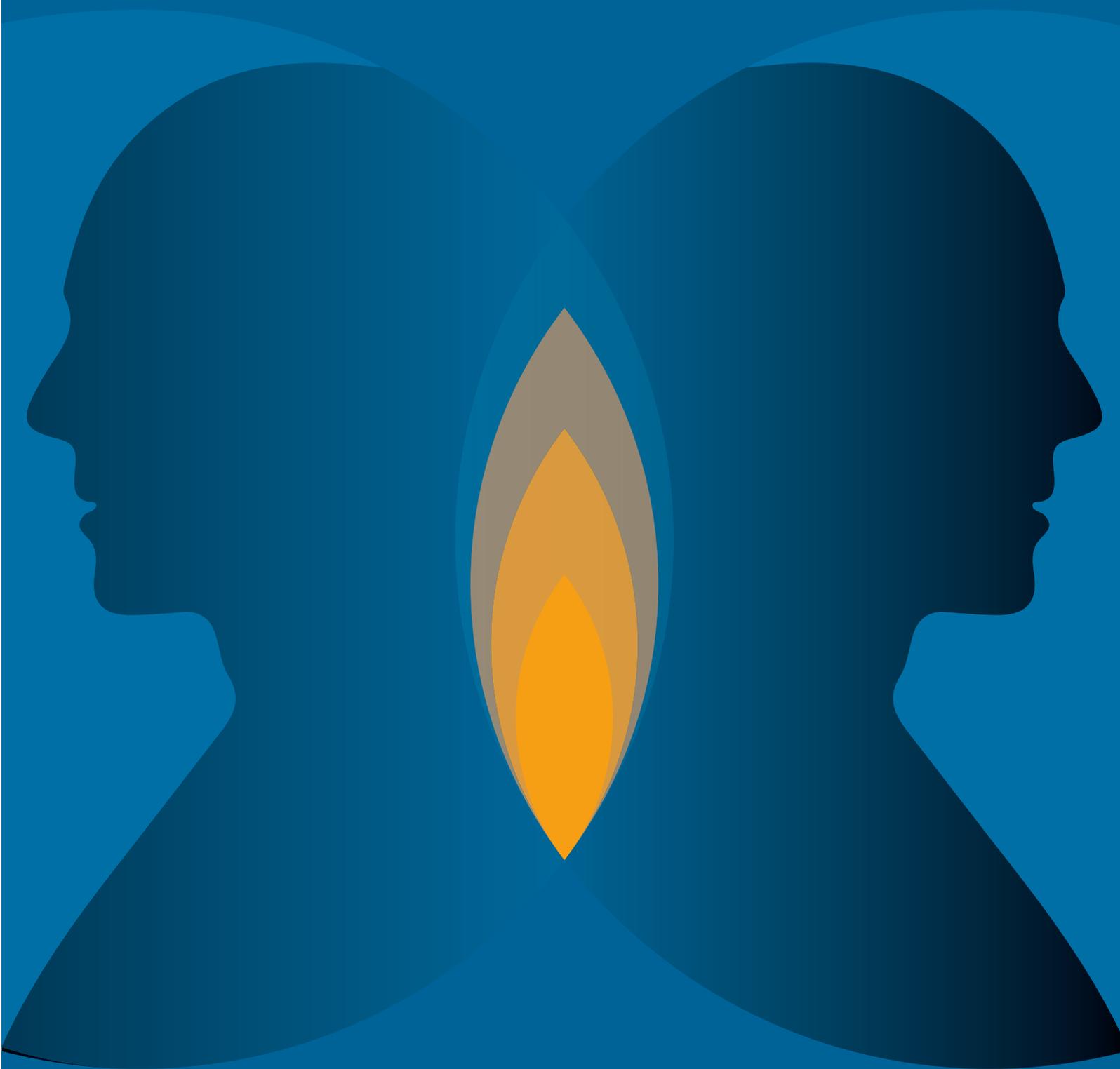


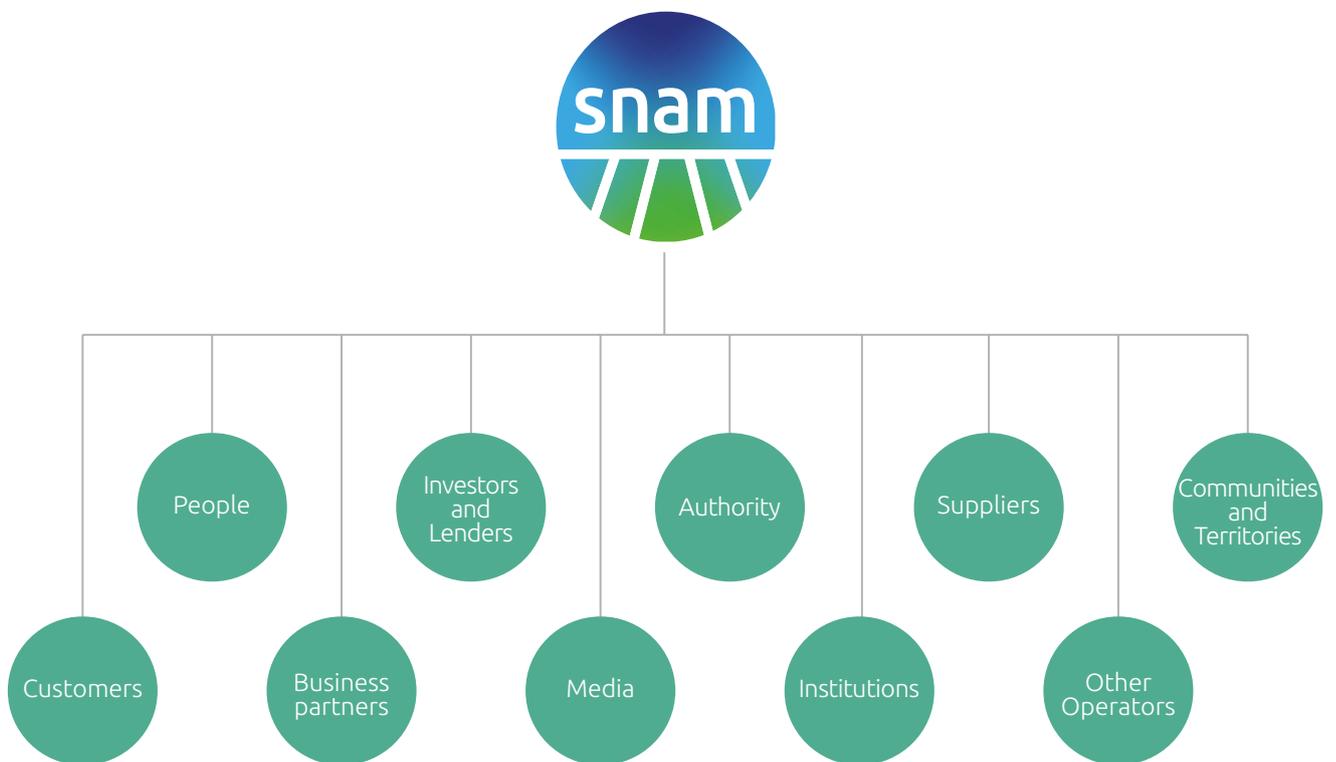
Stakeholder relationships



The stakeholder engagement

Snam promotes a constant dialogue with its stakeholders through proactive and multichannel communication with the aim of developing solid, lasting relations. In 2019, the stakeholder engagement activities mirrored the company's commitment on the energy transition front, reinforcing sustainable growth in a market that is increasingly focusing on decarbonisation processes. Specifically, supporting the development of new businesses, from energy efficiency to green gases, has taken on a key role in interactions and relations with stakeholders.

Snam's Stakeholders



THE MAIN EVENTS

Snam has organised and taken part in many events in order to strengthen and disseminate its all-round knowledge of the Group's companies, especially in a period of continuous development where the Company is renewing itself and expanding into new businesses to support energy transition.

