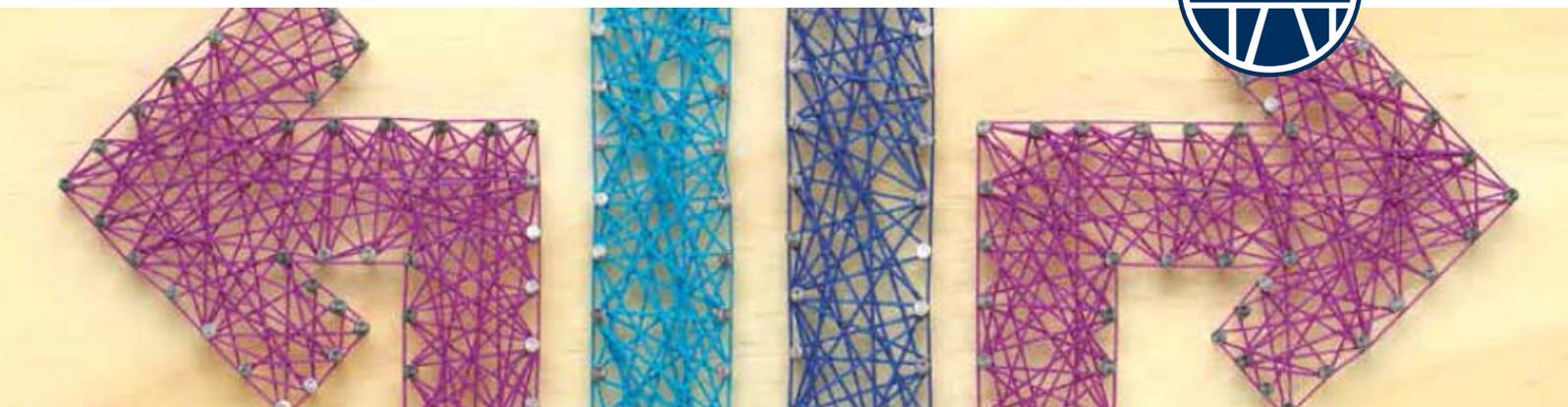


# Corporate Social Responsibility review n.4

CSR and companies pag.1  
Company volunteering pag. 2

Finance and ethics pag.3  
CSR Observatory pag. 3



Snam S.p.A. Investor Relations

## CSR and companies

### Smart Working: a fast-growing reality in large companies

Smart Working means being able to work from home or from any remote location while still keeping the company as a main base for one's activities. Smart Working is growing fast: in 2015, 17% of large Italian companies (Snam joined at the beginning of 2016) already launched projects with similar features (compared to 8% in 2014) and almost half of companies in Italy have adopted, or are about to adopt, a similar initiative for flexible working. This was shown by the Milan Polytechnic's Smart Working Observatory, which is regarded as the leading institution for analysis on work patterns development in Italy. Smart Working allows a

level of flexibility which brings benefits to both the employees and the company: the employees' quality of life improves; the company reduces the costs and increases productivity, as well as benefitting from the legislative regulation introduced with the 2016 Stability Act. Moreover, according to the Polytechnic's Observatory, a full adoption of Smart Working could theoretically save the country a total of 37 billion euros on an annual basis, thanks to improved productivity, job quality and reduced managing costs. It is also remarkable how much employees could personally save: not having to commute, for example, would save them a total of 4 billion

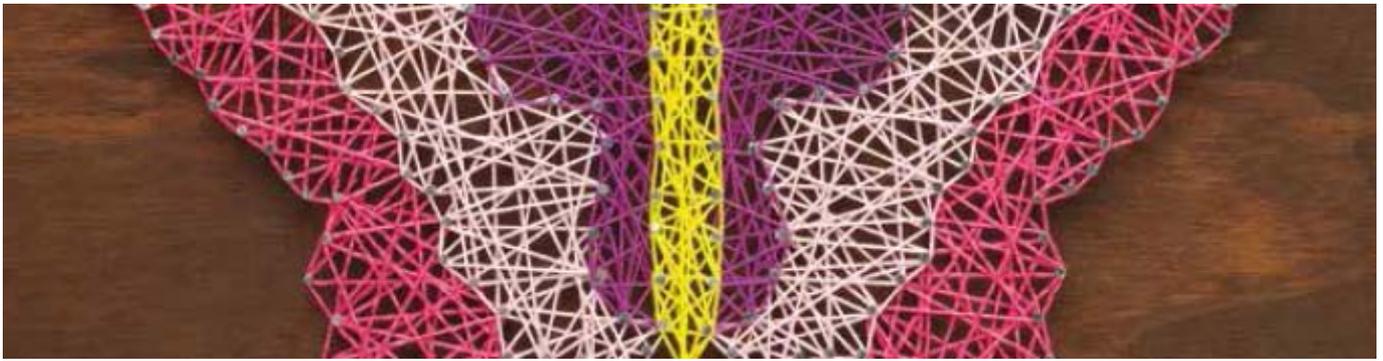
euros. Finally, it would also bring environmental benefits: thanks to Smart Working, 1.5 million tonnes of CO2 emissions could be avoided. However, at the moment it is only larger companies that have taken advantage of these numerous benefits with fewer smaller-sized companies participating: in 2015, in north-eastern Italy (where the majority of these firms are located) only 6% of smaller-sized companies launched Smart Working projects, although an additional 24% are in an "exploratory" phase.

