

Social



Stakeholder relationships

Snam encourages an ongoing dialogue with its stakeholders through constant and proactive communication via specific instruments and channels and inclusion actions with the aim of developing mutual growth and awareness.

The main issues for the stakeholders' engagement 2018 were the changes that took place during the year, especially with regard to the expansion towards new businesses, new uses of natural gas and the Company's international expansion.



INVOLVEMENT AND SHARING

Partners' Day:
Snam met more than

500 stakeholders

Under the scope of the activities carried out with its stakeholders, at the Partners Day held in November in Milan, Snam met more than 500 people, including suppliers, customers, employees, institutions, the financial community and the media. The Chairman of the Board, representatives of the institutions and businesses took part in the initiative, which was an opportunity to debate on innovation and growth.

Four new initiatives were presented: Snamtec, the project aimed at creating the energy company of the future, the Company's policy with regard to the Social Supply Chain to facilitate the involvement of social companies in the supply chain, the Carbon Disclosure Project (CDP) supply chain programme to raise awareness among suppliers on their GHG emissions and the new "Snam Up" open innovation platform to share the culture of corporate innovation. Some of the issues dealt with during the discussions were social development policies in the local areas, the role of companies as drivers of growth, digital transformation and network security. A strategic agreement for gas sustainable mobility in Europe was signed with SEAT during the event.



Energy to inspire the world

In 2018 Snam relaunched its **brand identity** by revamping its logo and the values that will drive its future challenges. The logo, revamped and in line with the purpose “Energy to inspire the world”, remains bound up in Snam’s tradition stressing the characteristic of **gas sustainability** through the introduction of the green colour. The restyling of the Snam’s brand identity places emphasis on the role of the company in energy transition and its expertise in building infrastructures that supply **natural gas**. Snam is abreast of a society that is changing and which aspires to improve the lifestyle conditions.

Snam was also a protagonist at the 27th edition of the World Gas Conference held in Washington. The conference, organised by the International Gas Union (IGU), is the most important event of the gas industry at global level, attended by over 10,000 people with more than 600 speakers including representatives of institutions and the top management of major companies in the industry. Snam’s strategic guidelines and future energy scenarios were announced at the event, and the CEO took part in two panel discussions on the European energy market and the skills required for future leaders in the energy industry. The Natural Gas World Atlas was also presented; it is the first gas world atlas, created in collaboration with Libreria Geografica and National Geographic.

For many years Snam has promoted positive experiences with Italian National parks through its “Sustainable Paths” series. This publishing initiative highlights the company’s commitment to the environmental protection and the adoption of best infrastructures construction practices well-established by now and which have always distinguished the way in which the Company operates.

A fifth publication was added to the existing four volumes of the series, which is about the Foreste Casentinesi Park, a national park stretching from Tuscany to the Emilia Romagna region and crossed by a short section made up by two parallel gas pipelines belonging to the core transportation network, importing the gas from North Africa to Italy. Like in the other volumes, the story of the park and its specific geographical, nature, historical and cultural heritage is interwoven with the methods practised by Snam in an area of particular value, which enable vital infrastructures for the country’s energy requirements to co-exist with the environment and the ecosystems.

WEB PRESENCE AND MULTIMEDIA RELATIONS

The new layout of the company website was launched with the restyling of the brand. Following the development of “One Company”, the website incorporates the contents of the websites of the operating companies and proposes itself as a space for information, interaction with customers and dialogue with many company stakeholders, giving practical answers through ad hoc instruments and specific contents, which are simple to browse and user-friendly. During the year the Global Solutions business unit website and the areas dedicated to Snam4Mobility, Snam for Abruzzo and Snam for Minerbio were developed. Snam was awarded with the third place in the Italian and European Webranking contest and the Company was deemed for the fifth year in a row as one of the best European companies in terms of accuracy and the transparency of the information on its website and on the major social platforms.

During the year Snam adopted a communication style integrated between traditional and digital channels allowing a considerable increase in its exposure on the main Italian and international media outlets. Alongside this, Snam created a storytelling on the digital channels aimed at promoting the company, its people and the new businesses, strongly engaging with direct language. As a testament to this, Snam was recognised as the best Italian company for the use of Facebook and was quoted by LinkedIn for best practice in the use of this professional platform.



With the increase in renewable gas production, Ecofys estimates annual savings of around

€ 140 Bn

Snam in the international climate strategy

Activities in a European context promoted the development of new forms of renewable gas (e.g. biomethane and hydrogen), as key energy sources in the transition process towards an economy based on the decarbonisation of the future energy system.

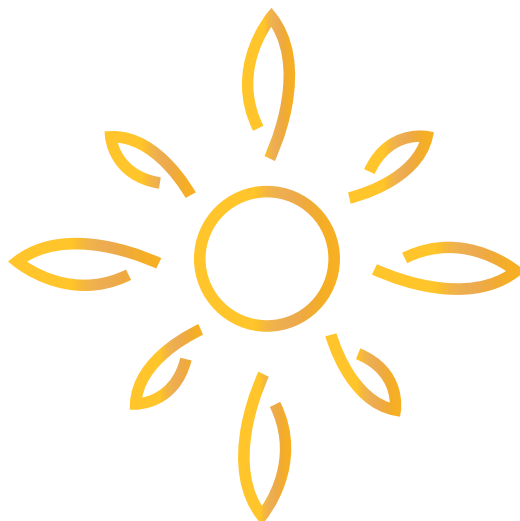
Snam actively participated to the definition of the European Union strategies which pave the way towards a new long-term vision for energy and climate policies in continental Europe, "A cleaner planet for all". Snam's participation particularly involved the public consultation of the European Commission and the Katowice United Nations Climate Change Conference (UNFCCC COP 24).

Snam confirmed its leadership position in Europe by representing the interests of the entire gas chain through GasNaturally, the representative body of gas value chain associations.

Work continued under the auspices of the "Gas for Climate" consortium, created in 2017 to join seven European TSOs (Snam, Enagás, Fluxys, Gasunie, GRTgaz, Open Grid Europe and Teréga) and two associations operating in the field of renewable gas (Consorzio Italiano Biogas and European Biogas Association). The consortium promoted the results of a study, commissioned to Ecofys, in which it was shown that there are opportunities of around €140 billion of annual savings by increasing the production of renewable gas. The study is among the reference sources of the EU climate strategy for 2050 published by the European Commission in November 2018.

At the informal meeting of European Energy Ministers, which was held in Linz in September 2018, under the Austrian presidency of the EU, Snam, together with other European energy companies, signed a declaration aimed at supporting hydrogen and its extensive potential as a sustainable technology for decarbonisation and energy security in the EU.

Snam also continued its activities within the European association the "Natural & bio Gas Vehicle Association" (NGVA Europe) with the objective of promoting the use of natural gas and biogas as alternative energy sources for both land and maritime sustainable mobility.



People

Social and economic changes in recent years have resulted in Snam operating in a constantly evolving context, which requires constant investments in terms of the training needed to deal with future challenges. In this transformation process, all the employees are increasingly called upon to play an active role in promoting cultural change and in creating a more motivational setting, more connected to the business purpose and to the values that the Company stands for. Sharing the objectives and challenges which the natural gas sector faces and the promotion of behaviour which provides evidence for the Snam's managerial model on a daily basis are key elements in guaranteeing the necessary technical and technological know-how continuity and Snam's international development. The Company is committed to developing the professional qualities and talents of each and every

one, through transparent and merit-based management capable of creating an inclusive work environment for all.

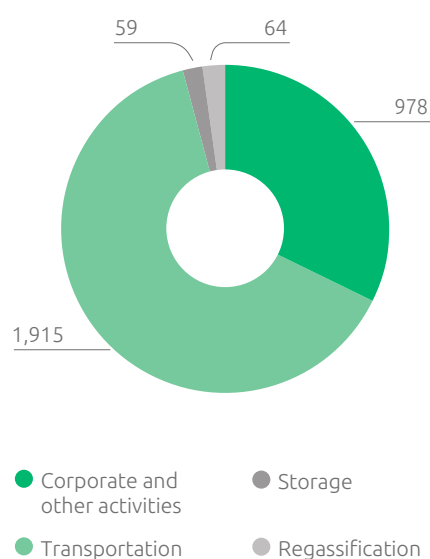
EMPLOYMENT

Snam, in line with the goal of sustainable development "Decent work and economic growth" (SDG 8), offers a stable and constant employment relationship, mainly in Italy, with qualified and specialist activities (56% of employees have a technical diploma and 26% are graduates). 93% of personnel are on a permanent employment contract. At the end of the year, there were 41 part-time contracts and 185 apprenticeship contracts in force. During the year there were 33 workers under a staff leasing contract.

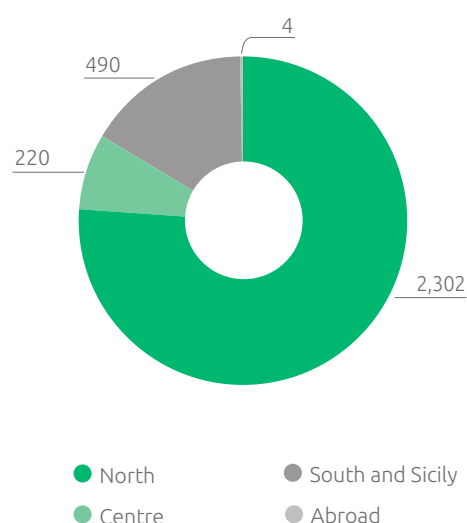
Snam Personnel at 31.12. (no.)

	2016	2017	2018
Executives	87	93	107
Middle Managers	421	456	480
Office workers	1,651	1,655	1,682
Manual workers	724	715	747
Total employees	2,883	2,919	3,016

Employees by activity (no.)



Employees by geographical area (no.)

