

The background of the page features a large, abstract graphic composed of several overlapping circles. The circles are in various shades of blue and green, creating a layered, organic effect. The colors transition from a light blue at the top to a darker blue in the middle, and then to various shades of green at the bottom. The text is positioned within the darker blue area of the graphic.

PART ONE

Corporate Responsibility and Social Innovation

Social Innovation from now into the future

In carrying out its industrial mission, Snam entwined its history with that of Italy. The spread of natural gas was a fundamental innovation in the country's economic and social development. The Company currently stretches beyond its national borders, with the same commitment and same responsibility with which it developed forward-thinking strategies, skills, know-how over the course of more than 75 years, always caring about local communities and stakeholders.

Business activity is inseparably related to the social and territorial context in which it is performed, and acting responsibly results in the sharing of values which is the basis of our freedom to operate. Snam, tasked with continuing to guarantee access to efficient and sustainable energy sources, recognizes this great responsibility and looks forward to maintaining it also in the future, facing the new challenges that await it.

Over the next few years, businesses will have a fundamental role in promoting sustainable development. The Agenda 2030 indicates this same focus, published by the United Nations in 2015 and signed by 193 countries around the world.

With its 17 Sustainable Development Goals, it seeks "to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress can occur in harmony with nature". Everyone is asked to help achieve these ambitious goals: governments, businesses, civil organizations, even individual citizens.

Within this context, Snam has a well-known tradition of corporate citizenship, demonstrated with projects and initiatives that positively impact on the territories and communities, associated with fostering legality, culture and education, and promoting social inclusion and environment. The Snam Foundation, established during the year, represents the evolution of this commitment and a further means to attain closer relations with the territory and to meet, with innovative methods and solutions, the needs of the communities hosting its infrastructures, always with the aim of contributing to civil, cultural and economic development in priority areas of public interest.

The development of the Country and the spread of natural gas in Italy

1941-1949	Gas becomes the fundamental energy source in Italy, especially with the discovery of the Caviaga (1944) and Cortemaggiore (1949) fields.	Snam was founded with the purpose of delivering methane to the Po Valley businesses. Within a few years, Snam's pipeline network exceeds 250 km.
1950-1960	Italy's economic miracle begins and the country recovers in the post-war period. Gas is delivered to Italian homes and businesses: new professions, trades and skills develop.	Methane pipelines quickly expand and the Snam network grows to 4600 km in 1960
1960-1990	Energy market expansion continues: gas consumption in Italy quadrupled.	Construction begins on the Transmed pipeline, one of the first and longest pipeline in the world to transport gas from Algeria to Italy.
1990-2000	Italy, thanks to large capital expenditures in strategic infrastructure, becomes one of the gas market's most important crossroads.	Snam network extends to Northern Europe, allowing gas from the North Sea wells to arrive in Italy.
2001-2011	In 2000, the Letta Decree allows market deregulation, separating transport and dispatching activities from other supply chain activities.	In 2001 Snam is listed in the Italian Stock Market. It gradually integrates also all other regulated gas activities (storage and distribution). The Snam Group is made up of four operating (Snam Rete Gas, GNL Italia, Italgas, Stogit).
2012-2017	Methane becomes the leading source of energy for the country, covering more than one third of all national energy consumption.	In 2012 Snam separates from ENI and becomes independent. A strategy of strong international growth starts and Snam buys large shares of European gas transportation companies. In 2016 Snam separates from gas distribution activities
Today	Italy is the most interconnected European country in natural gas sector with 8 entry points for imports. Gas satisfies approximately the 36% of energy demand in Italy, playing an important role in the decarbonisation process. Italy's strategic position makes it a potential energy hub for the Mediterranean area.	Snam is the largest gas infrastructure operator in Europe with over 32,500 km of gas pipelines in Italy. To ensure energy security to the country, Snam upgraded its sources of supply and strengthened the Italian and European infrastructure network. In addition to national production, the Italian system receives gas from five sources of import via pipeline and three regasification terminals. Snam is also working to ensure that from 2020 Italy can have a new gas source from the Caspian area through the construction of the Trans Adriatic Pipeline. With the capital expenditures planned in the next years, Snam pledges to develop and promote the use of gas in its various forms to help fight climate change and air pollution. From the use of liquefied natural gas and compressed natural gas for maritime and ground transportation, to biomethane, a renewable and sustainable energy source, to new technologies for exploiting energy from renewable sources.

Meeting the needs of a changing society

Many believe that social innovation can be the most effective answer to the emerging needs and to the urgent pressures characterizing the society at the beginning of this century. It is a view supported by numerous examples of practices which permeates the world surrounding us, in very different contexts, having a positive impact on people's lives. Examples include social housing and co-working, new forms of living and work places where spaces and services are shared. Sustainable-mobility services, such as car and bike sharing are now well-established in our cities, combining economic savings with environmental benefits. Even a sector apparently more conservative, like finance, is not immune to forms of social innovation: social-lending platforms collect financial resources to support ideas and projects that would otherwise be excluded from conventional funding circuits. What do these practices have in common and which are the distinctive characteristics of social innovation?

The purpose of social innovation is to satisfy a widespread need, hence to generate as much impact as possible. Solutions produced through social innovation are also economically sustainable, not evolved forms of assistance and above all, they are the fruit of cooperation and engagement of various players in society. In summary, their ultimate purpose is to create social and economic value for whomever promotes them.

Social innovation is a great opportunity to give concrete and pragmatic answers to the solutions to problems, developing new products and services that are also created thanks to new types of relationships and collaborations. Ideas, knowledge and on-line resources do permeate all aspects of social innovation from the design phase to the funding methods.

These few considerations are enough to appreciate the power of this new perspective, trying to use a new point of view to face the always upcoming changes over the horizon in relation to contexts with increasing and pervasive needs. It should be of no surprise therefore, if social innovation becomes the foundation on which the future society infrastructures will be built.

The impact of an innovative practice increases as the process of involving stakeholders who benefit from it becomes more inclusive.

Today we are witnessing some evident social and demographic changes such as: increasing social and economic inequality, social exclusion, increasingly chaotic and unhealthy lifestyles, ageing of the population, school drop-outs, limited access to education and training for youths and workers.