Energy transition

One of the most important events in 2019 in which many Snam's stakeholders took part was **"The Hydrogen Challenge - 2019 Global ESG Conference"**, at Lanterna di Fuksas in Rome, focused on the potential of hydrogen as a clean energy vector on the journey to national and international decarbonisation. The conference, sponsored by the Ministry of Foreign Affairs and "Cooperazione Internazionale" and the National Research Council (CNR), featured a speech by the Prime Minister, Giuseppe Conte and was attended by numerous international guests. During the first day, agreements were signed with the Israel Innovation Authority and with the CNR on innovation and sustainable energy. The second day, in conjunction with the World Economic Forum, was dedicated to interactive round table discussions between international experts on the development of technological solutions for a sustainable hydrogen economy.

As part of this event, Snam, in collaboration with the Luiss University, also promoted a permanent monitoring centre aimed at the integration of ESG issues in the business strategy.

Together with Cassa Depositi e Prestiti and Terna, Snam organised the first edition of the **"Stati Generali della Transizione Energetica Italiana"** (General States of the Italian Energy Transition, an event dedicated to the future of the Italian energy system featuring numerous institutions and sponsored by the Prime Minister's Office and the Ministry of Economic Development. During this event, the various participants had the opportunity to stress the importance of "sustainable" development of infrastructures supporting the country's future energy transition.

Technological innovation

Snam was among the protagonists of the 23rd edition of **Ecomondo**, the event in Rimini on technological innovation and sustainable development. Snam staged its Green Village, a pavilion composed of four islands dedicated to energy efficiency, biomethane, sustainable mobility and innovative forms of gas storage and compression. Snam brought its innovation expertise to **Digital Week**, the event promoted by the Municipality of Milan to discuss all aspects of digital transformation. During the event, the Company had the opportunity to meet stakeholders of the digital ecosystem and start ups, describing its technological development and digitalisation journey.

Protecting the environment

Snam has been developing positive experiences with Italian parks through the **"Sentieri Sostenibili"** (Sustainable Paths) editorial initiative for many years, in which Snam chronicles its commitment to environmental protection and the adoption of virtuous best practices which have always been a part of the Company's way of operating when creating infrastructures. The fifth edition added to the series is on the Foreste Casentinesi National Park and was presented at the literary and cultural festival "Fuori conTesto" with Fabio Genovesi, the Strega Giovani Prize winner. The park, recently recognised by UNESCO as a World Heritage Site, stretches between the Tuscany and Romagna regions with two parallel pipelines which are part of the transportation backbone taking gas from North Africa to Italy passing briefly through it. The story of the park and its geographical, natural, historical and cultural features is intertwined with the operational efforts made by Snam in an area of value which enables infrastructures that are vital for the country's energy requirements to coexist with the environment and ecosystems.

SNAM AND THE EU ENERGY TRANSITION

The initiatives and activities carried out by Snam in Europe are aimed at promoting the use of gas as a tool to guarantee the security of the energy system in Europe thanks to the diversification of procurement sources and routes and to support the development of new forms of renewable gases such as biomethane and hydrogen.

In 2019, Snam, courtesy of its role as representing the interests of the entire gas supply chain through GasNaturally, took part in the European discussions and round tables on energy, climate, mobility and sustainable finance, promoting the use of gas as the ideal energy solution for achieving future climate targets and supporting the European Union in its climate neutrality strategy by 2050.

Work continued under the scope of the "Gas for Climate" consortium, created in 2017 and composed of 9 European TSOs (Enagás, Energinet, Fluxys, Gasunie, GRTgaz, ONTRAS, Open Grid Europe, Snam and Teréga) and 2 associations operating in the sector of renewable gas (Conorzio Italiano Biogas and European Biogas Association). In 2019 the consortium promoted the results of a study, commissioned by Navigant, which highlights the opportunities for European citizens to achieve annual savings of around €217 billion by 2050 using the existing gas structure for the development of biomethane and green hydrogen.

Snam continued its activities with the European association "Natural & bio Gas Vehicle Association" (NGVA Europe) with the goal of promoting the use of natural gas and biomethane as alternative energy sources for sustainable mobility, both land and sea.

Lastly, being part of the Hydrogen Europe and The Hydrogen Council associations, Snam strives to promote hydrogen as an energy source that is sustainable and compatible with the existing gas infrastructure. In addition, as a member of the World Energy Council, Snam is one of the founders of the Hydrogen Global Charter, a shared platform open to all stakeholders, from institutions to businesses, aimed at promoting the large-scale development of hydrogen.

