

Report on remuneration policy and compensation paid 2021



energy to inspire the world

COMPANY PROFILE

Snam is one of the world's leading energy infrastructure operators and ranks among Italy's largest listed companies, by market capitalization.

Through a sustainable and technologically advanced network, Snam guarantees the security of supply and is a key enabler in the energy transition. Through its international footprint Snam operates in Albania (AGSCo), Austria (TAG, GCA), France (Teréga), Greece (DESFA), Italy, UAE (ADNOC Gas Pipelines) and UK (Interconnector UK) and has recently started activities in China and India. Snam is also one of the leading shareholders in TAP (Trans Adriatic Pipeline).

The Group has the largest natural gas transportation network (over 41,000 km including international assets) and storage capacity (approx. 20 bcm including international assets) among its European peers and is also a leading player in regasification, through the LNG terminal in Panigaglia (GNL Italia) and its stakes in the Livorno (OLT) and Rovigo (Adriatic LNG) terminals in Italy and in the Revithoussa (DESFA) terminal in Greece.

In its 2020-2024 strategic plan, Snam plans an increase in investments to 7.4 billion euros and more focus on the energy transition businesses: biomethane (Snam4Environment), energy efficiency (Renovit), sustainable mobility (Snam4Mobility) and hydrogen. The company also operates in forestation (Arbolia) and is committed to achieving carbon neutrality (Scope 1 and Scope 2) by 2040.

The Group's business model is based on sustainable growth, transparency, the promotion of talents and diversity and the social development of local areas also through the initiatives of Fondazione Snam.

www.snam.it

Report on remuneration policy and compensation paid 2021

Approved by the Board of Directors on 17 March 2021
The Report is published in the “Conduct and Governance” section
of the Company’s website (www.snam.it)

Focus on

SNAM'S REPORTS



ANNUAL REPORT

It provides a comprehensive view both on the financial and non-financial performances through the Directors' Report - Integrated Report, the Consolidated Financial Statement, the Statutory Financial Statement and the Non-Financial Statement drafted according to Legislative Decree 254/2016.



FINANCIAL DISCLOSURE ON CLIMATE CHANGE

It describes the Company's governance, strategy and scenarios, risks and opportunities, metrics and targets for climate change management, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board.



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

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



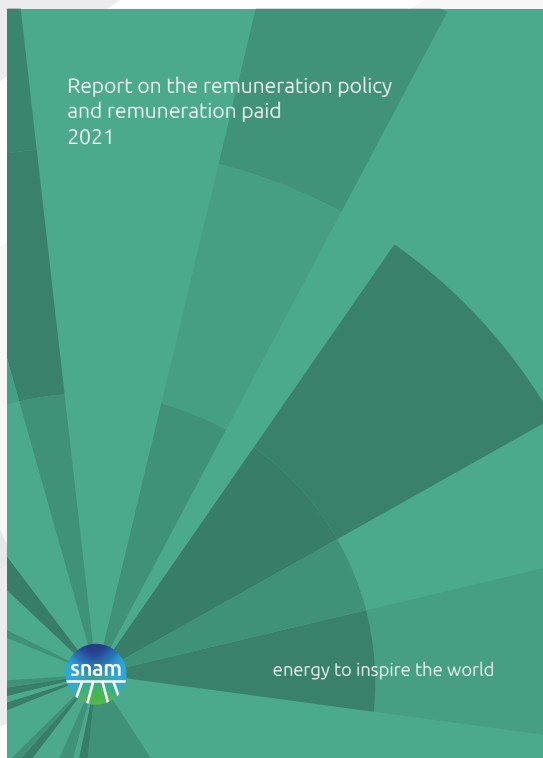
SUSTAINABILITY REPORT TOWARDS NET ZERO

It describes performances and future goals regarding the environmental, social, and governance topics (ESG), strengthening the relationship and collaboration with all the Company's stakeholders.

REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

"INTEGRATED REPORTING MEANS INTEGRATED THINKING"

Snam has been following, for some time, a path of integration of the reporting processes based on the assumption that "integrated reporting means integrated thinking". This approach 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.



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 (2021 Policy) and a non-binding vote on the second Section (Remuneration paid in 2020).

2021

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LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders,

In my capacity as Chairman of the Remuneration Committee, it gives me great pleasure to present to you, together with the Directors Rita Rolli and Alessandro Tonetti, with the Report on Remuneration Policy and Compensation Paid (hereinafter also the "Report").

Thanking you for the significant appreciation shown by the favourable vote expressed most recently at the 2020 Shareholders' Meeting (98.4% votes in favour for Section I and 97.7% for Section II), the Committee confirms the great importance it attaches to dialogue and interaction with the Report's main recipients and users, aimed at gathering ideas for development from the Proxy Advisors and all investors.

One of the objectives of this Report is to help increase the awareness of stakeholders (shareholders, employees, customers) of the correlation between the Company's remuneration policies and its business strategies, in an increasingly complex context and in the face of new challenges that Snam faces with the commitment of excellent management.

The Committee considered the opportunity:

- (i) on the one hand, to further strengthen the effectiveness of the remuneration policy in terms of pay-for-performance and its contribution to the realisation of the 2020-2024 Strategic Plan, through a system of KPIs linked to the incentive systems that reflects the new objectives that this plan sets, and
- (ii) on the other, to make the representation of certain elements of the Report clearer and more effective in accordance with the provisions of the new Issuers' Regulation.

In particular, the first section of the document further details some of the elements that characterise Snam's remuneration policy; the second section then provides additional information on the calculation of objectives linked to the incentive systems for the CEO and Managers with Strategic Responsibilities.

In 2021, the Company confirms an increasing commitment, also in terms of investments, towards the development of new businesses related to environmental sustainability and focused on the energy transition. The short-term variable incentive plan reflects Snam's strategic challenges for 2021 and ensures a close correlation both with the company's economic-financial objectives and with Environmental, Social and Governance issues. These priorities are reflected in the following innovations in the objectives of the 2021 Annual Monetary Incentive:

- introduction of a KPI aimed at assessing, in accordance with the guidelines of the 2020-2024 Strategic Plan, the development of Snam's assets in Sardinia;
- confirmation of Snam's inclusion in and maintenance of levels of excellence in the DJSI, Ftse4Good and CDP Climate Change sustainability indices, to which, as of this year, the Sustainalytics index has also been added;
- introduction of a metric designed to assess Snam's performance in terms of the absolute increase in sustainable financing by 2021;
- inclusion in the scope of the assessment of Snam's performance in terms of injuries to employees and contractors of the companies acquired just six months after the acquisition; such a high level of challenge of this metric once again signals Snam's focus on safety.

As far as the long-term incentive plan is concerned, the main purpose remains that of directing management towards the achievement of the company's strategic objectives while promoting the creation of sustainable value in the medium-long term for shareholders, in line with our corporate purpose. To this end, also thanks to the constant and fruitful cooperation of the ESG Committee, which I would like to thank, the 20% weight of ESG objectives was confirmed, characterised by more challenging targets than last year and guaranteed by the presence of:

- a metric designed to assess Snam's performance in terms of reducing natural gas emissions. In this regard, it should be noted that, following adherence to the new Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared

by the United Nations Environment Programme (UNEP), Snam, in September 2020, adopted a new emissions reduction plan to 2025, which includes more ambitious targets than those previously set. As a result, with reference to the 2021-2023 cycle and the 2022-2024 cycle of the variable long-term incentive scheme, the targets of this objective will be aligned with what is envisaged in that plan from time to time, adjusting and repricing the references as necessary according to the achievement of the final target envisaged by the UNEP Framework.

- an indicator focusing on gender diversity. As confirmation of Snam's commitment on this front, I would like to emphasise how the activities of monitoring the gender pay gap, carried out by the company to reduce and eliminate pay differences between women and men, are applied within the principles of the remuneration policy which encourages effective gender equality, in accordance with the principles laid down in the Snam Code of Ethics.

In conclusion, I would like to remind you that through the "Let's shape the future" project, a fund-raising effort was carried out in various forms, with the participation of the CEO and other people at Snam, aimed at people involved in the health emergency caused by the pandemic identified together with the Snam Foundation.

For their significant contribution to the Committee's activities, I would like to thank Directors Rita Rolli and Alessandro Tonetti and the Auditor Donata Paola Patrini.

Finally, I would like to take this opportunity to thank you in advance, on behalf of the Committee, for your support at the Shareholders' Meeting, trusting that the Report, providing a clear picture of the remuneration policy and its implementation, will once again bear witness to Snam's commitment over the years.

Kind regards



Francesca Pace
Chairman of the
Remuneration Committee

Abstract - 2021 Remuneration Policy

Member

Purpose and characteristics

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.

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.

Long-term variable incentive (LTI - Long-Term Share-Based 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.

Benefits

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

Pay mix

AMIAMThe guidelines of the 2021 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.

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 Scorecard

- Adjusted EBITDA (30%)
- Investments (20%)
- Strategic projects (10%)
- New Business: Adjusted EBITDA and new business milestones (20%)
- Sustainability (20%) - injury frequency and severity weighted index of employees and contractors (10%); indices DJSI, FTSE4GOOD, CDP Climate Change and Sustainalytics (5%), Sustainable Finance (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) **Claw-back** 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 assignment: depending on the role held

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

Claw-back 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 (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: 60% of fixed remuneration for results equal to min** (score = 85%), 70% of fixed remuneration for results equal to target (score = 100), 91% of fixed remuneration for results equal to max (score = 130)

MSR*: variable incentive percentages based on the role covered with respect to the fixed remuneration equal to 30% upon reaching the minimum level of performance, 35% for results at target and 52% for results at the max

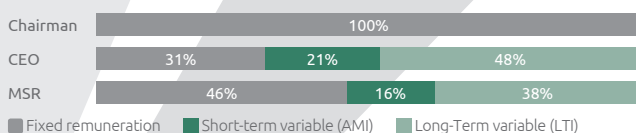
CEO: the incentive in case of achievement of the minimum performance level will be 106%, the target incentive is 158%, the maximum possible incentive is 210% of the fixed remuneration

MSR*: variable incentive percentages based on the role held, on average the incentive values compared to the fixed remuneration envisage a minimum of 55%, a target level of 81% and a maximum of 108%

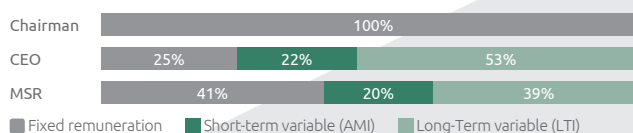
The entire management population is assigned:

- 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 2021



Pay mix paid 2020



General Note

The data are rounded up to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for representative convention purposes only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle)

* MSR - Managers with Strategic Responsibilities

** With regard to the short-term variable incentive (Annual Monetary Incentive - AMI), the minimum figure for the Chief Executive Officer remains the same as last year, at 59.5% of fixed remuneration. As from this year, this value has been approximated to unity (by default for figures from zero to four and by excess for figures from five to nine)

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 17 March 2021, in fulfilment of current legislative and regulatory obligations¹, defines and explains:

- in the first section, which is subjected to the binding vote of shareholders, the Policy adopted for 2021 by Snam S.p.A. (hereinafter “Snam” or the “Company”) for the remuneration of Directors, Auditors and Managers with Strategic Responsibilities², 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, subject to an advisory vote by shareholders, each of the items that make up remuneration, including treatments provided in the event of termination of office or termination of employment (highlighting their consistency with the company’s remuneration policy for 2020), the compensation paid in 2020 to Directors and Statutory Auditors by name, and in aggregate form to Snam’s Managers with strategic responsibilities, and how Snam took into account the vote cast in 2020 on the second section of the report.

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 has been prepared substantially in line with the recommendations on remuneration of the Corporate Governance Code³ approved by the Corporate Governance Committee, as amended in the January 2020 edition, to which Snam adheres, and with the changes introduced, on the subject of remuneration, by the 10 December 2020 update of the Issuers’ Regulations - art. 84-*quater* and Annex 3A, Schedule No. 7-bis - through Resolution No. 21623, which incorporates the amendments made 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, “SHRD 2”), which amends Directive 2007/36/EC (“SHRD”) with regard to encouraging long-term shareholder engagement.

The text of this Report is made available to the public at the registered office, on the Company’s website⁴, and at the authorised storage mechanism “eMarket Storage” (www.emarketstorage.com), by the twenty-first day before the date scheduled for the Shareholders’ Meeting convened to approve the FY 2020 financial statements and required to 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 legislation⁵.

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 Industrial Assets Officer, Chief Financial Officer and Chief International & Business Development Officer and Executive Vice President Human Resources & Organization & PFM.

3 It should be noted that Snam’s long-term incentive plan, based on financial instruments, also provides for a two-year lock-up on 20% of the shares granted, gross of those required to pay tax. The shares thus become available over a period of five years, and this element of Snam’s remuneration policy is therefore in line with Recommendation 28 of the Corporate Governance Code.

4 The text is published in the “Ethics and Governance - Shareholders’ Meetings” section of the Company’s website (www.snam.it/repository/file/Governance/remunerazione/Relazione_sulla_Remuneratione_2021.pdf).

5 New aspects introduced by the Legislative Decree 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 2020 RESULTS

Adjusted net profit
€ 1,164 million
+6.5% vs 2019

Adjusted EBITDA
€ 2,197 million
+1.3% vs 2019

Investments
€ 1,189 million

Results 2020

Total revenues: 2,770 million, +6.3% compared to 2019, despite the effects of COVID-19 on gas demand. Adjusted EBITDA at Euro 2,197 million and Adjusted Net Income at Euro 1,164 million, an increase of 1.3% and 6.5% respectively compared to 2019.

Support for the strategy was ensured through technical investments of Euro 1,189 million, increased by 23.5% compared to 2019 despite the impacts of COVID-19.

Operational data

The volumes of gas injected into the national grid amounted to 69.97 billion m³, a 7.2% decrease compared to 2019. Gas demand in Italy stood at 71.30 billion m³ recording a decrease of 4.3% compared to 2019.

Snam confirms its leadership in Europe in terms of total storage capacity, amounting to 17 billion m³.

Regasified LNG volumes, on the other hand, stood at 2.52 billion m³, an increase of 5% compared to 2019.

Strong acceleration towards the energy transition

Acquisition of 70% of Miei and Evolve and 50% of Iniziative Biometano (for the development of agricultural biomethane) for a total value of Euro 45 million.

With regard to the hydrogen business, the entry into the capital of ITM Power plc, technological leader in green hydrogen, was completed.

International development of the core business: acquisition, in consortium with 5 international funds, of a 49% stake in ADNOC Gas Pipeline, an infrastructure operator in the United Arab Emirates.

Environmental sustainability

Snam has defined that it wants to achieve carbon neutrality by 2040.

In 2020, there were -13% GHG emissions, -11% natural gas 35 Mm³ emissions and -11% NO_x emissions, compared to 2019.

As a result of its constant commitment to environmental sustainability, Snam has been included in the Carbon Disclosure Programme (CDP) A-list and in the CDP suppliers A-list.