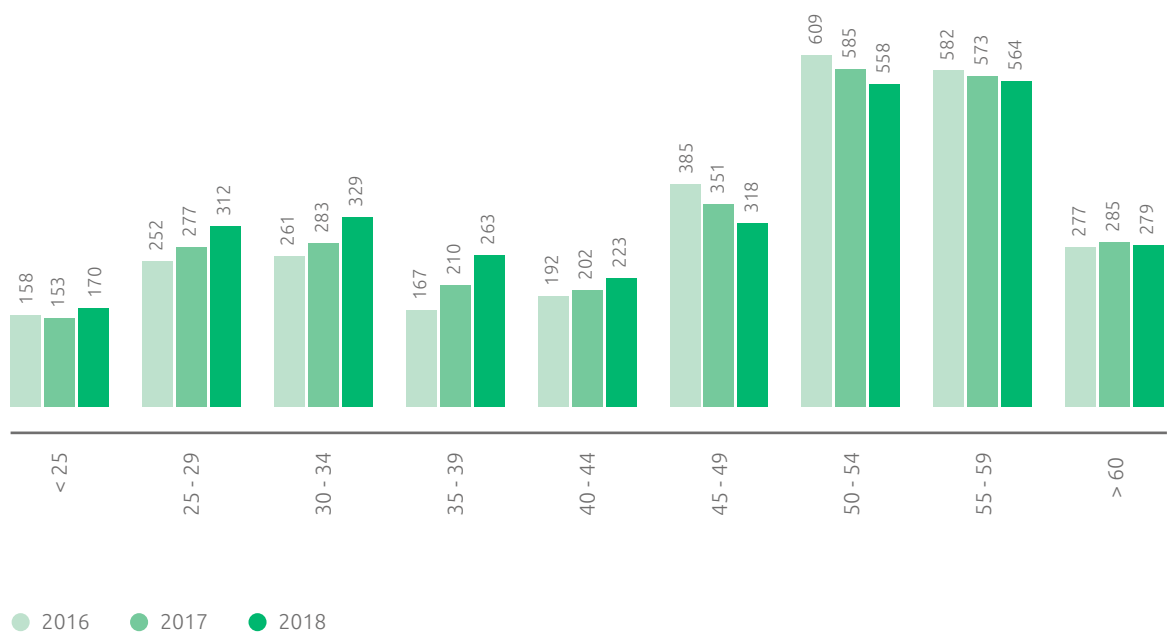


Employment dynamics

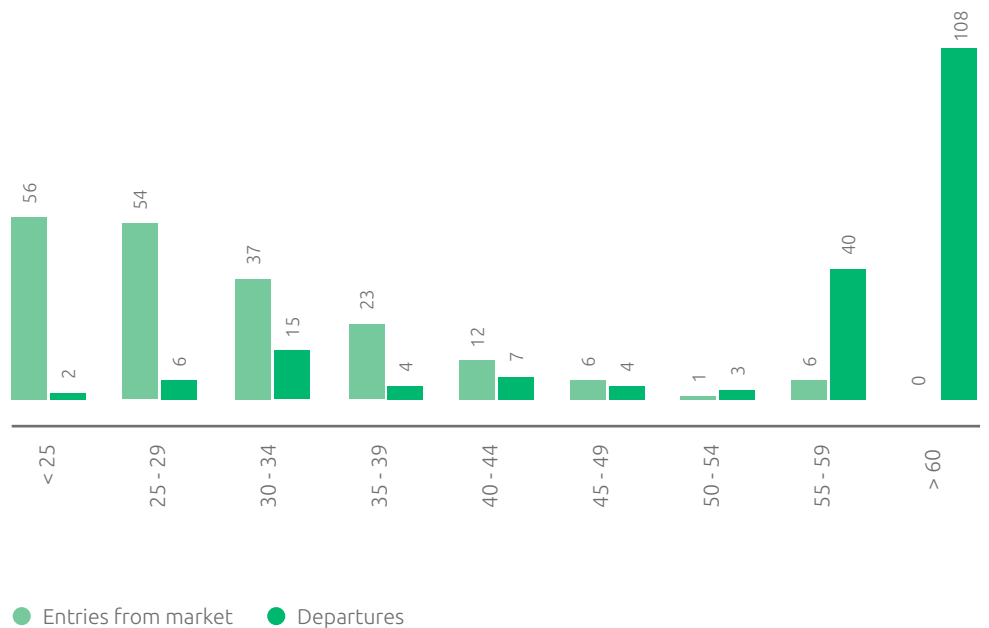
In 2018, 321 people in total joined the company, including 195 hired from the market and another 126 joined, including 61 resources as a result of the change of the scope of consolidation of Cubogas S.r.l. (from July 2018), 22 resources came through the acquisition of TEP energy solution (from June 2018), 34 resources through the acquisition of IES Biogas (from July 2018), 9 returns to service from leave of absence.

189 people left the company, including 49 as a result of the termination of their employment, 41 unilateral terminations of the employment relationship, 99 exits for "Isopensione". There were also 10 exits for various reasons and 25 transfers to unconsolidated companies.

Employees age bracket (no.)



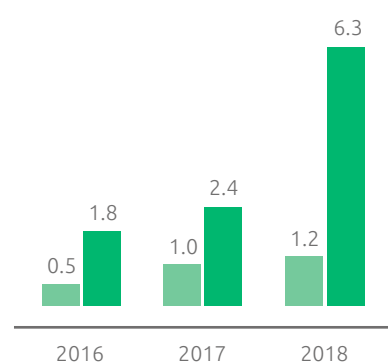
Entries and departures from market by age group (no.)



People under the age of 35 (811) represented 27% of the corporate population and increased by 98 units compared with 2017, also thanks to the constant hiring of young talent, a feature of recent years.

The absenteeism rate does not include senior managers and it was calculated taking into consideration all hours not worked (paid and unpaid) excluding holidays, catch up leaves and periods of absence from work for compulsory and optional maternity leave. In 2018 the absenteeism rate stood at 4.6%, essentially in line with the previous year and has settled at the minimum physiological values. No substantial changes are observed between the absenteeism rates for men and women, which are 4.6% and 4.8%, respectively. The 2018 turnover rate increased by 5.6% by virtue of the hiring campaign and the retirement and "isopensione" incentive campaign.

Turnover rate (%)

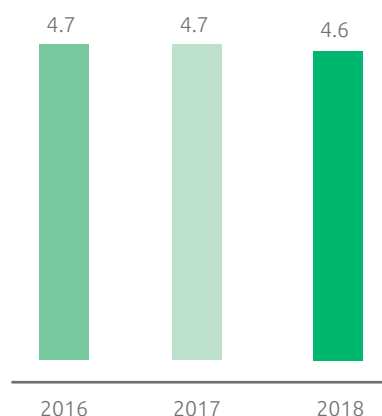


- Voluntary turnover rate
- Turnover rate

Voluntary turnover rate = (departures due to resignation/average headcount employed)*100
 Turnover rate = (departures/ total headcount at 31/12)*100

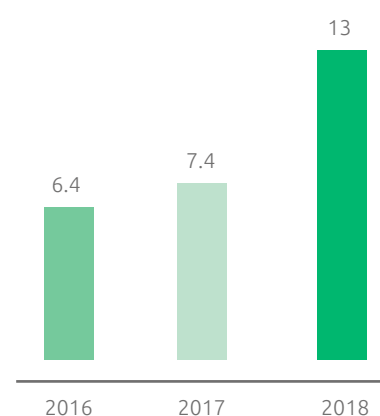
(*) Data do not include staff relocated to non consolidated entities

Absenteeism rate (%)



Absenteeism rate = (hours absent/workable hours)*100

Staff turnover (%)



Turnover = (incoming + departures)/average headcount employed)*100

DIVERSITY

The Company offers equal opportunities to people in terms of employment, avoiding all forms of discrimination due to gender, age, health, nationality, political opinions or religious persuasion.

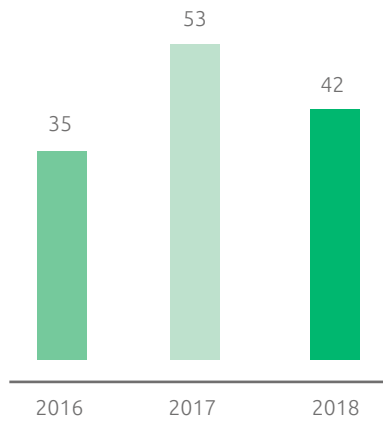
The female workforce, at the end of the year, comprised 419 resources (+6.6% compared with 2017), equal to 13.9% of the corporate population (+0.4% compared with 2017). Women make use of 90% of active part-time contracts (37 out of 41).

Female personnel at 31.12. (no.)

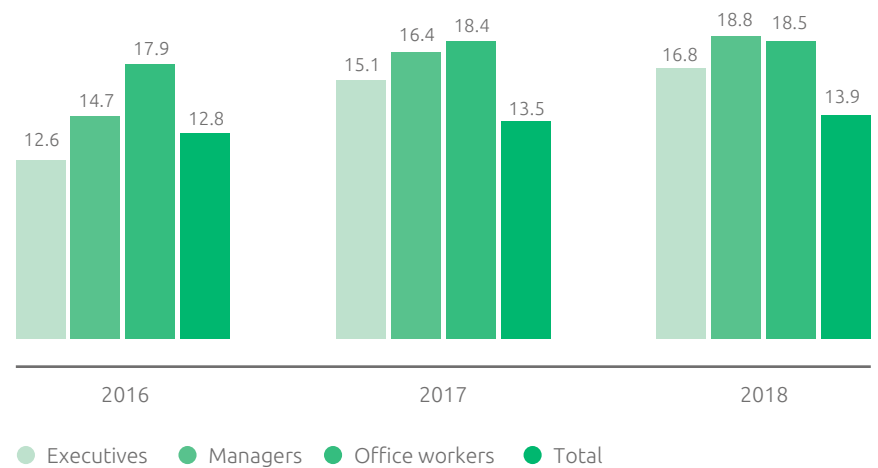
	2016	2017	2018
Executives	11	14	18
Middle Managers	62	75	90
Office workers	296	304	311
Total	369	393	419

The presence of female workers is mainly concentrated in northern Italy (around 92% of the total) since they work predominantly at the S. Donato Milanese headquarters.

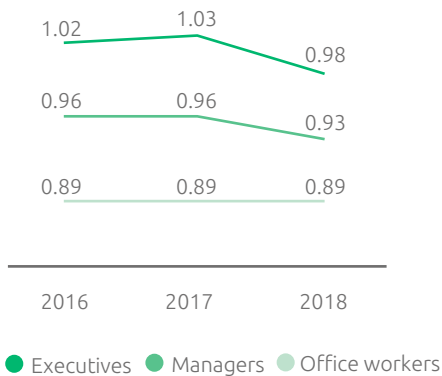
Women hired from the market (no.)



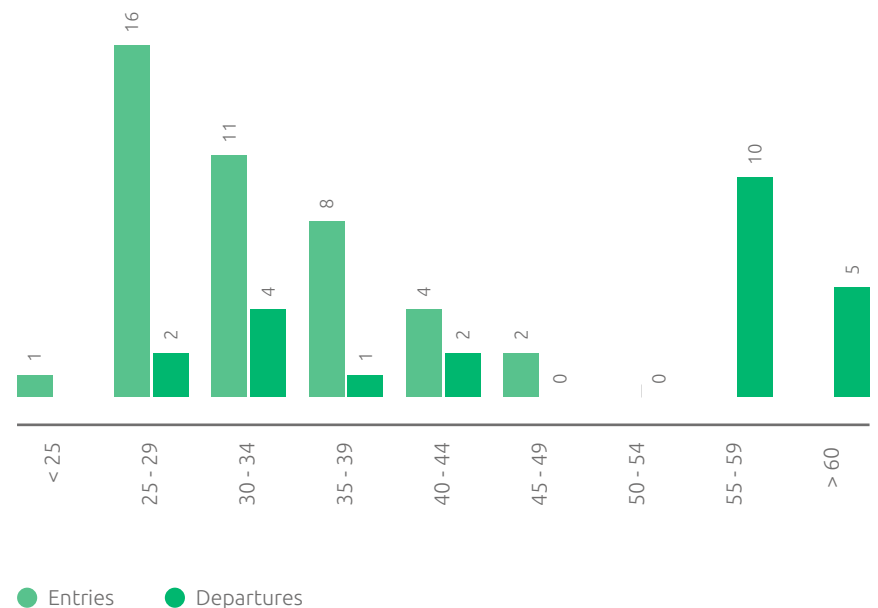
Female presence category breakdown (%)



Pay gap (women/men)



Entrance from the market and departures for female gender (no.)



The fall in the pay gap between women and men in 2018 was due to the entry level remuneration (new middle management and senior management) which had a greater influence on the average RAL of women.



