

Annex

Performance figures and indicators

Key operating figures

	2015	2016	2017
Natural gas transportation			
Gas injected into the network (10 ⁹ m ³)	67.25	70.63	74.59
Gas pipeline network (km)	32,534	32,508	32,584
Average travel distance of gas in Italian transportation network (km)	419	582	551
Gas compression stations (no.)	11	11	11
Installed power in the gas compression stations (MW)	877	922	922
Liquefied natural gas regasification			
Liquefied natural gas injected in the network (10 ⁹ m ³)	0.03	0.21	0.62
Number of LNG tanker loads	1	5	15
Natural gas storage			
Gas injected in storage (10 ⁹ m ³)	9.84	9.97	9.80
Gas delivered from storage (10 ⁹ m ³)	9.74	10.03	10.12
Operating concessions (no.)	9	9	9

Key financial figures (*)

	2015	2016	2017
Economic and financial data			
Total revenue (€ mln)	2,627	2,560	2,533
Adjusted EBIT (€ mln)	1,481	1,336	1,363
Adjusted net profit (€ mln)	910	845	940
Reported Group net profit (€ mln)	1,238	861	897
Technical investments (€ mln)	879	906	1,304
Net invested capital at 31 December (€ mln)	21,365	17,553	17,738
Shareholders' equity at 31 December (€ mln)	7,585	6,497	6,188
Net financial debt at 31 December (€ mln)	13,779	11,056	11,550
Free Cash Flow (€ mln)	771	1,707	423
Added value produced (€ mln)	2,429	2,518	2,447
Added value distributed (€ mln)	1,831	1,913	1,621

Follows **Key financial figures (*)**

	2015	2016	2017
Snam's stock			
Number of shares in share capital (mln)	3,500.6	3,500.6	3,500.6
Number of shares outstanding on 31 December (mln)	3,499.5	3,470.7	3,414.5
Average number of shares outstanding during the year (mln)	3,499.5	3,496.8	3,422.4
Year-end official share price (€)	4,002	3,923	4,086
Average official share price during the period (€)	3,721	4,101	4,043
Market capitalisation (€ mln)	16,973	13,612	13,953
Dividends paid in the period (€ mln)	875	875	718

(*) For comments to the economic and financial results see the annual financial report

Key employees figures and indicators

	2015	2016	2017
Total employees (no.)	3,005	2,883	2,919
Average headcount (no.)	2,984	3,026	2,927
Average age of employees (years)	46.6	46.1	45.7
Average length of service (years)	21.7	21.1	21.0
Employees by business segment			
Corporate (no.)	715	785	824
Transportation (no.)	1,918	1,726	1,972
Storage (no.)	299	301	60
Regasification (no.)	73	71	63
Employees by grade			
Executives (no.)	99	87	93
Middle Managers (no.)	449	421	456
Administrative staff (no.)	1,736	1,651	1,655
Blue-collar workers (no.)	721	724	715
Employees by type of contract			
Permanent contract (no.)	2,779	2,631	2,755
Apprenticeship or internship contract (no.)	171	206	150
Fixed-term contract (no.)	1	1	14
Part-time contract (n)	54	45	42
Employees by geographical area			
North (no.)	2,242	2,169	2,204
Central (no.)	216	204	202
South and Sicily (no.)	544	506	509
Abroad (no.)	3	4	4

Follows **Key Employee figures and indicators**

	2015	2016	2017
Employees by gender			
Men (no.)	2,578	2,514	2,526
Women (no.)	427	369	393
Remuneration differential - women/men (executive grade)	0.93	1.02	1.03
Remuneration differential - women/men (middle manager grade)	0.96	0.96	0.96
Remuneration differential - women/men (administrative staff grade)	0.88	0.89	0.89
Entries and Departures			
Hired from the market (no.)	162	141	148
of which university graduates (no.)	75	73	100
of which high school graduates (no.)	86	66	48
of which women (no.)	32	35	53
of which men (no.)	130	106	95
Other new employees (non-consolidated companies, acquisitions, etc.) (no.)	4	36	36
Percentage of university graduates hired (%)	46	52	67
Departures in the year (no.)	68	53	69
Turnover (no.)	7.7	6.4	7.4
Absenteeism rate (no.)	4.4	4.7	4.7
Training			
Training hours (no.)	87,620	82,184	85,346
Participants (no.)	10,203	10,396	8,604
Average hours of training per employee (no.)	29.2	28.5	29.2
Executive training hours (no.)	2,744	2,940	1,908
Middle Manager training hours (no.)	11,143	10,021	8,600
Administrative staff training hours (no.)	41,763	31,072	39,316
Blue-collar worker training hours (no.)	31,970	38,151	35,522
Average training hours delivered to men (no.)	30.9	30.2	31.3
Average training hours delivered to women (no.)	18.4	17.0	15.8
Average training hours delivered to executives (no.)	27.7	33.8	20.5
Average training hours delivered to middle managers (no.)	24.8	23.8	18.9
Average training hours delivered to administrative staff (no.)	24.1	18.8	23.8
Average training hours delivered to blue-collar workers (no.)	44.3	52.7	49.7
Training hours for health, safety and environment (no.)	24,305	19,288	9,641
Participation for health, safety and environment (no.)	4,117	3,484	1,695

33 people were employed on staff leasing contracts in 2017 (36 in 2016 and 23 in 2015).

