

Methodology note

INTRODUCTION AND PRESENTATION OF THE DOCUMENT

The Sustainability Report is an annual document that Snam has been publishing voluntarily since 2006. Through this document the Company wishes to inform a wide, diversified audience of stakeholders (citizens, institutions, local communities, the media, shareholders, lenders, employees, suppliers, customers, authorities, etc.) of the decisions, activities, results and use of resources as part of ESG (Environment, Social and Governance). The Report was prepared in conformity with GRI Standards, comprehensive option, with the goal of providing a flexible tool in communicating the results quickly, providing a concrete and quantitative measure of the information made available. In addition, this document also constitutes the Communication On Progress for the Global Compact of the United Nations.

Non-financial data and information are also reported in other documents published by the Company, which examine certain aspects in more detail. Specifically:

- The **Directors' Report**, included in the Annual Report drafted following the instructions of the International Integrated Reporting Council;
- The **Non-Financial Statement**, included in the Directors' Report as a specific chapter, which deals specifically with the environmental aspects of health and safety, personnel management, anti-corruption and the protection of human rights, in conformity with the requirements of Italian Legislative Decree 254/2016;
- The **Report on Corporate Governance and Ownership Structures**, that describes the governance of the Company in detail, including aspects relating to sustainability such as, for example, the composition of the ESG Committee;
- The **Remuneration Report**, that describes the remuneration policies adopted and how they are integrated with the Group's sustainability goals;
- The document **"Changes today for the climate of tomorrow"** prepared in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) that describes Snam's activities with regard to climate change.

CONSOLIDATION SCOPE AND CRITERIA

The scope of reference of the information in the Sustainability Report coincides with the scope of consolidation of the Consolidated financial statements and includes:

- **Corporate and other activities** (Snam S.p.A. with the subsidiaries Gasrule Insurance Limited, Snam International BV, Snam Gas & Energy Service-Beijing);

- **Transportation** (Snam Rete Gas S.p.A., Asset Company 2 S.r.l., Infrastrutture Trasporto Gas S.p.A., Enura S.p.A.);
- **Liquefied Natural Gas regasification** (GNL Italia S.p.A.);
- **Storage** (Stogit S.p.A.);
- **Sustainable mobility and Biomethane** (Snam4Mobility S.p.A., Cubogas S.r.l., IES Biogas S.r.l., Enersi Sicilia S.r.l., Snam4Environment S.r.l. and Gruppo Renerwaste);
- **Energy efficiency** (Asset Company 4 S.r.l., TEP Energy Solution S.r.l. and TEA Servizi S.r.l.).

The data in the paragraph "The procurement numbers" include the following Group Companies: Snam S.p.A., Snam Rete Gas S.p.A., GNL Italia S.p.A., Stogit S.p.A. and Snam 4 Mobility S.p.A..

Regarding the environmental aspects reported, the companies Snam International BV, Gasrule Insurance DAC, Enura SpA, Snam4Environment Srl, Renerwaste Group (acquired at the end of 2019) and Snam Gas & Energy Service-Beijing are excluded from the consolidation. These companies have no significant environmental impact and weigh on the total workforce of the Group by less than 2%. Regarding health and safety aspects, the company Snam Gas & Energy Service-Beijing is excluded from the consolidation, as it also has low relevance on this aspect

REPORTING PROCESS AND METHODS

The process of gathering data and information and preparing the report was coordinated and managed by the Sustainability unit of the parent company, Snam, in cooperation with the various corporate functions and operating companies. The publication of the document, at the same time as the Annual Report, takes place after the approval of the Snam Board of Directors on 18 March 2020. The economic and financial, operating and governance data was taken directly from the Annual Report and from the Report on Corporate Governance and Ownership Structure. Data concerning the environment, employees and the other aspects addressed in the document were gathered from the process owners.

The calculation methods used for determining the indicators are given in the specific reference paragraphs. To ensure the comparability over time of the indicators deemed most significant and to give the reader the chance to compare the performance achieved, current values have been placed alongside those for the previous two years, using graphs and tables. We have tried within this document to place equal emphasis on positive and negative aspects, providing, where deemed appropriate, a comment on the results achieved, including the facts and events that the Company was involved with in 2019.

APPLICATION OF THE GRI STANDARDS

The content of the report refers to Snam's material issues and the related material GRI topics. The main methods for applying the standards are listed below: standard 102 is entirely covered (from point 102-1 to point 102-56) and the topic specific standards of series 200 (Economic), 300 (Environmental) and 400 (Social) have been selected in relation to the issues reported in the materiality matrix. As regards standard 103 (Management approach), we proceeded as follows:

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

Representation of the material topics boundaries (103-1)

Material issues	GRI aspects	Scope of the aspect		Reporting restrictions	
		Internal	External	Internal	External
Climate change	GRI 305 Emissions	T, S, R, M, B, E	Suppliers	-	Emissions related to energy consumption of suppliers
	GRI 302 Energy	T, S, R, M, B, E	Suppliers	-	Energy consumption of suppliers
Health and safety	GRI 403 Occupational Health & Safety	One Company	Suppliers	-	-
Protecting the local area and biodiversity	GRI 304 Biodiversity	T, B	Suppliers	-	-
Green business	-	One Company	-	-	-
Economic performance	GRI 201 Economic Performance	One Company	-	-	-
Reliability of infrastructures and business continuity	-	One Company	-	-	-
Brand reputation	-	One Company	-	-	-
Innovation	-	One Company	-	-	-
Relations with local communities	GRI 413 Local communities	One Company	-	-	-
	GRI 203 Indirect economic impact	One Company	-	-	-
Combating corruption	GRI 205 Anti-corruption	One Company	Suppliers	-	-
Business integrity	GRI 205 Anti-corruption	One Company	Suppliers	-	-
	GRI 419 Socio-economic compliance	One Company	-	-	-
Developing and safeguarding human capital	GRI 401 Employment	One Company	-	-	-
	GRI 404 Training and Education	One Company	-	-	-
Diversity and inclusion	GRI 405 Diversity and Equal opportunities	One Company	-	-	-
	GRI 406 Non-discrimination	One Company	-	-	-

Key: T = Transportation; S= Storage; R= Regasification; C= Corporate; M = Sustainable mobility; B = Biomethane; E = Energy efficiency; One Company= T, S, R, C, M, B, E

ASSURANCE

The report was audited by the independent auditors (PWC S.p.A.) in accordance with the principles and indications of the International Standard on Assurance Engagement ISAE 3000 (Revised) issued by the International Auditing and

Assurance Standards Board (IAASB). The results of the audits conducted are given in the Independent Auditors' Report attached.

Material issues	Description
Reference period	Year from 1-1-2019 to 31-12-2019
Frequency	Annual
Latest document published	Energy of Change The business facing the challenges of the climate and financial sustainability - 2018 Sustainability Report
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