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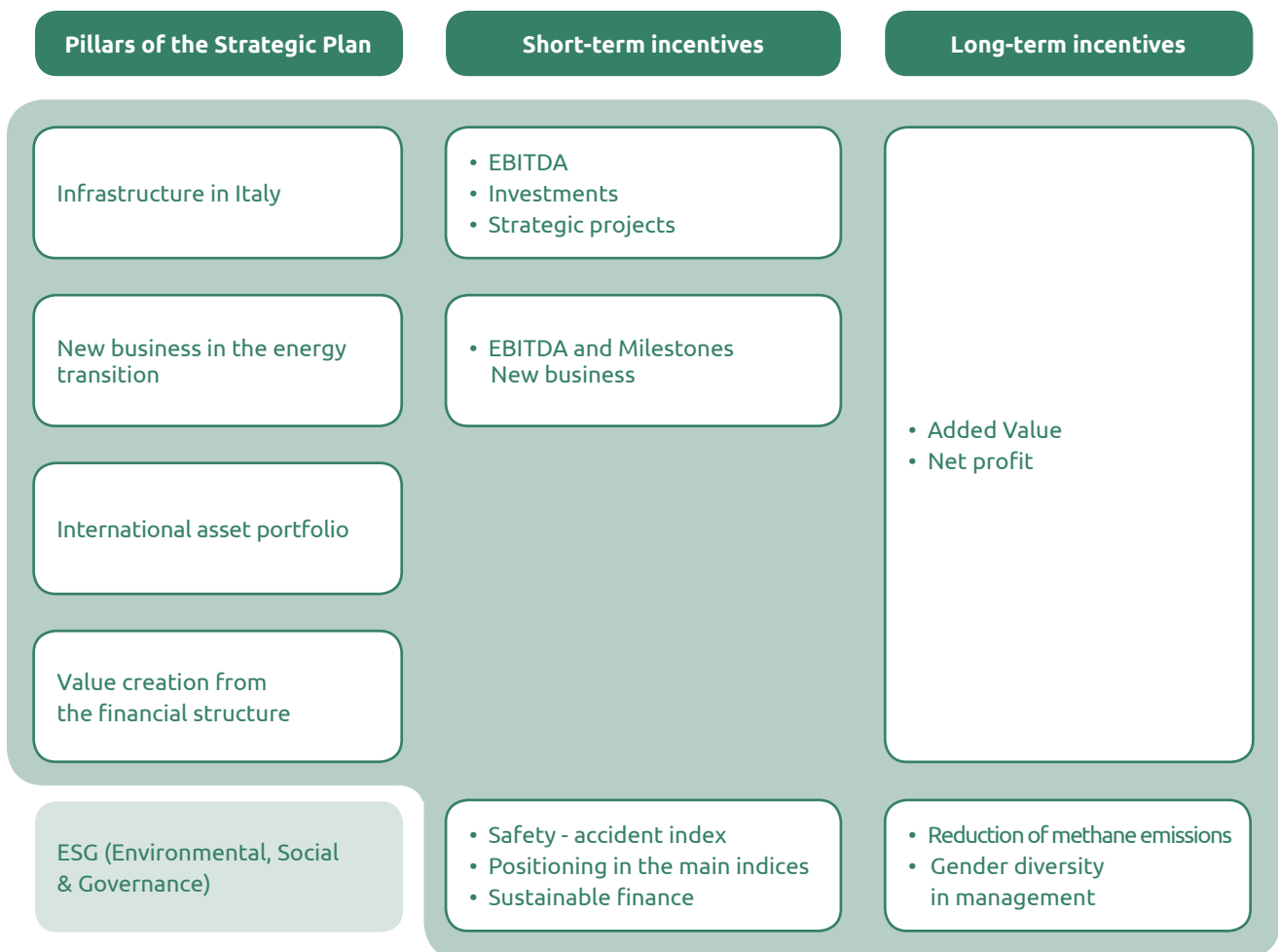
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REMUNERATION POLICY AND STRATEGIC PLAN

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 2020-2024 Strategic Plan, showing the clear, complete **connection between the Company's Strategic Plan** and the incentive systems.



SUSTAINABILITY

With the new 2020-2024 plan, presented at the end of November 2020, Snam has fully assumed the role of enabler of the energy transition for the country system, in line with the 2030 United Nations objectives that guide sustainability actions and in line with the Paris agreements. To the business model already based on the values of sustainable development, the Company has added very specific commitments for the coming years: it will be one of the first companies in the energy infrastructure sector to achieve carbon neutrality in 2040 on its Scope 1 and Scope 2 emissions (direct and indirect energy), also contributing to the decarbonisation of Italy through significant investments in innovation, R&D and digitalisation, for the large national and international networks and for the development of green economy businesses, such as sustainable mobility, energy efficiency, biomethane and hydrogen.

With reference to this context, the Company has raised to 50% by 2030 (on a 2018 basis) the target for reducing CO₂ equivalent Scope 1 and Scope 2 emissions compared to the previous target of -40% on a 2016 basis, and increased to 45% to 2025 (on a 2015 basis) the target for reducing methane emissions in accordance with the framework of the Oil&Gas Methane Partnership, a UNEP initiative that Snam joined in September 2020.

These objectives will be achieved through the application of best practices and interventions to minimise methane emissions, the installation of electric compressors in the booster and storage plants to reduce CO₂ emissions and energy requirements, the use of renewable energy, the development of green gas and the efficiency of the company's buildings and fleet.

In addition, to demonstrate its commitment to all ESG factors, Snam has developed an "ESG Scorecard" on 13 relevant areas with 22 quantitative targets from 2021 to 2023 and monitored annually.

The integration of ESG factors into the company's business model is also evident from the recent amendments to the articles of association aimed, among other things, at reflecting the company's growing commitment to the energy transition, as well as implementing the recent provisions of the Budget Law on gender balance. To underline this commitment, the company's corporate purpose, "Energy to inspire the world", has been included in the articles of association corporate purpose, to reflect Snam's commitment to encouraging the energy transition towards forms of using resources and energy sources that are compatible with environmental protection and progressive decarbonisation. The 2021 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 the issue of sustainability: the weighted index of frequency and severity (IpFG) of employee and contractor accidents; the confirmation of the inclusion and maintenance of Snam at levels of excellence with respect to a basket of sustainability indices which, from 2021, will be expanded with the addition of Sustainability, in addition to the confirmed Dow Jones Sustainability Index, FTSE4GOOD and CDP climate change; the increase in the value of sustainable financing.
- for the long-term equity incentive plan, a weight of 20% with two KPIs related to the sustainability issue: reduction of natural gas emissions (with a weight of 10%) and representation in terms of gender diversity in the Snam management team (with a weight of 10%).



GOVERNANCE OF THE REMUNERATION PROCESS

The process of preparing, approving and potentially reviewing the Snam Remuneration Policy involves multiple parties, as per regulatory and statutory provisions and the Company's governance model. The bodies and individuals involved in the process of approving remuneration policies are listed below.

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 Directors⁶:

- 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;
- defines, subject to verification by the Remuneration Committee, the remuneration of the Head of Internal Audit in line with the Company's remuneration policies, after having received the favourable opinion of the Control, Risk and Related Party Transactions Committee and having consulted the Board of Statutory Auditors;
- 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;

⁶ For more information on the Snam governance structure, see the "2020 Report on Corporate Governance and Ownership Structures" published in the "Ethics and Governance" section of the Company's website.

- 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 ⁽¹⁾ - Chairman
Alessandro Tonetti	Non-executive
Rita Rolli	Non-executive and Independent ⁽¹⁾

⁽¹⁾ Independent pursuant to the independence requirements laid down by the TUF and the Corporate Governance Code (2018 edition)

The members, tasks and operating methods of the Committee and its secretariat are governed by a specific regulation⁷, 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 and, in particular, the Remuneration Policy for Directors and Managers with strategic responsibilities, to the Board of Directors, for its approval and presentation to the Shareholders' meeting convened for the approval of the financial statements, under the terms provided for by law;
- 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;
- formulates proposals on the remuneration of the Chairman and the Chief Executive Officer, with regard to the various forms of remuneration and economic treatment;
- makes proposals concerning the remuneration of members of the Board Committees;
- examines information reported by the Chief Executive Officer and proposes, with a view to promoting sustainable value creation over the medium/long-term:
 - the general criteria for the remuneration of Managers with Strategic Responsibilities;
 - general guidelines for the remuneration of other Executives of Snam and its Subsidiaries;
 - annual and long-term incentive plans, including share-based plans;
- proposes the definition of performance targets that include indicators relating to the ESG factors identified in agreement with the ESG Committee, the aggregation of company results, the definition of clawback clauses related to the implementation of incentive plans and the determination of the variable remuneration of directors with powers;
- proposes the definition, in relation to Directors with powers: i) of the indemnification to be paid in the event of termination of their employment; ii) of the non-competition agreements;
- monitors the application of decisions made by the Board;
- periodically assesses the adequacy, overall consistency and actual application of the Policy adopted, making proposals to the Board on the subject;
- 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 examines 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, 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.

No director takes part in meetings in which proposals are made by the Board regarding his/her remuneration.

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.

⁷ 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

January - March

Regular evaluation of the policies adopted in 2019

Definition of the 2020 Remuneration Policy

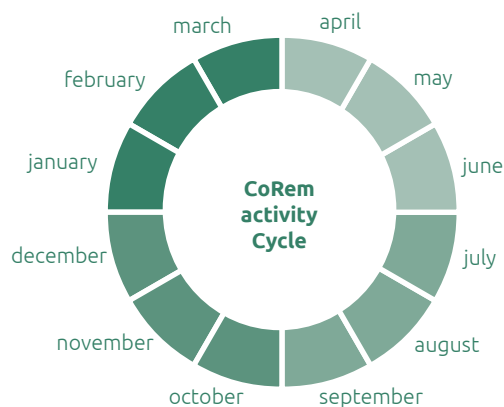
Final calculation on the achievement of Company's 2019 objectives

Definition of the 2020 Report on remuneration policy and on the compensation paid.

October - December

Assessment of the adoption of new parameters for the calculation of natural gas emissions

Fair pay topics



April - June

Calculation and vesting of Long Term Incentive instruments

Information notice on the impacts of COVID-19 on the Remuneration policies and examination of Snam's initiatives

Presentation of the 2020 Report on remuneration policy and on the compensation paid

July - September

Analysis of shareholders' meeting votes on the 2020 Report on remuneration policy and on the compensation paid

2020-2022 Long-Term Share-Based Incentive Plan - Examination of the Regulations and proposed allocation of an incentive to the Chief Executive Officer.

Activities carried out and scheduled

Activities carried out in 2020

In 2020, the Remuneration Committee met a total of 18 times. The attendance of its members was 94%. One Regular Auditor, designated by the Chairman of the Board of Statutory Auditors, regularly attended Committee 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 2020 Remuneration Report; the finalisation of the company results for 2019 and the definition of performance targets for 2020, for the purposes of the variable incentive plans.

In the second part of the year, the following issues, among others, were addressed: results of the Shareholders' Meeting vote on the 2020 Policy on remuneration and compensation paid and analysis of the reasons for the votes against at the Shareholders' Meeting; with reference to the long-term incentive plan, an assessment was carried out on the adoption of new parameters for the calculation of natural gas emissions.

Activities carried out and main topics covered in 2020

January 2020

- In-depth analyses of the incentive system and corporate objectives.
- Review of the implementation of the 2019 Remuneration Policies.
- Analysis of the proposed works plan for 2020.
- Illustration of the new remuneration provisions.

February 2020

- Assessment of the 2019 remuneration policy.
- Report to the Board of Directors on the activities carried out in the second half of 2019.
- Preliminary assessments of 2020 corporate objectives.
- Appointment of the independent advisor Willis Towers Watson.

March 2020

- Final calculation on the achievement of Company's 2019 objectives
- SVP Internal Audit remuneration package.
- Preliminary examination of the 2020 Report on remuneration policy and on the compensation paid.
- Preliminary examination of the Information Document of the 2020-2022 Long-Term Share-Based Incentive Plan.
- Proposed annual monetary incentive for the Chief Executive Officer.

May 2020

- Information notice on the impacts of COVID-19 on the Remuneration policies and examination of Snam's initiatives.
- 2020 Annual General Meeting Risk Assessment.
- Validation of documents for Shareholders' Meeting of 18 June 2020: Information Document on the 2020-2022 Long term share incentive plan and the 2020 Report on the remuneration policy and compensation paid.

June 2020

- Calculation and vesting of Long Term Incentive instruments - cycle 2017-2019 (Allocation 2017).
- 2020 Shareholders' Meeting. Examination of the Proxy Advisors' Opinion on the Snam Remuneration Policy.
- 2020-2022 Share-Based Incentive Plan - Examination of draft Regulations.

July 2020

- Analysis of the results of the shareholders' meeting vote on the 2020 Report on remuneration and compensation paid.
- Report to the Board on the activities carried out in the first half of 2020.

September 2020

- 2020-2022 Long-Term Share-Based Incentive Plan - Examination of the Regulations and proposed allocation of an incentive to the Chief Executive Officer.

October 2020

- Long-term share-based incentive plan - In-depth analysis of the methods used to calculate the objective of reducing gas emissions.
- In-depth analysis of fair pay issues.

November 2020

- 2020-2022 Long-Term Share-Based Incentive Plan - 2020-2022 Cycle. Proposal on the calculation methodology used to determine the proposed award for the Chief Executive Officer.
- Long-term share-based incentive plan - Further in-depth analysis of the methods used to calculate the objective of reducing gas emissions.
- Examination of the analysis of the reasons underlying the votes cast against at the Shareholders' Meeting.

December 2020

- In-depth analysis of corporate aspects regarding the revision of gas emission reduction targets in the LTI Plans.
- 2021 Report on remuneration policy and compensation paid. Preliminary considerations.

Resolutions passed by the Board of Directors in 2020 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 vote; (iv) in all cases, the consistency of the remuneration proposed was checked against this Policy.

Activities carried out and scheduled for 2021

For 2021, the Committee has defined a calendar and scheduled 11 meetings. As of the date of approval of this Report, 6 meetings have already been held, 3 of which were held jointly with the ESG Committee, focusing on the following issues: (i) examination of this Report for subsequent approval by the Board of Directors; (ii) final calculation of the 2020 corporate results and definition of performance objectives, including ESG, and, for 2021 and for the 2021-2023 three-year period, for the variable incentive plans.

January 2021

- Explanation of the main amendments made by Consob to the Issuers' Regulations on transparency of remuneration.
- 2020-2022 Long-Term Share-Based Incentive Plan - 2020 summary of allocations.
- Examination of the 2021 Committee proposed work plan.
- In-depth analysis of fair pay issues.

March 2021

- AMI 2020 and LTI 2018-2020 final figures.
- Target setting AMI 2021 and LTI 2021-2023.
- 2021 Report on remuneration policy and compensation paid.
- Amendments to the 2020-2022 share-based incentive plan information document.
- Fair Pay. Update on the proposed calculation methodologies for monitoring the gender pay gap.
- SVP Internal Audit remuneration package.

Approval process of the 2021 Remuneration Policy

More specifically, at the meetings held on 4 March, 9 March, 12 March and 15 March 2021, 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 18 June 2020 and by the Board of Directors in 2020.

These activities were carried out following an assessment of the legislative framework relating to remuneration, with particular reference to said Issuers' Regulations Art. 84-*quater* and Annex 3A, scheme 7-*bis*, incorporating 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 2021 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 17 March 2021, 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 Statutory 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 him, 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.

DEROGATIONS

Please note that in accordance with paragraph 3-*bis* of Art. 123-*ter* of the TUF, the Board of Directors of Snam, upon proposal of the Compensation Committee, subject to the favourable opinion of the Risk, Control and Related Party Transactions Committee and having consulted the Board of Statutory Auditors, may temporarily depart from the contents of the Remuneration Policy illustrated in this Report, if exceptional circumstances arise, meaning situations that fall within the general cases referred to in Article 123-*ter* of the TUF, i.e. where the departure from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the company as a whole, or to ensure its ability to stay on the market.

