

2019

Remuneration Report



Company profile

Snam is Europe's leading gas utility. Founded in 1941 as "Società Nazionale Metanodotti", it has been building and managing sustainable and technologically advanced infrastructure to guarantee energy security for over 75 years. The company operates in Italy and, through subsidiaries, in Albania (AGSCo), Austria (TAG and GCA), France (Teréga), Greece (DESFA) and the United Kingdom (Interconnector UK). Snam is a principal partner in TAP (Trans Adriatic Pipeline) and is actively engaged in the creation of the Energy Union.

The company has the largest gas transport network (about 32,600 km in Italy, over 41,000 including its international subsidiaries) and storage capacity (16.9 billion cubic meters in Italy, over 20 bcm including its international subsidiaries) in Europe. Snam manages the first liquefied natural gas (LNG) plant ever built in Italy and is a shareholder in Adriatic LNG, the country's main terminal and one of the most strategically positioned in the Mediterranean, and – through DESFA – in the Greek Revithoussa terminal, for a total regasification capacity pro quota of about 6 bcm per year.

Snam's business model is based on sustainable growth, transparency, fostering talent, and strengthening relationships with local communities through the Snam Foundation. As part of the company's 2018-2022 industrial plan, the "Snamtec" project was launched with the aim of leading the energy transition. The project focuses on technology, innovation and R&D to support both the major Italian and international networks and green economy businesses, such as sustainable transport, renewable gas, hydrogen and energy efficiency.

2019

Remuneration
Report

Approved by the Board of Directors on 18 February 2019
The Report is published in the "Ethics and Governance" section
of the Company's website (www.snam.it)



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Letter from the Chairman of the Remuneration Committee



Monica de Virgiliis
Chair of the Remuneration
Committee

Dear Shareholders:

I am delighted to present to you Snam's Remuneration Report for 2019, which has been drawn up with a view to guaranteeing our shareholders and investors the utmost transparency with regard to the quality of the remuneration systems adopted by the Company.

In 2018, the Remuneration Report received a large percentage of favourable votes. This reinforced the Remuneration Committee's commitment to presenting the Board of Directors with the adjustments deemed most appropriate to guarantee that the document produced will be in line with national and international best practices, whilst also taking on board the suggestions of the various stakeholders.

The proposal to amend the Information Document for the Long-Term Share-Based Plan was also approved by broad consensus, a vote of confidence in the validity of the structure proposed in 2017. This amendment was drawn up with the aim of bringing the management's actions more in line with shareholders' interests, by broadening the range of possible recipients of the incentive to include all Snam Group managers.

Lastly, in the first part of 2019, the Committee worked on the definition of the corporate objectives for the year, with a particular focus on new businesses and the accident target. With regard to the new activities for 2019, the Company has decided to focus its efforts on the issues of business development abroad and Biomethane. Moving on to sustainability, the Company, confirming its ongoing commitment to minimising accidents, has decided to introduce the severity indicator, which will operate alongside the frequency indicator that is already in use. The aim of this new indicator is to focus Snam's efforts on reducing the number of serious accidents, whilst continuing to pay close attention to the overall number of such events.

As usual, the second section of the Report contains all information regarding the remuneration measures taken in 2018, which are consistent with the remuneration policy announced that year.

I hope that the actions taken will be welcomed and reflected in the advisory vote you are asked to cast on the first section of the Report. I would also like to thank you in advance for any comments you may wish to make at the Shareholders' Meetings and in all other discussions.

I would like to thank directors Elisabetta Oliveri and Alessandro Tonetti for their ongoing commitment and significant contribution as members of the Committee.

Monica de Virgiliis
Chair of the Remuneration Committee

Summary of 2019 Remuneration Policy

Component	Purposes and characteristics
Fixed remuneration	Adequately compensates the skills, professionalism and contribution required for the position held with the aim of providing motivation including for the purposes of retention
Short-term variable incentives (IMA - Annual Monetary Incentive)	Paid annually in cash, this is a useful tool to motivate and guide management activities over the short term in keeping with the corporate goals established by the Board of Directors. The amount of the short-term annual incentive is based on the position held and the company and individual performance achieved.
Variable long-term equity incentive plan (LTI - Long-Term Incentive)	Reserved for those holding positions with the most direct responsibility for the company's results and ensuring greater alignment between the interests of shareholders and management action
Benefits	These are an integral part of the remuneration package, and are focused primarily on welfare and pension components
Pay mix	The 2019 Remuneration Policy guidelines determine a pay mix consistent with the managerial position exercised. In the case of the CEO, the variable component is more heavily weighted compared to the rest of the management team.

Criteria and conditions for implementation

Amounts

Fixed remuneration is determined based on the position and responsibilities assigned with respect to levels used for equivalent positions in the market, and with possible annual adjustments established for merit (continuation of individual performance) or for promotions or increased responsibilities

Chairman: € 270,000 (including fixed annual remuneration for directors set by the Shareholders' Meeting)

CEO: € 970,000 (including fixed annual remuneration for directors set by the Shareholders' Meeting)

MSR*: commensurate with powers and position held

Corporate/CEO grid objectives:

- Free Cash Flow (30%)
- Investments (20%)
- Operational Efficiency (30%)
- new business development (10%)
- Sustainability (10%) - weighted index of frequency and severity of accidents of employees and contractors (5%); DJSI, FTSE4GOOD and CDP Climate Change indexes) (5%)

MSR objectives: 25% of IMA is determined by the results of objectives assigned to the CEO, and the remaining 75% by individual objectives (focused on financial, operational and industrial performance, internal efficiency, sustainability and behavioural criteria)

Claw Back clauses

Incentives paid according to results achieved in the prior year and assessed against a performance scale of 70/130 points with a minimum threshold for incentives equal to overall performance of 85 points.

CEO: 50% of fixed remuneration for target performance as per corporate grid objectives (100 points); 65% of fixed remuneration for maximum performance (130 points)

MSR: variable incentive percentages based on the position held, up to a maximum of 35% of fixed remuneration for target performance and 52% of fixed remuneration for maximum performance

Plan with annual assignment and three-year vesting period

Indicators: EBITDA (60%); Adjusted net profit (30%); Sustainability (10%)

Award of incentive according to the position held

Payment of incentive for the average performance of the indicators in the three-year vesting period:

- EBITDA measured in respect of the budget on a linear scale;
- Adjusted net profit measured in respect of the budget on a linear scale;
- Sustainability measured, on a linear scale, over the three-year period.

Claw Back clauses

CEO: maximum possible incentive is equal to 210% of fixed remuneration

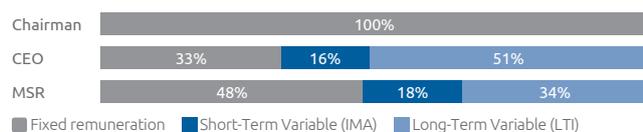
MSR: variable incentive percentage according to the position held, up to a maximum of 130% of fixed remuneration

Continually determined using the policy implemented in recent years and in accordance with the national contract and supplementary company agreements for executives

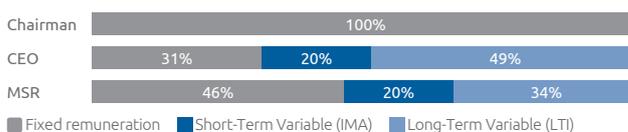
These are assigned to all executive staff:

- supplementary pension fund
- supplementary healthcare fund
- life and disability insurance coverage
- automobile for both business and personal use

PAY MIX target



PAY MIX disbursed 2018



N.B. for the long-term component target values were used

* MSR - Managers with Strategic Responsibilities

Introduction

This Report, approved by the Board of Directors on 18 February 2019 at the proposal of the Remuneration Committee, in compliance with the legislative and regulatory obligations currently in force¹, defines and illustrates:

- in the first section, the Policy adopted by Snam S.p.A. for 2019 (hereinafter “Snam” or the “Company”) for the remuneration of Directors and Managers with Strategic Responsibilities², specifying the general aims pursued, the bodies involved, and the procedures used for the adoption and implementation of the Policy. The general principles and guidelines defined in the Snam Policy are also used in establishing the remuneration policies of the companies directly and indirectly controlled by Snam;
- in the second section, remuneration paid in 2018 to named Snam Directors and Auditors, and, in aggregate form, remuneration paid to Managers with Strategic Responsibilities.

The remuneration policy illustrated in this Report was also adopted by the Company, as laid down by Consob Regulation 17221/2010 on related-party transactions, pursuant to and in accordance with paragraph 3.2 no. 6 of the “Transactions in which directors and statutory auditors have an interest and related-party transactions” Guidelines (“Related-Parties Guidelines”) last approved by the Board of Directors on 12 December 2017.

The Policy described in the first section of the Report was prepared in line with the recommendations on remuneration in the Italian Code of Corporate Governance approved by the Corporate Governance Committee (hereinafter the “Code of Corporate Governance”), as amended in the July 2015 edition, to which Snam adheres.

