

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
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