The process, in which the Board of Directors is the body entrusted with the approval of such an exception, also makes it necessary for all the persons concerned to abstain from participating in the Board's discussions and resolutions relating to their own remuneration.

The elements of Snam's 2021 remuneration policy from which, in the presence of exceptional circumstances, it is possible to make exceptions, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, are as follows: fixed remuneration; short-term variable component (AMI) and long-term variable component (LTI); benefits; severance pay.

DURATION, PURPOSE AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The Snam Remuneration Policy remains in force for one year.

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 incorporating the contents of the aforementioned Corporate Governance Code, is functional to the pursuit of the company's sustainable success and, in this sense, defines:

- a balance between the fixed component and the variable component that is appropriate and consistent with the company's strategic objectives and risk management policy, taking into account the characteristics of the company's business and the sector in which it operates, while providing that the variable component represents a significant portion of total remuneration;
- the maximum limits on the payment of variable components;
- the performance objectives, to which the payment of variable components is linked, predetermined, measurable and linked in significant part to a long-term horizon consistent with the company's strategic objectives and aimed at promoting its sustainable success, including, in all variable remuneration systems (short and medium-long term) also non-financial parameters;
- the contractual arrangements that allow the company to demand repayment, in whole or in part, of variable components of remuneration paid (or to withhold sums subject to deferral), determined on the basis of data that subsequently proved to be manifestly incorrect and other circumstances that may be identified by the company;
- clear and pre-determined rules for the possible payment of compensation for termination of employment, which define the maximum limit of the total amount payable by linking it to a certain amount or a certain number of years of remuneration.

In particular, the Snam Remuneration Policy contributes to the achievement of the Company's mission, values and strategies, taking into account the compensation and conditions of Group employees, through:

- i) the promotion of actions and behaviours in line with the Company's culture, in compliance with the princi-

ples of plurality, equal opportunities, making the most of people's knowledge and professionalism, fairness and non-discrimination laid down in the Snam Code of Ethics. In this sense, the gender pay gap monitoring activities that Snam has defined to reduce and eliminate pay differences between women and men are applied within the principles of the remuneration policy that encourages effective gender equality. The updated results of the monitoring activity are published by Snam in its 2021 Sustainability Report;

- ii) the enhancement of employees' interests, guaranteed by assessment processes and targeted interventions during the annual remuneration policy campaigns aimed at rewarding the skills, experience and contribution of each individual resource;
- iii) recognition of the responsibilities assigned, the results achieved and the quality of the professional contribution made, taking into account the context and the market references applicable for similar positions or for roles of a similar level of responsibility and complexity, within the corporate panel comparable with Snam, through specific compensation benchmarks carried out with the support of leading consulting firms;
- iv) recognition of merit as the basis for management and rewarding actions both in terms of professional development and career opportunities, being, at the same time, the reference parameter so that people management meets criteria of fairness and sustainability.

Additional severance indemnities may be defined 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.

2021 REMUNERATION POLICY GUIDELINES

The Guidelines to the 2021 Remuneration Policy (hereinafter also the "Guidelines") are defined in line with that established in 2020, 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 compensation 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, 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.

In relation to the nature of the position, there are no: i) short or long-term variable incentive components; ii) benefits⁸.

For Non-executive Directors, the Ordinary 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 recommendation 29 of the Corporate Governance Code, the remuneration paid to non-executive directors is appropriate to the professionalism and commitment required of them within the Board of Directors and its committees; this remuneration is not linked to financial performance objectives.

No distinction is drawn 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.

Severance indemnity and benefits

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

Board of Statutory 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. This compensation was considered consist-

⁸ 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 above authorisation has been taken up in subsequent Reports to the Shareholders' Meeting on the remuneration of Directors and Statutory Auditors and most recently at the Shareholders' Meeting held on 02 April 2019. This policy, which also guarantees cover for new members of such bodies, provides overall a limit of liability and an annual premium, respectively, of Euro 50 million and approximately Euro 190,000.

ent both with respect to a benchmark analysis carried out with reference to industrial companies with a traditional administration and control system belonging to the FTSE Mib index, and in relation to the commitment required by the company to carry out the office.

The Committee reserves the right to carry out a review of the adequacy of the compensation paid to the members of the control body during 2021. With regard to the nature of the office, there are no provisions 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).

Remuneration of the Chief Executive Officer and Managers with Strategic Responsibilities

For the Chief Executive Officer and 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, based on the evidence presented by the Remuneration Committee to the Board of Directors at the meeting of 13 November 2019, remains defined as 970,000 euros, taking into account: the remuneration established by the Shareholders' Meeting for Directors, amounting to 70,000 euros; the remuneration approved by the Board in relation to the delegated powers, amounting to 150,000 euros; and the gross annual remuneration for the position of General Manager, amounting 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

and may be adjusted from time to time under the scope of the annual salary review involving all managers. Given the reference context and current market trends, and in continuity with 2020, the guidelines for 2021 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 incentives⁹

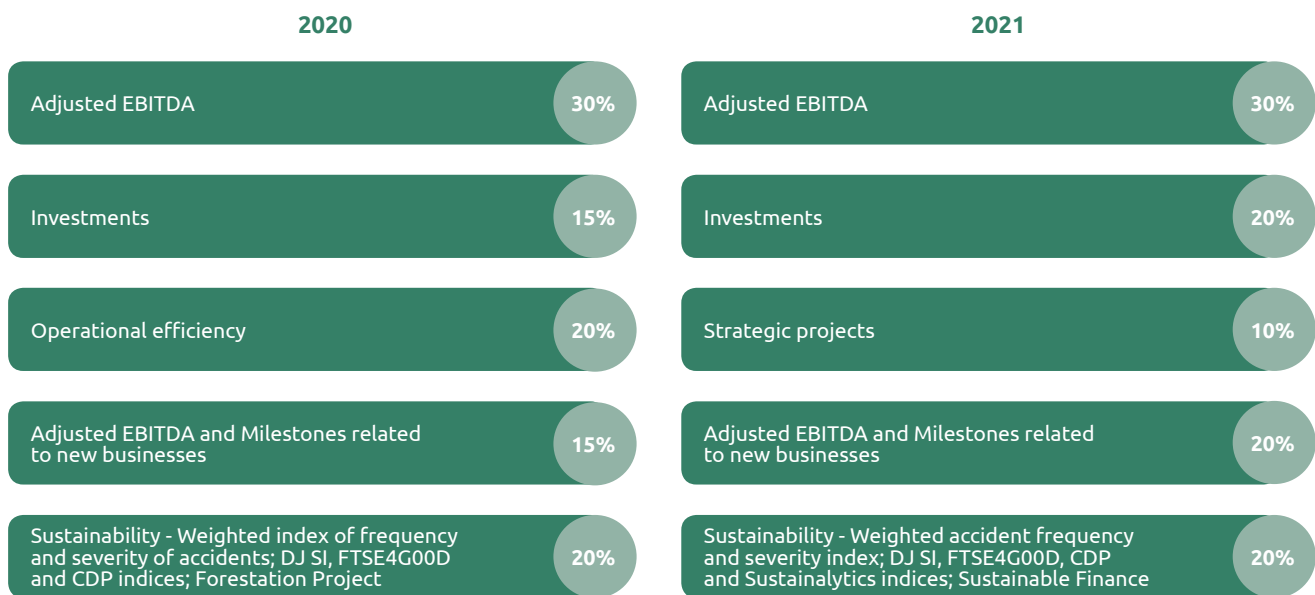
The annual variable component (the Annual Monetary Incentive Plan - AMI) is determined in connection with the results achieved by Snam in the previous year on the defined objectives and with reference to a minimum incentive level (performance = 85), an incentive level at target (performance = 100) and maximum (performance = 130), respectively equal to 60%¹⁰ (minimum), 70% (target) and 91% (maximum) 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 30% (minimum), 35% (target) and 52% (maximum) of fixed remuneration.

⁹ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle)

¹⁰ The minimum figure remains the same as last year, amounting to 59.5% of the CEO's fixed remuneration. As from this year, this value has been approximated to unity (by default for figures from zero to four and by excess for figures from five to nine).

The 2021 corporate objectives approved by the Board of Directors on 17 March 2021 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, 2020 vs 2021



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, a target of 100 and a maximum of 130, with a minimum (threshold) level on the overall result of 85.

Figure 4 - AMI 2021 Objectives for the Chief Executive Officer

Objective	Description	Weight	Scenarios	Performance	Score
Adjusted EBITDA* ¹¹	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* ¹²	Value of the technical investments of the core business (transport, storage, regasification) and Corporate. Measured to "centre" the budget value.	10%	Minimum	Budget Target +/-7.5%	70
			Target	Budget Target +/-5%	100
			Maximum	Budget Target +/-4%	130
Investments/2 Milestones investment projects** ¹²	These are the main investment projects relating to both transportation activities (hybrid power plants, network revamping and rebuilding of methane pipelines) and storage (work-over wells).	10%	Minimum	3 out of 5 milestones reached	70
			Target	4 out of 5 milestones reached	100
			Maximum	5 out of 5 milestones reached	130
Strategic projects** ¹²	Projects included in Snam's 2020-2024 strategic plan: development of assets in Sardinia.	10%	Minimum	Objective measured	70
			Target	in terms of minimum, target and maximum	100
			Maximum	completion times	130
New Business/1 Adjusted EBITDA* ^{11 13}	Contribution to cumulative EBITDA of new businesses (Renovit, Snam4Environment, Snam4Mobility and Snam Global Solutions).	10%	Minimum	Budget Target -5%	70
			Target	Budget Target	100
			Maximum	Budget Target +5%	130
New Business/2 Milestones key projects ^{11 13}	These refer to the completion and testing 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/LCNG stations.	10%	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.		
Sostenibilità/1 IpFG* ¹⁴	Weighted index of frequency and severity of accidents of employees and contractors. It takes into account both the frequency of total accidents recorded in relation to the number of hours worked and the severity based on days of absence in relation to the number of hours worked and is calculated by adding and weighing the two indices (IF and IG).	10%	Minimum	0.9	70
			Target	0.7	100
			Maximum	0.5	130
Sustainability/2 Indexes***	Confirmation of the inclusion and maintenance of Snam at levels of excellence in the DJSI, Ftse4Good, CDP Climate Change and Sustainability sustainability indices.	5%	Minimum	A	70
			Target	B	100
			Maximum	C	130
Sustainability/3 Sustainable Finance - Committed funding (€/mln)*	Increase (in mln €) in sustainable financing.	5%	Minimum	1,000	70
			Target	1,500	100
			Maximum	2,000	130

* - 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 130.

** For performance levels below the minimum, the score is zero.

*** 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 three indices, at least one of which is above the ninetieth percentile

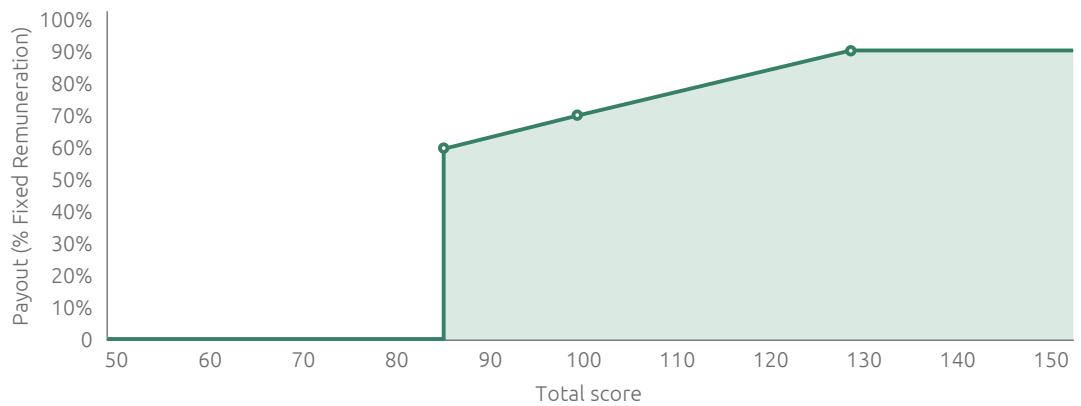
- 11 In the final financial statements, the effects arising from extraordinary M&A transactions, government/regulatory measures, net allocations to provisions (risk, environmental, bad debt provisions), leaving incentive charges, capital gains/losses, inventory write-downs, other exogenous and non-recurring factors and CNG will be neutralised.
- 12 In the final balance, the target will be neutralised for delays due to missed/delayed permits and/or consequences due to extraordinary/unforeseeable phenomena.
- 13 Includes the contribution to the group from Renovit, Snam4Environment, Snam4Mobility and Snam Global Solutions, prior to intercompany service contracts. In the final balance, the target will be neutralised for effects deriving from extraordinary/unforeseeable phenomena and effects deriving from: extraordinary M&A transactions, Authority/regulatory measures, net allocations to provisions (risk, environmental, bad debt provisions), charges for redundancy incentives, capital gains/losses, inventory write-downs.
- 14 Accident frequency and severity index for employees and contractors (excluding those of unregulated companies), excluding commuting accidents, takes into account both the frequency of total accidents recorded in relation to the number of hours worked and the severity based on days of absence in relation to the number of hours worked and is calculated by adding and weighing the two indices (IF and IG). The scope of analysis will include, if any, companies acquired after 6 months of their acquisition.

As part of the definition of the 2021 Corporate Scorecard, the Remuneration Committee requested an opinion from the independent advisor Willis Towers Watson with particular reference to the Sustainability objectives linked to the accident index and sustainable finance.

With regard to accidents, a benchmark carried out by the advisor showed that, in most cases, the companies that adopt this type of KPI do not immediately include any acquired companies in the scope of the accident performance assessment. Some start to include them in the scope of assessment only 2 years after the acquisition, others only once they have achieved a level of accident performance comparable to the parent. However, given the importance of this issue, Snam has decided to set a more challenging target than its comparables, including in the scope of assessment the new companies acquired 6 months after their acquisition. As far as sustainable finance is concerned, through an analysis carried out by the advisor, the Committee was able to ascertain that the targets for the absolute increase in sustainable finance set for 2021 represent a best practice compared to the approach of other companies adopting this KPI.

The graph illustrates the overall incentive curve of the 2021 AMI for the Chief Executive Officer.

Figure 5 - Incentive curve AMI 2021



Scenarios	Score Total	Payout (% vs. target)
Minimum	85	85%
Target	100	100%
Maximum	130	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.

Only in exceptional cases it is possible to pay entry bonuses to Managers with strategic responsibilities during the recruitment phase, in order to encourage the acquisition of resources with high managerial seniority and/or possessing specific skills considered critical for the business and essential for the achievement of the Group's strategic objectives. Snam also has the right to recognise, during the hiring process, length of service at other companies in the case of proven leadership roles with high seniority.

Long-term variable incentives¹⁵

In 2020, a new long-term share-based incentive plan for the next three years was established and approved by the Shareholders' Meeting on 18 June 2020. The new share plan, in continuity with the previous three-year plan, envisages three annual grants of shares (the so-called rolling plan), each of which corresponds to a three-year performance reference period (2020-2022, 2021-2023, 2022-2024); for each award, any payment is expected after three years (vesting period) to an extent linked to the results achieved and will have a minimum value of 106%, a target value of 158% and a maximum value of 210% of the fixed remuneration, for the Chief Executive Officer. For Managers with strategic responsibilities, any incentive paid will have an average value of 55% as a minimum level, 81% as a target and 108% as a maximum level of fixed remuneration.

