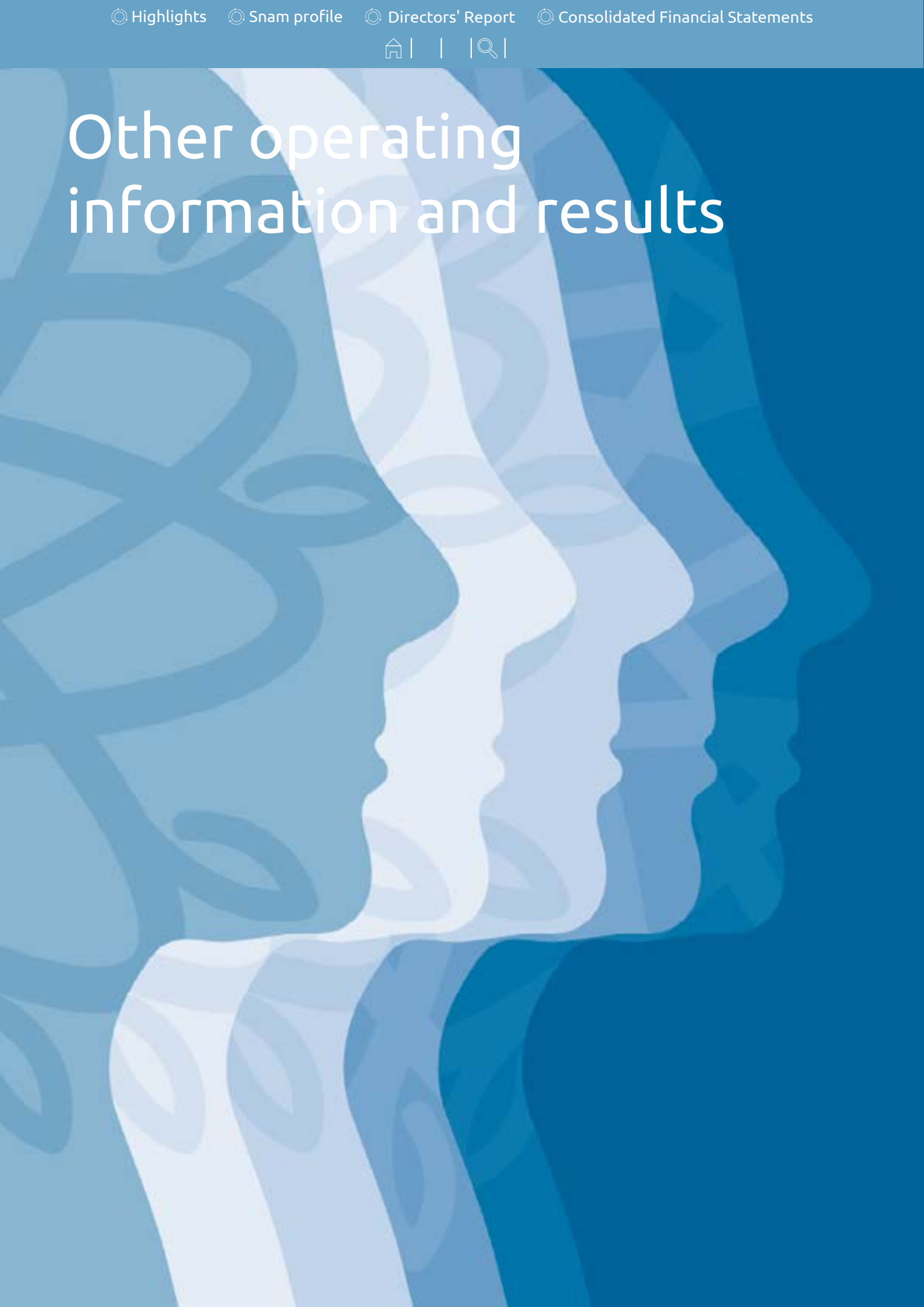


Other operating information and results



This section of the report deals with activities and initiatives that have an impact on intangible business but contribute to the creation of value for the Company and its stakeholders. In Snam's business model, the stakeholders "interpret" the industry environment and can influence, sometimes decisively, the conditions that determine the availability of

the different capitals that the business needs to be able to operate. These close ties with the capitals, which develop around material issues of mutual interest, enable the stakeholders to benefit from the value that the business creates through its activities.

Development of human, social and relationship, and intellectual capital



EMPLOYMENT IN TIMES OF CHANGE

To continue to play a key role within an ever-changing environment while continuing to lead in an international market abundant with opportunities, it is to enhance know-how and know how to meet new challenges in the regulated and free market alike. People are called upon to effectively share their expertise and know-how and work as a team striving for a single objective: a decisive factor for creating innovation and bringing value to the business. The strong sense of belonging to the Group makes it possible to actively engage all employees in continuous improvement, which is increasingly driven by an entrepreneurial spirit, simplification and implementation capacity.

In this way Snam, in line with the goal of sustainable development, continues to generate "good employment" featuring stable and continuous working relationships involving qualified and specialist activities (57% of employees have a technical diploma and 27% are graduates). In addition, the Company's objective, through the Snam Institute is to develop know-how, not only within the business, but also on the outside.

As of 31 December 2019, out of a total of 3,025 employees, 93.1% have a permanent employment contract, including 38 part-time employment contracts, and 193 apprenticeships. The average age of Snam Group employees is 44.4 years, while the average length of service is around 18.6 years.

Breakdown of staff at 31 December

(no.)	2017	2018	2019
Executives	93	107	111
Middle Managers	456	480	493
Office workers	1,655	1,682	1,683
Manual workers	715	747	738
Total employee	2,919	3,016	3,025

Personnel broken down by type of contract

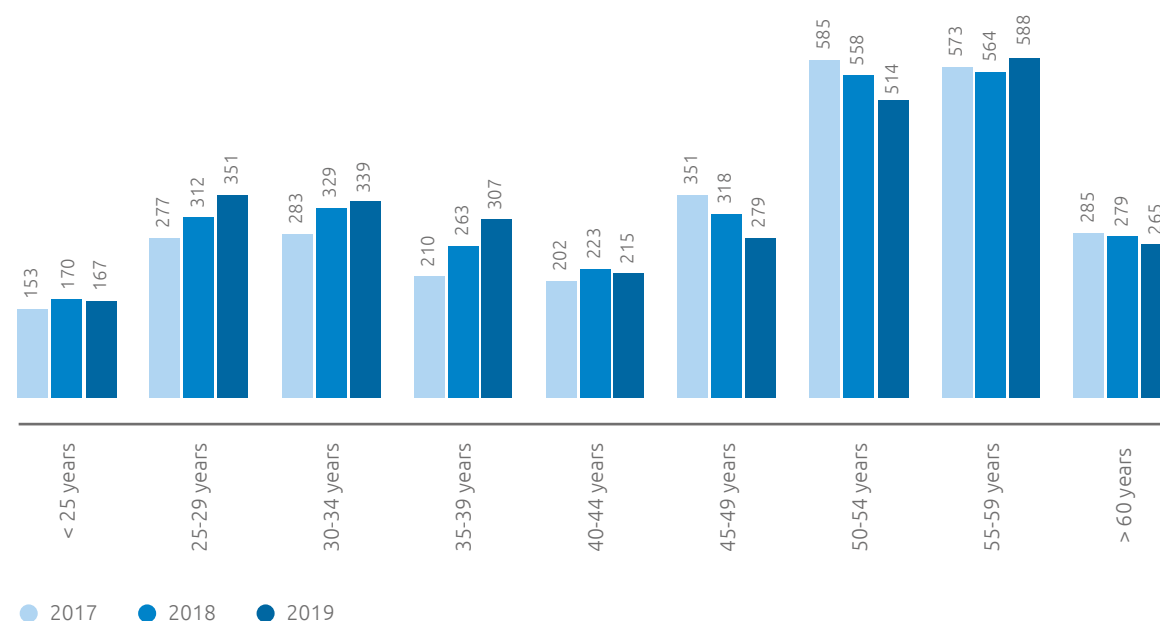
(no.)	2017	2018	2019
Permanent contract	2,755	2,812	2,817
- of which part time contract	42	41	38
Apprenticeship or internship contract	150	185	193
Fixed-term contract	14	19	15

At the end of 2019 more than 32 people were employed on a staff leasing contract (33 in 2018 and 33 in 2017).