Snam4STEM

This is the event that was held in December and enabled **20 young women** to spend a day at Snam to meet role models and gain greater awareness of the importance of the role of women in business. The girls, young graduates and undergraduates in humanities and STEM disciplines, were chosen during the career days held in recent months at some of the best universities throughout Italy. **Two interns were taken on in early 2019 and one new hire.**

GROW Job Shadowing

The GROW project (Generating Real Opportunities for Women) is designed to promote, support and improve the personal and professional development of women at the **Luiss Business School** with special attention to entry into the world of work and professional career promotion. The Job Shadowing programme was part of the Snam project to give an opportunity to female students to spend a working day with a Top Manager. **Five managers and 8 students took part.**

Support for parenting and work-life balance

Employees receive company benefits the entire time they are on maternity leave and, during the period of compulsory leave, maternity pay is 100% of their salary rather than the 80% required by law.

Personnel on maternity leave at 31.12. (no.)

	2016	2017	2018
Persons on maternity leave	48	53	59
of which women	41	42	45
Positions closed during the year	28	33	44
of which women	22	23	30
Positions remaining active	20	20	15
of which women	19	19	15
Percentage of women returning to work (%)	95	96	91

With regard to parental leave, 254 positions (including 43 women) were opened during the year and 253 closed (44 of which were assigned to women). At year's end, 31 positions were still active (6 of which were female).

DEVELOPMENT OF SKILLS

The People Strategy focuses on three main pillars: enhancing the value of human resources, increasing productivity and the level of engagement, disseminating a culture of innovation and renewal.

In this context, training plays a fundamental role in supporting management and the whole corporate population towards the development of managerial and technical skills, know-how and innovation.

Snam's commitment for 2018 was to increase the average number of training hours up to 32 per employee and to involve the 80% of the population in at least one training session. The target was reached with around 36 hours of training per employee and the involvement of 93% of the corporate population.

Key training initiatives

Description	Hours provided (no.)	Attendances (no.)
Technical training	58,120	4,454
Health, Safety, Environmental Protection and Quality training	28,345	4,953
Managerial training	19,257	3,822

Upon completing the courses established in previous years in matters of business ethics and anti-corruption, in 2018 321 hours of training were provided with 123 attendances.

Personnel Training

	2016	2017	2018
Training hours (no.)	82,184	85,346	107,771
of which Senior Management	2,940	1,908	4,392
of which Middle Management	31,072	8,600	19,072
of which Office Workers	10,021	39,316	49,650
of which Manual Workers	38,151	35,522	34,657
Attendances (no.)	10,396	8,604	13,999
Average hours of training per employee (no.)	28.5	29.2	35.7
Average hours of training provided to men (no.)	30.2	31.3	36.9
Average hours of training provided to women (no.)	17.0	15.8	28.7
Engagement (%)	97.5	75.4	93



Snam Empowerment Program

This is a managerial training catalogue aimed at enhancing the skills of everyone focusing on the priorities identified in order to improve company performance still further. It is a project developed to translate the new Snam skills model into actions of value (Act for continuous improvement, Act with vision, Entrepreneurship, Work in connection with others, Motivate with passion). The learning process for each of the **5 skills** involves **2 training days** plus a half-day follow up.

In 2018 **14 sessions** were delivered involving **178 people**. In 2019 around **20 sessions** are planned with the aim of involving the largest possible number of employees.





Fare scuola

The **Snam Institute** was presented in July 2018 during a day organised in Rome in conjunction with the LUISS University. Support was also announced during the event for the LUISS Business School Masters in Management and Technology, a major in Energy Industry, and the establishment of a Chair in Energy Economics and Policies, aimed at creating a research project on energy transition. The active role of businesses in supporting the educational system was also discussed through initiatives like "Fare scuola", a virtuous collaboration between businesses and the school system in the area of education dedicated to school leaders and teachers, but also for infrastructural interventions such as, for example, the redevelopment of school buildings. The pilot phase of the project was launched in 2018 in **30 institutes** throughout Italy targeting **30 school leaders, 30 educational lecturers** and **10 school governors** (around 70 people in total). There are plans to extend this project to 100 institutes in 2020.

School-Work Alternation programme

Snam's commitment to schools is continuing through the Young Energy project which launched the School-Work Alternation programme for the academic year 2018/19. In 2018 Snam hired **13 young people** from the previous year's project. This academic year, the Young Energy project is happening in **6 regions** and at 9 schools (7 technical institutes and 2 secondary schools) and will involve around **800 students**.

Professional institute for young people

Snam is the leader of a schools' network programme dedicated to preparing blue collar workers and technicians for the gas industry involving several professional and technical institutes throughout Italy. The first session will take place at the **Elis School** dedicating **20% of total teaching hours** to enable young people to get technical certificates. The Snam personnel will be responsible for the teaching at its regional offices.

COMPENSATION POLICIES AND SYSTEMS

At Snam, the administrative and reward practices are merit-based, both in terms of professional development and with regard to career opportunities. At the same time, it is a benchmark so that personnel management can meet the fairness and sustainability criteria.

Compensation systems are updated periodically based on a comparison with the reference markets and in consideration of instructions received from external stakeholders. In particular, these systems are meant to ensure recognition of the results achieved, the quality of the professional contribution provided and individual development potential of the person. In 2018, with the objective of creating greater alignment of the long-term variable remuneration with the primary goal of creating value for shareholders, the scope of possible recipients of the Long-Term Incentive Plan (ILT) was extended to cover all senior management.

All employees annually receive a **Participation Bonus** based on the company's profitability and productivity

Incentive systems for the various brackets of the corporate population

Executives	The remuneration system consists of two parts: a fixed remuneration, with annual adjustments for merit or increased responsibility or more senior role, and a variable remuneration with incentives aimed at enhancing professional contributions in the short-term, by awarding an annual monetary incentive (IMS), as well as in the medium-/long-term by allocating a long-term share-based incentive (ILT). Claw-back mechanisms are also provided, for the recovery of the variable portion if the resulting compensation is not due because it was earned based on targets that were attained as a result of malicious or grossly negligent behaviour or that were proven to be manifestly incorrect. The Total Reward Statement, an information package on the composition of the individual remuneration, guarantees the enhancement and transparency of the remuneration system.
Non-executive population	Snam adopts a short-term variable incentive plan intended to reward best performance and the young resources with potential for development. All the companies in the group provide a "Participation Bonus", instituted by the National Collective Labour Agreement, based on the performance of profitability and productivity parameters, measured in relation to the targets agreed upon every year between the company and the trade-union representatives.

In 2018, the use of the new target assignment and assessment system known as Performance Management, was confirmed; it also contains targets regarding behavioural aspects, sustainability and the prevention of accidents in the workplace. All the assessment processes adopted are formalised and include a feedback interview, which constitutes an institutional opportunity for discussion and communication between managers and employees, also in order to gather information that can be used to define new actions for personnel development and enhancement.

In 2018, Snam focused on improving leadership skills by implementing the new skill model, keeping succession plans solid and structured, identifying and enhancing the value of talent throughout the organisation to ensure a sustainable line of succession and to intensify the level of engagement. Specifically, the new Performance Management System was launched during the year, which was decisive for the Talent Review Discussion and the creation of the Succession Plans. When it is fully operational the new system will involve the entire business through the progressive extension of the performance scope over a three-year period (2018-2020).

Employees evaluated in Performance Management (no.)

	Men	Women	Total
Executives	87	15	102
Middle Managers	392	77	469
Office workers	124	38	162
Total	603	130	733

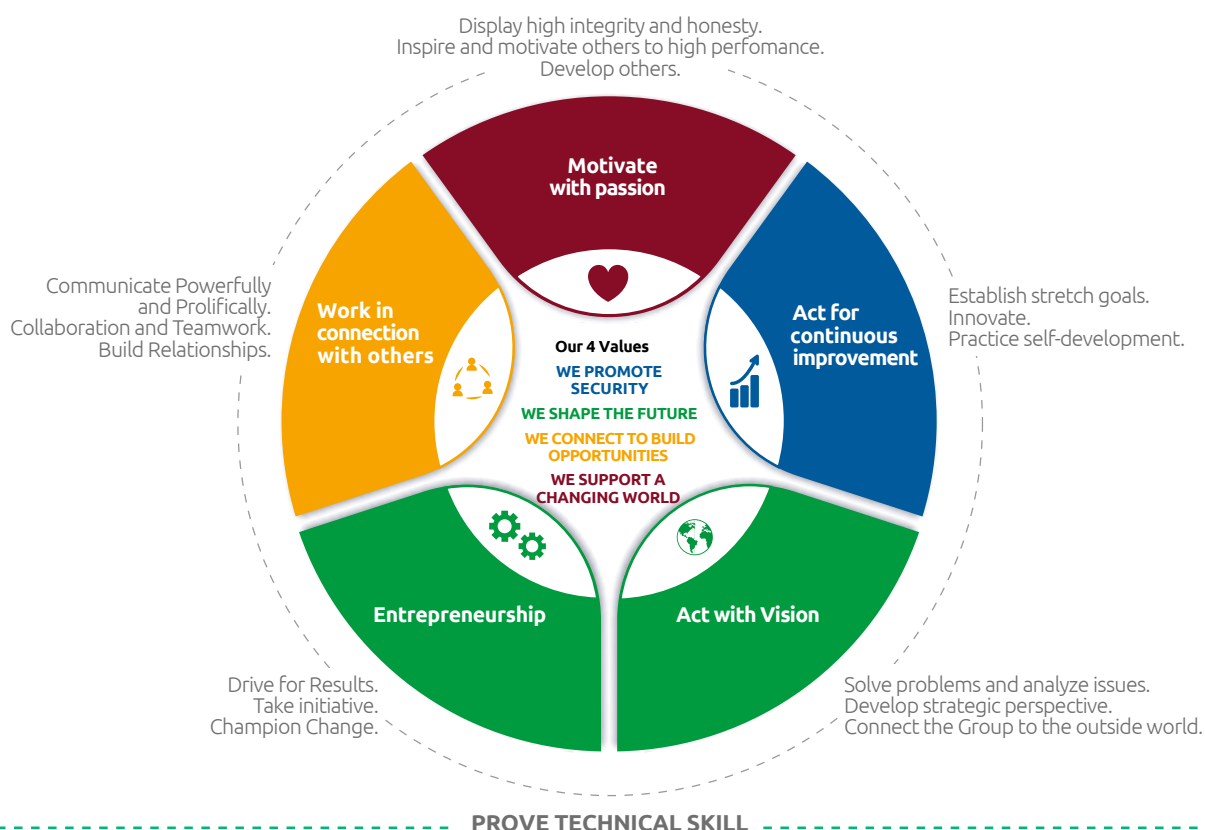
Assigned sustainability topic goals

	2016		2017		2018	
	Assigned (no.)	Attained (%)	Assigned (no.)	Attained (%)	Assigned (no.)	Attained (%)
Executives	67	91	77	95	131	97
Middle Managers	313	93	291	97	274	87
Other personnel	88	100	67	96	63	89

In 2018, fewer sustainability goals were assigned to middle managers and office workers compared to the previous years. Anyway, behavioural targets were proposed for the entire corporate population, as set out in the Snam leadership model.

The model contains the five fundamental skills and the five types of virtuous behaviour which represent the key elements of motivation and incentives for employees. This distinctive behaviour, also included in the Performance Management system, demonstrates how the Company is integrating its sustainable business model with the promotion of virtuous behaviour.

