination of employment
							Bonuses and other incentives	Participation in the profits	Non-monetary benefits	Other remuneration			
<b>Board of Directors</b>													
Carlo Malacarne	(1)	Chairman	01.01 - 02.04	04.19	68 (a)						68		
Luca Dal Fabbro	(1)	Chairman	02.04 - 31.12	04.22	227 (a)						227		
Marco Alverà	(2)	Chief Executive Officer	01.01 - 31.12	04.22	970 (a)		1.759 (b)		13		2,742	325	
Elisabetta Oliveri	(4)	Director	01.01 - 02.04	04.19	18 (a)	11 (b)					29		
Francesco Gori	(5)	Director	01.01 - 31.12	04.22	70 (a)	27 (b)					97		
Yunpeng He	(6)	Director	01.01 - 31.12	04.22	70 (a)	16 (b)					86		
Sabrina Bruno	(7)	Director	01.01 - 02.04	04.19	18 (a)	10 (b)					28		
Monica de Virgiliis	(8)	Director	01.01 - 02.04	04.19	18 (a)	9 (b)					27		
Lucia Morselli	(9)	Director	01.01 - 02.04	04.19	18 (a)	9 (b)					27		
Alessandro Tonetti	(10)	Director	01.01 - 31.12	04.22	70 (a)	33 (b)					103		
Antonio Marano	(11)	Director	02.04 - 31.12	04.22	53 (a)	32 (b)					85		
Rita Rolli	(12)	Director	02.04 - 31.12	04.22	53 (a)	25 (b)					78		
Laura Cavatorta	(13)	Director	02.04 - 31.12	04.22	53 (a)	29 (b)					82		
Francesca Pace	(14)	Director	02.04 - 31.12	04.22	53 (a)	32 (b)					85		
<b>Board of Auditors</b>													
Leo Amato	(15)	Chairman	01.01 - 02.04	04.19	20 (a)						20		
Massimo Gatto	(16)	Regular Auditor	01.01 - 02.04	04.19	15 (a)						15		
Maria Luisa Mosconi	(17)	Regular Auditor	01.01 - 02.04	04.19	15 (a)						15		
Stefano Gnocchi	(18)	Chairman	02.04 - 31.12	04.22	60 (a)						60		
Paola Donata Patrini	(19)	Regular Auditor	02.04 - 31.12	04.22	45 (a)						45		
Gianfranco Chinellato	(20)	Regular Auditor	02.04 - 31.12	04.22	45 (a)						45		
<b>Managers with Strategic Responsibilities</b>	(3)				2,097 (a)		1,852 (b)		86		4,035	245	
<b>Overall Total</b>					<b>4,056</b>	<b>233</b>	<b>3,611</b>	<b>99</b>			<b>7,999</b>	<b>570</b>	

**(1) Carlo Malacarne/Luca Dal Fabbro - Chairman of the Board of Directors**

- (a) The amount of 295,000 (68,000 + 227,000) euros for the period running from 1 January to 31 December 2019 represents the amount of fixed remuneration set out for Carlo Malacarne (until 02/04/2019) and for Luca Dal Fabbro (from 02/04 to 31/12).

**(2) Marco Alverà - Chief Executive Officer/General Manager**

- (a) The amount of 970,000 euros corresponds to the actual fixed remuneration (set by the Board of Directors at its meeting of 31 May 2016 for the role of Chief Executive Officer) and includes remuneration of 70,000 euros set by the Shareholders' Meeting of 2 April 2019 for the office of Director. Added to this amount are the indemnities payable in respect of travel expenses, both nationally and abroad, in line with the relative National Collective Bargaining Agreement for Executives and the Company's supplementary agreements, totalling 85 euros.
- (b) The amount of 1,759,430 euros includes the disbursement of the 2019 annual monetary incentive of 625,500 euros, the disbursement of the deferred monetary incentive attributed in 2016 (553,385 euros) and the disbursement of the long-term monetary incentive attributed in 2016 (580,545 euros).

**(3) Managers with Strategic Responsibilities**

- (a) The amount of 2,097,138 euros relates to the Gross Annual Remuneration effectively paid for the periods during which the positions were held. Added to this amount are the indemnities payable in respect of travel expenses, both nationally and abroad, in line with the relative National Collective Bargaining Agreement for Executives and the Company's supplementary agreements, totalling 32,153 euros.
- (b) The amount of 1,851,551 euros includes the payment of 898,000 euros relating to the 2019 annual monetary incentive, 484,925 euros relating to the deferred monetary incentive attributed in 2016 and the disbursement of 468,626 euros relating to the long-term monetary incentive attributed in 2016.