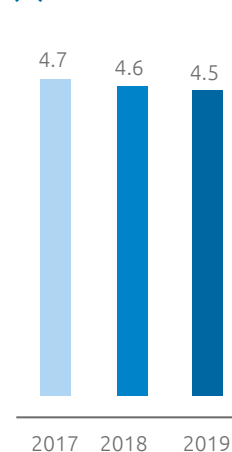
Personnel hired during the year

(no.)	2017	2018	2019
Hired from the market (total)	148	195	172
- of which university graduates	100	108	92
- of which school graduates	48	86	79
- of which other another title	-	1	1
- of which women	53	42	38
Other new employees (non-consolidated companies, tender acquisitions, etc.)	36	126	59

Age diversity: employees by age bracket (no.)

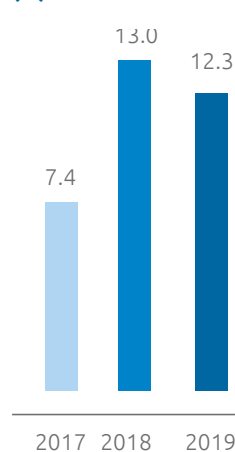


Absenteeism rate (%)



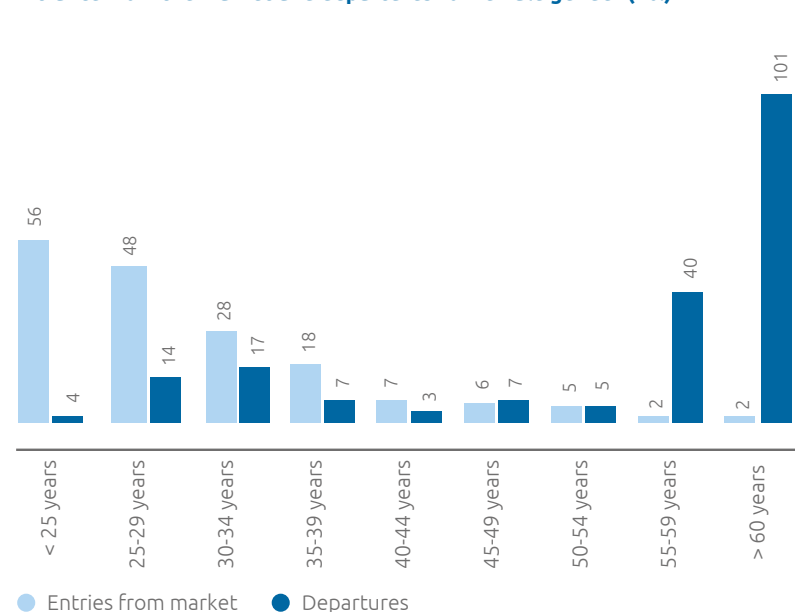
Rate of absenteeism =
 $\frac{\text{h. absence/working h.}}{\text{x 100}}$

Personnel turnover (%)



Rate of turnover =
 $\frac{\text{(entries+departures)}/\text{average workforce}}{\text{x 100}}$

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





People aged under 40 (1,164) represent 38.5% of the corporate population, an increase of 90 resources compared with 2018, also thanks to the inclusion of young talent in 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, leave that has to be made up and periods of mandatory and voluntary maternity leave. In 2019 the absenteeism rate stood at 4.5%, essentially in line with the figure for the previous year. There were no essential changes between the absenteeism rate for men and women, which stood at 4.4% and 5.1%, respectively.

The turnover rate for 2019, remained consistent with the 2018 figure by virtue of the hiring campaign and incentivising redundancy and early retirement.



DEVELOPMENT OF ROLES AND SKILLS

In 2019 activities for the development of Snam's roles and know-how focused on improving the leadership model, consolidating the new skills model, identifying and developing talent throughout the organisation, keeping succession plans solid and structured making it possible to guarantee a sustainable succession line and intensifying the level of engagement. Specifically, the second cycle of the Performance Management system was launched, which saw the expansion of the population to include all administrative staff on site (Corporate and Operations) with 1,587 people evaluated. As planned the Performance Management system will involve the entire corporate population with the launch of the third cycle in 2020.

All work positions, with the exception of senior managers, are subjected to the analytical and overall evaluation of the factors of Complexity, Responsibility, Experience and Autonomy (CREA). In 2019, 225 CREA assessments were approved. 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.

Incentive systems for the various brackets of the corporate population

Executives	The remuneration system breaks down into two parts: fixed remuneration, with possible annual adjustments for merit or progression of roles/responsibilities, and variable remuneration with incentives aimed at promoting professional contribution in the short-term, by assigning an annual monetary incentive (IMA), as well as in the medium-/long-term, by assigning a long-term share-based incentive (ILT). Claw-back mechanisms are also provided, aimed at recovering 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 breakdown of individual remuneration, guarantees the promotion 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. What is more, all companies in the group anticipate 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 trade-union representatives.

NFS TRAINING

Training plays a fundamental role in supporting management and the entire company population in pathways to developing managerial capacity, technical skills, and a background of specific expertise.

Precisely in order to preserve technical know-how to develop it and transfer it to the new generations, Skill Centres were set up in 2019: groups of people across the organisational structures who possess consolidated and recognised know-how and expertise in specific areas that are important for the business. The 16 Skill Centres identified involved 110 Group people, identifying 175 experts and 145 trades people, working to create the 16 volumes that make up the Snam technical "trades" encyclopaedia.

These centres are also supported by an internal faculty composed of 80 employees who transfer their technical and business expertise to other colleagues through a by Snam to Snam logic. In 2019 the faculty provided around 1,200 teaching hours, contributing to the training of around 600 people.

In 2019 114,179 training hours were supplied (+5.9% compared with 2018) with 26,518 participants (+89% compared with 2018) involving 99% of the corporate population. The increase is also attributable to the provision of e-learning to the entire corporate population with 5 modules of around 1 hour each, on compliance. The following topics were dealt with: Market Abuse, Privacy, 231 Model, Anti-corruption and Antitrust.

A significant commitment was dedicated to worker training programmes regarding sensitive issues such as health, safety and the environment, by organising a number of meetings to provide updates and information and raise awareness amongst all professional figures.

On matters of business ethics and anti-corruption, in 2019 4,028 hours of training were provided with 3,981 participants.