### A new type of company: the "Società Benefit"

Italy is the second country in the world, after the United States, to have introduced by law (with the 2016 Stability Act) the "Società Benefit", better known as "Benefit Corporation" ("B-Corp"), which represents an important step towards the integration of CSR objectives into a company's activities. According to the legal definition, these are companies which, "when conducting business, in addition to sharing the earnings, pursue additional objectives which provide a common benefit and operate in a responsible, sustainable and transparent way towards people, communities, places and the environment, goods and cultural and social activities, institutions and associations and other stakeholders." The targets of the Società Benefit are outlined in the company's objectives and are managed by balancing the

interests of shareholders with the interests of those who would be positively impacted by the social activity. The Società Benefit can introduce, next to the social credentials, the name Società Benefit or the abbreviation SB and use such denomination in the securities issued, and in any documentation and documents towards third parties. It is possible for an already formed company to become a Società Benefit, by amending its memorandum and statute (which must include the targets for the common benefit in the business objectives). These types of companies, even if for-profit, have to follow specific rules in their administration and identify the party or parties responsible for pursuing these objectives.





### **An index to assess welfare in the Smaller-Medium sized Enterprises (SME)**

For various reasons, 2016 is an important year for corporate welfare. There are, in fact, an increasing number of companies that offer benefits and services to their employees, as a consequence of the progressive reduction of the social welfare. Next to the regular wage, a “social wage” has become increasingly widespread and it consists of food stamps, personal services, meal tickets, nurseries, insurance, supplementary pension. But does this corporate policy really work? And how is it assessed whether it’s effective, productive or helpful to the company and the employees? To assess these points and evaluate them, the SME Welfare Index was created – the first of its kind, sponsored by Generali, with the cooperation of Confindustria and Confagricoltura – in order to assess the level of welfare in the Italian small and medium-sized enterprises. Developed by the specialised company Innovation Team, the Index is aimed at capturing the level of corporate welfare at SMEs, and, at the same time, evaluating the level of services offered comparing them with those offered by other enterprises which participated in the survey. The SME Welfare Index indicates with a number from 0 to 100, the level of corporate welfare existing in the 2,140 companies, in all production sectors, which took part to the survey. The assessment takes into consideration three factors: the breadth and content of the initiatives applied for each of the 10 areas of activity considered; the way in which the enterprise involves employees and manages its welfare options; the originality of the initiatives and their uniqueness in the Italian landscape.

### **Corporate volunteering**

#### **Fight against waste and solidarity continue thanks to CiboAmico**

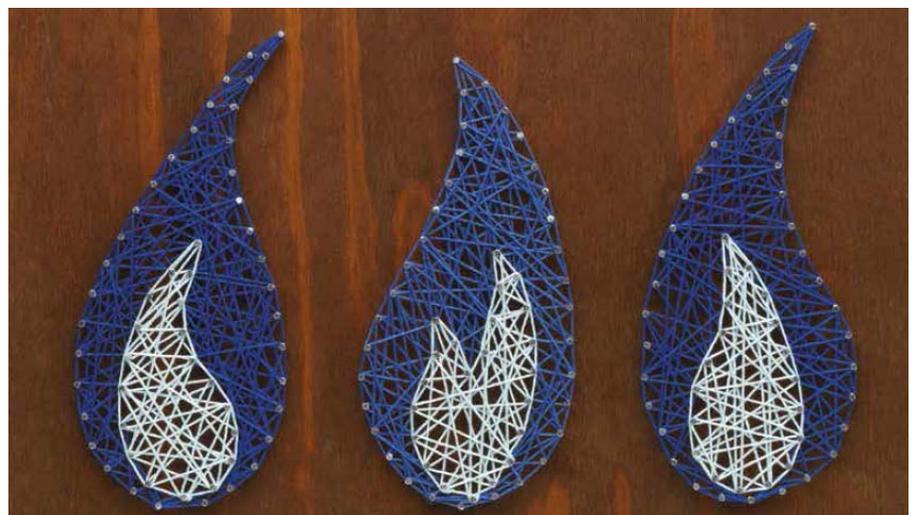
Over 200,000 euros of food was donated in 2015 thanks to an interesting initiative – *CiboAmico* – created by the Hera Group, in cooperation with Last Minute Market. Launched in December 2009, *CiboAmico* is a project which enables the recovery of food surpluses from meals not consumed in Group’s the five canteens and facilitates their distribution to six associations, located in the relevant territory, which assist people in need. To-date, *CiboAmico* has recovered a total of almost 57,000