Main HSE data and indicators - Business activities

	2015	2016	2017
Health and Safety			
Employee accidents (no.)	3	4	6
Employee accident frequency index	0.62	0.81	1.24
Employee accident severity index	1.55	0.04	0.05
Contractor accidents (no.)	8	5	5
Contractor accident frequency index	1.07	0.71	0.54
Contractor accident severity index	0.07	0.05	0.83
Employee and contractor accident frequency index	0.89	0.75	0.78
Employee and contractor severity index	0.66	0.05	0.56
Energy			
Total energy consumption (TJ)	9,087.3	10,957.4	12,582.3
of which natural gas (TJ)	8,688.6	10,541.7	12,153.2
of which diesel (TJ)	83.7	84.4	77.9
of which gasoline (TJ)	1.9	2.2	2.3
of which LPG (TJ)	0.5	0.4	0.4
of which heat (TJ)	13.7	14.5	10.8
of which electricity (TJ)	298.9	314.2	337.7
Emissions			
Natural gas emissions (10 ⁶ m ³)	49.7	48.2	46.8
GHG scope 1-2-3 Emissions (10 ³ t CO _{2eq})	1,702	1,802	1,749
GHG scope 1 Emissions (10 ³ t CO _{2eq})	1,373	1,439	1,500
GHG scope 2 Emissions (10 ³ t CO _{2eq}) - Location based	28	29	32
GHG scope 3 Emissions (10 ³ t CO _{2eq})	301	334	217
NO _x emissions (t)	400	434	532
CO emissions (t)	257	281	329
CO ₂ emissions/energy used (kg/GJ)	54.3	55.0	54.9
NO _x emissions/energy used (kg/GJ)	0.044	0.040	0.042
Waste			
Total waste production (t)	29,649	52,513	54,413
Non-hazardous waste production (t)	26,567	48,954	50,604
Hazardous waste production (t)	3,082	3,558	3,809
Waste recovered from production operations (%)	54	77	80
Water extraction and discharge			
Freshwater extractions (10 ³ m ³)	182	177	170
Fresh water discharges (10 ³ m ³)	132	139	112
Seawater extractions (10 ³ m ³)	4,000	4,000	4,000
Seawater discharges (10 ³ m ³)	4,000	4,000	4,000
HSE management			
Environmental expenses (€mln)	154.8	139.8	120.6
Safety and health expenses (€mln)	37.5	47.9	34.7
Medical visits (no.)	1,270	1,561	1,914
Periodic medical visits (no.)	991	1,337	1,688
Diagnostic examinations (no.)	1,828	2,252	3,508
Total HSEQ audits conducted (no.)	203	212	163
Environmental surveys (no.)	203	172	279

Main HSE Data and Indicators – Business Segments

	2015	2016	2017
Natural gas transportation			
Health and safety			
Employee accidents (no.)	3	1	2
Contractor accidents (no.)	7	4	4
Employee frequency index	0.97	0.32	0.66
Employee severity index	2.48	0.004	0.03
Contractor frequency index	1.13	0.65	0.47
Contractor severity index	0.05	0.05	0.90
Energy and the Environment			
Energy consumption (TJ)	4,278	5,824	7,459
GHG scope 1 Emissions (10^3 t CO _{2eq})	884	922	1,008
Natural gas emissions (10^6 m ³)	37	34.6	34.4
Natural gas recovered (10^6 m ³)	3.6	4.5	4.1
NO _x emissions (t)	225	228	342
Energy consumption/compressed energy (%)	0.23	0.25	0.25
CO ₂ emissions/compressed gas (kg/ 10^6 m ³)	5,805	6,023	5,767
Natural gas emissions/km of network (m ³ /km)	1,138	1,066	1,057
NO _x emissions/compressed gas (kg/ 10^6 m ³)	5.7	4.4	4.8
Average emissions of NOx per turbine/installed capacity ([mg/Nm ³]/MW)	4.6	4.4	4.4
DLE turbine operating hours/Total turbine operating hours (%)	88	94	93
Liquefied natural gas regasification			
Health and safety			
Employee accidents (no.)	0	1	1
Contractor accidents (no.)	0	0	0
Employee frequency index	0	8.65	9.31
Employee severity index	0	0.66	0.17
Contractor frequency index	0	0	0
Contractor severity index	0	0	0
Energy and the Environment			
Energy consumption (TJ)	52	128	325
GHG scope 1 Emissions (10^3 t CO _{2eq})	39	54	44
Natural gas emissions (10^6 m ³)	2.0	2.9	1.7
NO _x emissions (t)	1.1	5.5	14.8
Natural gas storage			
Health and safety			
Employee accidents (no.)	0	1	2
Contractor accidents (no.)	1	1	0
Employee frequency index	0	2.00	6.71
Employee severity index	0	0.11	0.43
Contractor frequency index	0.89	1.27	0
Contractor severity index	0.18	0.07	0