Staff training broken down by position

(no. of hours)	2017	2018	2019
Executives	1,908	4,392	5,669
Middle Managers	8,600	19,072	16,950
Office workers	39,316	49,650	58,238
Manual workers	35,522	34,657	33,322
Total	85,346	107,771	114,179

Key training initiatives

(no.)	Hours provided	Participants
Technical training	47,705	8,023
Health, safety, environment and quality	29,755	5,580
Managerial training	19,524	4,356

NFS CORPORATE WELFARE AND WORK-LIFE BALANCE

Corporate welfare is a powerful tool that is integrated and integrated with the public welfare system and which attempts to protect people from new social risks. The definition of "corporate welfare" refers to a multiplicity of interventions, both monetary and in the form of services, capable of generating benefits for employees (who see their increasing social protection and their purchasing power) and become a lever fundamental for companies, which benefit from a better working and productive climate. With the goal of promoting a positive working environment, over the years Snam created a welfare system founded on a long tradition of attention to people, capable of growing and changing over a period of time and reaching out towards the emerging needs and requirements of the different categories of employees. The in-depth analysis of the corporate population, different needs and sensitivities, are periodically updated and allow Snam to develop shared, functional and effective services.

From 2018 the welfare offering, available on the Snammy digital platform, is organised over five areas of intervention: Family, Education, Work/Life Balance, Well-being and leisure time, Health. These five areas are then broken down into 28 services (corporate and contractual) which enable Snam to respond to the most current needs and requirements of the various bands of employees. Among the innovations in 2019, in the Family area there is BE PARENTS, online training created in conjunction with Life Based Value, which accompanies first-time new parents during and after the birth of their child, developing those skills that are also useful in the workplace. 66 employees took part in the programme (45% of whom were women).

Still in the Family area, digital education courses continued involving children and parents on technological themes and the dediCARE programme is provided, the service that listens to and takes care of needs of a social, work, welfare, economic and health of employees and their families.

In the Well-being and leisure time section, in addition to the arrangements with leading health institutions and prevention programmes, SNAMMYBENE is ongoing, the project dedicated to the well-being of employees that has been rolled out to focus on three aspects: diet, cognitive-emotional and financial.

As far as flexible working is concerned, the Smart Working initiative was extended both in terms of the scope of application and the number of hours, going from a total of 62,930 hours in 2018 to 122,762 in 2019. The programme is supported by flexible working hours for arriving and leaving,

and "short Fridays", where the working day on a Friday can end from 13.00 onwards.

The FLEXIBLE BENEFITS system is also continuing. It allows employees to convert a portion of the performance-related pay (a maximum of 60%) into a welfare credit that can be used to buy various types of services for themselves or their family members. The advantage of the initiative is to increase the purchasing power of employees, given that there is no tax on the amount converted and that the company recognised a further variable bonus from 8% to 16% based on the share converted.

NFS DIVERSITY

For Snam diversity means guaranteeing meritocracy and creating open and inclusive working environments and it represents a value that translates into growth for the company and the country system. In effect, Snam respects everyone's dignity, and offers equal opportunities throughout all phases and for all aspects of the employment relationship, avoiding all forms of discrimination based on sex, age, health, nationality, political opinion or religious views, a commitment formalised in the publication in October, of a policy dedicated to Diversity & Inclusion. Snam is also included among the 325 global companies on the 2020 Bloomberg Gender-Equality Index (GEI). The index is based on factors such as promoting female leadership, a commitment to reducing the gender pay gap and the culture of inclusion.

At the end of the year, the female corporate population stood at 441 resources, an increase compared with the previous year (+5.3%). Of the 38 part time contracts in the company, women account for 34 of these.

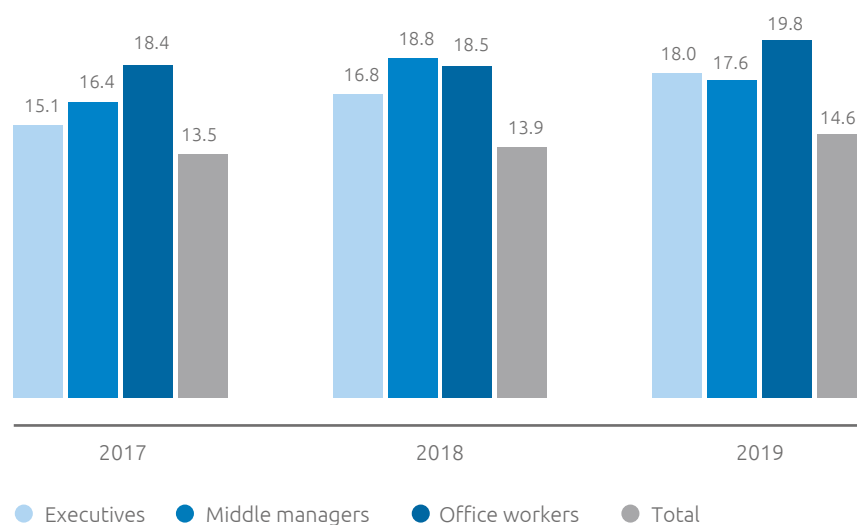
In order to make the most of diversity, Snam continued in 2019 through collaboration with Valore D, which Snam became a Contributing Member of in 2017. Valore D is the leading association of companies promoting diversity, talent and female leadership for the growth of companies and the country. In 2019 Snam took part in intercompany training and mentoring programmes offered by the association and 3 in-house workshops have been organised on the following subjects: Unconscious Bias, Happiness in the Company and Organisational Leadership. Still during the year, Snam joined InspirinGirls, the international campaign brought to Italy by Valore D which has the goal of creating awareness among young women of their talent freeing them of the gender stereotypes that hold back their ambitions.

As far as people with disabilities are concerned, 120 people with disabilities work in the Group and their career path promotes inclusion and integration in company processes.

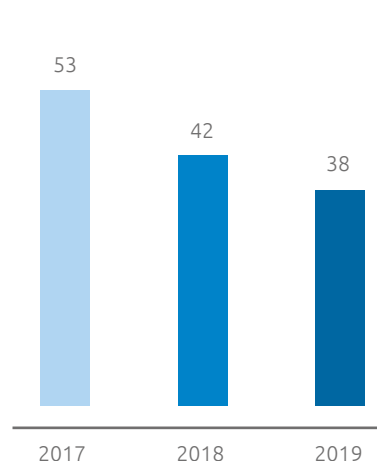
Staff training broken down by gender

(no.)	2017	2018	2019
Average hours of training provided to men (hours/year)	31.3	36.9	38.4
Average hours of training provided to women (hours/year)	15.8	28.7	33.8

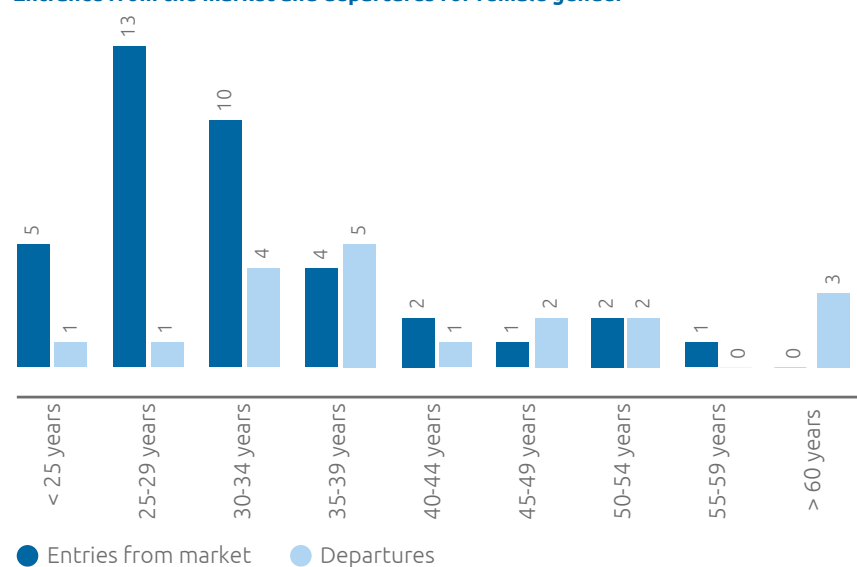
Female presence (%)



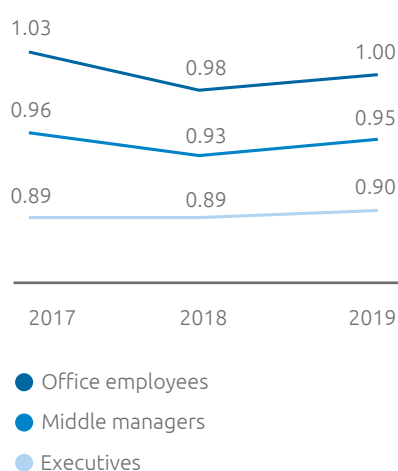
Women hired from the market (no.)