**(4) Elisabetta Oliveri - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016.
- (b) for the period running from 1 January to 2 April 2019, the annual fixed remuneration *pro quota* for the participation, as Chairman, in the Control, Risk and Related-Party Transactions Committee (30,000 euros) and, as member, in the Remuneration Committee (15,000 euros).

**(5) Francesco Gori - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016; for the period running from 3 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 20,000 euros by way of annual fixed remuneration for the participation, as Chairman, in the Appointments Committee; from 14 May 2019 to 31 December 2019, the amount *pro quota* of 35,000 euros by way of annual fixed remuneration for the participation, as Chairman, in the Control, Risk and Related-Party Transactions Committee.

**(6) Yunpeng He - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016; for the period running from 3 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 15,000 euros by way of annual fixed remuneration for the participation, as Chairman, in the Sustainability Committee; for the period running from 14 May 2019 to 31 December 2019, the amount *pro quota* of 20,000 euros by way of annual fixed remuneration for the participation, as member, in the Environmental, Social & Governance Committee.

**(7) Sabrina Bruno - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016.
- (b) for the period running from 1 January to 2 April 2019, the annual fixed remuneration *pro quota* for the participation, as Chairman, in the Sustainability Committee (20,000 euros) and as member, in the Control, Risk and Related-Party Transactions Committee (20,000 euros).

**(8) Monica de Virgiliis - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016.
- (b) for the period running from 1 January to 2 April 2019, the annual fixed remuneration *pro quota* for the participation, as Chairman, in the Remuneration Committee (20,000 euros) and, as member, in the Appointments Committee (15,000 euros).

**(9) Lucia Morselli - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016.
- (b) for the period running from 1 January to 2 April 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Control, Risk and Related-Party Transactions Committee (20,000 euros) and, as member, in the Sustainability Committee (15,000 euros).

**(10) Alessandro Tonetti - Director**

- (a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016; for the period running from 3 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 1 January to 2 April 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Remuneration Committee (15,000 euros) and, as member, in the Appointments Committee (15,000 euros); for the period running from 14 May 2019 to 31 December 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Remuneration Committee (20,000 euros) and, as member, in the Appointments Committee (20,000 euros).

**(11) Antonio Marano - Director**

- (a) for the period running from 2 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 14 May to 31 December 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Control, Risk and Related-Party Transactions Committee (25,000 euros) and, as Chairman, in the Appointments Committee (25,000 euros).

**(12) Rita Rolli - Director**

- (a) for the period running from 2 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 14 May to 31 December 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Remuneration Committee (20,000 euros) and, as member, in the Environmental, Social & Governance Committee (20,000 euros).

**(13) Laura Cavatorta - Director**

- (a) for the period running from 2 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 14 May to 31 December 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Appointments Committee (20,000 euros) and, as Chairman, in the Environmental, Social & Governance Committee (25,000 euros).

**(14) Francesca Pace - Director**

- (a) for the period running from 2 April to 31 December 2019, the amount *pro quota* of 70,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019.
- (b) for the period running from 14 May to 31 December 2019, the annual fixed remuneration *pro quota* for the participation, as member, in the Control, Risk and Related-Party Transactions Committee (25,000 euros) and, as Chairman, in the Remuneration Committee (25,000 euros).

**(15) Leo Amato - Board of Auditors**

(a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 80,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016 for the participation, as Chairman, in the Board of Auditors.

**(16) Massimo Gatto - Board of Auditors**

(a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 60,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016 for the participation, as Regular Auditor, in the Board of Auditors.

**(17) Maria Luisa Mosconi - Board of Auditors**

(a) for the period running from 1 January to 2 April 2019, the amount *pro quota* of 60,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 27 April 2016 for the participation, as Regular Auditor, in the Board of Auditors.

**(18) Stefano Gnocchi - Board of Auditors**

(a) for the period running from 2 April to 31 December 2019, the amount *pro quota* of 80,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019 for the participation, as Chairman, in the Board of Auditors.

**(19) Donata Paola Patrini - Board of Auditors**

(a) for the period running from 2 April 2019 to 31 December 2019, the amount *pro quota* of 60,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019 for the participation, as Regular Auditor, in the Board of Auditors.