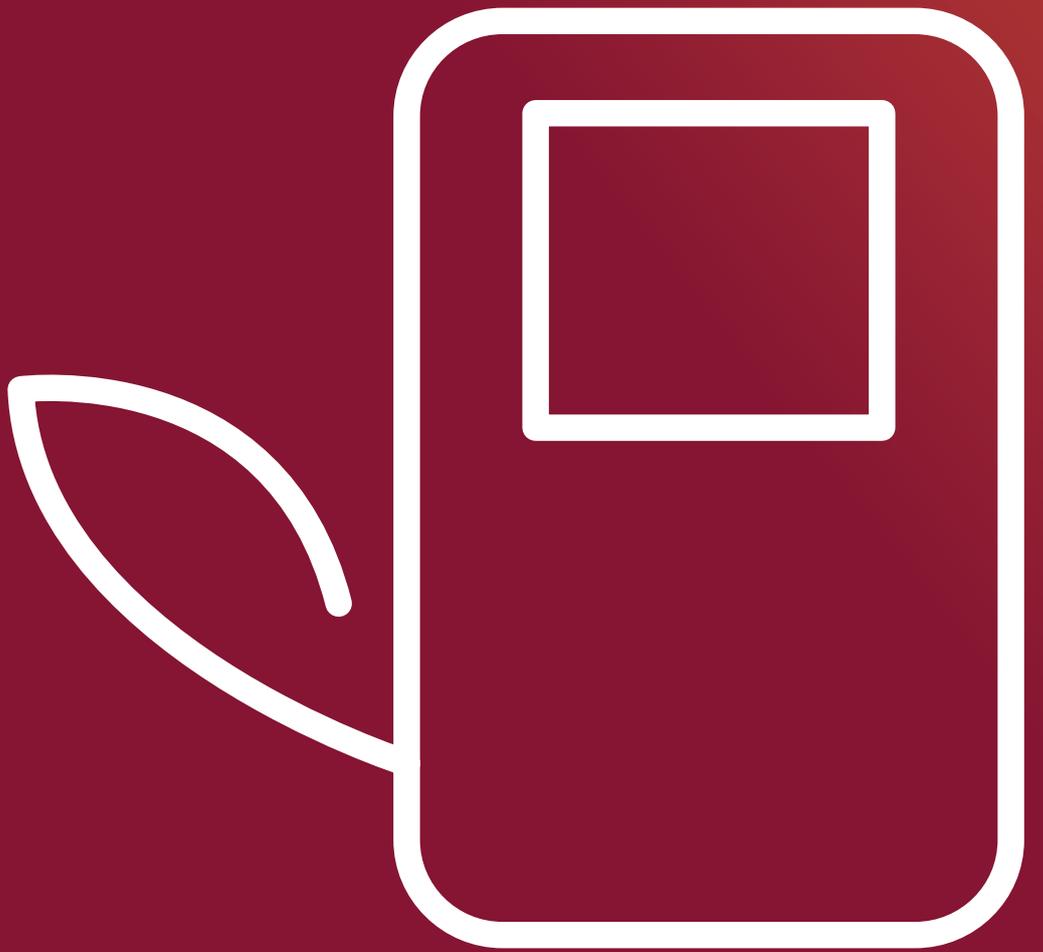
The text of this Report is made available to the public at the Company’s registered office, on the Company’s website³ and on the website of Borsa Italiana by the twenty-first day prior to the date of the Shareholders’ Meeting called for the approval of the 2018 financial statements and called to express non-binding approval of the first section of said Report, in accordance with the legislation in force⁴.

1 Article 123-ter of Legislative Decree 58/98 and Article 84-quater of the Consob Issuers’ Regulation (Resolution 11971/99 and later amendments and supplements).

2 The definition of “managers with strategic responsibilities” pursuant to Article 65, paragraph 1-quater, of the Issuers’ Regulation, includes parties who have power and responsibility, directly and indirectly, for the planning, management and control of Snam. The following are Snam managers with strategic responsibilities, other than Directors and Auditors, at the approval date of this Report: Chief Industrial Assets Officer; Chief Commercial, Regulation & Development Officer; Chief International Assets Officer; Chief Global Solutions Officer; Chief Financial Officer; General Counsel; Executive Vice President Human Resources & Organization.

3 The text is published in the “Ethics and Governance” section of the Company’s website (http://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Minutes_documents/2018/Remuneration_Report_2019.pdf).

4 Article 123-ter of Legislative Decree 58/98, paragraph six.



Section I

2019 Remuneration Policy



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GOVERNANCE OF THE REMUNERATION PROCESS

The process of defining the Snam Remuneration policy involves many parties, in line with the regulatory and statutory provisions and with the Company's governance model.

Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- decides on the pay of members of the Board of Directors, at the time of appointment and for the entire term of office;
- resolves, at the proposal of the Board of Directors, on remuneration plans based on financial instruments;
- takes a non-binding vote on the first section of the Remuneration Report.

Board of Directors

With regard to remuneration, the Board of Directors, in line with the Snam corporate governance system and rules⁵:

- decides, on a proposal from the Remuneration Committee and having listened to the opinion of the Board of Statutory Auditors, the remuneration of Directors vested with specific duties and the remuneration for being on board committees;
- defines the remuneration policy for directors, general managers and executives with strategic responsibility of the Company and its Subsidiaries, as well as the relevant remuneration systems, upon recommendation from the Remuneration Committee;
- defines the remuneration of the Internal Audit Manager consistent with the Company's remuneration policies after checking with the Remuneration Committee;
- implements the remuneration plans based on shares or financial instruments resolved upon by the Shareholders' Meeting;
- approves the Remuneration Report to be presented to the Shareholders' Meeting;
- assesses, following consultation with the Remuneration Committee, 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 consistency and application of the Remuneration Policy adopted for Directors and Managers with strategic responsibility.

⁵ For more information on Snam's corporate governance system, refer to the "Report on corporate governance and ownership structure" published in the "Ethics and Governance" section of the Company's website (www.snam.it)

In compliance with the recommendations of the Code of Corporate Governance, the Board of Directors is supported, as far as remuneration is concerned, by a committee of non-executive directors, the majority of whom are independent (Remuneration Committee) with proposal and advisory functions.

Remuneration Committee

Composition, appointment and powers

The Remuneration Committee, first established by the Board of Directors in 2002, is composed, in line with the recommendations of the Code of Corporate Governance, of three non-executive directors, the majority of whom are independent, with the Chairman chosen from 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 11 May 2016, the Board of Directors identified the Chair (Monica de Virgiliis) as a member who possesses adequate knowledge and experience of financial issues and remuneration policies.

Since 11 May 2016, the Remuneration has been composed of the following Directors:

Member	Position
Monica de Virgiliis	Independent non-executive director ⁽¹⁾ - Chairman
Alessandro Tonetti	Non-executive
Elisabetta Oliveri	Independent non-executive director ⁽¹⁾

⁽¹⁾ Independent pursuant to the independence requirements set out by the TUF and the Code of Corporate Governance.

The Executive Vice President Human Resources & Organization of Snam performs the role of Secretary to the Committee and helps the Chairman in carrying out his/her functions.

The composition, tasks and operating methods of the Committee are governed by dedicated regulations⁶, approved by the Board of Directors and most recently updated on 11 May 2016.

The Committee makes proposals and provides advice to the Board of Directors:

- it submits the Remuneration Report for the approval of the Board of Directors, with particular regard to the remuneration Policy for directors and managers with strategic responsibilities, so that it may be presented to the Shareholders' Meeting called to approve the financial statements within the time limits set by law;

⁶ The regulations of the Remuneration Committee are available in the "Ethics & Governance" section of the Company's website.

- it reviews the vote on the Remuneration Report taken by the Shareholders' Meeting in the previous financial year and expresses an opinion to the Board of Directors;
- it prepares proposals regarding the remuneration of the Chairman and the Chief Executive Officer, with regard to the various forms of remuneration and salary;
- it makes proposals concerning the remuneration of members of the Board Committees;
- it examines information reported by the CEO and proposes;
 - the general criteria for the remuneration of managers with strategic responsibilities;
 - general guidelines for the remuneration of other managers of Snam and its Subsidiaries;
 - annual and long-term incentive plans, including share-based plans;
- it proposes the definition of performance targets, the calculation of company results, the definition of claw-back clauses related to the implementation of incentive plans and the determination of the variable remuneration of Directors with powers;
- it proposes the definition, with regard to Directors with powers: i) of the remuneration to be paid in the case of termination of employment; ii) of non-compete agreements;
- it monitors the application of decisions made by the Board;
- it periodically evaluates the adequacy, overall consistency and concrete application of the Policy adopted, expressing proposals to the Board in this regard;
- it performs any duties that may be required by the procedure concerning related-party transactions adopted by the Company.

In accordance with the Board's decision, the Remuneration Committee also annually reviews the remuneration structure of the Senior Vice President of Internal Audit and ensures that it is consistent with the general criteria approved by the Board for managers, indicating the above to the Chairman of the Control and Risk Committee for the purposes of the opinion which he must express on this matter at the Board meeting.

The Remuneration Committee reports to the Board at least every six months on the activities carried out, before the deadline for the approval of the financial statements and the half-year report, at the board meeting indicated by the Chairman of the Board of Directors; in addition, following each meeting, the Committee updates the Board of Directors, at this latter's first available meeting, with regard to the subjects dealt with and the observations, recommendations and opinions formulated.

In addition, the Committee reports on the exercise of its functions to the Shareholders' Meeting called for the approval of the financial statements for the period, via the Chairman of the Committee, in accordance with the provisions of its Regulations, in compliance with the Code of Corporate Governance and with the aim of establishing a dedicated channel of communication with shareholders and investors.

In order to perform its analytical and preliminary functions effectively, the Remuneration Committee makes use of the competent Company structures and can, through the latter, take advantage of the support of external consultants who are not in a position to compromise the independence of the advice.

Cycle of activities of the Remuneration Committee

The activities of the Committee implement an annual programme which breaks down into the following stages:

- verifying the adequacy, overall consistency and concrete application of the Policy adopted in the previous year, with regard to the results achieved and the remuneration benchmarks from highly specialist providers;
- defining the remuneration Policy proposals and the proposals relating to performance targets connected to short- and long-term incentive plans;
- proposals regarding the implementation of existing short- and long-term variable incentive plans, after verifying the results achieved for the performance targets set out in said plans;
- preparing the Remuneration Report to be submitted, annually, following the approval of the Board of Directors, to the Shareholders' Meeting.

