



2022

# SUSTAINABILITY REPORT

SUSTAINABLE THINKING



Energy to inspire the world



**Snam** is the leading European operator in natural gas transport, with a network of around 38,000 km in Italy and abroad. The company also deals with storage, of which it holds 17.1% of the European capacity, and regasification, with 6.5 billion cubic meters of gas that will rise to 16.6 billion cubic meters to 2024 due to the installation of regasification plants in Piombino and Ravenna. Snam is among the leading Italian listed companies by market capitalisation.

With its 80 years of experience in the development and management of infrastructure, Snam guarantees security of supply and promotes energy transition with investments in green gas (biomethane and hydrogen), energy efficiency and CCS (Carbon Capture and Storage) technology. It also creates new green areas through a benefit company focused on urban forestation projects.

Snam is committed, among the first companies in the energy sector, to achieving zero net greenhouse gas emissions ("Scope 1" and "Scope 2" emissions) by 2040. As of 2021, the company has set a reduction target on indirect "Scope 3" emissions compared to subsidiaries and suppliers by 2030. The corporate business model of the company is based on sustainable growth, transparency, the development of talent and diversity and the protection and social development of local communities.

2022

# SUSTAINABILITY REPORT

SUSTAINABLE THINKING



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# SUSTAINABILITY REPORT



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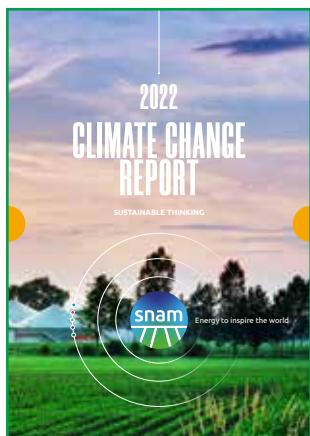
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# SNAM'S REPORT

Snam has structured its reporting in an integrated manner with the aim of providing a broad, complete, transparent and responsible response to its stakeholders' requests, presenting a detailed view of activities, performance and objectives for the future.

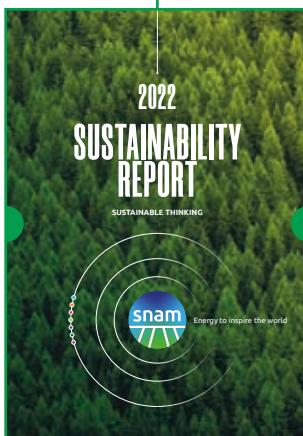
## VOLUNTARY



### CLIMATE CHANGE REPORT

It describes the Company's **governance, strategy and scenarios**, risks and opportunities, metrics and targets for climate change management, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board.

## FOCUS ON



### SUSTAINABILITY REPORT

Drawn up in accordance with the GRI Sustainability Reporting Standards, it presents initiatives, major projects, performance and targets on **environmental, social and economic (ESG)** issues in order to strengthen the relationship and collaboration with the Group's stakeholders.



### ANNUAL REPORT

It provides a **a comprehensive view of financial and non-financial performance** through the information contained in the Report on Operations - Integrated Report, the Non-Financial Statement, the Consolidated Financial Statements and the Annual Financial Statements.

### CONSOLIDATED NON-FINANCIAL STATEMENT

The document, drawn up in accordance with Legislative Decree 254/2016 and the Global Reporting Initiative's GRI Sustainability Reporting Standards (GRI Standards), describes **how the company is managed and organised, the policies practised, the risks and measures to mitigate and manage them, and the performance on sustainability issues relevant to the Group**.

## MANDATORY



### REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

It provides detailed information about the company, **its governance structure, the ownership structure, the internal control and risk management system** and related topics.



### REPORT ON THE REMUNERATION POLICY AND FEES PAID

It describes and explores the company's **Remuneration Policy of Directors and Managers with Strategic Responsibilities**, specifying the goals, the involved bodies, the procedures for its adoption and implementation in addition to the fees paid.

# READING GUIDE TO THE 2022 SUSTAINABILITY REPORT

The **Sustainability Report** is an annual voluntary document that Snam has published since 2006. It presents the progress made on **environmental, social and governance (ESG)** issues and the contribution to the **Sustainable Development Goals of the 2030 Agenda (SDGs)** in a clear and transparent manner, and seeks to strengthen the relationship and collaboration with a wide and diverse audience of stakeholders.

Consistent with the new challenges and opportunities characterising the current landscape, the document's structure is based on the three pillars of the '**energy trilemma**' (**security of supply, sustainability and competitiveness**) which guide the company's strategy, with the aim of illustrating the ways in which Snam intends to build a **secure and sustainable energy system**, in the framework of a **just transition**, leaving no one behind.

The document begins by presenting the role that the Group is taking in the country's energy transition, through the activities and investments envisaged in the **2022-2026 Strategic Plan** and the decarbonisation strategy that aims to achieve **carbon neutrality by 2040**. The document also presents the **ESG Scorecard**, the tool with which the company monitors the performance of its most relevant sustainability areas.

The Report then moves on to articulate how Snam deals with the '**energy trilemma**:

The contribution to the security of supply is presented in the chapter '**Ensuring Energy Security through Infrastructure**', which describes the efforts to ensure the **reliability, safety** and **resilience** of the gas infrastructure.

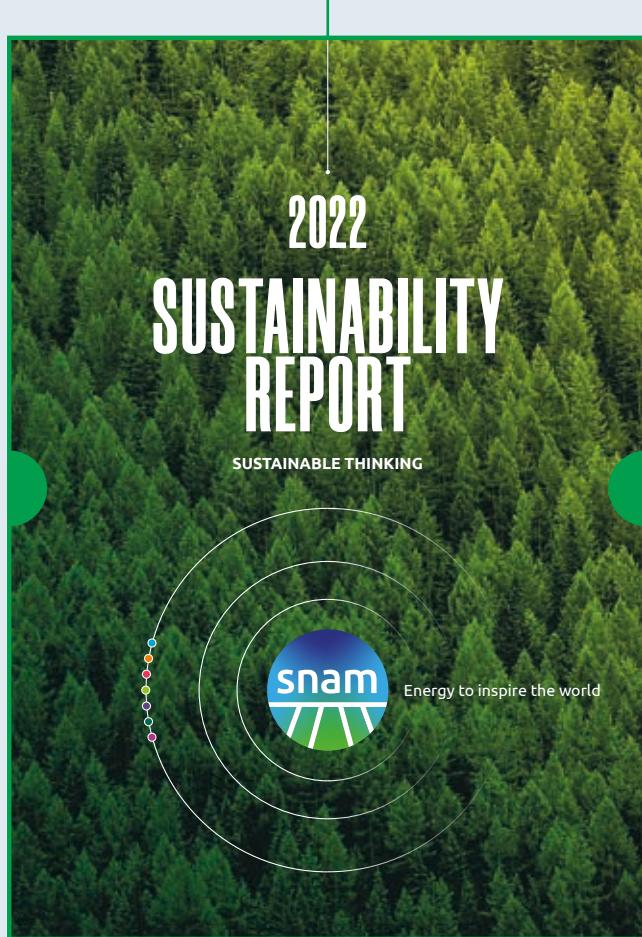
Next, the chapter '**Developing Innovation through Know-how**' illustrates the importance of **digitalisation** and business **innovation** in fostering competitiveness in a rapidly changing market.

The chapter '**Enabling the Country's Ecological Transition and Reducing Snam's Environmental Footprint**' intends to take an in-depth look at Snam's initiatives with respect to the **energy transition businesses** - which are fundamental in ensuring supply independence from other countries - the achievement of sustainability goals and the Group's performance in terms of energy consumption, greenhouse gas emissions and other polluting gases, as well as the protection of territories and biodiversity, and waste and water management.

The chapter '**Ensuring a Just Transition**' then describes Snam's commitment to promoting a **fair and just transition** that leaves no one behind, through collaboration with suppliers, in particular by providing support in their decarbonisation process, and through constant dialogue with the communities in which the Group operates, also thanks to the Snam Foundation's initiatives.

To make all this possible, the Group places **Snam's people** at the centre of its actions, creating an inclusive environment that preserves employees' wellbeing and work-life balance while ensuring the development of their skills, and at the same time ensuring health and safety as a prerequisite for all activities. Underlying all activities is Snam's **governance model**, which guides the Group's strategy and guarantees the necessary safeguards to operate in accordance with **business ethics**.

The Report provides information not only on the GRI Standards, but also the **Principal Adverse Impact indicators (PAI indicators)** required by the EU Sustainable Finance Disclosure Regulation (SFDR). Tables linking the indicators provided by the **Sustainability Accounting Standards Board (SASB)** for the midstream oil and gas sector and the **World Economic Forum's (WEF) Measuring Stakeholder Capitalism framework** are available on the Company's website.



# LETTER TO STAKEHOLDERS

Chairwoman

**MONICA DE VIRGILIIS**



CEO

**STEFANO VENIER**



**Dear stakeholders,**

2022 was a turning point for the global energy system, which had to cope with the geopolitical, economic and social consequences of the Russian invasion of Ukraine.

The ongoing war has completely reshaped the priorities of the energy sector, which had already been under strain in the previous months due to the structural reduction of investments and negative events which hit the European electricity sector. The gradual decline in the flow of Russian-sourced natural gas to Europe brought general attention back to the issue of security of supply in a way that was unprecedented since the energy crises of the 1970s and 1980s.

The centre of gravity of the entire Italian energy system was reversed, shifting to the Mediterranean: gas volumes transported from North to South fell by 31% year-on-year, while imports from the southern routes grew by 15%. Meanwhile, the quantities of LNG (liquefied natural gas) from the US, Africa and the Middle East recorded a surge of 46%.

A complex scenario that Snam was able to tackle effectively and quickly. In full harmony with the measures taken by the government and thanks to our tangible and intangible assets, we responded to the short-term crisis in real time while still managing not to lose sight of the objective of working towards building a more resilient energy system geared towards enabling the energy transition. The hourglass of gas flows was overturned, and Snam accompanied this change of direction while preventing any disturbances to the system.

We acted along all our lines of business. The actions implemented in storage with last-resort filling (started last summer), counter-flow storage, intraday auctions, and services to optimise available capacity allowed, on the one hand, to start the winter delivery phase with greater than 95% filling, and on the other hand to preserve the gas in storage with quantities that will have a positive effect on the next filling campaign and on prices in the months to come. We quickly purchased and will soon make available to the country two new regassification ships, each with a capacity of 5 billion cubic metres per year.

Both have completed the authorisation process and the first will be operational starting in May 2023. Looking ahead, the contribution of LNG to meeting domestic demand could thus rise from the current 20% to 40%, ensuring higher flexibility and security levels and offering new opportunities to emerging areas of the Mediterranean.

It is also thanks to these lines of development and to our presence abroad that we can continue to strengthen our unique position in Europe as an integrated TSO (Transmission System Operator) across the entire value chain (transport, storage, LNG) with assets strategically located along the key corridors for natural gas and, in the future, for hydrogen: north, west and more recently south after the conclusion of the transaction to purchase the shares of the pipelines from Algeria (TTPC and TMPC) in January 2023.

Building a more resilient energy system in a time of great volatility and uncertainty is only the first step in our strategy, which is geared towards the goal of carbon neutrality. We have consolidated our commitment to the energy transition by acting as enablers of new technological solutions for decarbonisation: we have increased our presence in biomethane with Bioenergys; we have continued to invest in energy efficiency and sign agreements with the public administration with Renovit; in a joint venture with Eni, we have launched the first Italian CCS (carbon capture and storage) project. The memorandum of understanding concluded with Edison for the development of the Small-Scale LNG business goes in the direction of decarbonising land, sea and rail transport. Our commitment to innovation and new technologies continues with the SnamInnova and HyAccelerator programmes, the latter dedicated to technologies for hydrogen development and decarbonisation.

In short, the Snam of today is a company with a clear strategic development path ahead, capable of rebalancing the 'energy trilemma' (security, competitiveness, sustainability of supplies) called into question by the events of recent years.

The direction to follow has been outlined and specified both in the 2022-2026 Strategic Plan presented last January and in our vision to 2030: a) infrastructure development, all in an H2-readiness perspective; b) decarbonisation through green gases (hydrogen and biomethane), CCS and energy efficiency; c) digitalisation and optimisation of assets and industrial processes. Three guidelines on which we have planned ten billion euros of investments over the plan period. Over the same period, and with respect to financial solidity, Snam expects significant growth in key performance indicators, with average annual growth of 7% in EBITDA and 3% in net profit, while the weight of sustainable finance is expected to increase from the 70% achieved at year-end to 80% in 2026.

Even in an uncertain scenario, the financial results for 2022 demonstrate the Group's solidity and make it possible to propose a unit dividend of 0.2751 euros (of which 0.11

euros has already been distributed as an interim payment) to the Shareholders' Meeting on May 4th , confirming a shareholder remuneration policy that is not only attractive but also sustainable over time.

Snam's commitment to achieving the 2040 carbon neutrality target has not changed, despite the current challenging context. Changes in the industrial set-up and changes in gas transport flows have had and will have an impact on emissions, but countermeasures have already been taken in the past year that will yield results in the medium to long term. The plan to replace compressor stations with dual-fuel (gas/electric) solutions has been updated. Actions to reduce methane emissions (-45% in 2022 compared to 2015) beyond plan targets and UNEP, United Nations Environment Programme, objectives will continue.

In line with the goal of a just transition, we have also refocused our efforts on social sustainability, which has been put at risk by the long wave of the pandemic and the effects of the energy crisis on the most exposed social groups. With the Snam Foundation, we have also redesigned our intervention areas, focusing on combating three kinds of poverty – energy, education and food – with initiatives focused on the territories, in particular those where our industrial activities are most concentrated.

The decarbonisation of the energy system is a multi-level, interconnected process: geography, timing, investments, prices, technologies, geopolitical factors. For this very reason, the energy transition is not a linear path, and the events of recent months have made this clear. By anticipating and managing this framework, we have shown that we can be protagonists of the ongoing processes, and that we are capable of building a corridor of security for the country and for our stakeholders. Thanks to our assets, and the skills of our people, we are ready to seize every opportunity to consolidate and develop our globally-recognised leadership in energy.

15 March 2023

For the Board of Directors

*Chairwoman*

*CEO*

# SNAM'S SUSTAINABILITY PATH

## THE FIRST SUSTAINABILITY REPORT

Snam publishes its first Environmental Report, a voluntary tool adopted to make public data relating to atmospheric emissions, waste management, protection of the land and biodiversity, etc.

1995

## THE FIRST MANAGEMENT SYSTEMS

The Company obtains certification of its environmental management system in accordance with the UNI EN ISO 14001 international standard, from a third-party independent body, for its gas compression stations and LNG regasification plant in Panigaglia. The Group develops its occupational health and safety management system in accordance with BS 8800 guidelines.

2000

## INCLUSION IN SUSTAINABILITY INDICES

Snam Rete Gas (SRG) is included in the FTSE4Good family of sustainability indices, which are internationally recognised by the financial community for their importance and influence in the composition of benchmarks and ethical portfolios.

2002

2009

## ADHERENCE TO THE UN GLOBAL COMPACT

SRG adheres to the Global Compact, the international initiative launched in July 2000 by the United Nations. It also joins the Dow Jones Sustainability World Index and the ECPI Ethical Index Global.

2007

## THE FIRST SUSTAINABILITY REPORT

SRG publishes its first Group Sustainability Report for the 2006 reporting year and wins the 2007 "Oscar di Bilancio" for Corporate Governance.

2006

## CORPORATE FUNCTIONS FOR SUSTAINABILITY

SRG sets up specific organisational structures under the new 'Health, Safety, Environment, Sustainability and Technology Directorate'. In addition, the Sustainability Project Team is set up, which, involving all departments across the board, elaborating proposals for the definition of the Company's sustainable development model and the preparation of the first Sustainability Report.

2011

## INCLUSION IN THE SAM BRONZE CLASS 2011

SRG is selected in the SAM Bronze Class 2011. Furthering the concept of Shared Value, we approach sustainability in terms of actions for the 'creation of value', both for the Group and for the community in which it operates.

2016

## THE ESG COMMITTEE

Snam sets up an Internal Board Committee dedicated to sustainability topics.

2018

## THE NEW PURPOSE AND NEW BUSINESSES

Snam defines the new purpose: "Energy to Inspire the World". It starts investing in biomethane, sustainable mobility and energy efficiency.

**2019**

### THE COMMITMENT TO THE ENERGY TRANSITION

Snam introduces a mix of hydrogen and natural gas into its transmission network for the first time on an experimental basis, first at 5% and then 10% by volume. In addition, it creates a business unit entirely focused on developing hydrogen, assuming a key role in the energy transition.

**2020**

### THE STRATEGY FOR DECARBONISATION

Snam declares a Net Zero objective for its activities by 2040, also defining intermediate targets for the reduction of greenhouse gas emissions by 2030, and increases investments in new businesses in favour of energy transition. Arbolia is born, in collaboration with CDP, for the development of green areas and CO<sub>2</sub> absorption.

**2021**

### THE 2030 VISION AND CARBON NEUTRALITY STRATEGY

Snam renews its commitment to decarbonisation and energy transition by presenting the Strategic Plan and the 2030 vision, which see significant investments in the biomethane and hydrogen businesses for the achievement of carbon neutrality by 2040 and sets targets to reduce value chain emissions (Scope 3 emissions) by 2030. Snam wins the 2021 "Oscar di Bilancio" for its 2020 reporting year. The purpose 'Energy to inspire the world' is inserted in the Articles of Association.

**2022**

### THE CHALLENGE OF THE ENERGY TRILEMMA

The outbreak of the Russian-Ukrainian conflict puts the focus back on what is known as the 'energy trilemma', i.e., the need to simultaneously ensure the security, sustainability and competitiveness/accessibility of the energy system. With this in mind and with reference to its goals for carbon neutrality, Snam accelerates the transition process with the development of green gases, decarbonisation technologies, innovation and energy efficiency initiatives, investing in floating storage regasification units (FSRUs), alternative energy sources and carbon capture and storage (CCS) technologies, continuing the path towards a just ecological transition.

The Board of Directors is renewed, appointing Monica de Virgiliis as Chairwoman and Stefano Venier as CEO. In addition, the 'Environmental, Social & Governance and Energy Transition Scenarios' Internal Board Committee is established to further integrate ESG, climate transition and technological innovation issues. In February 2022, Renovit earns the B Corp certification reserved for companies operating according to the highest standards of social and environmental performance, accountability and transparency.

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## SNAM'S MANAGEMENT OF THE IMPACTS OF THE RUSSIAN-UKRAINIAN CONFLICT

Besides drastically changing the international geo-political context, the Russian-Ukrainian conflict that erupted in February 2022 generated significant effects for the entire energy sector, leading to a continuous and progressive decline in gas supplies from Russia, which Italy and Europe had to cope with. In the scenario of uncertainty and volatility that was created, Italy promptly intervened by increasing supplies from the Mediterranean. Similarly, as Europe's leading gas infrastructure operator, Snam provided a rapid response to the emergency, managing its assets flexibly and acting to enable a greater diversification of supply sources. In fact, following the Italian Decree-Law of 1 March 2022, Snam has committed to a series of actions aimed at contributing to the achievement of the storage filling targets set by MiTe, with a view to guaranteeing energy availability for the winter.

Nevertheless, the new context has caused repercussions for Snam's various areas of operation. In particular, within the sustainable mobility business, the production and marketing

activities of compressors were affected, mainly during the first half of 2022, by heightened difficulties in the procurement of certain raw materials used in the production phase due to delays in the supply chain. In addition, the significant increase in natural gas prices led to lower growth in consumption and thus in the volume supplied by the stations which, nevertheless, did not compromise commissioning the stations (60 stations as of 31 December 2022 compared to 46 stations as of 31 December 2021).

The energy transition business, in particular the design and construction of biomethane plants, also experienced difficulties in sourcing raw materials, with concomitant price increases and extended delivery times. Despite the generalised increase in raw material costs, the energy efficiency business benefited from indexation clauses that protect companies from price escalation in contracts signed with customers, with no significant economic effects.

# 2022 HIGHLIGHTS



## FINANCIAL

**€ 3,515 MILLION**

Total revenues  
(+6.6% vs 2021, including charges  
to cover energy costs)

**€ 2,237 MILLION**  
Adjusted EBITDA  
(-0.6% vs 2021)

**€ 671 MILLION**  
Reported net profit

**€ 1,351 MILLION**  
Technical investments  
(+6.4% vs 2021)

**70%**  
Percentage of sustainable finance  
out of total funding



## OPERATIONAL

**68.69 BILLION M<sup>3</sup>**

Gas demand  
(-9.9% vs 2021)

**75.40 BILLION M<sup>3</sup>**  
Natural gas injected in the network  
(-0.5% vs 2021)

**16.5 BILLION M<sup>3</sup>**  
Total storage capacity  
(the broadest offer at European level)

**99%**  
Hydrogen ready infrastructure



## ENVIRONMENTAL

**-8.1% VS. 2018**

CO<sub>2eq</sub> emissions - Scope 1 and 2  
regulated perimeter

**-45% VS. 2015**  
Natural gas emissions

**100%**  
Restored vegetation of natural  
and semi-natural areas impacted  
by pipeline construction

Snam included in  
**CDP CLIMATE "A-LIST"**  
**CDP SUPPLIER "A LIST"**





## SOCIAL

**3,610**

Employees

Included for the fourth year  
in a row in the

## BLOOMBERG GENDER EQUALITY INDEX

**6,147** HOURS

Volunteering for Snam Foundation  
(+35% vs 2021)

**44%**

Procurement spent on SMEs  
(+7% vs 2021)



## GOVERNANCE

**6,166**

Reputational checks  
on counterparties

Snam among the best Italian  
companies according to the

## INTEGRATED GOVERNANCE INDEX

**15**

Organised training meetings  
on anti-corruption issues

## THE SUSTAINABLE DEVELOPMENT GOALS

In pursuing its purpose, Snam  
reconciles its strategic choices  
with its commitment to achieving  
the Sustainable Development  
Goals (SDGs) defined by the  
United Nations in 2015.

Snam focuses its efforts on the  
four SDGs closest to its mission,  
its purpose and on which it can  
make a concrete impact in their  
achievement.

At the same time, it also  
contributes to Goals  
3,4,5,8,10,11 with actions aimed  
at environmental protection,  
the development of cities  
and sustainable communities,  
the development of people  
and the creation of value for  
stakeholders.

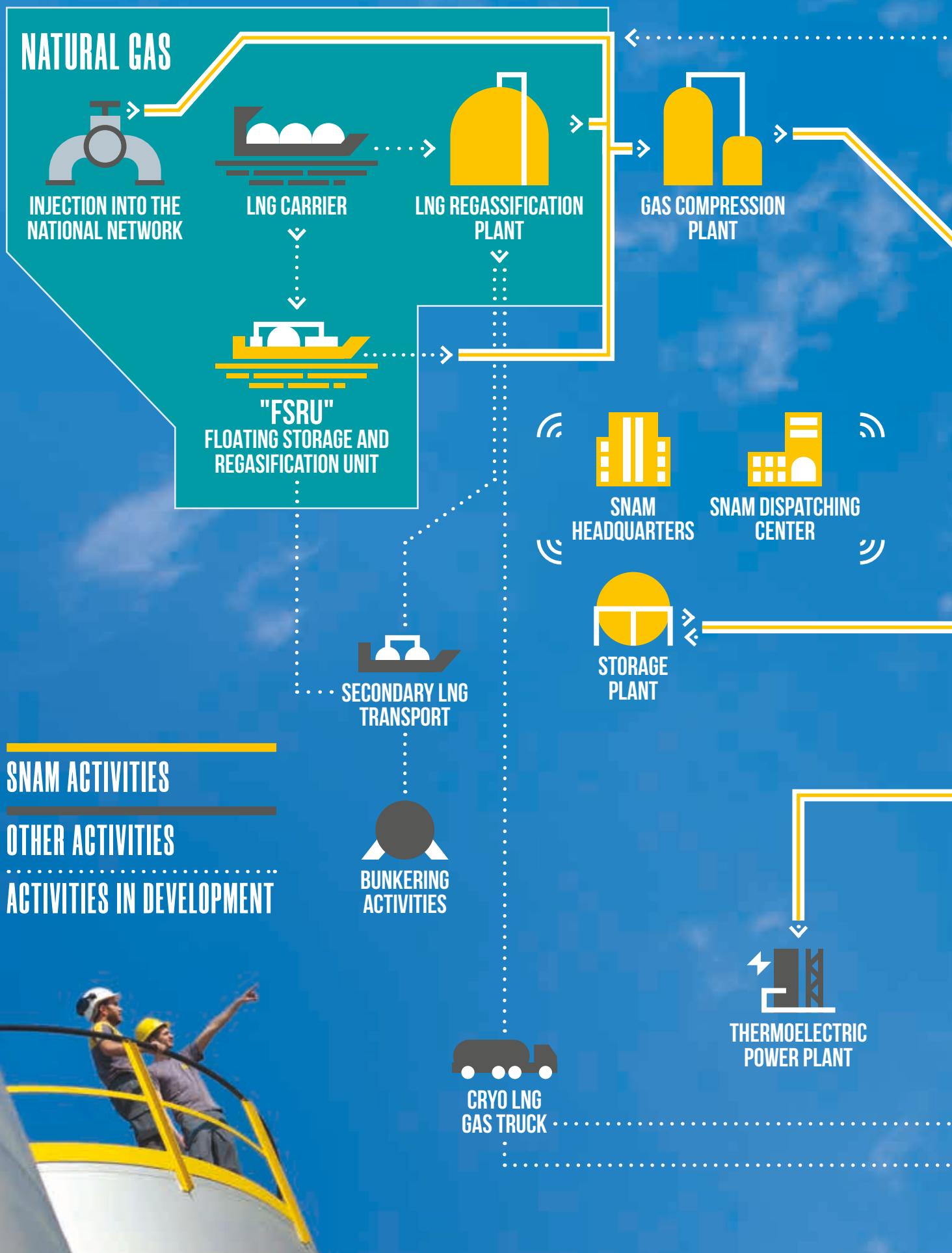
## SDGs TO WHICH SNAM CONTRIBUTES

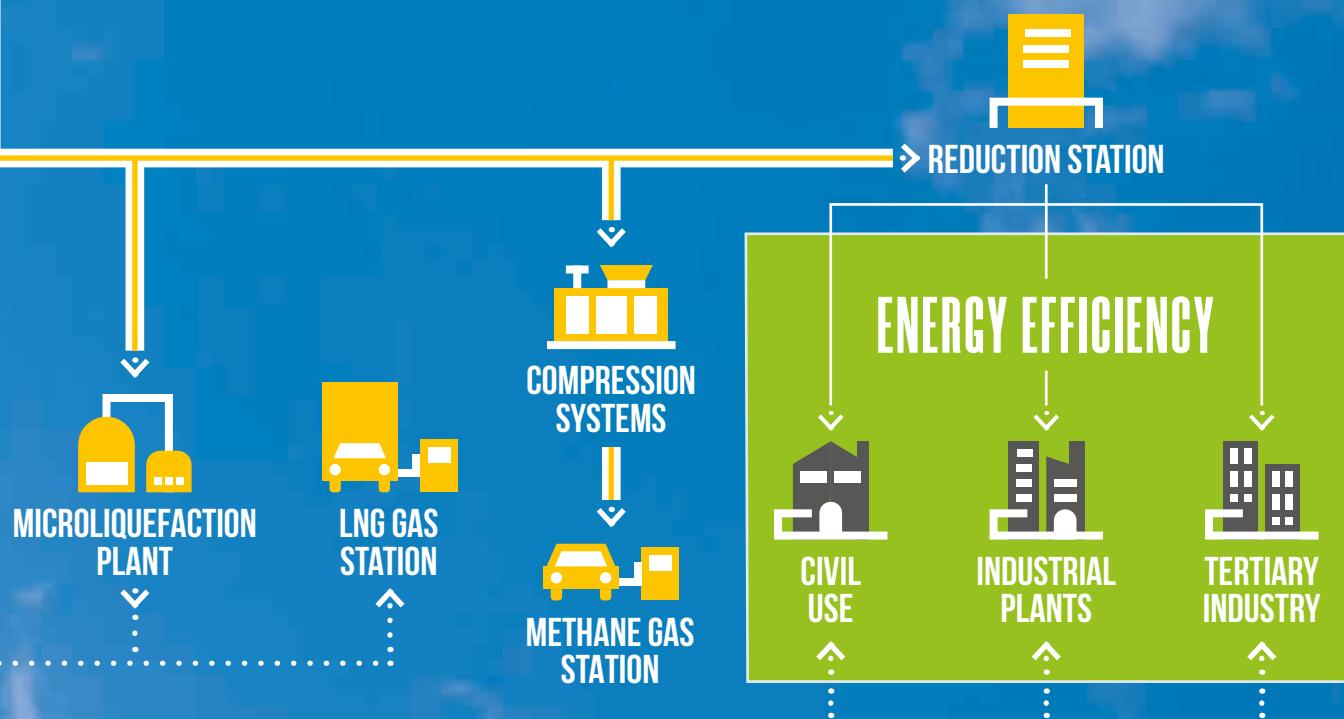
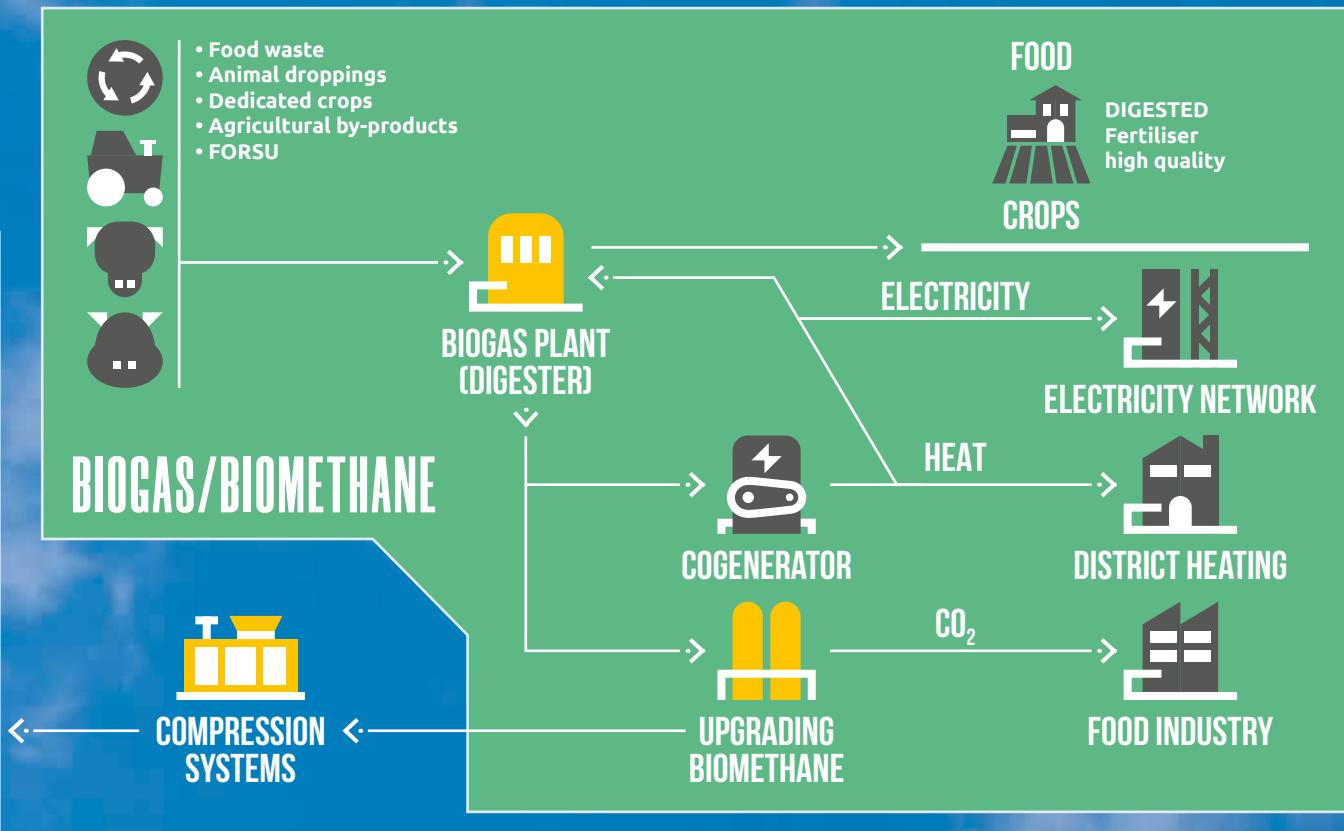
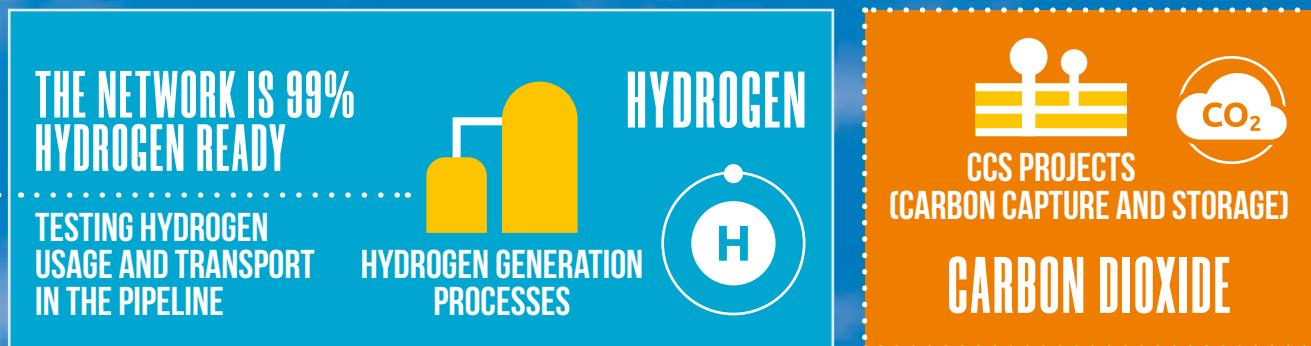


# **SNAM'S ACTIVITIES AND THE VALUE CHAIN**



# Snam's Activities





# THE GROUP'S BUSINESSES

## GAS INFRASTRUCTURE BUSINESS



### Transportation

**Snam Rete Gas**, operates a **gas pipeline** network extensively covering the country, ensuring the regular and safe flow of gas. It makes use of:

- 13 compression plants
- 48 Maintenance centres nationwide
- 8 Districts
- 1 Dispatch Centre



### Storage

**Stogit**, Snam operates 9 **storage** plants that contribute to the country's energy security by balancing the different needs between gas supply and consumption and ensuring service continuity even in the event of any rapid increase in demand or decrease in supply.