SNAPSHOT OF SOCIAL INNOVATION PROJECTS IN ITALY

To get a picture of social innovation in Italy, it could be helpful to analyze the report “L’innovazione delle imprese leader per creare valore sociale” [Innovation by leading businesses to create social value] of the International Center for Research on Social Innovation (CeRIIS), conducted on a sample of 578 social-innovation projects in the country. It is a survey that sought out different types of situations and experiences able to innovatively meet social and/or environmental needs. The study led to numerous results.

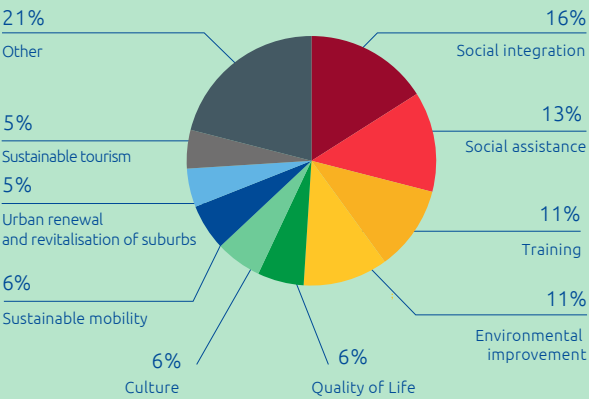
Innovation projects are characterized by a variety of implementation frameworks, further demonstrating how these initiatives meet the needs of the territory concerned. Social integration, social assistance, training and environmental improvement are the areas on which approximately half of the ongoing projects are focused.

An aspect highlighted by the above reasoning, and further corroborated by the survey results, is the type of innovation. In only one project out of five, innovation is *only* technological, in fact it is relational innovation that plays a predominant role. What is even more interesting is that nearly 40% of the innovation in this area is carried out by the private sector. Thus we confirm that the evolution in the relationship between a company and its stakeholders, whether internal or external, is driven towards socially responsible behavior more than anything else.

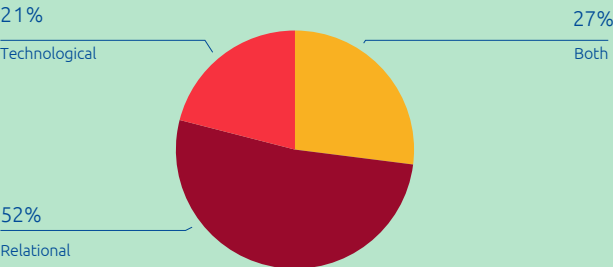
Another interesting aspect concerns the *modus operandi*, which is how the actual situations lead to social innovation. Once again, the CeRIIS report answers to the question: more than half of the social innovation projects (54%) trace back to the *sharing economy*, a new business model promoting better informed customers increasingly oriented not to possess things, but to *use them* (*car sharing, for example*). The relational value emerges also in this case: if it is true that sharing is the basis of many social relationships, only in this historical period this method has reached such a big scale. It is a model able to expand, thanks to its ability to effectively merge social and economic aspects, guaranteeing long-term economic-financial sustainability.

And this encompasses the two aspects that probably more than any other have drawn businesses towards social innovation: the relational aspect and proximity to the territories as a mean to strengthen their reputation and freedom to operate responsibly on one hand and on the other hand the ability to translate the social “results” into economic results, which remains the key factor for corporate sustainability in the long term.

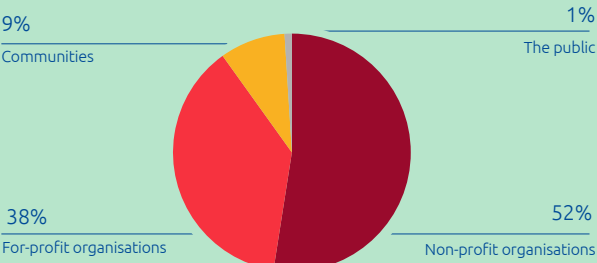
Implementation frameworks



Type of innovation



Actuators of relational-innovation projects



Welfare and Business

In our time, social innovation encounters problems that are not completely new, but amplified by the effects of globalization and by the crisis of the welfare systems, having difficulty coping especially with poverty and exclusion that affect large brackets of the population. For many countries in the western world, it is becoming increasingly difficult to guarantee services such as health, education, infrastructure, and assistance at acceptable costs and with the financial coverage assured by tax revenues.

And if, faced with an increase in the complexity and significance of the needs, with the resources allocated to social expenses which are not sufficient, the welfare system has to reinvent itself, finding innovative solutions to maintain an adequate level of social security. The subsidiary role of the non-profit sector in providing goods and services previously guaranteed by the public sector has grown over the years. But also due to the economic crisis and the size and organizational limits of non-profit organizations and institutions, the answer is not complete.

Snam's company welfare system is currently a mix of innovation and well-established practices. The innovations include the "Premio Welfare" [Welfare Bonus], and the Smart Working project designed to best meet the needs for balancing life and work.

THE INNOVATION BEHIND SNAM'S COMPANY WELFARE SYSTEM



Corporate welfare is the set of operations - both monetary and in the form of services - which increases the level of social protection and the purchasing power of employees and which can indirectly generate a positive impact on the corporate climate.

Creating a mutually-accepted, functional, and effective corporate welfare system can be an example of social innovation within a company. In order for a corporate welfare system to be effective, it must be built around people, and Snam's system was at the time created precisely with the goal of meeting the emerging needs and necessities of the various brackets of the company population.

Snam's company welfare system is currently a mix of innovation and well-established practices. Besides services for health and wellness, school aid and vocational guidance for the children of employees, the support for parenting, home-work mobility and the granting of micro-loans, it offers a package of new proposals, originating subsequent to agreements with the Trade-Union Organisations. These include the "Premio Welfare" [Welfare Bonus], and the Smart Working project designed to best meet the needs for balancing life and work

With the Welfare Bonus it will be possible for the employees, as an alternative to the total payment of the individual amount of the Participation Bonus, to voluntarily choose whether to convert a percentage of the Bonus into a welfare credit which they can use to purchase services for themselves or for their family members.