Entrance from the market and departures for female gender



Women/men compensation differential



The improvement in the women-men pay gap in 2019 is due to the consolidation of the actions aimed at improving the gender balance in the company.

NFS Stakeholders and relationship capital

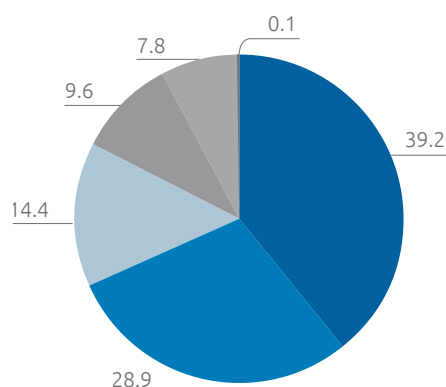
Snam promotes a continuous dialogue with its stakeholders through constant and proactive communication with specific tools and instruments and through involvement actions, with the goal of developing constant growth for both parties, generating and cultivating a mutual relationship of trust. In order to develop our business activities, internal cohesion, image and reputation are also important. As a result, it is essential to manage our long-term relations with stakeholders (social and relation capital) by focusing on trust, listening, being universally open and transparent, and attempting to maintain and develop constructive dialogue both within and outside the Company. Specifically, in 2019 engagement activities were concentrated on the energy transition front, supporting new businesses, from biomethane to energy efficiency, and the positioning of the company on the hydrogen front, in response to a market that is placing increasing importance on decarbonisation processes. As a testament to this, in October 2019 Snam organised "The Hydrogen Challenge – 2019 Global ESG Conference", an event hosted by Lanterna di Fuksas in Rome. The two days 10-11 October 2019 were dedicated to the potential of hydrogen as a clean source of energy, on the horizon of the increasing importance of environmental, social and governance (ESG) factors for businesses. The conference, sponsored by the Ministry of Foreign Affairs and "Cooperazione Internazionale" and the National Research Council (CNR), was opened by the Prime Minister, Giuseppe Conte and featured numerous speeches of international relevance.

Still on the subject of energy transition, in November 2019 Snam, Cassa Depositi e Prestiti (CDP) and Terna also organised the first edition of the "Stati Generali della Transizione Energetica Italiana" (General States of Italian Energy Transition), one of the two days of meetings dedicated to the future of the Italian energy system. The event, which featured numerous institutional speeches including that of the Prime Minister Conte, was sponsored by the Prime Minister's Office and the Ministry of Economic Development in conjunction with The European House – Ambrosetti.

As well as these major events, Snam organised other meetings and conversations with stakeholders, relating to the new businesses (sustainable mobility, biomethane, energy efficiency) and to the market and it was represented at several key events for the core business (Energy Summit Sole 24 Ore, Gastech, CERA Week) for the new activities and the world of innovation (Forum Automotive, Digital Week) and for the environment (Ecomondo, the Rimini Fair on technological innovation and sustainable development).



Breakdown of valued added



- Snam Group
- Shareholders
- Public administration
- Employees
- Lenders
- Local Communities

NFS VALUE DISTRIBUTED TO STAKEHOLDERS

At Snam, sustainability and the creation of value are strongly connected concepts. Sustainability creates value for the Company and stakeholders, and establishes a connection between the business and corporate social responsibility. The Company produces wealth by contributing to the economic growth of the society and environment in which it operates, and it measures this wealth in terms of added value produced and distributed to its key stakeholders.

Snam calculates the added value based on the standard prepared by the Gruppo di Studio per il Bilancio Sociale (GBS) and the GRI Standards.

The table below is useful for understanding the Group's economic impact and makes it possible to read the consolidated financial statements from the standpoint of stakeholders.

To this end, it should be noted that the calculation of the Value Added was made on the basis of the values drawn from the legal scheme of the Income Statement. In 2019, the gross global Added Value produced by Snam was €2,695 million, an increase of €163 million or 6.4% compared with 2018 (€2,532 million).

The 39.2% of the gross global Added Value produced by Snam was **reinvested within the Group** (an increase compared with 2018, +3.7 percentage points), of which around 68.4% was intended for the depreciation and amortisation of group assets (77% in 2018). With regard to the main reference stakeholders, 2019 highlighted a reduction in the value distributed to **financing** bodies (7.8% or -2.0 percentage points compared with 2018), following a reduction in financial expense attributable to the effects of the actions taken to optimise the financial structure in 2016, 2017 and 2018, specifically the liability management operations. The value distributed to **shareholder** through the distribution of dividends was essentially stable (28.9% compared with 29.5% in 2018). With a unitary dividend that is increasing (+5% compared with 2018), confirmation of the commitment to guarantee shareholders attractive and sustainable remuneration, there was a reduction in the number of outstanding shares following Snam's buyback of treasury shares as part of the share buyback programme.

With reference to **employees**, there was a decrease in the Added Value distributed (9.6% or -1.5 percentage points compared with 2018) through direct remuneration consisting of salaries, wages and TFR (employee severance indemnity) and indirect remuneration composed of social security contributions and staff-related service costs (canteen services, reimbursement of travel expenses). The reduction is essentially due to the extraordinary items recorded in 2018 following the costs of redundancy packages, the application of early retirement pursuant to Article 4, paragraphs 1-7 Law 92/2012, the "Fornero Law". The value allocated to the **Public Administration** through the payment of direct and indirect taxes was essentially stable (14.4% or +0.4% compared with 2018). Lastly, an amount of approximately €3 million was designated for **local communities** (0.1% of the value generated) through donations and sponsorship initiatives and environmental compensation pursuant to the law.

On environmental protection, Snam spent approximately €114 million (€101 million on investments and €13.4 million on operating costs).

ENGAGEMENT OF PEOPLE

Through internal communication, Snam promotes the involvement of people with regard to events and activities which affect the company, with the aim of stimulating participation in the processes of change, especially from a cultural point of view.

Communication in 2019 focused on the enrichment of contents and the introduction of new initiatives, information activities and formats and the involvement of people, also courtesy of the collaboration with Snam Foundation and external experts.

The collaboration with the Foundation makes it possible to marry social commitment with strengthening team building and relations between people in line with company values. Initiatives for “volunteering day” continued with employees also able to involve friends and family, for Christmas with the family, dedicated to employees with children operating in 11 areas in conjunction with non-profit organisations, and match giving was introduced, a financial solidarity activity for employees in which the Snam Foundation doubles every monetary contribution made to non-profit organisations and associations.