### Regasification

**GNL Italia** operates the **regasification** plant in Panigaglia (SP). The Group is also in the process of acquiring two additional regasification units (FSRUs) to ensure greater supply security and a diversification of the country's energy supply.



### Mobility & Liquefaction

**Greenture** (formerly Snam4Mobility) is oriented towards the automotive sector and the construction of midstream infrastructures for heavy transport, shipping and railways.

## ENERGY TRANSITION BUSINESS



### Biomethane



### Decarbonisation projects



### Energy efficiency

**Bioenergy** (formerly Snam4Environment) promotes the development of infrastructure for the production of biomethane, as well as its dissemination and use throughout the country, fostering the ecological transition and decarbonisation of the country system.

**Decarbonisation Projects** promotes the development of hydrogen use in industrial applications and sustainable mobility. It also promotes carbon capture and storage (CCS) technology.

**Renovit**, which became B Corp at the beginning of 2022, offers innovative energy efficiency solutions in the residential, industrial, tertiary and public administration sectors by investing directly in decarbonisation, digitisation and distributed energy generation.

# GROUP CORPORATE STRUCTURE

## GROUP STRUCTURE AT 31 DECEMBER 2022

### ENERGY TRANSITION

#### BIOMETHANE / BIOGAS

##### Bioenergy S.r.l. 100%

###### IES Biogas S.r.l. 100%

- › Emiliana Agroenergia Società Agricola S.r.l. **100%**
- › Piacentina Agroenergia Società Agricola S.r.l. **100%**
- › Società Agricola Agrimetano S.r.l. **100%**
- › Società Agricola Agrimezzana Biogas S.r.l. **100%**
- › Società Agricola Asola Energie Biogas S.r.l. **100%**
- › Società Agricola Biostellato 1 S.r.l. **100%**
- › Società Agricola Biostellato 2 S.r.l. **100%**
- › Società Agricola Biostellato 3 S.r.l. **100%**
- › Società Agricola Biostellato 4 S.r.l. **100%**
- › Società Agricola Carignano Biogas S.r.l. **100%**
- › Società Agricola La Valle Green Energy S.r.l. **100%**
- › Società Agricola San Giuseppe Agroenergia S.r.l. **100%**
- › Società Agricola Sangiovanni S.r.l.  
**(50% IES Biogas 50% SQ Energy)**
  - › Società Agricola G.B.E. Gruppo Bio Energie S.r.l. **100%**
  - › Società Agricola Zoppola Biogas S.r.l. **100%**
  - › Società Agricola Santo Stefano Energia S.r.l. **100%**
  - › Società Agricola SQ Energy S.r.l. **100%**
  - › Società Agricola T4 Energy S.r.l. **100%**
  - › Società Agricola Tessagli Agroenergia S.r.l. **100%**

###### Iniziative Biometano S.p.A. 51%

- › Biogas Bruso Società Agricola A R.L. **99,9%**
- › CA' Bianca Società Agricola A R.L. **70% (\*)**
- › EBS Società Agricola A R.L. **94,53% (\*)**
- › MAIERO ENERGIA Società Agricola A R.L. **100%**
- › MOTTA ENERGIA Società Agricola A R.L. **94,80% (\*)**
- › MZ BIOGAS Società Agricola A R.L. **99,9%**
- › Società Agricola Ariano Biometano S.r.l. **98%**

###### Renerwaste S.r.l. 100%

- › Biowaste CH4 Anzio S.r.l. **100%**
- › Biowaste CH4 Foligno S.r.l. **100%**
- › Biowaste CH4 Genova S.r.l. **100%**
- › Biowaste CH4 Group S.r.l. **100%**
- › Biowaste CH4 Tuscania S.r.l. **100%**
- › Ecoprogetto Milano S.r.l.  
**(55% Renerwaste Lodi-Renerwaste 45%)**
- › Ecoprogetto Tortona S.r.l. **100%**
- › Enersi Sicilia S.r.l. **100%**
- › Renerwaste Cupello S.r.l. **85%**
- › Renerwaste Lodi S.r.l. **100%**

#### ENERGY EFFICIENCY

##### Renovit S.p.A. 60,05%

- › Evolve S.p.A. **70%**
- › Mieci S.p.A. **70%**
- › T.Lux S.r.l. **85%**
- › TEP Energy Solution S.r.l. **100%**

### HYDROGEN

##### Asset Company 10 S.r.l. 100%



SCOPE OF CONSOLIDATION

19

## GAS INFRASTRUCTURE

### TRANSPORTATION

**Snam Rete Gas S.p.A.** 100%

**Asset Company 2 S.r.l.** 100%

› Infrastrutture Trasporto Gas S.p.A. 100%

**Enura S.p.A.** 55%

### OTHER

**Gasrule Insurance DAC** 100%

**Snam International BV** 100%

### STORAGE

**Stogit S.p.A.** 100%

### REGASIFICATION

**GNL Italia S.p.A.** 100%

**Snam FSRU Italia S.r.l.** 100%

› Golar LNG NB13 Corporation 100%  
› Ravenna LNG Terminal S.r.l. 100%

### SUSTAINABLE MOBILITY

**Greenture S.p.A.** 100%

› Cubegas S.r.l. 100%

### VALUED AT EQUITY

#### NATIONAL INVESTMENTS:

Industrie De Nora S.p.A. **25.79%**

Italgas S.p.A. **13.49%**

OLT Offshore LNG Toscana S.p.A. **49.07%**

#### INTERNATIONAL INVESTMENTS:

Albanian Gas Service Company SH.A. **25%**

AS Gasinfrastruktur Beteiligung GmbH **40%**

DCarbonX Ltd **28.89%**

East Mediterranean Gas Company S.A.E. (EMG) **25%**

Galaxy Pipeline Assets HoldCo Limited **12.327%**

Interconnector Limited **23.68%**

Interconnector Zeebrugge Terminal BV **25%**

Tèrega Holding S.A.S. **40.5%**

Trans Adriatic Pipeline AG (TAP) **20%**

Trans Austria Gaisleitung GmbH (TAG) **84.47%**

Senfluga Energy Infrastructure Holdings S.A. **54%**

(\*) Investments classified as held for sale in accordance with IFRS 5.

For more information on additional investee companies, please refer to the Annexes to the Notes to the 2022 Consolidated Financial Statements.



# **SNAM'S STRATEGY**



# TRANSITION, SECURITY AND COMPETITIVENESS: THE CHALLENGES OF THE 'ENERGY TRILEMMA'



## SUPPLY SECURITY

Developing gas infrastructure along the entire value chain to improve resilience through greater flexibility and appropriate sizing



## SUSTAINABILITY

Accelerating the energy transition through the development of green and low-carbon gases



## COMPETITIVENESS

Ensuring cost competitiveness through innovation and efficiency initiatives



2022 was a year full of disruptions for the global energy system, especially at European level. The limited investments in the gas sector in recent years, together with the effects of the Russian-Ukrainian conflict, completely redefined priorities, bringing the focus back to the issue of **security of supply** and the so-called '**energy trilemma**' (**security of supply, sustainability and competitiveness**). In the current context, the trilemma needs to be rebalanced in order to make Europe independent of Russian gas imports, achieve carbon neutrality targets and ensure energy accessibility.

In this perspective, the European Union has given clear indications to aim for security of supply and market resilience, asking to increase storage filling (up to 90%), LNG imports - also with the help of new FSRUs (Floating Storage and Regasification Units) - and to reduce gas demand by 15% between August 2022 and March 2023 compared to the average of the last five years, providing exemptions for which Italy's reduction request amounts to around 7% on an annual basis.

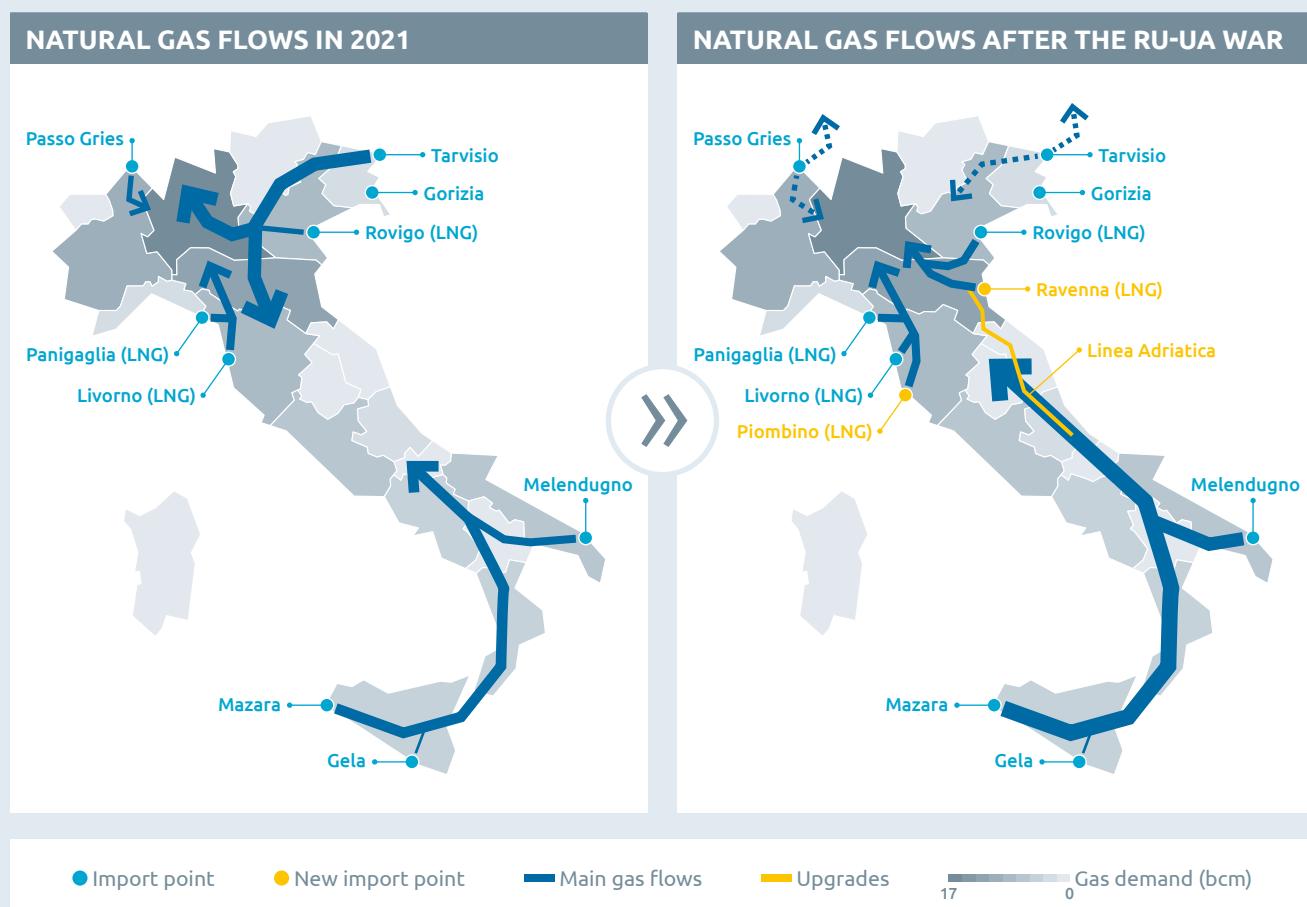
Snam promptly acted to support the country through the purchase of 2 FSRUs, upgrading and optimising the storage system, and strengthening the Adriatic backbone. In parallel, the company continues to work on the production and utilisation of green gases such as hydrogen and biomethane, promotes energy efficiency measures and collaborates on the development of CCS (Carbon Capture and Storage) technologies, while continuing to invest in the increasing digitalisation of assets and industrial processes.



Floating regasification units, or FSRUs, are terminals capable of storing and regasifying natural gas. They are mounted on ships located in the vicinity of a port area, on the quayside or offshore, receive liquefied natural gas at a temperature of -160°C from other LNG carriers, and regasify it in order to inject it into the national gas transmission network.

# THE EFFECTS OF THE RUSSIAN-UKRAINIAN CONFLICT ON THE EUROPEAN ENERGY SYSTEM

In 2021, around 40% of gas to Italy came from Russia via the Tarvisio entry point in northern Italy. There has been a continuous and progressive decline in these supplies since the outbreak of the Russian-Ukrainian conflict, resulting in an unprecedented reversal of gas flows with which our country and Europe have had to cope. In the scenario of uncertainty and volatility that was created, it was therefore necessary to overturn the hourglass of supplies by relying on those from the Mediterranean region.



In this context, as Europe's leading gas infrastructure operator, Snam provided a rapid response to the emergency, managing its assets flexibly and diversifying its sources. Highlighted in the Strategic Plan presented in January 2023, the detailed actions aim to rebalance the 'energy trilemma,' strengthening the national and European gas infrastructure and maintaining the commitment to decarbonisation targets.

# BUILDING A SECURE AND SUSTAINABLE ENERGY SYSTEM: THE 2022–2026 STRATEGIC PLAN



**Developing** resilient, efficient and H2-ready infrastructure



**Decarbonisation** through green gases and carbon neutral solutions, and unchanged commitment to achieving carbon neutrality



**Digitalisation** of assets and effective business management

In the **2022-2026 Strategic Plan**, Snam has increased its investments to **10 billion euros** (+23% compared to the previous Plan), of which 9 billion euros for strengthening the gas infrastructure, making it more flexible and multi-purpose. In this framework, 450 million euros will be allocated to the Group's **innovation** and **digitalisation** programme for projects dedicated to security and continuity of supplies.

At the same time, 1 billion euros will be allocated to energy transition businesses, leveraging energy efficiency, green molecules and CCS.

## PILLARS OF THE 2022–2026 STRATEGIC PLAN

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### GAS INFRASTRUCTURE

*We invest in a multi-purpose gas infrastructure, meaning it is compatible with different gases along the entire value chain*

- **Network** development: Adriatic backbone (to enhance South-North flows)
- **Storage**: expansion and optimisation of the system and first investments in the Alfonsine storage field
- **LNG import**: acquisition of 2 FSRUs
- Replacement of >1,000 km of pipeline
- Strengthening **interconnections**
- **Small Scale LNG** infrastructure



### ENERGY TRANSITION PLATFORM

*We develop green gases and contribute to the decarbonisation of consumption, developing the energy transition platform*

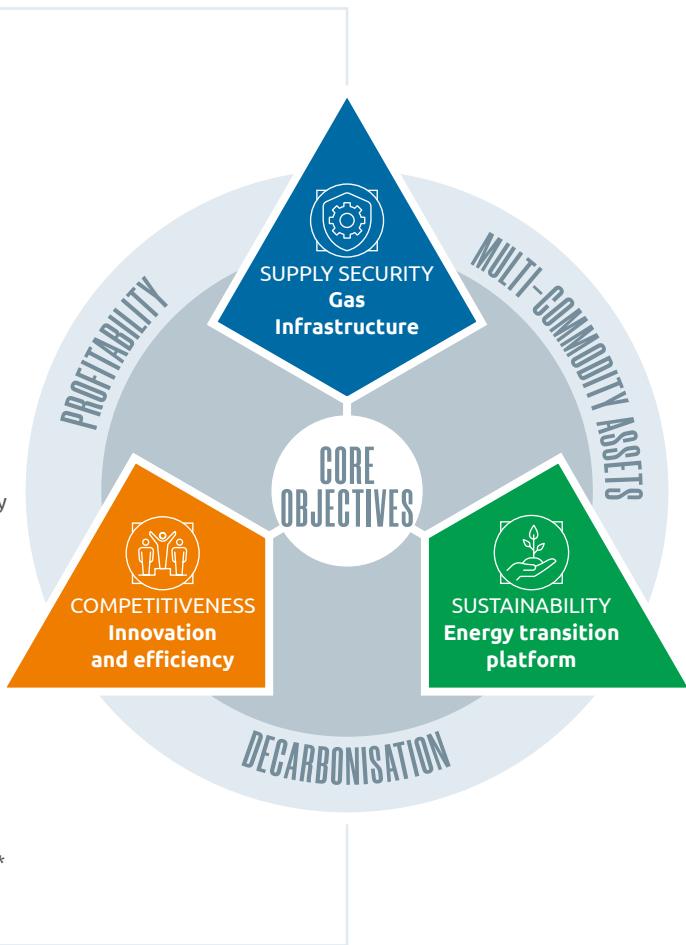
- **Biomethane**: target >100MW installed capacity
- **H2 projects**: demand development and skills enhancement
- **CCS technologies**: building a CCS ecosystem in Italy by leveraging equity investments in northern European companies
- **Energy Efficiency**: diversifying growth through public-private partnerships and energy performance contracts



### INNOVATION AND EFFICIENCY

*We digitise and optimise of assets and industrial processes*

- **SnamTEC**: >50 active projects
- Focus on cost efficiency, preparation for ROSS\*
- Flexibility and effectiveness for performance-based incentives



\*ROSS: new regulation based on total expenditure (CapEx + OpEx)



## GAS INFRASTRUCTURE

The gradual replacement of obsolete infrastructure, the installation of dual-fuel compressor stations, the development of **small-scale LNG** (SSLNG) and the expansion of the network of **LNG and bio-LNG stations** is envisaged over the plan period. The Group will also be engaged in the expansion of the **Adriatic backbone**, to be completed by 2027, to meet the need to increase gas transport capacity from South to North.

At the same time, the Group intends to **expand, enhance and optimise its storage system** to make it more flexible and increase its capacity, also thanks to the new Alfonsine site with a capacity of up to 1.8 billion cubic metres, which will be completed within the next five years.

Snam will also invest in LNG imports through its 2 **FRSUs**, which will help to increase the Group's regasification capacity by up to 16 billion cubic metres, thus ensuring greater security and diversification of Italy's energy supplies.

In line with future scenarios, which foresee the introduction of increasing volumes of hydrogen into the national and European system, investments in the modernisation of the transport and storage infrastructure have continued to be undertaken with an **H2-ready** and **multi-purpose** perspective: to date, 99% of the entire Snam network is capable of transporting up to 100% hydrogen (in accordance with ASME regulation B31.12<sup>1</sup>) and by the end of 2022, 750 km of the network have already been certified by an external body (RINA), with the aim of certifying more than 3,000 km and replacing more than 1,000 km with an H2-ready perspective within the Plan horizon. In this respect, Snam has studied the development of a **backbone completely dedicated to hydrogen**: 2,300 km of network, approximately 70% of which resulted from the repurposing of existing infrastructure.

Finally, with regard to storage, Snam has carried out laboratory tests to verify the possibility of storing up to 100% hydrogen with promising results and has started field investigations.



In November 2022, Snam successfully completed a series of tests at its Istrana (TV) compressor station aimed at experimenting with the use of hydrogen as a fuel to power the plant's gas turbines, using a mixture of hydrogen (at 10%) and natural gas.



## ENERGY TRANSITION PLATFORM

As just described, Snam's main contribution to the issue of sustainability is related to the reconversion of its infrastructure (gas pipelines and storage, which are already being used for a green gas such as biomethane) in a multi-molecule perspective, also through the creation of assets (e.g., backbones) for hydrogen, increasingly becoming carriers of renewable energies with positive impacts for end users. In addition to these activities on the regulated business, the company has been engaged in the development of an energy transition platform serving the country and operating on several businesses for years, as described below.

### Biomethane

Among the green gases, biomethane is the most advanced, readily available and rapidly scalable. Through the operation of **Bioenerys** (Formerly Snam4Environment), Snam intends to take on the role of industrial developer of a **national biomethane platform**. Plants of more than **100 MW** are expected to be commissioned by 2026, based on both the modernisation of biogas plants and new biomethane plants.



<sup>1</sup> The ASME (American Society of Mechanical Engineers) is a non-profit US association that enables collaboration, knowledge sharing and skills development across all engineering disciplines. ASME B31.12 is a standard for hydrogen pipes and pipelines and contains the requirements that infrastructures should have in order to enable the transport of hydrogen in a safe and quality manner.

## Decarbonisation Projects

Leveraging funds from the NRRP, Horizon Europe and the Innovation Fund, the **Decarbonisation Projects** Function will work on the development of the **hydrogen** market with the aim of implementing large-scale projects. In this regard, the strategic partnership with De Nora will enable Snam to improve its technological positioning, while increasing its level of competitiveness in new projects. In addition, the Group will continue to invest in research and development activities, such as **Hyaccelerator**, the acceleration project for hydrogen start-ups established for developing the most innovative companies in the sector.



The Italian Gigafactory is a collaboration between Snam and De Nora for the production of components for complete electrolyzers. It has received financial support of up to 63 million euros under the **IPCEI Hy2Tech** programme, a project of common interest approved by the European Commission to support research and innovation in hydrogen technology.

**CCS** technologies will be developed with the aim of achieving global decarbonisation targets. Snam intends to leverage its position by collaborating with companies such as the UK-based **Storegga** and the Anglo-Irish **dCarbonX**, to support the decarbonisation of hard-to-abate sectors, starting in northern Italy.



In December 2022, Snam and Eni signed an agreement for developing the first CCS project in Italy, which envisages the capture of 25,000 tonnes of CO<sub>2</sub> taken from Eni's natural gas treatment plant in Casalborsetti and its subsequent introduction into a depleted reservoir in the Adriatic Sea, off Ravenna.

## Energy Efficiency

Snam continues to offer energy efficiency solutions in the residential, industrial, tertiary, and public administration sectors through **Renovit**, investing around 200 million euros over the plan period.



## INNOVATION AND EFFICIENCY

Ensuring the effective management of infrastructure through the digitalisation of assets and industrial processes is one of the objectives pursued by Snam. As part of its Strategic Plan, Snam intends to invest in **SnamTEC**, the Group's innovation and digitalisation platform, which is fundamental for the creation of the **Asset Control Room** by 2026. It is an integrated data platform, 100% digitalised in digital twin 3D, which will allow to further improve the security and integrity of Snam's assets and activities, making them more cost-efficient.

## VISION TO 2030

Snam is actively committed to achieving carbon neutrality targets and supporting its path in the ecological transition. Considering that achieving the energy transition and full decarbonisation on a global level requires action not only in the short term, but also in the medium to long term, Snam has developed its own vision to 2030. In particular, for the period 2022-2030, the Group plans to invest up to **20 billion euros on the three pillars of the 'energy trilemma'**, focusing, among other things, on the reliability and resilience of the system with the completion of the Adriatic backbone, the increase of storage capacity, and the reconversion of assets with a multi-purpose perspective.

# SUSTAINABILITY STRATEGY

Aware of its role in the country system, for years Snam has been defining a sustainability strategy based on the challenge of decarbonisation and of the ecological transition, and on its commitment to guaranteeing job security to its people as well as their continuous professional growth, in a context of sustainability governance that guarantees the skills and commitment of the entire company. The Group also pays particular attention to the issue of the **just transition**, protecting its employees and suppliers including through the development of specific programmes and policies (e.g., HSEQ policy, Social Supply Chain Policy), as well as providing training and carrying out awareness activities, which together contribute to making the Group's employees better prepared to the path of the ecological transition, of which **Snam** is a protagonist.

Snam has integrated sustainability into its business model, formalising its commitment to combating climate change through its **Carbon Neutrality strategy** to 2040 and defining the **ESG Scorecard**, which monitors all key ESG benchmark KPIs.

The commitment of the Group's top management is absolute within this process, as demonstrated by the presence of KPIs related to sustainability aspects within the targets of the short- and long-term variable incentives defined in the Company's **Remuneration Report**. In particular, the following KPIs were included in 2022, in terms of short term objectives: the weighted accident frequency and severity index, inclusion in the DJSI, FTSE4GOOD, CDP Climate Change, and Sustainalytics sustainability indices and an increase in sustainable financing. In the long-term objectives, the reduction of natural gas emissions and equal representation in terms of gender diversity in the management team (middle and senior management) are considered.

## TOWARDS CARBON NEUTRALITY

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The issue of climate change is central to Snam, which has defined a decarbonisation strategy aimed at limiting and reducing greenhouse gas emissions, energy efficiency and the search for innovative, low-carbon solutions. The Group has outlined a clear pathway with intermediate targets at 2025, 2027 and 2030 in order to achieve **carbon neutrality in its operations by 2040** (to be understood as net zero emissions, taking into account off-setting actions) and progressively reduce emissions along the value chain.

Developed using the generic SBTi (Science-Based Targets initiative) methodology, the 2030 targets are in line with the goal of limiting global warming to within 1.5°C set in the Paris Agreement.

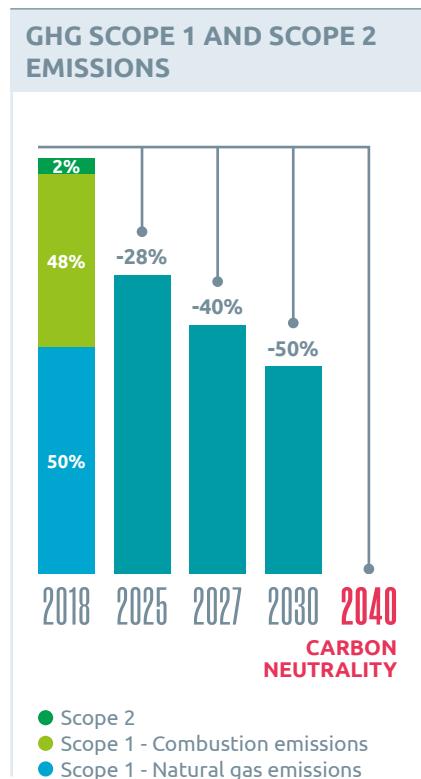


To identify its targets, Snam has defined strategic forecast scenarios based on those developed by ENTSOG and ENTSO-E, taking into account a substantial amount of information derived from the European Commission and International Energy Agency (IEA) scenarios, including the Net Zero emissions by 2050 scenario (NZE). Furthermore, in cooperation with Terna, Snam has defined possible evolutions of the Italian energy system in the medium to long term (2030 and 2040).

For more information on the scenarios underlying Snam's strategy, see the chapter "Context and Reference Scenarios" in the 2022 Climate Change Report.

# GHG SCOPE 1 AND SCOPE 2 EMISSIONS

Snam plans to reduce its GHG (greenhouse gas) Scope 1 and Scope 2 emissions by 28% by 2025, 40% by 2027 and 50% by 2030 (vs 2018), to achieve carbon neutrality by 2040. The Company has also set two targets on natural gas emissions, -55% by 2025 and -65% by 2030 (vs 2015), which go beyond those established by both the OGMP 2.0 (-45% by 2025 vs 2015) and the Global Methane Pledge (-30% by 2030 vs 2020) in relation to methane.



## Actions to reduce GHG Scope 1 emissions

### Reducing emissions from combustion

- Conversion of compressor stations to dual fuel (installation of new electric compressors in compressor stations and gas storage)
- Installation of boilers/ high-efficiency heat generators
- Increasing energy efficiency and energy saving in buildings

### Reduction of methane emissions

- Adoption of Leak Detection and Repair (LDAR) systems in all the most relevant installations
- Replacement of valves in approximately 350 pressure reduction and compressor stations
- Replacement of more than 3,000 pneumatic actuators with low-emission, air-powered or electrical instruments
- Recompression of natural gas in the network during planned maintenance (with an annual reduction target of 40%)
- Modification of gas boil-off compressors and installation of back-up compressors in the LNG terminal

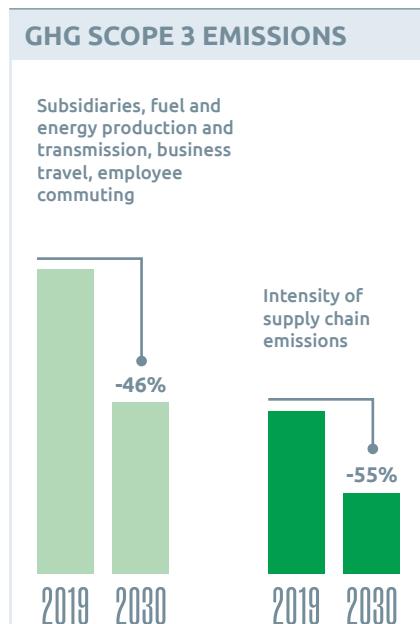
## Actions to reduce GHG Scope 2 emissions

- Progressive increase in the share of renewable electricity, including production from photovoltaic plants
- New headquarters with LEED GOLD certification

For Scope 1 and Scope 2 emissions that cannot be eliminated by 2040 through the above-mentioned measures, Snam has planned offsetting measures through certified offsetting projects.

# GHG SCOPE 3 EMISSIONS

Snam has set two targets for Scope 3 GHG emissions: -46% by 2030 (vs 2019), concerning emissions from associate companies and other minor emission categories, and -55% by 2030 (vs 2019), in relation to the emission intensity of the supply chain.



## Actions to reduce GHG Scope 3 emissions

### Initiatives with Associate companies

Snam maintains ongoing dialogue with investee companies to share best practices and guide them in defining decarbonisation strategies and plans.

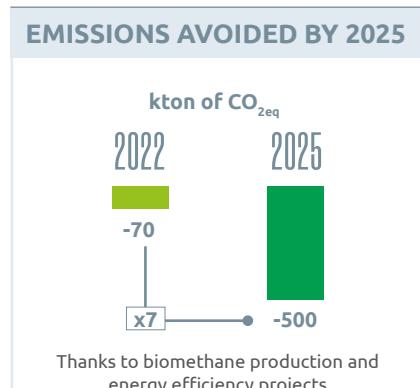
### Initiatives with suppliers

Snam encourages its suppliers to reduce their emissions:

- involving them in the **definition of clear reduction plans** by establishing new ESG criteria in scoring models, including specific requirements related to decarbonisation;
- **supporting them at the beginning of their emission reduction journey** through webinars to raise awareness of climate change and GHG emissions and through one-to-one interviews;
- by asking its most significant suppliers (in terms of emissions) to complete the **CDP Supply Chain questionnaire**.

### Initiatives to reduce other indirect emissions

Snam intends to reduce fuel and electricity consumption, the number of business trips by favouring online meetings and promoting a remote work policy.



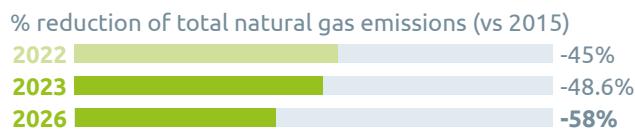
Snam can play a very significant role as an enabler of the country's energy transition. The Group's activities related to the energy transition business contribute to avoiding emissions that would otherwise be generated by other actors in the national system. Specifically, from the combined effect of emissions not produced as a result of Renovit's energy efficiency measures, as well as emissions saved from the combustion of biomethane produced by Bioenergy, which can be considered zero if associated with the Guarantees of Origin, Snam has estimated it will have contributed to avoiding 500 ktons of CO<sub>2eq</sub> emissions by 2025.

# THE ESG SCORECARD

## ENVIRONMENT



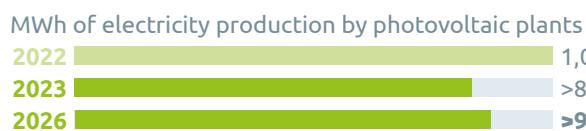
### Natural Gas Emissions



% natural gas recovered from maintenance activities (average last 5 years)

**>40%** annually until 2026

### Energy savings of operational management



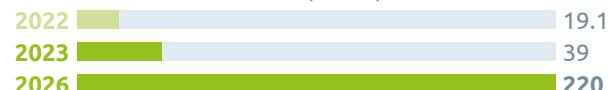
% of retrofit and methane fuelled cars out of total car fleet

**59%** for 2022

### New Business - Green Innovation



Production of biomethane (Msmc)



Reduction of CO<sub>2</sub> equivalent from energy efficiency intervention (kton)



Cumulated number of installed CNG and L-CNG stations



Available LNG capacity for SSLNG market (ktpa)

**250** by 2026

### Land Protection & Biodiversity

## GOVERNANCE



### Governance Functioning and Structure

% of ESG matters discussed at BoD meetings and induction sessions

**42%** for 2022

### Infrastructure Reliability



Average annual customer satisfaction rate in terms of service quality



% of reliability levels on gas supply

**99.8%** annually until 2026

### Anti-corruption

% of third parties subject to the procurement process on which reputational checks have been performed

**100%** annually until 2026

### Sustainable Finance



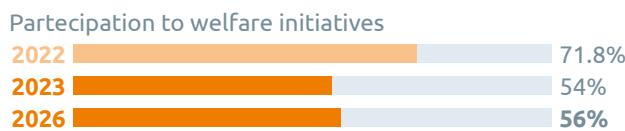
ESG Financing % / Total Committed Funding



# SOCIAL



## Welfare



## Employee engagement



## Safety



< average last 3 years annually until 2026

## Gender Diversity



## Responsible Supply



## Local Community Engagement



## The ESG Scorecard

Snam has defined its **ESG Scorecard** as a tool for monitoring corporate performance with respect to the targets set for the most relevant sustainability issues. The Scorecard also aims to improve transparency in communicating the Company's actions and its commitment to stakeholders, the market and the general public, in line with the evolutions of the Strategic Plan and industrial priorities.