The Snam Company welfare system

Areas	2017 Activity	
Family 	Nursery school	Reimbursement for employees who use it
	School	Subsidies to purchase school textbooks Scholarships and loans for educational expenses
	Summer and study periods stays	Stays for children of employees in certain locations of Italy
	S.O.S. family	Professionally managed family counselling service
	Maternity, adoptions and foster care	Parenting guide
Health and Wellness 	Accidents	Insurance coverage for non-occupational accidents
	Supplementary healthcare	Insurance coverage that guarantees the reimbursement of part of the expenses incurred for medical and hospital services both at public and private healthcare facilities
	Cancer prevention	Prevention protocols
	Sports centres	Discounts and favourable conditions for employees
	Diet	High-quality company restaurant and takeaway service for private use
	Workplace Health Programme	Membership in the health programme launched by the Region of Lombardy
	Specialised medical services and check-ups	Arrangement with Monzino Cardiology Centre for visits intended for employees and their family members
Tempo per Te [Time for you] 	Facilitations	Flexible working hours Smart Working
Savings and relations 	Supplementary pension schemes	Supplementary pension funds, also funded by employer voluntary contributions
	Microcredit	Low-interest loans
	Assistance	Tax and legal assistance
	Mobility	Subsidized purchase of public transportation passes; shuttle service to San Donate Milanese offices
	Arrangements	Insurance policies, bank credit cards, car hire, purchase of name-brand products, holiday bookings

New relation models for social innovation

Generating value and impact, meeting needs with effective solutions and limited resources, requires the involvement of many players who can contribute with ideas and resources, including financial resources, and the development of new forms of dialogue and collaboration, also to drive social policies.

Businesses can play a key role in these dynamics, facilitating the creation of networks and partnerships where knowledge and skills can grow and spread. Developing these new skills will be the ground for the evolution on how the company's contribution to sustainable development will be assessed. Even the concept of performance will be innovated; it will be coherently expanded to include the measure of the generated impact.



SNAM STAKEHOLDER ENGAGEMENT IN THE TERRITORIES

Snam has always kept the stakeholder engagement at the heart of its corporate citizenship model, with methods and goals which evolved over time.

Snam currently pursues an early, open ended, strategic and integrated engagement of its stakeholders with a view to building a sustainable business for the territories and creating value for current and future generations.

Its most recent stakeholder-engagement experiences regarded territories affected by particularly important infrastructure projects where the following actions were performed:

- analysis of the territory and analytical qualitative mapping of stakeholders, local associations, economic agents, trade associations, institutions, media;
- understanding the positioning and needs of each stakeholder;
- starting up a multi-stakeholder roundtable, engaging all stakeholders involved in the realization of the infrastructure;
- maintaining a quality dialogue with all the involved parties;
- identifying the value-based projects for the territory affected by the infrastructure.

A recent application of this model was the case of infrastructure that will be built in Apulia to interconnect the TAP (Trans Adriatic Pipeline - the pipeline which, from 2020, will allow Italy to import gas originating from Azerbaijan) to the national network, thus bolstering the diversification of sources and the security of the Italian and European gas system. The work was planned taking into account the results from an in-depth analysis of the socio-economic and environmental contexts and with the utmost compliance with safety standards and environmental constraints, taking into account also appropriate restorations of the territory.

Being widespread on the Italian territory, Snam seeks an open dialogue to expand its knowledge and its relationship with the communities where it operates, to evaluate the peculiar aspects, needs and requests of all the stakeholders.

Within the scope of this project, in 2017 Snam set up a work table, lasting approximately 9 months, which involved all the area's main production associations, including agricultural, tourism, and handicraft industry associations and universities, for a total of approximately 15 entities. Upon completing the work, the table proposed 2 different projects to be carried out throughout the territory: GreenWay, a "virtual" bike-pedestrian route connecting the territory's excellent enterprises such as its free-time facilities, hospitality centres, handicraft and agricultural enterprises including also through the use of new technologies (web, apps, etc.), to enhance the territory and the local tourist activity; a school of higher education, i.e., an educational path for the new needs to develop competences in the tourism and hospitality sectors.

These experiences demonstrate how Snam's ability to listen and engage has evolved to lay the foundations for understanding the demand for social innovation that could arise in the territories. Working with others in the project, listening to what the territory has to say, and answering requests to mould a constructive dialogue is a principle that will always drive Snam's business from now on.

Sustainable development and social innovation in Italy

The Sustainable Development Goals (SDGs) for 2030 commit the international community to identify a global and commonly agreed path based on the guiding principles of integration, universality, transformation and inclusion and especially, collaboration and sharing among the parties. A fundamental role in this process is assigned to businesses, identified as the driving force for the new dynamics of sustainable development: all businesses, regardless of size, sector and geographical location, are called to act, constructing responsible business models, based on relaunching investments, more innovation and technology and, especially, collaboration with institutions, communities and civil society. And Italy? Which "level" of sustainable development has been reached?

According to the 2017 report published by Alleanza Italiana per lo Sviluppo Sostenibile (ASviS) [The Italian Alliance for Sustainable Development], our country shows some progress on important issues but also confirms the weaknesses which the Strategia Nazionale per lo Sviluppo Sostenibile (SNSvS) [National Strategy for Sustainable Development], approved in 2017 by the Interministerial Committee for Economic Planning (CIPE), intends to remedy by setting specific targets to be reached in upcoming years with a joint commitment on the part of the entire economic and political apparatus. This renewed commitment is even demonstrated in the most recent Economy and Finance Document which, for the first time in Europe and among the G7 countries, included in its economic planning - in addition to the Gross Domestic Product (GDP) - 12 Equitable and Sustainable Well-being indicators (BESs). This is an important step in reasserting the conviction that the gross domestic product is only a portion of overall well-being and that, in reality, it is not exemplary of the country's overall living conditions.



WELLNESS THAT GOES BEYOND GDP: THE BES INDEX PORTION OF THE ECONOMY AND FINANCE DOCUMENT

Starting from 2013, ISTAT [the Italian National Statistics Institute] every year proposes a detailed analysis of a series of indicators that measure societal progress not only from the economic point of view, but also from a social and environmental perspective, with the goal of making the country more aware of its strengths and weaknesses relating to its citizens' quality of life.