**(20) Gianfranco Chinellato - Board of Auditors**

(a) for the period running from 2 April 2019 to 31 December 2019, the amount *pro quota* of 60,000 euros, by way of annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019 for the participation, as Regular Auditor, in the Board of Auditors.

**Table 2 - Stock options assigned to Directors and Managers with Strategic Responsibilities**

The last stock option plan was assigned in 2008 and in 2014, the related terms for the purchase rights expired; therefore, as there is no data to report, there is no table 2.

**Table 3a - Incentive plans based on financial instruments, other than stock options, in favour of Directors and Managers with Strategic Responsibilities**

The table below indicates the long-term variable incentives provided for the Chief Executive Officer and, at an aggregate level, for Managers with Strategic Responsibilities.

More specifically:

- the column **"number and type of financial instruments"** gives the number of free shares attributed for the plan indicated;
- the column **"fair value at assignment date"** gives the fair value in euros of the shares attributed;
- the column **"vesting period"** shows the length of the vesting period for the long-term incentives attributed during the year;
- the column **"financial instruments for the financial year"** gives the fair value for the year relating to existing long-term incentive plans, estimated according to international accounting standards which assign the relevant cost in the vesting period.

The total of the column **"financial instruments for the financial year"** coincides with that shown in Table 1.

**Table 3a: Incentive plans based on financial instruments, other than stock options, in favour of Directors and Managers with Strategic Responsibilities**

Name, Surname and Office	Plan	Financial instruments allocated in previous years not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
		Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at allocation date (euros)	Vesting period	Allocation date	Market price upon allocation (euros)	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value (euros)
Marco Alverà - Chief Executive Officer	2017-2019 long-term incentive plan BoD 20/06/2017	498,397	01 July 2017 - 30 June 2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	593,178
Marco Alverà - Chief Executive Officer	2018-2020 long-term incentive plan BoD 31/07/2018	587,913	01 July 2018 - 30 June 2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	336,137
Marco Alverà - Chief Executive Officer	2019-2021 long-term incentive plan BoD 31/07/2019	N/A	N/A	446,613	2,262,948	three-year	01/07/2019	4.3522	N/A	N/A	N/A	324,846
Managers with Strategic Responsibilities	2017-2019 long-term incentive plan BoD 20/06/2017	460,000	01 July 2017 - 30 June 2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	547,478
Managers with Strategic Responsibilities	2018-2020 long-term incentive plan BoD 31/07/2018	605,500	01 July 2018 - 30 June 2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	346,192
Managers with Strategic Responsibilities	2019-2021 long-term incentive plan BoD 31/07/2019	N/A	N/A	336,218	1,703,587	three-year	01/07/2019	4.3522	N/A	N/A	N/A	244,549

### Table 3b - Monetary incentive plans for Directors and Managers with Strategic Responsibilities

The table below indicates the short- and long-term variable monetary incentives provided for the Chief Executive Officer and, at an aggregate level, for Managers with Strategic Responsibilities.

More specifically:

- the column **“Yearly bonus - payable/paid”** gives the Annual Monetary Incentives paid in the year on the basis of the finalised report of performance carried out by the relevant company bodies compared with the objectives set for 2018;
- the column **“Bonuses for previous years – no longer payable”** contains no data, since the conditions were not satisfied for non-payment or partial payment of the bonus in accordance with the provisions of the Plan Regulations;
- the column **“Bonuses for previous years - payable/paid”** contains the long-term variable incentives paid during the year, accrued on the basis of the overall performance conditions of the vesting period;
- the column **“Bonuses for previous years – still deferred”** shows incentives allocated in relation to the existing deferred and long-term plans that have not yet vested;
- the column **“Other bonuses”** contains no values, since no other bonuses were paid.

The Total of the columns **“Yearly bonus – payable/paid”** and **“Bonuses for previous years - payable/paid”** coincides with the amount indicated in the **“Bonuses and other incentives”** column in Table 1.