The ESG Scorecard and its KPIs are reviewed and updated annually downstream of the Strategic Plan, directly involving all the functions of the Group and its subsidiaries. Performance is monitored on a quarterly basis.

The scope of the indicators contained in the ESG Scorecard in 2022 remained unchanged from 2021. Changes are instead expected in 2023 related to projects coming to an end (the methane retrofit of the company fleet), activities that are considered immutable long-term commitments (vegetation recovery, anti-corruption, the percentage of Board time devoted to ESG issues) and new industry and/or scenario priorities (cybersecurity, innovation, CCS).

# SUSTAINABLE FINANCE AND CONTRIBUTION TO THE SDGs

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	Percentage of ESG finance out of total available funding	ESG SCORECARD 65% by 2022 80% by 2026	70% 



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

In line with the growing importance that sustainable finance and related instruments are assuming within the financial landscape, Snam has, since 2018, progressively aligned its financial strategy with the Group's sustainability objectives, in order to strengthen its role in the energy transition and diversify its investor base. This commitment has also taken the form of setting a target to increase the weight of sustainable finance in total funding to 80% by 2026 - reaching 70% in 2022 - as well as issuing bonds to finance investments in environmental sustainability and the energy transition.

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Starting in 2018, Snam finalised the conversion of the pre-existing 3.2 billion euro revolving credit facility into a Sustainable loan whose economic performance is only linked to the performance of certain ESG KPIs selected among those monitored by the Company. Consistent with the structure of the sustainable loan, additional bank lines totalling approximately 2.1 billion euros were finalised between 2021 and 2022. On the capital market, between 2019 and 2022, Snam issued bond instruments with a Use of Proceeds format such as a Climate Action Bond, four Transition Bonds and an Inaugural EU Taxonomy-Aligned Transition Bond. In January 2022, Snam also issued a Sustainability-linked bond for the first time, whose economic performance is linked to the achievement of certain CO<sub>2</sub> (Scope 1 and 2) and methane emission targets.

## Snam's emissions in the context of sustainable finance

2019	2020-2021	2022
<b>Climate Action Bond 500 million euros</b> , the proceeds of which were used to finance, and in part refinance, the Eligible Projects of Snam's Climate Action Bond Framework.	<b>Four Transition Bonds for 2,350 million euros</b> , the proceeds of which were used to finance the Eligible Projects of Snam's Transition Bond Framework.	<b>Inaugural Sustainability-linked bond (SLB) for 1.5 billion euros</b> , whose economic performance is linked to the achievement of certain sustainability targets.



The inaugural Sustainable-Linked Bond (**General corporate purpose** format) and the EU Taxonomy-Aligned Transition Bond (**Use Of Proceeds** format) were issued as part of the **Sustainable Finance Framework<sup>2</sup>** published in 2021, which received a Second Party Opinion from ISS and is an evolution of the previous frameworks based on recent market developments in the area of bond issuance structures linked to environmental KPIs and the European Taxonomy of Green Investments.

Limited to the Use of Proceeds bond instruments, included in the Transition Bond Framework and more recently in the Sustainable Finance Framework, the proceeds raised through their issuance will be used to finance or refinance existing and future Eligible Projects. Specifically, as of 31 December 2022, Snam had financed eligible projects for approximately 2.5 billion euros (vs 1.6 billion euros in 2021), equal to about 80% of the instruments issued by 2022, of which about 50% of the total financed was allocated to the category of Retrofit of gas transmission network projects.



Starting in 2018, Snam has a **Euro Commercial Paper** programme available, which has been linked to environmental and social sustainability objectives in line with the Sustainable Loan since 2020, obtaining an EE+ ESG rating for the instrument from the ESG rating company Standard Ethics, increased in 2022 compared to the previous year.

## THE CFO COALITION FOR THE SDGs

Snam has long been a member of the United Nations Global Compact (UNCG), which promotes the creation of a business model based on ten fundamental principles in the areas of human rights, labour, the environment and the fight against corruption, and aims to achieve the 17 Sustainable Development Goals of the 2030 Agenda. In this context, Snam participates in the CFO Coalition for the SDGs (formerly the UNCG CFO Taskforce), an initiative launched by the UN as part of the Global Compact with the aim of **expanding the sustainable finance market** and **promoting the flow of capital towards investments that significantly contribute to the achievement of the SDGs**.

As an active member of the CFO Coalition, Snam adopts the principles and guidelines defined between 2020 and 2021 in cooperation with the other members of the initiative, with the ultimate aim of contributing to the creation of an increasingly transparent and efficient SDGs-aligned financial market. To this end, with regard to the 2022 final balance, Snam has carried out an alignment analysis between the SDGs and investments which showed that, thanks to maintenance, modernisation and replacement activities and those related to energy transition businesses, 62% of CapEx is aligned and contributes in particular to the achievement of SDGs 7, 9, 12 and 13. The change of 18 percentage points compared to 2021 is due to increased investments in biomethane and security of energy supply, also with the aim of increasing the competitiveness of energy prices.

### 62% of CapEx aligned and contributing to 4 SDGs



#### SNAM'S ACTIONS FOR THE SDGS

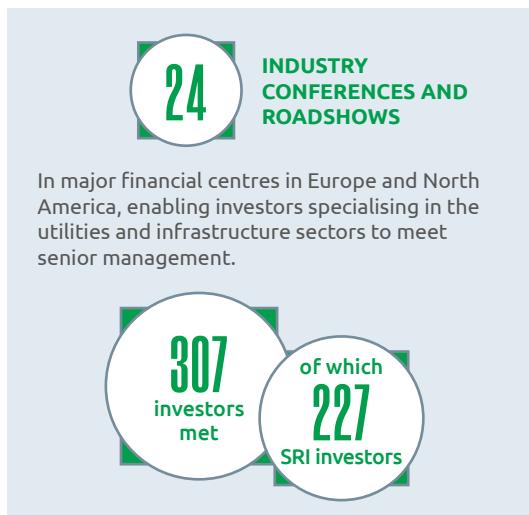
Description	SDGs
Increase the production of energy from renewable resources, including biomethane, and improve the energy efficiency of Snam's operations, avoiding or reducing the impact on the environment, landscape and cultural heritage.	7 AFFORDABLE AND CLEAN ENERGY
Building a more resilient and sustainable infrastructure. In the new strategic plan, Snam has maintained its focus on the goals of achieving carbon neutrality by 2040, accelerating the plan to replace compressor stations with dual-fuel technology and continuing investments to modernise the infrastructure with an H2-ready perspective. Snam is also planning a substantial digitalisation of its business, which will enable the company to guarantee ever greater security and sustainability of its operations.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Among the green gases, biomethane is the most advanced, readily available and rapidly scalable. Through the operation of Bioenerys (formerly Snam4Environment), Snam intends to take on the role of industrial developer of a national biomethane platform. Plants, for a total of more than 100 MW, are expected to be commissioned by 2026, based on both the modernisation of biogas plants and new biomethane plants.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Playing a crucial role in the energy transition and with a long-term vision aligned with the purpose "Energy to inspire the world" and European objectives, being one of the first companies in the energy sector to plan to achieve carbon neutrality by 2040, making a concrete contribution to the decarbonisation of the system through the development of green gases and, in particular, hydrogen and biomethane.	13 CLIMATE ACTION

2 For more details on Snam's 'Sustainable Finance Framework,' see the document published at the following link: [https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito\\_credit\\_rating/file/Sustainable-Finance-Framework\\_Snam\\_29.11.2021.pdf](https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito_credit_rating/file/Sustainable-Finance-Framework_Snam_29.11.2021.pdf)

# RELATIONS WITH THE FINANCIAL COMMUNITY AND ESG AWARDS

Snam is committed to distributing comprehensive and timely information capable of effectively representing the business strategy and performance, enhancing the dynamics that ensure the creation of value over time. In this regard, the **Policy for Managing Dialogue with Shareholders and Other Stakeholders** was approved in 2021, which regulates the traditional means of conducting engagement activities, as well as the dialogue between the Board of Directors and Stakeholders on issues within the Board's remit.

## Engagement activities with the financial community



By 2022, SRI investors represented 43% of the total institutional shareholding and 18% of the total shareholding.

With a view to making the Group more visible to investors and to the financial market as a whole, and ensuring greater comparability with its peers, Snam's shares are included in the main sustainability and ESG rating indices, within which its presence has been confirmed for 2022 as well. Particularly noteworthy are the changes in the rating obtained by ISS ESG, which improved from B- to B, by FTSE4GOOD, which went from 3.9 to 3.8 out of 5, and by MSCI, in which Snam was upgraded from A to AA. In addition, Snam was confirmed in the ratings of Sustainalytics (a global leader in ESG and Corporate Governance research and rating) with a risk rating of 14.1 (vs. 15.9 last year) and a first-place ranking out of 94 companies in the gas utility sector (second place out of 93 the previous year).

For further insights into sustainable finance, see the section 'Sustainable Finance and SDGs Investments' in the 2022 Directors' Report.

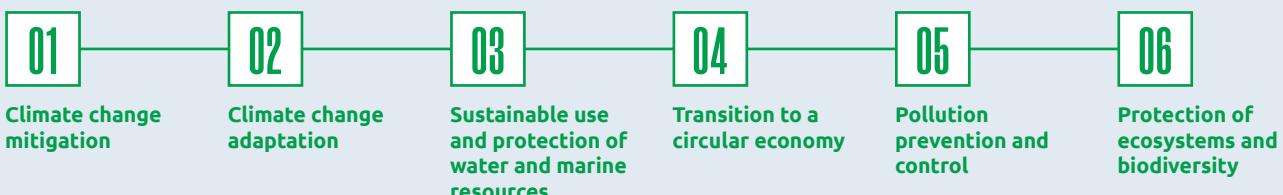
# EUROPEAN TAXONOMY FOR ENVIRONMENTALLY-SUSTAINABLE ACTIVITIES

Attention to environmental and social sustainability issues has grown significantly in recent years, and with it, the role of private investment in supporting sustainable development. The European Commission has defined specific objectives for sustainable finance, which it is implementing through various initiatives.

One of these is the **European Regulation 2020/852** (known as the EU Taxonomy), a measure that provides a classification system for economic activities by defining what is and is not environmentally sustainable on the basis of objective criteria, based on alignment with EU environmental objectives and compliance with certain social clauses. The Taxonomy thus provides a common language for investors and companies for directing investments towards more sustainable technologies and activities. The **Climate Act**, (Delegated Regulation (EU) of the European Commission 2021/2139 of 4 June 2021) identifies the economic activities that contribute to the first two environmental objectives (climate change mitigation and climate change adaptation) and defines the related **technical screening criteria** established by the European Commission.



'Environmentally-sustainable activities' (also referred to as "aligned activities") are defined as all those activities that contribute to at least one of the following environmental objectives, without, at the same time, causing significant harm to other environmental objectives (Do No Significant Harm - DNSH) and carried out in compliance with minimum social safeguards:



The Taxonomy classifies activities into:

- **Eligible:** an economic activity described in the Delegated Acts relating to the environmental objectives of the Taxonomy, regardless of whether the respective technical screening criteria are met.
- **Aligned:** an eligible economic activity that substantially contributes to one of the taxonomy objectives by meeting the criteria for technical screening, does not cause significant harm to other environmental objectives, and respects the minimum social safeguards set out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The FY 2021 disclosure required non-financial companies that are required to publish a Non-Financial Statement to disclose the portion of their revenue, capital expenditure (CapEx) and operating expenditure (OpEx) defined as eligible (called Taxonomy-eligible) as defined by the Climate Act in relation to the first two environmental objectives. From 2023 onwards, with reference to FY 2022, in addition to the information on proportion of **revenue, CapEx and OpEx defined as eligible**, these companies must report on the extent to which their economic activities are environmentally sustainable (called '**Taxonomy-aligned**'), representing the share of the same taxonomy-aligned KPIs in reference to the first two environmental objectives<sup>3</sup>.



An economic activity is defined as Taxonomy-eligible if it is described in the Delegated Acts with respect to the intended environmental objectives. An economic activity is defined as 'Taxonomy-aligned' if it substantially contributes to one of the objectives of the Taxonomy, does not cause significant harm to other environmental objectives, complies with the technical screening criteria and simultaneously respects the minimum social guarantees established by the OECD and the United Nations.

<sup>3</sup> On 4 June 2021, the European Commission adopted Delegated Regulation (EU) 2021/2139, which sets out the criteria for technical screening to determine when a given economic activity can be considered "environmentally sustainable" because it contributes substantially to climate change mitigation or adaptation, without causing significant harm to one or more of the other environmental objectives (the "Climate Act"). The Climate Act outlines the two sets of technical screening criteria respectively in Annex 1, for climate change mitigation (art. 10 of EU Regulation 2020/852), and Annex 2, for climate change adaptation (art. 11 of EU Regulation 2020/852).

# THE EUROPEAN TAXONOMY APPLIED TO SNAM

Snam has welcomed the direction taken by the European Commission with the definition of the Taxonomy of Environmentally-Sustainable Activities.

In 2021, in order to comply with the provisions of Article 10 of Regulation 2021/2178 of the European Commission, Snam assessed the share of eligible activities ('Taxonomy-eligible' activities) among those pursued by the Group based on the interpretation of the activities described in the Climate Act and on the information published by the European Commission.

Compared to the interpretation given last year, further investigations carried out in 2022, in cooperation with a large group of companies in the sector and coordinated by the main trade associations, led to a change in the approach towards certain activities carried out by the Group from a more cautious perspective. In particular, for the purposes of identifying Taxonomy-eligible activities, gas storage activities were not considered, since they are not included in the Climate Act, which only envisages the storage of hydrogen, although Snam is working towards H2-readiness and is preparing for the conversion of some reservoirs currently used for the storage of methane into hydrogen. Furthermore, activities in sustainable mobility were excluded, and as far as transport network management activities are concerned, only a proportion of revenues proportional to the share of green gases (biomethane and hydrogen) transported in 2022 in relation to the total demand for the same year was considered eligible in the calculation of the revenue KPI.

As required by Delegated Regulation 2021/2178, in addition to the share of **Taxonomy-eligible** activities, in 2022 Snam also identified the share of **Taxonomy-aligned** activities, as presented in the tables below:

## KPIS RELATED TO TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

		Ricavi	CapEx	OpEx
Total Taxonomy-eligible	mln €	702	1,212	56
Total Snam	mln €	3,317	1,926	75
Taxonomy-eligible proportion	%	21.2	62.9	74.7

## KPIS RELATED TO TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

		Ricavi	CapEx	OpEx
Total Taxonomy-aligned	mln €	661	747	28
Total Snam	mln €	3,317	1,926	75
Taxonomy-aligned proportion	%	19.9	38.8	37.1

For further details on the methodology adopted, see the section 'Performance 2022, European Taxonomy for Ecosustainable Activities' in the Directors' Report.





# **ENSURING ENERGY SECURITY THROUGH INFRASTRUCTURE**



# RELIABLE, SECURE AND RESILIENT INFRASTRUCTURE

# Snam's presence in Italy



## NATURAL GAS TRANSPORTATION

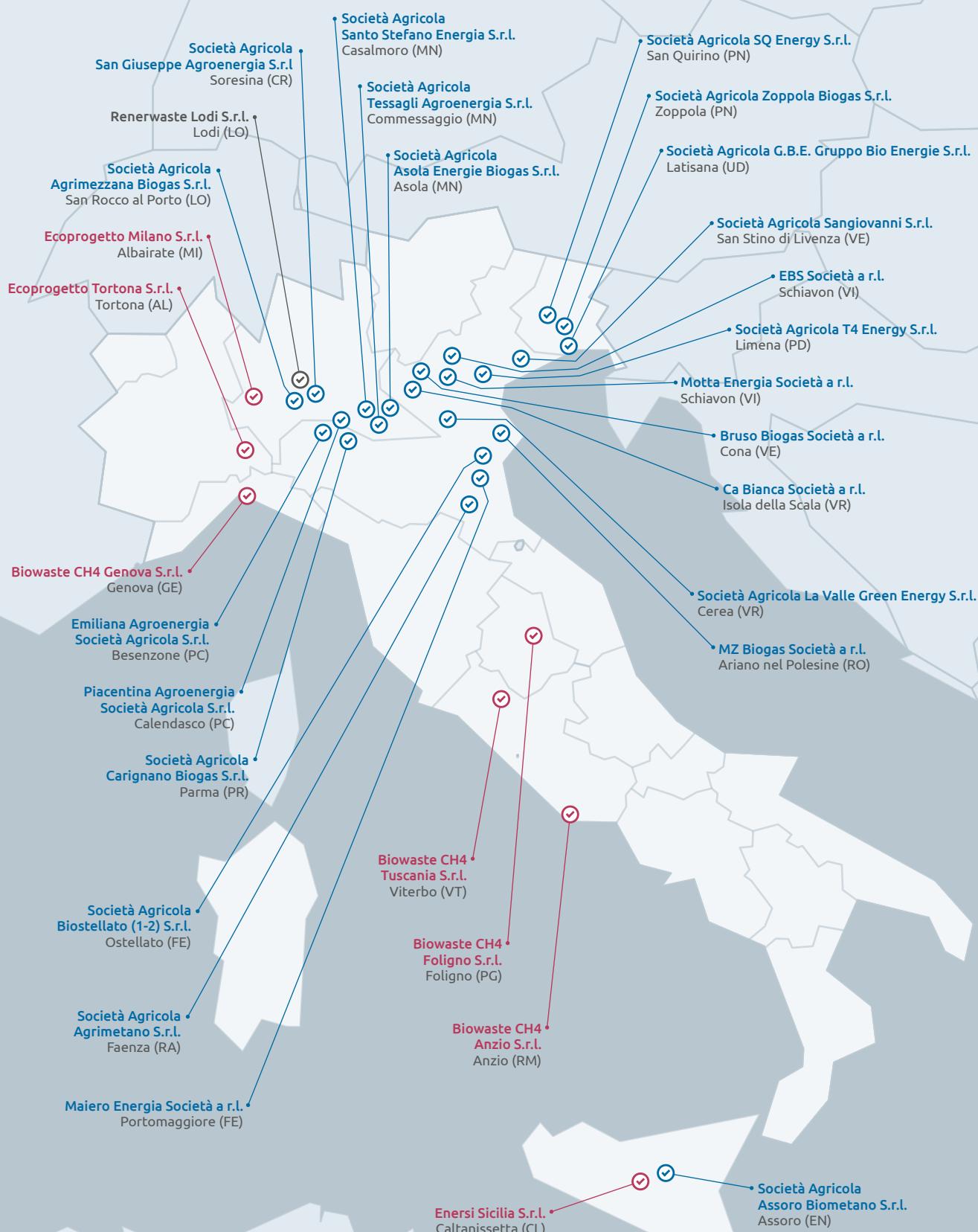
Entry points	9
Compression stations	13
Pipelines under operations	32,862km

## LNG REGASIFICATION

Regasification plants	1
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## NATURAL GAS STORAGE

Operating concessions	9
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## BIOMETHANE/BIOGAS OPERATING PLANTS

☒ Agri Biogas ☒ Waste Biomethane ☒ Other

# INTERCONNECTOR

TEREGA

GCA

TAG

TAP

DESEA

TRANSMED

GREEN STREAM

ALGERIA

LIBIA

ITALIAN PIPELINE NETWORK

Storage plants

Regasification plants

LNG terminals

FSRU (Floating regasification unit)  
WORK IN PROGRESS

STAKES IN INTERNATIONAL GAS PIPELINES

Storage plants

Regasification plants

LNG terminals

OTHER INTERNATIONAL GAS PIPELINES

# Snam's presence in the international infrastructure system



# GAS INFRASTRUCTURE BUSINESS

For over 80 years, Snam has been involved in the transport, dispatching, storage and regasification of natural gas within the European and national energy scene, ensuring its energy security.

In recent years, the company has progressively increased its efforts to become an enabler of the energy transition through the development of the energy efficiency, biomethane and hydrogen businesses, which will also play a key role in achieving energy independence.

With the goal of achieving carbon neutrality by 2040, Snam will continue to leverage its gas infrastructure business, converting existing assets to multi-commodity, i.e., working to make them capable of transporting and storing not only natural gas, but also renewable gases such as hydrogen and biomethane.



## Transportation

Through its subsidiary **Snam Rete Gas**, Snam guarantees the transport of natural gas along the entire peninsula thanks to a network of gas pipelines that extensively covers the country, ensuring its energy security.

The gas is injected into the network from import points, regasification plants and production and storage centres, to reach local distribution networks, regional network redelivery points or large end customers (thermal power stations or industrial production plants).

In order to ensure the regular flow of gas, the company uses **13 compression plants** located along the national gas pipeline network to maintain a constant gas pressure along its entire path. In order to supervise and control the activities of the **48 Maintenance Centres** throughout the country, Snam has **eight Districts** and a **Dispatching Centre**, considered the technological brain of the Italian gas network, which remotely monitors and controls the transport network and coordinates the compression plants.

Thanks to an IT platform, shippers (users of transport services) have the possibility to sell and exchange gas at a **Virtual Trading Point (VTSs)** of the national network.



In recent years, the existing transport network has been repurposed in an H2-ready manner, thus making it capable of transporting increasing percentages of hydrogen. Already by 2021, 99% of Snam's pipelines are capable of transporting up to 100% hydrogen.

## OPERATING FIGURES

	Measurement unit	2020	2021	2022	% change
Pipelines network (*)	km	32,647	32,767	32,862	0.3
of which National Network (*)	km	9,649	9,655	9,755	1.0
of which Regional Network	km	22,998	23,112	23,107	0.0
Natural gas injected in the network (**)	billion m³	69.97	75.77	75.40	(0.5)
of which imported	billion m³	66.11	72.64	72.29	(0.5)
of which national production	billion m³	3.86	3.13	3.11	(0.6)
Power installed in the compression stations	MW	961	973	965	(0.8)
Employees	no.	1,910	1,843	1,903	3.3

(\*) The amount includes 84 km of network relative to Infrastrutture Trasporto Gas.

(\*\*) The data for 2022 is current as at 23 January 2023. The corresponding value for 2021 has been definitively updated and is aligned with that published by the Ministry of Economic Development. Gas volumes are expressed in Standard cubic metres (Scm) with an average Gross Heating Value (HHV) of 38.1 MJ/Scm (10.573 Kwh/Scm).



## Storage

Through its subsidiary **Stogit**, Snam manages **nine storage plants** that act in synergy with the Company's other transport and regasification infrastructures, contributing to the country's energy security.

In fact, gas storage is essential for managing fluctuations in demand linked to seasonal dynamics and is a strategic solution against unforeseen events, such as interruptions or reductions in non-European supplies, or unexpected increases in demand due to extreme weather conditions.

Stogit is the largest storage operator in Italy and one of the largest in Europe. With the aim of making the storage system more flexible, as well as optimised and enhanced, the company started working on the construction of a new plant at the Alfonsine (RA) site, which will increase Snam's storage capacity by 15% (1.8 bcm).

Like the transport business, Snam's storage business will also evolve towards a multi-purpose structure, i.e., also capable of handling green gases such as hydrogen and biomethane in order to contribute not only to greater energy security but also to the achievement of the carbon neutrality target by 2040.

### OPERATING FIGURES

	Measurement unit	2020	2021	2022	% change
Gas moved in the storage reservoirs (*) (**)	billion m <sup>3</sup>	19.60	18.41	18.47	0.3
of which injected into storage (**)	billion m <sup>3</sup>	9.30	8.48	10.46	23.3
of which delivered into storage (**)	billion m <sup>3</sup>	10.30	9.93	8.01	(19.3)
Total storage capacity	billion m <sup>3</sup>	17.0	16.5	16.5	-
of which available (***)	billion m <sup>3</sup>	12.5	12.0	12.0	-
of which strategic	billion m <sup>3</sup>	4.5	4.5	4.5	-
Employees	no.	62	66	70	6.1

(\*) The volumes of gas are expressed in Standard cubic meters (Smc) with an average Gross Calorific Value (PCS) equal to about 39.6 MJ / Smc (10.919 kWh/Smc) for natural gas storage for the thermal year 2022-2023. The corresponding 2021 value has been definitively updated.

(\*\*) The value for 2021 has been definitively updated and is aligned with that published by the Ministry of Economic Development

(\*\*\*) Working gas capacity for modulation, mining and balancing services. The value indicated represents the maximum available capacity. The available capacity for the thermal year 2022-2023 is approximately 94% as at 31 December 2022 (90% as at 31 December 2021).



## Regasification

Through its subsidiary **GNL Italia**, Snam manages the regasification of liquefied natural gas arriving to Italy by sea. Once extracted, the natural gas is liquefied - becoming LNG - through a specific cooling process that allows a considerable reduction in volume, which is then transported more easily by LNG carriers.

The first regasification plant built in Italy was the terminal in **Panigaglia** (La Spezia), built in 1971. The terminal occupies an area of approximately 45,000 square metres and consists of two storage tanks of 50,000 cubic metres each, vaporisation plants and a landing stage for LNG carriers. The design, construction and operational criteria of the Panigaglia terminal meet the strictest international standards and use the most modern technologies for safety and environmental protection.

### OPERATING FIGURES

	Measurement unit	2020	2021	2022	% change
Gas rigassificato (*)	billion m <sup>3</sup>	2.55	1.05	2.24	113.3
Numero di navi metaniere attraccate	no.	60	25	59	136.0
Dipendenti	no.	67	65	66	1.5

(\*) The value for 2021 has been definitively updated and is aligned with that published by the Ministry of Economic Development.

# THE CONTRIBUTION OF FSRUS TO ENERGY SECURITY

In order to promote greater security and diversification of energy supplies, in 2022 Snam invested in FSRUs (Floating Storage and Regasification Units), i.e., vessels placed near a port area, on the quayside or offshore, which receive liquefied natural gas (LNG) to store it, regasify it and then feed it into the national gas transportation network.

In particular, the Company acquired an FSRU named Golar Tundra, and signed a contract to acquire 100% of the share capital of the company FSRU I limited, to which another FSRU (BW Singapore) will be contributed by the end of 2023. Each FSRU has a maximum storage capacity of about 170,000 cubic metres of GNL and a regasification capacity of about 5 billion cubic metres per year.

Thanks also to the contribution of the new regasification units acquired by Snam in Italy, liquefied natural gas will cover about one third of Italy's annual demand.

The projects of the two FSRUs are presented below, including the authorisation procedures and environmental studies completed in order to carry out the activities while safeguarding the territory and biodiversity, avoiding and minimising environmental impacts. Both projects are part of the initiatives related to the construction of new regasification capacity regulated by Article 5 of Italian Decree-Law 50 of 17/05/2022 and aimed at diversifying gas supply sources, with a view to ensuring national energy security.

	FSRU GOLAR TUNDRA	FSRU BW SINGAPORE
Installation location and timing	<p>The FSRU is expected to become operational in 2023, and will remain moored in the port of Piombino for the first three years. In 2023, Snam will have to announce the location where the FSRU will be moored from 2026.</p>	<p>The FSRU is currently operated under a charter contract, i.e., a ship charter, until November 2023. BW Singapore will be docked in the Adriatic Sea, 4.5 miles off the port of Ravenna, following the completion of adaptation and expansion works. The commissioning date is expected by the end of 2024.</p>
Maximum storage capacity	170,000 cubic metres	170,000 cubic metres
Annual regasification capacity	5 billion cubic metres	5 billion cubic metres
Environmental Impacts	<p>In the documentation produced in support of the application for authorisation of the works, Snam considered all the environmental effects of the projects on the territory by means of detailed studies and reports, faithfully completing the documentary dossier of a normal authorisation procedure, despite the fact that, as established by Article 5, paragraph 3 of Italian Legislative Decree 50/2022, both projects were excluded from the Environmental Impact Assessment Procedure. In addition, the interaction of the works with national, regional and local protection and planning instruments was evaluated, analysing the state of the territory for all the environmental and landscape-cultural components present, both marine and terrestrial, and assessing their impact during construction and when completed. <b>The results showed that the impact of the work is entirely transitory and limited to the construction phases: once in operation, the impacts can be considered negligible.</b> In any case, an Environmental Monitoring Plan will be adopted, as agreed with the relevant Authorities, which will call for constant post-operative checks and controls to ascertain and confirm the absence of impacts on the territory and the environment. The two projects were also submitted to the Integrated Environmental Authorisation (IEA) procedure in order to regulate their emissions and discharges, as well as to ensure the compatibility of the activity with the territory. With particular reference to the FSRU project offshore Ravenna, Snam also obtained the Single Environmental Authorisation (SEA) for the Wobbe Index regulation plant<sup>4</sup> located in the Punta Marina area, about 2 km from the arrival point of the gas pipeline coming from the sea. This plant will be integrated in the landscape and environmentally with the surrounding context by creating an environmental mitigation strip of approximately 96 hectares that will be reforested to create a new green nucleus to benefit the community and contribute to the reduction of CO<sub>2</sub> and particulate matter in Ravenna.</p>	

For more information on the operation of the FSRUs, please refer to the following link: [https://www.snam.it/en/about-us/snam-infrastructures/floating\\_storage\\_regasification\\_units\\_fsrus/index.html](https://www.snam.it/en/about-us/snam-infrastructures/floating_storage_regasification_units_fsrus/index.html)

<sup>4</sup> The Wobbe index is a measure of the relationship between the calorific value of the gas in the presence of a given volume and the square root of its relative density, under the same conditions as the sample considered.

# THE REGULATION AND QUALITY OF SERVICES

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
 <b>7 AFFORDABLE AND CLEAN ENERGY</b>	Average annual customer satisfaction with quality of service	 7.95 by 2022 8.1 by 2026	<b>8.4</b> the figure presents the one-off impacts of the implementation of customer service improvement initiatives 
 <b>9 INNOVATION AND INFRASTRUCTURE</b>	Percentage of the gas supply reliability level	 99.9% until 2026	<b>99.9%</b> 



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

Gas infrastructures in Italy are subject to regulation by the **Regulatory Authority for Energy Networks and the Environment (ARERA)**, an independent administrative body with regulatory and control powers in the electricity, natural gas, water services, waste cycle and district heat sectors.

ARERA acts on three main regulation areas:

- **revenues and tariffs**, through the definition of criteria and the approval of tariff proposals;
- **third-party access to the infrastructure** following the approval of the contractual provisions contained in the Network and Service Codes;
- **service quality**, through the formulation of standards and carrying out controls.

The Authority defines the criteria for tariff regulation every four years for each regulated business, which guarantee the coverage of operating costs, depreciation and a fair return on net invested capital. In fact, the regulation provides specific incentives for gas infrastructure operators, differentiated according to the type of investments made during each regulatory period and the outputs generated for the system.

Each regulated company annually submits a tariff proposal for approval by the Authority, which monitors service quality in relation to safety and continuity aspects.



To date, about 77% of Snam's revenues are regulated, making tariff regulation an essential element of the Group's business, capable of enhancing the value of its infrastructure capital, as well as supporting its investments.

## Snam actively interacts with ARERA

MEETING AND DISCUSSING	RESPONDING	RESPONDING	ELABORATING AND PRESENTING
with the <b>College and the Technical Offices</b> of the Authority on issues concerning the evolution of the regulatory framework and the trend of regulated services.	directly or through trade associations, to <b>public consultations</b> held by the Authority in relation to the industry activities in order to define new standards or to review the standards in force.	in <b>technical working tables</b> established by the Authority, on issues relating to the development of the regulatory framework, <b>data collections</b> and <b>surveys</b> carried out during the year in order to assess the state of the industry or individual services. It periodically sends the requested data to fulfil its reporting obligations.	and submitting <b>tariff proposals</b> for transport, storage and regasification activities and <b>amendments to the Transport, Storage and Regasification Network Codes</b> , which are subsequently submitted to the Authority for approval.

During the year, Snam contributed to the evolution of the regulatory system through its active participation in the regulatory criteria for the sixth period in the gas transportation business, the evolution towards Regulation by Expense and Service Objectives, the reorganisation of metering activities for gas transport, the directives for connecting biomethane production plants to natural gas networks, and the definition of the **Asset Health Methodology** for evaluating the health of infrastructures, as well as incentive mechanisms for the efficient use of transportation infrastructures.

## ASSET HEALTH METHODOLOGY

Today's gas transport infrastructure has been gradually developed since the 1950s and 60s to meet the country's growing demand for natural gas. Therefore, the health status of methane pipelines depends on several factors that require specific assessments be carried out on a case-by-case basis.

The **Asset Health Methodology (AHM)** developed by Snam is based on the principles of the asset management process and, in particular, on the regulations and standards resulting from the evolution of this process, including the recent **ISO 55000 standard**, which defines the main tasks of a structured and effective asset management system. Snam's methodology identifies the **principles and logic that Italian gas transmission system operators adopt in order to assess the health of their assets**, also representing an additional tool to support investment decisions regarding the replacement of obsolete or fully depreciated assets.

For more information, please visit: [https://www.snam.it/en/transportation/asset\\_health\\_methodology/index.html](https://www.snam.it/en/transportation/asset_health_methodology/index.html)

With regards to the services offered, Snam has seen to:

- the completion, in coordination with the Integrated Information System Operator, of the testing activities of the transport capacity allocation process at interconnections with distribution;
- the integration of the default service to reduce the System's exposure to defaulters;
- the introduction of auction-based allocations of intraday storage capacity on an hourly basis;
- the simplification and digitalisation of the management process of the credit requirements of storage and regasification service users;
- the introduction of extraordinary capacity booking sessions to promote faster matching of customer demand and shipper-supplier supply;
- the definition of the procedures for the first allocation of regasification capacity at the new FSRU LNG Terminal in Piombino.

For further information on the relations with ARERA held during the year, please refer to the chapter 'Operating Performance in the Sectors of Activity, Regulatory Framework and Main Developments' in the 2022 Annual Report.