Snam leadership model



All the jobs within Snam, with the exclusion of executives, undergo an analytical and overall evaluation regarding the Complexity, Responsibility, Experience and Autonomy (C.R.E.A.) factors. In 2018, 198 CREA assessments were approved.

HEALTH AND SAFETY

Company results and performance are achieved thanks to the skills and abilities of the people working in the business. The Company is constantly committed to safeguarding health and safety in the workplace by adopting measures aimed at eliminating or, at least, reducing the risk factors featured in the work activities. All of the Snam's business activities are governed by certified management systems in accordance with OHSAS 18001 (occupational safety and health rules).

In this area, the adoption of good practices promoted and also shared with suppliers has led to a progressive fall in accidents, both for the company personnel and contractors, and to an overall performance improvement throughout the supply chain.

In 2018 there was a total of 7 accidents (11 in 2017), 4 of them involving employees (6 in 2017) and 3 involving supply contractors (5 in 2017).

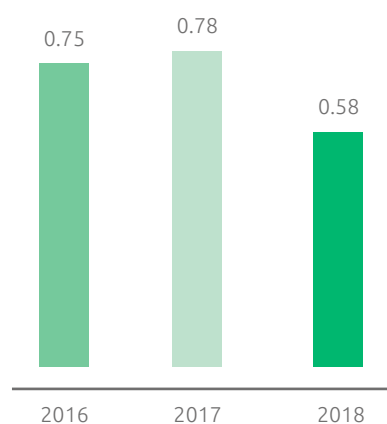
Accidents at work

	2016	2017	2018
Employees			
Total accidents (no.)	4	6	4
Fatal accidents (no.)	0	0	0
Frequency index	0.81	1.24	0.84
Severity index	0.04	0.05	0.02
Contract workers			
Total accidents (no.)	5	5	3
Fatal accidents (no.)	0	1	0
Frequency index	0.71	0.54	0.41
Severity index	0.05	0.83	0.03
Employees and contract workers			
Total accidents (no.)	9	11	7
Frequency index	0.75	0.78	0.58
Severity index	0.05	0.56	0.02

Employee workplace accidents by event type (no.)

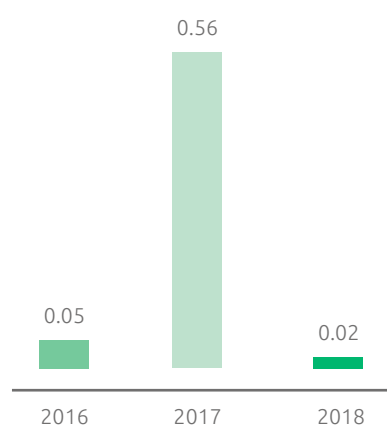
	2016	2017	2018
Type			
Car accidents	0	1	2
Occupational accidents (maintenance, inspection, checks)	1	1	1
Generic accidents (slipping, impact, tripping)	3	4	1

Employee and Contractor accidents at work - frequency index



number of non-commuting accidents with incapacity of at least one day, per million hours worked.

Employee and Contractor accidents at work - gravity index



number of working days lost in relation to non-commuting accidents with incapacity of at least one day, per thousand hours worked. Data includes fatal accidents.

Alongside the consistent commitment achieved through tools such as training, technological innovation, and work organisation, in the early months of 2018 Snam initiated the new "Snam4Safety" project to further strengthen the culture and awareness of health and safety issues among all the employees and contractors.

In order to raise awareness among employees on safety issues, in 2011 Snam established an initiative called the "Zero Accident Award", which rewards employees who go 365 consecutive days without an accident in the workplace. Personnel are divided into standardised teams identified by operational unit/safety manager. In 2018 13 teams involving a total of 1,550 employees received the award.

The "Contractor's Safety Prize" awareness raising initiative was also dedicated to contractors with the aim of focusing the attention of suppliers on these issues. Specifically, the performance of businesses is evaluated by collecting and analysing specific indicators (e.g. accident indices and negative feedback on the subjects of interest). In 2018, the prize for the 2017 results, was awarded to Max Streicher, for the second year in a row, a company specialised in the building of energy infrastructure and in particular in the construction of gas pipelines.

PROTECTING HEALTH

The health status of workers who, on account of the jobs they perform, are exposed to specific risk factors in the work environment, is monitored through regular health checks, carried out by medical personnel trained for this purpose.

To guarantee a working environment that complies with workplace hygiene standards, environmental screening is periodically carried out to monitor microclimate, biological and physical aspects of the workplaces.

Snam absolutely prohibits the drinking of alcoholic beverages while at work.

Medical surveillance (no.)

	2016	2017	2018
Medical visits	1,561	1,914	1,350
Periodical medical visits	1,337	1,688	1,061
Diagnostic examinations	2,252	3,508	2,020
Environmental surveys	172	279	247
Occupational illnesses diagnosed	0	0	0

Workers receiving regular health checks (no.)

	2016	2017	2018
Total number of workers exposed	2,105	2,646	2,652
Workers who sit at a computer station	1,864	1,817	1,923
Workers with responsibility in an emergency	625	627	599
Workers exposed to chemical agents	28	52	10
Workers responsible for moving heavy loads	101	5	94
Night workers	100	109	113
Workers exposed to noise pollution	24	24	24
Workers (blue-collar) with operational tasks*	-	536	517
Work in compression plants *	-	73	70
Workers exposed in confined spaces*	-	119	139
Workers exposed for other reasons (IE, abroad, TOX, welding)	108	78	127

* New workers who, starting from 2017 are subject to medical surveillance.

Finally, Snam promotes various initiatives focused on promoting health for its employees, including through its company welfare system. The description of the services offered, together with any other welfare activity, is reported on page 68.

THE INNOVATION BEHIND SNAM'S COMPANY WELFARE SYSTEM

Corporate welfare is the set of operations - both as monetary support and services - which increases the level of social protection and the purchasing power of employees and can indirectly generate a good working environment.

The company's welfare system was created over time with the goal of accommodating the emerging needs and requirements of the corporate population.

Digital culture and the well-being of people are the drivers of the new 2018 welfare plan, reorganised around five areas of intervention: Family, Education, Work/Life Balance, Well-being and leisure time, Health. Five areas and 28 services (including corporate and contractual) to respond to the current needs and requirements of the company.

One of the most interesting new features is dediCARE (Family area), a service that helps resolve large and small family problems, from care of the elderly to school tuition

fees, to babysitting services.

In the age of digital communication, the Educational area guides children, teenagers and adults to the correct use of the web and social media through Coding Generation courses and Digital Education courses, while in the Well-being and leisure time area there are plans for workshops dedicated to Food Education, Financial Education and Mindfulness, namely awareness of the self and the outside environment.

During the year the agreements with the Trade Unions organisations on the "Welfare Bonus" and the Smart Working project designed to provide a better response to the work/life balance were renewed.

In 2018 more than 470 employees took advantage of smart working for total of approximately 62,930 hours. The project will continue in 2019 and be extended (around 700 people in the first months of the year).

In particular, 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		Activity
Family	Nursery school	Reimbursement for employees who use it
	"dediCARE"	Social service for children, the elderly, disabled, etc. developed courtesy of the partnership with the regional cooperatives of the 3rd sector
	Summer and study periods stays	Stays for children of employees in certain locations of Italy
	S.O.S. family	Professionally managed family counselling service
	Microcredit	Low-interest loans
	Legal and tax expert	The service helps you in resolving your legal and tax questions
	Maternity, adoptions and foster care	Parenting guide
Health	Accidents	Insurance coverage for non-occupational accidents
	Supplementary healthcare	Insurance coverage that guarantees a portion for the reimbursement of expenses incurred for medical and hospital services at public and private healthcare facilities
	Cancer prevention	Prevention protocols
	Specialised medical services and check-ups	Arrangement with Monzino Cardiology Centre for visits intended for employees and their family members
	Hours	Smart Working
	Mobility	Subsidised purchase of public transportation passes; shuttle service to San Donato Milanese
	Mobility portal	Traffic information, mobility app
	Diet	High-quality company restaurant and takeaway service for private use
	Arrangements	Insurance policies, bank credit cards, car hire, purchase of name-brand products, holiday bookings, under favourable conditions, methane car purchase
Well-being and leisure time	Sports centres	Discounts and favourable conditions for employees
	Workplace Health Programme	Membership in the health programme launched by the Region of Lombardy
	Supplementary pension schemes	Supplementary pension funds, also funded by employer voluntary contributions
	Snammy bene	Workshops on food education, financial education and mindfulness
	Safe Driving	Company arrangements for safe driving courses
	"Snam Senza Frontiere"	2 corporate team-building events: winter games and summer games
Education	School	Subsidies to purchase school textbooks
	Talent days	Work orientation courses for employees' children
	Coding Generation	Creating a video game Stimulating different approaches to using the Internet Training for employees and their children
	Digital education	Digital education courses for employees and their children

INTERNAL COMMUNICATION

Snam promotes direct and constant communication with its people, with the aim of actively involving them in the corporate life, bolstering the spirit of the group and directing them to adopting behaviours which can facilitate the cultural change in progress.

The 2018 internal communication plan strived to enrich the amount of content and increase the updating frequency on all the existing channels, as well as to introduce new initiatives/activities and information formats and to involve people, thanks also to the collaboration with the Snam Foundation and Snam Institute.

Internal communication tools

“Easy” the Intranet portal	Hard copies	Strategic cascade events with the company management
Available to all the corporate employees, it represents an important area of information and awareness and a tool for sharing expertise and thought facilitating team work. In 2018 there was an increase in the volume of information published and updates.	The “Energie” magazine, which increased its circulation and is published quarterly, represents the identity and voice of the company. “Speciali Energie” – increased in number/frequency enclosed to the editorial project or distributed independently, with a focus on specific topics. Available to all the employees also on mobile devices, the newsletter “Osservatorio Domanda Gas” with news, analysis and comments on the gas demand.	July 2018 - Cascade meetings on the strategic plan aimed at senior and middle management and circulated via streaming to the entire corporate population. November 2018 - Online webinar presenting the strategic plan with the CEO illustrating the pillars of the new plan, directly answering to questions coming from all the employees. December 2018 - End of year event with video-conferencing connections bringing together the 11 main hubs of the company and exchanging season’s greetings. Throughout the year about 20 stages of the HRO and DT&T department Roadshows took place to inform the local population about the planned activities.
Social engagement initiatives	Other engagement, cultural and training initiatives	Video screens installed at company premises
Two initiatives were launched jointly with the Snam Foundation for supporting the company’s social commitment and encouraging team and relationship-building: (Snam volunteering day throughout Italy, Family Christmas with employees and their children at 11 company premises).	Thanks to the spread of streaming methods and webinars for events, a plan of initiatives was launched with the Snam Institute open for people to participate in, to disseminate new work philosophies and digital culture (Lean Speech, Digital Journeys), accessible through the company intranet.	Video screens were installed at all company premises, used as a complementary communication channel which involved an ad hoc production/adaptation of video contents, organised in a specific line ups.

In 2018,

109 meetings

were held between the company and the union representatives (OO.SS. and RSU)

INDUSTRIAL RELATIONS

In 2018, the relationship with the trade union organisations at a national and local level was characterised by several meetings regarding plans for business evolution and new organisational structures, following the acquisition of Cubogas.

As regards transportation and storage, the integration process created by the Integra project continued to integrate the cross sectoral activities of the operational companies in order to develop and exploit specific skills.