**Table 3b: Monetary incentive plans for Directors and Managers with Strategic Responsibilities**

Name, Surname and Office	Plan	Bonuses in the year			Bonuses in previous years			Other bonuses
		Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Marco Alverà Executive Officer	2019 Annual Monetary Incentive Plan BoD 18 February 2019	625,500						
	2016 Deferred Monetary Incentive Plan BoD 26 July 2016					553,385		
	2016 Long-Term Monetary Incentive Plan BoD 27 September 2016					580,545		
<b>Total</b>		<b>625,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,133,930</b>	<b>0</b>	<b>0</b>
Other Key management personnel	2019 Annual Monetary Incentive Plan BoD 18 February 2019	898,000						
	2016 Deferred Monetary Incentive Plan BoD 26 July 2016					484,925		
	2016 Long-Term Monetary Incentive Plan BoD 27 September 2016					468,626		
<b>Total</b>		<b>898,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>953,551</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>		<b>1,523,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,087,481</b>	<b>0</b>	<b>0</b>



## Equity investments held

The table below sets out, pursuant to Article 84-quater, paragraph 4 of the Consob Issuers' Regulation, the shareholdings in Snam held, directly or through subsidiaries, trust companies or intermediaries, by Directors, Auditors and Managers with Strategic Responsibilities as well as their spouses (not legally separated) and minor children. This information is taken from the register of shareholders, notifications received and other information obtained from these same persons. Persons who have held these positions, even for a portion of the year only, are included. The number of shares (all "ordinary") is specified for each Director and Auditor individually, and collectively for Managers with Strategic Responsibilities. The persons indicated hold and own the shares.

**Table 4a: shares held by Directors and Auditors**

Name	Office	Investee company	No. of shares held as at 31 December 2018	No. of shares purchased in 2019	No. of shares sold in 2019	No. of shares held as at 31 December 2019
Carlo Malacarne	Chairman of the Board of Directors*	Snam	160,000	0*	0*	-
Marco Alverà	Chief Executive Officer	Snam	85,000	0	0	85,000
Sabrina Bruno	Director*	Snam	4,000	0*	0*	-
						<b>85,000</b>

\* In office until 2 April 2019. Therefore the verification was carried out until 2 April 2019.

**Table 4b: shares held by Managers with Strategic Responsibilities**

	Investee company	No. of shares held as at 31 December 2018	No. of shares purchased in 2019	No. of shares sold in 2019	No. of shares held as at 31 December 2019
Snam Managers with Strategic Responsibilities*	Snam	184,175	3,000	0	42,000

\* The composition of Managers with Strategic Responsibilities changed in 2019. Managers with Strategic Responsibilities went from 7 to 5. As at 31 December 2018, 142,175 shares were held by a Key Manager who left the Company in 2019. Of the above 142,175 shares, 5,000 shares were held by the spouse. The verification was carried out up to the date the Key Manager left the Company.

# Glossary



1. **Adjusted net profit:** the net profit obtained, excluding special items, inventory gains/losses and - to determine the net profit of business segments - financial income and expense relating to net financial debt or to non-hedging derivatives other than those based on commodities and exchange differences.
2. **Appointments Committee:** consists of two independent, non-executive directors (one of whom is identified as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors. The main tasks include: proposing candidates for directors when one or more director positions are vacated during the year, and ensuring compliance with requirements on the minimum number of independent directors and on quotas reserved for the least represented gender; and submitting candidates to the Board of Directors for the corporate bodies of subsidiaries included in the scope of consolidation and of strategic foreign companies owned by the Company.
3. **Benefits:** elements included in the non-monetary component of remuneration, aimed at increasing the well-being of employees and their families in economic and social terms. This category covers all provisions aimed at satisfying pension and welfare needs (supplementary pension, supplementary healthcare, insurance cover), but also 'perquisites', which consist of goods and services made available by Snam to its employees.
4. **Consolidated Law on Finance ("TUF"):** the "Consolidated Law on Financial Intermediation Provisions" is Legislative Decree no. 58 of 24 February 1998 (as subsequently amended). The TUF introduced "principle-based" legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the Supervisory Authorities (e.g. Consob).
5. **Control, Risk and Related-Party Transactions Committee:** comprising three, independent, non-executive directors, it provides recommendations and advice to the Board of Directors, and supports it by carrying out suitable investigations to support its decisions concerning the internal control and risk management system, as well as those relating to the approval of financial relationships.
6. **Corporate Governance Code:** as defined by Borsa Italiana, the "Corporate Governance Code for Listed Companies" approved by the Corporate Governance Committee. The document, in line with the experience of the main international markets, indicates the best practices for corporate governance recommended by the Committee to listed companies, to be applied in accordance with the "comply or explain" principle, which requires an explanation of the reasons for any non-compliance with one or more recommendations contained in the application principles or criteria.
7. **EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization):** also referred to as "gross operating margin", this is a profitability indicator that reveals the Company's income resulting from its core business alone, gross, therefore, of interest (financial management), taxes (fiscal management), depreciation and amortisation of assets.
8. **Employee severance indemnity:** sum of money payable to an employee when they leave a management post.
9. **Environmental, Social & Governance ("ESG") Committee:** The Committee numbers three non-executive directors, the majority of whom are independent, including the Chairman. The ESG Committee shall offer advice and recommendations to the Board of Directors in order to: (i) promote the continuous integration of national and international best practices into the corporate governance of Snam and of environmental, social and governance factors into the Company's strategies; and (ii) create value for shareholders in general and for stakeholders in the medium to long term, in accordance with the principles of sustainable development.
10. **Executive Directors:** Directors invested with specific duties by the Board of Directors.