Figure 1 - Cycle of activities of the Remuneration Committee

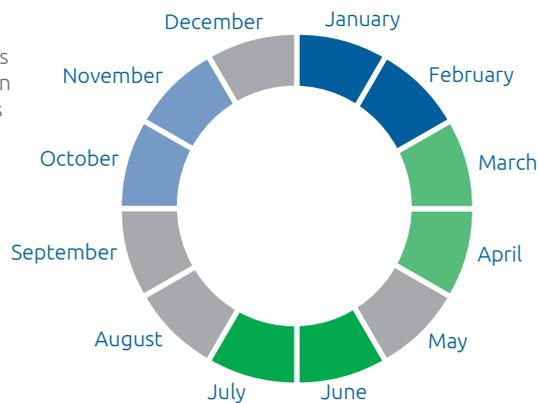
October - November

An in-depth review of the issues that are the subject of attention on the part of the shareholders and the proxy advisors

June - July

Implementation of the Long-Term Incentive Plan (ILT)

Analysis of the shareholders' meeting vote on the "Remuneration Report"



January - February

Periodic evaluation of the Policies adopted in the previous year

Definition of the Remuneration Policy

Finalising results and defining objectives related to the variable Incentive Plans

Implementation of the Annual Monetary Incentive Plans (IMA)

Preparation of the Remuneration Report

March - April

Presentation of the Remuneration Report at the Shareholders' Meeting

Activities carried out and planned

Activities carried out in 2018

In 2018, the Remuneration Committee met six times in all. Attendance by members stood at 100%. The Chairman of the Board of Statutory Auditors or an auditor appointed by the latter regularly attended the 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 2018 Remuneration Report; the finalisation of the company results for 2017 and the definition of performance targets for 2018, for the purposes of the variable incentive plans; the proposal to amend (by expanding the scope of the participants) the Information document for the share-based plan. The following subjects were dealt with in the second part of the year: the results of the vote on the 2018 Remuneration Report and on the amendment to the information document on the plan for the long-term share-based incentive system and an in-depth look at the topics that the shareholders and proxy advisors focused their attention on.

Main subjects dealt with in 2018

January - March

- Definition of 2018 corporate objectives
- Half-year report to Board of Directors
- Calculation of 2017 corporate objectives
- Annual Monetary Incentive Proposal for the CEO
- 2018 Remuneration Report
- Amendment on the Information Document for the long-term share-based plan

June - July

- Long-term share-based plan
 - Regulations
 - 2018 allocation proposal for the CEO
- Analysis of results of vote of Shareholders' Meeting on 2018 Remuneration Report and on the amendment to the Information Document for the long-term share-based plan
- Calculation of adjusted net profit and Total Shareholders Return for Long-term Monetary Incentive
- Half-year report to Board of Directors

The resolutions passed by the Board of Directors in 2018 regarding remuneration came under the exemption cases pursuant to paragraph 3.2 no. 6 of the Related-Parties Guidelines taking into account that, as already set out in Article 13 of the *“Regulation containing provisions on related-party transactions”* (adopted by Consob through resolution 17221 of 12 March 2010 and later amended through resolution 17389 of 23 June 2010): (i) the Company adopted a remuneration policy; (ii) the Remuneration Committee was involved in the definition of the remuneration policy; (iii) the remuneration policy was put to an advisory vote at the Shareholders' Meeting; (iv) the consistency of the remuneration with this policy was verified every time.

Activities planned for 2019

The Committee has scheduled six meetings for 2019. As at the date of the approval of this Report, the first three meetings concentrating on the following subjects had already been held: regular evaluation of the remuneration policies implemented in 2018 for the purpose of defining the 2019 Policy proposals; examination of this Report for later approval by the Board of Directors; final balances of the 2018 company results and definition of the 2019 performance targets for the purpose of the variable incentive plans.

Approval process for the 2019 Remuneration Policy

In exercising its powers, the Remuneration Committee defined the structure and the contents of the Remuneration Policy, for the purpose of preparing this Report, specifically at the meeting of 6 February 2019, in line with the recommendations of the Code of Corporate Governance.

In making its decisions, with a view to consistency, the Committee took into account the decisions taken by the Shareholders' Meeting of 27 April 2016 and by the Board of Directors in 2016.

The above-mentioned activities were conducted following an evaluation of the regulatory framework regarding remuneration, as well as of the practices used in the preparation of remuneration reports in a national and international context.

The Snam 2019 Remuneration Policy for Directors and Managers with Strategic Responsibilities was then approved by the Board of Directors, at the recommendation of the Remuneration Committee, at the meeting of 18 February 2019, at the same time as the approval of this Report.

The implementation of the remuneration policies defined consistent with the guidelines of the Board of Directors is carried out by the delegated bodies, with the support of the competent corporate functions. Information on the remuneration of the Directors and management is also ensured through the updating of the pages specially dedicated to these subjects in the *“Ethics and Governance”* section of the Company's website.

Board of Statutory Auditors

With regard to remuneration, the Board of Statutory Auditors, which regularly attends the meetings of the Remuneration Committee through the Chairman or a Standing Auditor designated by him/her, expresses the opinions required by the applicable law with reference, specifically, to the remuneration of Directors vested with specific duties, pursuant to Article 2389 of the Italian Civil Code, also verifying its consistency with the general policy adopted by the Company.

AIMS AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The Snam Remuneration Policy is defined in line with the governance model adopted by the Company and with the recommendations of the Code of Corporate Governance, in order to attract and retain people with a high professional and managerial profile and to align the interests of management with the prime objective of creating value for shareholders in the medium-/long-term.

Under the scope of the Policy adopted, the variable component linked to the results achieved, through incentive systems related to achieving economic/financial targets, the development of the business and operations, defined from a perspective of sustainability of results, consistent with the Company's Strategic Plan, takes on particular importance.

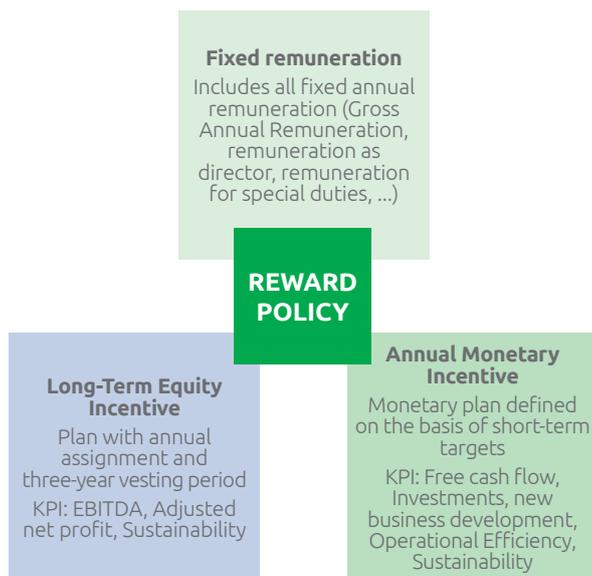
Specifically, Snam's Remuneration Policy contributes to the realisation of the mission, corporate values and strategies, through: i) promoting actions and behaviour in line with the culture of the Company, in compliance with the principles of pluralism, equal opportunities, developing peoples' knowledge and professionalism, equality and non-discrimination as set out in the Snam Code of Ethics; ii) recognising the responsibilities assigned, the results achieved and the quality of the professional contribution, taking into account the context and the reference markets applicable for similar offices or positions of a similar level in terms of responsibilities and complexity, under the scope of the corporate panel comparable with Snam, through specific remuneration benchmarks created with the support of major consulting firms.

Any supplementary severance pay for the termination of employment and/or mandate is defined, consistent with the remuneration received, for executive positions characterised by the *“fixed-term”* nature of the employment or featuring greater risks of competitive attraction.

2019 REMUNERATION POLICY GUIDELINES

The 2019 Remuneration Policy Guidelines have been defined in continuity with those established in 2018, are in line with the aims and general principles stated and were evaluated, by the Remuneration Committee, to be consistent with the applicable market benchmarks. The remuneration instruments are summarised and explained in the following diagram:

Figure 2 - Reward policy



Remuneration of the Chairman and non-executive Directors

The remuneration structure for the Chairman consists of a fixed remuneration consistent with the role. The remuneration of non-executive Directors is commensurate with the commitment requested in relation to participation in board Committees, with differentiation of the remuneration of the Chairman with respect to the members of each Committee, in consideration of the role attributed to this former, which involves coordinating the work and liaising with the corporate Bodies and corporate functions. Based on the provisions of the Board of Directors at the meeting of 31 May 2016, the remuneration of the Chairman of the Board of Directors includes an annual gross fixed payment for the position of €270,000, including the annual fixed pay for Directors established by the Shareholders' Meeting, in addition to the refunding of expenses incurred in relation to the position.

Given the nature of the position, there is no provision for: i) short- or long-term variable incentive components; ii) benefits.

For the non-executive Directors, the Shareholders' Meeting of 27 April 2016 approved by way of shareholders' meeting remuneration the annual gross pay for the office of €70,000, plus the refunding of expenses incurred in relation to the position.

In the light of the recommendations of Article 6 C.4 of the Code of Corporate Governance, the remuneration of Non-executive directors is not linked to the financial results achieved by the company nor are they recipients of share-based incentive plans.

There is no distinction in terms of remuneration for Independent directors.

Regarding the remuneration provided for participation in board committees, the Board of Directors in its meeting of 31 May 2016, on the basis of a proposal defined by the Remuneration Committee, with the support of a specific benchmark with companies in the FTSE MIB, proposed the following annual pay:

- for the Control and Risks Committee, with regard to the increasingly important role exercised in the oversight of company risks, €30,000 for the Chairman and €20,000 for the other members;
- for the Remuneration Committee, the Appointments Committee and the Sustainability Committee €20,000 for the Chairman and €15,000 for the other members.