THE MEDIA: PRIZES AND AWARDS

Thanks to a growing audience reached through social media and the corporate website and constant communication with media outlets, Snam confirmed its commitment once again in 2019 to communicate proactively and transparently with all its stakeholders. For the sixth year running Snam was among the leading Italian companies for digital communication in the Italian Webranking, standing out for its transparency. The 2019 survey involved 112 companies and Snam took second place with a score of 91.3 out of 100 confirming its excellence.

During the year, Snam's communication was directed at strengthening the position of the company about the **energy**

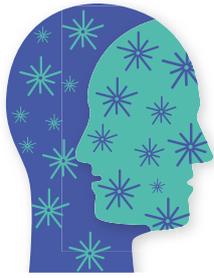
transition and **decarbonisation**, highlighting initiatives and projects relating to the new businesses, with a special focus on hydrogen and the leadership potential of Snam and Italy in its development.

Alongside this, dialogue with the areas involved in the main projects continued and increased. By virtue of this undertaking, Snam's visibility in the media increased, as well as the publication of news on its platforms. Specifically, Snam recorded an increasingly more obvious presence in international media with exposure on issues of global interest, first and foremost energy transition. In addition, the international research organisation ".future" placed Snam among the best companies (Gold Class) for digital communication on sustainability.

As far as social activities are concerned, in 2019 Snam won the "Best employer brand" award on LinkedIn award that confirms how digital platforms, specifically LinkedIn, represent a strategic tool for the company to make themselves known by possible candidates and get in touch with them. Snam's presence in the Forbes "Top Employers" international classification is evidence of the growing reputation of the brand. Based on this study, taking into consideration 1.4 million interviews conducted globally and regionally, the company is one of only two Italian organisations among the top 150 in the world to work in.

Membership of the Un Zero Coalition

At the UN Climate Action Summit, which was held in September 2019 in New York, Snam joined the Zero Coalition, an alliance of the main global businesses and associations involved in the maritime, energy, finance and infrastructure sectors, aimed at the decarbonisation of shipping. From this perspective, the members of the coalition are committed to promote the adoption of zero emission ships by 2030 and advocate the development of clean energy sources. In line with this vision, Snam is strongly committed to initiatives for sustainable transport by road, rail and sea, promoting the use of biomethane and BioLNG, as well as the development of hydrogen.