11. **Fair Value of equity remuneration:** also defined as fair value. International Financial Reporting Standard 2 (IFRS 2) defines fair value as ‘the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties’.
12. **Fixed remuneration:** includes all fixed annual remuneration, before taxes and social security contributions payable by the employee, and therefore not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses or any other form of variable or occasional remuneration.
13. **Free Cash Flow:** represents the (monetary) cash flow produced by operating and non-operating activities.
14. **Independent Directors:** Snam Directors meeting the independence requirements set out in the Corporate Governance Code, to which Snam adheres.
15. **Injury frequency index:** based on standard UNI 7249, this index is one of the indicators used to measure safety in the workplace. According to the above standard, this index is calculated as the number of accidents occurring per million hours worked over a given period and/or within a given scope at company level.
16. **Injury severity index:** based on standard UNI 7249, this index is one of the indicators used to measure safety in the workplace. According to the standard, the index is calculated as the ratio of days of absence from work to hours worked, expressed in thousands.
17. **Issuers' Regulation:** Consob Regulation 11971 of 14 May 1999, containing the rules applicable to entities issuing financial instruments.
18. **Lock-up:** the time period during which the assigned shares are subject to restrictions of sale and/or transfer.
19. **Long-term variable incentives:** refers to *the Long-Term Share-Based Plan - LTI*, which entitles participants to receive a predefined number of shares according to the results achieved at the end of the vesting period (see “vesting”).
20. **Managers with Strategic Responsibilities:** the persons who have the power and responsibility, directly and indirectly, for planning, managing and controlling the Company’s business, including Directors (executive or otherwise), as identified under Article 65, paragraph 1-quater of the Issuers' Regulation, which refers to the definition given in Annex 1 to Consob Regulation 17221 of 12 March 2010 setting out provisions on related-party transactions, as subsequently amended. In Snam, as at the date of approval of this Report, 5 persons are listed in this document.
21. **Non-compete agreements:** according to Article 2125 of the Italian Civil Code, this means “an agreement that places limits on an employee’s activities for a period following the termination of the contract”.
22. **Non-executive Directors:** Directors not invested with specific duties by the Board of Directors and not holding individual delegations of management powers.
23. **Pay mix:** the percentage of fixed remuneration and short-term and long-term variable incentives paid.
24. **Performance plan:** the instrument that defines the targets used as the basis for the variable short-term incentives system.
25. **Proxy Advisors:** Companies used by institutional investors that issues specific recommendations based on Shareholders’ Meeting documents and their own voting policies, which can have a significant influence on the voting on the Remuneration Report.