# MONITORING SERVICE QUALITY

Network Codes discipline the regulated market activities by governing procedures for transport, storage, regasification, operation, planning, development and maintenance of the national gas network, as well as dispatching and metering activities. In 2022, the quality of the service provided maintained high performance with more customers in the transport sector, which increased thanks to the flexibility services that helped to attract more shippers, from 160 in 2021 to 250 in 2022. The regasification business also recorded a growth in users (2 in 2021, 8 in 2022) as a consequence of the increased competitiveness of LNG on the market, while for storage there was a decrease in shippers, from 88 in 2021 to 65 in 2022, caused primarily by the instability of gas prices that characterised the year. On the other hand, transport connection contracts decreased as a result of the decrease in acceptances by CNG plants due to the increase in the cost of raw materials and the uncertainty of the markets on the automotive front.

## Customers in numbers

2003	2022	Contracts signed in 2022
 <b>30</b> OPERATORS	<b>330 OPERATORS</b> (between shippers and traders, including SRG and GSE)  of which <b>250 SHIPPERS</b> (8 for regasification and 66 for storage) as at 31.12.2022	<b>65 CONNECTION CONTRACTS</b> for the creation of new delivery / redelivery points or for upgrading existing points of which  <b>24</b> for the release of biomethane <b>8</b> for services in CNG Refuelling Areas

## Main activities carried out by Snam Rete Gas for gas metering

'Metering' activities	'Metering reading' activities	Verification of compliance with technical regulations	Centralised programming and management activities	Management of gas analysis and metering laboratories
Maintenance and management of metering assets carried out on more than 300 quantity metering systems and more than 200 quality metering systems.	Collecting, validating, recording and making available the metering data obtained from more than 7,000 systems installed at all points on the Snam Rete Gas transport network where gas is injected and/or withdrawn.	Verification of compliance with current technical regulations of the design of the metering systems owned by third parties physically connected to the network of methane pipelines managed by Snam Rete Gas.	Carrying out centralised programming and management of odourisation plants and control of their ordinary and extraordinary maintenance.	Management of laboratories providing gas analyses and metering, including their accreditations.

Through its organisational structure and activities, Snam Rete Gas ensures:

- **the adoption and promotion of metering methodologies;**
- **the improvement of system management standards;**
- **the continuous monitoring of its processes and full involvement of staff;**
- **a proactive role at national and international level.**

Snam welcomes and promotes the reorganisation of metering activities defined by **ARERA**, which also considers the plurality of players involved and the different technical and commercial management methods of metering plants. This reorganisation will have numerous benefits, including:

- making consumers more efficient in their use of energy and more aware of the economic and environmental impacts of their consumption;
- encouraging the energy transition process, covering daily needs with energy generated from renewable sources and green gases, including hydrogen, with positive effects on the environment and simultaneously reducing energy costs;
- making the **operation of business processes and market-based balancing mechanisms more efficient** (due to the timeliness and reliability of data);
- facilitating the **proper management of settlement activities** and more **effective monitoring of the quantities of Unaccounted-for Gas** on the transmission network;
- supporting digitisation for carrying out activities remotely.

The **Metering Systems Renewal (SUMMER)** project aims to renew the current application map for gas metering by intervening in four areas:

## THE 'SUMMER' PROJECT



## MONITORING GAS MARKETS

As the largest company in terms of structural aspects and phenomena related to the operation of the Gas System and the Energy Market Operator (GME), Snam is required to support the Authority's monitoring activities. To this end, in 2022, **more than 21,200 data flows and periodic reports** were submitted to the Authority, in accordance with its instructions, and analyses were carried out in relation to services (transport, storage and regasification) in support of the activities of the Regulator. For the management of these activities, conventions, manuals and dedicated technical specifications are shared with the GME and approved by the Authority.

## EUROPEAN DEVELOPMENTS

During 2022, the European Commission continued the discussion process of the **Fit for 55** package, aimed at adapting the entire European regulatory framework to the achievement of a 55% greenhouse gas reduction target by 2030, and the **Hydrogen and Decarbonised Gas Package**, aimed at revising the regulations related to the natural gas sector to accompany the transition to a system based on renewable gases, favouring the creation of an interconnected hydrogen system at European level.

The expected developments in gas infrastructure will concern the possibility of accommodating larger shares of green gas in a context of increasing cross-sector integration, primarily with the electricity sector (sector coupling). The conversion of gas infrastructure to accommodate hydrogen will be given a prominent role, which is also an integral objective of the revision of the TEN-E Regulation on trans-European energy infrastructure, approved in the first part of 2022 to be implemented in the second part of the year, with the start of the selection process for new categories of Projects of Common Interest (PCI).

In this context, over the past year, the European Commission has also launched a plan of initiatives to reduce dependence on fuels imported from Russia (**REPowerEU plan**), with the dual aim of accelerating decarbonisation and efficiency targets, while ensuring greater diversification and security of European gas supplies.

Positioning itself in line with European objectives related to a safe and efficient energy transition and planning to become a multi-purpose company, while at the same time guaranteeing adequate levels of diversification and security of supply, Snam has taken an active part in the process of reviewing the European regulatory and legislative framework, making significant contributions to the various consultations and legislative review processes of the European Commission and other institutions, both directly through the development of specific evaluations and corporate positioning, and through the industry associations of which it is a member (e.g., ENTSO-G and Gas Infrastructure Europe).

Snam's contributions in Europe	Number
Responses to Public Consultation	19
Other contributions (Position papers; Statements; Open letters; Recommendations)	7

## BALANCING THE SYSTEM

Snam Rete Gas manages the balancing of the gas system, ensuring both its **physical** and **commercial balancing**.

Physical balancing is the set of operations by means of which the Transporter, through its physical dispatching, guarantees the safe and efficient movement of gas from the entry points to the withdrawal points at all times; commercial balancing, on the other hand, is the set of actions by means of which each User ensures equality between its own quantities injected into and withdrawn from the network, as well as the set of all the activities necessary for the correct accounting and allocation of the gas transported and the system of fees that incentivises Users to keep the quantities injected into and withdrawn from the network equal.

If the Company considers that the actions taken by the Users unbalance the system, it shall use non-discriminatory balancing actions to bring the system back within its operational limits and restore a correct pressure level in the transmission network, consistent with the economic and efficient operation of the network itself.

For further information on system balancing, please refer to the chapter 'Regulatory Framework and Main Developments' of the 2022 Annual Report.

**The Dispatching center** manages the physical balancing of the system and plays the key role of ensuring and guaranteeing in a continuous way, the reliability of the infrastructure. The operation room remotely monitors and controls transport, receiving data from about **5,400 plants located along the network** (of which about 1,700 are remote-controlled), and oversees the movement of gas from the injection points to the withdrawal points, according to the schedule defined by customers and coordinating with the operators of foreign infrastructures connected to the Italian network. In addition, the dispatching center plans and conducts the operating activities of the surface treatment, well area and compression plants of the **9 storage facilities**, ensuring their safe execution under all operating conditions, whether ordinary, abnormal or emergency.

Starting in 2021, the dispatching center has been able to manage the assets of the transport network and storage plants in a unified and remote manner thanks to the innovative **SCADA (System Control and Data Acquisition)** system.



During 2022, the dispatching center was affected by the revamping project that included the installation of an LED technology screen of more than sixty square metres in the Control Room, offering a complete view of the Italian network and plants, as well as a reorganisation of the space with new workstations. During the four months when the San Donato dispatching center was unavailable, Control Room operation was guaranteed by the alternative site in Crema.

## IMPACTS OF THE RUSSIAN-UKRAINIAN CONFLICT ON DISPATCHING

The Russian-Ukrainian conflict led to a **change in gas flows**, which had an impact on transport activity compared to the trend of previous years.

In particular, there was a significant reduction in inflows at Tarvisio, balanced by an almost constant utilisation of LNG terminals and imports from the south (Melendugno, Gela, Mazara), which consequently led to continuous use of the booster plants on the Algerian backbone. Despite high uncertainties and supply variations, **the 2022 injection campaign ended with stock in line with that of 2021**, equal to about 10.8 billions of m<sup>3</sup>. Starting on 1 October, Snam also physically exported gas to Austria for the first time.

## SERVICES FOR CUSTOMERS

### SERVICES

#### TRANSPORTATION



##### Flexibility services

The possibility of reserving transportation capacity not only on an annual basis, but also on a monthly, daily and hourly basis allows shippers to redeliver gas to all end customers directly connected to the Snam Rete Gas network (industrial users, natural gas distribution plants, thermoelectric power plants), or at interconnection points with distribution companies which, in turn, have the task of routing gas along the local networks they manage. An example of such flexibility is the service provided at power plants using gas for electricity production, where shippers, by paying only the quota of booked capacity instead of the tariff for the whole thermal year, are provided with booking arrangements capable of coping in a timely and efficient manner with the variability of the operating conditions of the system.

##### Default services

Starting from 1 October 2015, Snam Rete Gas performs, pursuant to the provisions of Resolution 249/2012/R/gas (and subsequent amendments and additions) of the Regulatory Authority for Energy, Networks and the Environment, the role of Transportation Default Service Provider with respect to Sales Companies and End Customers underlying its network, for which the Balancing User responsible for the relevant withdrawals cannot be identified. This service was also provided to numerous sales companies and end customers in the financial year 2022.

Also for the current Thermal Year, pursuant to Resolution 409/2021/R/gas, Snam Rete Gas has given its willingness to carry out, on an exceptional and transitory basis, the Service in relation to gas withdrawals on the regional networks of other transporters as well, if the Balancing User responsible for the same withdrawals cannot be identified.

Snam Rete Gas has informed its customers that, pursuant to the aforementioned regulatory framework, it will continue to directly provide the Transport Default Service also for the Thermal Year 2022-2023.

#### STORAGE



##### Flexibility services

A new counter-flow storage service was launched at the beginning of November 2022, offering users injection capacity of up to 600 million cubic meters in the November-December period, which will be supplied in the January-March quarter of 2023. The service was awarded for the totality of the volumes offered.

Subsequently, at the end of the same month, the Authority also approved the proposal to amend the storage code submitted by Stogit in order to expand the offer of capacity services with intra-day products, completing the offer of short-term services and giving users additional flexibility to optimise the management of their gas volumes in storage.

#### REGASIFICATION



##### Flexibility services

In December 2022, a new shuttle service was launched to connect the LNG regasification terminal in Panigaglia, Italy, with regasification terminals located in the Mediterranean Sea carrying out the reloading service. Through this new service aimed at promoting additional gas volumes for the national system, Snam Rete Gas - in coordination with GNL Italia - has provided ship owners and users a notice board for the publication of dates when users have LNG cargoes to transport to the Panigaglia terminal and ship owners have shuttle ships available for the service connecting the regasification terminals.

## CUSTOMER CARE & ENGAGEMENT

As evidence of its attention to customers, Snam has developed **Jarvis**, the single commercial platform into which all portals and applications at the service of the customer are gradually converging, with the aim of fostering a new, complete user experience, defined thanks to the direct involvement of market operators in a participatory design logic.

Further releases were issued in 2022 aimed at **improving the quality of service** offered to customers who use the platform on a daily basis. In order to strengthen and secure its long-term competitive advantage, as well as to operate in an increasingly customer-centric manner, Snam continued to invest in the implementation and integration of a **Customer Relationship Management** (CRM) system within Jarvis. The adoption of a CRM system will bring significant benefits in terms of reducing the average customer response time and number of contacts. In this regard, new caring initiatives will be launched in the coming months so as to manage the customer care process even better.

**JarvisBySnam** was launched during the year: a **mobile application** that allows customers to manage key business transactions via smartphones and tablets. In particular, the first version of the app enabled managing gas exchanges at the Virtual Trading Point, while subsequent updates will introduce new features with the aim of meeting customers' needs and offering them increasingly functional and innovative services.



The creation of the platform and its application also engaged customers in the redesign of business processes through meetings, interviews and co-design workshops.

Lastly, in order to improve interaction with customers and provide a quick, effective and efficient system for handling telephone enquiries, as of June 2022 Snam has provided a single number for **commercial assistance**, with a multilingual channel (Italian and English) to correctly address customer enquiries according to the reason and provide timely information.

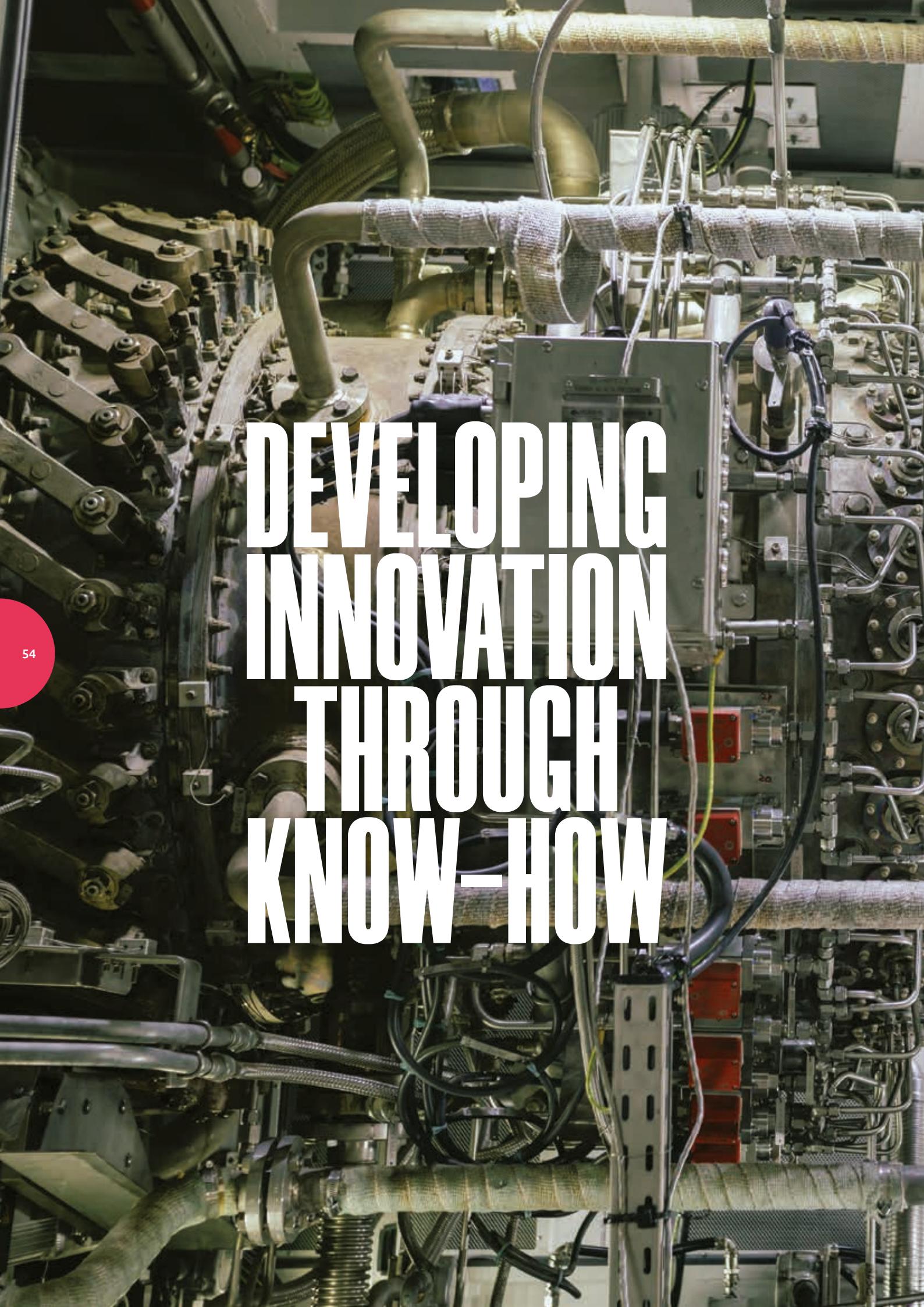
Snam's 2022 customer engagement activities included **six business workshops, including one on the Ten-Year Plans and one dedicated to assessing material sustainability issues**, all organised in virtual and interactive mode.

To measure feedback on the initiatives, questionnaires are administered at the end of each workshop. In 2022, the participation rate in the questionnaires was 36%, with an average satisfaction score of 8.3 out of 10.

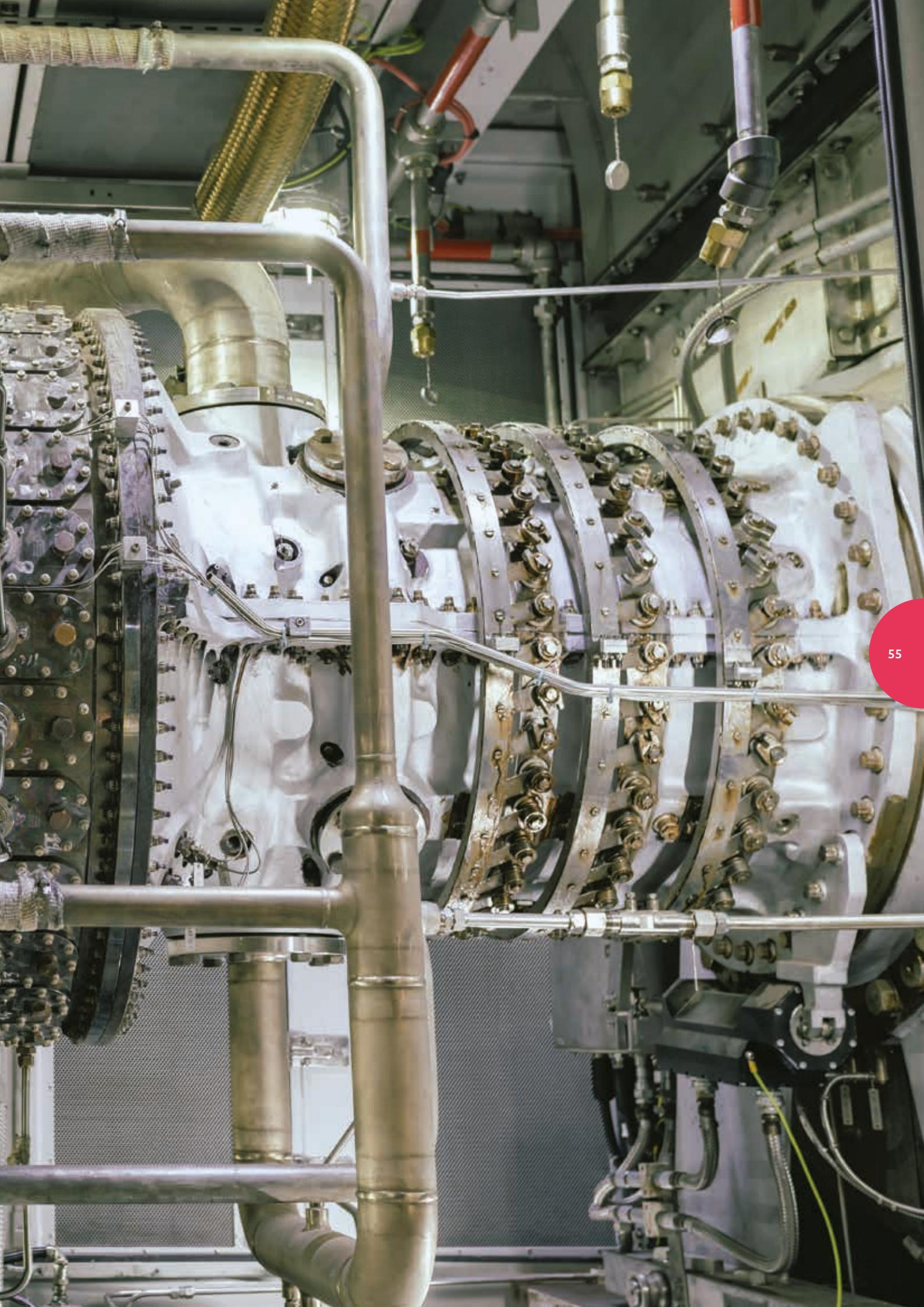
## THE CUSTOMER SATISFACTION SURVEY

The company uses appropriate analyses to detect and monitor the degree of customer satisfaction with the service, the innovations introduced during the year and future initiatives. In particular, customers are asked to evaluate the quality of the services offered, the management of processes, the availability of interlocutors, the clarity, timeliness and exhaustiveness of the answers provided, as well as the customer engagement activities undertaken.

The survey involved all shippers and traders with which Snam cooperated during the year, and counted 499 questionnaires. The results showed a good degree of satisfaction, with an average score of 8.4 on a scale of 0 to 10.



# DEVELOPING INNOVATION THROUGH KNOW-HOW



# PROMOTING BUSINESS INNOVATION AND DIGITALISATION

In the 2022-2026 Strategic Plan and in the Vision to 2030, investments in digitalisation and innovation are necessary activities that allow Snam to ensure increasingly effective and efficient management of the business, allowing it to accelerate its capacity for innovation, transformation and flexibility at the same time, as well as adapt the management of its assets and industrial processes in order to respond to the challenges and opportunities arising from the evolution of the energy system and to support the Group in the energy transition path.

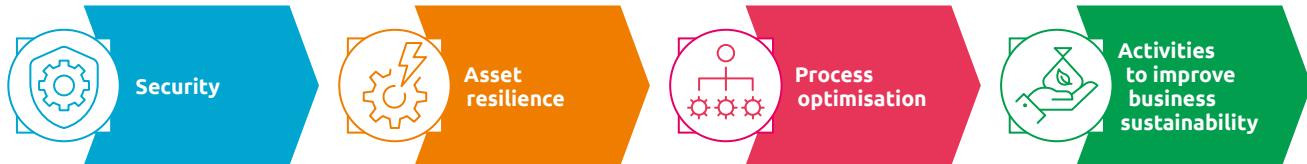


**Innovation and digitalisation are crucial enablers for maintaining the balance of the 'energy trilemma.'**

With a view to digitalising its industrial assets and operations, Snam has committed around 450 million euros in investments over the plan period to **SnamTEC**, the Group's innovation and digitalisation programme, which amounts to a total of 52 projects divided into four macro-areas: **security, asset resilience, process optimisation and business sustainability improvement**. The various innovations introduced by SnamTEC include **predictive maintenance**, which minimises costs and downtime, contributing to the safety and continuity of supplies; the application of **artificial intelligence** to the operational management of network assets, which allows for the reduction of consumption and emissions; and the use of **big data** to support decision-making related to key industrial processes, which makes decision-making faster, more factual and more effective.

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## The four macro-areas of SnamTEC's innovation strategy



### SNAMTEC'S MAIN PROJECTS IN 2022

#### SAFETY



##### Aerial surveillance of pipelines for network monitoring with satellites and drones

Successful completion of the first cycle of satellite technology use to improve the ability to identify and monitor the evolution of territorial areas characterised by landslides of a slow nature (which therefore cannot be detected with the conventional control methods currently used, such as periodic geological reviews by qualified geologists). In 2023, the necessary activities will be carried out for the gradual introduction of the solution in industrial processes.

Snam, registered as an ADR Operator with ENAC has set up the organisational structure and flight permits required to comply with regulatory requirements and use drones to support operators during network monitoring activities in the territory, especially in inaccessible areas that are difficult to reach on foot. During the year, Snam's people performed approximately 600 operational missions and an additional 40 employees were trained to carry out the operations.

##### T-LAB - SnamTEC Laboratory

Laboratory for testing new innovative technologies to support Snam's core business, in which testing was carried out of a **system for detecting leaks and third-party interference** on the gas pipeline laying route (excavations, drilling, etc.), which envisages the use of the existing fibre optics accompanying the gas pipelines on the primary gas transportation network. For plants that cannot be reached or as an alternative to the mobile network (4G/5G), experimentation with a **remote connection system** which uses a geostationary satellite for data acquisition and transmission has begun.

##### Pressure Intelligent Monitoring System (PIMOS)

A system to detect and locate gas leaks along the transmission network based on the analysis of pressure waves and the detection of possible disturbances and their propagation time. The system was brought into operation on the entire network of the Bari and Rome Districts in 2022, in addition to the Bologna and Catania Districts completed in 2021.

## SNAMTEC'S MAIN PROJECTS IN 2022

### ASSET RESILIENCE



#### Asset Control Room

Project aimed at improving and innovating asset management and operations thanks to a single data platform, intuitive user interfaces with integrated data (digital twin) and end-to-end process views that abandon the classic "silos" logic of traditional information systems and their databases. The first functionalities were released in production in test mode during the year.

#### IoT Foundation

Technology enabler to support network digitisation and energy transition initiatives to ensure infrastructure monitoring and reliability through the implementation of solutions for the acquisition, transport, processing and provision of data, to provide operational recommendations that are useful for key industrial processes. The main benefits relate to increased service resilience and business continuity, flexibility, faster deployment of new services, scalability of technology infrastructures and acceleration of innovation.

#### Analytics 4 Maintenance and Risk-based maintenance

Projects aimed at effectively and efficiently managing the life cycle of assets, through the definition of models for assessing their condition in order to optimise maintenance and upkeep plans, with the support of appropriate information systems, and at the same time guaranteeing the most appropriate levels of security over time. The project includes the calculation and analysis of the operational impact ranking for all network and pipeline installations. To this end, a model and tool have been created to assess possible impacts from the failure of each individual plant and propagation of the impacts to the rest of the network. The model was refined and improved over 2022 to support the allocation of investments, in order to prioritise network elements that are particularly under stress, at risk of failure and with a higher impact in the event of failure.

#### Smart-PE

Project aimed at protecting company assets from corrosion and streamlining processes. Completed in the course of 2022, Smart-PE implements the requirements of the new international standard EN ISO 15589-1 and provides an up-to-date, real-time database on the health status of the network.

#### Study of SmartPipeline and SmartPlant solutions

SmartPipeline is a plant solution aimed at making the gas transport network increasingly intelligent, through the identification and installation of new digital diagnostic and operating equipment. SmartPlant, to which the concepts of the SmartPipeline are extended, is aimed at identifying new digital instrumentation for collecting data from the field, in booster or storage plants that is currently unavailable, as well as defining and optimising the supervision and maintenance logics for each device. The first test installations with data transmission and verification were carried out in 2022.

#### Asset Self-Monitoring (Smartness Matrix)

A project that originated as a means to analyse, in a structured way, the requirements of the acquisition processes and the management of data relating to the control and operation of the transportation, storage, and regasification assets, in order to increase their effectiveness levels and identify the best supporting technologies of the whole remote-controlled process.

#### Gas Transmission Network Asset Maintenance System (SMART GAS)

Corporate initiative to improve the effectiveness of technical-operational processes related to asset maintenance activities by digitalising work orders, allocating them to workers and technicians in the network, and optimising maintenance cycles according to history. In particular, the extension of the project to LNG Italy was completed in 2022.

### PROCESS OPTIMISATION



#### Central archive dematerialisation

Launch of a study to ideate the technological solution for digitalising material from the centralised archive and individual offices. After the dematerialisation of the territorial network units' archives with the eDoc document system, the initiative is continuing with the dematerialisation of the LNG archives of the booster and storage plants.

#### JarvisBySnam

Business process management platform based on two fundamental pillars: **strengthening the core business** through automation, performance improvement and the digitalisation of new processes, and the **development of customer service** by offering new services or the use of new technologies to improve existing services, enhancing and facilitating user interfaces and the user experience.

#### Platform supporting Group financial and treasury management

Release of the SAP S4HANA platform to support the Group's financial and treasury management, replacing old tools with a single platform integrated with SAP, capable of Host to Host channel communication with banking circuits and ensuring centralised management of financial management and related financial instruments used by Snam.

#### Electronic tendering, catalogue purchases, quality assurance and subcontracting

Extension of the Supplier One Platform features in order to support transport and subcontracting management processes, integrating the entire supply chain process into a single platform.

## SNAMTEC'S MAIN PROJECTS IN 2022

**ACTIVITIES  
TO IMPROVE  
BUSINESS  
SUSTAINABILITY**



### Energy optimisation for grid assets and compression

Project carried out in collaboration with the Polytechnic University of Milan, with the aim of developing an application solution capable of determining the best set-up of turbo-compressors (from the point of view of energy efficiency) and suggesting the set-up changes to be made to individual thrust and storage machines, according to the parameters supplied by the SCADA (Supervisory Control And Data Acquisition) system, with the ultimate objective of reducing CO<sub>2</sub> consumption and emissions.

### Turboexpanders

Use of the energy generated by the decompression of natural gas from the network during pressure jumps upon redelivery from the national to the regional or local network, by means of special turbo-compressors (plants that allow the production of green electricity intended to cover internal consumption or to be injected into the grid in the event of excess production compared to the same). In this context, the engineering phase continued for the implementation of a pilot project, which included the evaluation of the amount of energy that can be produced according to the recent evolution of the regulatory environment.

### Reducing and accounting for methane emissions

Initiatives aimed at reducing and correctly accounting for methane emissions into the atmosphere. In this area, in particular, the LDAR (Leak Detection & Repair) programme continued with its own staff, for the measurement and repair of fugitive emissions in Snam plants. In 2022, tests were also carried out at some transport and storage facilities to measure methane emissions at individual sites through instruments.

### Power to Hydrogen (P2H)

A 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. In this context, feasibility studies have been completed covering the entire chain of hydrogen production from green energy produced by solar fields and the upgrading of Snam Rete Gas regulation and reduction plants with the installation of electrolyzers.

## SNAMTEC'S ACTIVITIES FOR THE INFRASTRUCTURE OF THE FUTURE

In 2022, Snam continued experimentation and studies aimed at supporting the energy transition by evaluating the existing infrastructure and the transportation of natural gas and hydrogen blends with H<sub>2</sub> content up to 100%. In this regard, the main activities carried out during the year concerned:

- the successful execution of field tests on the BH model **NovaLT12** turbine (with a capacity of 12 MW), already used for factory tests in 2020, and the PGT25 turbine (with a capacity of 25 MW) to verify the efficiency of their operation with a **blend of hydrogen and methane** (H<sub>2</sub> up to 10% by volume, variable);
- the completion of the technical **qualification** of some suppliers of electric and electro-hydraulic actuators and of male and ball shut-off valves specifically for the transport of natural gas and blends with hydrogen up to 100% H<sub>2</sub>;
- the issuing of **internal regulations** for the construction of new pipelines, the conversion of existing pipelines to **accommodate the transport of up to 100% H<sub>2</sub>**, and the application of coatings for above-ground plants (paint cycles). These regulations were supported by carrying out valve and piping tests according to ASME B.31.12 'Hydrogen Piping & Pipelines';
- participation in **research groups** for the definition of new European standards for studying the effects of **hydrogen in steel pipes**;
- participation in **Joint Industry Projects** to study, by running tests, the effects of the presence of hydrogen on gas measurement systems (Quantity and Quality).

# OPEN INNOVATION AND SNAMINNOVA



Following the promising results achieved in the first year of the Group's Open Innovation programme, in 2022 Snam launched the second edition of **SnamInnova**, dedicating it to **Sustainable Innovation** and defining three thematic areas within which to collect proposals for innovative ideas from teams inside and outside of the company:



## TERRITORY



## SNAM PEOPLE



## PARTNERS

to identify and implement innovative solutions to facilitate the **inclusive development of the community** in which Snam operates through the use of hydrogen.

to identify solutions to simplify the **processes and employee interactions**, such as work methods and securing activities.

to facilitate the **decarbonisation of the supply chain**, reducing emissions generated by the Group's contractor processes.

The **Centrale delle idee** (Ideas Centre) is the internal innovation initiative that involved **132 Snam employees** and led to the collection of more than **90 ideas**. The six ideas selected by the Evaluation Committee went through the structuring and finalisation process, followed by the selection of the three finalist ideas. The latter entered the development phase and have begun feasibility studies for further testing.



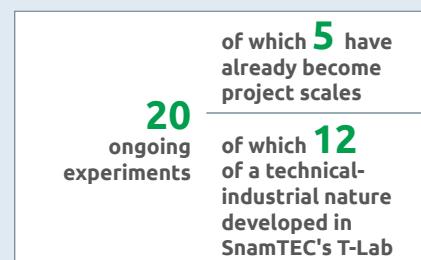
The **Innovation Ambassadors**, a community of **74 Snam employees** from different company areas who have received **more than 600 hours of training** and are involved as active participants in Open Innovation projects, have participated in internal and external innovation paths, as well as in initiatives to promote the culture of innovation.

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The external innovation initiative known as **Call4Startup** has gathered **160 projects** from **143 start-ups**, both national and international, from which **six projects** were selected that have already worked on the potential Business Case based on the proposed innovative solution, and will carry out a trial with Snam during 2023.



The scouting areas for experiments are Gas Leakage Detection, Field Safety, Asset Security&Integrity, Field Data Collection, Hydrothermal Carbonisation (HTC), Mixed Reality, Innovative Learning, Hydrogen Solutions, Emission Calculation Models, Welfare&Well-being and Hybrid Workplace.



# THE EVOLUTION OF TECHNOLOGY INFRASTRUCTURE FOR THE TRANSITION

One of the many challenges Snam is facing in its digital transformation journey is to move a significant part of its data and information onto the public cloud.

The IT infrastructure has a total of about **4,700 virtual servers, 800 physical servers and 1,300 database applications**. In addition, there are more than **9,000 company mobile devices** in the possession of technicians and employees. The services are delivered from three different data centres: two proprietary primary centres and one virtual centre built with Microsoft.

To support the growth of the business, it was also necessary to design an infrastructure capable of doubling data processing workloads and tripling the amount of available storage by 2026 - a major challenge in terms of cost, management and security.

Snam's choice to tackle this path was to move to the cloud, and in particular, the implementation of a **hybrid cloud** which would provide the equivalent of a virtual data centre where applications could be moved according to convenience. Following the completion of the move of the first 800 virtual machines to the cloud in 2022, the configuration of the infrastructure to achieve high reliability will be completed. It will then continue in the following years, gradually migrating the more strategic workloads and lastly those that are currently under business continuity.