A unique case in Europe, starting in 2019 the Italian government will be the first to assess performance of its most significant BES indicators in conjunction with the budget law. In the budget law, in fact, governments are also called to observe any improvements or worsening of the indicators, putting them in relation to what has been done in the budget law.

BES indicators include:

1. per capita average adjusted available income;
2. inequality of available income index;
3. absolute poverty index;
4. healthy life expectancy from birth;
5. excess weight;
6. drop-out rates from the education and training system;
7. employment non-participation rate, broken down by gender;
8. ratio between the employment rate of women aged 25- 49 with preschool children and women without children;
9. predatory crime rate;
10. civil justice efficiency index;
11. emissions of CO₂ and other climate changing gases;
12. illegal construction index.

SDGs in the National Strategy for Sustainable Development

The goals of the National Strategy for Sustainable Development are closely related to the Agenda 2030

goals and they are elaborated to guide political activities in the direction of sustainable development.

The private sector can effectively contribute to some of these goals.

With respect thereto, Snam is committed to make its own contribution, adopting a philosophy of sustainable development.

SDGs	Some goals of the National Strategy for Sustainable Development	Snam's commitment
	To combat poverty and social exclusion by eliminating territorial differences	In 2017 Snam took an important step in transforming its social commitment by promoting the establishment of its own company Foundation. The Foundation will be in contact with the territory, ready to intercept pathways to social innovation by implementing projects and initiatives and responding to social needs.
	To promote healthy lifestyles and strengthen prevention systems	Snam is a member of "Workplace Health Promotion", an initiative promoted by the Lombardy Region composed of a pathway to best practices aimed at improving peoples' lives. Snam is promoting the adoption of virtuous behaviour in the company involving proper diet, personal and social well-being, physical activity, road safety, sustainable mobility, combating the consumption of tobacco, alcohol and other addictive substances.
	Promoting good health and well-being	Snam has always been committed to promoting occupational health, achieving important results, with the reduction, over the years, of workplace accidents. Reducing accidents not only helps to create a better working environment it also helps towards avoiding social costs for the community. Snam also promotes the health and well-being of employees through its own welfare system
	Guaranteeing accessibility, quality and continuity in training	In Snam, training plays a fundamental role in supporting the development of management and the company population. Snam launched a School-Work Alternation project to bring young people closer to the working world providing them with skills and know-how. Through the activities of the Snam Institute, a centre of excellence for training, the Company intends to develop skills, not only in the company but also outside of it, to strengthen corporate citizenship.
	To guarantee gender equality	Diversity is considered an important aspect for the development of the company, specifically gender equality. Snam implements policies to support maternity and parenthood, with men and women benefitting equally. Snam is a contributing member of Valore D, a leading association of businesses which promote diversity, talent and female leadership.

SDGs	Some goals of the National Strategy for Sustainable Development	Snam's commitment
	To implement integrated water resource management in all levels of planning	Snam uses fresh water mainly for sanitary, fire safety and green-area irrigation purposes. Quantities are limited and managed rationally to avoid waste.
	To increase energy efficiency and energy generation from renewable sources, thus avoiding or reducing the impact on cultural heritage and landscape	Snam is engaged in investments and actions to improve the energy efficiency of its plants. In February 2018 it signed an agreement for the acquisition Tep Energy Solution (Tep) one of the leading Italian companies operating in the energy efficiency sector. In 2017 the 35% of the electricity consumed by Snam was produced from renewable sources. Snam is also active in the development of the use of renewable Biomethane fuel
	To increase sustainable and quality employment	Snam is a company that generates "good employment", it carries out qualified and specialised activities throughout Italy offering stable and continuous working relationships. The School - Work Alternation project aims to guide young people and to strengthen relationships with the territories where the recruitment process is often more difficult.
	To innovate processes and products and promote technology transfer	Snam creates quality, reliable, sustainable and resilient infrastructures built through always adopting the best technologies available. The Company recently launched Snam Global Solutions, which offers design, consulting and project management activities for the gas market. The aim is to globally develop the experience, distinctive skills and know-how of Snam, gained in its 75 years of operation and management of the entire gas infrastructure supply chain in Italy and Europe.
	To combat all discrimination and promote respect for diversity	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. Diversity is considered an asset to the Company and for its growth.
	To regenerate cities, guaranteeing accessibility and ensuring sustainability of connections	Snam formed the Snam4Mobility company dedicated to the development of a sustainable mobility system through the construction, management and maintenance of CNG plants. In coming years Snam will invest to promote the development of compressed gas filling stations in Italy with the aim of creating over 250 distributors. The company's commitment is also made explicit in the development of partnerships with car manufacturers to expand the range of natural gas vehicles.

SDGs

Some goals of the National Strategy for Sustainable Development

Snam's commitment



To dematerialise the economy by improving the efficiency of resource use and by promoting circular-economy mechanisms

Snam is committed to fostering the use of biomethane, making an important contribution to promoting an economic model based on sustainability and the circular use of resources.



To decarbonise the economy

Natural gas is a fundamental resource in the strategy to decarbonised the economy. Snam is committed to promoting the use of natural gas in the place of other fossil fuels with a high carbon content. Specifically, it promotes the use of alternative forms such as liquefied natural gas and compressed natural gas in maritime and land sectors and the use of biomethane



To maintain the vitality of the seas and prevent impact on the marine and coastal environment

Snam uses sea water for cooling some plants in the Panigaglia (SP) regasification terminal. The water used is then returned to the sea untreated.



To safeguard and improve the conservation status of species and habitats for terrestrial and aquatic ecosystems

Snam adopts the best practices in the construction of infrastructures designed to safeguard the territory and protect biodiversity and ecosystems. Specifically, following in-depth research and monitoring, recovery operations are carried out in the territories to maintain the natural balance and avoid any impact on the vegetation, water and existing ecosystems.



To ensure legality and justice

Snam maintains and continuously reinforces its corporate governance system, aligning it with national and international best practices. The company also has an anti-corruption policy that takes its inspiration from the Code of Ethics. The collaboration with Transparency International represents a significant step along the path that the company has for some time been taking in the prevention and combating of any form of corruption and unlawfulness. Through an "ethics and integrity agreement" Snam extends its fundamental business ethics principles to all economic operators which aspire to directly or indirectly receiving the support of the company.