Follows Main HSE Data and Indicators – Business Segments

	2015	2016	2017
Energy and the Environment			
Energy consumption (TJ)	4,740	4,985	4,787
GHG scope 1 Emissions (10^3 t CO _{2eq})	450	462	448
Natural gas emissions (10^6 m ³)	10.7	10.7	10.7
NO _x emissions (t)	175	201	175
Emissions of natural gas for storage/gas stored (%)	0.051	0.047	0.048
NO _x emissions/stored gas (kg/ 10^6 m ³)	17.8	20.1	17.9
Average emissions of NOx per turbine/installed capacity ([mg/Nm ³]/MW)	5.6	5.4	5.2



Methodological note

Introduction and presentation of the document

The Snam Sustainability Report is published in order to maintain complete and exhaustive reporting on material topics affecting the company, for the benefit of all stakeholders and in particular of SRI and of the Global Compact analysts. The methodological reference for drafting the report are the GRI Sustainability Reporting standards published in 2016 by GRI, applied with adherence level “*in comprehensive accordance*”.

The content of the report supplements non-financial data and information reported in other documents published by the Company. Specifically:

- The Integrated Management Report, attached to the financial report drafted following the instructions of the International Integrated Reporting Council;
- The Non-Financial Statement included in the Integrated Management Report, which deals specifically with the environmental aspects of health and safety, personnel management, anti-corruption and the protection of human rights, in conformity with the requirements of Italian Legislative Decree 254/2016.
- Report on Corporate Governance and Ownership Structure.
- The Remuneration Report.

Consolidation scope and criteria

The report contains data and information with reference to the financial year ended 31st December 2017. The activities included within the scope of the report are:

- Corporate (Snam S.p.A. with the subsidiaries Gasrule Insurance Limited and Snam4Mobility S.p.A) Transportation (Snam Rete Gas S.p.A., Asset Company 2 S.r.l. and Infrastrutture Trasporto Gas S.p.A.);
- LNG regasification (GNL Italia S.p.A.);
- Storage (Stogit S.p.A.).

There are no differences in the consolidation criteria adopted in comparison with those in the Financial Report.

Reporting process and methods

The process of gathering data and information and preparing the report was coordinated and managed by the CSR unit of the parent company, Snam, in cooperation with the various corporate functions and operating companies. Publication of the document, simultaneous to the Annual Report, was subject to approval by the Snam Board of Directors on 13th March 2018.

The economic and financial, operating and governance data was taken directly from the Annual Report and from the Report on Corporate Governance and Ownership Structure. Data concerning the environment, employees and the other aspects addressed in the document were gathered from the process owners.

The calculation methods used to determine the various figures are indicated in the specific related sections. To ensure the comparability over time of the indicators deemed most significant and to give the reader the chance to compare the performance achieved, current values have been placed alongside those for the previous two years, using graphs and tables. The document aims to provide a balanced picture of both positive and negative aspects and, when deemed appropriate, to comment on the results obtained, including the events and actions concerning the Company during 2017. It is noted that the calculation methodology of the Accident severity index has been updated in comparison to that used in the previous Reports (it includes also fatal accidents).

On the base of this update the 2015 data have been modified and therefore they aren't equal to those published in the 2016 Sustainability Report.

Application of the GRI standards

The content of the report refers to Snam's material topics and the related material GRI topics. Listed below are the main methods for applying the standards:

- standard 102 (from item 102-1 to 102-56), was fully covered;
- the specific standard topic of the 200 (Economic), 300 (Environmental) and 400 (Social) were selected in relation to the themes listed in the materiality matrix published on page 36 of the document.

As regards standard 103 (Management approach), we proceeded as follows:

- For item 103-1 (defining the internal and external scope for each material topic), the following table was compiled;
- for items 103-2 (approach to management), and 103-3 (evaluation of approach to management) the disclosure was made for sub-groups of material GRI topics and for each of Snam's material topics which could not be related to a specific standard topic.