Severance indemnity

Given the nature of the offices, there are no provisions for agreements concerning severance pay.

Remuneration of the CEO and the Managers with Strategic Responsibilities

The Remuneration Committee analysed the remuneration position of the CEO using specific benchmarks with peer companies comparable with Snam in terms of size and complexity. Since the position was found to be below the market median values, particularly with regard to the short-term variable component, the Committee recommended an adjustment be considered.

The Board of Directors acknowledged the recommendation. For Managers with Strategic Responsibilities, the guidelines confirm a remuneration structure adequately balanced between a fixed component consistent with the responsibilities assigned and a variable component defined within the maximum limits and designed to link remuneration to performance.

Fixed remuneration

The annual fixed remuneration of the CEO, on the basis of the evidence presented by the Remuneration Committee to the Board of Directors in its meeting of 31 May 2016, has been defined at €970,000, taking into consideration the pay established by the Shareholders' Meeting for Directors equal to €70,000, the pay approved by the Board with regard to the powers delegated, equal to €150,000; the annual gross pay for the position of General Director, equal to €750,000.

For Managers with Strategic Responsibilities, fixed remuneration is calculated based on the position and responsibilities assigned, taking into consideration the

average remuneration levels on the market for positions with similar levels of responsibility and managerial complexity in large national companies and can be adjusted periodically within the framework of the annual salary review, which involves all management. Taking into consideration the reference context, current market trends and in continuity with 2018, the 2019 Guidelines include selective criteria while maintaining high levels of competitiveness and motivation. Specifically, the proposed actions involve adjustment measures directed at those in positions where the scope of responsibility has been extended or where the positioning is not higher than the market median references. In the capacity of Snam senior managers, the CEO and the Directors with Strategic Responsibilities receive remuneration due for travel expenses, domestically and abroad, in line with the provisions of the national collective agreement and supplementary company agreements.

Variable remuneration

The variable remuneration is structured in a short-term component and a long-term share-based component with a view to achieving medium to long-term sustainability of results and value creation for shareholders.

The evaluation of the performance targets assigned is carried out excluding the effects of the external variables resulting from developments in the reference scenario, with the purpose of recognizing the actual individual contribution to the achievement of the performance objectives⁷ assigned.

Short-term variable incentives

The annual variable component of the Annual Monetary Incentive Plan (IMA) is calculated with reference to the results of Snam in the previous year compared with the targets defined and with reference to a target incentive level (performance = 100) and a maximum level (performance = 130) respectively, equal to 50% (target) and 65% (max) of the annual fixed remuneration for the CEO and differentiated according to the position held for Managers with strategic responsibilities up to a maximum of respectively 35% (target) and 52% (max) of fixed remuneration. A threshold level is set (performance = 85) below which the short-term incentive is not paid.

The company objectives for 2019, approved by the Board of Directors on 18 February 2019 and directly attributed to the CEO, are focused on the economic, financial and operational performance of the Company, on investments, on the development of new business as well as on sustainability issues.

Figure 3 - Annual Monetary Incentive Targets 2018 compared with 2019

2018	2019
Free Cash Flow 30%	Free Cash Flow 30%
Investments 20%	Investments 20%
Operational Efficiency 30%	Operational Efficiency 30%
New activities 10%	New business development 10%
Sustainability – workplace accident frequency index and the DJSI, FTSE4GOOD and VigeoEurope Indexes 10%	Sustainability – weighted rate of frequency and severity of accidents; DJSI, FTSE4GOOD and CDP Indexes 10%

⁷ The company reserves the right not to provide the annual values for these parameters, since it considers such information to be sensitive. Quantitative data regarding budget targets and their achievement will be published only at the end of the performance period. During the presentation of the strategic plan, however, the company provide the market with guidelines for some of these parameters. Information in this respect will also be published during the year on the Company's website.

Free Cash Flow represents (monetary) cash flows produced by operating and non-operating activities. The objective of investments breaks down into two items: spending on core business investments in relation to budget (weighting of 15%) and the percentage of milestones reached for the main investment projects (weighting of 5%). The operational efficiency objective is measured in terms of the decrease in core business cost in relation to the budget. The objective for the new activities is defined in relation to the issues of business development abroad and Biomethane, and is measured with specific kpi. Lastly, the issue of sustainability, which consists of two objectives: the objective for the weighted index of frequency and severity (WIFS) of accidents suffered by employees and contractors, defined in consideration of the frequency index and measured in terms of the number of accidents occurring per million hours worked during the year, and of the severity index, measured in terms of days of absence, distinguishing between minor accidents (< 30 days of absence) and serious accidents (> 30 days of absence); and Snam's continued inclusion, at levels of excellence, in the Dow Jones Sustainability Index, FTSE4GOOD and CDP Climate Change sustainability indexes.

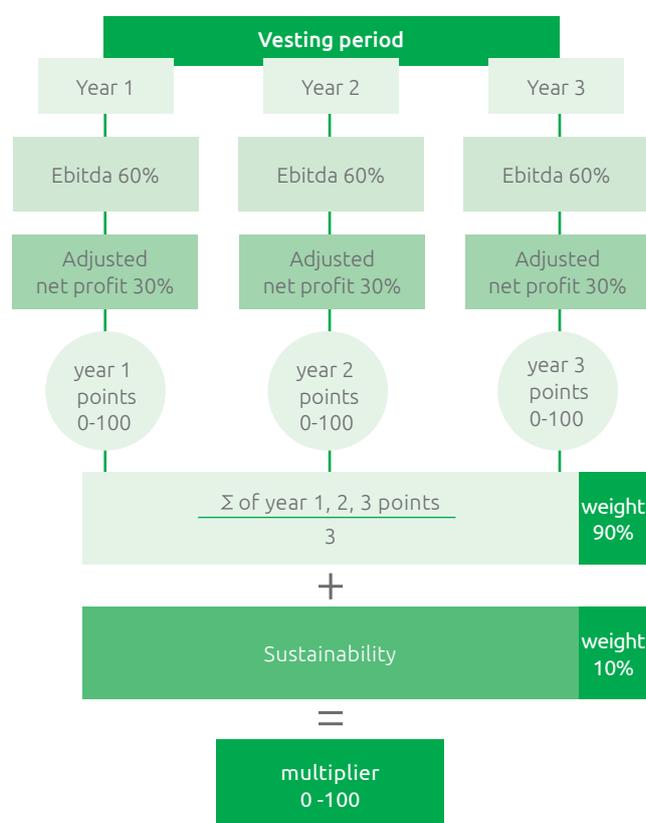
For Managers with Strategic Responsibilities, the annual variable incentive is calculated partly (25%) on the company results compared with the targets assigned to the CEO by the Board of Directors, and partly (75%) on a series of individual targets (focused on economic/financial, operating and business performance, internal efficiency and criteria relating to the managerial skills model) assigned in relation to the scope of responsibility of the position held, in line with the provisions of the Company's performance Plan.

Long-term variable incentives

In 2017, in place of medium-long term monetary incentive plans, a plan based on the allocation of ordinary shares of the Company ("Performance Shares") was defined, with the aim of ensuring greater alignment of long-term variable remuneration with the primary objective of creating shareholder value. The 2017-2019 Long-Term Incentive Plan⁸, (ILT), which was approved by the Ordinary Shareholders' Meeting of 11 April 2017, is reserved to those with managerial roles having the greatest impact on company results and provides for the annual allocation of free shares, with a maximum value of 210% for the CEO and 130% for Managers with strategic responsibilities of the fixed remuneration, after three years (vesting period) in an amount related to the results obtained. The plan is based on three indicators, measured independently: EBITDA, with a weight of

60%, measured by interpolation on a linear scale with a minimum of budget -2% and a maximum equal to budget +2%; Adjusted net profit, with a weight of 30%, measured by interpolation on a linear scale with a minimum equal to budget -1% and a maximum equal to budget +3%; Sustainability, with a weight of 10%, measured by interpolation on a linear scale in terms of reduction of natural gas emissions over the three-year period 2019-2021, compared to the results recorded at the end of 2016, with a minimum equal to a reduction of 5%, a target equal to a 7.5% reduction and a maximum equal to a reduction of 10%. The overall performance of EBITDA and adjusted net profit is calculated as the average of the annual performance of the parameters in the three-year vesting period. The sustainability performance is calculated based on the overall result for the three-year period. The achievement of the performance conditions at the maximum level, or higher, and the threshold level respectively will result in the vesting of 100% and 50% of the allocated shares. For performances below the threshold level, the percentage will always be zero.

Figur 4 - Calculation of the overall performance of the long-term incentive plan at the completion of the vesting period



8 For further information, refer to the information document available on the Company's website: http://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Minutes_documents/2018/Snam_information_document_LTI_2017-2019_amendment_2018.pdf

At the end of the vesting period, an additional number of shares, defined as the “dividend equivalent”, will be assigned. These will be calculated as the value of the dividends not received in relation to the actual number of vested shares. The plan also provides for a two-year lock-up period on 20% of the shares.

Indemnities for termination of office or employment

For the Chief Executive Officer, in line with practices in reference markets, an indemnity is provided for the termination of his post as director and his executive position.

Where both of these posts terminate concurrently, either because the term of office is not renewed upon expiry, or because it is terminated in advance, 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, subject to the application of the provisions of the national contract for executives of companies that produce goods and services. The indemnity is not payable if the posts are terminated for just cause or due to dismissal with notice on subjective grounds involving the notion of justifiability as defined by the collective agreement or in the event of a resignation.

For Managers with Strategic Responsibilities, the provisions include the employment termination indemnities established by the national collective agreement.

