

Report of the Board of Directors on the proposals relating to items on the agenda of the Shareholders' Meeting

SNAM S.p.A.

ORDINARY SHAREHOLDERS' MEETING OF 27 APRIL 2016

ON SINGLE CALL

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Item 6

Appointment of the members of the Board of Directors

Shareholders,

pursuant to Article 13, paragraph 3, of the Bylaws, the Board of Directors is appointed by the Shareholders' Meeting based on lists in which the candidates are listed by progressive number.

The lists presented by the Shareholders must be filed at the Company's registered office by 2 April 2016.

The lists may be sent by mail or delivered to the following address:

Snam S.p.A.

Direzione Affari Legali, Societari e *Compliance* (April 2016 Shareholders' Meeting Lists for appointment of the Board of Directors and of the Board of Statutory Auditors)

Piazza Santa Barbara, 7

20097 San Donato Milanese (MI) – Italy

or by fax to the Direzione Affari Legali, Societari e *Compliance* of Snam,

+39.02.3703.7631 or by e-mail to segreteria societaria@snam.it or by certified email to snam.assemblea@pec.snam.it.

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Under the Bylaws, the appointment must be made in adherence to the equality of gender representation provision referred to in Law No. 120 of 12 July 2011.

Following the application of that provision, pursuant to Article 13, paragraph 3, of the Bylaws, Shareholders, who intend to present a list for the replacement of the Board of Directors containing three or more candidates, are asked to include therein such number of candidates belonging to the least represented gender as is equal to at least one third of the candidates (rounding up, if necessary, to the next highest unit).

It should be noted that, if the number proposed by the Board of Directors to establish nine members to be appointed as Directors is approved, the least represented gender must be formed by at least three members; therefore, lists for the appointment of the majority of the Board's members must include at least two candidates of the least represented gender in the list.

Each Shareholder may present or may participate in the presentation of just one list, and may vote for just one list. Each candidate must only appear on one list, under penalty of ineligibility. Only Shareholders who, alone or jointly with others, hold at least 0,5% of the shares with voting entitlement in an Ordinary Shareholders' Meeting may present lists (see Consob Resolutions no. 19499 of 28 January 2016).

Pursuant to Article 13, paragraph 3, of the Bylaws, the lists must be accompanied by the following, under penalty of inadmissibility:

- statements with which each candidate accepts his own candidacy;
- exhaustive information about their personal and professional characteristics, including the *curriculum vitae*;
- statements from the candidates as to whether or not they fulfil the requirements of independence provided for under combined provisions of Articles 147-ter, paragraph 4,

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and 148, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 (“TUF”) as well as certification as to the absence of grounds of ineligibility and conflict of interest, with reference, as well, to Article 2, paragraph 2, letter c) of the Prime Ministerial Decree of 25 May 2012 and fulfilment of the honourableness requirements;

- indication as to the identities of the Shareholders presenting the lists and the overall equity percentage held in the share capital of your Company.

As provided for in Communication No. DEM/9017893 of 26 February 2009, Consob recommends that Shareholders who do not hold, including jointly, a controlling share or relative majority, in conjunction with the list, file a statement that certifies the absence of links, including indirect links, as referred to in Article 147-*ter*, paragraph 3, of the TUF and Article 144-*quinquies* of Consob Resolution No. 11971 of 14 May 1999 and subsequent modifications (“Issuer Regulation”) with shareholders who, even jointly, hold a controlling share or relative majority.

Besides, in such statement:

- it must be specified such links, if existing and if significant, with shareholders who hold, also jointly, a controlling share or relative majority, wherever possible, with the reasons why these relations are not deemed to constitute the aforementioned links,

or

- it must be specified the absence of the above links.

The lists filed, accompanied by the information referred to above, pursuant to Article 13, paragraph 3, of the Bylaws, will be made available to the public at the Company's registered office, at the Company's website, www.snam.it (“*Governance and Conduct*”– “*Shareholders' Meeting*” Section), at Borsa Italiana S.p.A. (www.borsaitaliana.it), as well as at the authorised storage system “*NIS-STORAGE*” managed by Bit Market Service S.p.A.