Representation of scope of material topics (103-1)

GRI standard (topic)	Associated Material Snam issue	Internal scope of the topic	External scope of the topic	Limitations of the scope
201: Economic performance	Economic performance	One Company		
203: Indirect economic impact	Engagement of the territory			
413: Local communities				
205: Anti-corruption	Anti-corruption Business integrity Relationships with Authorities		Suppliers	
419: Socio-economic compliance				
401: Employment 402: Labour /Management Relations	Employment			
403: Occupational H&S	Health and safety		Suppliers	
404: Training & Education	Human resources development			
406: Non-discrimination	Human rights			
414: Supplier social assessment				
302: Energy	Biodiversity, Energy efficiency Climate change	T,S		Energy consumption of suppliers
304: Biodiversity		T		
305: Emissions		T,S,R		Emissions related to energy consumption of suppliers
308: Supplier environmental assessment		One Company		
102: General disclosure	Transparency in corporate governance	C		

Key: T = Transportation; S = Storage; R = Regasification; C = Corporate; One Company = T,S,R,C.

As far as the material aspects for which the reporting has not yet been extended to the external perimeter are concerned ("Limitations of the scope"), Snam is committed to implementing specific measures in the coming years which will allow the scope of the reporting to be gradually extended.

Assurance

The report was audited by the independent auditors (E&Y S.p.A.) in accordance with the principles and indications of the International Standard on Assurance Engagement (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB). The results of the audits conducted are given in the Independent Auditors' Report attached.

Reference period	Year from 1-1-2017 to 31-12-2017
Frequency	Annual
Last document published	Natural gas for decarbonisation - 2016 Sustainability Report
Contact persons	Domenico Negrini, Bruno Andreetto Snam Spa Piazza Santa Barbara, 7 San Donato Milanese (MI), Italy
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GRI Standard correlation table

RS = Sustainability Report

RF = Integrated Financial Report - Annual report

RCG = Report on Corporate Governance and Ownership Structure

RR = Remuneration Report

GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
GRI 102 - General disclosures				
Organisational profile	102-1	Name of the organisation	Cover page	
	102-2	Activities brands, products and services	RS – 36-37	
	102-3	Location of headquarters		Snam's headquarters are in San Donato Milanese, Italy http://www.snam.it/en/about-us/headquarter/index.html
	102-4	Location of operations	RS – 32	
	102-5	Ownership structure	RCG – 8	
	102-6	Markets served	RS – 30-31, 82-85	
	102-7	Size of the organisation	RF – 45-46	
	102-8	Information on employees and other workers	RS – 64	The breakdown of the information by country and by gender are not
	102-9	Supply Chain	RS – 74	
	102-10	Significant changes to the organisation and its supply chain	RS – 30, 74	
	102-11	Precautionary principle or approach	RS – 56-59	
	102-12	External initiatives		Snam adheres to the Global Compact
	102-13	Membership of associations		http://www.snam.it/en/Sustainability/responsibility_towards_everyone/technological_and_regional_partnerships.html
Strategy	102-14	Statement from senior decision-maker	RS – 4-5	
	102-15	Key impacts, risks, and opportunities	RF – 35-39	
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	RS – 44	
	102-17	Mechanisms for advice and concerns about ethics		http://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html

GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
Governance	102-18	Governance structure	RCG – 7	
	102-19	Delegating authority	RF – 30	
	102-20	Executive-level responsibility for economic, environmental, and social topics	RCG – 56	
	102-21	Consulting stakeholders on economic, environmental, and social topics	RS – 38-40	
	102-22	Composition of the highest governance body and its committees	RCG – 56-65	
	102-23	Chair of the highest governance body	RCG – 55	
	102-24	Nominating and selecting the highest governance body	RCG – 40	
	102-25	Conflicts of interest	RCG – 32	
	102-26	Role of highest governance body in setting purpose, values, and strategy	RCG – 48,50-51	
	102-27	Collective knowledge of highest governance body	RCG – 69	
	102-28	Evaluating the highest governance body's performance	RCG – 11,52	
	102-29	Identifying and managing economic, environmental, and social impacts		See note 102-31
	102-30	Effectiveness of risk management processes	RF – 33-34	
	102-31	Review of economic, environmental, and social topics		The review takes place annually under the scope of: a) the updating of the strategic plan, b) the Enterprise Risk Management process and c) the updating of the materiality analysis.
	102-32	Highest governance body's role in sustainability reporting		The Sustainability Report is examined by the Sustainability Committee and approved by the Board of Directors.
	102-33	Communicating critical concerns		See note 102-17
	102-34	Nature and total number of critical concerns	RCG – 90	
	102-35	Remuneration policies	RR – 15-16	
	102-36	Process for determining remuneration	RR – 12-14	
	102-37	Stakeholders' involvement in remuneration	RCG – 38 RR – 21	
	102-38	Annual total compensation ratio		Confidential disclosure
	102-39	Percentage increase in annual total compensation ratio		

GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
Stakeholder engagement	102-40	List of stakeholder groups	RS – 39	
	102-41	Collective bargaining agreements		The CCNL (Energy and Oil contract for the transportation, storage, regasification) is applied to non-management personnel. The National Contract for Managers of Companies producing Goods and Services is applied to Management.
	102-42	Identifying and selecting stakeholders	RS – 39	
	102-43	Approach to stakeholder engagement	RS – 39-40	
	102-44	Key topics and concerns raised	RS – 38	
Reporting process	102-45	Entities included in the consolidated financial statements and not included in Sustainability Report	RF – 5 RS – 30	There are no differences in the scope of consolidation.
	102-46	Defining report content and topic boundaries	RS – 93-95	
	102-47	List of material topics	RS – 38	
	102-48	Restatements of information	RS – 38	There is no significant data or information that has been changed compared with the previous report
	102-49	Changes in reporting		
	102-50	Reporting period		
	102-51	Date of most recent report		
	102-52	Reporting cycle		
	102-53	Contact point for questions regarding the report	RS – 93-95	
	102-54	Statement of compliance with the GRI Standards		
	102-55	GRI content index		
	102-56	External assurance		
Economic material topics (GRI 200)				
GRI 201 Economic Performance	103-1 - 103-2-103-3	Management approach	RS – 34-35 RF – 43-44	
	201-1	Direct economic value generated and distributed	RS – 34-35	
	201-2	Financial implications and other risks and opportunities due to climate change	RS – 46-48,56	
	201-3	Defined benefit plan obligations and other retirement plans		In 2017, Snam complied with the social security obligations set out in the applicable employment contracts. The active funds are for non-management personnel or the Energy Fund, while PREVINDAI and FOPDIRE apply to managers.
	201-4	Financial assistance received from government		In 2017 there was no financial assistance from government

GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
GRI 203 Indirect Economic Impacts	103-1 - 103-2 103-3	Management approach	RS – 75	
	203-1	Infrastructure investments and services supported	RS – 34	
	203-2	Significant indirect economic impacts	RS – 75	
GRI 205 Anti-corruption	103-1 - 103-2-103-3	Management approach	RF – 172-173 RS – 43	
	205-1	Operations assessed for risks related to corruption		All operations are analysed with regard to the risk of corruption
	205-2	Communication and training about anti-corruption policies and procedures	RF – 174	
	205-3	Confirmed incidents of corruption and actions taken	RF – 174	No cases of corruption were confirmed in 2017
Environmental material topics (GRI 300)				
GRI 302 Energy	103-1 - 103-2-103-3	Management approach	RS – 49-50	
	302-1	Energy consumption within the organisation	RS – 53, 90-92	
	302-2	Energy consumption outside of the organisation		Information not available
	302-3	Energy intensity	RS – 90-92	
	302-4	Reduction of energy consumption	RS – 90-92	Energy consumption reduction reported using avoided CO ₂ emissions.
	302-5	Reductions in energy requirements of products and services		Not applicable
GRI 304 Biodiversity	103-1 - 103-2-103-3	Management approach	RS – 41,45,60	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	RS – 61	
	304-2	Significant impacts of activities, products, and services on biodiversity	RS – 60-62	
	304-3	Habitats protected or restored	RS – 60-62	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable

GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
GRI 305 Emissions	103-1 - 103-2 - 103-3	Management approach	RS - 49-55	
	305-1	Direct (Scope 1) GHG emission	RS – 52	
	305-2	Energy indirect (Scope 2) GHG emissions	RS – 53	
	305-3	Other indirect (Scope 3) GHG emissions	RS – 54	
	305-4	GHG emissions intensity	RS – 51	
	305-5	Reduction of GHG emissions	RS – 51	
	305-6	Emissions of ozone-depleting substances (ODS)		Not present
	305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	RS – 55	
GRI 308 Supplier Environmental Assessment	103-1 - 103-2 - 103-3	Management approach	RS – 41,76-80	
	308-1	New suppliers that were screened using environmental criteria	RS – 78	
	308-2	Negative environmental impacts in the supply chain and actions taken	RS – 78	
Social material topics (GRI 400)				
GRI 401 Employment	103-1 - 103-2 - 103-3	Management approach	RS – 41, 66	
	401-1	New employee hires and employee turnover	RS – 65	The breakdown of the information by country and by gender are not given (information that is not significant because almost the entire population of the company is located in Italy)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		There are no differences in access to business benefits
	401-3	Parental leave	RS – 67	The permanence rate in the company on year after returning is missing
GRI 402 Industrial relations	103-1 - 103-2 - 103-3	Management approach	RS – 73	Snam guarantees all workers the right to express their thoughts freely, to belong to associations and to be involved in trades union activities. At the end of 2071, 27.9% of employees belonged to a trade union organisation.
	402-1	Minimum notice periods regarding operational changes		Regulated within the purview of the collective labour agreement