The effects of the termination of employment on the rights assigned under the scope of existing long-term incentive plans are described in the allocation regulations. The Long-Term Plan includes provisions designed to encourage the retention of personnel, including, in the case of the mutual termination of employment during the vesting period, the beneficiary keeping the right to the incentive at a reduced level, prorated based on the period elapsed between the definition of the promise and the occurrence of this event. No payment is due in cases of unilateral termination by the Company for just cause or for voluntary resignation.

Benefits

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

Therefore, in line with the provisions of national agreements and supplementary company agreements for Snam senior management, the CEO and Managers with Strategic Responsibilities will come under the supplementary pension (FOPDIRE or PREVINDAI)⁹, the supplementary healthcare benefits scheme (FISDE)¹⁰ and life and disability insurance cover, as well as a company car for personal and business use.

Senior Vice President of Internal Audit

For the Senior Vice President of Internal Audit, the Remuneration Committee in conjunction with the Control and Risks Committee, has drawn up: an MBO model with exclusively functional targets that can be measured, excluding economic and financial targets; the annual monetary incentive is calculated exclusively based on the results relating to this model; the assigning of minimum/target/maximum performance levels and the evaluation of the results achieved is carried out by the Control and Risks Committee; the uniformity of the other forms of incentives and benefits paid out, compared with the entire managerial structure.

⁹ Defined contribution, individual account negotiated pension plan, www.fopdire.it/portale.previndai.it/default.do.

¹⁰ Fund that provides reimbursement of medical expenses to current and retired managers and their family members, www.fisde-eni.it. There is also an additional health insurance program (Generali/Previgen) supplementing FISDE.

Claw-back mechanisms

A claw-back clause was introduced in 2014 for variable incentive systems, through which Snam, within the statute of limitations (ten years), can regain possession of all or part of sums paid out if it is confirmed that such amounts have been determined on the basis of targets for which the achievement of is attributable to wilful misconduct or grossly negligent conduct or, in any event, in violation of the regulations, or which have been achieved on the basis of data that is later revealed to have been manifestly incorrect. In 2015, the Remuneration Committee prepared a document that illustrates the process and the responsibilities associated with the activation of this clause. The claw back clause is activated when errors/inaccuracies and/or the non-existence of data/actions/facts is detected - including in relation to reports resulting from audit activities. For circumstances relating to: (i) individual performance forms, the clause will be activated by the CEO, informed by the HRO EVP, who will also inform the Remuneration Committee; (ii) the objectives of the company or medium/long-term incentive plans, the clause will be activated by the Board of Directors on the basis of the Report made by the Remuneration Committee. The document illustrating the process and the responsibilities associated with the activation of this clause is delivered to all participants in incentive plans in connection with future incentive allocations or pledges.

Market benchmarks and pay mixes

The preparation of the guidelines and the evaluation of the policies implemented are carried out with the support of highly specialist independent advisors (Mercer and Willis Towers Watson) using specific remuneration benchmarks.

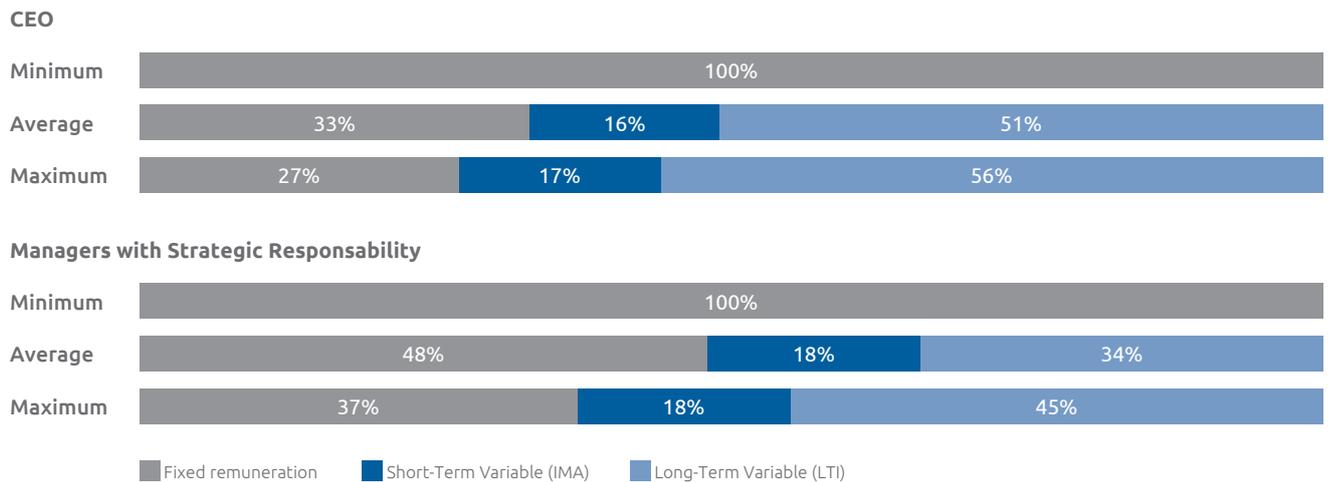
The remuneration benchmarks used for the various types of positions are indicated in the table:

Figure 5 - Panels Used for Remuneration Benchmarks

Role	Provider	Criteria	Peer Group
CEO	Mercer	Companies in the industry sector belonging to the FTSE Mib index	A2A, Atlantia, Brembo, Campari, CNH, Enel, Eni, FCA, Italgas, Leonardo, Luxottica, Moncler, Pirelli, Prysmian, Saipem, Telecom Italia, Terna, Yoox
	Willis Towers Watson	Analysis of remuneration practices in the European market adopted by leading peer companies of SNAM, utilities and operators of infrastructure concessions	Abertis, Centrica, E.On, Enagas, ENGIE, Ferrovial, Gas Natural, Iberdrola, National Grid, Red Electrica, RWE, Severn Trent, United Utilities, Vinci
MSR	Mercer	Group of companies in the Mercer Executive Remuneration Guide that are comparable with Snam in terms of size (17)	A.C.R.A.F., A2A, Amplifon, Ariston Thermo, Autogrill, Brembo, CNH, Enel, Enel Italia, Eni, FCA, Ferrero, GE Italy, Italgas, Saipem, Tenova, Telecom
SVP Internal Audit	Mercer	Salary market of the Mercer Total Remuneration Survey 2018 (approx. 440)	

The 2019 Remuneration Policy guidelines create a pay mix consistent with the managerial position held, with a greater weighting for the variable component for roles which have a greater impact on company results, as evidenced in the graph of the pay-mix shown below, which considers the value of the short and long-term incentives in the event of results on target, minimum level results (non-attainment of the threshold value for all the variable incentive plans, both short and long-term) and maximum level results.

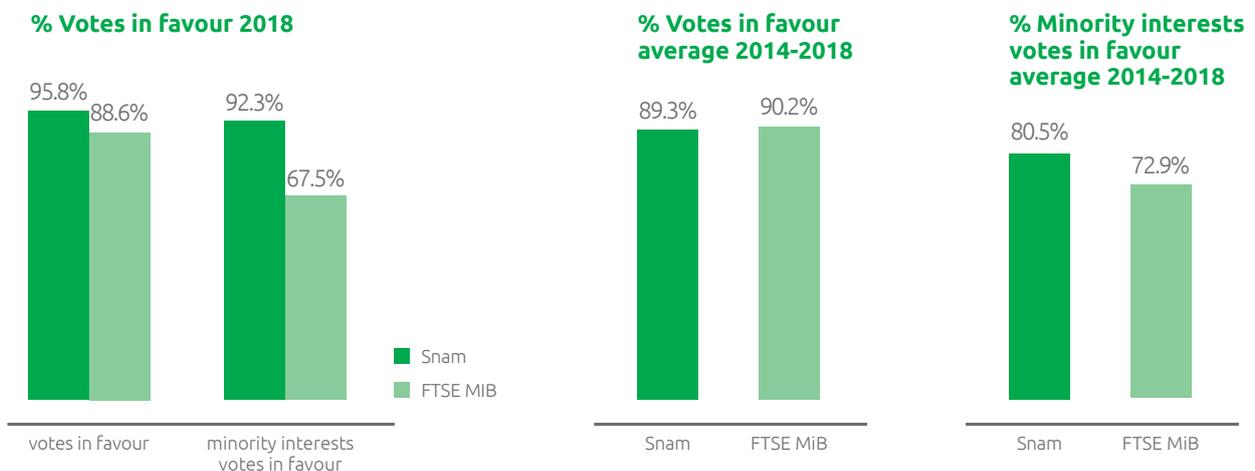
Figure 6 - 2019 pay-mix for the CEO and the Managers with strategic responsibilities



Results of the Shareholders' Meeting vote

The 2018 Report received a broad consensus among stakeholders, thanks in part to the usual engagement activities carried out by the Company over the year. The approval was confirmed by the favourable vote at the Shareholders' Meeting, including with regard to minority shareholders alone. The graphics below show a comparison between the FTSE MIB and Snam for 2018, as well as the average for the period 2014-2018.

Figure 7 - Favourable vote of the shareholders' meeting, 2014-2018 - comparison of Snam/ FTSE MIB (source Morrow Sodali)



Section II

Pay and other information



24	Implementation of 2018 remuneration policies
24	Fixed pay
24	Remuneration for participation in board committees
24	Variable incentives
25	Benefits
26	Remuneration paid in 2018
31	Shareholdings held

IMPLEMENTATION OF 2018 REMUNERATION POLICIES

Below is a description of the remuneration measures implemented in 2018 in favour of the Chairman of the Board of Directors, the Non-executive directors, the CEO and Managers with Strategic Responsibilities. The implementation of the 2018 Remuneration Policy, as verified by the Remuneration Committee during the periodic evaluation laid down by the Code of Corporate Governance, remained in line with the general principles informing the resolutions adopted by the Board of Directors. According to the evaluation made by the Committee, the 2018 Policy was essentially in line with the market benchmarks.