Regarding the transportation business, the Smart Gas technical committee's work continued, seeking for a more rational scheduling of the operations with the goal of analysing the technical aspects of the project. A technical commission was launched for the "Smart Gas Plants" project with the aim of analysing technical issues relating to this further technical-organisational development.

In the regasification business, meetings were held with the trade unions, at national and local level, aimed at sharing and comparing the issues concerning the evolution of the business.

The bargaining dynamics, consistent with the provisions of the 2013 Industrial Relations Protocol, whose reasoning were imbued with the concept of strengthening second-level negotiations, led the Parties to define productivity and profitability indicators for the 2018 Participation Bonus for all Snam Group companies.

In addition, all the Snam Group companies signed the agreement implementing former Article 4 Law 92/2012 for the early departure in 2019 of further 110 employees in possession of the requirements.

Electronic ticketing was introduced at group level in all the regional operating premises through a trade union agreement.

Labour disputes (no.)

	2016	2017	2018
Total disputes pending as at 31.12	9	29	13
Opened during the year	10	32	51*
Closed during the year	13	12	67

* 46 grievances filed in 2018 are to be attributed to joint responsibility in procurement contracts.

The supply chain

THE NEW ORGANISATION OF THE SUPPLY CHAIN FUNCTION

In 2018 the supply chain management structure was renewed creating a new matrix organisation and identifying the contacts for procurement in the most effective corporate positions from the point of view of acquisitions. Generating an increasingly effective partnership between corporate functions and business functions will enable Snam to simplify processes, cut costs and adjust flexibility in response to market requirements. Innovating processes, keeping a vision focused on change, anticipating future needs and developing the skills of suppliers are the essential elements at the foundation of the new model adopted by the Company to strengthen the supply chain.

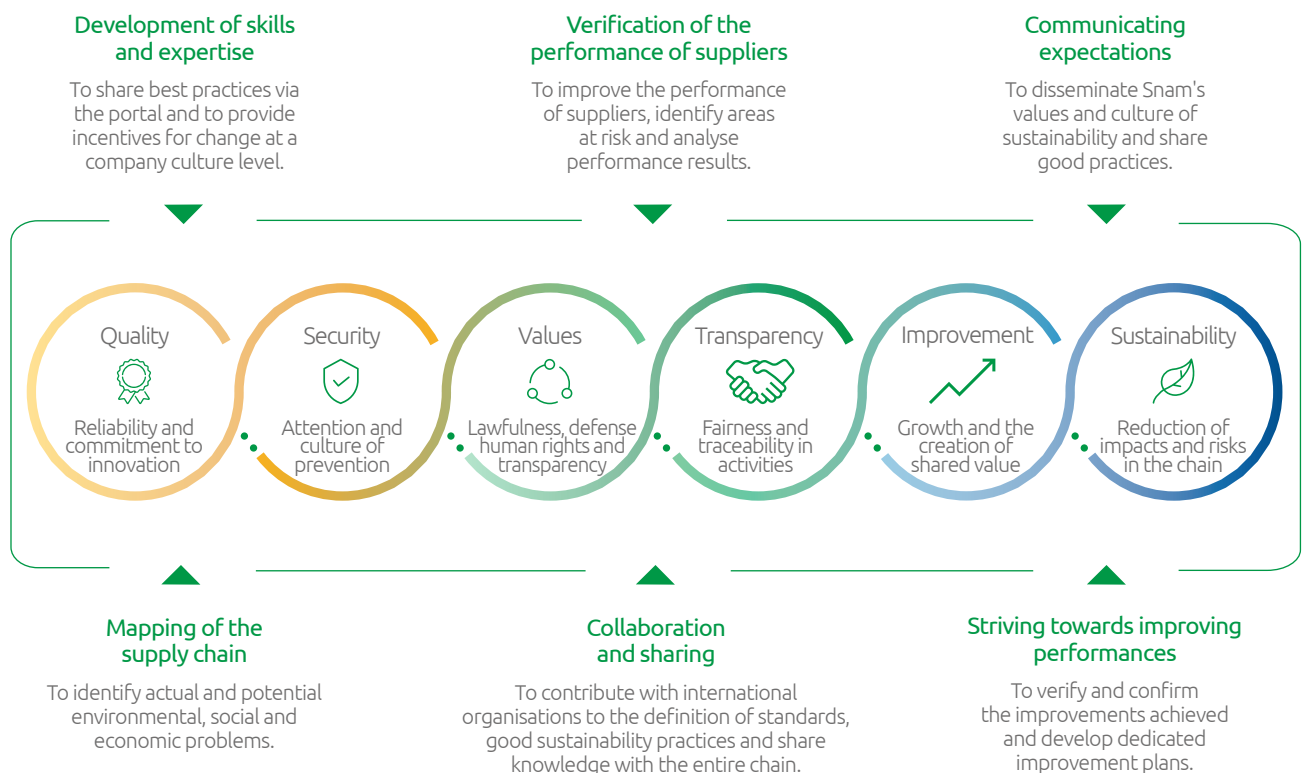
This vision of operational excellence also includes the establishment of a procurement academy, a working group set up during the year including the functions responsible for procurement in Snam and some leading publicly-owned Italian companies to share best practices and provide the best solutions currently available.

THE SUSTAINABLE SUPPLY CHAIN

Snam operates transparently and absolutely respectfully for free competition by committing itself to engage the suppliers to achieve high and enduring performance levels, with a view towards mutual growth and creation of value. It also promotes anti-corruption, safe working conditions, the protection of human rights and environmental protection.

The Company adopts an “expanded” management model based on the engagement and empowerment of the supply chain players: all the suppliers and subcontractors are encouraged to compete and operate fairly, improving their performance in the area of risk mitigation, innovation of management processes, increased operational efficiency and promotion of responsible governance procedures. In particular, Snam, always keen on spreading a culture of legality and maintaining efficient anti-corruption measures, requires suppliers to adhere to the Ethics and Integrity Agreement, an undertaking to maintain transparent relations and meet strict requirements for the conduct of business, also engaging subcontractors in this same quest.

Supply chain: the management model



Social Supply Chain Policy

Snam bases its business development model on sustainable growth, the promotion of economic and social development and a constant dialogue with the areas and communities in which it operates. Under the scope of this model the Company is committed, not only to disseminate the sustainable development goals (SDGs) promoted by the UN, but also to steer corporate activities so that they contribute to their achievement. The supply chain activities also strive towards an inclusive growth and in 2018 the Company published a social supply chain policy through which it is committed to open and sustain the involvement of social businesses in its supply chain, promoting opportunities of collaboration through networks and consortia of social enterprises.

The publication of a specific policy formally promotes the attention which Snam focuses on the third sector, in line with

the sustainable development processes in the supply chain. The involvement of social cooperatives in the supply chain, in accordance with methods that are obviously in line with Snam processes and provisions in this area, also represents an opportunity for development in the areas and local communities in which the Company operates and where these cooperatives have stronger roots. Snam therefore recognises the role of business organisations which relate to the social economy and the third sector and which play a role in labour policies and social inclusion, in order to promote the employment of weaker and socially disadvantaged groups. With this line of reasoning, it promotes potential opportunities for collaboration through networks and consortia of social enterprises and fosters the inclusion of social enterprises as sub-contractors, also through the introduction of reward mechanisms in the criteria for evaluating bids. Snam also encourages its suppliers to define policies that include social cooperatives and enterprises in their supply chain.



In 2018, thanks to its consolidated know-how in the management of complex contracts, Snam operated for the first time in the United Kingdom as **Engineering, Procurement & Construction** (EPC contractor), simultaneously managing the procurement of materials, engineering and plant construction (gas turbines).

THE WEB PORTAL DEDICATED TO SUPPLIERS

There is a special Snam web platform available to suppliers. This portal is the main tool through which the Company implements its procurement policy, making it totally transparent and traceable, with full information available. Suppliers and candidates get in touch with Snam through this tool where the documents, best practices, updates on the processes and procedures regulating qualification and procurement activities and full details are available (more than 470 thousand pages were read during the year).

There is also a dedicated reserved area available to suppliers, containing information involving them directly (product sectors for which they are qualified, active contracts, performance in terms of workplace safety, notifications for invoicing the services provided).

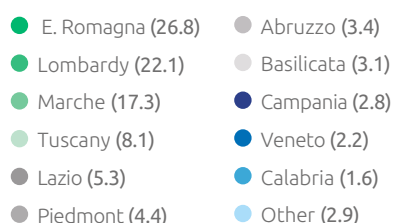
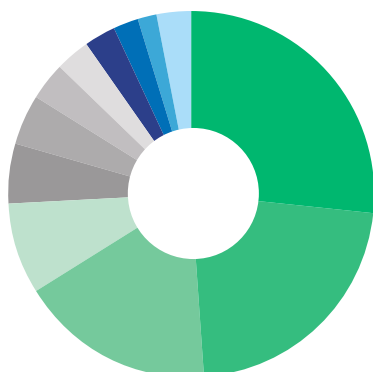
The supplier portal is a tool that is constantly developing and growing: the new functionalities introduced year after year make it more efficient and stimulate how often it is used when interacting with Snam.

The increase in the main measurement indices demonstrates that the portal is well appreciated among suppliers:

- over 2,000 registered suppliers
- 1,410 users accessed it at least once
- 1,033 content items added by Snam users and Suppliers
- 11,737 email communications sent to Suppliers

PROCUREMENT NUMBERS

Geographic breakdown of procurement in Italy (%)



At the end of 2018 1,465 suppliers had been qualified and 611 suppliers were in the process of renewing their qualifications or newly qualifying. Snam's suppliers are mostly small and medium-sized Italian enterprises (SMEs) located in almost every region of the country, consistent with the company's distribution throughout the territory. In 2018, the SMEs to which Snam assigned work amounted to 399 out of a total of 540 active suppliers. Approximately 753 supply contracts were stipulated, 61% of which in favour of SMEs, for a total of approximately €1,520 million (+80% compared with 2017) of which more than 92% were in Italy and 8% in Europe. The change in the amount procured compared to the previous year should take into account the cyclical nature of the procurement process. During the year about 20 contracts were stipulated for new activities abroad, worth approximately €6.5 million, giving a strong boost to the internationalisation process. The above mentioned data do not include the newly acquired companies: TEP, IES Biogas and Cubogas.

Procurement (millions of euros)

	2016	2017	2018
Procurement value*	1,359	844	1,520

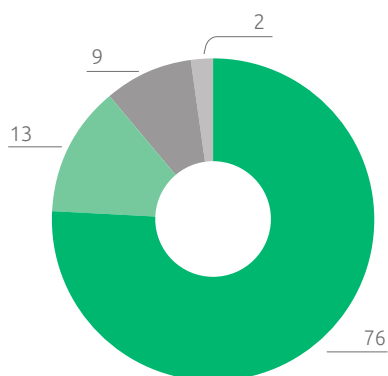
*the value of the procurement is calculated assigning the entire value of each contract in the year it was concluded.

The Company's works categories (goods, services and works) are classified based on their level of criticality (A, B, C, D), according to the technological complexity and the impact on Snam's performance. Classes A and B are the most critical levels and mainly involve activities relating to the core business. In 2018, 71% of procurement concerned these two classes involving 128 suppliers. The most significant of the goods purchased was steel (pipes, valves, connectors, etc.) with more than 46,400 tonnes supplied.