The performance conditions applicable for the attribution of the Plan¹⁶ are connected to the following parameters, two of which are economic-financial indicators and two of which relate to sustainability:

Adjusted net profit (with 50% weighting) calculated as the sum of adjusted net profit¹⁷ for the years 2021, 2022 and 2023. 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).

15 Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle)

16 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.

17 In the final balance, the effects deriving from extraordinary M&A transactions, deflator different from that envisaged in the plan, Authority/regulatory measures (also abroad), net allocations to provisions (risks, environmental, bad debts), charges for redundancy incentives, capital gains/losses, inventory and asset write-downs will be sterilised, non-recurring financial expenses on debt refinancing transactions, balancing activities, penalties and over/under-invoicing, impacts not foreseen in the plan related to the payment of tax advances for the application of company procedures, and for investments for the development of new businesses not foreseen in the plan, GNC and energy expenses, other exogenous and/or non-recurring factors. New Business Performance will be calculated considering and not sterilising the results deriving from extraordinary M&A transactions as an ordinary growth lever in this sector.

Added Value¹⁸ (with a weight of 30%) which reflects the value generation of the regulated business, calculated as the change in the RAB in the period 2021-2023 added to distributed dividends, to treasury shares repurchased and reduced by the change in net debt¹⁹. 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%).

In this regard, it should be noted that, following adherence to the new Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared by the United Nations Environment Programme (UNEP), the Company, in September 2020, adopted a new emissions reduction plan to 2025, which includes more ambitious targets than those previously set. As a result of this, with reference to the 2021-2023 cycle and the 2022-2024 cycle, the targets of this objective will be aligned with what is envisaged from time to time in the Company's aforementioned emissions reduction plan (which currently envisages a target to 2025 of -44.9%). In the event of changes and/or variations within the UNEP Framework and consequent modification of the Company's emission reduction plan, the targets of the emission reduction target of the LTI Plan Cycles will be adjusted and re-measured, depending on the achievement of the final target under the UNEP Framework.

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 2015 (49.74 MSmc).

It should also be noted that Snam's Chief Executive Officer and management team have voluntarily decided to adjust their emissions reduction targets to the UNEP Framework objectives as early as the 2020-2022 cycle. For this reason, the accrual of the incentive for these beneficiaries, with reference to the 2020-2022 cycle, will be anchored to the following performance levels, calculated according to the new methodology (variation with respect to the actual values of emissions, recorded at the end of 2015, equal to 49.74 MSmc): minimum level -26%; target level -27%; maximum level -29%. As a result of this voluntary adherence, Snam has decided not to make any changes to the objectives defined in the Information Document of the LTI 2020-2022 Plan, approved by the Shareholders' Meeting on 18 June 2020, with regard to the 2020-2022 cycle.

18 In the final balance, the effects deriving from extraordinary M&A transactions, deflator different from that envisaged in the plan, Authority/regulatory measures (also abroad), net allocations to provisions (risks, environmental, bad debts), charges for redundancy incentives, capital gains/losses, inventory and asset write-downs will be sterilised, non-recurring financial expenses on debt refinancing transactions, balancing activities, penalties and over/under-invoicing, impacts not foreseen in the plan related to the payment of tax advances for the application of company procedures, and for investments for the development of new businesses not foreseen in the plan, GNC and energy expenses, other exogenous and/or non-recurring factors. New Business Performance will be calculated considering and not sterilising the results deriving from extraordinary M&A transactions as an ordinary growth lever in this sector.

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

Equal representation in terms of gender diversity in Snam's management²⁰

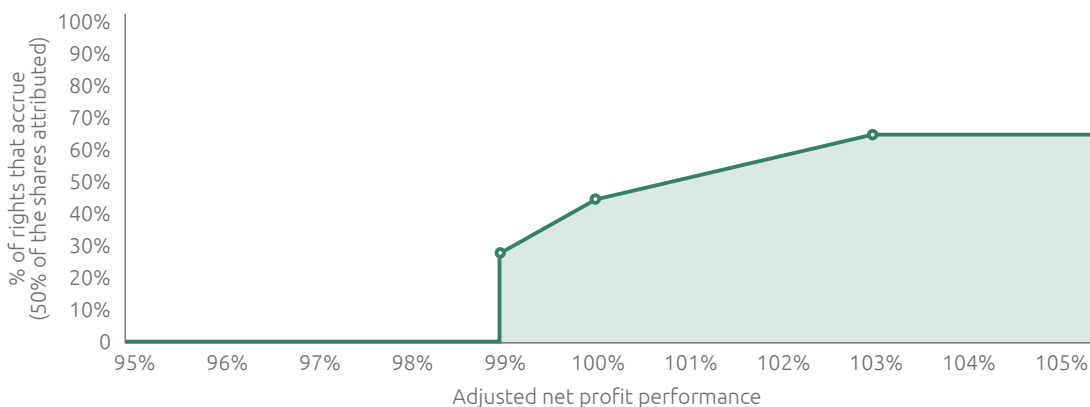
(with a weight of 10%), calculated in terms of the % of women managers and middle managers of the total management and middle management figures of the Group. The degree of achievement of the objective is calculated according to a criterion of linear interpolation between minimum, target and maximum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

The achievement of performance conditions at minimum, target and maximum level respectively entails the accrual of 67%, 100% and 133% of the shares attributed; below minimum 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.

Below is an explanation of the metrics connected with each individual performance indicator. The absolute Performance values are valid for the second attribution (2021), with reference to the 2021-2023 three-year period^{21 22}.

Figure 6 - Adjusted net profit



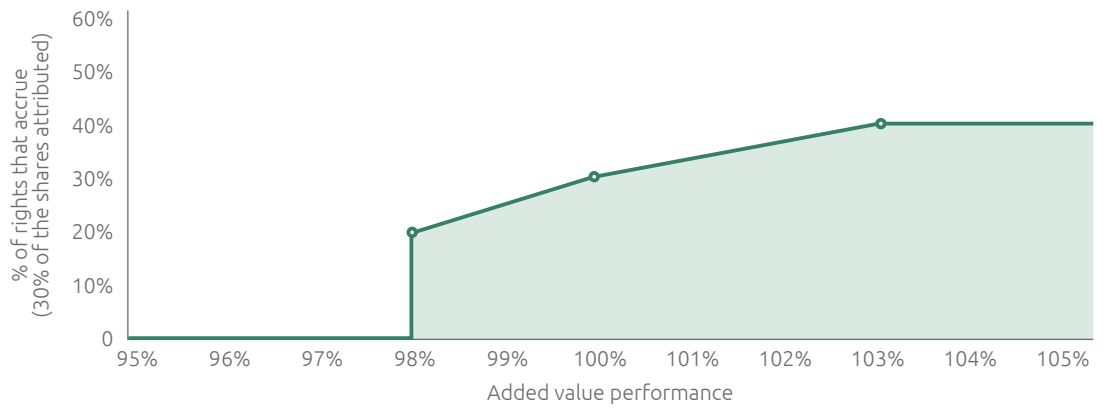
Scenarios	Performance (valori assoluti)	Performance (% vs. target)	Payout (% di diritti che maturano)
Minimum	€ mln 3,489	99%	33%
Target	€ mln 3,524	100%	50%
Maximum	€ mln 3,612	103%	67%

20 The perimeter used is the same as for the 2020-2022 cycle: SNAM S.P.A. /RETE GAS, /4MOBILITY, /GAS & ENERGY SERVICES, /INTERNATIONAL B.V., GNL ITALIA, STOGIT, CUBOGAS, ENURA, GASRULE, IES BIOGAS SRL, RENERWASTE LODI, RENERWASTE, TEP, TEA.

21 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.

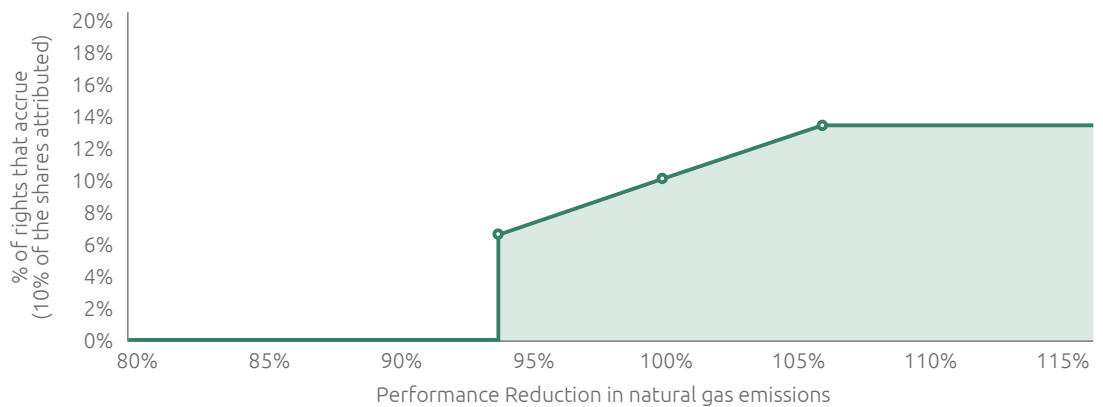
22 Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle).

Figure 7 - Added Value



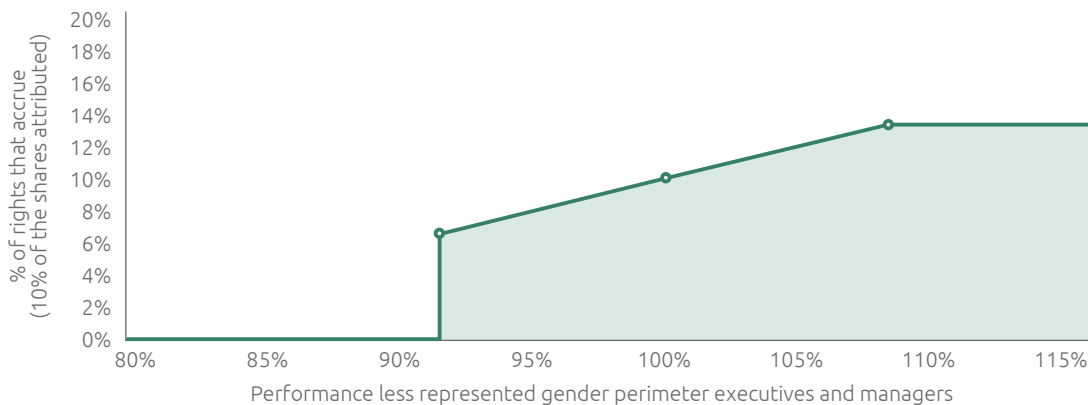
Scenarios	Performance (absolute values)	Performance (% vs. target)	Payout (% of right accrued)
Minimum	€ mln 2,245	98%	20%
Target	€ mln 2,292	100%	30%
Maximum	€ mln 2,363	103%	40%

Figure 8 - Reduction in natural gas emissions



Scenarios	Performance (absolute values)	Performance (% vs. target)	Payout (% of right accrued)
Minimum	- 34%	94%	7%
Target	- 36%	100%	10%
Maximum	- 38%	106%	13%

Figure 9 - Equal representation in terms of gender diversity



Scenarios	Performance (absolute values)	Performance (% vs. target)	Payout (% of right accrued)
Minumum	23%	92%	7%
Target	25%	100%	10%
Maximum	27%	108%	13%

Termination indemnities and non-competition agreements

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 services²³. 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.

No provision is made for assigning or retaining non-monetary benefits for a period after termination of the relationship.

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

23 In this regard, the cost of what is recognised as indemnity in lieu of notice, pursuant to article 23 of the CCNL for Industry Executives, and what is due for other termination benefits (severance pay, untaken holiday time, reimbursement of expenses at the date of termination of employment and/or management, etc.) are excluded from the calculation of the indemnity.

The effects of possible termination of the contract of employment on the rights allocated under existing long-term incentive plans are described below:

- In the event of consensual termination of the beneficiary's employment, or loss of control by Snam S.p.A. in the company of which the Beneficiary is an employee, or sale to a non-controlled company of the company (or business unit) of which the Beneficiary is an employee, occurring by the date on which the Board establishes the percentage of allocation, the incentive will be allocated to those entitled to it at the end of the performance measurement period and in relation to the period elapsing between allocation and the occurrence of the aforementioned events.
- In the event of the death or total and permanent disability of the Beneficiary occurring on or before the date on which the Board determines the percentage of the award, the incentive shall be paid to the grantees in the fixed amount of 133% of the awarded incentive, corresponding to the maximum level of the incentive that can be awarded.
- In the event of unilateral termination of employment, either by the company or by the Beneficiary, occurring during the vesting period, the incentive will not be awarded.

With the figures to which the Policy refers, Snam has the right to set collaboration and/or consulting agreements upon termination of the professional/employment relationship, where this meets the need to continue to use, in the interest of the company, for a limited period of time after the termination of the relationship, the skills and contributions of the director and/or Manager with Strategic Responsibilities and for the performance of specific, predetermined activities (for a fee based on the purpose and scope of the activity requested).

There are no non-competition agreements in place for the Chief Executive Officer and current Managers with Strategic Responsibilities. In light of the growing risk in terms of retention, due to entry into highly competitive and specific business segments, the company reserves the right to evaluate on a case-by-case basis the opportunity to activate non-competition agreements with managers operating in those segments. The consideration for the covenant shall be determined according to the temporal and territorial extension, as well as the object of the covenant, also taking into account the provisions of the applicable regulations and the remuneration of the beneficiary at the time of termination of contract.

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 PREVINDAI)²⁴, with the Supplementary healthcare fund (FISDE)²⁵ 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 Internal Audit, the Board of Directors, on the advice of the Control, Risk and Related Party Transactions Committee, having consulted with the Board of Statutory Auditors and after verification by the Remuneration Committee, has provided for: a performance evaluation form with exclusively measurable functional objectives, excluding objectives of an economic-financial nature; the determination of the annual monetary incentive exclusively on the basis of the results relating to this form; the assignment of minimum/target/maximum performance levels and the evaluation of the results achieved carried out by the Control and Risk 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.

24 A contractual pension fund with defined contributions and individual capitalisation, www.fopdire.it/portale.previndai.it/default.do.

25 A fund that provides reimbursement of health care expenses for current and retired executives and their families, www.fisde-eni.it. An additional insurance (Generali/Previgen), in the field of health, supplementing the FISDE is also provided.

Market references and pay mix

In 2019, 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.

In February 2021, the Committee carried out a remuneration benchmarking activity, with the support of the same provider, to verify the competitiveness of the remuneration package paid to the Senior Vice President Internal Audit, through a comparison with a panel of Italian industrial companies belonging to the FSTE Mib index.

The Committee reserves the right to carry out further verification activities regarding the adequacy of the compensation paid to the persons referred to in the Remuneration Policy during 2021.

The preparation of the remuneration policy guidelines was also carried out with the support of the independent advisor Willis Towers Watson and with the contribution of the Environmental, Social & Governance Committee, for matters falling within its competence.