Fixed pay

In 2018, Non-executive directors received, pro-rata, the fixed payments approved by the Shareholders' Meeting of 27 April 2016.

The Chairman received the remuneration approved by the Board of Directors at the meeting of 31 May 2016.

The CEO received the fixed remuneration approved by the Board of Directors at the meeting of 31 May 2016 for the powers and tasks conferred, which includes the payments as a director approved by the Shareholders' Meeting. For Managers with Strategic Responsibilities, selective adjustments were made in 2018 to the fixed remuneration within the framework of the annual salary review for all Senior Management, in cases of promotion to more senior positions, or with regard to the need for adjustments of remuneration levels in relation to market benchmarks.

The amounts relating to fixed pay are specified in the respective item in [Table 1 on page 27](#).

In the notes to this table, as far as remuneration for employees is concerned, any remuneration required by the national collective agreement and supplementary company agreements is specified.

Remuneration for participation in board committees

With regard to participation in Board Committees, in 2018 Non-executive directors received additional payments approved by the Board of Directors in the meeting of 31 May 2016. The amounts relating to these payments are specified in the respective item in [Table 1 on page 27](#).

Variable incentives

Short-term variable incentives

The incentive for the 2018 annual plan was paid out, as far as the CEO was concerned, following a company performance evaluation in relation to the achievement in 2017 of the objectives defined in line with the Strategic Plan and the annual budget in terms of:

Figure 8 - Achievement of Annual Monetary Incentive Objectives

Final summary of the 2017 targets

Targets	Weight	Final result achieved	Level of achievement of targets
Free Cash Flow before M&A and buyback	30%	854 mln €	↗
Investments	20%		
- Spending	15%	1,034 mln €	↗
- Main project milestones	5%	4 out 4	↗
Operational efficiency	30%	265 mln €	↗
Development of unregulated activities - CNG	10%	3 out 3	↗
Sustainability	10%		
- Workplace accident frequency index	5%	0.78	↗
- Sustainability indexes (DJSI, FTSE4Good e VigeoEurope)	5%	3 out 3	↗

↘ Below target → On target ↗ Above target

For Managers with Strategic Responsibilities, the variable incentive paid out in 2017 was calculated as the weighted sum of 50% of Snam's performance score and 50% of the score achieved on individual targets (focused on economic/financial, operating and business performance, internal efficiency and the managerial skills model) related to the position held, in line with the provisions of the 2017 Snam Performance Plan.

Snam's results for 2017, evaluated on a constant basis and approved by the Board, on the recommendation of the Remuneration Committee at the meeting of 13 March 2018, led to the calculation of a performance score of 129.5 points (128.5 in 2016) on the measurement scale used, which includes a minimum level, target and maximum level equal, respectively, to 70, 100 and 130 points, with a threshold level of 85. For the purpose of

the variable remuneration to be paid, the actual performance score resulted in:

- for the CEO, an incentive payment of €628,000 equal to 64.75% of the fixed remuneration, taking into account the target incentive level (50%) and the maximum level (65%) assigned;
- for Managers with strategic responsibilities incentive payments calculated in relation to the specific performance achieved, in accordance with differentiated incentive levels depending on the position held.

The incentive payments to Managers with Strategic Responsibilities are specified in the item “Non-equity/bonus variable payments and other incentives” in [Table 1 on page 27](#) with details in [Table 3B on page 30](#).

Variable long-term share-based Incentive Plan

In the meeting of 31 July 2018, the Board of Directors, following verification and recommendation by the Remuneration Committee, approved the allocation of the 2018 incentive in favour of the CEO in the maximum amount of €2,037,000, equal to 587,913 shares (based on the average share price in June 2018 of €3.4648). For Managers with Strategic Responsibilities the incentives assigned were differentiated by the level of the position up to a maximum of 105% of the fixed remuneration.

The incentives assigned to Managers with Strategic Responsibilities are specified in the item “Bonus of the year deferred” in [Table 3A on page 29](#).

Deferred Monetary Incentive Plan

The Deferred Monetary Incentive assigned in 2015 vested in 2018. At the meeting of 13 March 2018, based on the Snam EBITDA results achieved in the three-year period 2015-2017, the Board of Directors, on the recommendation of the Remuneration Committee, approved the multiplier to be applied to the basic incentive assigned for the purpose of calculating the amount to be paid out, at 160% (individual year result: 2015 → 159%; 2016 → 161%; 2017 → 160%) on the incentive scale of 0-170%.

The amounts paid out to Managers with Strategic Responsibilities are specified in the item “Bonuses for previous years – payable / paid” in [Table 3B on page 30](#).

Long-Term Monetary Incentive Plan

In 2018, the 2015 Long-Term Monetary Incentive Plan vested. At its meeting on 31 July 2018, based on Snam’s adjusted net profit, with a weight of 60% (individual year result: 2015 → 130%; 2016 → 130%; 2017 → 130%) and total shareholder return (TSR), with a weight of 40% - relative terms compared with the Enagas, National Grid, Red Eléctrica, Severn Trent, Terna and United Utilities - (individual year result: 2015 → 115,8%; 2016 → 110,8%; 2017 → 109,9%) for the period 2015-2017, the Board of Directors, resolved, upon the Remuneration Committee’s proposal, that the multiplier to be applied to the basic incentive assigned, at 122.8% on the incentive scale 0-130%.

The amounts paid out to Managers with Strategic Responsibilities are specified in the item “Bonuses for previous years - payable /paid” in [Table 3B on page 30](#).

Benefits

[Table 1 on page 27](#) shows the taxable value of benefits provided in 2018 in relation to: i) annual contribution to the FOPDIRE/PREVINDAI supplementary pension scheme, ii) annual contribution to the FISDE/PREVIGEN supplementary healthcare scheme, iii) assignment of a car for personal and business use for a three-year period (value excludes the recipient’s contribution).

REMUNERATION PAID IN 2018

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

The table below lists the payments made to Directors, Auditors and, on an aggregate basis, to Managers with Strategic Responsibilities¹¹. Details of the payments passed on by Snam to other companies are provided; details of other payments received by subsidiaries and/or associates are not given because they are passed on in full to the Company. Persons who have held these positions, even for a portion of the year, are included.

In particular:

- the column **“Fixed payments”** includes fixed payments and remuneration of employees due in 2018 before the deduction of social security and tax contributions. Refunds for flat-rate expenses and attendance fees are excluded as no provision is made. The note gives details of the payments as well as separate information about any employment related indemnity or payments;
- the column **“Remuneration for participation in Committees”** lists the payments due to Directors for participation in Committees established by the Board. The note gives separate details of payments for each committee the director participates in;
- the column **“Non-equity variable payments”** lists, in the item **“Bonuses and other incentives”**, the incentives for the year following the vesting of the rights after the verification and approval of the performance results by the competent corporate bodies, in accordance with the details given in the Table “Monetary incentive plans for Directors and Managers with Strategic Responsibilities”;
- the column **“Non-monetary benefits”** gives the taxable value of the fringe benefits awarded;
- the column **“Total”** gives the sum of the previous items;
- the columns **“Non-equity variable payments/Profit sharing”**, **“Other payments”**, **“Fair Value of equity payments”** show the number of shares attributed to the Long-term share-based Incentive Plan;
- the column **“Severance pay or termination of employment”** lists the indemnities accrued for terminations that took place during the course of the year or in relation to the end of the mandate and/or employment.

11 The prerequisites required by existing legislation for disclosure on an individual basis do not exist.

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

(amounts in thousands of Euros)

Name and Surname	Notes	Position	Period for which the position was held	Expiry of the mandate	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration			Total	Fair Value of equity remuneration	Indemnity for termination of office or employment
							Bonuses and other incentives	Profit-sharing	Non-monetary benefits			
Board of Directors												
Carlo Malacarne	(1)	Chairman	01.01 - 31.12	04.19	270 (a)					270		
Marco Alverà	(2)	CEO	01.01 - 31.12	04.19	980 (a)		628 (b)	14		1,622	336	
Elisabetta Oliveri	(3)	Director	01.01 - 31.12	04.19	70 (a)	45 (b)				115		
Francesco Gori	(4)	Director	01.01 - 31.12	04.19	70 (a)	20 (b)				90		
Yunpeng He	(5)	Director	01.01 - 31.12	04.19	70 (a)	15 (b)				85		
Sabrina Bruno	(6)	Director	01.01 - 31.12	04.19	70 (a)	40 (b)				110		
Monica de Virgiliis	(7)	Director	01.01 - 31.12	04.19	70 (a)	35 (b)				105		
Lucia Morselli	(8)	Director	01.01 - 31.12	04.19	70 (a)	35 (b)				105		
Alessandro Tonetti	(9)	Director	01.01 - 31.12	04.19	70 (a)	30 (b)				100		
Board of Statutory Auditors												
Leo Amato	(10)	Chairman	01.01 - 31.12	04.19	80 (a)					80		
Massimo Gatto	(11)	Standing auditor	01.01 - 31.12	04.19	60 (a)					60		
Maria Luisa Mosconi	(12)	Standing auditor	01.01 - 31.12	04.19	60 (a)					60		
Managers with Strategic Responsibilities												
	(13)				2,231 (a)		1,990 (b)	88		4,309	346	
Final Total					4,171	220	2,618	102		7,111	682	

(1) Carlo Malacarne – Chairman of the Board of Directors / CEO

- (a) The amount of €270,000 for the period from 1 January to 31 December 2018 represents the annual fixed pay established by the Shareholders' Meeting of 27 April 2016.