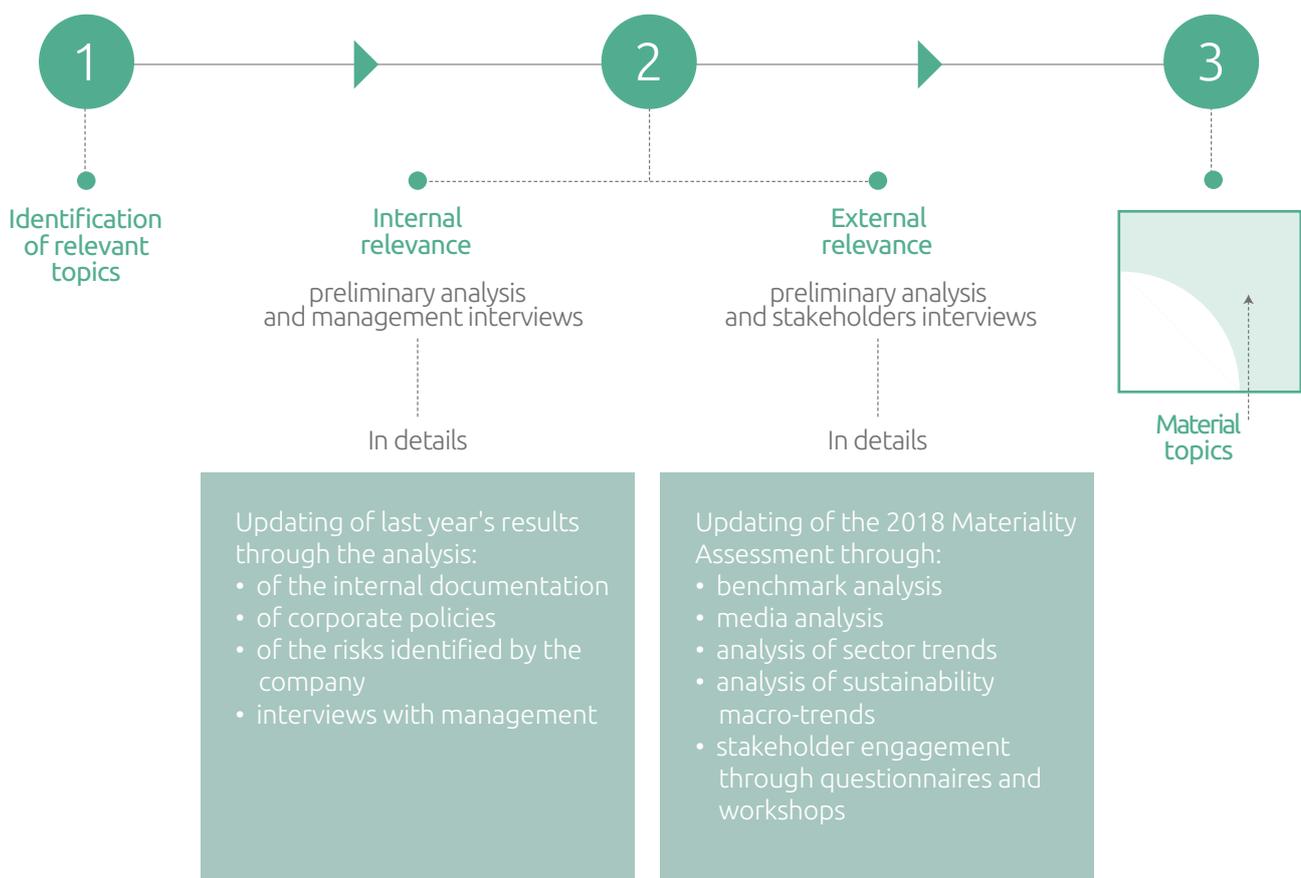


The Materiality analysis

Every year Snam updates its materiality analysis in order to collect materiality issues or issues capable of reflecting the significant economic, environmental and social impacts of the company or which can substantially affect the evaluations and decisions of stakeholders.

The Global Reporting Initiative (GRI) and the International Integrated Reporting Committee (IIRC) have repeatedly proposed materiality, and the analysis thereof, as a starting point necessary to bring reporting in line with stakeholder expectations. In this sense, Directive 2014/95/EU implemented in Italy through Legislative Decree 254/2016, requires entities/companies, coming under the scope of the decree to apply this principle.

Starting with the important issues that emerged last year, Snam has updated its materiality analysis by reworking the analysis of the sustainability context and scenario and repeating the prioritisation of issues for the organisation and its stakeholders. The directions provided by the Sustainability Accounting Standards Board (SASB), for the Extractives & Minerals Processing: Oil & Gas midstream" were taken into consideration in defining the important issues.



The prioritisation of issues from the company's perspective was carried out through **interviews with the management**. On the other hand, to define the most important issues from an external point of view, **online surveys** were conducted with all categories of stakeholders and **specific workshops** dedicated to employees, customers and suppliers were held. The following categories of stakeholders were considered for the online survey: Communities and local areas, Investors and lenders, Other operators, Media, Suppliers, Customers, People (Employees), Authorities and Institutions.