## TECHNOLOGICAL INFRASTRUCTURE FOR EMPLOYEES

The **Digital Workplace 5.0 programme** aims to provide employees with the most appropriate technological infrastructure to support them in their work and collaboration. The main achievements include the following initiatives:

- **Workstation Refresh and PC Replacement Workspace One - Territory**, aimed at providing a smart office where employees work on higher-performance PCs, new workstations with a larger 27-inch, all-in-one monitor that also acts as a docking station for connecting a laptop. In addition, the new workstations are compatible with wireless headsets, mouse and keyboards, which are supplied along with the PC exchange to all colleagues, thus facilitating a complete sanitisation of workspaces.
- **Company smartphone multi-factor authentication**, adding a higher level of security for access to collaboration tools (e.g., One Drive, Teams, Outlook, etc.).
- **Network folder migration to Teams**, a tool which makes it quick and easy to create storage space, consult and share files at any time and from any corporate device, also thanks to integration with other corporate tools in use (e.g., One Drive, Mail and Calendar).

## GUARANTEEING CYBERSECURITY

Supported by the continuous development of innovative solutions, the Company's rapid evolution process has led Snam to allocate increasing resources to the cybersecurity front over the years, in the conviction, proven by the projections of world experts and trends also reinforced also by the crisis caused by the conflict between Russia and Ukraine, that cybersecurity threats are destined to evolve both in numbers and complexity.

This conviction is also supported by the Global Risks Report 2023 compiled by the World Economic Forum, which ranks cybercrime risk among the top ten risks in the coming years.

The growing use of IT systems, including network digitalisation with the help of new technologies (e.g., Internet of Things) is accompanied by an increased exposure to illicit activities by different types of actors with different purposes and modes of action, in particular cyber criminals, cyber hacktivists and state-sponsored action groups which, thanks to technological innovations, are in possession of increasingly sophisticated tools which are capable of making their attack techniques more effective.



**Cybersecurity covers an extremely important role for the Company, aimed at preventing or tackling very diverse events** that can range from the compromise of individual workstations to the degradation of entire business processes in the field of transportation, storage and regasification, with potential effects on the expected capacity to provide the essential service.

In this context, a correct approach to cybersecurity management becomes necessary, also in order to ensure full compliance with the increasingly stringent sector regulations issued at both European and national level, which require companies that provide essential services to the country to increase the management and control oversight.

With a view to better responding to the varied framework of needs, Snam has developed a complex technological architecture that relies on an **integrated model** of processes and solutions capable of fostering efficient management of the gas system for the entire country. The cybersecurity strategy is based on a framework certified in accordance with the standards **ISO/IEC 27001** (Information Security Management Systems) and **ISO 22301** (Business Continuity Management Systems). It is overseen by a dedicated corporate function that directs and manages cybersecurity activities throughout the Group's technological infrastructure.

The **Cybersecurity Incident Management** model overseen by the **Security Incident Response Team** was developed with a view to countering the latest cyber threats. The model makes use of tools for collecting and correlating all the security events recorded on the entire perimeter of the company's IT infrastructure, making it possible to prevent, monitor and, if necessary, direct timely remedial action for dealing with situations that could affect the confidentiality, integrity and availability of the information processed and the technologies implemented. Within the framework of **cyber incident management** activities and in compliance with formal agreements signed between the parties, **Infosharing** is also used with **national and European institutions and peers**, in order to improve the capacity and speed of response to possible security incidents. This practice will also become increasingly necessary in the future given the cyber event notification requirements that national security regulations impose and will impose.

During 2022, the Security Incident Response Team continued to operate without interruption, providing support on a daily basis, 24 hours a day, 7 days a week.



**Risk analysis and technical verification** activities are among the main activities carried out by the function, allowing to identify protection needs arising from technological developments and any previously unknown vulnerabilities within business processes. These analyses are followed by **replacement or supplementary solutions**.

**Security by Design** activities also continued, a prompt process that requires compliance with specific requirements and appropriate checks for each application and infrastructure development, the application of which was extended to all IoT initiatives and corporate activities. Additionally, more appropriate security technologies have been defined to support the new skills that Snam has acquired and will acquire in the near future. Finally, in order to safeguard the continuity of processes related to the provision of essential services to the country system, a series of initiatives were completed in 2022 to:

- **update the business continuity model** of the Group in order to make it more flexible, also leveraging the know-how gained during the pandemic crisis management;
- **verify** and, where necessary, **strengthen the ability to deliver the most critical operation processes**, even with limited technological support, e.g., in the absence of the SCADA system in use in the dispatching control room.

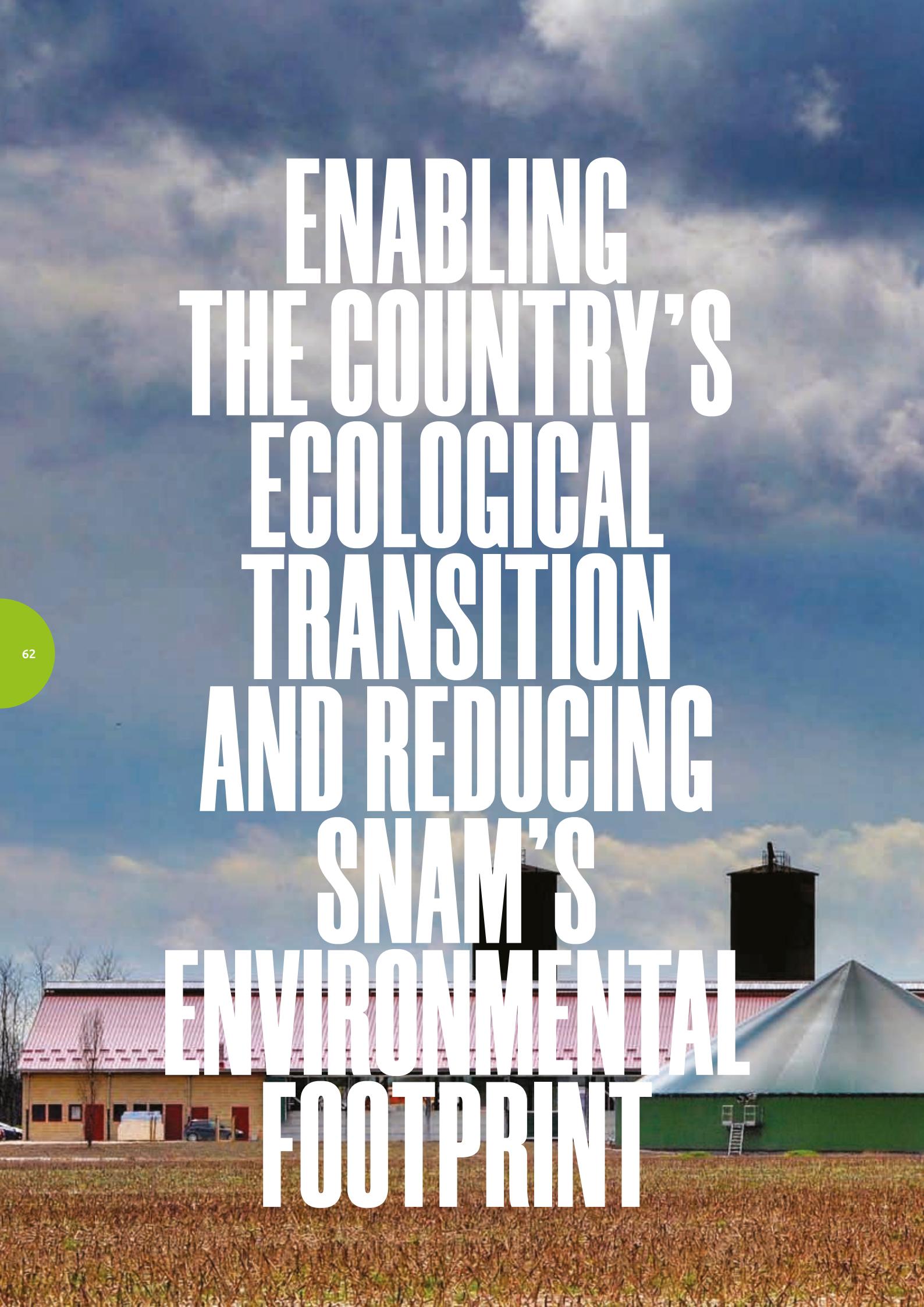


The human factor is a central element in activities to prevent and identify potential cyber attacks that might occur in the normal course of business. For this reason, Snam promotes various activities to the entire corporate population:

- **information**, e.g., alerting staff with specific e-mails or messaging about ongoing phishing campaigns;
- **training**, including an ad hoc session dedicated to cybersecurity as part of the induction course for new recruits;
- **awareness**, designing, for example, periodic White Phishing campaigns, i.e., simulations of fraudulent e-mail forwarding to identify the company's areas of greatest vulnerability and help users recognise possible suspicious communications.

Cybersecurity is also strengthened outside the Group through awareness activities and the direct involvement of customers and suppliers. In particular, the latter are called upon to sign the **Ethics and Integrity Pact**, which requires them to be transparent about incidents and how to defend themselves in the event of any critical issues.





# **ENABLING THE COUNTRY'S ECOLOGICAL TRANSITION AND REDUCING SNAM'S ENVIRONMENTAL FOOTPRINT**



# ENERGY TRANSITION BUSINESSES

## OBJECTIVES AND PERFORMANCE

SDGs	KPI		Target	Performance 2022	
7 AFFORDABLE AND CLEAN ENERGY 	Biomethane production (Mscm)		33.1 Mscm by 2022 220 Mscm by 2026	19.1 Mscm	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Cumulative number of CNG and LNG stations installed		85 by 2022 155 by 2026	no. 85	
13 CLIMATE ACTION 	Reduction of CO <sub>2</sub> eq emissions from energy efficiency measures (kton)		24 ktonnes by 2022 192 ktonnes by 2026	26 ktonnes (*)	
	Available LNG capacity for the SSLNG market (ktpa)		250 ktpa by 2026	-	

(\*) The perimeter relates to TEP, Mieci and Evolve.



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

Snam plays a leading role in the ecological transition and the achievement of carbon neutrality through its biomethane, hydrogen, CCS and energy efficiency businesses, not only at Group level but also at country system level. The company intends to leverage its know-how and the acquisition of new skills through partnerships and collaborations with leaders in the energy transition sectors in order to contribute to the creation of a low-carbon and circular economy.

## THE CIRCULAR ECONOMY FOR SNAM

As an operator in the transport and storage of natural gas, Snam has no production processes, and the only relevant raw materials are those needed for pipeline construction. However, the company is committed to actions aimed at developing circular economy processes and promotes targeted initiatives both externally and internally.



The circular economy is a planned economic system to reuse materials in subsequent production cycles, reducing waste to a minimum.

## SNAM'S CIRCULAR ECONOMY INITIATIVES



# EXTERNAL INITIATIVES

# INTERNAL INITIATIVES

**BIOMETHANE****WASTE RECOVERY**

The use of agricultural, agro-industrial biomass and organic fractions of municipal solid waste (OFMSW) to produce energy contributes to the creation of an economic model based on the criteria of sustainability and circularity in the use of resources which would otherwise be lost.

For more information, please refer to the 'Biomethane' section of this chapter.

Sending waste for recovery or disposal with heat recovery, where possible.

For further information, please refer to the section "Safeguarding the Environment: Waste and Water Management" in this chapter.

**ENERGY**

Reducing total energy consumption, setting carbon neutrality and consumption reduction targets, favouring the production and purchase of electricity from renewable sources and the installation of trigeneration plants.

For more information, please refer to the section 'Using Energy Efficiently' in this chapter.

**WATER**

Eliminating water discharges and installing closed-loop phytopurification plants in booster stations and storage facilities.

For further information, please refer to the section "Safeguarding the Environment: Waste and Water Management" in this chapter.

**MAINTENANCE**

Extending useful plant life and reducing consumption through the presence of maintenance centres distributed throughout the territory, using of state-of-the-art technologies for network control and inspection, and in-line recompression of natural gas during scheduled maintenance.

For further information, please refer to the sections "Counteracting Climate Change" and "Protecting Biodiversity" in this chapter.

**PRODUCTS**

Reusing products through 'in kind' donations, also through the Snam Foundation.

For further information, please refer to the chapter 'Ensuring the Just Transition' in the 2022 Sustainability Report and 'Social Information' in the 2022 Consolidated Non-Financial Statement contained in the 2022 Annual Report.

**STAFF MANAGEMENT**

Involving Snap employees in awareness-raising initiatives, including Snam Paperless and Snam Plasticless for the dematerialisation of paper documents, digitisation and elimination of single-use plastic from offices.

For further information, please refer to the section 'Safeguarding the Environment: Waste and Water Management' in this chapter and 'Guiding the Strategy with People, Communicating Effectively'.

**ANCILLARY ACTIVITIES**

Rationally using resources in the supply chain through the Plasticless project for the elimination of plastic in supply packaging and in the shipment of materials to construction sites.

For further information, please refer to the chapter 'Ensuring the Just Transition, Working with Suppliers' in this chapter.

# BIOMETHANE

With the work of Snam4Environment, which became **Bioenerys** in 2022, and the technical know-how of **IES Biogas**, Snam promotes the development of biomethane infrastructure, as well as its diffusion and use throughout the country, contributing to the creation of value and fostering the energy transition.



Biomethane is a renewable and sustainable energy source and can be used in a flexible, programmable and efficient manner, significantly contributing to achieving the emission reduction targets set at European and national levels. Green gas can be injected into existing infrastructure, bringing significant economic and environmental benefits and relaunching the Italian agri-food sector through an innovative sustainable and circular economic model.

Thanks to its characteristics, biomethane is therefore a strategic business for Snam, which intends to build infrastructure and plants with an installed capacity of about 100 MW by 2026, a platform for growth in the circular economy and the industrialisation of agricultural production.

To date, Snam has over **30 plants in operation**, 24 of which are in the agricultural sector, many of which will be converted from biogas to biomethane production, benefiting from the incentive scheme provided by the recent **Biomethane Decree** approved in 2022. Biomethane production stands at 19.1 Mscm, lower than the target included in the ESG Scorecard (33.1 Mscm) due to the delay in the construction of some of the plants.



**installed capacity to 2026**



**biomethane production in 2022**



**plants operating in the waste management area**



**plants operating in the agricultural sector**

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Biogas and biomethane are circular economy models, as they are the result of the process that transforms waste and by-products from agriculture and farms, through anaerobic digestion, feeding them back into the production cycle.



Biogas is created through **anaerobic digestion**, i.e., through the fermentation of substances of organic origin (animal or vegetable) by numerous bacteria, in the absence of oxygen and at a controlled temperature. When subjected to the **refining and purification process** (called upgrading), biogas becomes biomethane. The process ends with the production of **digestate**, a bio-fertiliser that replaces fertilisers from fossil sources and returns to the soil, making it more fertile and contributing to carbon sequestration in the soil itself.



In order to disseminate and develop knowledge, in particular on biomethane, Bioenerys actively participates in events, round tables and meetings with national and international associations that aim to highlight the socio-economic and environmental benefits of using green gases also among the general public. During the year, Snam was present at all the main events for both the agricultural and agro-industrial sector and the biomethane from FORSU sector.



In the area of waste management, Snam has mainly promoted its activities in the territories where it operates. In particular, adhering to the **Open Factory** initiative promoted by ItalyPost, Touring Club Italiano and L'Economia del Corriere della Sera, Snam has opened the biomethane plant in Foligno (PG) to the public to increase awareness of it.

Natural gas and biomethane can also be used as alternatives to traditional fossil fuels for cars, trucks and buses, bringing significant environmental benefits in terms of reducing greenhouse gas emissions, nitrogen oxides and particulate matter, especially in the case of Bio-UFG/LNG (or compressed/liquefied biomethane). In this regard, the LNG and Bio-LNG market is expected to grow from about 200,000 tonnes per year today to about 1.5 million tonnes in 2030.

The Mobility & Liquefaction business has been repositioned within the gas infrastructure business, as it is no longer focused only on the automotive sector, but oriented towards the construction of mid-stream infrastructure dedicated to heavy transport, shipping and railways, i.e., **Small Scale LNG (SSLNG)**.

In 2022, Snam continued the construction of the C-LNG network of roadside refuelling stations and the development of small-scale LNG services. To date, 60 refuelling stations have been delivered, eight of which are LNG-fuelled, with the goal of building 155 by 2026, in conjunction with the full-scale production and distribution of biomethane for automotive use.



Despite the extremely complex market scenario due to international geopolitical tension, Snam has signed contracts with several counterparts, including Q8, for the development of around ten refuelling stations.

Other activities during the year included Snam's acquisition of land compatible for the development not only of LNG, but also of the first compressed hydrogen stations. In fact, eight hydrogen roadside refuelling stations are planned to be built by 2026, for which applications have already been submitted to the NRRP's dedicated calls for tenders.

To achieve this objective, the upgrading of the Panigaglia terminal will be fundamental, to allow for the loading of tankers for the distribution of Bio-LNG and LNG in Italy, for which the authorisation process is currently being finalised, as will the development of a number of micro-liquefaction plants from the network, aimed at stimulating the use of Bio-LNG and LNG as alternative fuels in southern Italy. The authorisation process for the first micro-liquefaction plant in Campania with a capacity of 50 ktpa (small size) was completed in 2021. The plant will be managed by Snam and will ensure the security of supply of LNG and Bio-LNG also to other regions in southern Italy, shortening the chain between supply and end users and serving a rapidly developing market.

## COLLABORATIONS FOR SUSTAINABLE NATURAL GAS AND BIOMETHANE MOBILITY AND SSLNG INFRASTRUCTURE

In July, **Snam and Edison** signed a Memorandum of Understanding for the development of the small-scale LNG market in Italy by leveraging the Italian liquefied natural gas sector, also thanks to planned new infrastructure investments. The aim of the MoU is to encourage the gradual replacement of diesel and at the same time support the use of Bio-LNG.

At the same time, the collaboration with **IVECO Group**, formalised in 2020 with the Memorandum of Understanding between Snam, IVECO and Fiat Powertrain Technologies, continued. The aim of the partnership is to contribute to the decarbonisation of the transport sector, particularly in heavy transport. In addition, Snam and IVECO also regularly carry out advocacy activities to promote the spread of sustainable mobility.

The study for the operational implementation of the first LNG train in Italy in cooperation with the **FS Foundation and HITACHI** also continued in 2022. The aim of the project is to transform the railway sector, which is traditionally tied to the use of electricity or diesel, and to steer it towards the use of methane, also encouraging the adoption of green fuels. The testing of two rail cars converted from diesel to Bio-LNG and LNG was successful in 2021 and the maiden voyage on the Sulmona Carpinone section in Abruzzo is planned for 2023.

The partnership with **New Holland** has been renewed. The collaboration is aimed at making the world's first tractor powered entirely by natural gas and biomethane, including a refuelling system designed and developed by Cubogas, with the aim of making it available directly to farms. Presented at EIMA International 2021, Italy's most important exhibition dedicated to agricultural mechanisation, the vehicle features performance similar to a diesel model, with even negative CO<sub>2</sub> emissions thanks to biomethane.

# DECARBONISATION PROJECTS

The European Union has identified hydrogen as one of the key sources for achieving carbon neutrality, emphasising the fundamental role that oil & gas companies can play in identifying and studying possible applications by making use of the existing European infrastructure network adapted to transport green gas. Furthermore, studies show that carbon capture and storage (CCS) technologies will also be fundamental tools for ensuring zero emissions and thus limiting global warming. In this context, Snam created the **Decarbonisation Projects** Unit in 2022, which not only deals with hydrogen-related initiatives, but also with carbon capture and storage projects, identifying opportunities arising from studies, research and pilot projects.

## Hydrogen

The **REPowerEU Plan** published in 2022 further emphasises the importance of hydrogen as an enabling gas for decarbonisation, increasing European targets for the local production and import of renewable hydrogen, which can be achieved mainly through the development of transmission, distribution and storage infrastructure.



Hydrogen does not generate carbon dioxide emissions or other climate-changing gases, nor emissions that are harmful to humans and the environment, and promotes sector coupling. Its versatility allows it to be used in both industrial applications (thermal, feedstock and fuel cell) and in sustainable mobility (trains, light and heavy vehicle refuelling stations, airports).

Snam intends to contribute to the achievement of the European and national targets through the repurposing of assets, the creation of the **hydrogen backbone** to support Italian market demand and exports, and the development of centralised hydrogen sites, leveraging the mixtures with the use of electrolyzers in southern Italy.

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During the year, Snam was involved in the development of **decentralised production systems** to facilitate the local decarbonisation of industrial processes, public and private mobility and freight transport, and is engaged in the creation of **hydrogen valleys**, which involve the development of hydrogen production and distribution projects within industrial districts. In this regard, Snam has been qualified with an IPCEI project (Important Projects of Common European Interest) to build a network of hydrogen refuelling stations in Italy by 2030 as part of the **Regional Hubs And Their Links - RHATL wave**, which intends to support the development of infrastructure projects to create the first hydrogen valleys in Europe, favouring the integration of initiatives of different players along the entire value chain. In 2022, Snam submitted the **Hydrogen Valley Puglia** project proposal to the MISE, with which Snam intends to create a real renewable hydrogen ecosystem in the region and build a pure hydrogen transport infrastructure that is unique in Italy, consisting of over 100 km of pipeline largely converted from the existing gas transport network. The infrastructure will connect the Brindisi area with the Taranto area, enabling feeding renewable hydrogen into the network produced by electrolysis plants distributed throughout the country and already presented by the other partners.

Moreover, during the year, Snam presented the **Hybla** project at the ECOMED Fair in Catania together with partners Edison, Sasol and Sonatrach, and signed a memorandum of understanding with ENEA and several DSOs (Distribution System Operators) to assess the availability of H<sub>2</sub> blends of the entire infrastructure chain, up to residential users.

# COLLABORATIONS TO DEVELOP THE HYDROGEN VALUE CHAIN

Collaborations and partnerships throughout the hydrogen chain will play a crucial role in Snam's strategic positioning, in internalising the expertise of leading companies in the sector and in developing the possible uses of hydrogen.

Snam has continued projects with **SAGAT** (Turin Airport) for the construction of the first **hydrogen-ready fuel cell** in Italy and with **SEA Aeroporti Milano** for the **on-site production of green hydrogen** for applications inside and outside airport operations. In addition, a *Memorandum of Understanding* was signed with **Airbus** and **SAVE**, operator of Venice Marco Polo Airport, to promote the use of hydrogen as a **sustainable fuel in the airport and air transport sector**. The collaboration will cover a wide range of aspects, from the identification of technologies and infrastructures for refuelling aircraft and ground vehicles to the implementation of pilot projects, with the aim of making the entire airport system zero net emissions.



Following the allocation of the **Innovation Fund Small Scale** funding (amounting to 4.5 million euros) obtained in 2021, Snam has started the executive development phase of hydrogen production and transport for the trains that will serve the Val Camonica territories as part of the **H2iseO** project, which envisages the transition from diesel propulsion to hydrogen propulsion for the trains and buses operated by the Ferrovie Nord Milano Group through the adoption of vehicles equipped with fuel cells and the production of green hydrogen.



In the industrial sector, Snam has carried out important projects in the hard-to-abate sectors. More specifically, it is developing two projects aimed at decarbonising the use of grey hydrogen and syngas (a mixture of hydrogen and carbon monoxide) in Italy's most important **chemical and refinery plants** through the use of technologies for the production of green hydrogen and the capture and re-use of CO<sub>2</sub>. In the **ceramics** sector, Snam continues the development of small-scale green hydrogen production projects for the production of sustainable ceramic tiles. In addition, in the **steel** sector Snam has begun a three-year collaboration with **Tenova**, the market leader of sustainable technology solutions in the metallurgical industry, to carry out strategic studies and market analyses with a view to implementing sustainable metal production systems using renewable hydrogen. The collaboration aims to develop integrated business solutions that significantly reduce CO<sub>2</sub> and NO<sub>x</sub> emissions in the metal production process, from smelting to semi-finished products.



With a view to developing hydrogen valleys, Snam has presented projects for the production of renewable hydrogen in disused areas under the NRRP in cooperation with other multi-utility companies and local operators in Emilia-Romagna, Piedmont and Friuli-Venezia-Giulia.



Over 2022, Snam was committed to managing two major projects for the development of the hydrogen value chain:

<b>HYDROGEN INNOVATION CENTRE</b>	<p>The project involved setting up research projects at universities and research centres in Italy and abroad through Snam funding. The first hubs affiliated with the Hydrogen Innovation Centre are listed below by geographical area:</p> <ul style="list-style-type: none"> <li>• Lombardy: Milan Polytechnic Institute</li> <li>• Piedmont: Turin Polytechnic Institute, Italian Institute of Technology, Envipark</li> <li>• Friuli-Venezia Giulia: University of Trieste, University of Udine, National Institute of Oceanography and Experimental Geophysics, Elettra Sincrotrone Trieste, National Research Centre - Materials Workshop Institute (CNR-IOM), SISSA International School for Advanced Studies</li> <li>• Emilia-Romagna: University of Modena and Reggio-Emilia, University of Bologna</li> <li>• United States: University of California Irvine</li> </ul>
	<p>The company start-up accelerator dedicated to innovative entrepreneurial ventures with a focus on hydrogen-related technologies launched the first <b>HyAccelerator Call4Startups</b> in October 2021, now in its second edition in 2022 with the name <b>On Our Way to Zero</b>. The initiative is open globally and aims to identify the most promising new technologies along the entire hydrogen value chain, but also among alternative fuels produced from carbon dioxide and hydrogen.</p>

# THE NETWORK OF THE FUTURE: THE HYDROGEN BACKBONE

The **Hydrogen Backbone**, or **SoutH2 Corridor Project**, which Snam (as infrastructure operator) put forth as **PCI (Project of Common Interest)** in December 2022, focuses on the use of existing midstream infrastructure to be converted to green hydrogen transport, with the inclusion of some new dedicated infrastructure where necessary. The corridor **will connect Italy to Germany via Austria and has the potential to be developed further, also using renewable resources of North Africa**. In fact, the backbone will be the key corridor for the import of hydrogen into Europe, as it would allow large amounts of green hydrogen to be transported at competitive costs from Tunisia and Algeria through Italy, arriving in central Europe and thus enabling the decarbonisation of industries along the entire route. The network will be 2,330 km long, 73% converted from existing pipelines and 27% consisting of new sections.

This project is **in line with the goal of importing**, mainly from North Africa, **about 350 TWh of hydrogen into Europe by 2030**, equivalent to 100 GW of electrolytic capacity, or 200-300 GW of renewable capacity envisaged by the RePowerEU Plan. Its achievement is a key strategic choice, also considering the current geopolitical context.

The Group also continued its activities on the following projects:

PROJECT	OBJECTIVES
PROMETEO	Producing green hydrogen from renewable heat and power sources by means of high-temperature electrolysis
MultHyFuel	Disseminating hydrogen as an alternative fuel, developing a common strategy for the implementation of hydrogen refuelling stations (HRS) in multi-fuel contexts
E2P2	Creating a proof-of-concept (POC) alternative primary power source using fuel cell technologies for on-site power supply to ensure the secure and reliable power supply of the digital infrastructure of the future
HyUsPRe	Assessing the technical feasibility and implementation potential of large-scale storage of renewable H2 in porous geological reservoirs
OLGA	Developing an initial decarbonisation concept for airports, with a specific focus on the Malpensa airport. Spearheaded by Aéroport de Paris and carried out in collaboration with SEA and Rina, the project involves the installation of an electrolysis machine at the airport in order to produce renewable hydrogen to be used within the airport as a low-emission energy carrier

## Carbon Capture Utilisation and Storage (CCUS)

Carbon capture, utilisation and storage (CCUS) is expected to play a key role in achieving a net-zero scenario by 2050.

Snam intends to leverage its acquired know-how in CO<sub>2</sub> transport and storage, with the cooperation of its two subsidiaries Storegga and dCarbonX in this field and by participating in several technical working groups of CCSA, the UK CO<sub>2</sub> capture association.

In Italy, Snam is active in the development of the national CCS (Carbon Capture and Storage) market through the Development Agreement signed in December 2022 with Eni for the execution of activities aimed at the experimental storage campaign of the first 25,000 tonnes of CO<sub>2</sub> coming from the Casalborsetti (RA) plant and destined for storage underground in the Porto Corsini Mare Ovest wells. The above-mentioned experimental campaign is estimated to last six months and serves for verifying and enabling the technical feasibility of putting CO<sub>2</sub> underground on an industrial scale in the North Adriatic reservoirs.

## HYDROGEN AND CCS EVENTS



Snam conducts advocacy activities to spread knowledge about green hydrogen and CCS applications worldwide, developing best practices and partnerships with various and diverse players. The Group participated in a number of national and international events and forums in 2022 aimed at fostering the expansion of the entire hydrogen and carbon capture market value chain, including:

- **Hydrogen Expo** in Canada, through a panel on European perspectives,
- **Blue & Green Transition Summit** in Rome on sustainable digital innovation opportunities,
- **CCUS Forum** in Norway, sponsored by the European Commission, through a panel focused on infrastructure.

In addition, the company participates in lectures on the role of hydrogen at universities and institutes. In this regard, during the year a lecture was given to students at the ASP Winter School for the Dynamics of Innovation course, as well as a talk at Bicocca University in Milan on the panel Beyond Gas: The Challenge of Green Hydrogen.



From a regulatory and industry association point of view, Snam actively participates in the main Italian, European and international tables to accelerate the implementation of hydrogen and CCUS solutions.

<b>H2IT</b>	<b>Italian Hydrogen and Fuel Cell Association:</b> Snam held the position of Vice-Chairman for the two-year period 2020-2022 and stood for the Board again for the two-year period 2023-2025.
<b>HE</b>	<b>Hydrogen Europe:</b> Snam holds the position of Cross-Cutting Technical Committee leader and actively participates in working tables and drafting position papers on the main regulatory and normative aspects under development.
<b>GFC</b>	<b>Gas for Climate:</b> a consortium set up to analyse and create awareness of the role of renewable and low-carbon gas in the future energy system. In this context, Snam is part of the European Hydrogen Backbone Initiative, which involves 29 European TSOs in the definition of the pan-European hydrogen transport network via pipeline.
<b>HC</b>	<b>Hydrogen Council:</b> an international initiative to accelerate the implementation of hydrogen solutions worldwide. It also acts as a business marketplace, resource for security standards and interlocutor for the investment community.
<b>CCSA</b>	<b>Carbon Capture and Storage Association:</b> the leading European association for accelerating the commercial development of carbon capture, utilisation and storage (CCUS). The association works with members, governments and other organisations to ensure that CCUS is developed and can be used as a tool to achieve European net-zero targets.

## ENERGY EFFICIENCY

Energy efficiency works are among the enabling initiatives of the energy transition and decarbonisation, playing a central role in combating climate change and developing sustainable and competitive economic systems.



Efficiency interventions allow to **optimise the use of energy sources, with a reduction in waste and greater plant efficiency**, reducing energy and environmental costs for citizens, businesses and public bodies while benefiting society in terms of **economic and technological development**. The interventions also allow for a **decrease in emissions generated and an improvement in the comfort and usability of spaces**, with clear benefits for the environment and quality of life, with more resilient and sustainable cities.

Today Snam is one of Italy's leading operators in energy efficiency services in the residential, industrial, tertiary and public administration sectors, all through its subsidiary **Renovit**, which was established in 2021 by Snam and CDP Equity and became a B-Corp at the beginning of 2022. Renovit offers innovative energy efficiency solutions to its customers by investing directly in decarbonisation, digitalisation and distributed energy generation, leveraging government incentives (NRRP and Superbonus) and promoting self-consumption. These interventions are included in the **Net Zero Solution**, an integrated framework that includes all the services offered by Renovit, developed to support and accompany customers from different sectors in the definition and implementation of programmes to reduce environmental impact and optimise energy consumption and performance, also as part of paths towards carbon neutrality.





In 2022, Renovit's work with customers in the various sectors resulted in the avoidance of around 26,000 tonnes of CO<sub>2</sub> emissions, with the aim of reaching 190,000 by 2026.

Renovit operates in the market through its subsidiaries Tep Energy Solution S.r.l., Mieci S.p.A. and Evolve S.p.A.:

 <p><b>Tep Energy Solution</b> gruppo renovit</p>	<p><b>Tep Energy Solution</b> addresses the <b>residential</b> and business market by proposing deep renovation projects through 110% tax deductions, and energy efficiency and renewable energy development interventions, as well as proposing itself as a partner to companies along their paths assessing and reducing their environmental impact and decarbonising their processes and activities.</p>	 <b>INDUSTRIAL SECTOR</b>	 <b>TERTIARY SECTOR</b>	 <b>RESIDENTIAL SECTOR</b>
 <p><b>mieci</b> gruppo renovit</p>	<p><b>Mieci</b> focuses on the public sector, offering integrated energy and technology services for hospitals and public administration buildings. It also plays the role of general contractor in the construction and management of infrastructure works, district heating networks and public lighting and water supply systems. Mieci mainly operates through the Institute of Public Private Partnerships, which allows private companies to finance, build and manage infrastructure or provide services in the public interest without any increase in expenditure for the authority over historical expenditure.</p>		 <b>PUBLIC ADMINISTRATION</b>	
 <p><b>evolve</b> gruppo renovit</p>	<p><b>Evolve</b> operates in the residential market by offering deep renovation of buildings through 110% tax deductions and Energy Service Contracts, mainly in the north-west of Italy.</p>		 <b>RESIDENTIAL SECTOR</b>	

## RESIDENTIAL SECTOR


**450 m€** turnover  
**+600** deep renovation sites started  
**~500** Energy Service and Operation and Maintenance contract

## INDUSTRIAL SECTOR


**40 m€** turnover  
**26 m€** investments  
**21** new contracts for plant construction, of which **18** photovoltaic  
**7** plants tested and commissioned in 2022

## PUBLIC ADMINISTRATION


**40 m€** turnover  
**26 m€** investments  
**83** new contracts for deep renovation and Energy Service interventions  
**4** new nominations for promoters for interventions through Public Private Partnerships

## TERTIARY SECTOR


**700 k€** turnover  
**5 m€** investments  
**9** new contracts for plant construction, of which 5 photovoltaic  
**1** plant commissioned

## RENOVIT, B CORPORATION

In January 2022, Renovit achieved the B Corp certification, becoming the first certified company in terms of turnover and number of employees in the energy and environment sector and one of the top five in Europe. B Corp certification rewards companies that distinguish themselves in the marketplace by operating according to high standards of social and environmental performance, integrating the goal of profit with a positive impact on the environment, people and the communities in which they operate.