(2) Marco Alverà – CEO / General Manager

- (a) The amount of €970,000 corresponds to the actual fixed pay (established by the Shareholders' Meeting of 31 May 2016 for the role of CEO) and absorbs the payment of €70,000 established by the Shareholders' Meeting of 27 April 2016 for the position of Board Member. Added to this amount are the payments due for travel expenses, domestically and abroad, in line with the provisions of the relevant national collective agreement for senior managers and the supplementary company agreements totalling €9,986.
- (b) The amount of €628,000 corresponds to the 2018 annual monetary incentive.

(3) Elisabetta Oliveri - Director

- (a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- (b) for the period from 1 January to 31 December 2018, the annual fixed payments for participation, as Chair, in the Control and Risks and Related-Party Transactions Committee (€30,000) and participation, as a member, in the Remuneration Committee (€15,000).

(4) Francesco Gori - Director

- (a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- (b) for the period from 1 January to 31 December 2018, the amount of €20,000 for participation, as Chairman, in the Appointments Committee.

(5) Yunpeng He - Director

- (a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- (b) for the period from 1 January to 31 December 2018, the annual fixed payment (€15,000) for participation, as a member, in the Sustainability Committee.

(6) Sabrina Bruno - Director

- (a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- (b) for the period from 1 January 2017 to 31 December 2018, the annual fixed payment for participation, as Chairman, in the Sustainability Committee (€20,000) and for participation, as a member, in the Control and Risks and Related-Party Transactions Committee (€20,000)

(7) Monica de Virgiliis - Director

- (a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- (b) for the period from 1 January to 31 December 2018, the annual fixed payments for participation, as Chairman, in the Remuneration Committee (€20,000) and participation, as a member, in the Appointments Committee (€15,000).

(8) Lucia Morselli - Director

- (a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- (b) for the period from 1 January to 31 December 2018, the annual fixed payments for participation, as a member, in the Control and Risks and Related-Party Transactions Committee (€20,000) and participation, as a member, in the Sustainability Committee (€15,000).

(9) Alessandro Tonetti - Director

- a) for the period from 1 January to 31 December 2018, the amount of €70,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016.
- b) for the period from 1 January to 31 December 2018, the annual fixed payments for participation, as a member, in the Remuneration Committee (€15,000) and participation, as a member, in the Appointments Committee (€15,000).

(10) Leo Amato - Board of Statutory Auditors

- (a) for the period from 1 January to 31 December 2018, the amount of €80,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016 for participation, as Chairman, in the Board of Statutory Auditors.

(11) Massimo Gatto - Board of Statutory Auditors

- (a) for the period from 1 January to 31 December 2018, the amount of €60,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016 for participation, as Standing Auditor, in the Board of Statutory Auditors.

(12) Maria Luisa Mosconi - Board of Statutory Auditors

- (a) for the period from 1 January to 31 December 2018, the amount of €60,000 as the annual fixed payment established by the Shareholders' Meeting of 27 April 2016 for participation, as Standing Auditor, in the Board of Statutory Auditors.

(13) Managers with strategic responsibilities

- (a) The amount of €2,198,077 relates to the Gross Annual Salaries actually paid for periods during which posts were held. Added to this amount are the payments due for travel expenses, domestically and abroad, in line with the provisions of the relevant national collective agreement for senior managers and the supplementary company agreements totalling €33,360.
- (b) The amount includes the payment of €1,057,500 relating to the 2018 annual monetary incentive, €470,400 relating to the deferred monetary incentive awarded in 2015 and the payment of €462,530 relating to the long-term monetary incentive awarded in 2015.

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

"The most recent share-based plan was granted in 2008 and the deadlines for the purchase rights expired in 2014, therefore there are no figures to include in table 2.

Table 3a - Incentive Plans based on financial instruments, other than stock options, for Directors and Managers with Strategic Responsibilities

The table below lists the variable long-term variable incentives of an equity nature provided in favour of the CEO and, on an aggregate basis, for Managers with Strategic Responsibilities.

In particular:

- the column "number and type of financial instruments" shows the number of free shares allocated to the indicated plan;
- the column "fair value at assignment date" shows the fair value in Euro of the shares awarded;
- the column "vesting period" shows the duration of the vesting period of the long-term incentives awarded in the year;
- the column "financial instruments pertaining to the year", shows the fair value pertaining to the year relating to the existing long-term incentive plan, estimated according to the international accounting standards, whose cost is recognised over the vesting period.

Table 3a: Incentive Plans based on financial instruments other than stock options, for Directors and Managers with Strategic Responsibilities

Name, Surname and position	Plan	Financial instruments assigned during the preceding financial years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not awarded	Financial instruments vested during the year and awarded	Financial instruments relating to the year	
		Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair Value at the assignment date (euro)	Vesting period	Date of assignment	Market price at assignment (Euro)	Number and type of financial instruments	Number and type of financial instruments	Value at the maturity date	Fair value (euro)
Marco Alverà - Amministratore CEO	Long-Term Incentive Plan 2017-2019 BoD 20/06/2017	498,397	1 July 2017 - 30 June 2019	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	593,178
Marco Alverà - Amministratore CEO	Long-Term Incentive Plan 2018-2020 BoD 31/07/2018	n.a.	n.a.	587,913	2,011,311	three-year	01/07/18	3.5463	n.a.	n.a.	n.a.	336,137
Managers with strategic responsibilities	Long-Term Incentive Plan 2017-2019 BoD 20/06/2017	460,000	1 July 2017 - 30 June 2019	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	547,478
Managers with strategic responsibilities	Long-Term Incentive Plan 2018-2020 BoD 31/07/2018	n.a.	n.a.	605,500	2,071,479	three-year	01/07/18	3.5463	n.a.	n.a.	n.a.	346,192

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

The table below lists the short-term and long-term variable incentives of a monetary nature, for the CEO and, on an aggregate basis, for Managers with Strategic Responsibilities.

In particular:

- the column **"Bonus for the year - payable/paid"**: contains the Annual Monetary Incentive paid in the year based on the actual performance figures calculated by the competent company bodies in relation to the objectives defined for 2017;
- the column **"Bonuses for previous years - no longer payable"**: does not contain any information because the conditions for the payment or partial payment of the bonus as per the provisions set out in the Plan Regulations were not met;
- the column **"Bonuses for previous years - payable/paid"**: contains the long-term variable incentives paid in the year, which have accrued based on the performance conditions of the vesting period;
- the column **"Bonuses for previous years - still deferred"**: contains the incentives awarded in relation to existing deferred and long-term plans that have not yet vested;
- the column **"Other Bonuses"**: does not have any information as no other bonuses were paid.

The Total of the columns **"Bonus for the year - payable/paid"** and **"Bonuses for previous years - payable/paid"** coincides with the information in the column **"Bonuses and other incentives"** in Table 1.

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

(amounts in € thousands)

Name, Surname and position	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
		payable / paid	deferred	deferral period	no longer payable	payable / paid	still deferred	
Marco Alverà Chief Executive Officer	2018 Annual Monetary Incentive Plan BoD 13 March 2018	628						
	2016 Deferred Monetary Incentive Plan BoD 26 July 2016						340	
	2016 Long-term Monetary Incentive Plan BoD 27 September 2016						485	
Total		628	0	0	0	0	825	0
Other Managers with strategic responsibilities	2018 Annual Monetary Incentive Plan BoD 13 March 2018	1,057						
	2016 Deferred Monetary Incentive Plan BoD 26 July 2016						298	
	2016 Long-term Monetary Incentive Plan BoD 27 September 2016						392	
	2015 Deferred Monetary Incentive Plan BoD 28 July 2015					470		
	2015 Long-term Monetary Incentive Plan BoD 27 October 2015					463		
Total		1,057	0		0	933	689	0
TOTAL		1,685	0	0	0	933	1,514	0

Shareholdings held

The table below sets out, pursuant to Article 84-quater, paragraph 4 of the Consob Issuer Regulations, the shareholdings in Snam S.p.A. held, directly or through subsidiaries, trust companies or intermediaries, by directors, statutory 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. All individuals who filled the position even for a part of the year are included. The number of shares (all "ordinary") is set out individually for directors and statutory auditors, and collectively for managers with strategic responsibilities. The indicated persons have ownership of the shares concerned.

Table 4a: shareholdings held by Directors and Statutory Auditors

Name and surname	Position	Investee company	Number of shares held at 31 December 2017	Number of shares acquired in 2018	Number of shares sold in 2018	Number of shares held at 31 December 2018
Carlo Malacarne	Chairman	Snam	160,000	0	0	160,000
Marco Alverà	CEO	Snam	85,000	0	0	85,000
Sabrina Bruno	Director	Snam	4,000	0	0	4,000
						249,000

Table 4b: shareholdings held by Managers with strategic responsibilities

	Investee company	Number of shares held at 31 December 2017	Number of shares acquired in 2018	Number of shares sold in 2018	Number of shares held at 31 December 2018
Snam Managers with strategic responsibilities*	Snam	181,175	3,000	0	184,175