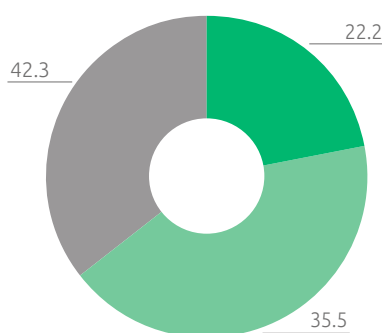
2018 Procurement

€ 1,520 Mln

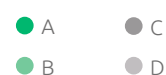
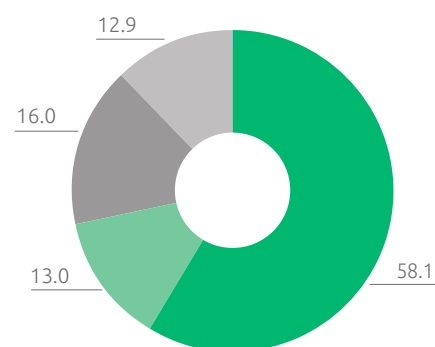
Breakdown of procurement (%)



Procurement by goods type (%)



Breakdown of procurement by critical class (%)



THE ROUTE TO BECOME A PARTNER

The management of the procurement process ensures that companies applying to supply goods, works and services are aware that they must satisfy not only requirements of quality, price and reliability, but they must also share the commitment to adopt sustainability criteria, throughout the production chain, in order to reduce potential economic, environmental and social risks.

The evaluation of the suitability of the candidate suppliers takes place exclusively through a rigorous qualification process aimed at verifying the current capacities of the supplier and its future potential, in accordance to unbiased criteria. The evaluation takes place according to the nature and criticality of the works.

There are many factors subject to evaluation: technical and management skills, economic and financial reliability, ethical and reputational risk, commitment to anti-corruption, environmental protection, and promotion of healthy and safe working conditions, and the absence of forced labour and economic exploitation of underage labour. There are further requirements for more critical works categories such as the possession of certified management systems in accordance with international standards. Specifically, for the works category (criticality classes A and B) having Management Systems certified in accordance with international standards (ISO 9001, ISO 14001, OHSAS 18001) is required. Snam has also set itself the goal of extending the environmental certification requirement to all suppliers of goods (criticality class A).

Key performance indicators (KPI)

KPI name	KPI date	Set target	Target reached	Sector	Activity
Number of Goods suppliers (criticality A) ISO 14001 certified	2017	Reach a Target of at least 65% in 2018	70%	Snam Group	

 Objective achieved.

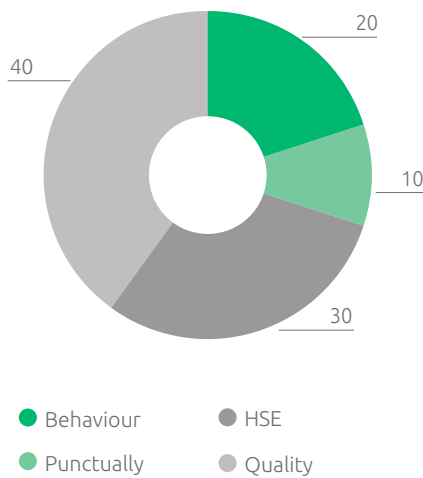
During the year, the objective set in 2017 was achieved and exceeded. Snam is committed to carrying out more awareness actions on the possession of ISO 14001 certification with regard to suppliers of Goods (criticality class A) in 2019 aimed at maintaining the results achieved. The adoption in 2018 of new corporate rules made the entire qualification process simpler, quicker and more effective, with the total transparency and traceability of the system remaining unchanged. This was also possible thanks to the introduction of automated systems for recovering information (e.g. certifications) which reduced the burden of documents to be produced in terms of the private or public process.

In order to ensure that the list of approved suppliers is adequate to meet current and future procurement requirements, Snam constantly conducts market intelligence analyses and scouts for new suppliers: in 2018 more than 500 businesses were contacted, involving around sixty different works categories, and around 200 new applicant qualification processes were launched.

The number of spontaneous applications received from prospective suppliers amounted to approximately 1,300. The multi-year planned procurements, the consistency of the vendor list of already qualified suppliers and the numerous spontaneous applications sent by businesses ensure the presence of adequate entities to be asked to tender for contracts.

The strategic sourcing tool also contributes to the excellent management of the supply chain. It is a strong lever for successfully identifying future purchasing policies and working positively to cut costs. Starting with the collection of procurement requirements over a multi-year time horizon, strategic sourcing identifies the most strategic works categories to be focused on. The purchasing strategies that follow make it possible to mitigate procurement risks.

Rating index - Assessment area (%)



Contribution Regularity: In 2018, **3,980 checks** were carried out involving **1,831 suppliers and sub-contractors**. The checks conducted made it possible to intercept irregularities in 2.2% of cases.

MONITORING THE SUPPLIERS' PERFORMANCE

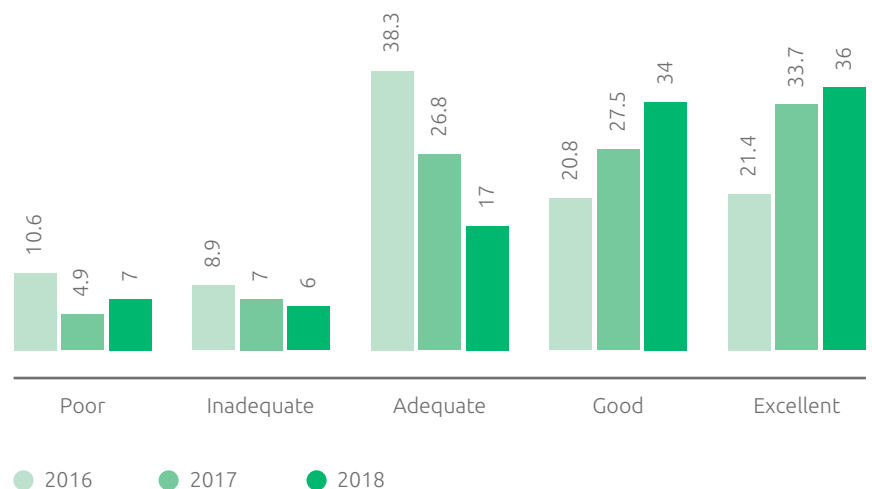
To guarantee the stability and efficiency of the supply chain, the Company establishes constant dialogue with suppliers, evaluates their performance over a period of time and keeps continuously in check their requirements.

The performance monitoring during the execution of contracts, audits, inspection visits and assessment processes are the main instruments employed to protect the integrity of the supply chain sustainability and ensure that the expected standards of quality and efficiency are maintained.

Over the course of the year 815 items of feedback were received about the performance of 157 suppliers.

To evaluate their performance, Snam uses a rating index (IR) which takes into consideration the compliance with technical contractual requirements (Quality), the health-safety-environment (HSE) requirements, the agreed delivery times (Punctuality), the setting up of a good relationship with the customer for the entire duration of the contract (Behaviour). The assessment is periodically communicated to the suppliers in the form of an analytical assessment. Snam may restrict, suspend or even revoke the qualification of a supplier who fails to meet the agreed standards. The possible cases could, include, for example, the failure to meet technical-organisational requirements, negative performance evaluation for it or its subcontractors and a non-compliance with the provisions about social security contribution regularity and with the rules laid out in the Snam Code of Ethics. During 2018, 35 measures were adopted within this scope.

Suppliers Performance Evaluation (%)



Supplier sustainability analysis

	Number ⁽¹⁾			Employment Practices ⁽²⁾			Environmental criteria			Human rights ⁽³⁾		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Goods												
Qualified suppliers	754	533	495	42%	60%	45%	42%	60%	45%	100%	100%	100%
of which A and B level	129	113	105	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	54	46	85	50%	65%	35%	50%	65%	35%	100%	100%	100%
of which A and B level	7	15	9	100%	100%	100%	100%	100%	100%	100%	100%	100%
Works												
Qualified suppliers	310	250	244	75%	87%	65%	75%	87%	65%	100%	100%	100%
of which A and B level	83	68	81	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	30	39	59	80%	95%	59%	80%	95%	59%	100%	100%	100%
of which A and B level	9	24	17	100%	100%	100%	100%	100%	100%	100%	100%	100%
Services												
Qualified suppliers	1.631	1.177	1.066	34%	38%	37%	34%	38%	37%	100%	100%	100%
of which A and B level	133	85	91	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	130	163	265	36%	33%	28%	36%	33%	28%	100%	100%	100%
of which A and B level	10	9	19	100%	100%	100%	100%	100%	100%	100%	100%	100%
Non-EU international projects												
Qualified suppliers	-	-	7	-	-	100%	-	-	100%	-	-	100%
of which A and B level	-	-	0	-	-	0	-	-	0	-	-	0
Suppliers qualified during the year	-	-	7	-	-	100%	-	-	100%	-	-	100%
of which A and B level	-	-	0	-	-	0	-	-	0	-	-	0

(1) A supplier may hold several qualifications for different categories.

(2) Aspects relating to health and safety.

(3) Aspects relating to ethics (regularity of social security contributions, Law 231, child labour, forced labour, etc.).



Regulation and Quality of Services

The tariff criteria are usually defined **every four years** and guarantee a coverage of the operating costs, the depreciation/amortisation and a fair remuneration of the net invested capital.

Incentives are laid down, differentiated based on the type of capital expenditures made during the course of each regulatory period.

Every year each Snam subsidiary formulates a tariff proposal which is submitted to the Authority for approval.

Snam is committed to providing and improving its services with regard to customers with a view to efficiency, continuity, transparency, quality and market orientation, fostering working relationships with regulators and institutions and guaranteeing adequate economic returns to make investment strategies sustainable.

REGULATION IN ITALY

Tariff regulation is an essential condition for enhancing the infrastructure capital from an economic perspective and for channelling investments into the network. Today, in fact, 96% of Snam's revenues are regulated.

Snam interacts with the ARERA (Italian Regulatory Authority for Electricity Gas and Water) in the following ways:

- responding, directly or through trade associations, to public consultations held by the Authority in relation to the industry activities in order to define new standards or to review the standards in force;
- participating in the technical working groups established by the Authority with regard to the evolution of the regulatory framework;
- drafting amendments to the Transportation, Storage, and Regasification Network Codes, later submitted to the Authority for approval;
- participating in the collection of data and the investigations carried out in the course of the year for the purposes of assessing the state of the industry or of the individual services. It periodically sends the data requested to comply with the information requirements.

In 2018, Snam contributed to the development of the regulatory system by providing the Authority with numerous contributions and proposals. Specifically, the activity concerned the definition of the tariff and transport service criteria for the fifth regulatory period (2020-2023), both under the scope of public consultation processes and through specific meetings. In this context - in the light of the energy transition process - innovative uses of the transportation network and technologies for the integration of renewable gases (such as, for example, biomethane and other green gases) were also examined in depth. From the perspective of the development of the regulatory system in terms of output based arrangements, guidelines in the preparation of the Ten Year Plans were also adopted and those for the definition of cost-benefit analysis methodologies for new investment in infrastructure development.

In relation to the services offered, new storage products were introduced and new market-based methodologies for the transfer of the regasification capacities of the LNG terminals, with the aim of meeting and supporting the increasing flexibility requirements of infrastructure users. Lastly, Snam contributed to the total redesigning of the settlement scheme to promote a better allocation of quantities of energy withdrawn from the network by its customers.

