

Orientations of the Board of Directors of Snam to the Shareholders on the future dimension and composition of the Board of Director

Purpose and process followed

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

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

- the initial meeting of the Appointments Committee to define the work methods and procedures for collecting data and useful information;
- support for Spencer Stuart, the advisor appointed to support the annual self-assessment, which produced a benchmarking of the composition and size of the Boards of Directors of the main companies listed on Italy's Stock Market and of the information provided to the market by the outgoing Boards;
- a meeting of Snam's Board of Directors focusing on the annual self-assessment facilitated by the aforementioned advisor – with the defined and innovative methods described in the Corporate Governance and Ownership Structure Report referred to the year 2018 – during which the size and composition of the Board of Directors were also analysed and discussed in view of the expiry of the term of office of the administrative body in office;
- the proposed Guidelines put forth by the Appointments Committee;
- the approval of the Orientations by the Board of Directors in office, at the meeting on 1 February 2019.
- the disclosure of this document to the market, within the terms of the law, to allow shareholders to make their considerations in view of the appointment of the new Board of Directors of Snam for the three-year period 2019-2021.

For the sake of completeness and for the benefit of shareholders, the orientations of the Board of Directors on the subject of the maximum number of offices of Directors approved by the Board itself at the meeting of 18 February 2019 are also reported in this document.

Preliminary considerations

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

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

Size of the Board of Directors

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

Composition of the Board of Directors

The Chairman

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

The CEO

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

The other seven Directors

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

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

Time availability

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

It should be noted, merely for information purposes, that, in 2018, 7 meetings of the Board of Directors, 11 meetings of the Control, Risk and Related Party Transactions Committee, 10 meetings respectively of the Compensation Committee and of the Sustainability Committee and 6 meetings of the Appointments Committee were held.

Orientations of the Board of Directors on the subject of the maximum number of offices of Directors

At the meeting of 1 February 2019 the Board of Directors, upon the proposal of the Appointments Committee, approved the orientations on the subject of the maximum number of offices of Directors.

Executive and non-executive Directors:

(i) an Executive Director should not hold:

- a. the office of executive director at another Italian or foreign listed company, or at a financial institution, bank, or insurance company or a company having a net worth or a consolidated annual turnover in excess of EUR 500 million or equivalent amount in the case of a company adopting a different currency;
- b. the office of non-executive director or statutory auditor (or member of another controlling body) at more than three companies referred to *sub (i) lett. a)*. Furthermore, a CEO may not hold the office of director of another issuer not belonging to the same group of which another director of the Company is the CEO;

(ii) a Non-Executive Director (who may also be independent), should not hold the following, in addition to the office held within the Company:

- a. the office of executive director at more than 1 Italian or foreign listed companies or financial institutions, banks, or insurance companies or companies having a net worth or a consolidated annual turnover in excess of EUR 500 million or equivalent amount in the case of a company adopting a different currency, and the office of non-executive director or statutory auditor (or member of another controlling body) at more than three companies specified above; or
- b. the office of non-executive director or statutory auditor (or member of another controlling body) at more than four companies referred to sub (ii) lett. a).

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

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