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

Figure 10 - Panels used for Compensation Benchmarks and positioning with respect to reference markets

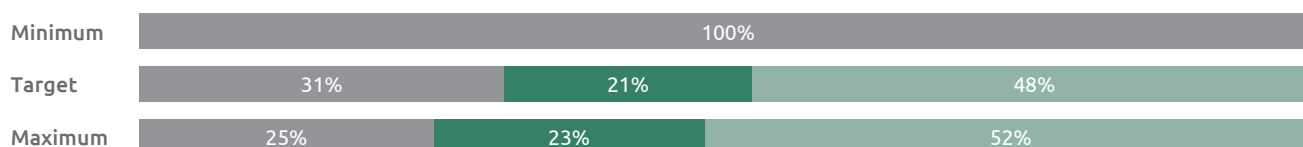
Role	Provider	Criteria	Peer Group
Chief Executive Officer	Mercer	Industry sector companies belonging to the FTSE MIB index and Snam European peer companies, utilities and operators of infrastructures in concession	A2A, Amplifon, Atlantia, Brembo, Campari, CNH Industrial, Diasorin, Enel, Eni, Ferrari, 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 ²⁶	2A, Amplifon, Atlantia, Brembo, Campari, CNH Industrial, 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 Industrial, 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 Industrial, 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	A2A, Amplifon, CNH Industrial, Enel, Eni, Ferrari, FCA, Italgas, Leonardo, Nexi, TIM

²⁶ For the purposes of the analysis, only the companies in the peer group with a non-executive Chairman were considered: Amplifon, Diasorin, Enel, Eni, Ferrari, Italgas, Leonardo, Pirelli, Prysmian, Saipem, Telecom Italia and Terna.

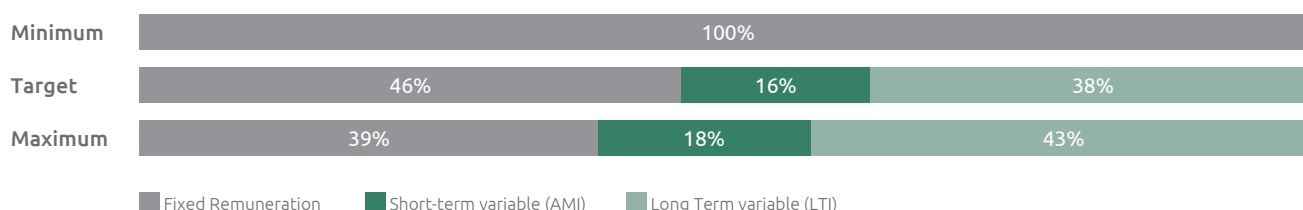
The 2021 Remuneration Policy guidelines determine a pay mix in line with the managerial position held, with greater weighting for the variable component for posts typically having a greater impact on business results, as shown in the pay-mix chart set out below and calculated considering the enhancement of short- and long-term incentives in the event of minimum (intended as not achieving the minimum value provided for by all the short- and long-term variable incentive plans), on-target and maximum results.

Figure 11 - 2021 pay-mix of the Chief Executive Officer and Managers with Strategic Responsibilities

Chief Executive Officer



Managers with Strategic Responsibilities



■ Fixed Remuneration ■ Short-term variable (AMI) ■ Long Term variable (LT)

Results of the meeting vote and description of changes from the 2020 Report

The 2020 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's 2020 Section I and Section II results and the average for the period 2016-2020 (for 2020, the vote cast by the Shareholders' Meeting on Section I was considered).

Figure 12 - 2020 Shareholders' meeting vote in favour of Sections I and II - comparison of Snam/FTSE MIB source Morrow Sodali

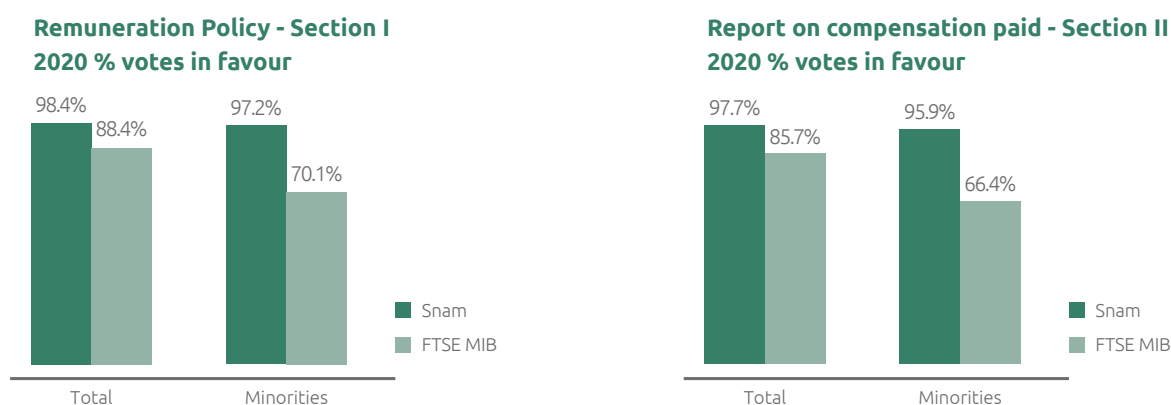
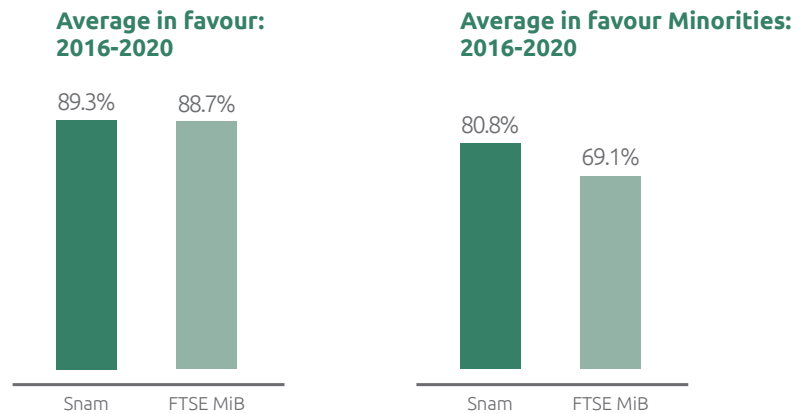


Figure 13 - Shareholders' meeting vote in favour average 2016-2020 - comparison of Snam/FTSE MIB - source Morrow Sodali



It should be noted that the 2021 Report on the remuneration policy and compensation paid was prepared taking into account the evaluations expressed by the shareholders at the Shareholders' Meeting.

The updated content is also consistent with the observations made by the proxy advisors, thereby providing a clearer and more effective disclosure.

In particular, the section on severance indemnities has been expanded to include a description of the effects of termination of employment on share plans and the cases to which they apply (good/bad leaver clauses), in line with the information required by Consob Issuers' Regulations.

In addition, with reference to Section II, Snam wished to provide full disclosure regarding the calculation of the objectives linked to the incentive systems for the Chief Executive Officer and Managers with Strategic Responsibilities. In fact, in the dedicated section, the actual objective sheet is provided, complete with, for each objective, the target setting, the actual value, the pay out associated with the various thresholds and the overall pay out achieved as a percentage of the fixed remuneration.

COVID-19 EMERGENCY: THE INITIATIVES AND THE RESULTS OBTAINED

The Company launched the “Let’s shape the future” programme in April 2020.

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:

- Voluntary waiver of a portion of their Gross Annual Salary (RAL) by donation (doubled) by the company - the employee was able to voluntarily opt out of a percentage of their fixed annual gross compensation, subsequently withheld on a monthly basis from May 2020 to December 2020. The total amount collected, together with the contribution charges that the company would have had to pay on that portion, was doubled by Snam and subsequently donated to individuals involved in the health emergency and identified together with Fondazione Snam.

As part of this initiative, 13 executives decided to reduce their fixed annual gross compensation by percentages ranging from 5% to 25%. The sum raised was € 400,780, which was then doubled by Snam, bringing the total amount raised to € 801,560. The amount was then donated to subjects involved in the health emergency and identified together with Fondazione Snam. The Chief Executive Officer, Marco Alverà, also contributed to this initiative by waiving 25% of the portion of the fixed annual gross remuneration he would have received in relation to the period May 2020 - December 2020 for an amount equal to € 125,000.

- 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 500 euros or more were communicated to the company so as to enable Snam to double the money donated.

The initiative was supported by 40 managers through the donation of € 68,325. In this case, too, the sum was doubled by Snam, raising a total of € 136,650.

- A donation of the economic consideration payable for the residual holidays to third sector entities of employee’s choice.

There are 21 managers who have adhered through the donation of 208.5 days of vacation corresponding to an amount of € 65,560.

- A donation of residual holidays to Snam colleagues through the holiday solidarity mechanism.

The initiative involved 10 executives who donated a total of 70 days to colleagues in need of leave.

Snam has also activated for the months of April and May 2020 a further initiative, known as “payroll giving”, through which employees could donate a portion of their monthly working hours, which were then deducted from their payslips and donated to third parties. The initiative saw the donation of over 4,000 working hours and the participation of 1,200 employees of the Company for a total amount collected of € 99,859.

SECTION II COMPENSATION PAID IN FY 2020



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IMPLEMENTATION OF THE 2020 REMUNERATION POLICIES

A description of the remuneration measures implemented in 2020 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 2020 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 2020 Policy was essentially in line with the known market benchmarks.

The next few pages set out the 2020 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 2021. The amounts related to the incentive schemes, and reported in the first part of Section II and in the Consob Tables, are therefore to be considered on an accruals basis.

In implementing the 2020 Remuneration Policy, the Remuneration Committee took into account the vote and assessments made at the Shareholders' Meeting held on 18 June 2020 on Section II of the Policy on Remuneration and compensation paid, valid for FY 2020, which received favourable votes equal to 97.7% of the total shares, as represented in the section "Results of the Shareholders' Meeting vote and description of changes compared to the 2020 Report" of this Report, to which reference should be made for further details.

In accordance with the provisions of art. 123-ter, paragraph 8-bis of the Consolidated Finance Act, the independent auditors appointed to perform the legal audit of the financial statements (Deloitte & Touche S.p.A.) have correctly verified the preparation of Section II of this Report by formally checking the publication of the information contained therein.

Fixed remuneration and fees for participation in Board Committees

In 2020, 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 13 November 2019 for the powers and duties assigned was paid to the Chief Executive Officer, which includes remuneration as a Director approved by the Shareholders' Meeting. With regards to Managers with Strategic Responsibilities as part of the annual salary review process provided for all managers, selective adjustments were made in 2020 to the fixed remuneration in cases of the promotion to more superior levels or where it was the case to adjust remuneration levels in line with reported market references. For 2020, the amount at the aggregate level corresponding to the Gross Annual Salary of Managers with Strategic Responsibilities was Euro 1,619,853.

The amounts relating to fixed remuneration are specified under the relevant items in Table 1 on page 49.

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.

With reference to FY 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 37.

Variable incentives

Short-term variable incentives²⁷

The short-term variable incentive will be paid, with regard to the Chief Executive Officer, based on the company's performance in 2020, in relation to the achievement of the defined objectives.

The table below shows, for each performance objective assigned to the Chief Executive Officer, the point values for each level of performance and the related final data, together with the score achieved.

Figure 14 - Achievement of 2020 AMI objectives

IMA 2020 CEO/GM Target Sheet		Minimum value	Target value	Maximum value	Final value	Minimum score	Target score	Maximum score	Score achieved
EBITDA (€ Million)		2.116	2.180	2.202	2,197	21	30	39	37
Investments	Investimenti 1 - Spending investimenti core business (€ Million)	-7.5%=1,039 +7.5%=1,208	-5%=1,067 +5%=1,180	-4%=1,079 +4%=1,168	1,144	7	10	13	13
	Investimenti 2 - Milestones progetti di investimento	3 out of 5	4 out of 5	5 out of 5	5 out of 5	4	5	7	7
Operational efficiency (€ Million)		369	362	351	328	14	20	26	26
EBITDA and Milestones related to New Businesses	New Business 1 - EBITDA (€ Million)	15.9	16.8	17.6	19.7	7	10	13	13
	New Business 2 - Milestones key projects: <i>Biomethane: Completion and testing of upgrading to biomethane at Albairate plant</i>	ON/OFF by 31/12/2020			ON				
	New Business 2 - Milestones key projects: <i>Energy efficiency: MW contracted during the year with industrial customers in Energy Performance Contract/Service mode</i>	4MW	5MW	6MW	19MW	4	5	7	7
	New Business 2 - Milestones key projects: <i>Mobility: Number of contracted CNG/LCNG stations</i>	126	128	130	132				
Sustainability	Sustainability 1 - IpFG (Weighted Injury Frequency and Severity Index)	0.90	0.70	0.50	0.49	7	10	13	13
	Sustainability 2 - Indices	Inclusion in at least 2 indexes out of DJSI, FTSE4good and CDP above the eightieth percentile	Inclusion in at least 2 indexes out of DJSI, FTSE4good and CDP, one of which above the ninetieth percentile	Inclusion in all 3 indexes out of DJSI, FTSE4good and CDP, one of which above the ninetieth percentile	2 out of 3 indices (FTSE4Good and CDP), with CDP above the ninetieth percentile	4	5	7	5
	Sustainability 3 - Forestry Project	New company set-up	Agreement on first plot of land and purchase of first trees from nurseries	Agreements with companies/customers for the purchase of trees	Max	4	5	7	7
					Total weighted score	70	100	130	127

²⁷ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle).

The results achieved by Snam in FY 2020, approved by the Board of Directors on the proposal of the Remuneration Committee at its meeting of 17 March 2021, led to an overall performance score of 127 on the measurement scale used, which provides for a minimum, target and maximum level of 70, 100 and 130 points respectively.

In line with the provisions of the remuneration policy (see note 11 on page 25 of this document), which provides for the exclusion of the effects arising from, among other things, "other exogenous factors", the Company has decided to exclude from the calculation the impacts arising from the extraordinary phenomenon linked to the COVID-19 health emergency, which generated an overall positive effect on Snam's EBITDA of €1.7 million. In particular, the following was recorded:

- On the core business front, there was an overall positive effect on EBITDA, for a slightly higher value of €5.7 million, resulting from a reduction in regulated revenues (due to lower volumes transported) more than offset by a reduction in operating costs (due to savings linked to extensive use of smart working and lower travel costs);
- On the new business front, an overall negative effect on EBITDA of slightly over €3.9 million, due to delays at construction sites and in the provision of goods and services.

With specific reference to the 2020 AMI, sterilisation generates a higher overall score of +5.144676 points out of 130, compared to the scenario without sterilisation.

The score achieved led to the recognition of an incentive for the Chief Executive Officer of Euro 859,611, which will be paid during 2021 and which corresponds to 89% of the fixed remuneration, taking into account the incentive levels assigned: minimum (60%), target (70%) and maximum (91%).

For Managers with Strategic Responsibilities, the variable incentive to be paid was calculated as the weighted sum of 25% of the score linked to Snam's business performance and 75% of the score achieved on individual targets (on economic/financial, operating and industrial performance, internal efficiency and sustainability topics), assigned in connection with the scope of responsibilities of the role held.

The score achieved by the Managers with Strategic Responsibilities determined a total incentive equal to Euro 490,000 and an average incidence, compared to fixed remuneration, of 48%²⁸.

Long-Term Variable Share-Based Incentive Plan²⁹

LTI 2017-2019

The Board of Directors, at its meeting of 18 June 2020, on the proposal of the Remuneration Committee, resolved to grant the incentive, relating to the first cycle of the LTI 2017 - 2019, in favour of the Chief Executive Officer in the amount of 488,429 shares determined on the basis of the percentage of achievement of the objectives over the three-year period, equal to 98%, corresponding to 206% of fixed remuneration³⁰, taking into account the minimum (106%), target (158%) and maximum (210%) incentive levels assigned.