Relations with the ARERA

Description	Transportation	Storage	Regasification
Responses to consultation documents (no.)*	10	1	1
Tariff proposals (no.)	3	3	2
Data-gathering exercises (no.)	143	122	34
Investigations** (no.)	2	0	0
Proposed changes to codes and contractual documents*** (no.)	12	3	3
Proposed changes to approved codes and contractual documents (no.)	10	2	3

* A similar number of responses to consultation documents was provided through trade associations.

** Information transmitted to the Authority during the year with reference to investigations within the industry. This includes exploratory investigations.

*** This also includes proposals still being assessed by the ARERA, including agreements and contracts with operators regarding regulated services.

EUROPEAN DEVELOPMENTS

A wide-ranging debate is ongoing at a European level about the role of gas in the future energy mix and on how new renewable energy (green gas) operators can support the energy transition process.

In 2018, the European Commission launched numerous analyses and studies to identify a package of measures (the so-called 2020 Gas Package) aimed at supporting this process, specifically with the objective of analysing how the gas infrastructures will be capable of accommodating the renewable gases and which regulatory solutions could support their development to the benefit of society as a whole.

Snam has actively taken part in this process making contributions, both through the industry associations to which it belongs (such as ENTSO-G and Gas Infrastructure Europe) and directly, through the development of specific evaluations based on the requests received from the European Commission.



Thanks to the development of the Snam services over the last ten years, the Italian gas market has seen constant growth in the transportation operators, passing from 30 in 2003 to almost **200**.

In 2018, **88 connection contracts** were signed for the construction of new delivery/redelivery points (of which 14 are for biomethane injection) or the upgrading of existing points.

THE BALANCING OF THE SYSTEM

In 2018, the integration process which brought together the commercial management activities of the three transport, storage and regasification businesses within one single organisation allowing the optimisation of processes within Snam.

A project was implemented in this respect which integrates know-how and improves performance: a single Commercial Control Room for the management of daily gas deliveries and movements, as well as the balancing of the network, activities which define Snam's responsibilities to the market.

The main activities of the Control Room, which operates 24/7 overseeing the Italian gas system, include the balancing of the system which has a dual purpose: physical and commercial.

The physical balancing of the system consists of a set of operations through which the Snam Dispatching Center controls real time flow parameters (capacity and pressure) in order to ensure that gas moves safely and efficiently from the injection points to the withdrawal points.

Commercial balancing, on the other hand, consists of the activities required to correctly schedule, account for and allocate the transported gas, as well as the fee system that encourages customers to maintain a balance between the volumes they inject into and withdraw from the network.

Snam receives requests for transport and storage capacities from its customers on a daily basis. In confirming the request, the Control Room complies with, among other things, the specific disclosure requirements of the Balancing Network Code (UE Regulation 312/2014) such as the daily publication, on the Snam website, of the information on the balancing status of the system, as well as the publication, twice a day and for each shipper, of information on withdrawals measured during the course of the gas day. The New Commercial Control Room pursues and facilitates the objective of improving the quality of service provided to customers thereby also reducing management times. In this way customers who, according to the Balancing Network Code, are responsible for the daily balancing of their positions, receive adequate information to evaluate their status and, if necessary, undertake actions aimed at correcting any imbalances.

FLEXIBILITY AND DEFAULT SERVICES

New flexibility services were also introduced in 2018, such as intra-day storage tenders, which offers supply capacities exceeding the initial contracted amount, which are transferred to customers according to tenders during the gas day in progress.

To encourage a greater operational flexibility, in accordance to the 336/2016/R/gas and 512/2017/R/ gas Authority resolutions, the Italian gas system introduced the possibility to book monthly and daily transportation capacity at the redelivery points, and related extraction areas, which feed the electric power generation plants directly, only paying for booked quantities and not for the service over the entire thermal year. This way of accessing the gas transportation system accommodates the electrical system's requirements for a more flexible conveyance method to respond promptly and efficiently to the electrical system's new operational conditions.

Since 2015 Snam has fulfilled the role of Default Transport Supplier, in other words providing gas to sales companies in the distribution networks connected to the transport network and to final customers connected directly to its network where their supplier is no longer on the market. The same service is also carried out for the sales companies and final customers at third-party transporters who explicitly requested it. In the thermal year 2017-2018, this service involved 192 subjects between end customers and sales companies for volumes of approximately 263,300 MWh.

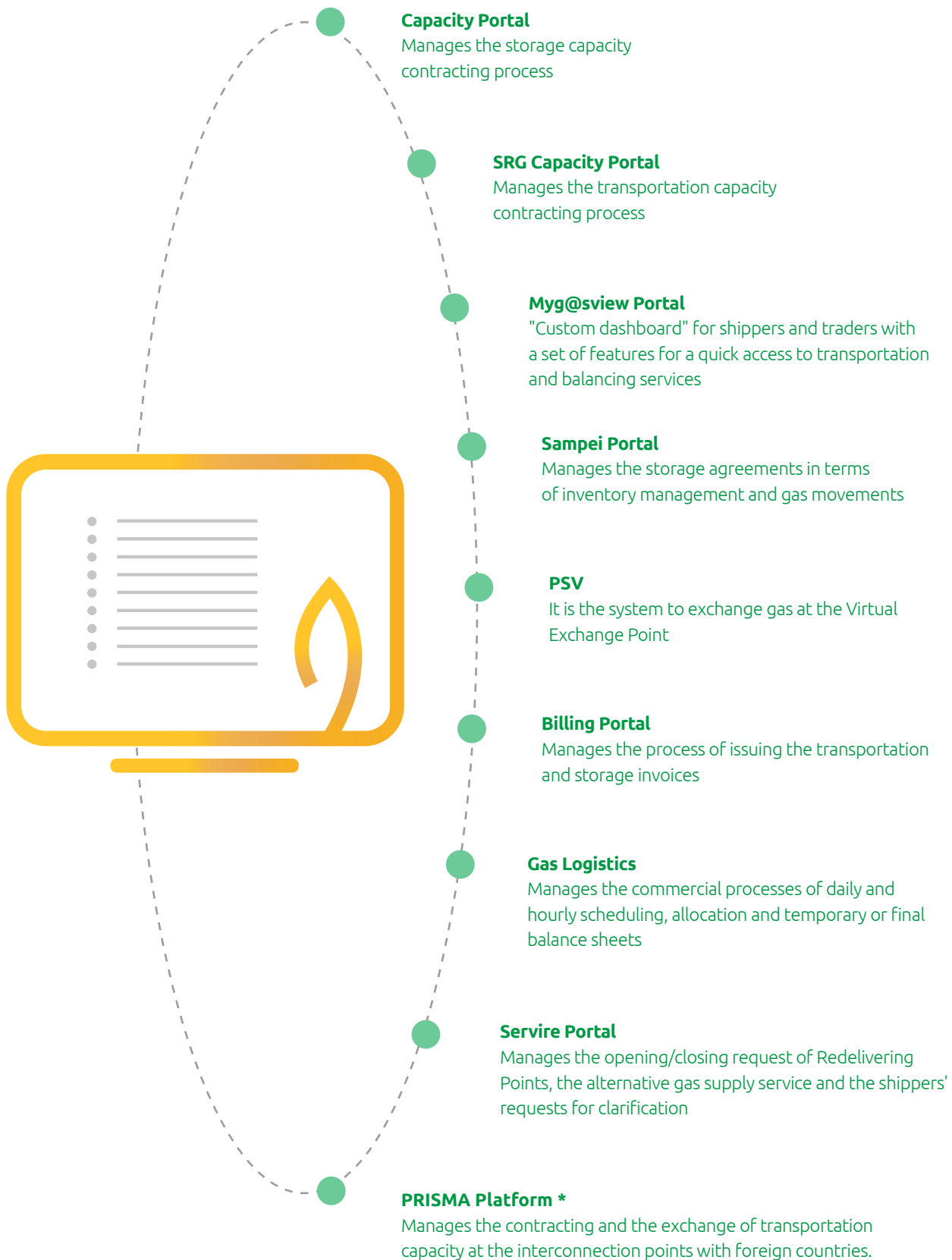
INFORMATION SYSTEMS AT THE SERVICE OF CUSTOMERS

The Company offers its customers an information channel aimed at facilitating promptness and flexibility in communication that provides information in a "smart" way depending on needs, as well as direct and informal communication in a "chat" mode. The portal provides customers with a system of widgets and notifications which can be customised.

In 2018 the "myg@sview" portal was implemented further also thanks to suggestions from operators, through the release of new widgets, for example, with the possibility of extracting the data displayed, indicate the number and details of reduction points and/or breaks in transport capacity, report the failure to declare subscription to the alternative transport service, indicate the total amount of transport and balancing invoices with details of those which are past due or due. In addition, the widgets show the gas in stock and guaranteed, broken down by type of service indicating the daily gas price and unbalance.

The project for the total revision of the company website was launched, redefining the sections for the gas transport, storage and regasification businesses with the aim of improving the user-friendliness of the information for customers also introducing the new graphics.

Main online systems at the service of customers



* system managed by PRISMA GmbH
of which Snam is a shareholder

Quality supplied (compliance with network codes)

Transportation	2016	2017	2018
Active customers (shippers) (no.)	136	128	136
New connection agreements for delivery/redelivery/interconnection points (no.)	45	78	88
Transportation capacity allocated under contract / Available transportation capacity (entry points – foreign interconnection points) (%)	72	71	79
Compliance with time frames for issuing connection offers (%)	100	100	100
Compliance with time frames for providing services subject to specific commercial quality standards (%)	100	100	100
Interruptions carried out with adequate warning (%)	98	98	97
Regasification			
Active customers (shippers) (no.)	4	4	2
Compliance with the maximum time to accept proposals for monthly scheduling of deliveries (%)	100	100	100
Compliance with maximum interruption/reduction of capacity for maintenance work at the terminal (%)	100	100	100
Storage			
Active customers (shippers) (no.)	91	89	91
Storage capacity allocated under contract / Available storage capacity (%)	100	99.9	99.7
Compliance with time frames for providing services subject to specific commercial quality standards (%)	100	100	100
Connection flow lines subject to supervision (%)	100	100	100
Total capacity not made available following service interruptions/reductions (%)	0	0	0

In 2018 the Company embarked on a project (Jarvis) aimed at improving its internal commercial platform. Workshops dedicated to customers were held during the research phase in order to design the new information system together.

The Jarvis project, by actively involving customers, is designed to review the commercial platform on the basis of the feedback received from customers and adopt a renewal process for services and technologies to support all transport, storage and regasification commercial processes. The project also aims to promote the offering of integrated services for the Italian market and enable possible developments for the overseas market.

MARKET ENGAGEMENT ACTIVITIES

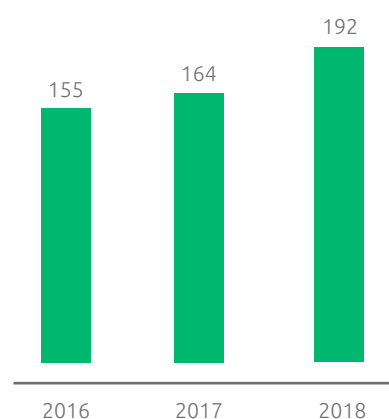
The customer care initiatives represent the consolidation of a sustainability process through which the Company aims to increase the involvement and interaction with customers in order to achieve a constant improvement in the quality of the offered services.