The involvement of Stakeholders

3 workshops organised for a total of **68 participants**

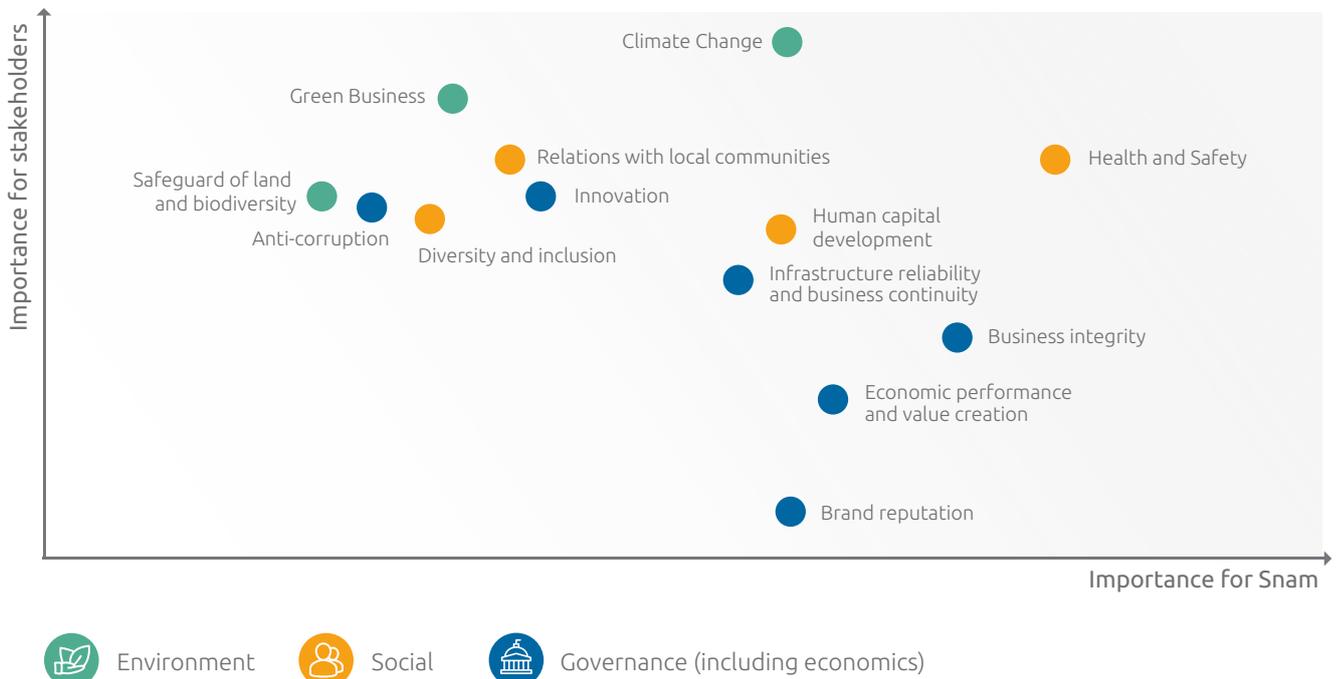
5,460 online questionnaires sent with a **participation rate of 39%**

To get to know the point of view of its stakeholders directly, Snam conducted several workshops involving representatives from **customers, suppliers and employees**. During the meetings, after an introduction on Snam's position on the issue of sustainability, this was followed by a brief induction on the concept of "materiality" and the analyses conducted to identify the relevant issues. Later on, the stakeholders were asked to validate the universe of issues and prioritise the themes by filling in a **hard copy and online questionnaire**. The results of the workshop, together with the preliminary analyses described above (trend, sector and benchmark), have made it possible to determine the external relevance of the sustainability issues.

This activity met with a very positive final judgement by the participants, who appreciated the involvement method and the issues discussed.

The joint analysis of the internal and external relevance led to the identification of the priority and materiality areas. The materiality matrix has been validated by the management, the ESG Committee and the CEO.

Materiality Matrix



Description of material issues

Reliability of infrastructures and business continuity		Ensuring the reliability of its infrastructures and services in order to prevent and/or mitigate potential situations that could compromise the continuity of the business (e.g. emergencies, cyber attacks).
Climate change		Promoting strategies to curb climate change, in order to reduce greenhouse gases and environmental impact, develop energy efficiency initiatives in Group plants and sites and promote a more sustainable business through the use and production of energy from renewable sources.
Diversity & Inclusion		Promoting and ensuring equal opportunities for all the employees and safeguarding diversity (race, religion, culture, gender and age) promoting dialogue and collaboration initiatives.
Business integrity		Carrying out activities fairly and correctly in compliance with the law, regulations, corporate recommendations and provisions and guaranteeing the efficiency of corporate governance, with special attention to issues of remuneration and balanced participation in the main corporate governance bodies.
Innovation		Searching for new technologies with a view to ever increasing efficiency in conducting business and reducing the impact on the environment.
Fighting corruption		Adopting preventive safeguards and targeted policies, as well as promoting partnerships that have the goal of fighting corruption and offences in general and also the dissemination of a culture of lawfulness.
Green Businesses		Integrating new businesses involved in the processes of decarbonisation in its operations supporting a low-carbon economy, such as biomethane, hydrogen, the use of gas for sustainable mobility (CNG, LNG) and new technologies capable of incorporating renewable energy from the environment.
Economic performance and creation of value		Promoting the creation of shared value in the medium-long-term for all categories of stakeholders, through operational and financial efficiency and committing to the development of business activities capable of generating value for all stakeholders.