For Managers with Strategic Responsibilities, a number of shares amounting to 294,000 were granted, the economic equivalent value of which represents an average incidence on fixed remuneration of 91%³¹.

28 Compensation was represented by reference to the Managers with Strategic Responsibilities of Snam (3) at 31/12/2020.

29 The data are rounded up to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for representative convention purposes only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle).

30 The equivalent value was calculated using the Snam share price for the purposes of determining the instruments allocated, for the 2017-2019 cycle, equal to € 4.0871. The estimate does not, therefore, consider the appreciation of the Snam share during the vesting period of the Plan. It is recalled that the plan also provides for a two-year lock-up on 20% of the shares assigned, gross of those necessary to fulfil tax requirements.

31 Compensation was represented by reference to the Managers with Strategic Responsibilities of Snam (5) at 31/12/2019.

The following table shows for each objective of the three-year period: the point values defined for the various performance thresholds, the actual value and the accrued multiplier.

Figure 15 - Achievement of 2017-2019 LTI objectives

LTI Objectives 2017-2019		Minimum value	Target value	Maximum value	Final value	Accrued multiplier value
2017	2017 Adjusted EBITDA (€ Million)	1,923	1,962	2,041	2,022	96%
	2017 Adjusted net profit (€ Million)	892	892	936	940	
2018	2018 Adjusted EBITDA (€ Million)	2,016	2,057	2,098	2,095	99%
	2018 Adjusted net profit (€ Million)	962	982	1,001	1,010	
2019	2019 Adjusted EBITDA (€ Million)	2,083	2,125	2,168	2,169	100%
	2019 Adjusted net profit (€ Million)	1,031	1,052	1,073	1,093	
Sustainability	Reduction of gas emissions	-1%	-1.5%	-2.5%	-19%	100%
					Total Multiplier Value Accrued	98%

LTI 2018-2020

On 17 March 2021, the Board of Directors, on the proposal of the Remuneration Committee, resolved to assign the incentive related to the second cycle of the LTI 2018-2020 in favour of the Chief Executive Officer, which will in any case accrue only at the end of the vesting period, and therefore from 01 July 2021 according to the procedures described in the Information Document and the Plan Regulations, in the amount of 583,046 shares, determined on the basis of the percentage of achievement of the objectives for the three year period, equal to 99%, corresponding to 208% of the fixed remuneration³², taking into account the minimum (106%), target (158%) and maximum (210%) incentive levels assigned.

In line with the provisions of the remuneration policy (see note 11 on page 25 of this document), which provides for the exclusion of the effects arising from, among other things, "other exogenous factors", the Company has decided to exclude from the calculation the impacts arising from the

extraordinary phenomenon linked to the COVID-19 health emergency, which generated an overall positive effect on Snam's EBITDA of €1.7 million. In particular, the following was recorded:

- On the core business front, there was an overall positive effect on EBITDA, for a slightly higher value of €5.7 million, resulting from a reduction in regulated revenues (due to lower volumes transported) more than offset by a reduction in operating costs (due to savings linked to extensive use of smart working and lower travel costs);
- On the new business front, an overall negative effect on EBITDA of slightly over €3.9 million, due to delays at construction sites and in the provision of goods and services.

With specific reference to the LTI 2018-2020, sterilisation generates a lower overall multiplier of -0.203178% compared to the scenario without sterilisation.

³² The equivalent value was calculated using the Snam share price for the purposes of determining the instruments allocated, for the 2018-2020 cycle, equal to € 3.4648. The estimate does not, therefore, consider the appreciation of the Snam share during the vesting period of the Plan. It is recalled that the plan also provides for a two-year lock-up on 20% of the shares assigned, gross of those necessary to fulfil tax requirements.

For Managers with Strategic Responsibilities, a number of shares amounting to 266,500 were determined, the economic equivalent value of which represents an average incidence on fixed remuneration of 91%³³.

The following table shows for each objective of the three-year period: the point values defined for the various performance thresholds, the actual value and the accrued multiplier:

Figure 16 - Achievement of 2018-2020 LTI objectives³⁴

LTI Objectives 2018-2020		Minimum value	Target value	Maximum value	Final value	Accrued multiplier value
2018	2018 Adjusted EBITDA (€ Million)	2,016	2,057	2,098	2,095	99%
	2018 Adjusted net profit (€ Million)	962	982	1,001	1,010	
2019	2019 Adjusted EBITDA (€ Million)	2,083	2,125	2,168	2,169	100%
	2019 Adjusted net profit (€ Million)	1,031	1,052	1,073	1,093	
2020	2020 Adjusted EBITDA (€ Million)	2,116	2,159	2,202	2,197	98%
	2020 Adjusted net profit (€ Million)	1,096	1,118	1,140	1,164	
Sustainability	Reduction of gas emissions	-2.5%	-4%	-5%	-27.6%	100%
					Total Multiplier Value Accrued	99%

Following the Company's adherence to the new Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared by the United Nations Environment Programme (UNEP) in September 2020, Snam defined a new emissions reduction plan to 2025.

As a result, a new method of calculating the value of natural gas emissions was adopted, which led to a revision of the corresponding target setting.

The previously adopted methodology took 2016 as the base year while the UNEP methodology takes 2015 (the year of the Paris Climate Agreements) as the base year, as required by the UNEP Protocol. Specifically, under the new method, emergency emissions (defined as accidental gas leaks due to pipeline ruptures caused, for example, by mechanical damage or corrosion) will also be included in the computation.

In addition, the new methodology required an updated emission factor (FdE) for line point emissions, now based on field measurements, replacing the previous literature emission factor. The new FdE is applied from 2021.

Targets have been raised significantly with evolutions and initiatives progressively launched in recent years such as Leak Detection and Repair (LDAR).

³³ Compensation was represented by reference to the Managers with Strategic Responsibilities of Snam (3) at 31/12/2020.

³⁴ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle).

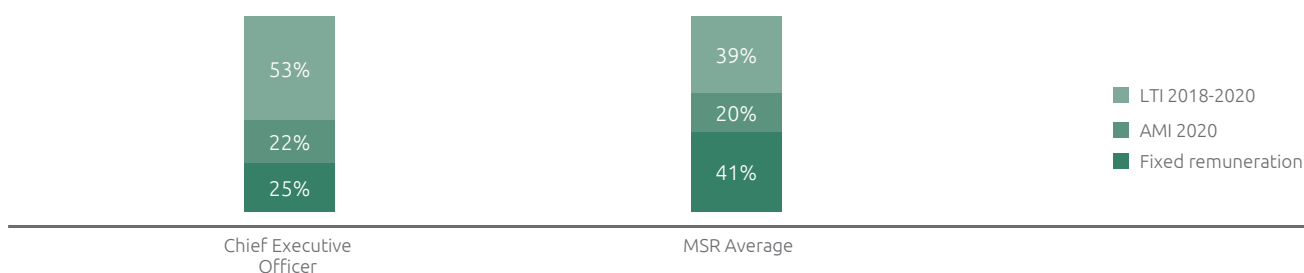
In this regard, the table below compares the targets defined under the previous and current calculation methods.

Figure 17 - Table of transcoding target setting natural gas emissions

Plan	Cycle	Performance period end	Baseline	Threshold Level	Target Level	Maximum level	Final value 2020	
2017-2019	2018 As-Is	31.12.2020	48.08	Absolute Value (without emerg.)	46.88	46.16	45.68	34.82
				Delta vs. Baseline	-2.5%	-4.0%	-5.0%	-27.6%
	2018 Reviewed		49.74	Absolute Value (with emerg.)	35.86	35.38	34.98	34.96
				Delta vs. Baseline	-27.9%	-28.9%	-29.7%	-29.7%

The following table shows the proportion between fixed and variable remuneration within the total remuneration paid to the beneficiaries of incentive schemes, whose remuneration is illustrated in Table 1:

Figure 18 - Proportion between fixed and variable remuneration with reference to CEO and MSR



Benefits

Table 1, on page 63, shows the value of the benefits recognised in 2020, according to a taxable criterion; in particular, these values refer to the following benefits: i) annual contribution to the FOPDIRE/PREVINDAI supplementary pension fund, ii) annual contribution to the FISDE/PREVIGEN supplementary health care fund, iii) assignment of a car for mixed use for a three-year period (value net of the contribution borne by the assignee).

Derogations

There were no exceptional circumstances during 2020 such that the Board of Directors exercised its authority to waive the contents of the 2020 Policy.

Malus and claw-back

During 2020, Snam did not make use of malus and claw-back mechanisms.

Information comparing the remuneration of the Board of Directors, the Group's results and the average remuneration of Snam employees

The tables below show a comparison between the total remuneration of Directors, who as of 31/12/2020 are members of the Board of Directors of Snam, the economic performance of the company measured in terms of net profit and the average remuneration of Snam employees. Each figure is provided over a 2-year period (2019-2020), the Group having made use of the transitional regime introduced by the new Issuers' Regulations on first-time application. After 4 financial years from the entry into force of the forecast, the required information on the entire five-year period will be provided³⁵.

Figure 19 - Board of Directors Compensation 2019-2020

Directors (€)	2020	2019
Marco Alverà ³⁶	3,897,266	3,476,022
Nicola Bedin ³⁷	310,000	-
Rita Rolli ³⁸	110,000	110,000
Laura Cavatorta ³⁸	115,000	115,000
Francesco Gori ³⁸	105,000	105,000
Yunpeng He ³⁸	90,000	90,000
Alessandro Tonetti ³⁸	110,000	110,000
Antonio Marano ³⁸	120,000	120,000
Francesca Pace ³⁸	120,000	120,000

35 The fees shown in this table are shown on an accruals basis and not on a cash basis, in accordance with Annex 3A Scheme 7bis to the Issuers' Regulations, introduced by CONSOB Resolution no. 18049 of 23 December 2011, subsequently amended by CONSOB Resolution no. 21623 of 10 December 2020.

36 The compensation reported for the CEO, Marco Alverà, with reference to the year 2020, does not take into account the waiver by the CEO of part of his fixed compensation (equal to € 125,000), in consideration of the COVID-19 emergency as part of the "Let's Shape the Future" initiative. With reference to short-term variable remuneration, the Annual Monetary Incentive (AMI) for each year has been indicated, in accordance with the new provisions of the Issuers' Regulations. With reference to long-term variable remuneration, the incentives actually realised were considered for the purposes of representation. Specifically, the economic equivalent of the second cycle of the LTI 2017-2019 equity incentive plan (2018-2020 performance) was considered for the year 2020, while the first cycle of the LTI 2017-2019 equity incentive plan (2017-2019 performance) was considered for the year 2019. These values were allocated on the basis of the final balance of the objectives for each cycle, not considering the appreciation of the Snam share during the vesting periods, but rather the fair value of each plan (equal respectively to € 3.8548, for LTI 2017-2019, and € 3.5463, for LTI 2018-2020). In fact, it should be noted that each cycle of the LTI 2017-2019 equity incentive plan provides for a two-year lock-up on 20% of the shares granted, gross of those required to settle tax liabilities.

37 The amount represents the annualisation of the amount paid to the Chairman of the Board of Directors for the period from 18 June to 31 December 2020 (Euro 167,000).

38 The 2019 amount represents the annualisation of the amount paid as a director for the period from 2 April to 31 December 2019 and for any compensation for participation in the Board Committees for the period from 14 May to 31 December 2019.

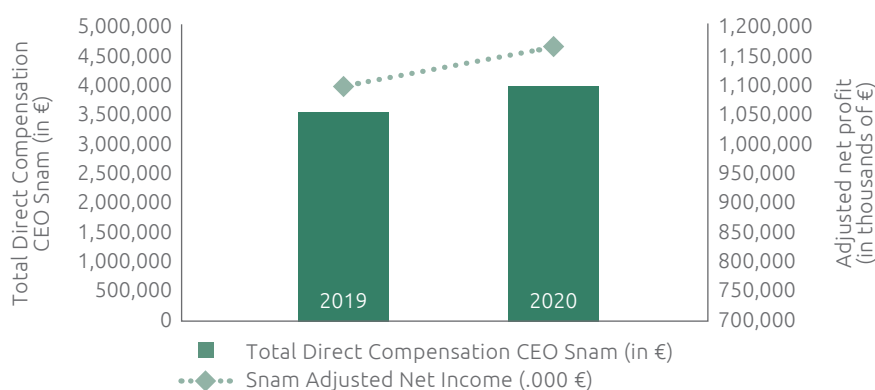
Figure 20 - 2019-2020 Adjusted net profit

Company performance (Million €)	2020	2019
Adjusted net profit	1,164	1,093

Figure 21 - Average remuneration of Snam employees

Remuneration (€)	2020	2019
Average employee remuneration ³⁹	54,511	52,166

Figure 22 - Comparison of CEO total compensation and company performance in terms of Adjusted Net Profit 2019-2020



39 The remuneration data considered for the calculation of the average remuneration of Snam employees, have as reference a corporate perimeter that includes the companies Snam Spa, Snam Rete Gas, GNL Italia, Stogit, Cubogas, Snam4Mobility, TEP, TEA Servizi, IES Biogas, Snam Gas & Energy Services, Enura, Gasrule, Snam International, Snam4Environment, Rennerwaste, for a total of 3,099 FTE for the year 2020 and 3,025 FTE for the year 2019. The average compensation reported for Snam employees was defined as follows:

1. Fixed remuneration figures for each year refer to the expected Gross Annual Salary (RAL) for each employee;
2. All part-time workers' salaries considered were re-proportioned as if they were employed full-time (at 100%);
3. With reference to short-term variable remuneration, the variable remuneration for each year has been indicated for each year, consistent with that represented for the Chief Executive Officer;
4. The following compensation elements were considered in the computation of short-term variable compensation: (i) the One-Time Remuneration Policy for the non-executive population disbursed at the time of the annual remuneration policy campaigns, (ii) the Annual Monetary Incentive for Executives (AMI), (iii) the Participation Bonus under the Energy and Oil collective agreement for the non-executive population;
5. With reference to long-term variable remuneration, for the purposes of representation, the incentives actually implemented were considered in line with those considered for the Managing Director. Specifically, the economic equivalent of the second cycle of the LTI 2017-2019 equity incentive plan (2018-2020 performance) was considered for the year 2020, while the first cycle of the LTI 2017-2019 equity incentive plan (2017-2019 performance) was considered for the year 2019 and the disbursement of the IMD 2017-2019 and IMLT 2017-2019 medium/long-term monetary plans. The values relating to the LTI 2017-2019 share incentive plan were allocated on the basis of the final balance of the objectives for each cycle, not considering the appreciation of the Snam share during the vesting periods, but rather the fair value of each plan (equal respectively to € 3.8548, for LTI 2017-2019, and € 3.5463, for LTI 2018-2020). In fact, it should be noted that each cycle of the LTI 2017-2019 equity incentive plan provides for a two-year lock-up on 20% of the shares granted, gross of those required to settle tax liabilities
6. The total amount of short-term variable compensation was divided by the projected number of employees (FTE), regardless of the number of individuals who actually benefited from these compensation components.

REMUNERATION PAID IN FY 2020

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

The table below indicates the compensation paid individually to Directors and Auditors, and collectively to Managers with Strategic Responsibilities⁴⁰.