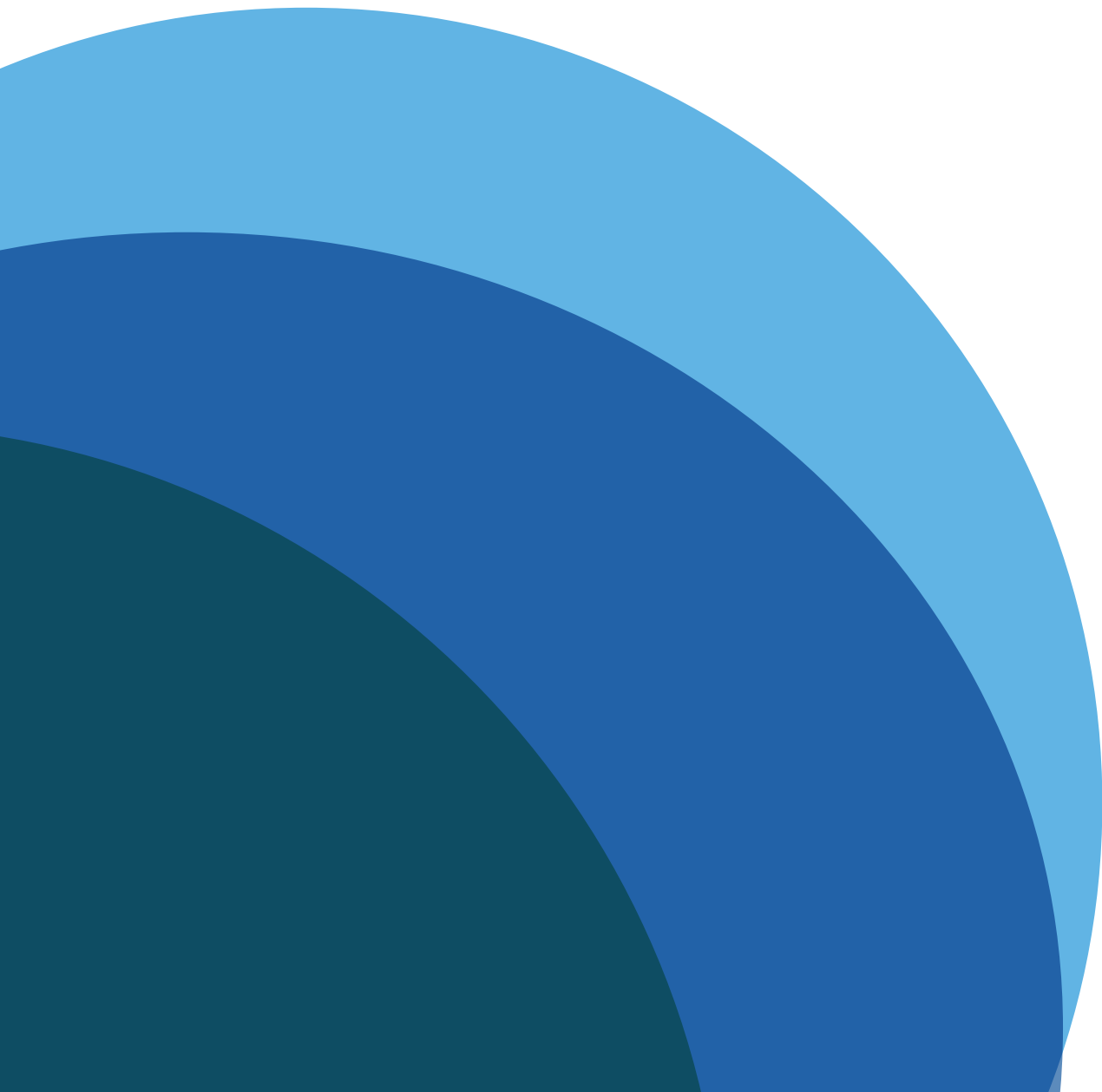
GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
GRI 403 Occupational health and safety	103-1 - 103-2 - 103-3	Management approach	RS – 41, 69-71	
	403-1	Workers representation in formal joint management worker health and safety committees		The representation of workers is guaranteed by law (ref. TU Legislative Decree 81/2008) and by national contracts
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	RS – 70	The breakdown of employee and subcontractors accidents by country and by gender is not given as it is not significant (almost all employees are located in Italy and the worker category, the one most exposed to the risk of accident, is made up exclusively of male personnel)
	403-3	Workers with high incidence or high risk of diseases related to their occupation		No instance of occupational illnesses were recorded in 2017
	403-4	Health and safety topics covered in formal agreements with trade unions		There were no union agreements in this regard during the year
GRI 404 Training and education	103-1 - 103-2 - 103-3	Management approach	RS – 41,67	
	404-1	Average hours of training per year per employee	RS – 89	
	404-2	Programmes for upgrading employee skills and transition assistance programmes	RS – 67 RF – 139-140	
	404-3	Percentage of employees receiving regular performance and career development reviews	RS – 69	Around 8% of the total corporate population of employees was evaluated through CREA
GRI 406 Non discrimination	103-1 - 103-2 - 103-3	Management approach	RS – 41, 66 RF – 174-175	
	406-1	Incidents of discrimination and corrective actions taken	RF – 175	There were no reported incidents of discrimination in 2017
GRI 413 Local communities	103-1 - 103-2 - 103-3	Management approach	RS – 13,41,58	
	413-1	Operations with local community engagement, impact assessments, and development programmes	RS – 57-58	
	413-2	Operations with significant actual and potential negative impacts on local communities	RS – 57-58	
GRI 414 Supplier Social Assessment	103-1 - 103-2 - 103-3	Management approach	-	See GRI 308
	414-1	New suppliers that were screened using social criteria	RS – 78	
	414-2	Negative social impacts in the supply chain and actions taken	RS – 78	