To strengthen partnerships within the various sectors: Governance and transparency, Guidance, Health, Agriculture, Safeguarding the heritage, Private Sector.

Snam collaborates locally and nationally with the authorities, participating in numerous associations and committees by providing its skills and know-how to be able to participate in social innovation and sustainable development processes. In 2017, as part of Partner's Day, Snam held a meeting of partners and stakeholders taking an in-depth look at the future scenarios of the world of energy.



"YOUNG ENERGY", HOW TO BRING YOUNG PEOPLE CLOSER TO THE WORKING WORLD

Young people is the focus of one of the most challenging SDGs: enabling everyone to receive a quality education and to be the master of their own future.

Snam is also committed to contributing to this goal with a school-work alternation project that was the subject matter of a memorandum of understanding with the Ministry of Education, Universities and Research. Young Energy aims to guide high school students into the job market through by the development of new skills and knowledge, and it also satisfies two other important social objectives: taking action to strengthen relationships with the territory and to change the generational mix. Through a stronger relationship with the players in the territory, new opportunities for integration and recruitment will arise, especially in Southern Italy, where the company is making significant capital expenditures and where the recruitment process is often more difficult. The opportunity seized is within the purview of Italian Law 107/2015 - part of the "Good School" legislation - which introduced the school-work alternation programmes. Snam has worked in close collaboration with schools in each of six different regions, developing a three-year project, directed to third, fourth and fifth year high school students, with a new teaching method focused on enabling students to acquire tools and skills useful to enter into the labour market.

2017/2018 figures are approximately:

- **600 students involved**
- **9 high schools involved**
- **Approx 60 traineeships activated**
- **Approx 90 hours per trainee**
- **Approx 50 Snam personnel involved in the project**

The training programme, the content and methods of which are shared with the schools involved, was organised based on the educational and professional profile of the students, to provide them with a valid and useful learning experience. Senior mentors, who accompanied the students along all the phases of the project, were identified in the training course and company managers, who contributed with culture, skill and know-how, were involved.

Young Energy provides:

- opportunities to get to know and approach the company via meetings at the schools;
- in class training, focused on acquiring soft skills and guidance tools for the working world;
- in class work projects regarding business-related issues;
- company visits to Snam's territorial facilities;
- traineeships in the various local operational venues for some students.

SNAM FOR "YOUTH IN ACTION FOR SUSTAINABLE DEVELOPMENT"



Snam is partner of Youth in Action for Sustainable Development Goals, a competition promoted by Fondazione Italiana Accenture, Fondazione Eni Enrico Mattei and Fondazione Giangiacomo Feltrinelli,

intended for "under 30s" to promote the most innovative ideas capable of facilitating the attainment of SDGs in Italy. Proposals must demonstrate solutions with a high social impact and which feature a technological component. Snam is also ready to offer a paid traineeship to one of the winners from among those who have distinguished themselves in terms of innovativeness and positive impact of the project.

Evaluating businesses with regard to social innovation

“Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the support of key stakeholders. It will give in to short-term pressures to distribute earnings, and, in the process, waive investments in employee development, innovation, and capital expenditures that are necessary for long-term growth. [...] Companies must ask themselves: What role do we play in the community? How are we managing our impact on the environment? Are we committed enough to promote diversity in the workplace? Are we adapting to technological change? [...]”.

This is an excerpt of the letter that BlackRock, an international asset management colossus, recently sent to the CEOs of its associated companies: words that set out new responsibilities for the businesses, driving them straight to consider their context from a different perspective and to do more for the common good.

Therefore, a business which also transforms itself into a social

player, whose role goes beyond producing goods and providing services. In this way, opening the business to the environment in which it operates becomes a fundamental key, strengthening new relationships, collaborations, partnerships able to effectively and convincingly meet the community's underlying, emerging or widespread needs. On one hand, this relationship allows businesses to understand the most significant domains and measures to bolster their level of sustainability; on the other hand, it allows them to build on the talent surrounding them, both inside and outside of the company.

In the light of what has been said, is it possible to humanize those businesses that offer themselves as social innovators?

A growing number of social innovations originate from those who have a strong desire to find an alternative pathway to build their future in a fairer society and in a healthier environment. Many organizations are beginning to innovate through the open exchange of skills with their system of reference, opening up to the outside and developing relationships and dialogues with the various types of stakeholders involved in the “Open Innovation” processes. Although businesses, until now, have developed new ideas internally, tomorrow it will be the innovation produced outside the company that will seek out businesses that can drastically augment their potential, thus giving life to new forms of participation, capable of accommodating demands originating from communities and the territories.

An increasing number of companies are turning to start-ups and social enterprises for innovation initiatives. The percentage of start-ups that deal with social topics is on the rise: it currently amounts to about 3-4%, but in certain countries such as the USA, they reach up to 10%.

Source: Global Entrepreneurship Monitor



fondazione

THE ROLE OF BUSINESS FOUNDATIONS

Intercepting the most promising ideas, mobilising financial and human resources and building relationships to increase the ability to design and execute them are practices too often limited by the company management philosophies: these are the tasks entrusted to business foundations, an instrument that can play a key role in supporting social innovation. Business foundations act in various domains, attempting to provide effective and diversified answers depending on their mission. Although at the end of the 90s, during the first survey of Italian foundations¹, the concept of a business foundations was non-existent, or almost so, with very few exceptions², business foundations are now taking on increasing importance. The macro-objectives which compel an undertaking to establish a foundation include ethical objectives, pursuing its philanthropic and personal goals, personal objectives, driven by the momentum of key personnel within the company, and strategic objectives, able to create a competitive advantage for the company itself.

In 2017, Snam also established its own corporate Foundation, created to offer access to its expertise and ability to achieve, which, over the course of the Company's history, had contributed to the innovation, progress and social development of the Country. In particular, the Snam Foundation aims to encourage the civil, cultural and economic development in priority areas of public interest, through the development, adoption, promotion and dissemination of innovative, effective and supportive practices. In particular, consistent with Snam's presence across the territory, the Foundation pursues and promotes the restoration of vulnerable areas, also by protecting and taking care of the panoramic heritage and environment, as well as supporting and developing every variety of cultural activity.