The certification process lasted around eight months and included the assessment of Renovit in various areas of impact (business model, ethics and transparency in governance, relations with customers and suppliers, commitment to diversity and inclusion and service to the community, impact on the environment), providing a complete view of Renovit, which was found to comply with the strict B Lab criteria.

Today, out of more than 200,000 companies that have been assessed globally, only 2% have met these requirements.

B Corp Certification is an official recognition of Renovit's approach to integrating sustainability into its business strategy and way of doing business and is the starting point for the company's strategic evolution.

Starting from the results of the B Corp assessment, Renovit developed an **Evolution Master Plan 2022-2024** with actions to be implemented to develop the impact profile in view of recertification in January 2025, with actions related to governance, people, community and environment.

**CERTIFIED PROFILE**

Based on the B Impact assessment, Renovit earned an overall score of 82.9.



**82.9**

Renovit Score

**80**

Qualifies for B Corp Certification

**50.9**

Median Score for Ordinary Businesses



Renovit participated in three main **ESG** initiatives during the year:

<b>CO2alizione</b>	CO2alizione Italy was created to promote the decarbonisation of companies' activities and processes. Renovit, together with Snam, has joined this coalition, pledging to include the aim of progressively evolving its business and operating model towards a zero-carbon economy in its articles of association.
<b>Energy poverty</b>	Renovit has designed an operational framework that will guide the group's efforts and activities with the goals of fostering climate justice and tackling energy poverty.
<b>Planting</b>	In cooperation with Arbolia S.p.A., the planting activity which began in 2019, continued, leading to the planting of around 3,000 new native species of trees in Taranto in the Paolo VI district and in Milan as part of the ForestaMi project, with a total CO <sub>2</sub> absorption of around 30 tonnes per year.

## Decarbonisation and Energy Efficiency Projects

### Turin Parc Complex: a comprehensive intervention that reduces energy consumption and improves the quality of life of the entire neighbourhood

Through Evolve, Renovit carried out the regeneration of the "Turin Parc" residential complex located in the southern area of Turin, consisting of 298 units for both residential and commercial use.

Through the installation of a ventilated façade, the replacement of the central heating system, the lighting system and doors and windows, and the adoption of home automation systems, the redevelopment will allow an average improvement of 3 energy classes, with a reduction in energy consumption of around 40%. Lastly, the installation of lifts will allow the removal of architectural barriers, which will improve the quality of life in the neighbourhood.

The project will be completed with the installation of a photovoltaic system to power the common areas, and electric charging stations for vehicles.

### Cassino Smart Community

Renovit and the WEPA Group, one of the leading players in the European paper industry, have implemented a project for the energy requalification of the Cassino (FR) plant, which will create a smart community with the nearby University of Cassino.

Carried out by TEP Energy Solution and Mieci, the project involves the construction of a 7 MW trigeneration plant to produce about 48 million kWh per year, as well as steam and hot water to cover all plant needs, eliminating energy withdrawals from the grid. At the same time, via a district heating and cooling network, the power station will supply the nearby university campus with hot and chilled water to feed its air-conditioning systems.

### Portofino Carbon Free: Italy's first carbon neutral marina

The project is part of the initiatives launched by Renovit to support public administrations in their efforts to reduce the impact of services offered to the community, through the definition of decarbonisation strategies and plans and the development of energy transition projects.

More specifically, Renovit supported Portofino in defining a programme to mitigate the impact of tourist services carried out in the municipal area, developing a model to measure the emissions footprint of the various tourist activities and identifying the fee to be requested from users. The fees collected will allow the municipality to offset the impact of the 2022 tourist season through the purchase of Carbon Credits and through the implementation of environmental protection measures to be carried out in the Portofino Regional Park.

# USING ENERGY EFFICIENTLY

## OBJECTIVES AND PERFORMANCE

SDGs	KPI		Target	Performance 2022	
 7 AFFORDABLE AND CLEAN ENERGY	MWh production of electricity from photovoltaic plants		> 860 MWh by 2023 > 900 MWh by 2026	1,035 MWh	
	Increasing green electricity consumed out of the total (*)		55% by 2030	52%	
	Trigeneration plants		Production of 17,000 MWh from trigeneration plants by 2026	7,297 MWh	
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	High-efficiency heat generators		110 MW by 2025	101 MW	
	Improvement of the energy efficiency of buildings		Savings of 75,000 m³ per year of gas and 250 MWh per year of electricity by 2025	40,000 m³ 145 MWh	
 13 CLIMATE ACTION	Installation of LED lighting systems		Replace 534 kW with 1,860 MWh savings by 2022	534 kW 1,860 MWh	
	% of retrofitted or methane-powered cars out of the total company car fleet		55% by 2022	59%	

(\*) The KPI also includes energy produced by Snam since 2022. The values for 2020 and 2021 are unchanged. Considering only the share of purchased green electricity, the percentage for 2022 would be 51%.



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

## ENERGY CONSUMPTION AND ENERGY FROM RENEWABLE SOURCES

Energy efficiency is one of the main tools for decarbonisation, also supporting economic, social and technological development at the national level through lower costs and more competitive companies.



The most significant share of Snam's energy consumption is related to the operation of gas turbines used by the compression and storage plants, which account for 83% of total consumption. The energy consumed in order for the turbines to provide the necessary pressure for transporting gas along the national network and its storage in reservoirs depends on the amount of gas transported and stored and the distance between the entry point into the network and the downstream redelivery point.

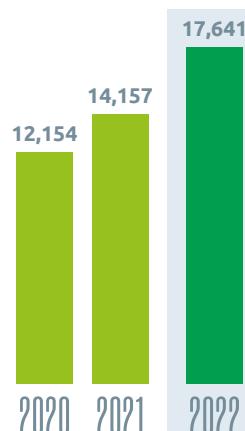
The route that the gas must follow to reach the consumption areas (the barycentre point being currently just below the Po Valley) and, consequently, the necessary thrust and the number of compression plants involved, have a significant impact on energy requirements. In particular, the North African and TAP-related backbone (which saw a 15% increase in gas transported in 2022) requires gas to be transported over a greater number of kms and using more facilities than the Russian one (gas entering Tarvisio reduced by 52%): in 2022, the overall reshuffle of gas entry points led to more operating hours for the compression plants equal to about 13.5 thousand (+25%), to which about 4.5 thousand additional operating hours (+17%) of the storage plants are added against a substantially stable amount of gas injected into the network.

In 2022, Snam's total energy consumption was 17,641 TJ (+25% vs 2021), almost entirely attributable to natural gas (96.4%), used mainly for the operation of transport, storage and regasification plants, but also for heating buildings and for self-consumption. The remaining part of the energy mix includes electricity (3%) and other fuels (diesel, gasoline, LPG, and heat), which together equal 0.6% of energy consumption.

As for the consumption of the individual business sectors:

- Gas transport: 10,727 TJ
- Gas storage: 4,691 TJ
- Regasification (Panigaglia plant): 1,108 TJ, this consumption accounts for 6% of Snam's total consumption, and has doubled (+103% compared to 2021), in line with the increase in regasified gas (+113%) compared to 2021 and with the changes in gas flows induced by the different geopolitical scenario.
- Lastly, the non-regulated businesses, which greatly expanded their activities in 2022, consumed 6% of the total.

## 2020-2022 ENERGY CONSUMPTION (TJ)



In response to this consumption, and in addition to the actions better described in the following paragraphs as part of the path towards carbon neutrality (e.g., the gradual replacement of gas turbines with electric compressors in gas transportation and storage plants), in order to reduce its energy consumption and its impact on the environment, Snam has launched **energy management** initiatives, including:

- the installation of photovoltaic plants at the main premises for the production of green electricity;
- the installation of co-generators fuelled by biogas from the anaerobic digestion of agricultural waste or waste for the production of electricity;
- the acquisition of electricity from certified renewable sources through specific supply contracts;
- the installation of high-efficiency heat generators, in particular at gas reduction and regulation plants;
- the installation of trigeneration plants;
- investments in the improvement of the energy efficiency of buildings.

Renewable energy plants, which do not include cogeneration plants since 2022, increased compared to the previous year due to the installation of photovoltaic plants in the gas transmission network (3,621 units in 2022, +28% compared to 2021). The increase in installed capacity from 1.3 MW to 4.7 MW (+259%) is mainly due to the plants of the energy transition businesses and new photovoltaic systems connected to the grid. Similarly, there was an increase in the energy produced, from 950 MWh in 2021 to over 2,900 MWh in 2022, or +208%.

**3,621**

renewable energy plants  
(+27% vs 2021)

**4,699**  
kw

installed power in  
renewable energy plants  
(+259% vs 2021)

**2,923**  
Mwh

energy produced by  
renewable energy plants  
(+259% vs. 2021)

## RENEWABLE ENERGY PLANTS

Type	2020			2021			2022		
	no.	Total power (kW)	Energy produced (MWh)	no.	Total power (kW)	Energy produced (MWh)	no.	Total power (kW)	Energy produced (MWh)
Wind generators	1(*)	1.7		1 (*)	1.8		1(*)	1.8	
Photovoltaic systems	2,355(*)	1,198	872	2,829 (*)	1,306	950	3,620(*)	4,698	2,923
<b>TOTAL</b>	<b>2,356</b>	<b>1,200</b>		<b>2,830</b>	<b>1,308</b>		<b>3,621</b>	<b>4,699</b>	

(\*) Back-up plants = 3,574, of which 3,573 photovoltaic and 1 wind.

Furthermore, the share of green electricity in the total increased from 41% in 2021 to 52% in 2022, very close to reaching the target of 55% in 2030.



green electricity  
consumed / total  
electricity consumed

With reference to the ESG Scorecard, regarding annual electricity production from photovoltaic plants, Snam greatly exceeded the target of 860 MWh, reaching 1,035 MWh. Furthermore, on the KPI related to energy efficiency works in buildings, the Group managed to achieve gas savings of 40,000m<sup>3</sup> compared to 30,000 m<sup>3</sup> in 2021 and electricity savings of 145 MWh, up from 80 MWh in the previous year, being in line with the 2025 target (savings of 75,000 m<sup>3</sup> per year of gas and 250 MWh per year of electricity).

## ISO 50001 CERTIFICATION AND ENERGY DIAGNOSTICS

Starting in 2023, in line with the current energy context, Snam has set itself the goal of obtaining **ISO 50001** energy certification, a strategic tool to implement and maintain an Energy Management System (EMS) and continuously improve its energy performance through a more efficient and effective use of energy.

In order to obtain certification, in addition to preparing the system documentation that will be integrated into the management system already in place, Snam will develop the technical documentation and related **Energy Analyses** that will assess the energy aspects of the company's reality in detail. The corresponding energy models and global performance indicators and improvement plans will be prepared with the acquisition of the energy data of each functional area.

In the course of 2023, in accordance with the **European Energy Efficiency Directive** and the Italian transposition into Legislative Decree. 102/2014, Snam will carry out **Energy Diagnoses** for all Group companies as part of the Energy Managers' Table, which will make it possible to measure the **energy performance of plants** in order to improve them and assess any anomalies, as well as optimise energy requirements.

## COMPANY FLEET

In 2022, the number of retrofitted cars increased to a total of 793 methane-powered vehicles in the company's entire fleet, or 59% of the entire fleet. This project will be discontinued in 2023 as a result of a strategic review of the car management model, including a shift towards a long-term rental model. The new company car list will be defined in 2023 for both operating and mixed-use cars, also taking into account CO<sub>2</sub> emission parameters.

# COMBATING CLIMATE CHANGE AND REDUCING EMISSIONS

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Percentage of emission reduction of gas greenhouse gas emissions Scope 1 and Scope 2 (vs 2018)	 -28% by 2025 -40% by 2027 -50% by 2030 Carbon neutrality by 2040	-3.9% (-8.1% on regulated business)
 13 CLIMATE ACTION	Percentage of reduction in natural gas emissions (vs 2015)	 -40% by 2022 -55% by 2025 -58% by 2026 -65% by 2030	-45% 
	Percentage of natural gas recovered from maintenance activities	 >40% of the average of the last five years until 2026	57% 
	Percentage of Scope 3 emission reduction (vs 2019)	 -46% by 2030(*)  -55% by 2030(**)	-37%  +158%

(\*) Emissions of associate companies, fuel and energy production and transmission, business travel, commuting.

(\*\*) Supplier emissions in terms of emission intensity (tCO<sub>2eq</sub>/M€ CapEx).



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

## GREENHOUSE GAS EMISSIONS (GHG)

To achieve carbon neutrality in its operations by 2040, Snam is pursuing a broad portfolio of industrial initiatives to limit and reduce greenhouse gas emissions. Snam analyses its emissions in line with the **GHG Protocol**, dividing them into: direct emissions (Scope 1), indirect energy emissions (Scope 2) and other indirect emissions (Scope 3). In order to monitor them, it has defined specific objectives with intermediate targets, to which an ad hoc target for methane emissions has been added, in line with the **UNEP (United Nations Environment Programme) protocol** recommendations issued by the **Oil & Gas Methane Partnership - OGMP 2.0**, a voluntary initiative that Snam joined in November 2020.



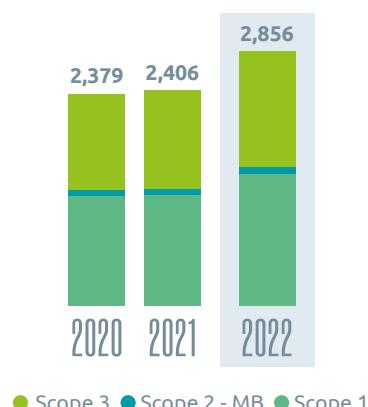
In 2022, the methane coefficient for **global warming potential (GWP)** was updated. This value expresses the contribution to the greenhouse effect of a gas compared to CO<sub>2</sub>, whose reference potential is 1. According to the Sixth Assessment Report - IPCC, the new value is 29.8 compared to the previous value of 28. Therefore, the GHG Scope 1 and Scope 3 emissions from previous years were recalculated.

Total GHG Scope 1 and Scope 2 emissions were approximately 1.52 million tonnes of CO<sub>2eq</sub> (+3% vs 2021); to these are added Scope 3 emissions of 1.34 million tonnes (+43% vs. 2021) including 0.85 million tonnes related to the Supply Chain and 0.3 related to Associates: the Group's total GHG emissions are therefore 2.86 million tonnes CO<sub>2eq</sub> (+19% vs 2021). With reference to the regulated perimeter alone, which is more in line with that in place at the time of the announcement of decarbonisation commitments, Scope 1&2 emissions amounted to 1.45 million tonnes CO<sub>2eq</sub> (-0.6% compared to 2021) and Scope 3 supplier emissions amounted to 0.56 million tonnes CO<sub>2eq</sub>.

The overall Group figure is affected by various factors with uneven trends:

- the increased intensity of activity (e.g., the use of more energy-intensive supply backbones, the increased filling of storage), which increased combustion emissions;
- the significant reduction in the share of Scope 1 emissions related to methane gas thanks to the activities implemented that achieved -46% emissions compared to 2015, three years ahead of the UNEP protocol target;
- the increase in orders that led to an increase in the Scope 3 emissions of suppliers; the impact of non-repeatable items (e.g., ancillary services related to the implementation of the FSRU in Piombino) and the impact of the different Italian energy mix in 2022 on the supply chain must also be considered on this figure;
- the increased weight of unregulated business (e.g., increased from 1 to 4% of total Scope 1&2 emissions);
- the less than proportional increase in Scope 1 and 2 emissions (+3% vs 2021) compared to that recorded for energy consumption (+25%), due to measures concerning the recovery of natural gas emissions and energy efficiency and the increasing use of green electricity. Together, these activities avoided the emission of about **213,000 tonnes of CO<sub>2eq</sub>**.

### GHG EMISSIONS 2020-2022, ktonCO<sub>2eq</sub>



## Scope 1 - Direct Emissions

Almost all of Snam's direct GHG Scope 1 emissions relate to methane (CH<sub>4</sub>) and carbon dioxide (CO<sub>2</sub>), while a small portion is attributable to emissions of hydrofluorocarbons (HFCs), which are the refrigerant gases used in refrigeration systems.

In 2022, direct emissions amounted to 1.48 million tonnes of CO<sub>2eq</sub>, up 3% compared to 2021, but down 4% compared to 2018, the base year used in the Scope 1 and 2 emissions reduction target included in the Group's decarbonisation strategy; with the perimeter of regulated businesses only (more similar to that of 2020 when the decarbonisation targets were announced), the direct emissions are 1.43 million tonnes of CO<sub>2eq</sub> (0.3% lower than in 2021 and 7.5% lower than in 2018). If compared to last year, the CO<sub>2</sub> emissions from combustion increased by 25% compared to 2021, reaching 0.98 million tonnes, while CH<sub>4</sub> emissions also decidedly decreased, from 658,000 tonnes of CO<sub>2eq</sub> to 508,000 tonnes of CO<sub>2eq</sub> in 2022. HFC emissions were almost the same, coming in at 1.13 thousand tonnes of CO<sub>2eq</sub> (+12% compared with 2021).

Combustion emissions increased as a result of the increased activities carried out during 2022 for security of supply purposes (e.g., the overturning of the hourglass with the increase in imports from the South) as shown by the increase in overall consumption in the compression plants of the gas transportation network (+12%), in the storage plants (+20%), in the Panigaglia regasification terminal (+110%).

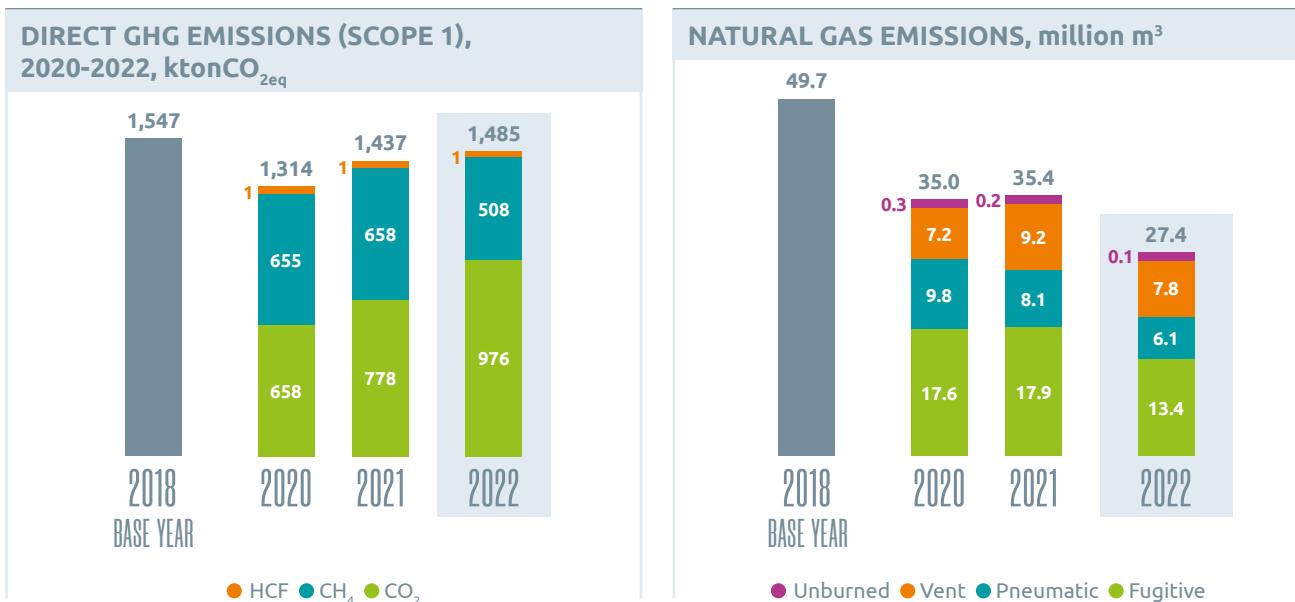
In 2022, natural gas emissions<sup>5</sup> amounted to 27.4 million m<sup>3</sup>, significantly reduced compared to 2021 (-23%) and -45% compared to 2015, earlier than the trajectory that plans to reduce methane emissions by -55% by 2025 vs 2015, meeting and exceeding the target set in the ESG Scorecard.

In addition, Snam's activities in the area of natural gas emission reduction resulted in a decrease of methane for gas transport per network kilometre of -35% and -51% compared to 2021 and 2015, respectively.

For more information on Snam's performance related to GHG Scope 1 emissions, please refer to the chapter "Data and Performance Indicators" in this document.

<sup>5</sup> Snam's natural gas emissions fall into three categories:

- **Fugitive** emissions from equipment leakage, processes;
- **point**, traceable to atmospheric discharges resulting from 'intentional' releases such as those for planned maintenance, operational venting or emergency depressurisation, including pneumatic venting, in accordance with the UN protocol;
- **unburned** methane in exhaust gases from turbines, engines, boilers or flares.



## BEST PRACTICES FOR REDUCING METHANE EMISSIONS

For several years now, Snam has implemented several best practices to reduce natural gas emissions. In this context, during 2022, the Company has:

- carried out the first methane emission measurement tests in four compressor and storage plants and four pressure reduction plants using top-down technology with drone-mounted instrumentation to improve the **emission accounting system**.
- reduced **fugitive methane emissions** through the use of **Leak Detection and Repair (LDAR)** with its own staff in the booster and storage stations and the regasification terminal. LDAR is implemented at about 75% of the facilities in the transport network, and has contributed to the reduction of about 2.2 million m<sup>3</sup> of methane emissions to date.
- reduced **methane vent emissions (including pneumatic emissions)**, adopting gas recompression systems which, during important works on the transport network, allow gas to be reinjected into the network, avoiding its release into the atmosphere. A similar gas recovery system has been permanently installed in some compressor plants. The emission of about 6 million m<sup>3</sup> of gas into the atmosphere was avoided in 2022, recovering more than 60% of the amount of gas that would have been emitted without mitigation measures.
- To reduce pneumatic emissions, the Company has continued to replace existing models with new low- or zero-emission equipment and, in some plants, adopted air-powered instead of gas-powered actuation systems. These emissions were reduced by approximately 2 million m<sup>3</sup> in 2022.

For more information see the chapter 'Acting for Tomorrow: Snam and the Commitment to Combat Climate Change, Greenhouse Gas Emissions' of the 2022 Climate Change Report.

## NATIONAL AND INTERNATIONAL COMMITMENT ON METHANE EMISSIONS

Snam has been involved, for many years, in various important international initiatives on the issue of climate changes. Among the most significant, Snam has:

- maintained the Gold Standard, the highest level in the **UNEP OGMP 2.0 Framework**;
- contributed to the preparation of the Oil and Gas Sector Toolkit for the Global Methane Pledge, to support governments of countries that have joined the Global Methane Pledge in developing policies and regulations on methane emissions under the **Methane Guiding Principles (MGP)**;
- analysed and proposed comments to the draft European regulation on methane emissions, as well as started to develop a set of Best Available Technologies (BAT) applicable in the gas industry for limiting methane emissions as part of the Group's participation in the European Gas Industry Technical Association (**Marcogaz**) and Gas Infrastructure Europe (**GIE**);
- produced the draft standard TS 17874 on the quantification of methane emissions, in cooperation with **CEN**, the European standards body;
- coordinated the **Technical Commission UNI/CT 199/GL 03** to oversee the technical activities of a regulatory nature related to the topic of methane emissions and in particular the work of the Joint Group GERC, GIE, ENTSOG, EUROTAS, MARCOGAZ, developments and collaborations with IMEO and OGMP 2.0, regulatory activities underway at EU level (ACER and CEER) with relative exchange of information and sharing of any national positions.

## Emissions in the EU ETS (Emission Trading Scheme)

The EU ETS<sup>6</sup> is a European system designed to encourage emission reductions by setting a cap on the total amount of certain greenhouse gas emissions that can be emitted by installations with specific characteristics. If a company emits more than the amount established by the cap, it is obliged to buy emission allowances from the market. Snam owns **23 plants subject to the EU ETS**, one more than the previous year, as a new Renovit plant came into operation (the others include 13 from the transportation business, eight from storage and one from regasification). The emissions from these plants amounted to 0.93 million tonnes of carbon dioxide, of which 0.154 million tonnes were allocated for free and the remaining 0.775 million tonnes were bought from the market.

### Scope 2 - Indirect Emissions from Energy Consumption

The Scope 2 GHG emissions generated by the supply of electricity and heat produced by third parties and which the Company uses for its own activities are calculated using two approaches: the **Market-Based** (MB) approach assigns a zero CO<sub>2eq</sub> emission factor for energy consumption from certified renewable sources (e.g., guarantees of origin); the Location-Based (LB) approach considers an average CO<sub>2eq</sub> emission factor based on the national energy mix.

In 2022, the electricity consumption of around 146,000 MWh increased by 32% compared to 2021 as a result of the increased operations of GNL Italia, Snam Rete Gas and Stogit, and to a predominant extent from new business, particularly the Bioenerys sites. This energy increase is not reflected in a similar increase in CO<sub>2eq</sub> Market-Based emissions, as the Company has pursued its commitment to increasingly use electricity from renewable sources. In fact, the share of green electricity use represented 52% of the total consumed, a marked increase compared to 2021 when this share was 41%. As a result, the increase in emissions was limited to only six percentage points, from 30.8 thousand tonnes CO<sub>2eq</sub> in 2021 to 32.8 thousand tonnes CO<sub>2eq</sub> in 2022. The new sites that have switched to electricity from renewable sources are the Malborghetto and Montesano plants, all Snam headquarter offices in San Donato Milanese and Crema, the Greenture (former Snam4Mobility) plants and some Bioenerys (former Snam4Environment) plants. 2022 also saw an increase in the amount of green electricity produced by the installed photovoltaic panels. As a result of these actions, approximately 20,000 tonnes of CO<sub>2eq</sub> were avoided.



● Location-Based ● Market-Based

## REAL ESTATE PROJECTS TO REDUCE EMISSIONS

Among the main initiatives aimed at reducing emissions, Snam has developed three real estate projects of particular impact:

### Symbiosis

Symbiosis is the building that will house all the company's current population at the San Donato Milanese and Milan sites starting in 2025. The avant-garde project will be built to meet the requirements for sustainability certification according to the **360-degree building assessment system**, the **protocol for verifying and certifying the level of health and well-being of the built environment**, and the **specific sustainability certification for the service sector**, in which specific criteria are assessed in relation to energy efficiency, intelligent use of resources, indoor comfort, acoustics, natural light and air quality. The height of the building was designed to minimise the impact on the ground.

### Verbania and Distretto Nord San Donato Milanese

In 2022, the new **maintenance centre in Verbania** and the **Distretto Nord San Donato Milanese** site came into operation.

<sup>6</sup> 2022 was the first year of application of the new rules established in Italian Legislative Decree 47/20 for the fourth period 2021-2030 of application of Directive 2003/87/EC.

Both projects were designed and built with particular attention to energy savings in both the building and plant engineering fields, leading to the achievement of energy class A certification (only for the office part for Verbania). In this regard, the exterior façades are made with high thermal insulation and high-performance window frames, while all the plants meet the latest energy-saving regulations. In addition, the mechanical systems use innovative technologies such as heat pumps, air exchange with high-efficiency heat recovery, recovery and reuse of rainwater for outdoor irrigation, inverter pumps, low-water consumption fittings, etc.

For the optimisation of consumption, the installation of a BMS (Building Management System), the use of LED lighting and a photovoltaic system on the roof is planned for both projects.

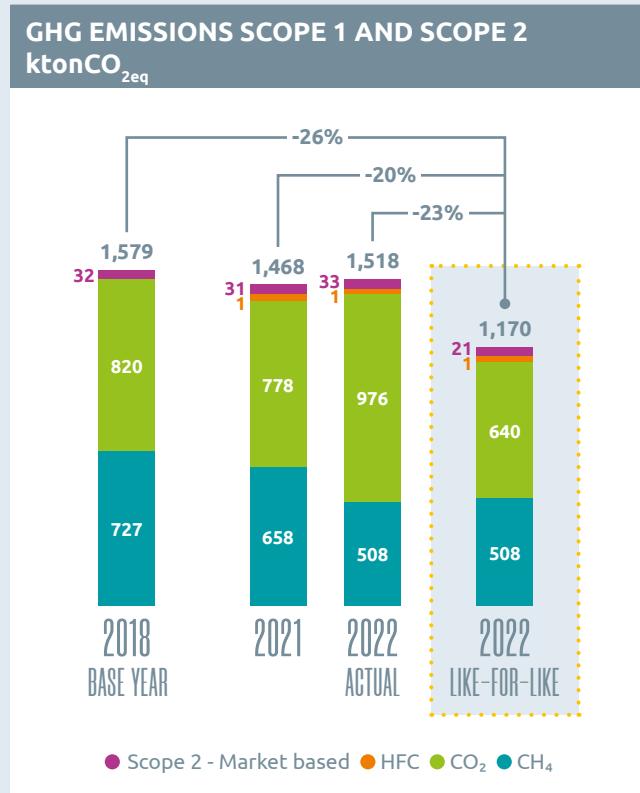
## LIKE-FOR-LIKE ANALYSIS ON GHG SCOPE 1 AND 2 EMISSIONS

The Scope 1 and 2 emissions reported by Snam in 2022 are affected by the profound geopolitical changes and impacts on gas flows. In order to verify emissions trends and assess the results of Snam's commitment to the variables actually in control, and to offer transparency to its stakeholders, a scenario has been defined that neutralises the effects linked to the change in the geopolitical context, named 'Like-for-Like,' which envisages:

Company perimeter limited to regulated business (SRG, STG, LNG) fixed and substantially aligned with that of the Carbon Neutrality strategy.

Gas volumes transported, dual fuel installation and remaining decarbonisation activities as actually achieved in 2022, in line with historical gas flow directions.

The result of this analysis shows that in the absence of the exogenous and uncontrollable conditions that occurred during the year (the reversal of gas flows), Snam's Scope 1 and 2 emissions in 2022 would have been approximately equal to 1,170 ktonnes CO<sub>2eq</sub> and a decrease of 20% compared to 2021 and 26% compared to 2018.



To accompany this analysis, the Company verified the trend of emissions through some additional intensity KPIs, comparing their value in 2022 with the 2021 values.

**Scope 1&2**  
(kton CO<sub>2eq</sub> / billion € RAB)



**Scope 1&2**  
(ton CO<sub>2eq</sub> / gas injected in bln m<sup>3</sup>)  
\*average distance travelled in average km (national network)



**Emissioni di CH<sub>4</sub>**  
(ton CH<sub>4</sub> / km national grid)



# SCOPE 3 – OTHER INDIRECT EMISSIONS

Indirect Scope 3 emissions are those emissions that originate from the value chain and are therefore not directly attributable to the perimeter of the Company.



Snam's value chain emissions can be classified into the following macro-categories:

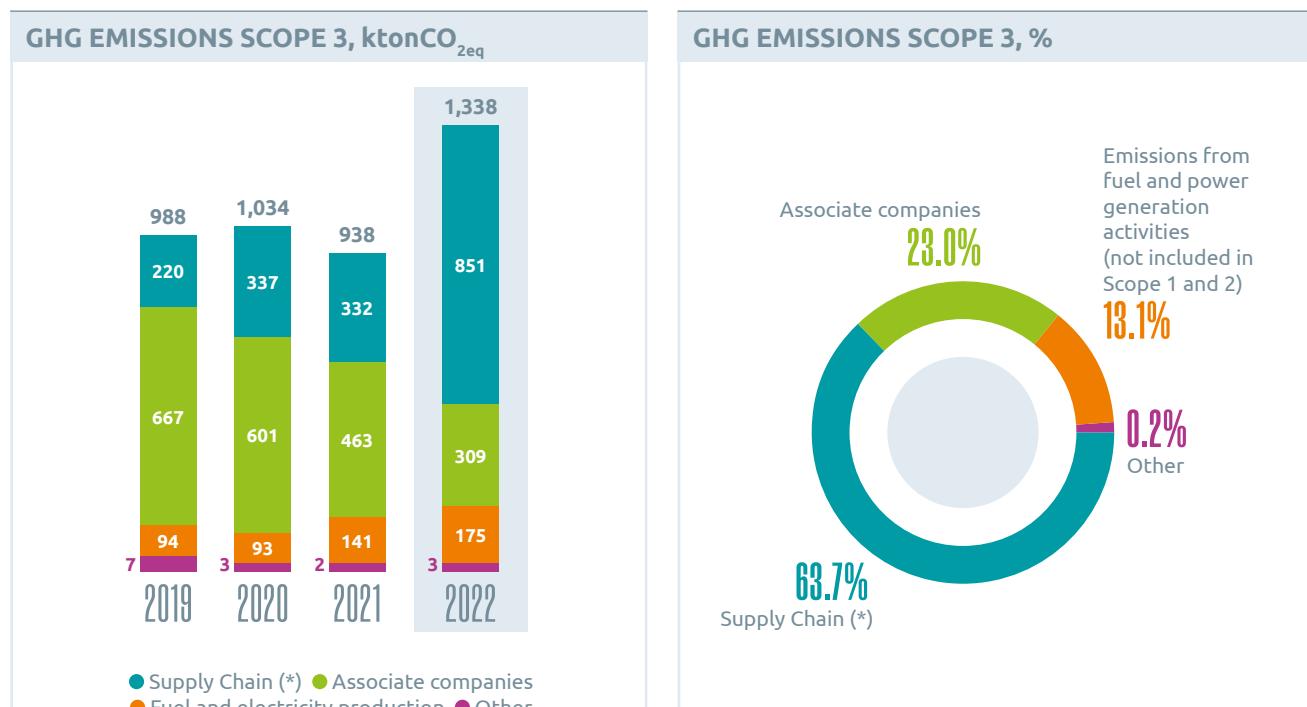
- **Emissions from Snam's Associate companies** (GHG Protocol category: Investments).
- **Emissions from the supply chain**, which include emissions from suppliers working for Snam (GHG Protocol categories: Purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations and Upstream leased assets).
- **Emissions from fuel extraction and electricity generation and transport** that are not included in Scope 1 and 2 (GHG Protocol category: Fuel-and-energy-related activities not included in Scope 1 or 2).
- **Other**, which includes business travel and employee commuting (GHG Protocol categories: Business Travels; Employee commuting).