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 2020, 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 2020 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 compensation/Profit sharing**”, “**Other compensation**” and “**Fair Value of equity compensation**” give the equivalent value of the shares attributed for participating in the Long-Term Share-Based Incentive Plan pertaining to 2020, as specified, with more details, in the Table “Share-based incentive plans, other than stock options, in favour of Directors and Managers with strategic responsibilities”;
- the column “**Severance indemnity**” indicates the indemnities accrued for resignations occurring during the year or when the mandate and/or contract expire.

⁴⁰ 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 and surname	Notes	Office held	Period for which the office was covered	End of term	Fixed compensation	Non-equity variable compensation			Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Severance indemnity or indemnity for termination of employment	
						Compensation for participation in the Committees	Bonuses and other incentives	Profit sharing						
Board of Directors														
Dal Fabbro Luca	(1)	Chairman	01.01 - 18.06	06.20	143 (a)						143			
Bedin Nicola	(2)	Chairman	18.06 - 31.12	04.22	167 (a)						167			
Alverà Marco	(3)	Chief Executive Officer	01.01 - 31.12	04.22	970 (a)		860 (b)		15		1,845	2,005 (c)		
Cavatorta Laura	(4)	Director	01.01 - 31.12	04.22	70 (a)	45 (b)					115			
Gori Francesco	(5)	Director	01.01 - 31.12	04.22	70 (a)	35 (b)					105			
Yunpeng He	(6)	Director	01.01 - 31.12	04.22	70 (a)	20 (b)					90			
Marano Antonio	(7)	Director	01.01 - 31.12	04.22	70 (a)	50 (b)					120			
Pace Francesca	(8)	Director	01.01 - 31.12	04.22	70 (a)	50 (b)					120			
Rolli Rita	(9)	Director	01.01 - 31.12	04.22	70 (a)	40 (b)					110			
Tonetti Alessandro	(10)	Director	01.01 - 31.12	04.22	70 (a)	40 (b)					110			
Board of Statutory Auditors														
Gnocchi Stefano	(11)	Chairman	01.01 - 31.12	04.22	80 (a)						80			
Chinellato Gianfranco	(12)	Regular Auditor	01.01 - 31.12	04.22	60 (a)						60			
Patrini Paola Donata	(13)	Regular Auditor	01.01 - 31.12	04.22	60 (a)						60			
Managers with Strategic Responsibilities	(14)				1,620 (a)		490 (b)		63		2,173	1,418	1,966 (c)	
General total					3,590	280	1,350		78		5,298	3,423		

(1) Dal Fabbro Luca - Chairman of the Board of Directors

- (a) The amount of 143,000 euros represents the sum of the fixed compensation paid to Luca Dal Fabbro for the period from 1 January to 18 June 2020.

(2) Bedin Nicola - Chairman of the Board of Directors

- (a) The amount of 167,000 euros represents the sum of the fixed compensation paid to Nicola Bedin for the period from 18 June to 31 December 2020.

(3) Marco Alverà - Chief Executive Officer/General Manager

- (a) The amount of 970,000 euros corresponds to the fixed compensation paid to Marco Alverà, which does not take into account the waiver by the CEO/General Manager of part of his gross remuneration (125,000 euros) for the COVID-19 emergency, with reference to the "Let's shape the future" initiative.

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 7,686 euros.

- (b) Annual Monetary Incentive (AMI) referable to performance in the year 2020 to be paid in 2021. In this regard, it should be noted that, applying the cash principle, the annual monetary incentive (AMI) paid during 2020, referring to the performance of the year 2019, amounted to 623,225 euros.

- (c) The fair value amount of equity compensation includes the fair value of the following plans: (i) 2017-19 cycle for the 6 out of 36 monthly payments of the 2020 Accrual Plan; (ii) 2018-20 cycle for 12 out of 36 monthly payments; (iii) 2019-21 cycle for 12 out of 36 monthly payments, (iv) 2020-22 cycle for 6 out of 36 monthly payments. In the final calculation of the fair value amounts, the method of representing the plans has been changed compared to last year, using a criterion consistent with the representation of the values on an accrual basis.

See Table 3A for details of the fair value of individual plans.

(4) Cavatorta Laura - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period running from 1 January to 31 December 2020, the annual fixed compensation for the participation, as Chairman, in the Environmental, Social & Governance Committee (25,000 euros) and, as member, in the Appointments Committee (20,000 euros).

(5) Gori Francesco - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period from 1 January to 31 December 2020, the amount of 35,000 euros as a fixed annual compensation for participation, as Chairman, in the Control, Risk and Related Party Transactions Committee.

(6) He Yunpeng - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period from 1 January to 31 December 2020, the amount of 20,000 euros as a fixed annual compensation for participation, as member, in the Environmental, Social & Governance Committee.

(7) Marano Antonio - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period running from 1 January to 31 December 2020, the annual fixed compensation for the participation, as Chairman, in the Appointments Committee (25,000 euros) and as member, in the Control, Risk and Related-Party Transactions Committee (25,000 euros).

(8) Pace Francesca - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period running from 1 January to 31 December 2020, the annual fixed compensation for the participation, as Chairman, in the Remuneration Committee, in (25,000 euros) and as member, in the Control, Risk and Related-Party Transactions Committee (25,000 euros).

(9) Rolli Rita - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period running from 1 January to 31 December 2020, the annual fixed compensation for the participation, as member, in the Environmental, Social & Governance Committee (20,000 euros) and, as member, in the Remuneration Committee (20,000 euros).

(10) Tonetti Alessandro - Director

- (a) for the period running from 1 January to 31 December 2020, the amount of 70,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019.
- (b) for the period running from 1 January to 31 December 2020, the annual fixed compensation for the participation, as member, in the Remuneration Committee (20,000 euros) and, as member, in the Appointments Committee (20,000 euros).

(11) Gnocchi Stefano - Board of Statutory Auditors

- (a) for the period running from 1 January to 31 December 2020, the amount of 80,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019 for the participation, as Chairman, in the Board of Auditors.

(12) Chinellato Gianfranco - Board of Statutory Auditors

- (a) for the period running from 1 January to 31 December 2020, the amount of 60,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019 for the participation, as Regular Auditor, in the Board of Auditors.

(13) Patrini Paola Donata - Board of Statutory Auditors

- (a) for the period running from 1 January to 31 December 2020, the amount of 60,000 euros, by way of annual fixed compensation established by the Shareholders' Meeting on 02 April 2019 for the participation, as Regular Auditor, in the Board of Auditors.

(14) Managers with Strategic Responsibilities

- (a) The amount refers pro-rata temporis to the five owners who, in 2020, were found to be Managers with strategic responsibilities at Snam. This amount does not include the waiver by Managers with Strategic Responsibilities of a portion of their gross remuneration (total value 105,000 euros) for the COVID-19 emergency, in connection with the "Let's Shape the Future" initiative. 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 9,155 euros.
- (b) Annual Monetary Incentive (AMI) referable to performance in the year 2020 to be paid in 2021.
- (c) The amount relates to the severance indemnities paid to two Managers with strategic responsibilities who left during 2020. The values recognised are considered consistent with the provisions of articles

19 and 23 of the CCNL Dirigenti Industria (National Collective Bargaining Agreement for Industry Managers), therefore respecting the defined limit of 24 months' global remuneration.

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

The last share-based plan was granted in 2008 and in 2014 the relevant terms expired for the purchase rights, so since there is no data to report, there is no Table 2.

Tabella 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 each 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 held	Plan	Financial instruments allocated in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not allocated		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 date of assignment (euros)	Vesting period	Date of assignment	Market price at allocation (euro)	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value (euro)	
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.	488,429	4.5599	320,203	
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.	694,972	
Marco Alverà - Chief Executive Officer	2019-2021 Long-term incentive plan BoD 31/07/2019	446,613	01 July 2019 - 30 June 2022	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	647,916	
Marco Alverà - Chief Executive Officer	2020-2022 Long-term incentive plan BoD 12/10/2020	n.a.	n.a.	462,108	2,052,222	triennial	01 July 2020	4,338 (a)	n.a.	n.a.	n.a.	342,037	
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.	294,000	4.5599	192,740	
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.	500,619	
Managers with strategic responsibilities	2019-2021 Long-term incentive plan BoD 31/07/2019	363,843	01 July 2019 - 30 June 2022	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	527,839	
Managers with strategic responsibilities	2020-2022 Long-term incentive plan BoD 12/10/2020	n.a.	n.a.	265,268	1,178,055	triennial	01/07/2019	4,338 (a)	n.a.	n.a.	n.a.	196,343	

(a) The fair value used to determine the total value of the plan was calculated with respect to the Snam share price on the date of delivery of the letters of assignment and is equal to € 4.441.

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 2020;
- 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 from previous years - payable/paid**” contains no data, since there are no long-term variable monetary incentive plans in place;
- the column “**Bonuses from previous years - still deferred**” contains no data, since there are no long-term variable monetary incentive plans in place;
- 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 and Surname	Plan	Year bonus		Bonuses from previous years			Other bonuses
		Payable/Paid	Deferred	Period of deferral	No longer payable	Payable/Paid	
Marco Alverà Chief Executive Officer	2020 Annual Monetary Incentive Plan	859,611					
Total		859,611					
Other Managers with Strategic Responsibilities	2020 Annual Monetary Incentive Plan	490,000					
Total		490,000					
TOTAL		1,349,611					

EQUITY INVESTMENTS HELD

The table below sets out, pursuant to Article 84-quater, paragraph four 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: shareholdings held by Directors and Statutory Auditors

Name and Surname	Office held	Investee companies	Number of shares held as at 31 December 2019	Number of shares purchased in 2020	Number of shares sold in 2020	Number of shares held as at 31 December 2020
Marco ALVERÀ	Chief Executive Officer and General Manager	Snam	85,000	561,407 (a)	242,528 (b)	403,879
Donata Paola PATRINI (c)	Regular Auditor	Snam	0	7,000 (c)	0	7,000
						410,879

(a) Free assignment of Snam ordinary shares on 03 August 2020 following the conclusion of the Vesting Period as provided for in the "2017 - 2019 Long-Term Share Incentive Plan" approved by the Shareholders' Meeting of 11 April 2017. The number represented also includes 72,978 of shares assigned as dividend equivalents

(b) Shares sold on 03 August 2020, for purposes of meeting the tax liability associated with the share award

(c) Shares owned by spouse

Table 4b: shareholdings held by Managers with strategic responsibilities

	Investee companies	Number of shares held as at 31 December 2019	Number of shares purchased in 2020	Number of shares sold in 2020	Number of shares held as at 31 December 2020
Snam Managers with strategic responsibilities (a)	Snam	42,000	337,925 (b)	172,612 (c)	117,741

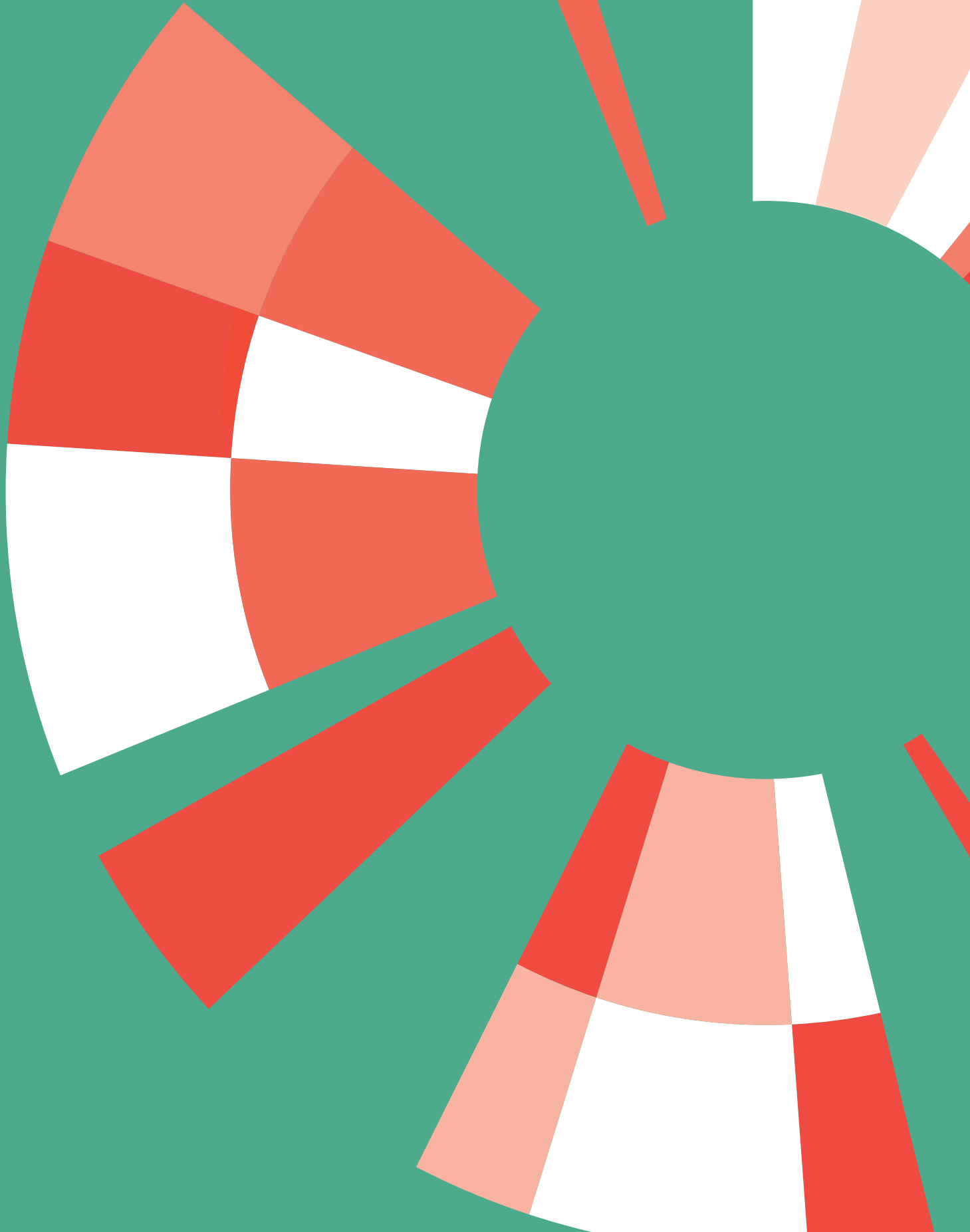
(a) The composition of Managers with Strategic Responsibilities changed during 2020. The number of Managers with Strategic Responsibilities decreased from 5 to 3. In the latter regard, the review of Managers with Strategic Responsibilities who left the Company was carried out up to the date of their exit from the Company. Therefore, the total at 31 December 2020 takes into account the above-mentioned expenditure

(b) Free allocation of Snam ordinary shares following the conclusion of the Vesting Period as provided for in the "2017 - 2019 Long-Term Share Incentive Plan" approved by the Shareholders' Meeting of 11 April 2017

(c) Of which 145,984 shares were sold on 03 August 2020, for purposes of meeting the tax liability associated with the share award and 26,628 shares were subsequently sold by a Manager with Strategic Responsibilities