The Foundation will therefore promote broad-based partnerships with all players of the various communities and territories where it will operate, favouring in its

interventions those partnerships with social enterprises and private entities which are engaged, in a stable and primary way, in a business activity of general interest.

Social enterprises, which by their nature, stably and primarily conduct economic activities of social utility, are in fact subjects capable of ensuring the effectiveness and sustainability and their engagement in the Snam Foundation projects can guarantee continuity of results and the ability to implement broad-based programmes. The Snam Foundation initiatives will therefore have the following characteristics: alignment with the strategy and the territories in which Snam operates, focus on vulnerable areas and subjects, innovation, partnerships and the generation of new business.

Commitment to the growth of the territories and communities

To facilitate the engagement between the social world and Snam, the Foundation launched the "Treasures - Supportive Lands in Inclusive Networks" initiative. In continuity with the Orti nella Rete [Gardens in the Network] project, some lands close by the Snam installations are made available to local communities, with an eye to making valuable use of the company's assets, experience and local skill and strengthening its relations with the territory.

Within this context, at the beginning of December 2017, the Snam Foundation and Confagricoltura signed a partnership protocol to promote, develop, and implement social- agricultural projects. The agreement originated from a common will to encourage the dissemination of innovative and supportive practices in the agricultural field, in vulnerable areas or areas of public interest, observing and enhancing the territory and environment.

Between 2011 and 2014, Corporate Foundations allocated approximately €45 mln to guarantee support for projects focused on supporting young Italians looking for a job, often acting as a network among them to pursue common objectives.

Source: "Fondazioni di impresa per i giovani: come far crescere il vivaio", 2015.

1 Survey conducted by the Agnelli Foundation.

2 The Olivetti Foundation and the Agnelli Foundation, for example.



The agreement calls for organising one or more competitions addressed to social workers, mainly in the agricultural sector, focused on awarding projects capable of connecting aspects of inclusion, social impact on local communities, and sustainability, with innovation and experimentation. In this way Snam's land, made accessible, will become platforms to promote innovation and the dissemination of the circular economy principles, the re-use and exploitation of waste, the study of increasingly efficient and environmentally friendly production and consumption models.

The winners will be awarded with the concession, under a free loan, to the unused land owned by Snam for a period of ten years, and economic support to carry out projects. The Snam Foundation will also fund participation in the on-line Master's in Social Agriculture, organised by Tor Vergata University, for the representatives of the winning projects.

In 2017, the Snam Foundation, together with other important Italian Foundations, promoted "Welfare che impresa!", a contest that seeks to favour the outpouring of project ideas of young people under the age of 35 on issues related to social welfare for communities, which are capable of fostering social cohesion, development and to act as a network. Through this initiative, the Snam Foundation intends to stimulate entrepreneurship of start-ups that are committed to finding innovative and sustainable solutions to society's complex challenges, and proposes itself as a social innovator and catalyst of ideas and projects focused on people and territories.

More than 155 projects from all over Italy with innovative ideas to respond to the most diverse social needs.

There were four winners who implemented projects regarding:

- **Artificial Intelligence**
- **Marketing of local and organic produce/products**
- **Barrier-free travel**
- **Orientation tools for the non-profit world**

Out of the 155 projects submitted in this second edition of "Welfare che impresa!", a figure that demonstrates the growing interest in new services able to help improve the Country's social fabric, the 14 finalists participated in a two-day training workshop, promoted by the foundations, during which participants could acquire useful skills and information to improve their design skills.

Among the four winning project ideas, Foundation Snam gave an award to "Tripmetoo", a Salerno start-up operating in the tourist sector. It is a web-based reservation platform allowing travellers to customise their travel experience based on their different preferences and allows industry operators to enhance their offer, placing it in the Tripmetoo network. The jury also decided to award a special prize to the "AGRishelter" project: a temporary home for emergency situations, built with local resources and natural materials; its building and innovative technology guarantees environmental, economic and social sustainability.

The Snam Foundation's participation in "Welfare, che impresa!" was an important step towards the affirmation of a company growing increasingly closer to the territory, capable of being a driving force for development of the community and the Country and to facilitate the growth and the culture of entrepreneurship when confronting social challenges.

The “open innovation” follows indirect paths to capitalise on the collective intelligence both inside and outside the company. This is influencing the actual business conditions, where opportunities to build relationships, to interact,

and to share among those working every day in the organisation are in increasing demand. For this very reason, the companies propose more and more opportunities to meet, as well as more “open” and informal working spaces.

INNOVATION, PEOPLE AND CORPORATE CULTURE



In the transformation processes that enterprises are implementing to prepare themselves for future challenges, employees are increasingly demanded to play an active role in promoting change.

A pathway which Snam also followed during the year; with the slogan “The future is in our hands” it called upon employees to propose new ideas regarding certain key issues for Snam’s managerial evolution.

In particular:

- Snam’s role in the energy transition
- Employer Branding & Attraction
- Corporate Values
- Leadership and careers
- New ways of working

The ambitious *All Lean* project also establishes the goal of minimising time waste in order to gain more free time to be used for higher value-added activities. A key point of the change process has been the active engagement of everyone in the company, called upon to propose ideas and identify the aspects of inefficiency, freely expressing their opinions and customising their working environment.

This interaction with people resulted in an extremely innovative approach, capable of breaking existing paradigms and envisioning a corporate reality open to all. The initiatives implemented within the purview of the All Lean programme include: the passage from 175 procedures to 30 simple rules, halving selection times of ideal candidates and reducing accreditation times for private sector vendors by 75%.