GRI Standard	Disclosure	Description	Reference document and page number	Omissions/Notes
GRI 419 Socio-economic Compliance	103-1 -	Management approach	RF – 161-165	
	103-2 - 103-3			
	419-1	Non-compliance with laws and regulations in the social and economic area	RF – 266-271	
Snam's Material topics not associated with the GRI material topics				
Sustainable mobility	103-1 -	Management approach	RS – 46-48	
	103-2 - 103-3			
Quality of the services	103-1 -	Management approach	RS – 81-85	
	103-2 - 103-3			
Technological innovation and reliability of infrastructures	103-1 -	Management approach	RS – 56-59	
	103-2 - 103-3		RF – 145-146	
Business continuity and cyber security	103-1 -	Management approach	RS – 59	
	103-2 - 103-3			
Reputation and brand	103-1 -	Management approach	RS – 40	
	103-2 - 103-3			

Global Compact reconciliation table

The Snam management model takes its inspiration from the Code of Ethics and is based on management policies founded on the principles of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO and the OECD Guidelines for Multinational Enterprises. The Code of Ethics can be consulted at http://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/codice_etico.pdf and the policies can be consulted on the Company's website at http://www.snam.it/en/Sustainability/strategy_and_commitments/.

The ten principles	2017 Sustainability Report	Page
Human rights		
Principles 1, 2 - Companies are asked to promote and respect universally recognised human rights in their respective spheres of influence and to make sure they are not complicit, even indirectly, in human rights violations.	• Snam operates in the framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO - International Labour Organisation - and of the OECD Guidelines for Multinational Enterprises and the principles enshrined in the United Nations Global Compact (principles enshrined in its own code of ethics).	41, 43
	• Snam promotes sustainability and business ethics in its supply chain and conducts audits in the field of human rights, occupational safety of suppliers and subcontractors.	78-81
	• Snam safeguards occupational safety and health through training, sensitisation raising and education initiatives	40,67 71-72
Labour		
Principles 3, 4, 5, 6 - Businesses are required to uphold freedom of association and the recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the abolition in practice of child labour; and the elimination of all forms of discrimination in respect of employment and work.	• Snam respects everyone's dignity, and offers equal opportunities in every phase and every aspect of the employment relationship, avoiding all forms of discrimination based on sex, age, health, nationality, political opinion or religious views.	66-67
	• Snam applies the Energy and Petroleum agreement and guarantees trade union rights for all workers.	64-65,100
	• Snam holds numerous meetings with Trade Union organisations at a national and local level dedicated to the analysis of business development projects and new organisational structures	73
	• Snam develops initiatives to reconcile work and life	11-12
	• Snam provides its employees with training and professional development opportunities	67-69
Environment		
Principles 7, 8, 9 - Companies are asked to maintain a preventive approach to environmental challenges; to undertake initiatives that promote greater environmental responsibility; and to encourage the development and dissemination of technologies that respect the environment.	• Snam develops projects to strengthen its operational excellence and to contribute to the containment of greenhouse gas emissions.	46-54
	• Protecting the environment and biodiversity are integral parts in defining Snam's corporate policies and investment decisions	56-62
	• All of Snam's activities are monitored by certified environmental management systems (ISO 14001)	45
	• Snam performs specific energy management and CO2 saving activities	49-51
	• Snam also evaluates its suppliers using environmental criteria	78
Anti-Corruption		
Principle 10 - Companies commit to fighting corruption in any form, including extortion and bribery.	• Snam disseminates ethical principles and business values	41-44
	• Snam collaborates with International Transparency International on anti-corruption and governance	43
	• Snam provides training activities in matters of legality and anti-corruption	43
	• Snam conducts reputational checks of suppliers and subcontractors	79
	• No cases of corruption were reported in 2017	99
SDGs		
Support for Sustainable Development Goals	Snam, also undertakes to contribute to the sustainable development of the economy and future society with reference to the Sustainable Development Goals defined by the UN and expresses its contribution to all the goals. With reference to the strategy of the integration of SDGs into the business model, Snam is particularly active in goals 7, 9, 13, 15.	5, 15-17