As far as the information format is concerned, the spread of streaming and webinars for events has allowed the Snam Institute to develop a training initiative plan that is accessible to everyone through the company intranet with the objective of disseminating the issues of sustainability, talks on climate change to the open journey on the issues of Diversity & Inclusion and take an in-depth look into important themes through comparison with other companies or experts.

An important topic, which has been the subject of an information and engagement campaign for employees, is the problem of plastic and the way it is not correctly disposed of with damaging effects in particular on biodiversity in the oceans. Snam decided to work on this by eliminating single-use plastic from dining areas in its work premises from 2020. The awareness raising and engagement campaign implemented involved giving all employees a water bottle, upgrading the drinking water fountains on the premises, circulating a set of guidelines for the responsible use of plastic at home as well and information launches at the intranet portal with evocative images and payoffs of the beauty of the oceans.

Instruments	Description
“Easy” the intranet portal	Information space for raising awareness aimed at all Snam people, but also a place for sharing and exchanging work documents. In 2019 the re-design of the instrument was launched, involving around 80 employees through focus groups for collaborative design and evaluation activities. The new version of the portal will be available from the second half of 2020.
Main hard copy and online instruments	The magazine “Energie”, represents Snam’s corporate identity and is the voice of the main corporate events. The “Speciali Energie” (Energy Specials) — attached to the editorial or distributed independently, with a focus on specific topics. As well as the “Osservatorio Domanda Gas” newsletter with news, analysis and comments on gas demand, a new, twice-monthly newsletter was created, “InRete” about the transportation network activities.
Meetings for sharing and engagement	Online webinar presenting the strategic plan during which the CEO illustrated the pillars of the new plan, directly answering the questions posed by employees throughout the organisation. Pulse Survey delivered to all employees for the evaluation of corporate initiatives, after which there was a webinar with the CEO to present the results and focus groups were organised with the participation of 420 people to identify an improvement action plan. Second edition of the #Storiedivalore initiative, the communication of the values and purpose of the company (a contest which led to 4 colleagues winning in Dublin at LinkedIn). “Auguri In Rete” end of year event, with video-conferencing connections with 10 Italian regional offices and 4 foreign branch headquarters (Tirana, Athens, Vienna, Beijing) with interventions focused on corporate sustainability.



MARKET REPUTATION

Though in regulated sectors Snam has a natural monopoly, when dealing with its customers it adopts an approach based on a competitive market, in which it is essential to understand how the customer perceives value.

In December 2019 a new online survey was conducted, involving all shippers and traders with whom Snam collaborated in the Thermal Year 2018-2019 just ended.

The analysis, extended to transportation, storage and regasification activities, involved surveying customer satisfaction on the quality of services offered, the customer engagement activities undertaken by the Company and on the functionality and additional services introduced in 2019 including in response to the needs of customer that emerged on previous occasions as well as regulatory developments.

The participation rate was 57% and the results demonstrated a very positive reception with regard to the customer engagement activities implemented by Snam to improve the services offered and consolidate collaboration with its stakeholders. The total average score for the quality of service was considerably improved compared with the previous year (7.4) standing at 8.4 on a scale of 1 to 10. The collection of observations received constitutes the starting point for identifying actions aimed at making Snam's operations even more efficient.

Snam also organised in-depth workshops, which were an opportunity to meet with customers and discuss important issues with them, innovation and operating performance, balancing and transportation, storage and regasification activities and provide/receive feedback on the IT system updating process.

In 2019 4 commercial workshops were organised plus a seminar entirely dedicated to settlement, the presentation of 10-year gas transportation network development plans and the cost/benefit analysis method, a workshop on biomethane, an event with customers at the Panigaglia terminal and an event in December attended by the Snam CEO.

RELATIONS WITH THE SUPPLY CHAIN

Snam carries out intense engagement activities with its suppliers to encourage growth and improvement and to create a common vision, sharing values, ideas, know-how, best practices and information. The ongoing dialogue with suppliers is intended to establish long-term relations and create an effective partnership, consolidating relations and endorsing a shared vision.

In 2019, over 2000 suppliers were involved in a survey on issues of social responsibility involving companies, relations between buyers, suppliers and customers, relations with businesses in the voluntary sector, interaction with local communities and financial reporting. The answers, received from a sample of suppliers corresponding to over 60% of the 2018/2019 acquisition, made it possible to outline a reliable snapshot of the sustainability of the Snam supply chain and assess its development potential.

Snam, having joined the CDP Supply Chain Program in 2019, involved its supply chain in climate change awareness raising actions. 35 strategic suppliers announced the figures for their greenhouse gas emissions (Scope 3 indirect emissions) and CDP, through the analysis of the data received, will award them a score, which will be an incentive in the management of future environmental impacts.

Another important initiative was the partnership launched with the supply chain is Snam Plasticless. Given that plastic has become one of the greatest dangers for the environment, specifically for the biodiversity of the oceans, Snam has decided to make its own contribution. As well as eliminating single-use plastic in the dining areas on its work premises from 2020, the Company decided to analyse the use of plastic in its core business and discovered that the most significant consumption involves the supply chain and packaging processes relating to the delivery and redistribution of goods used for operations. Awareness raising, dialogue and engagement activities were launched with suppliers which made it possible to set a challenging target for eliminating all plastics from packaging by 2023. Continuous communication with suppliers takes place through the Supplier Portal, the web platform through which existing and potential suppliers come into contact with Snam. Activated in 2013, the portal represents the main tool through which the Company implements its procurement policy, in total transparency, with the information published being total traceable. Suppliers and candidates mainly come into contact with Snam through this means: it contains documents, best practices, details and updates on the processes and procedures that regulate the procurement qualification and activities.

In addition, all suppliers registered have a dedicated reserved area at their disposal which contains information that involves them directly (the product categories for which they are qualified, activated contracts, performance in terms of workplace safety, notifications for invoicing for services provided).

At the end of 2019, there were more than 2,000 suppliers registered at the portal, with a number of unique users who accessed it at least once during the year standing at 1,881 (+33%). Over 700,000 thousand pages read in the year (+51% compared with 2018) are evidence of a lively site with involvement.

RELATIONS WITH LOCAL COMMUNITIES

Snam is present, through its infrastructure, in almost all the country's regions, in areas and communities that are varied in terms of culture, traditions and economic, social and environmental conditions.

In creating new infrastructure and in managing existing infrastructure, Snam takes a strict, transparent, collaborative and constructive approach to ensure the environmental compatibility of the sites and to facilitate their acceptance on the part of stakeholders.

The assessments of environmental effects involve all phases of the work life cycle, site selection, planning, construction, operation and decommissioning. These assessments are made within the purview of the Environmental Impact Assessment (EIA) procedure, at the end of which the central and local administrations issue the permits required under current law.

Snam also evaluates, in relation to the performance of the most important works (compression systems or large natural gas pipelines), the direct and indirect economic and social impact on the territory and on the local communities with "Social Impact Assessment" tools and methods. Specifically, in 2019, the collaboration project with the Department of Economics and Management of the University of Brescia, for the revision of the methodology used adopting a regionalised input-output model, was concluded. This model made it possible to evaluate the impact of a project, calculating the added value generated by the investment starting with the total value of production.

Over time Snam has built a network of relationships with regional branches of Confindustria and other local associations to discuss issues of energy, economic and environmental policy affecting the territory. On a local level, the Company collaborates with authorities and participates in the works of numerous associations and committees, offering its commitment, and skills and know how to participate in the social innovation and sustainable development processes.