Environment



Social



Governance (including economics)

The analyses described above also made it possible to identify further issues which, although not material, are, however, relevant for Snam or its stakeholders. Therefore, these issues are also monitored and overseen by the Company:

- **Waste management:** efficient management of waste including through the effective management of the disposal of materials used during production activities and the construction of Group infrastructures;
- **Management of water resources:** consumption and management of water resources in Group activities and policies and practices capable of encouraging the responsible use of water promoting reuse plans and actions;
- **Employment:** stable, continuous employment guaranteeing a good work environment and generational turnover in line with the development of the business;
- **Relations with the authorities and quality of services:** secure service, reliable over a period of time, in compliance with the principles of competition and equal treatment and access to infrastructures, as well as constructive relations with the regulatory authorities and with institutions, in order to develop satisfactory services for customers and at the same time directed at market needs and requirements;
- **Supply chain:** adopting policies for the selection of suppliers, contractors and partners that include the integration of sustainability criteria and the promotion of social responsibility among suppliers;
- **Respect for human rights:** respecting human rights throughout the value chain (suppliers, employees, customers);
- **Protection of the air:** initiatives aimed at reducing and curbing pollutant emissions into the air (e.g. NOx) resulting from Group operations.



The commitment to the Sustainable Development Goals

While pursuing its business model, Snam combines the commitment to issues deemed material by the Company and its stakeholders with a commitment to the Sustainable Development Goals (SDGs) defined by the United Nations in 2015, demonstrating its own contribution to the development of a sustainable economy and the society of the future.

The 17 SDGs and related targets are a systematisation of courses of action to follow for a more sustainable world and which cover all the macro-areas and modern macro-challenges, such as, for example, the fight against climate change, the defence of ecosystems and the battle against poverty. Among these, the Group has decided to concentrate its actions on several of these goals, developing those that are closest to the mission and activities of Snam, in such a way as to channel its commitment and maximise the results achieved.

Sustainable Development Goals SDGs

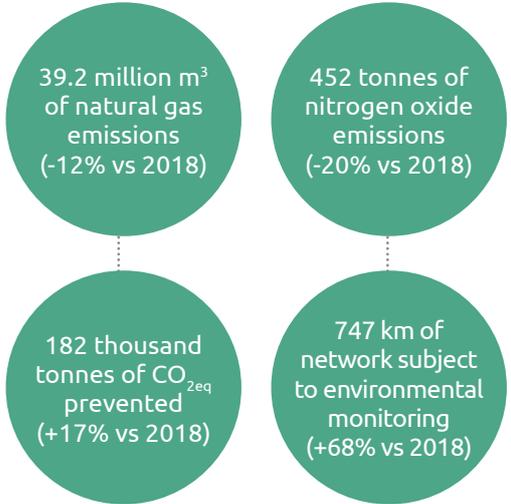


ESG Highlights 2019

Environment



2019 Results



Future goals

- -40% emissions of **methane by 2025** compared with 2016
- -40% **Scope 1 and 2** emissions **by 2030** compared with 2016
- 55% **green electricity**/ total electricity ratio by 2030
- -100% **plastic packaging** in the supply chain **by 2023** and **elimination of plastic** in break areas **by 2020** (PlasticLess programme)

Social



- €400 **million** of investments in the infrastructure replacement programme by 2023
- €350 **million** of investments in innovation and technology by 2023
- 320.000 **hours** of training delivered **by 2023**
- **Extension of Performance Management System**

Governance



- **Launch of the Inclusion Team** to promote and spread the culture of diversity and equal opportunities, creating a work environment that values all people.
- **Completion of the Compliance Programme** with regard to the targets on the employees training related to the Anticorruption and 231 Model topics:

100% 231 Model **by 2020**
 100% Anti-corruption **by 2022**