Codes list a number of indicators for monitoring the quality of service offered by the companies. Regarding these indicators, Snam maintained a good performance in 2018 as well. One part of these indicators, which refers to specific levels of business quality, generates an automatic claim for customers in the event of a failure in the service quality standards.

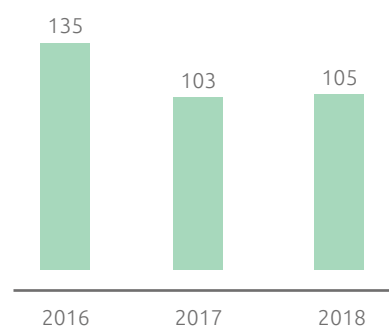
Five commercial workshops were held in 2018 (plus one on biomethane) aimed at comparing the functioning of balancing and market mechanisms. In particular, the meetings provided the opportunity to discuss innovations and the progress of balancing and transportation, storage and regasification, as well as providing feedback on the process of the updating of IT systems.

At the Partners' Day, which took place in November, a debate was held, as part of the commercial issues, on digital transformation in the gas industry, block chain and new technologies.

Customer survey - Shippers and Traders (no.)



● Questionnaires sent



● Questionnaires received

CUSTOMER SATISFACTION

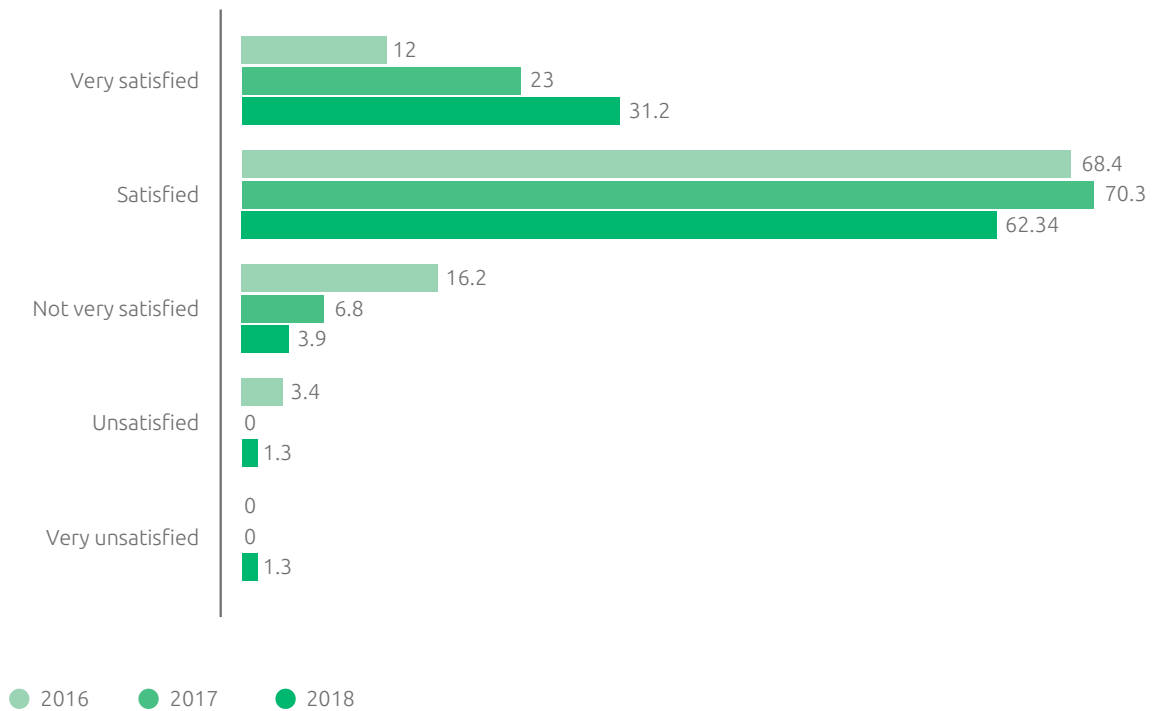
The quality perceived by customers is constantly measured through customer satisfaction surveys.

A new online customer satisfaction survey was conducted in November involving all the shippers and traders who collaborated with Snam in the concluded Thermal Year 2017-2018.

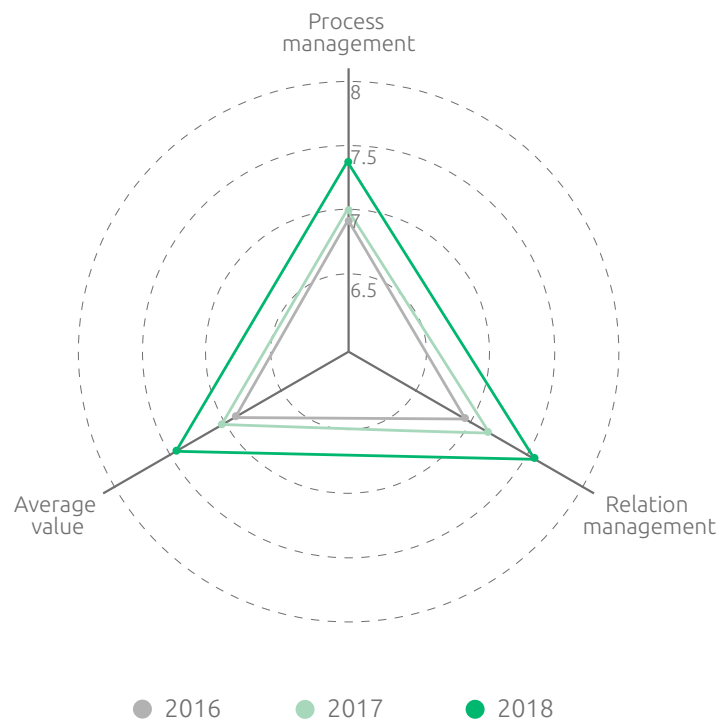
The analysis was extended to transportation, storage and regasification activities. The survey involved a poll about customer satisfaction in relation to the quality of services offered, the customer engagement activities undertaken by the Company and the functionalities and additional services introduced in 2018 also following the requirements revealed by the customers themselves as well as regulatory developments.

The turnout rate was 55% and about 93% of the results were positive about the customer engagement activities which were implemented by Snam to improve the services offered and consolidate a proactive collaboration with its stakeholders.

Customer assessment on satisfaction initiative (%)



Results by survey area (scale from 1 to 10)



The overall average evaluation on service quality improved considerably compared to the previous year standing at

7.4

SNAM FOUNDATION

In more than 75 years since its establishment, Snam has made a contribution to the innovation, progress and social growth of Italy through the creation and management of complex infrastructures. Taking inspiration from the Snam infrastructural vocation, and placing itself as an player for the development of the social system through the construction of networks also listening directly to stakeholders in the communities, the Foundation aims to redevelop the most vulnerable areas of the country also through the protection and care of the landscape and environment heritage as well as the development of cultural and social activities by all means.

The Snam Foundation, as a system integrator, places itself as an connection between Snam and the social sector. It promotes partnerships with different players within the local communities prioritising agreements with social enterprises and making available its methodology, managerial skills and the capacity to attract investments and developing relational networks. Strengthening the capacity to support the needs of a changing world, the Foundation promotes the dissemination of social innovation.

Since its establishment in 2017, the Foundation has undertaken the development of new projects, involving the corporate area and its employees in initiatives and gained accreditation from other Foundations and third sector national bodies.

Call for ideas

In 2018, the Foundation replied to a **call for ideas** from the social enterprise "Con i bambini" (With the children) about a research on co-financing projects to fight educational poverty. The idea submitted by the Foundation was chosen and it is based on the promotion of an alliance between schools, families and other players in the community, specifically third sector organisations, to overcome education poverty among underage students and prevent forms of hardship among children. The project strives to contribute to the removal of obstacles of an economic, social and cultural nature which hinder the full use of the educational processes by underage students and aims to define an experimental collaboration model between schools and third-sector organisations to implement integrated educational services that can be scaled up on a national level.

The idea will be developed, on a trial basis, through a co-design project, in schools in three cities: Milan, Palermo and Brindisi with the goal, in each specific situation, of defining a joint educational project for schools and third-sector organisations, which can then be replicated in different settings on a national scale.

Activities have been developed involving corporate people, promoting both interaction between business and the non-profit world, and encouraging the engagement of employees and involving them in social impact initiatives.

Free Energy

Free Energy is an initiative to support ideas and projects of third-sector organisations suggested by the Snam Group employees and which are aligned to the actions already implemented by the Snam Foundation. The goal of the project is to increase the positive impact of supportive initiatives to which employees already dedicate their leisure time. The Free Energy project was organised around 4 themes: "Double your contribution", "Suggest a project", "Submit an idea", "Indicate your commitment" and around 70 people have been involved with approximately 100 reports.

Volunteering day

With the **volunteering day** Snam employees spent a working day volunteering for third-sector organizations identified by the Foundation.

Three hundred employees (more than 10% of the corporate population) joined the initiative working at 23 non-profit organizations, 49 different activities in 28 Italian locations.

Tesori Terre Solidali in Reti Inclusive

The **Tesori - Terre Solidali in Reti Inclusive** initiative continued. The project was launched in 2017 to promote social agricultural projects in partnership with

Confagricoltura with the purpose of building on corporate assets, local experiences and skills and strengthening relationships with the local communities.

In 2018, two calls for tender were launched, addressed to social workers, mainly in the agricultural sector, which have led to the selection of projects which are better able to connect aspects of inclusion, social impact on local communities, and sustainability, through innovation and experimentation.

Currently, also thanks to the support of the Snam employees in the area, a detailed plan is being developed for interventions in the areas of Camerino, Ronco all'Adige and Messina.

The free ten-year use of the land, together with the economic support and the financing of the online Masters in Social Agriculture organised by the University of Tor Vergata, are the prize for project winners.

Welfare che impresa!



In 2018, the Foundation followed the winners of **Welfare, che impresa!** namely the start-ups Tripmetoo and Agrishelter, supporting them during the incubation process and accompanying them on the subsequent launch and consolidation phases; it also renewed its participation in the

new edition of the "Welfare, che impresa!" competition, contributing, together with "Fondazione con il Sud" and the other partners to the implementation of the third edition planned for 2019.

Youth in Action for Sustainable Development Goals



This year, Snam again participated to **Youth in Action for Sustainable Development Goals**, a competition promoted by Fondazione Italiana Accenture, Fondazione Eni Enrico Mattei and Fondazione Giangiacomo Feltrinelli, aimed at young people under 30, with the goal of collecting and rewarding the best design ideas to promote the achievement of the Sustainable Development Goals (SDGs) in Italy. The winners were rewarded with a paid internship. The role of the Snam Foundation was to facilitate the relationship between Snam and the other sponsoring Foundations taking part in the selection of the final ideas and offering to the internship to the chosen candidate. The Snam Foundation will support this competition also in 2019.

In 2018, the Snam Foundation signed agreements with different partners, including: Fondazione Con il Sud, CGM (Consorzio Nazionale della Cooperazione Sociale Gino Mattarelli), Confagricoltura, Assifero, (Associazione Italiana delle Fondazioni ed Enti della filantropia Istituzionale), EVPA (European Venture Philanthropy Association), IID (L'Istituto Italiano della Donazione) and Fondazione Lang.