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(www.emeraketstorage.com), at least twenty one days before the date set for the Shareholders' Meeting on single call, that is, by 6 April 2016.

Ownership of the minimum percentage necessary for the submission of lists is determined in consideration of the number of shares registered in the Shareholder's favour on the date on which the lists are filed at the Company. The pertinent certification may be presented even after the filing of the lists, provided by 6 April 2016.

When the number of board members is less than seven, at least one director – or at least three directors if there are more than seven board members – must meet the independence requirements established for statutory auditors of listed companies provided for in Articles 148, paragraph 3, of TUF as referred to in Article 147-ter, paragraph 4, of the TUF.

Candidates satisfying the aforesaid independence requirements must be specifically identified on the lists.

All candidates must also fulfil the honourableness requirements provided for statutory auditors of listed companies by Article 148, paragraph 4, of the TUF, as referred for directors to in Article 147-quinquies, paragraph 1, of the TUF.

The Shareholders are also reminded to consider the independence requirements provided for directors by Corporate Governance Code approved by Corporate Governance Committee.

The Board of Directors, in adherence to the provisions of Application Criterion 1.C.1. letter h) of the Corporate Governance Code approved by Corporate Governance Committee and considering the results of the assessment of the functioning of the Board and of its committees and of their size and composition, as well as considering elements such as the professional characteristics, experience, including managerial experience, and gender of the members thereof, in addition to their length of post, has expressed own guidances as to future size and

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composition on the Board. Please note that these guidances, to which reference should be made, are made available to the public together with the present Report.

Directors are to be elected as follows, pursuant to Article 13, paragraph 5, of the Bylaws:

- a) seven tenths of the directors to be elected shall be taken from the list receiving the majority of the shareholders' votes in the consecutive order in which they appear on the list, rounding down to the nearest whole number if the number is a decimal;
- b) the remaining directors shall be taken from the other lists, which may not be associated in any way, even indirectly, to shareholders who have submitted or voted for the list which came in first in number of votes; for that purpose, the votes won by said lists shall be divided successively by one, two or three, depending on the consecutive number of directors to be elected. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown in them. The quotients thus assigned to candidates from the different lists shall be arranged in a single decreasing gradation. Those obtaining the highest quotients shall be elected. If several candidates obtain the same quotient, the candidate from the list which has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of these lists has yet elected a director or if all have elected the same number of directors, the candidate from the list obtaining the greatest number of votes shall be elected. If the voting on lists is tied and the quotient is also tied, a new vote by the entire Shareholders' Meeting shall be held, and the candidate winning a simple majority of votes shall be elected;
- c) if, after following the procedure described above, the minimum number of independent directors required by the Bylaws is not elected, the quotient of votes to be attributed to each candidate is taken from the lists, dividing the number of votes for each list by the order number of each of these candidates; non-independent candidates with the lowest quotients

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among the candidates taken from all the lists shall be replaced, starting from the very lowest, by the independent candidates taken from the same list as the candidate being replaced (following the order in which they are listed); otherwise, they shall be replaced by people who meet the independence criteria and appointed in accordance with the procedure mentioned in letter d). If candidates taken from different lists have obtained the same quotient, the candidate from the list from which the highest number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;

c-bis) notwithstanding the procedure described in letters a) and b) above it is not possible to comply with the law on gender representation, the quotient of votes to be attributed to each candidate taken from the lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced, notwithstanding the compliance with the minimum number of independent directors, by the candidate of the least represented gender (with the highest consecutive number) taken from the same list as the replaced candidate; otherwise, the candidate shall be replaced by the person appointed in accordance with the procedure mentioned in letter d). If candidates from different lists have obtained the same lowest quotient, the candidate from the list from which the greater number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;

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- d) for the appointment of directors not appointed for any reason by the above procedure, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Directors is consistent both with the law and with the Bylaws.

With regard to the proposal by the Board of Directors referred to in item 4 above, the Shareholders' Meeting is thus called upon to appoint nine directors based on the lists presented by those entitled.

Shareholders,

you are invited to vote for one of the lists presented and published pursuant to the provisions of the Bylaws.

The Chairman of the Board of Directors
Mr. Lorenzo Bini Smaghi