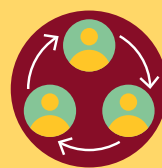
Lean programme’s goals



Identify wastes throughout
the Company



Make the processes
more effective



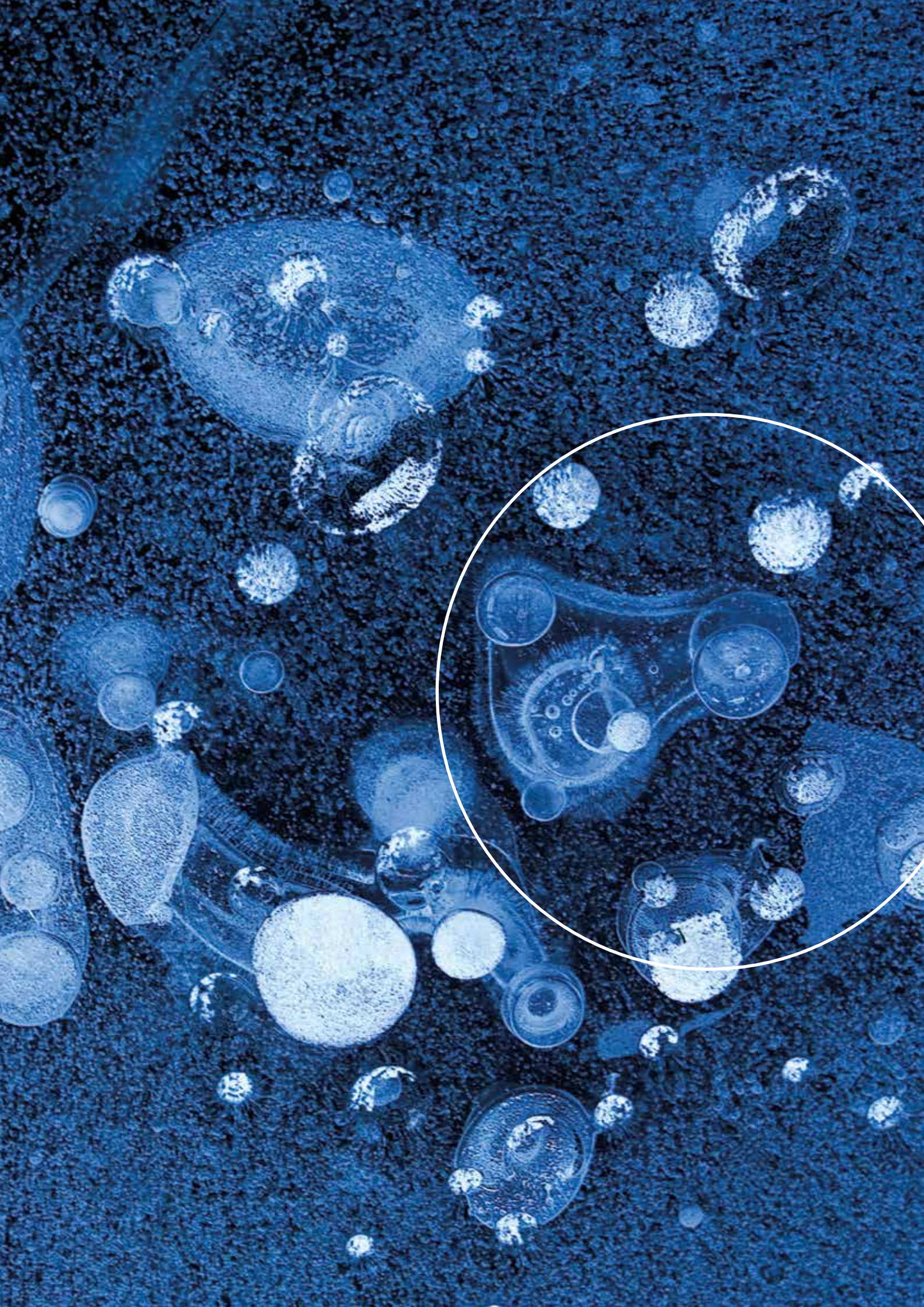
Involve people



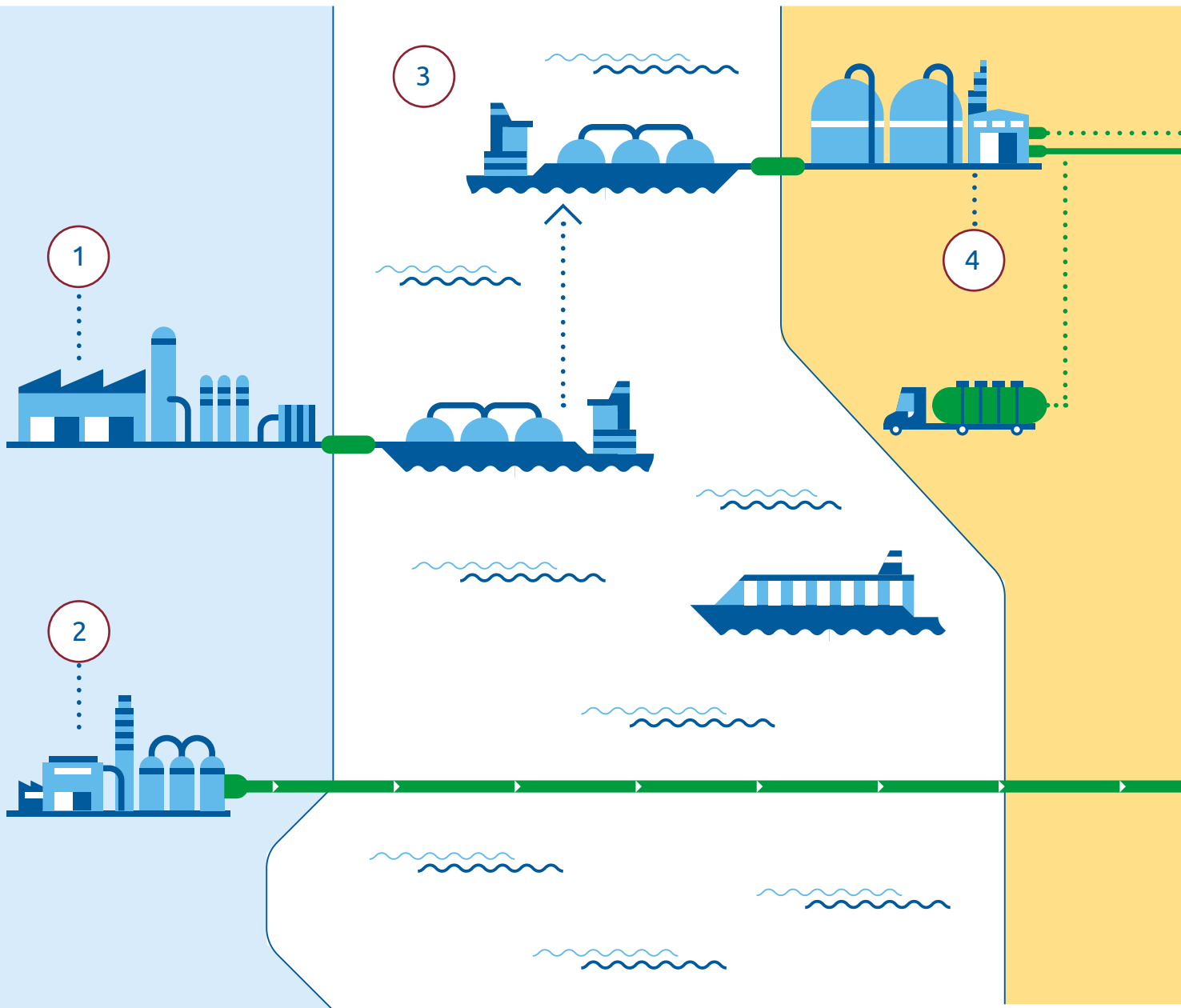
Create a collaborative
environment



Promote the continuous
improvement culture

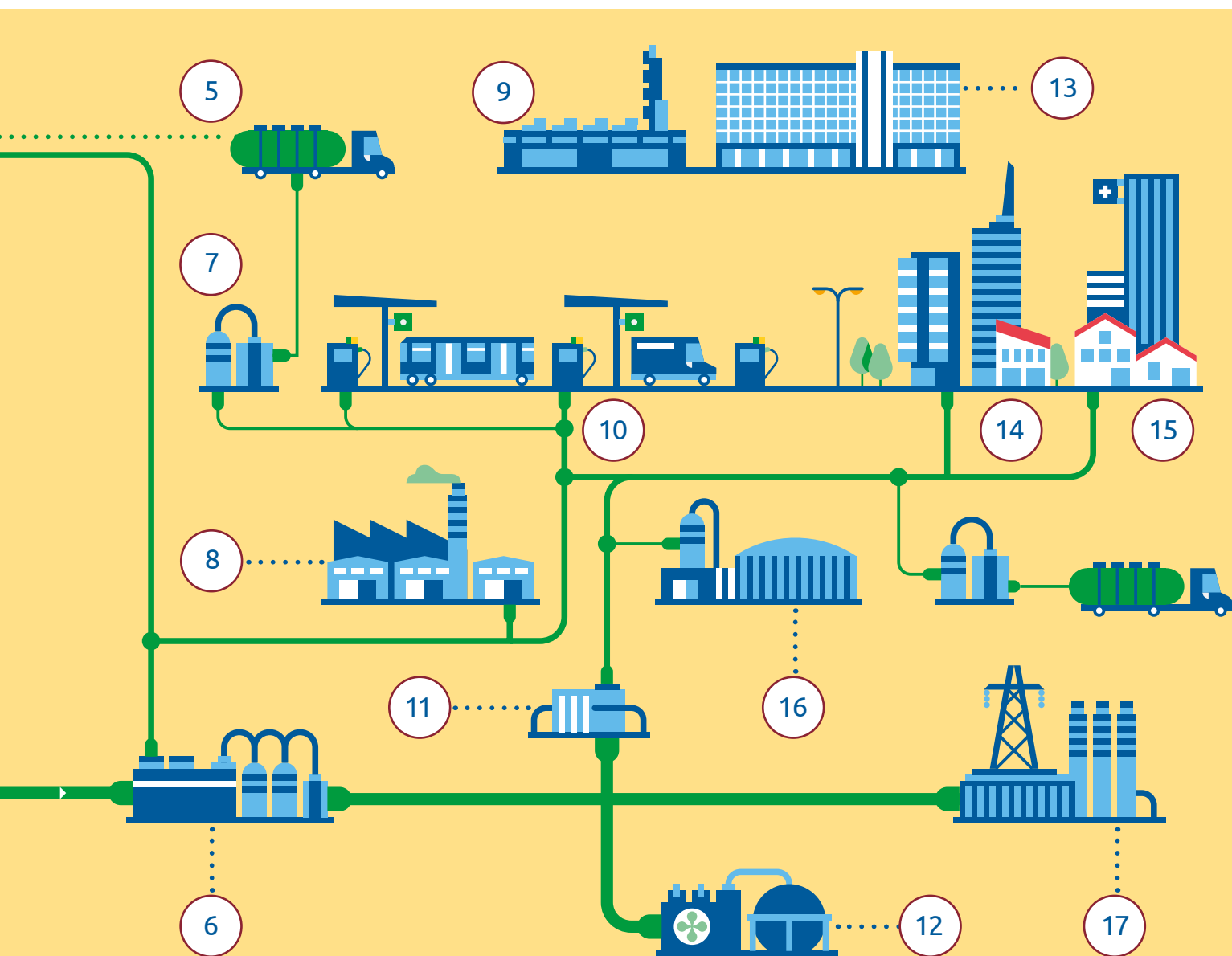


A World running on Gas



- | | | | |
|---|---------------------------|----|----------------------------|
| 1 | LNG liquefaction plant | 10 | CNG service station |
| 2 | LNG liquefaction plant | 11 | Reduction cabin |
| 3 | LNG carriers | 12 | Storage stations |
| 4 | LNG regasification plant | 13 | Snam Headquarters |
| 5 | LNG cryo tanker transport | 14 | Urban utilities |
| 6 | Compression plant | 15 | Service sector use |
| 7 | LNG service station | 16 | Biogas plant |
| 8 | Industrial use | 17 | Thermoelectric Power plant |
| 9 | Snam Dispatching Centre | | |

 pipelines



Natural gas

Natural gas is produced from the anaerobic decomposition of organic material. It is found in nature in its fossil state on its own or together with oil and other hydrocarbons. The main component of natural gas is methane (CH_4). During combustion, most of the methane gas is converted into water vapour and carbon dioxide (CO_2).

Liquefied natural gas

Liquefied Natural Gas is obtained by subjecting natural gas to a cooling (-160°C) and condensation process which reduces its specific volume by around 600 times compared with normal atmospheric pressure.

Compressed natural gas

Compressed Natural Gas is obtained by compressing natural gas to less than 1% of the volume it occupies at normal atmospheric pressure. It is conserved in tanks at a pressure of 200-248 bar.