In addition, the Company's collaboration with local and national authorities to best lay out its plans for carrying out the work to both the authorities and the affected communities is ongoing. During the course of the year, 99 meetings were held with local government authorities and regional associations to illustrate works projects. Together with the latter, 8 agreements were concluded involving easements, in which the easement is a lien for owners of land, remunerated by Snam, not to construct buildings and not to carry out deep excavations a certain distance from the pipeline.

In 2019, approximately €0.3 million was allocated for donations and sponsorships and about €2.6 million for environmental compensation.

Performance of the main initiatives in the territory

Young Energy from Snam, to bring young people closer to work	The programme, established to facilitate the orientation of students and bring them closer to the world of work through initiatives focused on its business, is in its third edition. In this academic year, Young Energy will be held in 5 regions and 8 technical colleges with around 800 students involved in training activities. Since the first edition, 18 young people from the organisations involved in the project have been hired.
"Thumbs Up Youth Award"	This is a project dedicated to sustainable development in which around 400 students from the third and fourth grades have taken part, under the scope of the school/work alternation project. Through this initiative, realised by the Thumbs Up association, with the support of the Cariplo Foundation and in partnership with the Università Cattolica del Sacro Cuore, Snam involved around 60 students of the Liceo Statale "G.B. Vico" (Milan) in proposing solutions for energy efficiency solutions at their school.
Snam Foundation, the Corvetto Adottami project	This is a multi-sector participatory initiative that involves the community launched by the Snam Foundation to actively contribute to the redevelopment and social redevelopment of the Corvetto district in Milan, together with the Cariplo Foundation and, specifically, through the LacittàIntorno and Qubi projects with the Municipality of Milan and a network of local associations. In 2019 laboratories were launched for social inclusion at the Candia Institute, a joint project together with a network composed of regional subjects and Snam suppliers of the "Tappeto Volante" (magic carpet), the urban regeneration that unites the Grossi Institute with the Emilio Alessandrini Park and a monitoring system for the project was launched. Snam and the Foundation organised a hackstorm during volunteering day through which corporate know-how supported the partnership that will redevelop the market covered by Piazza Ferrara.
The Snam Foundation and company volunteering	The second edition of Volunteering Day was organised in 2019, extended in length (two weeks) and scope. The initiative involved not only employees, but also their friends and family and Snam partners with the global participation of 750 people, around 150 of whom were family members, universities, start-ups, partners and suppliers. In total, more than 6,000 hours of volunteering were supplied to 70 organisations in the voluntary sector spread over 60 locations in Italy.
Snam Foundation, the TESORI ban	An initiative launched in 2017 in conjunction with Confagricoltura aimed at promoting social agriculture projects through the development of social assets, local skills and the strengthening of relations with the area. Projects in 2 areas were supported in 2019: Recanati and Ronco all'Adige. In the former, a small industrial pasta factory was created, which will house students for professional internships and educational workshops; in the latter, structures were installed for pet-therapy activities and hydroponic cultivation, aimed at improving the well-being of people with mental health problems and involving children and young people of the community.

 THE VALUE OF BRAND REPUTATION

Snam continued to consolidate its brand identity, strengthening the position of the company in terms of energy transition and decarbonisation in the areas, with constant activity supporting the new businesses, from biomethane and sustainable mobility to energy efficiency, with a specific focus on hydrogen and on the potential leadership position of Snam and Italy in the development of this clean energy source, always in line with the purpose of “Energy to inspire the world”. The objective is to communicate proactively and transparently with all its stakeholders, from the press to the ever increasing audience reached through social media and the company website not forgetting overseeing and conversing with the areas involved in the main projects. By virtue of this undertaking, Snam’s visibility in the media increased, as well as the publication of news on proprietary platforms. Specifically, Snam recorded a more obvious presence in international media particularly on issues of global interest, first and foremost energy transition. Snam was confirmed, for the sixth year running, on the podium of leading Italian companies in the field of digital communication. For the last 15 years the company has been in the top 10 of the Italian webranking classification by Lundquist in conjunction with the Swedish company Comprend, standing out for its digital transparency. The 2019 survey involved 112 companies: among the listed companies Snam took second place with a score of 91.3 out of 100, establishing itself as one of only two firms that scored over 90 points in the band of excellence. Future international research, dedicated to the digital communication of sustainability, placed Snam among the “Gold” companies.

As far as social activities are concerned, in 2019 Snam won the “Best employer brand su LinkedIn” award, recognition that confirms how digital platforms, specifically LinkedIn, represent a strategic tool for the company to make themselves known by possible candidates and get in touch with them. The growth in Snam’s reputation is also proved by the result of the international “Top Employers” classification by Forbes and Statista: according to the analysis, the company is one of only two Italian organisations among the best 150 in the world to work in. The research is based on 1.4 million interviews conducted globally and regionally.

Innovation for business development

The Group's strategic evolution in an increasingly complex and challenging context will require it to rely more heavily on developing innovation and on the good use of technological assets to ensure that it makes the most of what has already been achieved, as well as developing innovative solutions, as a support for and source of business development.

As part of the Strategic Plan to 2023, the Snamtec (Tomorrow's Energy Company) project continued with the objective of accelerating Snam's innovative capacity and its assets to take advantage of the opportunities offered for

the development of the energy system. The project focused on three areas:

- energy efficiency in the core business and emissions reduction;
- innovation and technology;
- investment in energy transition.

The research and development activities launched in previous years that have been continuing or which concluded in the year and the new projects with potential repercussions in different areas of company operations are listed below.

Gas metering	Alternative instruments and quality measurement – Activities continued under the scope of gas quality measurement to adapt the quality meters installed in the network in order to make it possible to remotely monitor and manage equipment. With regard to controlling the quality of the gas injected into the transportation network, a project for the installation of H₂O dew point meters and hydrogen sulphide analysers has been launched and is in the process of being implemented. Natural gas emissions estimation – The evaluation of methods for estimating natural gas emissions and research into the potential impacts, throughout the gas supply chain, of chemical components present in traces in biomethane is continuing in order to create the conditions for its safe development in conjunction with the European research group GERG (Groupe Européen de Recherches Gazières, www.gerg.eu).
Governance and monitoring of the network and plants	Remote control – In 2019 activities continued with the aim of analysing the requirements of the acquisition processes and the management of data relating to the control and operation of the network, of increasing its effectiveness levels and identifying the best supporting technologies of the whole remote-controlled process. Safety – Initiatives continued for the protection against fire, through vacuum technology, of the plant control rooms. A project was later launched to install similar fire detection/extinguishing systems in the technical rooms of the compression stations. In the second half of 2019, tests on the surveillance cameras capable of detecting the escape of methanol from the tanks are being conducted at the Ripalta facility. If the results of these tests are positive, this technology will be extended to all facilities where this substance is present. The replacement of the security management systems was completed in 2019 by installing electronic systems with SIL certification (Safety Integrity Level) at the Brugherio and Settala facilities and the same actions will be carried out in 2020 at the Fiume Treste plant). Monitoring compression units – In 2019 a project was launched for the modernisation of a telediagnostic system for the compression units through the acquisition of thermodynamic and functional parameters for the future development of predictive analysis aimed at improving performance. In addition, in 2019 a project was completed for the development of a dashboard that collects the main important parameters needed for dispatch for the improved management of the turbochargers. Electrocompressors – Research for the introduction of electrocompressors at the compression and thrust systems at storage sites continues, with the goal of improving the management of the systems, guaranteeing greater flexibility and reducing greenhouse gas emissions. Trigeneration – In 2019 work was completed for commissioning high efficiency trigeneration plants at the Gallese and Istrana compression stations. These systems allow the self-production of electricity with internal combustion engines and the recovery of heat and the refrigeration necessary for the users of the stations. The start up of the system at the Gallese station took place in the last quarter of 2019 achieving an energy saving of more than 65% with further improvement margins following the tuning in 2020. Treatment systems – Installation of latest generation, high performance equipment with a low environmental impact. The first installation of the new generators at the Fiume Trieste facility is expected from 2020.