Letter of Assurance



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Independent auditors' report on the document "Corporate responsibility and social innovation - 2017 Sustainability Report"

(Translation from the original Italian text)

To the Board of Directors of
Snam S.p.A.

We have carried out a limited assurance engagement of the document "Corporate Responsibility and Social Innovation - 2017 Sustainability Report" (hereinafter "Sustainability Report") of Snam S.p.A. and its subsidiaries (hereinafter the "Group") as of December 31, 2017.

Directors' responsibility on the Sustainability Report

The Directors are responsible for the preparation of the Sustainability Report in accordance with the "GRI Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative that are detailed in the paragraph "Methodological note" of the Sustainability Report, as well as for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements, even caused by frauds or unintentional behaviours or events. The Directors are also responsible for defining commitments of the Group regarding the sustainability performance and for the reporting of the results achieved, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work has been conducted in accordance with the criteria established by the principle "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for the engagements that consist in a limited assurance.

This principle requires the respect with the independence and other ethical requirements in compliance with professional standards and applicable legal and regulatory requirements and the maintenance of a comprehensive system of quality control ISQC (Italy) n. 1 as well as the planning and the execution of our work in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

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These procedures included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

The procedures were related to the compliance with the Standard "GRI 101: Foundation 2016" for defining report content and quality of the Sustainability Report and are summarised below:

- a. comparison of economic and financial data and information included in the Sustainability Report with those included in the Group's consolidated financial statements as of 31st December 2017 on which we issued our audit report on March 29, 2018;
- b. analysis, through interviews, of the governance system and management process of the Issues related to the sustainable development regarding the Group's strategy and operations;
- c. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholders categories and to the internal validation of the process outcomes;
- d. analysis of the operation of the processes that support the generation, recording and management of the quantitative data reported in the Sustainability Report. In particular, we have carried out the following procedures:
 - interviews and discussions with personnel of the management of the Snam S.p.A. and with the personnel of Snam Rete Gas S.p.A. and Stogit S.p.A., to obtain an understanding about the information, accounting and reporting systems in use for the preparation of the Sustainability Report, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Sustainability Report;
 - on site verifications at the site of Poggio Renatico of Snam Rete Gas S.p.A. and the site of Flume Treste of Stogit S.p.A.;
 - analysis on a sample basis of the documentation supporting the compilation of the Sustainability Report, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct processing of data and information in relation to the objectives described in the Sustainability Report;
- e. analysis of the compliance and internal consistency of the qualitative information included in the Sustainability Report to the guidelines identified in paragraph "Directors' responsibility on the Sustainability Report" of the present report;
- f. analysis of the process relating to stakeholders engagement, with reference to procedures applied, through review of minutes or any other existing documentation relating to the main topics arisen from discussions with them;
- g. obtaining of the representation letter, signed by the legal representative of Snam S.p.A., relating to the compliance of the Sustainability Report with the guidelines indicated in paragraph



"Directors' responsibility on the Sustainability Report", as well as to the reliability and completeness of the information and data presented in the Sustainability Report.

Our engagement is less in scope than a reasonable assurance engagement in accordance with ISAE 3000 Revised and, as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the "Corporate responsibility and social innovation - 2017 Sustainability Report" of the Group as of December 31, 2017 is not in compliance, in all material aspects, with the "GRI Sustainability Reporting Standards" issued in 2016 by the GRI - Global Reporting Initiative, as stated in the paragraph "Methodological note" of the Sustainability Report.

Torino, 29th March 2018

EY S.p.A.
Signed by: Massimiliano Formetta, Partner

This report has been translated into the English language solely for the convenience of international readers