meals, with an economic value of up to 229,000 euros. There are also considerable environmental benefits: the recovery of meals, in addition to reducing the water waste, energy and land necessary for their production, has prevented almost 103 tonnes of CO2 emissions, which would have been released had the food been simply disposed of.

#### **“Volunteers” for a day**

Amongst the numerous volunteering initiatives promoted by the company, there is “Citizen Day” by L’Oréal, which has come to its sixth edition. All L’Oréal employees, in the 130 countries in which the company has offices, are given the opportunity to take part for a day in initiatives in cooperation with partner associations and to volunteer for the local communities. L’Oréal Italy has decided to approach associations which focus on fighting social hardship: Associazione Italiana Sclerosi Multipla, Banco Alimentare, Cooperativa Mirafiori, Fondazione Fratelli di S. Francesco d’Assisi, Opera Cardinal Ferrari, Refettorio Ambrosiano

di Caritas. In each of these Associations L’Oréal’s employees can work on a variety of tasks: manual activities (such as cleaning, clearing and facility maintenance); gardening; selecting and collecting food and objects for donations or food baskets; shadowing social secretariat employees; working in soup kitchens. Last year more than 24,000 employees globally took part in Citizen Day, contributing to 32,000 beneficiaries assisted by 420 non-profit associations.



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## Finance and ethics

### News on ethical rating

Morningstar, the US independent data provider, already known for the stars it assigns as rating to equity funds, published in March 2016, in cooperation with ethical rating agency Sustainalytics, a new sustainability assessment of 21,000 funds and ETFs (for a total of 13,000 billion US dollars of assets under management), which is in fact represented by the symbol of a stylised world map (from one to five). In addition to Morningstar, indices and financial services provider MSCI has also announced its intentions to award a sustainability certification to equity funds. The increasingly growing use of ESG criteria (Environmental, Social, Governance) is worrying large operators, since the institutional investors mainly focused on securities portfolio decarbonisation could start systematically favouring the funds with a high ethical rating, or at least above average, avoiding those which do not satisfy such criteria.

### A World Bank's bond for a sustainable development

In March 2016 the World Bank returned to the Italian financial market to launch a ten-year long green bond (expires in ten years and has a 1.75% coupon). The bond was issued in cooperation with BNP Paribas Corporate and Institutional Banking and, with the funds collected, it aims at financing projects which can have a positive impact in terms of social and environmental sustainability in different sectors (in particular in education, health and core infrastructure services). The World Bank has a triple A rating, the highest given by the rating agencies. It is not the first time that the Bank has issued such a bond on the Italian market. In 2015 a green bond worth 87 million euros was issued for retail investors in order to finance eco-friendly projects. It is thanks to the World Bank, together with the environmental Swedish Bank, that this instrument was created, appearing for the first time on the market in 2008 to encourage investors towards sustainable projects and technologies.

## CSR Observatory

### Worldwide boom of renewables in 2015 (in Italy in particular)

According to the United Nations Environment Program a worldwide record for investments in renewables was hit in 2015: almost 286 billion dollars were invested in green energy last year (+5% compared to 2014), more than double of the 130 billion invested in fossil fuels. The strong investment growth in renewables corresponded to their significant increase in contributing towards the world's new electrical capacity, which reached 54%, with 134 new gigawatt (excluding big hydroelectric projects and those above 50 megawatt, which the UN doesn't include in the calculation as not green enough). Italy had a leading role in this framework as in the past ten years the growth of renewables has significantly contributed to cover electric consumption from 15% to 37.1% in the first half of 2015 (with pho-

tovoltaic accounting for 8.4%). Such a result was made possible thanks to a production model distributed throughout the entire country, as shown by the "Comuni Rinnovabili 2016" report by Legambiente, now at its tenth edition and presented last May in Rome: there are over 850,000 installations across Italy, from local communities to large cities, and the number of Comuni in which at least one renewables facility is installed grew from 356 to 8,074 (almost all of them), including 39 Comuni which are 100% "renewable".



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