Snam's Scope 3 emissions are calculated according to the **GHG Protocol** and have been reported for years in the CDP Climate Change Questionnaire (formerly the Carbon Disclosure Project). As part of the Scope 3 target-setting project, the Company revised its calculation methods and thus refined the data from previous years.

In 2022, the GHG Scope 3 emissions were equal to 1.34 million tonnes CO<sub>2eq</sub> with an increase of 43% compared to 2021. The growth is mainly due to indirect emissions from the supply chain, as the value recorded for ordered goods in 2022 increased from 1.79 billion euros to 3.05 billion euros compared to the previous year. In fact:

- there was a 65% growth in expenditure on the energy infrastructure business;
- the contribution of the non-regulated business increased considerably, to 965 million euros, and from an emission point of view makes up 35% of the total supply chain emissions;
- ordered goods include expenses for ancillary services arising from the installation of the FSRU in Piombino.

On the other hand, emissions from associate companies decreased from 0.46 to 0.31 million tonnes CO<sub>2eq</sub>; compared to 2019, the reduction was 54%.



Note: the figures for the three-year period 2019-2021 for the item 'associate companies' have been recalculated in accordance with the new GWP of 29.8.

(\*) Includes the categories, (1) Purchase of goods and services, (2) Capital goods, (3) Upstream transport and distribution, (4) Waste generated in operations, (5) Upstream leased assets.

## EMISSIONS OF NITROGEN OXIDES (NOx)

The only relevant pollutant emissions for the Group are nitrogen oxides (NOx), mainly from the combustion of natural gas in the turbines of the compressor and storage plants. In 2022, these emissions increased (+8%) from 558 to 602 tonnes, but proportionally less than the emission drivers, mainly due to:

- increase in operating hours of compressor and storage turbines (+25%)
- increased quantities of regasified gas from GNL Italia with a consequent increase from 30 to 60 tonnes of NOx due to the increased use of vaporisers;
- increase in the amount of gas stored by Stogit with a consequent increase from 96 to 112 tonnes of NOx due to the increased use of turbochargers;
- contribution of the new Renovit plant, commissioned in 2022, of 15 tonnes of NOx.

The emission mitigation factors that made it possible to limit their impact despite the high driver increases were the improved efficiency of Snam Rete Gas turbochargers (TCs) and the continuation of the turbine replacement programme, in particular of two Istrana TCs with two new low-emission (DLE) TCs.

As far as the transport sector is concerned, although gas consumption for the operation of compressor plants increased (from 246 to 281 million Scm), necessary to cope with the increased amount of gas transported from North Africa, NOx emissions from plants decreased (from 428 to 407 tonnes). The average NOx emissions related to installed power thus decreased from 3.8 to 3.22 [mg/Nm<sup>3</sup>]/MW compared to the previous year.

**TOTAL NOX EMISSIONS, ton**



—●— NOx emissions / Energy used (kg/GJ)

Emissions of NOx in the atmosphere were calculated based on direct measurements or, if not available, by means of emission factors present in the literature (EMEP/EEA "Air pollutant emission inventory guidebook" European Environment Agency).

# PROTECTING BIODIVERSITY

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Percentage of vegetation restoration of the natural and semi-natural areas involved in the construction of the pipeline routing	 >99% until 2026	99.91% 

 KPI included in the ESG Scorecard  KPI included in the Carbon Neutrality Strategy  Target reached  Target in progress  Target not reached

Snam has developed an approach for infrastructure management, from the design phase to decommissioning, that is based on four key aspects that express a strict application of the mitigation hierarchy: firstly, seeking solutions to avoid and prevent the occurrence of negative impacts, and only secondly reducing their effects or compensating for residual negative impacts.

**MINIMISE**

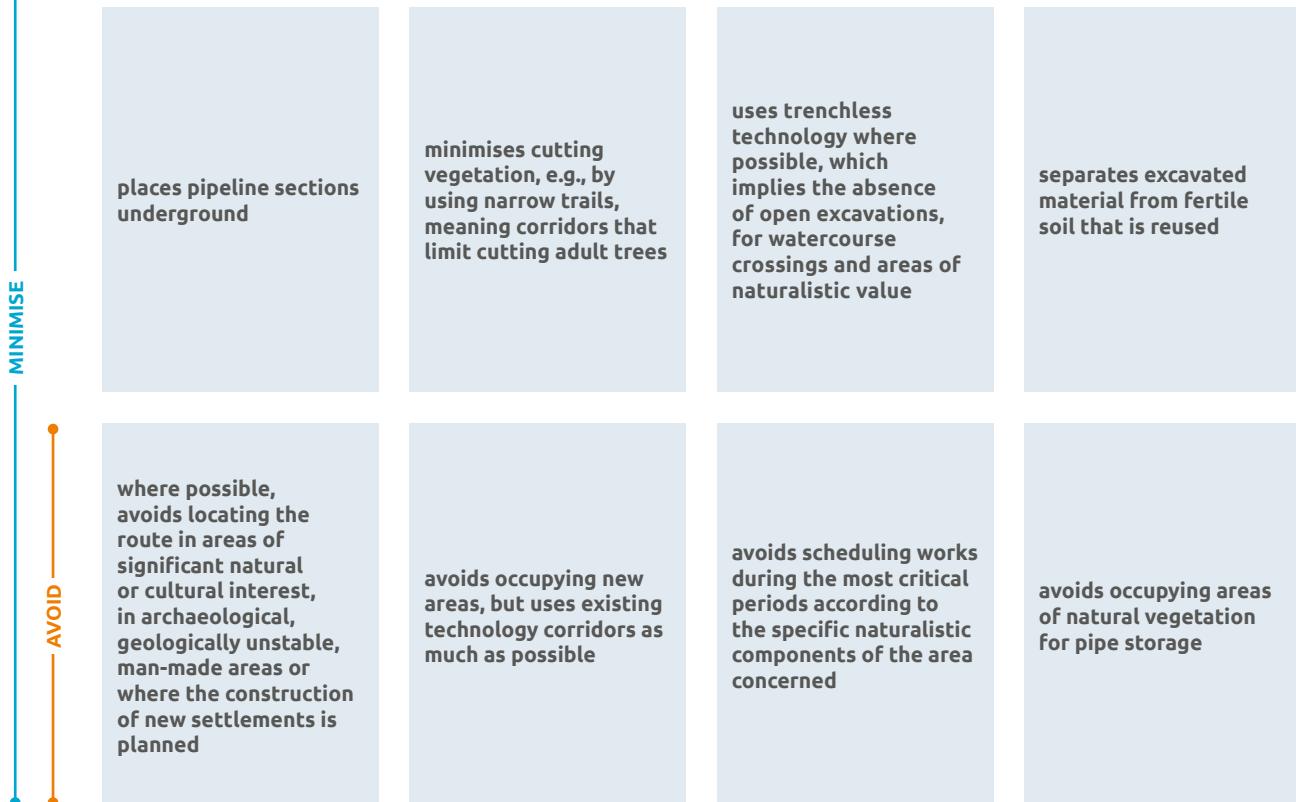
**AVOID**

**RESTORE**

**OFFSET**

The main environmental impacts, which may occur mainly during the construction and decommissioning phases of the project, concern noise pollution, dust generation and release of emissions into the atmosphere, the use of water and soil resources, and possible aesthetic and chromatic alterations to the landscape due to the possible cutting of vegetation.

**Snam minimises these environmental impacts, which are temporary**, through appropriate construction measures to **avoid damaging** the environment and the biodiversity of the areas where the infrastructure is located, while at the same time ensuring compliance with the principle of preserving ecosystems, public health, the safety of workers and the environmental sustainability of construction sites. In particular, the Company:



If it cannot avoid crossing them, Snam takes great care with operations near **Sites of Community Interest** (SCIs), **Special Areas of Conservation** (SACs) and **Special Protection Areas** (SPAs), which together constitute the **Natura 2000 Network Sites**<sup>7</sup>. In 2022, the extent of Natura 2000 Network Sites subject to infrastructure laying was significantly lower than in the previous year (1.9 km vs 9.7 km) and affected the regions of Piedmont, Calabria and Basilicata.

In addition, Snam Rete Gas adopts good site practices, including wetting the tracks and reducing the speed of vehicles to reduce dust lifting, shutting down vehicles when not in use and carrying out their periodic testing and overhaul, storing waste in delimited areas and disposing of it in accordance with the terms and methods envisaged by law, and anti-hydrocarbon spillage practices.



As part of the design of Snam's works, some environmental studies aimed at characterising the natural environment or forecasting the environmental effects of projects, also in support of the works' environmental authorisation procedures, are carried out by public universities or research institutes. In particular, Snam has commissioned the University of Genoa to implement a mathematical model for the FSRUs of Piombino and Ravenna, capable of assessing the possible effects due to the release of seawater with different characteristics in terms of temperature and chlorine content compared to that taken from the port area, with a view to providing elements for evaluating the potential impacts on the same.

Once the **design** phase has begun, all works are subjected to **Environmental Impact Assessment** (EIA) or **Integrated Environmental Authorisation** (IEA) procedures, which meet stringent environmental compatibility and safety assessments and ensure maximum respect for the natural environment and the protection of biodiversity.

For further information on the Decrees and Measures obtained during the year (within MITE's competence), please refer to the chapter 'Business Segment Operating Performance - Natural Gas Transportation in the 2022 Annual Report'.

On the basis of the studies carried out during the EIA phase and the results of the ante-operam environmental monitoring activities, Snam initiates site-specific and species-specific mitigation measures, such as the interruption of construction site activities for the reproductive/migratory periods of some species in order to minimise the impact on fauna, the introduction of shelter or nesting support facilities for some species, and the fauna surveillance of excavations.



Once the laying of the pipeline has been completed, Snam starts operations to **restore** the pre-existing vegetation and morphological conditions of the area, adopting naturalistic engineering practices and using native species in order to re-establish the pre-existing natural balance and to prevent the onset of erosive phenomena, which are not compatible with the safety of the pipeline itself.

Environmental restoration activities are complemented by **impact compensation** activities, which consist of a **five-year plan** for **reforestation**, care and maintenance of plants and shrubs. In addition, Snam is committed to implementing **Environmental Monitoring Projects** (EMPs) approved by the Ministry of Ecological Transition and the Regional Environmental Protection Agencies (ARPAs).



An EMP consists of a series of measurements, surveys and field analyses carried out on the environmental components of project development and potentially impacted areas. These include: **water environment** (surface water and groundwater), **soil**, **biodiversity** (vegetation, flora, fauna and ecosystems), **noise**, **atmosphere** and **landscape**.

The EMPs aim to verify the re-naturalisation process on the basis of a comparison of pre- and post-operam land conditions. Therefore, they begin one year before the start of construction activities (**ante operam monitoring**) for the seasonal monitoring of fauna, and then continue in parallel with the entire construction activity (**in-progress monitoring**), generally continuing for five years after the closure of the construction sites (**post-operam monitoring**). During 2022, Snam managed the **environmental monitoring of approximately 955 km of the network**.

<sup>7</sup> Natura 2000 Network Sites are the main instrument used by the European Union for the conservation of biodiversity established under the Habitats Directive 92/43/EEC to preserve natural habitats at EU level.

During the year, the construction activities of Snam Rete gas mainly involved the construction, refurbishment or downgrading of methane pipelines, with the following results in terms of monitoring and environmental restoration:

ENVIRONMENTAL MONITORING AND RESTORATION (km)			
	2020	2021	2022
Environmental restoration	98	154	195
New reforestation (*)	16	6	17
Horticultural initiatives (**)	65	70	72
Environmental monitoring	1,094	946	955

(\*) In 2022, the new reforestation areas covered approximately 272,000 m<sup>2</sup> (108,800 m<sup>2</sup> in 2021).

(\*\*) Horticultural initiatives means agronomic activities for the care and maintenance of the plants planted.

## LICENCE TO OPERATE: RELATIONS WITH LOCAL COMMUNITIES

As an entity that carries out activities in the public interest, within the context of the construction of the relevant infrastructures, Snam requests **specific authorisations from the Public Administration**, which then initiates an authorisation process that includes forms of communication addressed to municipalities, farmers' professional organisations and local communities affected by the energy infrastructures.

Prior to the start of authorisation procedures, Snam **meets with the municipalities** to illustrate the projects. In relation to the importance of the infrastructure, Snam also involves other institutional stakeholders (Ministries, Regions/Provinces, etc.).

In particular, in order to ensure the completion of the design of the infrastructure to be built, Snam asks the competent authorities to issue the **Decree of access to privately owned land** affected by the work. Once obtained, it is published in the online municipal register of each municipality where the infrastructure will be built. Where disputes arise with private parties that restrict access to the land, Snam appeals to expropriation for public utility, which consists of the compulsory transfer of property for reasons of public interest, subject to payment of just compensation.

Subsequently, Snam forwards the Environmental Assessment application to the Ministry of the Environment and Energy Security, the notice of which, together with the project documentation, is published on the Ministry's website.

The Project is then examined in Service Conferences to which all interested bodies, including communities, are invited to express their opinions/comments. Snam then organises specific meetings with farmers' professional organisations and mayors to illustrate the purpose of the project, how the work will be carried out, and the impact it will have on the owners of the land affected by the construction of the work, who will therefore temporarily have limited access to resources and land use.

For all the procedures described, private parties and interested parties (environmental associations or other stakeholders) may submit their observations to the competent public administration.

Snam also organises specific meetings with professional farmers' organisations with the aim of sharing the compensation criteria to be granted to those entitled. In fact, in order to compensate landowners, Snam adopts **fair compensation processes**, which consist of the payment of an **easement indemnity**.

In addition to the compensation for easements, Snam also **compensates** claimants **for damage to crops** interfered with during the temporary period of construction work. This compensation is established following the prior drawing up of a state of the land, which describes the state of the sites.



Only if it is impossible to voluntarily establish a methane pipeline easement, and since it must ensure the construction of the infrastructure of public utility, Snam asks the P.A. to issue the compulsory measure that places the easement right and the authorisation for the temporary occupation of areas in the Company's hands, in any case always compensated through the payment of adequate compensation.

Snam also provides web content with in-depth information on infrastructures and projects of particular importance, including [Snam for Lombardy](#) or [Snam for Minerbio](#).

The monitoring phase of the areas impacted by Snam's infrastructure projects also includes continuous checks on the proper functioning of the network, which are carried out using technology and experienced personnel, in order to ensure complete, efficient and effective monitoring of all assets. **The Dispatching center** is the structure responsible for surveying and remote control of the transportation network, whose pipelines are subject to regular maintenance and inspection activities. Monitoring is carried out by the Company's specialised staff, who control the pipelines on foot, by means of vehicles or through overflying activities. Additional experienced personnel are also assigned to guard the power plants, storage facilities and related auxiliary installations.

Among the technologies used for monitoring infrastructure, **In Line Inspection (ILI)** involves the use of intelligent pigs equipped with sensors to detect the presence of any defects, geometric anomalies, corrosion or minimal axial displacements of the pipelines themselves; additional remote control systems check the tensional state of pipelines laid in areas with potential hydrogeological instability. With a view to improving its infrastructure monitoring capacity, the company has equipped itself with **drones assigned to its operational staff** and an organisational structure based on an aviation model to ensure their operability, as well as **satellite tracking technologies** which, after a pilot project phase, are being introduced into operational processes.

In addition, in 2022, the **Leak Detection and Repair (LDAR)** programme continued, allowing inspection and field surveys to be carried out in order to prevent, detect and resolve any methane leaks from pipelines.

Further attention is paid to monitoring **storage facilities**, which is done by means of detection systems (e.g., optical detectors, temperature-sensitive cables, fuse caps, smoke detectors, phonometers, pressure transmitters, etc.). These systems allow the activation of emergency (ESD) or process (PSD) shut-downs, ensuring the safety of the installations.

For further information on network control and inspection activities, please refer to the chapter '2022 Performance, Operating Review' in the 2022 Annual Report.

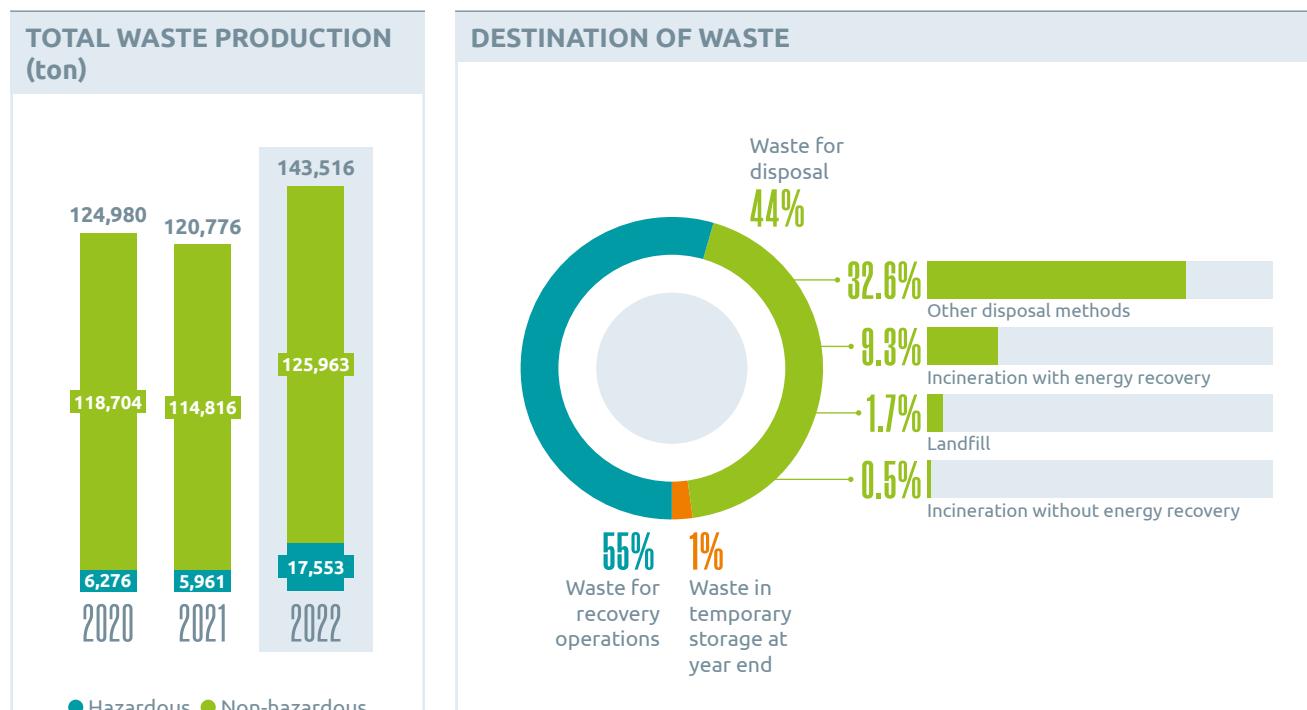
# SAFEGUARDING THE ENVIRONMENT: WASTE AND WATER MANAGEMENT

Snam operates with a view to ensuring the proper management of waste and water resources through structured controls established within the environment management systems. In fact, reducing the use of raw materials as well as water consumption are issues that need to be addressed not only today, but especially in the coming years, as they may become an increasing priority.

## WASTE MANAGEMENT

For Snam, by virtue of the type and quantity of waste produced as part of its operations, waste management is not one of the main significant issues for the Group, as confirmed by the materiality analysis carried out in 2022, however, **the commitment to ensure the reduction of environmental impacts associated with it remains constant**.

The waste produced by Snam is mainly attributable to two macro-activities, **plant maintenance and management (96%) and well drilling (4%)**, and mainly consists of ferrous, non-hazardous material that is fully recovered in accordance with the circular economy model adopted by the Group, which envisages the transformation of waste into a reusable resource where possible. In this regard, the plants of Renerwaste, a subsidiary of Bioenergy, combine the need for urban waste disposal with the recovery of materials and energy, promoting the valorisation of depleted landfills and the conversion of composting plants from aerobic to anaerobic. In 2022, the **total waste production amounted to 143,516 tonnes** compared to 120,776 tonnes in 2021 (+19%), most of which was attributable to the activities of Bioenergy (70%), which is included in the consolidation perimeter as of 2020. Of the total waste produced, **88% was non-hazardous**. In addition, 55% of the waste is sent for recovery, while almost all of the remaining part<sup>8</sup> is sent for disposal at sites outside Snam, a method that also includes incineration with energy recovery.



<sup>8</sup> A residual portion of the waste produced, 1% of the total, was stored at the end of the year in temporary deposits at the sites, awaiting to be sent for recovery/disposal.

## REDUCING WASTE WITH THE PAPERLESS PROJECT

In order to ensure the limitation of its environmental impact, Snam has introduced a project aimed at **dematerialising** general incoming mail and outgoing mail (mainly registered and priority mail), in line with its commitment to reducing waste and the use of raw materials. This initiative **also involved suppliers and partners** who send advertising, courtesy invoices or other, through a communication on the suppliers' portal in which Snam's desire to pursue the objective of reducing paper management was highlighted. In addition, all subscriptions for magazines and newspapers were changed to 100% digital.

## WATER MANAGEMENT

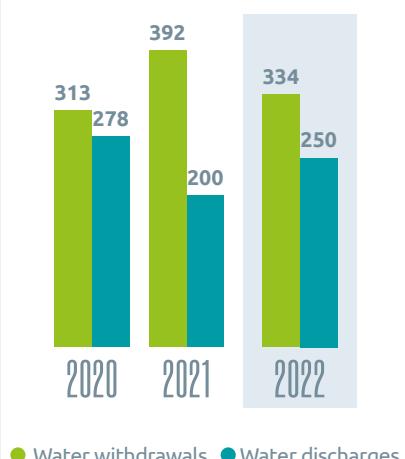
As witnessed by the prolonged drought throughout Europe in the summer of 2022, water is a very precious resource for which constant efforts are needed by all to reduce its wastage. For this reason, although the quantities used and types of withdrawals and discharges impact marginally, **Snam pays particular attention to its proper management in all its activities**.

The consumption of seawater and freshwater used in production processes and offices, respectively, **amounted to approximately 5.6 million cubic metres in 2022**, of which **94% was seawater (a decrease of 14% compared to withdrawals in 2021)** and the remainder freshwater. Sea water is withdrawn for cooling auxiliary plants at the Panigaglia LNG plant in Liguria, and is completely discharged into the sea in the same volume, with a slightly higher temperature but within the legal limits.

The upstream storage activities<sup>9</sup> produced approximately **6,494 cubic metres of process water** (+6% compared with 2021), all sent to an external treatment plant for treatment. The withdrawal of fresh water, mainly used for office activities, fire-fighting systems and irrigation of green areas decreased by 14% compared to 2021, while with regard to water discharges, **waste water is mostly conveyed to the sewerage system** (81% of the total) or discharged into the soil and surface water bodies (19% of the total). To this end, in sites that do not have the possibility of being connected to the sewage system, closed-loop phyto-purification plants have been installed, a technology that makes it possible to eliminate the discharge of domestic waste water, as it is treated and entirely absorbed by the planted vegetation.

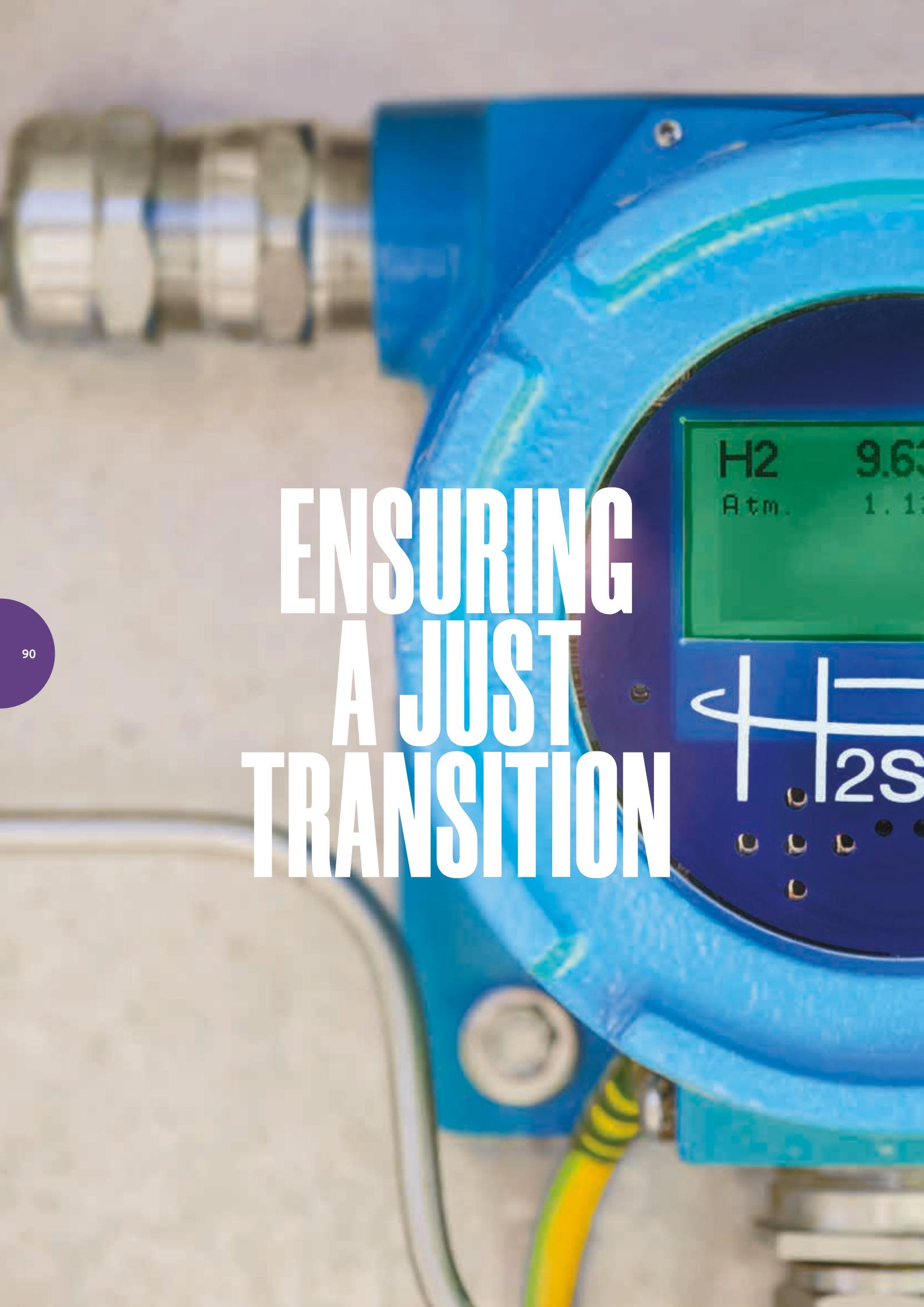
It should also be noted that the Group has no plants in water-stressed areas and does not manage significant water storage other than some rainwater collection tanks in a Renovit plant, the quantity of which is not significant, in line with the previous year.

**FRESHWATER WITHDRAWALS AND DISCHARGES (10<sup>3</sup> M<sup>3</sup>)**



● Water withdrawals ● Water discharges

<sup>9</sup> Upstream storage activities refer to the treatment of Stogit plants where gas is drawn from the well, producing process water.



# ENSURING A JUST TRANSITION



In line with the definition proposed by the International Labour Organisation (ILO), Just Transition refers to a pathway to decarbonisation of the economy that is fair and inclusive for all actors involved, that creates decent work opportunities and leaves no one behind.

# WORKING WITH SUPPLIERS

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Percentage of spending to local suppliers (Italy based SMEs) on total non-public procurement	 40% by 2022 40% by 2026	44% The figure represents the maximum physiological percentage allocated to SMEs in relation to Snam's business 
	Percentage of local suppliers involved out of total contractualized suppliers (Italy based SMEs)	 45% by 2022 65% by 2026	67% The figure presents the one-off impacts in relation to the stipulation of small contracts (for SMEs) 
	Introduction of ESG criteria in scoring models (% of spending on assigned contracts)	 10% by 2022 60% by 2026	34% 
	Reducing the amount of plastic in packaging for industrial supplies	-100% by 2023	100% (*) 

\* Value referring to centralised warehouses.



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



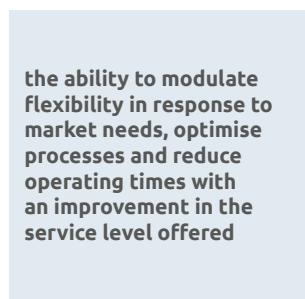
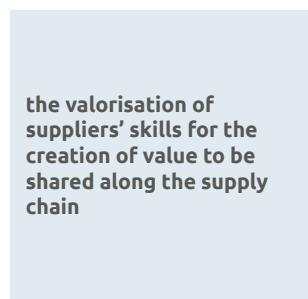
Target in progress



Target not reached

Suppliers are fundamental allies in business development and strategic partners in achieving the decarbonisation goals that Snam has set itself, strengthening relationships and promoting sustainability practices along the value chain.

In 2022, Snam's focus within the supply chain was on:



Further efforts have been made towards the optimization of the **Supply Chain 4.0**, continuing the reorganisation of the supplier base, integrating data and material flows to achieve even more secure, faster and more flexible performance, consolidating the core business and successfully managing activities related to businesses for the energy transition. In particular, the automation of processes, document dematerialisation, the use of large databases and digital transformation, especially in communication with suppliers, have made it possible to improve the operating procurement cycles of goods, works and services, and to raise the levels of efficiency, traceability and transparency of operations. The ability to use **big data** and to carry out in-depth qualitative evaluations is the added value of this process, for which Snam has prepared itself in good time by investing in the training and specialisation of its supply chain management staff.



In 2022, Snam's **Supply Chain Academy**, with the support of the Snam Institute, delivered approximately 1,104 hours of training organised into seven courses - tender management, procurement planning, procurement strategy, economic-financial evaluation of suppliers, ESG evaluations in procurement - attended by 89 people from the Procurement function.

The use of the electronic platform was crucial in ensuring adequate **material management**, in particular the purchase of technical materials increased compared to 2021 by about 3.6 million euros for total purchases of about 19 million euros, ensuring efficiency and process optimisation. In addition, some 474 km of line pipes were made available to internal customers, and goods worth more than 34 million euros entered Snam's warehouses. In addition, the material flow management system has been adequately prepared for the upcoming management of hydrogen ready materials. The year 2022 also saw the completion of **Document Dematerialisation** in the warehouse and logistics area, which led to the digitalisation of transport documents (DDT) and the identification tag of delivery packages. This initiative has thereby reduced both the environmental impact, eliminating 13,000 sheets of paper per year, and the economic impact, with annual savings of around 50,000 euros.



In addition to document dematerialisation, Snam has also continued the **Snam Plasticless** initiative with the goal of reducing its use of plastic by setting a target for eliminating the plastic used in supply packaging by 2023 and also eliminating the plastic used to send materials to its sites, net of the amount needed for safety reasons. Together with suppliers, new supply specifications have been defined that include the elimination of non-functional packaging and the replacement of essential packaging with other more environmentally-friendly materials. By 2022, this will have reduced incoming plastic by 96% and completely eliminated the amount of plastic in and out of centralised warehouse packaging.

Moreover, despite the instability dictated by the new geopolitical context, Snam's supply chain has proved resilient, solid and able to adequately cope with the uncertain scenario, mainly determined by the Russian-Ukrainian conflict. In line with this, the management models used for procurement were also functional, proving to be appropriately flexible in terms of timing and supplier engagement.

## SUPPLIER ONE PLATFORM: THE DIGITAL SOLUTION FOR IMPROVING WORK EFFICIENCY WITH SUPPLIERS

The Supplier One Platform is part of the **digital innovation** journey related to the supply chain and aims to introduce new technological solutions and working tools for procurement processes. Thanks to the digitalisation and renewal of existing systems and processes through new real-time tracking systems for electronic tenders, catalogue purchases and subcontracting activities, Snam has reconfigured relations throughout the supply chain, achieving the following results:

<b>optimised interactions with suppliers</b>	<b>reduced interaction time</b>	<b>greater and more frequent exchange of information</b>	<b>simplification and better user experience</b>
--	---------------------------------	--	--

In addition, following the activation of the new **Edith** platform, a strong contribution has also been made to the innovation of materials management activities, with particular reference to strategic aspects concerning the quality assurance of the service rendered, more specifically the inspection and traceability of materials.



## INNOVATIVE SUPPLY CHAIN MANAGEMENT: 2022 AWARDS

At **The Procurement Awards 2022**, Snam was honoured in the categories Procurement Innovation, Skills Development, Cross-Functional Team Procurement and Ethical and Sustainable Procurement.

**Business International**, part of the Fiera Milano Group, awarded the **Circular Procurement Awards 2022** in the category Protecting the Environment - Carbon & Climate to Snam's project aimed at supporting the circular economy linked to biomethane production.

## THE SUPPLY CHAIN APPROACH TO CLIMATE CHANGE

For the definition of the two Scope 3 emission reduction targets in Snam's carbon neutrality strategy<sup>10</sup>, the Group directly involves its suppliers through research and dissemination of energy efficiency, and innovative and low-emission solutions.