* of which 5,000 held by a spouse

Glossary



1. **Accident frequency index:** based on standard UNI 7249, the accident frequency index is one of the indicators used to measure safety in the workplace. According to UNI 7249, the index is calculated as the number of accidents occurring per million hours worked over a given period and/or within a given scope at corporate level.
2. **Accident severity index:** based on standard UNI 7249, the accident severity index is one of the indicators used to measure safety in the workplace. According to UNI 7249, the index is calculated as the ratio of days of absence from work to hours worked, expressed in thousands.
3. **Adjusted net profit:** net profit obtained excluding special items, stock profit/loss and, for determining the net profit of business segments, the financial income and expense relating to net financial debt, or to derivative financial instruments not used for hedging purposes other than those based on commodities and exchange rate differences.
4. **Appointments Committee:** composed of two independent non-executive directors (one of whom is the Chairman) and one non-executive director, the Appointments Committee has consultative and advisory functions with regard to the Board of Directors. Its main tasks include: proposing candidates for the office of director if the office of one or more directors is vacated during the year, ensuring compliance with the provisions for the minimum number of independent directors and the quotas for the less represented gender; putting forward candidates to the Board of Directors for the company bodies of the subsidiaries included in the scope of consolidation and of strategic foreign investee companies. It also develops and proposes, among other things, the annual self-evaluation procedures for the Board and its Committees.
5. **Balanced Scorecard:** the instrument used as the basis for the short-term variable incentive system to support the achievement of corporate objectives by translating the business strategy into a set of measurable performance metrics for each eligible person.
6. **Benefits** elements included in the non-monetary component of remuneration, aimed at increasing the well-being of employees and their families in economic and social terms. This category covers all provisions aimed at satisfying pension and welfare needs (supplementary pension, healthcare and insurance cover) but also “perquisites”, which consist of goods and services made available by SNAM S.p.A. to its employees.
7. **Code of Corporate Governance:** as defined by Borsa Italiana, this is the “Code of Corporate Governance for Listed Companies” approved by the Corporate Governance Committee. The document, in line with the experience of the main international markets, indicates the best practices of corporate governance recommended by the Committee to listed companies, to be applied in accordance with the “comply or explain” principle, which requires an explanation of the reasons for any non-compliance with one or more recommendations in the application principles or criteria.
8. **Control, Risk and Related-Party Transactions Committee:** composed of three independent non-executive directors, the Committee makes proposals and provides advice to the Board of Directors, making suitable enquiries to support decisions concerning the internal control and risk management system, as well those relating to the approval of financial reports.
9. **Consolidated Finance Act (TUF):** the “Consolidated Act on financial intermediation”, Legislative Decree 58 of 24 February 1998 (as amended). The TUF introduced “principle-based” legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the supervisory authorities (e.g. Consob).
10. **EBITDA (Earnings before interest, tax, depreciation and amortization):** also referred to as “gross operating profit”, EBITDA is an indicator of profitability that shows the company's profit deriving solely from its operations, i.e. before interest, tax, depreciation and amortisation.

11. **EBIT (Earnings Before Interest and Taxes):** also referred to as Operating Profit, EBIT is an indicator of profitability obtained by subtracting amortisation, depreciation and provisions from EBITDA.
12. **Executive directors:** directors vested with specific duties by the Board of Directors.
13. **Fair Value of equity payments:** also fair value. International Financial Reporting Standard 2 (IFRS 2) defines fair value as “the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm’s length transaction.”
14. **Fixed Remuneration:** includes all annual fixed payments, before taxes and social security contributions payable by the employee and therefore not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses or any other form of variable or occasional remuneration.
15. **Free Cash Flow:** the (monetary) cash flow produced by operating and non-operating activities.
16. **Independent directors:** Snam directors meeting the independence requirements set out in the Code of Corporate Governance, to which Snam subscribes.
17. **Issuers' Regulation:** CONSOB Regulation 11971 of 14 May 1999, containing the rules applicable to entities issuing financial instruments.
18. **Lock up:** the period of time during which the shares granted are subject to restrictions regarding their sale and/or transfer.
19. **Long-term variable incentives:** refers to the Long-Term Share-Based Plan (ILT), which entitles participants to receive a pre-defined number of shares in relation to the results achieved at the end of the vesting period (see vesting).
20. **Managers with strategic responsibilities:** in accordance with IAS 24, these are “persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly”. In SNAM S.p.A. there were 6 parties at the approval date of this Report, listed within this document.
21. **Non-compete agreements:** according to Article 2125 of the Italian Civil Code, a non-compete agreement is an “agreement that places limits on an employee’s activities for a period of time following the termination of the contract”.
22. **Non-executive directors:** directors not vested with specific duties by the Board of Directors and not delegated individual management powers.
23. **Pay Mix:** the percentage of fixed remuneration and short-term and long-term variable incentives paid.
24. **Performance Plan:** instrument defining the targets on which the short-term variable incentives system is based.
25. **Proxy Advisors:** companies used by institutional investors that issue specific recommendations based on shareholders' meeting documents and their own voting policies, which can have a significant influence on voting on the Remuneration Report.
26. **Related-Party Transactions:** the “Transactions in which directors and statutory auditors have an interest and related-party transactions” Guidelines, adopted pursuant to Article 2391-bis of the Italian Civil Code and the “Regulation containing provisions on related-party transactions” (adopted by Consob through resolution 17221 of 12 March 2010, later amended through resolution 17389 of 23 June 2010) which sets out the principles and rules that must be followed by Snam and the companies that it directly or indirectly controls in order to ensure the material and procedural transparency and correctness of transactions carried out by Snam and its Subsidiaries with Related Parties and Subjects of Interest to directors and auditors of Snam, also taking account of the objective of avoiding any risk of depleting the company's assets.

27. **Remuneration Committee:** composed of two independent non-executive directors (one of whom is the Chairman) and one non-executive director, the Remuneration Committee has consultative and advisory functions with regard to the Board of Directors on the subject of the remuneration of directors and managers with strategic responsibilities. Specifically, the Committee submits the annual remuneration report to the Board for approval and formulates proposals relating to the remuneration of directors with powers and members of Board Committees. The Remuneration Committee, pursuant to the "Transactions in which directors and statutory auditors have an interest and related-party transactions" procedure, issues an opinion with regard to transactions involving the remuneration of Snam directors and managers with strategic responsibilities.
28. **Remuneration policy:** the body of remuneration programmes for fixed and variable remuneration implemented at company level in order to support the achievement of the strategic objectives.
29. **Salary review:** the review process for the annual fixed remuneration for all eligible managers.
30. **Severance pay:** sum of money payable to a director when he/she leaves office.
31. **Short-term variable incentives:** refers to the Annual Monetary Incentive Plan (IMA), which entitles participants to an annual cash reward based on results achieved in the previous year in relation to the defined objectives.
32. **Stock Option:** financial instrument through which the company grants beneficiaries the right to subscribe to or purchase shares in the company or another company that is part of the same group at a predetermined strike price.
33. **Sustainability Committee:** The Sustainability Committee is composed of three non-executive directors the majority of whom are independent, including the Chairman. It has proposal and consultation functions with regard to the Board of Directors on matters of sustainability, i.e. the processes, initiatives and activities through which the Company maintains its commitment to ensuring sustainable development along the value chain.
34. **Sustainability indexes:** Dow Jones Sustainability World Index, FTSE4GOOD and CDP are stock exchange indexes made up of listed companies selected internationally from those that have achieved the best performances in terms of sustainability and Corporate Social Responsibility.
35. **Target level:** in the short-term incentive, the Target level is the standard achievement level, giving the right to receive 100% of the incentive.
36. **Termination of employment indemnity:** sum of money payable to a senior manager when their employment contract ends.
37. **Threshold level:** represents the minimum level to be achieved, below which the Plan does not provide for the payment of any incentive.
38. **Total Shareholder Return (TSR):** indicates the overall return of a share taking into consideration both the change in price and the distribution of dividends.
39. **Variable remuneration:** consists of the short-term variable incentives and long-term incentives (see the definitions in this glossary).
40. **Vesting period:** period between the assignment date and the vesting of the right to receive an incentive.

Analytical index of topics

(CONSOB Resolution 18949, SECTION I)



CONSOB resolution	Information required	Reference
A	Bodies or parties involved in the preparation and approval of the remuneration policy, specifying the respective roles, as well as the bodies or parties responsible for the correct implementation of this policy.	pp. 12-13
B	Any intervention by a remuneration committee or other competent committee, describing its composition (distinguishing between non-executive and independent directors), powers and working procedures.	pp. 12-13
C	The names of any independent experts involved in the preparation of the remuneration policy.	p. 20
D	The aims pursued through the remuneration policy, the underlying principles and any changes to the remuneration policy compared with the previous financial year.	pp. 15-16
E	Description of the policies on fixed and variable components of remuneration, with particular regard to the weighting in the overall remuneration and distinguishing between the short-term and medium-/long-term variable components.	pp. 16-18
F	The policy applied with regard to non-monetary benefits.	p. 19
G	With reference to the variable components, a description of the performance targets used, distinguishing between short-term and medium-/long-term variable components, and information on the link between changes in results and changes in remuneration.	pp. 16-18
H	The criteria used for the evaluation of the performance targets underlying the granting of shares, options, other financial instruments or other variable remuneration components.	pp. 16-18
I	information showing the consistency of the remuneration policy with the pursuit of the company's long-term interests and with the risk management policy, if one has been formally adopted.	p. 18 p. 20
J	the vesting periods of any deferred payment systems, indicating the deferral periods and the criteria used for determining those periods and, if provided, the ex-post correction mechanisms;	p. 18 p. 20
K	information on any provisions for the retention of financial instruments in the portfolio after their acquisition, indicating the retention periods and the criteria used for determining those periods.	p. 19
L	the policy relating to indemnities for termination of office or termination of the employment relationship, specifying the circumstances that give entitlement to their payment and any link between these indemnities and the company's performance.	p. 16 p. 19
M	information on the presence of any insurance, pension or welfare cover other than statutory cover.	p. 19

CONSOB resolution	Information required	Reference
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N (ii)	any remuneration policy applied with regard to participation on committees	p. 16
N (iii)	any remuneration policy followed with regard to specific positions (Chairman, Vice Chairman, etc.)	p. 16
O	Information on the use of remuneration policies of other companies as benchmarks and, where such use is made, the criteria used for selecting these companies.	p. 20



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Pre-printing
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For information please contact
Snam S.p.A.
Piazza Santa Barbara, 7
20097 San Donato Milanese (MI)
Website: www.snam.it

March 2019