Physical integrity of infrastructures	Collaboration with EPRG – The collaboration with EPRG (European Pipeline Research Group, www.eprg.net) continued. It is an association that conducts research into pipeline-related topics and counts Europe's biggest gas transportation and pipeline manufacturing companies among its members, and of which Snam is a member. This group manages projects (broken down into three major areas: Design, Material and Corrosion) with the aim of constantly improving the knowledge and management of the integrity of gas pipelines throughout their life cycle (pipe manufacturing, pipeline construction and operation). Electrical protection – The pilot project for innovating the electrical protection system continues. It is aimed at experimenting in the field of equipment and operational solutions based on the results of the study conducted in 2016. Geochemical and microsimical monitoring – As regards storage, with regard to the new projects for the operation of deposits in conditions of overpressure and the strengthening of monitoring systems, work continues on the construction and installation of geochemical and microseismic monitoring prototypes. In 2018, Stogit focused its attention on activities aimed at monitoring microseismicity, by upgrading its networks to standards of technological excellence. The experiments, protocols and guidelines for monitoring seismicity, soil deformation and pore pressure were successfully concluded in 2019 at the Minerbio facility.
Maintenance and checking of networks	Revision of maintenance processes – The “Sistema Manutenzione Asset Rete Trasporto Gas” Project (SMART GAS) continued. It is a corporate initiative aimed at improving the effectiveness of technical-operational processes, for the purpose of an overall overhaul of the working processes and regulations relating to the maintenance of company assets, through the identification of the need to develop the professional model of resources and technological tools used for carrying out maintenance operations. Specifically, the Smart LNG design and realisation phase was launched in 2019 for operations at the Panigaglia LNG terminal. The dematerialisation of the archives in the regional units continued through the eDoc document system which will be fully integrated in Smart gas. Leak detection trialling – The trial of a system aimed at identifying and locating gas leaks along the transport network, based on the analysis of the pressure waves and the detection of possible perturbations and their propagation time, continued. Reduction of natural gas emissions into the atmosphere – The initiatives aimed at reducing emissions continued, with the definition, specifically, of all preparatory activities for the implementation of an LDAR programme (Leak Detection & Repair) for measuring and repairing leaks in Snam plants. Experimentation with air flyover checks – For the purpose of evaluating the existence of technologies which are useful for the improvement of air flyover controls, trial operations continued on two themes: assessment of the current satellite detection technologies available and participation in the trial operations carried out by ENAV and ENAC on the development of the flight infrastructure in the BVLOS mode of drones.
New businesses	Innovative use of existing infrastructures – The work of the Working Party dedicated to sharing information and experience on the issue of the innovative use of existing infrastructures in relation to their capacity to transport (and potentially store) different gases other than natural gas continues, with the ultimate purpose of evaluating the impacts in different areas of the business and identifying practical solutions to the problems encountered. The following initiatives were also examined under the scope of European associations (Marcogaz): ■ Power 2 Gas: the process through which the electricity produced by renewable sources that is surplus to immediate consumption is transformed into hydrogen to be injected directly into the network (limited to the technically-acceptable quantities) or used for the production of synthetic methane (SINGAS) also to be injected into the network and possibly stored later; ■ Adsorbed Natural Gas (ANG): this is one of the latest technological developments for the storage of natural gas in tanks. The adsorption of natural gas in a porous sorbent injected into a recipient (tank/canister) takes place at ambient temperature and low pressure (25 - 35 bar).

Mitigation of environmental and health and safety effects

Accident prevention and environmental protection are areas of management in which the creation of value is linked to the ability to mitigate the most significant impacts caused by the Company's business activities. Safeguarding the physical integrity of staff and natural capital is an integral part of the definition of Snam's corporate policies and investment decisions.

On these issues, Snam adopts specific certified management systems, with the aim of overseeing the corporate processes and activities that have the biggest impacts, linked to the fight against climate change, the reduction of energy consumption and the protection of nature and biodiversity.

MANAGEMENT SYSTEMS

Snam also continued its commitment to expanding and maintaining management systems that cover certain specific issues such as health and safety at work, the environment and the quality of services provided.

In 2019, Snam implemented all the necessary activities to extend the certification of the management systems to the new companies that entered the scope of consolidation and to maintain and update other existing certifications in accordance with the new (ISO 14001:15 e, ISO 9001:15) standards.

To this end, 227 audits were conducted (92 of which by an external team) and 38 audits on health, safety and the environment at contractors working on site. The latter and the internal audits were partly carried out by the Snam internal team, composed of 47 auditors.



Management systems

Company	Certification scope	Type of certification and accreditation	Year of first certification
Snam	Management of the operational continuity for the design, development and centralised management of process and remote control systems for the dispatch of natural gas transportation.	ISO 22301	2018
	Processes presided over by the Snam units for both the transportation of natural gas through pipelines, auxiliary systems and compression systems (Administration, Business Development, Marketing of services, Realisation of assets, Asset Management, HSEQ, Planning and control, Supply chain) and for storage in natural gas geological units (Marketing of services).	ISO 9001	2016
	Company	ISO 14001	2015
	Management of the security of information for the design, development and centralised management of process and remote control systems for the dispatch of natural gas transportation.	ISO 27001	2014
	Company	BS OHSAS 18001	2012
Snam Rete Gas	Company	ISO 9001	2016
	Natural gas dispatch and transportation activities	ISO 22301	2015
	Company	ISO 14001	2013
	Company	BS OHSAS 18001	2010
	Testing laboratory (LAB 764 Piped gaseous flows)	ISO 17025	2007
	Calibration laboratory (LAT 155 Natural gas mixtures)	ISO 17025	2002
GNL Italia	Company	BS OHSAS 18001	2012
		ISO 14001	2000
Stogit	Company	BS OHSAS 18001	2012
	Design and delivery of natural gas metering and accounting	ISO 9001	2008
	Company	ISO 14001	2002
ITG	Company	ISO 9001	2018
		ISO 14001	2010
		BS OHSAS 18001	2009
Snam 4 Mobility	Company	BS OHSAS 18001	2018
		ISO 9001	2018
		ISO 14001	2018
TEP	Company	UNI 11352:2014	2013
		ISO 9001:2015	2010
Cubogas	Company	BS OHSAS 18001	2018
		ISO 9001	2018
		ISO 14001	2018
IES Biogas	Company	ISO 9001:2015	2018
TEA Servizi	Company	UNI 11352:2014	2019
		ISO 9001	2014
		ISO 14001	2014

PREVENTION OF ACCIDENTS AND PROTECTION OF HEALTH

The Snam Group has a long-term commitment to developing and promoting the protection of health and safety at its workplaces, as part of an ongoing process to improve its HSE performance in accordance with its Health, Safety, Environment and Quality Policy.

When managing health and safety issues, it is essential to implement standardised management systems developed and maintained in accordance with the BS OHSAS 18001 standard. Specifically, Snam's Worker Health and Safety Management System aims to carry out strategic guidance, coordination and monitoring for the Group's operating companies.

NFS Accident prevention, Snam's main health and safety objective, is carried out through the adoption of targeted actions aimed at eliminating or reducing risk factors inherent in employees' work.