26. **Related-Party Transactions:** the procedure “Transactions in which directors and auditors have an interest and transactions with related-parties”, adopted pursuant to Article 2391-bis of the Italian Civil Code and the “Regulation containing provisions on Related-Party Transactions” (adopted by Consob under Resolution 17221 of 12 March 2010, and later amended by Resolution 17389 of 23 June 2010), which sets out the principles and rules that must be followed by Snam and the companies that it directly or indirectly controls in order to ensure the material and procedural transparency and correctness of transactions carried out by Snam and its subsidiaries with Related-Parties and with Interests of Snam's directors and auditors, taking account also of the objective of avoiding any risk of depleting the company's assets.
27. **Remuneration Committee:** consists of three non-executive directors, two of whom shall be independent (one of whom is chosen as Chairman), in accordance with the Corporate Governance Code, and provides recommendations and advice to the Board of Directors in relation to the remuneration of Directors and Managers with Strategic Responsibilities.
28. **Remuneration policy:** the set of remuneration programmes for fixed and variable remuneration implemented at company level in order to support the achievement of the strategic objectives.
29. **Salary review:** the process of reviewing the fixed annual remuneration for all eligible management personnel.
30. **Severance indemnity (mandate or office):** sum of money payable to a Director when they leave office.
31. **Short-term variable incentives:** refers to the Annual *Monetary Incentive Plan - AMI*, which entitles participants to an annual bonus according to the results achieved, in the previous year, with respect to the defined objectives.
32. **Stock option:** financial instrument whereby a company grants the beneficiaries the right to purchase shares in that company or another company belonging to the same group at a predetermined price (strike price).
33. **Sustainability indices:** are stock market indices comprising listed companies selected internationally from among those that recorded the best performance in terms of sustainability and corporate social responsibility.
34. **Target level:** the short-term incentive is the standard level of target achievement that gives entitlement to 100% of the incentive.
35. **Threshold level:** the minimum level to be achieved, below which the plan does not provide for the payment of any incentive.
36. **Total Shareholder Return (TSR):** indicates the overall return of an equity instrument taking into account price changes and the distribution of dividends.
37. **Variable remuneration:** consists of the variable short-term incentive and the long-term incentive (see the related descriptions in this glossary).
38. **Vesting (vesting period):** period running between the assignment and completion of the ownership of the right to receive the reward.

# Analytical contents by topic

(Consob Resolution no. 18049, SECTION I)



<b>Consob Resolution</b>	<b>Information required</b>	<b>Reference</b>
<b>A</b>	Bodies or persons involved in the preparation and approval of the remuneration policy, specifying the respective roles, as well as the bodies or persons responsible for the correct implementation of that policy;	<b>p. 16-17</b>
<b>B</b>	Any intervention by a remuneration committee or other committee competent in this regard, describing its composition (distinguishing between non-executive and independent directors), powers and working procedures;	<b>p. 16-17</b>
<b>C</b>	The name of the independent experts that may be involved in the preparation of the remuneration policy;	<b>p. 6 p. 20</b>
<b>D</b>	The aims pursued with the remuneration policy, the principles that underlie it, and any changes in the remuneration policy compared with the previous financial year;	<b>p. 21</b>
<b>E</b>	Description of policies on the fixed and variable components of remuneration, with particular regard to an indication of the relative weight in the overall pay mix and distinguishing between variable short-term and medium-/long-term components;	<b>p. 22-30</b>
<b>F</b>	The policy applied with regard to non-monetary benefits;	<b>p. 30</b>
<b>G</b>	With reference to the variable components, a description of the performance targets used as the basis for their awarding, distinguishing between variable short-term and medium-/long-term components, and information on the link between changes in results and changes in remuneration;	<b>p. 24-29</b>
<b>H</b>	The criteria used for evaluating the performance targets used for the awarding of shares, options, other financial instruments or other variable components of remuneration;	<b>p. 24-29</b>
<b>I</b>	Information to show that the remuneration policy is consistent with the pursuit of the company's long-term interests and with the risk management policy, if one has been formally adopted;	<b>p. 14-15</b>
<b>J</b>	The vesting periods of any deferred payment systems, indicating the deferral periods and the criteria used for determining those periods, and, if provided, the ex-post correction mechanisms;	<b>p. 30</b>
<b>K</b>	Information on any provisions for the retention of financial instruments in the portfolio after their acquisition, indicating the retention periods and the criteria used for determining those periods;	<b>p. 27</b>
<b>L</b>	The policy in relation to indemnities for termination of office or termination of the employment relationship, specifying the circumstances that give entitlement to their payment and any link between these indemnities and the company's performance;	<b>p. 30</b>
<b>M</b>	Information on the presence of any insurance, pension or welfare cover other than mandatory cover;	<b>p. 30</b>

<b>Consob Resolution</b>	<b>Information required</b>	<b>Reference</b>
<b>N (i)</b>	Any remuneration policy applied in relation to independent directors	<b>p. 22</b>
<b>N (ii)</b>	Any remuneration policy applied in relation to participation in Committees	<b>p. 22</b>
<b>N (iii)</b>	Any remuneration policy applied in relation to the performance of particular offices (chairman, deputy chairman, etc.);	<b>p. 22</b>
<b>O</b>	Information on the use of the remuneration policies of other companies as benchmarks, and, where such use is made, the criteria used for selecting these companies.	<b>p. 31</b>



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