GLOSSARY



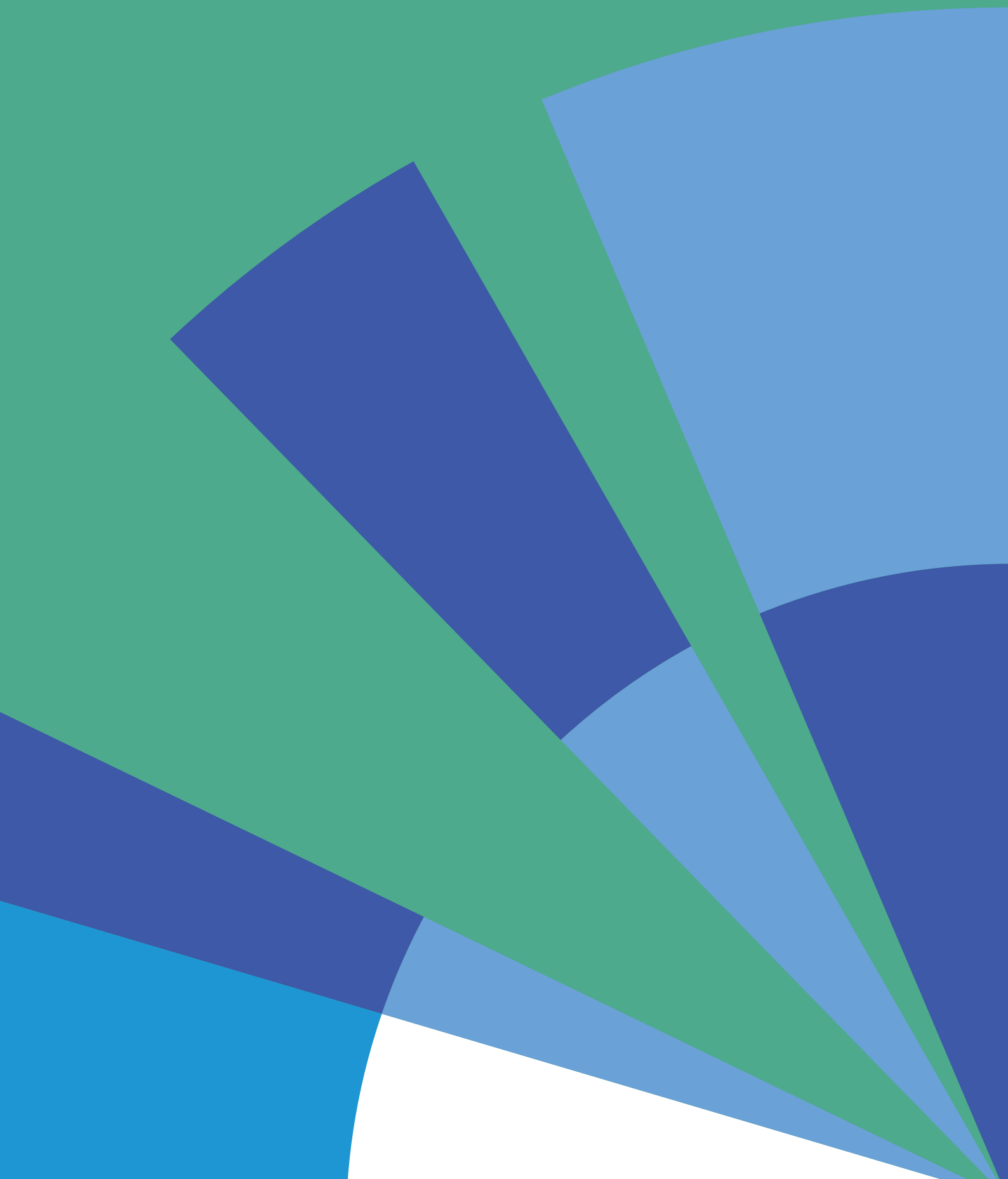
1. **Accident frequency index:** according to the UNI 7249 standard, it is included among the indicators for measuring safety at work. The aforementioned regulation establishes that this index is calculated as the number of accidents that occurred per million hours worked in a given period and/or in a given area and at company level.
2. **Accident severity index:** according to the UNI 7249 standard, it is included among the indicators for measuring safety at work. The aforementioned rule states that this index is calculated as the ratio between days of absence from work and hours worked, expressed in thousands.
3. **Adjusted net profit:** the net profit obtained by excluding the special items from the reported net profit. Income components are classified among special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business"
4. **Appointments Committee:** this is made up of two independent non-executive directors (one of whom is the Chairman) and one non-executive director and has the function of making proposals and providing advice to the Board of Directors. The main tasks include: proposing candidates for the office of director when one or more directors leave office during the year, ensuring compliance with the provisions on the minimum number of independent directors and the quotas reserved for the least represented gender; submitting to the Board of Directors the candidates for the corporate bodies of subsidiaries included in the scope of consolidation and of foreign strategic subsidiaries.
5. **Benefits:** these are the elements included in the non-monetary component of remuneration aimed at increasing the individual and family well-being of workers from an economic and social point of view. This category includes all resources used to meet social security and welfare needs (supplementary pensions, health care, insurance coverage) but also so-called perquisites, which consist of goods and services that Snam. makes available to its employees.
6. **Consolidated Law on Finance (TUF):** the "Consolidated Law on Financial Intermediation" is Legislative Decree 58 of 24 February 1998 (as amended). The Consolidated Law on Finance has introduced legislation on financial matters based on principles, which sets out only the general guidelines at the level of primary legislation, leaving the definition of detailed rules to the Supervisory Authorities (e.g. CONSOB).
7. **Control, Risk and Related Party Transactions Committee:** this committee is made up of three independent non-executive directors and has the function of making proposals and providing advice to the Board of Directors in order to support decisions relating to the internal control and risk management system, as well as those relating to the approval of financial reports.
8. **Corporate Governance Code:** approved by the Corporate Governance Committee on 31 January 2020 and applicable as of 01 January 2021 (as of that date, the document replaced the Corporate Governance Code for companies listed by Borsa Italiana S.p.A.). In line with the experience of the main international markets in line with the experience of the main international companies, it indicates the best practices concerning corporate governance recommended by the Committee to listed companies, to be applied according to the comply or explain principle which requires an explanation of the reasons for any failure to comply with one or more recommendations contained in the principles or in the application criteria.
9. **EBITDA (Earnings before interest, tax, depreciation and amortisation):** also called "gross operating margin" is a profitability indicator that shows the company's income deriving only from its core business, gross, therefore, of interest (financial management), taxes (fiscal management), depreciation and amortisation.

10. **Environmental, Social & Governance ("ESG") Committee:** the Committee is made up of 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 matters 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.
11. **Executive Directors:** these are the directors appointed to particular positions by the Board of Directors.
12. **Fair Value of Equity Compensation:** also referred to as *fair value*. International Financial Reporting Standard No. 2 (IFRS 2) defines fair value as "The amount for which an asset could be exchanged, or a liability settled, or an equity instrument granted, in an arm's length transaction between knowledgeable, willing parties."
13. **Fixed Remuneration:** includes all fixed annual compensation, gross of taxes and social security charges for the portion borne by the employee, and therefore does not include annual bonuses, other bonuses, allowances, fringe benefits, expense reimbursements, and any other form of variable or occasional remuneration.
14. **Free Cash Flow:** indicates the cash flow (monetary) produced by operating and non-operating activities.
15. **Independent Directors:** Snam directors who meet the independence requirements set forth in the Corporate Governance Code, to which Snam adheres.
16. **Issuers' Regulations:** this is the CONSOB regulation no. 11971 of 14 May 1999 (and subsequent amendments), containing the rules relating to issuers of financial instruments.
17. **Lock-up:** indicates the time period during which the assigned shares are subject to restrictions of sale and/or transfer.
18. **Managers with strategic responsibilities:** persons who have the power and responsibility, directly and indirectly, for planning, managing and controlling the company's activities, including directors (executive or otherwise) as identified in Article 65, paragraph 1-quarter, of the Issuers' Regulations, which refers to the definition contained in the Appendix to Consob Regulation no. 17221 of 12 March 2010 containing provisions on related party transactions, as subsequently amended by Consob Resolution no. 21624 of 10 December 2020. In Snam, 3 parties as of the date of approval of this Report, listed in this document.
19. **Non-competition agreements:** according to art. 2125 of the Civil Code is that "agreement by which the performance of the activity of the employee is limited, for the time following the termination of the contract".
20. **Non-executive Directors:** these are the directors not appointed to particular positions by the Board of Directors and without individual management powers.
21. **Pay Mix:** is the percentage of fixed remuneration and short-term and long-term variable incentives paid.
22. **Performance Plan:** this is the instrument that defines the objectives underlying the short-term variable incentive system.
23. **Proxy advisors:** Company, used by institutional investors, who issue specific recommendations, based on the Shareholders' Meeting documents and their own voting policies, which may have a significant influence in guiding the vote on the Remuneration Report.



24. **Related Party Transactions:** the Guideline “Transactions with interests of directors and statutory auditors and transactions with related parties”, adopted pursuant to and for the purposes of Article 2391-bis of the Italian Civil Code and the “Regulation containing provisions on transactions with related parties” (adopted by Consob with Resolution no. 17221 of 12 March 2010 and subsequently amended with Resolution No. 17389 of 23 June 2010), which establishes the principles and rules with which Snam and its direct or indirect subsidiaries must comply in order to ensure the transparency and substantive and procedural fairness of transactions with related parties and with parties of interest to Snam directors and auditors, carried out by Snam and its subsidiaries, also taking into account the aim of avoiding the risk of impoverishing corporate assets.
25. **Remuneration Committee:** this is made up of three non-executive directors, two of whom are independent (including the Chairman) in accordance with the Corporate Governance Code, and has the function of making proposals and providing advice to the Board of Directors on the remuneration of directors and managers with strategic responsibilities. In particular, the Committee submits to the Board for approval the Report on Remuneration and Remuneration Paid and formulates proposals relating to the remuneration of directors with delegated powers and members of Board Committees.
26. **Remuneration Policy:** is the set of remuneration programmes in terms of fixed and variable remuneration implemented at corporate level in order to support the achievement of strategic objectives.
27. **Salary review:** is the process of reviewing fixed annual compensation for the entire eligible management population.
28. **Severance indemnity:** monetary amount payable to the employee upon termination of employment as a manager.
29. **Short-term variable incentive:** this refers to the *Annual Monetary Incentive Plan - AMI*, which entitles the persons involved to receive an annual cash bonus based on the results achieved during the previous year with respect to the defined objectives.
30. **Stock Option:** financial instrument through which the company grants beneficiaries the right to subscribe or purchase shares of the company itself or of another company belonging to the same group, at a predetermined price (strike price).
31. **Sustainability indices:** these are stock market indices made up of listed companies selected at an international level from those with the best performance in terms of sustainability and Corporate Social Responsibility.
32. **Target level:** in the short-term incentive, this is the standard level of achievement of the target that entitles you to 100% of the incentive.
33. **Termination of office or severance indemnity:** monetary amount to be paid to the director upon termination of the directorship.
34. **Threshold level:** represents the minimum level to be reached below which the plan does not provide any incentive.
35. **Variable long-term incentive:** this refers to the *Long Term Share-based Plan - LTI*, which entitles the individuals involved to receive a predefined number of shares in relation to the results achieved at the end of the vesting period (see vesting).
36. **Variable remuneration:** consists of short-term variable incentive and long-term incentive (see related definitions in this glossary).
37. **Vesting (vesting period):** the period between the award and the completion of the entitlement to receive the award.

ANALYTICAL INDEX BY THEME (CONSOB Resolution no. 21623, SECTION I)



CONSOB resolution	Information required	Reference
a)	the bodies or persons involved in the preparation, approval and possible revision of the remuneration policy, specifying their respective roles, as well as the bodies or persons responsible for the correct implementation of this policy;	page 16-17
b)	the possible involvement of a remuneration committee or other committee competent in the subject matter, describing its composition (with a distinction between non-executive and independent directors), responsibilities and operating procedures, and any additional measures to avoid or manage conflicts of interest;	page 16-20
c)	how the company has taken into account the compensation and working conditions of its employees in the determination of the remuneration policy;	page 21
d)	the names of any independent experts involved in the preparation of the Remuneration Policy;	page 19; 26; 34-36
e)	the objectives pursued by the remuneration policy, the principles on which it is based, the duration and, in the event of a review, a description of the changes to the remuneration policy last submitted to the shareholders' meeting and how such review takes into account the votes and assessments expressed by shareholders at that meeting or subsequently	page 21-22 page 35-36
f)	a description of the policies regarding the fixed and variable components of remuneration, with particular regard to the indication of the relative proportion within the total remuneration and distinguishing between short and medium-long term variable components;	page 22-23; 27; 35
g)	the policy followed with regard to non-monetary benefits;	page 22-23; 32-33
h)	with reference to the variable components, a description of the financial and non-financial performance objectives, where appropriate taking into account criteria relating to corporate social responsibility, on the basis of which they are assigned, distinguishing between short and medium to long-term variable components, and information on the link between the change in results and the change in remuneration;	page 14-15; 23-31
i)	the criteria used to assess the achievement of the performance objectives underlying the granting of shares, options, other financial instruments or other variable components of remuneration, specifying the extent of the variable component to be paid according to the level of achievement of the objectives;	page 23-31
j)	information aimed at highlighting the contribution of the remuneration policy, and in particular the policy on variable components of remuneration, to the company's strategy, the pursuit of long-term interests and the sustainability of the company;	page 14-15; 23
k)	vesting periods, deferred payment systems, if any, with an indication of the deferral periods and the criteria used to determine those periods and, if envisaged, the mechanisms for ex post correction of the variable component (malus or claw-back of variable compensation);	page 27; 29; 33

CONSOB resolution	Information required	Reference
l)	information on whether there is any provision for retaining the financial instruments in the portfolio after their acquisition, with an indication of the retention periods and the criteria used to determine those periods;	page 29
m)	<p>the policy relating to treatment in the event of termination of office or termination of employment, specifying:</p> <ul style="list-style-type: none"> i) the duration of any employment contracts and further agreements, the notice period, if applicable, and what circumstances give rise to the right; and; ii) the criteria for determining the remuneration due to directors, general managers and, at an aggregate level, to managers with strategic responsibilities, distinguishing, where applicable, the components attributed by virtue of the office of director from those relating to employment relationships, as well as the components for any non-competition undertakings. Where such remuneration is expressed on the basis of the year, indicate in detail the components of such year calculation (fixed, variable, etc.); iii) any link between such remuneration and the company's performance; iv) any effects of the termination of the relationship on the rights assigned under incentive plans based on financial instruments or to be paid in cash; v) any provision for assigning or retaining non-monetary benefits in favour of the parties or for entering into consultancy contracts for a period subsequent to the termination of the relationship; 	page 31-32
n)	information on the presence of any insurance, or social security or pension coverage, other than mandatory coverage;	page 22-23; 33
o)	any remuneration policy followed with reference to: i) independent Directors, (ii) participation in Committees and (iii) performance of special duties (Chairman, Deputy Chairman, etc.);	page 22
p)	whether or not the Remuneration Policy has been defined using the remuneration policies of other companies as a reference, and if so the criteria used for the selection and indication of such companies.	page 22-23; 34
q)	the elements of the remuneration policy from which, in the presence of exceptional circumstances, it is possible to make exceptions and, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, any further procedural conditions under which the exception may be applied.	page 20
r)	With reference to the members of the control bodies, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the section describes any criteria for determining compensation. If the outgoing control body, in view of the formulation by the shareholders of proposals to the shareholders' meeting regarding the remuneration of the control body, has provided the company with detailed information on the quantification of the commitment required to carry out the appointment, the section contains a summary of such information	page 22-23



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