The in-depth analysis of the causes of accidents aims to identify any measures necessary to eliminate, mitigate and correct risk factors, implementing organisational, technical and managerial solutions on equipment, plants and workplaces, as well as evaluating operational and behavioural procedures of employees and suppliers.

In a logic of the continuous improvement of its performance, in the early months of 2018 Snam launched the "Snam4Safety" project, with the goal of further strengthening the culture and awareness of all employees and contractors on the issue of health and safety. Specifically, in 2019 the organisational and IT instruments were completed and implemented to make the new behavioural models in the project operational.

In order to raise awareness among employees on the issue of safety, 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 taking part in the initiative are divided into homogeneous teams according to employment/safety manager. In 2019 8 teams out of a total of 810 employees were rewarded.

An awareness raising initiative, the "Trofeo Sicurezza Appaltatori" (Contractor's Safety Prize), is 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 (such as, for example, accident indices and negative feedback on subject of interest). In 2019, the Contractor Safety Prize (for results achieved in 2018) was awarded for the third year in a row to Max Streicher, a company specialised in the building of energy infrastructure, more specifically gas pipelines.

Health and safety training

(no. of hours)	2017	2018	2019
Hours provided	8,193	25,219	20,291
Equity investments	1,508	4,515	2,916

As far as health and safety training is concerned, in addition to the hours counted in the table, in 2019, 6,685 hours of HSEQ integrated training that cannot be broken down was provided for 1,505 participants.



The protection of workers' health is based on ongoing monitoring of risk elements analysed in corporate processes and the implementation of adequate prevention and protection measures. Work environment inspections are periodically carried out by the Duty Doctor and the Prevention and Protection department, in order to evaluate adequate and appropriate working and environmental conditions and to identify possible measures for prevention or improvement.

Snam's workers are not exposed to a high risk of contracting occupational diseases (no cases have been recorded in the last three years). Personnel exposed to specific risk factors undergo periodic medical health surveillance by the appropriate medical staff. These employees can under the specific healthcare protocols defined according to risk, plus any supplementary specialist visits. Employees whose work requires them to travel to non-European countries receive specific preventive care.

The various initiatives run by Snam to promote workers' health include: a flu vaccine campaign, an early-diagnosis plan to prevent cancer, agreements with specialist institutions, a ban on smoking in the workplace (which also includes e-cigarettes), and a ban on drinking alcohol in company canteens. After a year in which no reports of any kind were received, one case of an occupational illness was reported in 2019 which is being investigated.

Health monitoring

(no.)	2017	2018	2019
Medical visits	1,914	1,350	1,984
Periodical medical visits	1,688	1,061	1,747
Environmental surveys	279	247	243



CLIMATE CHANGE AND ENERGY EFFICIENCY

Snam contributes to the fight against climate change starting with its energy decisions: in 2019, 95.7% of the Company's energy requirements were covered through the use of natural gas.

The main greenhouse gases (GHG) emitted into the atmosphere due to Snam's activities are methane (CH₄), the main component of natural gas and carbon dioxide (CO₂). Methane emissions arise from the release of natural gas into the atmosphere and are generated by the normal plant operation, by operations to connect new gas pipelines and the maintenance thereof, or by accidental events occurring on infrastructure, whereas the CO₂ produced is directly correlated with fuel consumption. In 2019, like last year, the contribution from the use of hydrofluorocarbons (HFC) in refrigeration systems was included in the evaluation of direct emissions (equal to approximately 1.48 kt CO_{2eq}).

Snam intends to develop projects to strengthen its operational excellence and thus contribute to the containment of climate-altering emissions. Lastly, the Company set new targets for reducing its Scope 1 and Scope 2 natural gas and CO_{2eq} emissions:

- a 40% reduction by 2030 of all direct CO_{2eq} emissions (Scope 1) and indirect (Scope 2), from base year 2016;
- a 40% reduction in natural gas emissions by 2025 from base year 2016 (target increased by 15 percentage points compared with last year).



Various initiatives were adopted to achieve these targets including the recompression of gas in the transportation network and compression systems, the production of electricity from photovoltaic plants, the purchase of green electricity, the installation of LED lighting systems to replace other lighting equipment with greater consumption, the savings from the redevelopment of buildings, the continuation of the smart working project. All of these interventions made it possible, globally, to prevent the emission into the atmosphere of **181,800 tonnes of CO_{2eq}**, the highest value recorded in recent years (+17% compared with 2018).

As far as the use of electricity produced from renewable sources and from photovoltaic plants owned by the Company is concerned, in 2019 it represented 44% of total electricity consumed: from this year the Enna compression plant (transportation) will also procure green electricity. This plant joins those of Messina and Terranuova B. (SRG), Brughiero (STG), the Panigaglia LNG Plant and several areas of Snam4 Mobility.

In addition, in February 2019 Snam issued the first Climate Action Bond, used to finance projects relating to the reduction of CO₂ emissions, the development of renewables, energy efficiency and the development of green projects based on environmental criteria.

Renewable source plants

Type	2017			2018			2019		
	(no.)	Total capacity (kW)	Energy produced (kWh)	(no.)	Total capacity (kW)	Energy produced (kWh)	(no.)	Total capacity (kW)	Energy produced (kWh)
Wind generators	1	1.7		1	1.7		1	1.7	
Photovoltaic plants	1,366	984.4	1,044,309	1,534	1,052.7	1,128,383	1,793(*)	1,127.3	829,459
Total	1,367	986		1,535	1,054.4		1,794 (*)	1,129	

(*) Including 1,497 back-up plants.

Snam installed photovoltaic plants in several of the buildings it owns (territorial headquarters and maintenance centres) and at certain gas storage facilities. In 2019 the total number of plants reached 1,794 units (+17% compared to 2018) and the installed power increased by 75 kW compared to 2018, passing from 1,054 kW to 1,129 kW (+7%).

This increase mainly involves the installation of 258 new back-up systems and a new photovoltaic system connected to the electricity grid. The reduction in the energy produced was caused by the non-availability of several systems adversely affecting the forecast annual production.



ENVIRONMENTAL MONITORING AND RESTORATION IN THE DEVELOPMENT OF THE GAS PIPELINE NETWORK

Snam considers safeguarding nature in the areas where it operates to be of particular importance. For this reason during the realisation phase of its works it is implementing the most appropriate project decisions to keep the impacts on biodiversity to a minimum. Once the infrastructures have been completed, the Company will put in place environmental restoration and monitoring projects in agreement and in collaboration with the responsible bodies.

The objective of vegetation restoration, in particular reforestation, is not merely to reconstitute forest areas but to reconstitute the landscape in general and to revive the biological functionality of vegetated areas, understood especially in their role as habitats for fauna with specific biodiversity characteristics. Restoration and reforestation is followed by the implementation of "cultivation treatments", i.e. the care and maintenance, for a period of at least five years, of the plants which have been planted.

The monitoring projects involve sections of several pipelines that interfere, even only marginally, with natural areas high in fauna and ecological value. These programmes are aimed at checking the renaturalisation process of the areas affected by the works, based on the comparison between the conditions after the restoration ("post-operam") and the original conditions ("ante-operam"). Monitoring is normally performed for the most significant habitats identified in the design phase. The km of pipelines subject to replanting depends on the km of lines laid in the year and the environments they have passed through.

Environmental restoration and monitoring

(network km)	2017	2018	2019
Restoration	203	227	63
New reforestation (*)	21	21	8
Plant care	59	74	73
Environmental monitoring	388	445	747

(*) Surface area covered by new reforestation: 157,000 m².