Promoting a sustainable economy through the progressive "green transformation" of the companies in our supply chain is considered a success factor across the entire supply chain, as well as a key element in giving new impetus to growth and competitiveness. One such example is Lyreco, Snam's supplier of office stationery, which out of a total of 182 items in its catalogue, has defined 86 as Green, made from recycled material such as pens made from plastic bottles. The turnover of these products represents 47.2% of the entire company turnover for the year 2022.

The initiation of a systematic awareness-raising action towards the Group's suppliers on sustainability issues, in order to accelerate their contribution to the energy transition, has resulted in the consolidation of existing partnerships, the sharing of values and objectives, the enhancement of strengths and the development of areas for improvement for each of them. In this regard, two rounds of meetings were organised in 2022 with key DT&T suppliers in which feedback and suggestions on ESG issues were shared, and an agenda of further meetings was planned that will include training activities, technical webinars and working groups.



The engagement of suppliers is designed to provide each player in the value chain with the most suitable approach to sustainability issues, taking due account of the heterogeneity of the supplier base and the different sensitivities and specific skills on these issues. **In fact, a matrix was constructed for each product group to determine the ESG reward criteria applied during the bid evaluation process by means of a scoring model.**

Suppliers are also encouraged to establish appropriate corporate governance in order to make actions such as combating climate-changing emissions and a general approach to the adoption of sustainability criteria in supply chain management effective and efficient. Snam constantly supports its suppliers along the transition path, providing its know-how and experience in defining sustainability priorities, applying best practices and identifying the most valid monitoring measures to be implemented.

10 For more information, see the chapter 'Snam's Strategy, Towards Carbon Neutrality' in the 2022 Sustainability Report.

# REDUCING EMISSIONS TOGETHER WITH SUPPLIERS

In order to achieve its GHG Scope 3 emission reduction targets, during the year Snam carried out a new analysis of its supply chain, assessing its potential to limit and reduce emissions in the near future, especially with reference to those suppliers who, due to their activities, were found to be the biggest emitters in the chain. Through the administration of increasingly specific and in-depth questionnaires, the Group has mapped its supply chain, planning the most suitable interventions and actions to significantly reduce greenhouse emissions.

Considering the results of the analysis, Snam will firstly, incentivise those suppliers that define clear **greenhouse gas emission reduction plans**, and secondly, develop **joint projects** with suppliers to promote **emerging technologies** that will enable them to increase the use of **green fuels** (biomethane, hydrogen) and **renewable energy** in their production processes, and to **convert their vehicle fleets** to using green fuels.

Suppliers who are at the beginning of their reduction journey will be invited to discuss and exchange know-how in order to measure their emissions and reductions more effectively.



## SUPPLIERS IN COMMUNITIES FOR SUSTAINABILITY

Snam's suppliers are members and active participants in the most important sustainability communities in industrial supply chains, driven by four main motivations:

**MEASURING**  
one's sustainability performance

**COMPARING**  
with industry benchmarks

**ACQUIRING**  
awareness of one's strengths and areas for improvement

**BUILDING**  
a successful development path

95

### Open-es Ecosystem Sustainability Powered by Eni

A digital platform for the sustainable development of industrial supply chains to involve companies engaged in the energy transition in a common path of sharing, improving and growing sustainability performance, based on four fundamental pillars: **Planet, People, Economic Prosperity and Corporate Governance Principles**. In 2022, Snam's suppliers in the ecosystem will be **more than 46.7% of those registered in the Supplier Register**, including around 300 large companies and 900 small and medium-sized enterprises. In a future perspective currently under evaluation, Open-es registration could be considered as an evaluation criterion in the scoring model of tenders and also for the qualification of new supplier applications.

### CDP - Disclosure Insight Action

Snam continued with the involvement of a selection of its strategic suppliers in the CDP Supplier Engagement Rating (SER) programme, launched in 2019, for which obtained an A score in 2022. This participation stems from the awareness that a company's environmental impact does not end within its perimeter, but also extends to its suppliers and collaborators with whom it establishes lasting partnerships. Sensitising suppliers to operate responsibly with respect to climate change and collecting data on their atmospheric emissions is essential, because global supply chains have the power to drive environmental action on a large scale. Over the past year, the Company has further broadened the scope of the analysis, involving more suppliers (46% more than in 2021) in the transmission of data, including the most significant ones in terms of procurement and those most strategic for the business: **190 suppliers** were invited to the questionnaire, **of which 112 responded**.

# THE PROCUREMENT OF GOODS, WORKS AND SERVICES IN THE ENERGY TRANSITION

In the current phase of progressive decarbonisation, Snam's strategic choices have focused both on high-tech initiatives (innovation, research and development to support large national and international transport networks) and on green economy businesses (sustainable mobility, renewable gas-biomethane, hydrogen, energy efficiency). In this context, Snam has continued to work in synergy with both suppliers related to more traditional and consolidated activities, and with those related to the energy transition and new business categories. The creation of added value was thereby continued, laying the foundations for new management models capable of supporting the new strategic development scenarios.



In 2022, goods, works and services with a total value of **2,645 million euros** were purchased, of which more than **938 million euros went to small and medium-sized enterprises (SMEs)**: 75% of these were in the public sector and 25% in the private sector. The procured value increased by about 75%, mainly due to the award of contracts for the refurbishment of some methane pipelines.

The procurements of the top 15 suppliers amount to approximately 1,677 million euros, which corresponds to about 63% of total procurements. During the year, contracts were registered with 681 suppliers, of which 545 were categorised as SMEs, and 1,902 procurement contracts (and their revisions) were concluded, of which 67% were in favour of SMEs. The latter represent one of the main players in the Italian economy and, thanks to their flexibility, adaptability and widespread presence throughout the country, are particularly well suited to working with Snam to meet its needs.

In its activities, Snam interfaces with a wide variety of suppliers from different product sectors. In order to assess their strategic importance for the business, they are classified in terms of their criticality, technological complexity and impact on company performance: of these, 215 are considered most important (criticality levels A and B), which have secured proceeds of approximately €1,626 million (equal to 61% of total proceeds). The most significant raw material among those purchased is steel, with about 73,000 tonnes as part of the supply of pipes, valves and fittings, mainly used for the gas transport business.



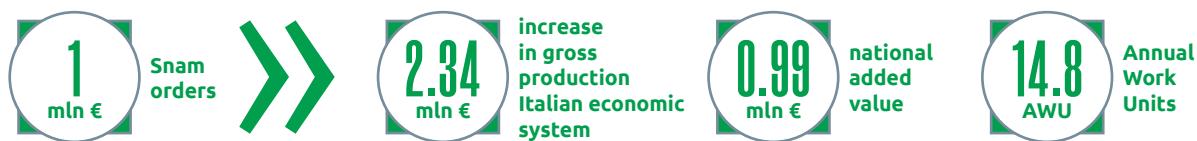
In addition to the procurement activities of the Group companies mainly related to the gas infrastructure business, supply contracts were signed directly by the companies most involved in the promotion of green businesses aimed at achieving decarbonisation targets, namely **Renovit** and **Bioenergys**. 2022 saw a significant increase in the proceeds of the energy transition business, totalling around **900 million euros** (556 million euros in 2021), mainly attributable to the energy efficiency activities offered by Renovit.

## SOCIO-ECONOMIC EFFECTS OF SNAM'S ACQUISITIONS

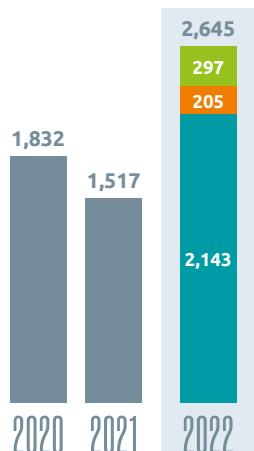
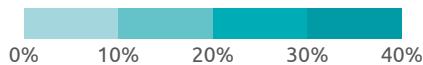
Snam's procurement activity is an important driver for the activation of the national economy and employment, thanks to the movements of a series of economic flows that transfer wealth from the economic system of the companies in its supply chain to the national economic system. The impact of acquisitions is measured in terms of the added value generated in the economic system and the jobs sustained.

The total value of purchases from Italian companies or work carried out in Italy in 2022 was approximately **2,770 million euros**. These expenditures stimulated the production of final and intermediate goods and services by the Group's suppliers in a direct manner, by the suppliers of the suppliers in an indirect manner, and by the companies that benefited from an increase in demand stimulated by the consumption of the workers who were directly and indirectly involved in the Group's supply chain in an induced manner.

This production value amounted to approximately **6,469 million euros**. The increase in production generated some **2,737 million euros** in added value and supported **40,993 Annual Work Units<sup>11</sup>**. This means that for every million euros of Snam's acquisitions, the Italian economic system has seen its gross production increase by **2.34 million euros** and generate a **national added value of 0.99 million euros**, supporting approximately **14.8 Annual Work Units**.

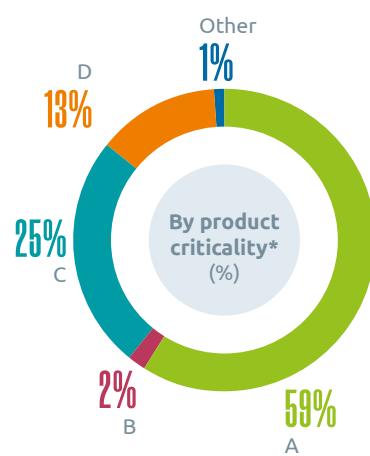
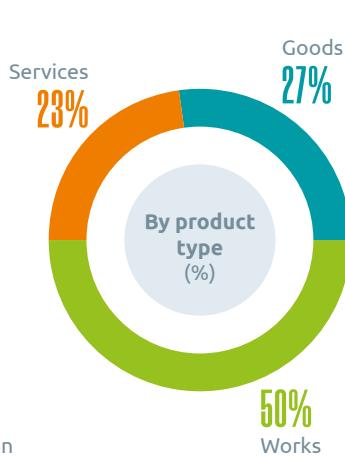
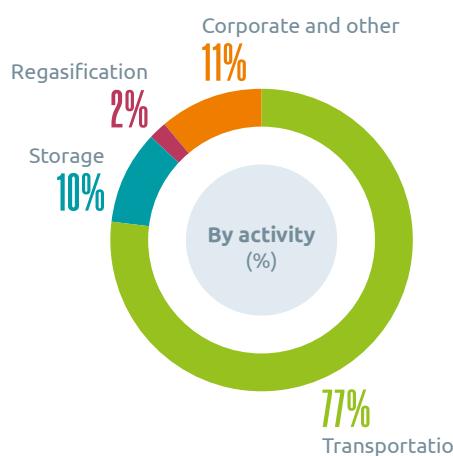
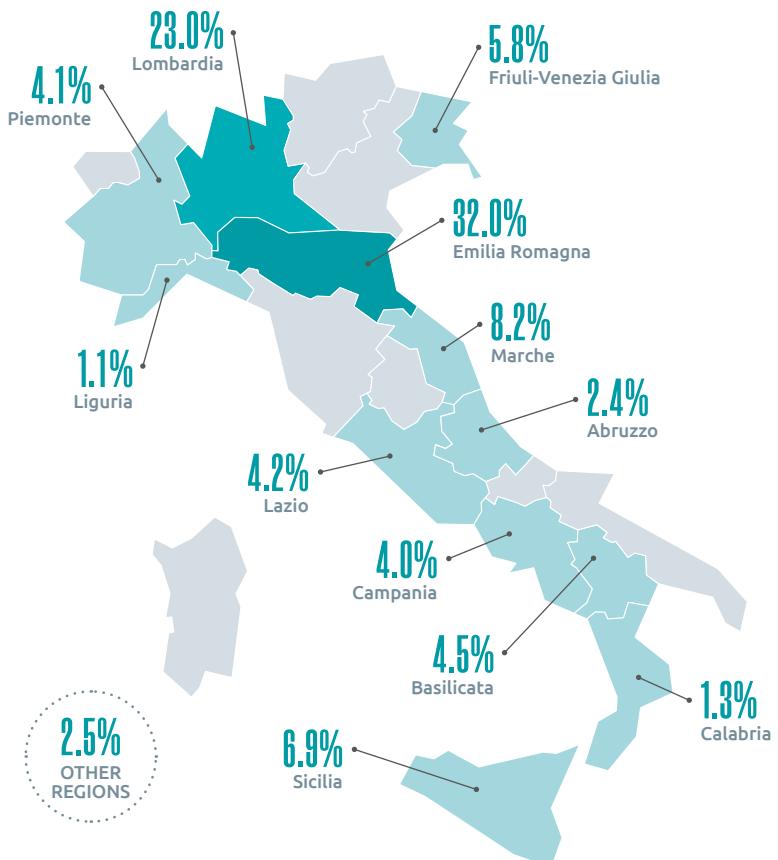


## ITALY PROCURED 2022



● Italy ● Europe ● Outside Europe

Data consolidation perimeter (Snam, Snam Rete Gas, GNL Italia, Stogit, Enura, Greenture, Cubegas)



<sup>11</sup> The Annual Work Unit (AWU) is the unit of measurement of the work provided by a worker employed full-time (40 hours per week) for the duration of a working year.  
(\*) suppliers are also classified in terms of product criticality, with A being the most critical category.

# THE PATH TO ENTERING SNAM'S SUPPLY CHAIN 4.0

In managing its supply chain, Snam aims to establish long-lasting relationships that are always based on sustainable growth. Therefore, companies wishing to collaborate with the Group must meet **quality, price and performance reliability requirements**, as well as actively share the **drive for innovation in their management processes** and the **commitment to reduce the negative impacts and risks of an environmental, social and economic nature** inherent in the supply chain.

To meet these requirements, Snam assesses the suitability of suppliers in the qualification process, verifying their current capabilities and future potential according to criteria of **objectivity, transparency** and **traceability**. Many elements are analysed, which represent the contract clauses verified during the qualification process: technical and management skills, economic and financial reliability, ethical and reputational risk, commitment to anti-corruption, environmental protection, promotion working conditions that respect healthy and safe requirements, the absence of forced labour and exploitation of minors. There are further requirements for more critical works categories such as the possession of specific certified management systems in accordance with international standards.



The consideration of ESG factors is of significant strategic importance for the ethical conduct of procurement management, as well as being an optimal lever for the efficiency of the entire supply chain. On the basis of this, even before compliance with the requirements of quality, price and reliability, suppliers are required to make a formal commitment to comply with the contents of Snam's **Code of Ethics** and the **Ethics and Integrity Pact** (including subcontractors). Moreover, the Company actively promotes respect for legality, the fight against corruption, safe working conditions and the protection of human rights, as set out in its **Human Rights Policy**, which contains the principles and criteria that suppliers must adhere to in all phases of their collaboration. The required standards of conduct and the areas of application are verified and checked during the qualification/accreditation process, when the contract is signed and during audit activities.

For more information, see the section 'Suppliers and the Protection of Human and Labour Rights' in this chapter.

Furthermore, to ensure the adequacy of suppliers in relation to current and future procurement requirements, Snam is constantly conducting market intelligence analyses and scouting activities for new suppliers. The correct balancing of the number of suppliers on the Vendor List is thereby ensured, according to criteria that follow the evolution of procurement needs over time.

In 2022, the actions aimed at rationalising the number of suppliers on the Vendor List and the relevant product groups continued, seeking new and efficient synergies between the suppliers already available. At the same time, the number of suppliers operating in energy transition was increased.

When selecting and qualifying suppliers, in accordance with its **Social Supply Chain Policy**, Snam promotes the involvement of entities belonging to the Third Sector, such as cooperatives, associations and non-profit businesses, which are aligned with UN objectives for sustainable development, in order to encourage lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all. **At the end of 2022, there were 83 suppliers belonging to the Third Sector in the Supplier Register**, who were assigned services worth 900,000 euros, mainly in the fields of engineering support services and consulting in technical and specialised fields. In addition, some 45,000 euros were disbursed for sponsorships.



The attention and involvement with Third Sector suppliers is reflected in the Group's publicly declared objective: to strive for a business model based on **inclusive and ethical growth** and **open to dialogue** with actors committed to protecting the most fragile individuals in communities and territories, and to encourage supply chain actors to adopt similar behaviour in turn, thus generating a multiplier effect.

## SUPPLIER REGISTER POPULATION AS AT 31/12/2022



## THE NEW SUPPLIER PERFORMANCE MONITORING PROCESS

The monitoring of supplier performance and the relative audits, inspection visits and assessment processes are the main instruments designed to protect the integrity of the supply chain sustainability and ensure that the expected standards of quality and efficiency are maintained. Other corporate functions are also involved in the verification process, so as to allow for constant interaction between the in-depth investigations to be carried out and the comparison of more information taken from suppliers.



In 2022, 1,323 feedback reports were collected, related to the services of 178 suppliers, 470 contracts were analysed and, in line with the promotion of sustainable behaviours along the supply chain, 4,426 audits on proper contributions (+1% compared to 2021) of 1,894 suppliers and subcontractors were also carried out (+4.6% compared to 2021), detecting slightly more irregularities than in 2021 (1.40% of cases).

To evaluate supplier performance over time, Snam also uses a Rating Index (RI) which takes into consideration the compliance with technical contractual requirements (Quality), the health-safety-environment (HSE) requirements, the agreed delivery times (Level of service), and rated to the relationship with the customer for the entire duration of the contract (Behaviour). This assessment is periodically sent to suppliers in the form of an analytical judgement, so that a constructive exchange can take place. Snam may restrict, suspend or even revoke the qualification of a supplier that fails to meet the agreed standards. The possible cases could include, for example: the failure to meet technical-organisational requirements, negative performance evaluation and/or safety procedures 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. **A total of 14 measures were issued in 2022, i.e., 48% less than in 2021: this figure demonstrates and confirms our supply chain's growing commitment to adopting and promoting good behaviours.**

<b>SUPPLIERS PERFORMANCE EVALUATION (%)</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Excellent	34	41	37
Good	35	27	32
Adequate	23	25	23
Insufficient	4	3	4
Poor	4	4	5



## THE SUPPLIER WEB PORTAL

Snam was one of the first major Italian companies to make a specific web platform available to suppliers: the **Suppliers Portal**, which has been the main tool through which the Company implements its procurement policy since 2013 with absolute transparency, traceability and completeness of the information published. The Portal provides suppliers with documents, best practices, updates on processes and procedures governing qualification and procurement activities. All suppliers who register with the Portal have a special reserved area at their disposal, containing information that directly concerns them. With a view to constantly improving the service offered and continually evolving, an **online help desk** service was introduced into the Portal in 2022, through which suppliers can request assistance and technical application support.

## SUPPLIERS AND THE PROTECTION OF HUMAN AND LABOUR RIGHTS

Suppliers are required to share and comply with the principles set out in Snam's Human Rights Policy in all phases of collaboration, with particular reference to the promotion of safe working conditions, the absence of forced labour and the exploitation of minors, the recognition and protection of freedom of association and the right to collective bargaining, the protection of equal opportunities for development and professional growth, the absence of any kind of discrimination and the repudiation of any form of corruption. All suppliers were analysed and assessed in the area of human rights in 2022, finding no cases of violation by Snam's suppliers, avoiding any necessary implementation of mitigation plans and related corrective actions.

In addition to compliance with the Human Rights Policy and the standards of conduct outlined in Snam's Code of Ethics, the **General Tender Specifications** contain precise references to workers' health and safety in the workplace, the pay, social security and welfare treatment of contractor staff and other general provisions that regulate and apply to the activities covered by each contract signed by Snam with contractors.

For more information on suppliers analysed on sustainability issues - labour practices, environmental criteria and human rights - see the section 'Supply Chain Relations' in the 2022 Consolidated Non-Financial Statement, included in the 2022 Annual Report.

## SUPPORTING LOCAL COMMUNITIES

### OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Number of employees hours devoted to Snam Foundation's initiatives supporting local communities	 4,600 hours by 2022 5,500 hours by 2026	<b>6,147 hours</b> The figure presents the one-off impacts of the payroll giving initiative for Ukraine 



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

Snam is present throughout Italy with its infrastructure, and maintains active dialogue with the territories and stakeholders, acknowledging their requests and promoting the development of economic and cultural activities of various kinds, as well as the care and protection of the landscape and environmental heritage. In this context, the company is seeking a **licence to operate** while contributing to the **growth of the country** and, in the perspective of a **just transition**, to the **development of the social system** especially put at **risk by the long wave of the pandemic and the effects of the energy crisis on the weakest groups**.

In 2022, Snam contributed around 3 million euros in sponsorships and donations to local communities and in environmental compensation

For further information on the Direct Economic Value generated and distributed, please refer to the chapter 'Social Information, Added Value' in the 2022 Consolidated Non-Financial Statement contained in the 2022 Annual Report.



In line with the objective of a just transition and confirming its commitment to social issues, Snam strengthens and develops its relational networks in the territory with the support of the **Snam Foundation**. Established in 2017, the Foundation pursues the development, adoption, promotion and dissemination of innovative, effective and supportive practices capable of fostering civil, cultural and economic development in priority areas of public interest, connecting the business world and the social sector.



The new Board of Directors took office at the end of 2022 under the chairmanship of Monica de Virgiliis and the direction of the new General Manager Marta Luca, leading the Snam Foundation in its mission to promote a Just Transition, aiming not only to prepare communities for the diversification of the economy linked to the long-term energy transition, but also to help mitigate the effects of today's rising costs of living.

The intervention areas have been reformulated by focusing the Foundation's commitment on the three Ps: issues of **energy, food and educational poverty** with initiatives focused on the territories. In particular, the Foundation works to help people reduce energy consumption and together promote the energy requalification of social buildings, combat school drop-outs and support young people's preparation and access to the professions of the future, working directly with schools and in close contact with students, to combat food waste and encourage the most fragile groups to adopt sustainable eating styles.

For more information on Snam Foundation activities, please refer to the 'Snam Foundation' section of this chapter.

## Snam Employee Volunteering

One of the Foundation's main elements of value is represented by the **skills of Snam people** who are involved in projects through **corporate volunteering**, helping to broaden the impact of the activities promoted, the development of the capacities and skills of the organisations with which the Foundation collaborates and the dissemination of the values of sustainable development and just transition within the corporate context.

In 2022, **6,147 hours** were dedicated to the Foundation's initiatives, surpassing the Scorecard's annual target of 4,600 hours. This major achievement was also made possible by the widespread adherence to the **payroll giving campaign in support of the people affected by the conflict in Ukraine**.



In March 2022, Snam and the Snam Foundation launched a **payroll giving and matching campaign** in aid of Ukrainian children and refugees, as part of the Ukraine Emergency, in support of the Italian Red Cross and Unicef Italy. In particular, the Italian Red Cross was involved in providing basic necessities and medicines, while Unicef was involved in providing assistance to children through the creation of safe spaces, so-called blue dots.

In total, **more than 2,400 hours were donated, amounting to 62,000 euros, which was doubled by the Snam Foundation.**

Within the context of the voluntary activities carried out by Group employees in 2022, the main ones concerned:

'E-LAB' (EMPOWERMENT LAB) SKILL VOLUNTEERING	'BUDDY PROGRAMME' STEM TUTORING	'TOGETHER FOR OTHERS'
<p><b>109</b> volunteers joined the 'E-LAB' mentorship programme for social enterprises and cooperatives.</p> <p><b>39</b> strengthening pathways were created for Cooperatives/Social Enterprises from <b>five regions</b> in Italy that offer employment to vulnerable groups, to strengthen their business plan, business capacity and internal organisation.</p> <p>The initiative was carried out online in the first part of 2022, and has been held in-person since October.</p>	<p><b>88</b> volunteers worked with as many female secondary school students from fragile socio-economic backgrounds from <b>Milan, Bari, Palermo, and Cagliari</b> with after-school activities studying scientific subjects.</p>	<p><b>294</b> volunteers took part in the food waste initiative lasting half a day.</p> <p>Colleagues were involved in <b>50</b> activities, with <b>16</b> beneficiary organisations in <b>7</b> different cities, helping to serve <b>8,400</b> meals, distributing more than <b>25,600</b> food parcels and collecting and sorting more than <b>7,000</b> kg of food surpluses.</p>

## SNAM FOR SCHOOLS

In 2022, activities continued to serve schools with the **Young Energy** programme, now in its fifth year. The goal of the project is to support student orientation and bring them closer to the world of work through initiatives focused on corporate business. After two completely digital editions, the in-person company visits began again.

The **Con la scuola** project was also carried out in collaboration with LUISS Business School and Consorzio Elis. It aims to strengthen the link between school and business, encouraging the transition from knowledge-based teaching to skills-based teaching, where cooperation, involvement and creativity are the essential ingredients of a new way of schooling. The training delivered to class councils, headmasters and teachers to provide them with new tools and methodologies to support students in entering the world of work has been crucial in this regard.

### WITH SCHOOLS: 2022 FIGURES



## HIGH SCHOOL FOR THE ECOLOGICAL AND DIGITAL TRANSITION

In the 2022/2023 school year, the **four-year High School for the Ecological and Digital Transition (Liceo TRED)** was launched, promoted by ELIS and Snam, in cooperation with the Ministry of Education. The new course involves 27 high schools, four universities and the ELIS Consortium companies, and is an experimental initiative that aims to integrate traditional humanistic and scientific knowledge with new technological skills in a single teaching programme, strengthening the dissemination of STEM disciplines. In addition to classroom lessons given in English, **weekly workshops** are held with experts on highly specialised topics, **learning weeks** to explore themes related to the ecological and digital transition **summer camps, internships** and **stays abroad** organised with the support of international networks made available by the companies participating in the project. In addition, the experimentation provides for a **future-oriented teaching method**, with the individual school being included in a network of cooperation between schools participating in the project, universities and companies.

## THE SNAM FOUNDATION

The Snam Foundation is a Third Sector Entity and non-profit business foundation set up with the aim of offering the country the skills and capabilities developed by the company in the energy infrastructure sector over more than 80 years of history.



The Foundation has a strong focus on the just transition: the organisation's purpose is to work with the territory and for the territory in support of a Just Transition, with a focus on energy and ecological aspects.

The Foundation's projects are strongly targeted to the territories in which they are developed, so that the initiatives can fully meet the needs of the areas concerned. To this end, the Foundation collaborates with local communities, authorities and institutions through a **co-planning process** to jointly define the activities to be implemented.

# Snam Foundation Projects in 2022

TREASURE, SOLIDARITY LANDS IN INCLUSIVE NETWORKS 	SPRINT! LA SCUOLA CON UNA MARCIA IN PIÙ 
<p><b>Objective.</b> Spread solidarity practices related to agriculture and the protection and enhancement of the territory, including people with fragility. Redevelop unused Snam land for agricultural activities.</p> <p><b>Partners.</b> Fondazione Comunità di Messina and Fondazione con il Sud, Cà di Luna, Associazione don Girelli, Fondazione Horcynus Orca, Cooperativa Sociale Fuori Onda, Cooperativa Sociale Ecos-Med.</p> <p><b>People reached.</b> 55 individuals belonging to the most fragile social categories.</p> <p><b>Project description.</b></p> <ul style="list-style-type: none"> <li>In Messina, the initiative involves several partners and areas of the city to promote agricultural activities that include fragile subjects and post-prison placement, the development of innovative irrigation techniques with educational courses for local schools. There are also plans to develop a prototype plant for the production of bioplastics using agricultural waste.</li> <li>In Ronco All'Adige, the pet-therapy activities and hydroponics cultivation in greenhouses to support the rehabilitation of people with mental difficulties managed by the association continued.</li> <li>In Recanati, pasta production activities continued, training people with disabilities and cultivating a plot of land with grains.</li> </ul>	<p><b>Objective.</b> Promote an alliance between schools, municipalities, families and third sector organisations to combat educational poverty among minors and prevent forms of child distress.</p> <p><b>Partners.</b> Impresa Sociale 'Con i Bambini', Spazio Aperto Servizi, Istituto Comprensivo Ilaria Alpi, Beyond Lampedusa, Scuola di Vittorio, CPIA Sperone and Brancaccio neighbourhoods, Cooperativa Al Revès, 'Danilo Dolci' Linguistic and Human Sciences High School, Cooperativa Sociale Eridano, Istituto Majorana, Municipality of Milan, Municipality of Palermo, Municipality of Brindisi, Sant'Elia Institute.</p> <p><b>People reached.</b> Around 700 children .</p> <p><b>Project description.</b></p> <ul style="list-style-type: none"> <li>Involvement of some territories (Palermo, Brindisi and Milan) and organisation of recreational, sports and leisure activities for minors and recreational activities for parents.</li> <li>Involvement of all project partners in the development of an impact monitoring questionnaire.</li> </ul>
CORVETTO ADOTTAMI 	WELFARE, CHE IMPRESA! 
<p><b>Objective.</b> Contribute to the redevelopment and social development of the Corvetto district of Milan through three intervention areas: Educational, Energy and Food Poverty.</p> <p><b>Partners.</b> Fondazione Cariplo, Milan City Council and local associations such as La Strada, Cooperativa Sociale Comunità Progetto, Made in Corvetto Banco Alimentare della Lombardia and schools and universities such as Istituto Comprensivo Tommaso Grossi, IULM, Milano Polytechnic Institute.</p> <p><b>People reached.</b> Inhabitants of the Corvetto neighbourhood: about 1,200 people including minors, young people and families.</p> <p><b>Project description.</b></p> <ul style="list-style-type: none"> <li>Social reintegration activities and support to increase the 'employability' of young people who are not in school, employment or training (so-called, NEET - Not in Education, Employment or Training) and young people between the ages of 14 and 17 at high risk of dropping out of school.</li> <li>School drop-out prevention.</li> <li>Tappeto Volante, for the urban regeneration of the 500-metre route connecting the Tommaso Grossi Institute and the Emilio Alessandrini park, using the pedestrianised space for educational and entertainment activities for the local community.</li> </ul>	<p><b>Objective.</b> Support young entrepreneurs and their projects to generate social and employment impact particularly on social and environmental issues.</p> <p><b>Partners.</b> Fondazione Italiana Accenture, Fondazione Bracco, Fondazione CON IL SUD, Fondazione Peppino Vismara and UBI Banca.</p> <p><b>Project description.</b> The competition led to the selection of 12 finalists who benefited from a mentorship promoted by the co-financing partners. Foundation supported the Hubbuffate project that gives visibility to agribusinesses that promote circular economy models, redistributing value to the community through inclusive activities. In fact, Hubbuffate promotes and spreads the practice of social farming and supports companies that employ disadvantaged people, also running an online platform with products and services of social farms. The mentorship course was also supported through the Skills Volunteering programme, which saw the participation of two Snam employee volunteers for a 12-hour mentorship.</p>
ForestaMi 	RAGAZZE IN PRIMA LINEA 
<p><b>Objective.</b> Provide financial support for the Milan City Council's initiative to plant 3 million trees by 2030 in order to increase territorial resilience and combat the effects of climate change and rising temperatures.</p> <p><b>Partners.</b> ForestaMi Project Fund, Snam, Arbolia.</p> <p><b>Project description.</b> Planting reduces energy consumption from air conditioning by up to 30% when correctly positioning trees around buildings. It also contributes to the physical and mental well-being of the people living in the metropolitan city and to cooling the environment.</p> <p>For more information, please refer to the 'Arbolia' section of this chapter.</p>	<p><b>Objective.</b> Encourage the presence of women in STEM professions by incentivising girls to pursue targeted study paths and promote a culture of gender equality.</p> <p><b>Partners.</b> WeSchool, CIAL, Istituto Comprensivo Candia of Milan, Istituto Comprensivo Pirri 1 and Pirri 2 of Cagliari, Istituto Comprensivo Capponi of Milan, Istituto Comprensivo Ceglie Manzoni Lucarelli of Bari, Istituto Comprensivo Rita Borsellino of Palermo.</p> <p><b>People reached.</b> about 100 girls.</p> <p><b>Project description.</b></p> <ul style="list-style-type: none"> <li>"BUDDY PROGRAM" STEM TUTORING, support and tutoring activities for girls in the study of STEM subjects (mathematics, geometry, physics and science), living in fragile situations attending secondary schools in order to facilitate the entry of women into the relevant vocational areas.</li> <li>Support access to higher education in music and mathematics for young pupils from fragile territories and socially disadvantaged backgrounds.</li> </ul>

<p><b>CAMMINI</b> </p> <p><b>Objective.</b> Enhance the national territory by promoting walking routes as tools for connecting and developing the areas in which Snam operates.</p> <p><b>Partners.</b> APS "Brindisi e le Antiche Strade", Fondazione di partecipazione parco culturale ecclesiale "Terre del Capo di Leuca".</p> <p><b>Project description.</b> Support in the construction and modernisation of the Uffici del Pellegrino di Santa Maria di Leuca and Brindisi, offering hospitality to pilgrims travelling along the Via Francigena, information on the different stops and pilgrim reception networks.</p>	<p><b>MOTIVO DONNA</b> </p> <p><b>Objective.</b> Experiment with a sustainable and replicable social enterprise model capable of triggering virtuous processes of resilience and social growth.</p> <p><b>Partners.</b> Ganassini Institute, Guri I Zi, Idee Migranti Onlus.</p> <p><b>People reached.</b> Four fragile women from disadvantaged backgrounds.</p> <p><b>Project description.</b> Development of a women's textile micro-enterprise that generates a job and income opportunity for women with a history of fragility in Italy. In partnership with 'Idee Migranti Onlus' and Guri I Zi (a social enterprise promoting women's empowerment), a tailoring workshop was set up in 2021 in a Snam office in San Donato Milanese, offered free of charge. The Foundation provided support for the development of the business plan and the start-up of production activities, covering part of the costs for a period of three years.</p>
<p><b>LA SCUOLA CHE VORREI</b> </p> <p><b>Objective.</b> Experiment with methodological and thematic innovations for schools, with a focus on environmental issues, female inclusion and empowerment, to create an innovative and digital school.</p> <p><b>Partners.</b> Agenzia per la Coesione Territoriale, Fondazione Comunità di Milano, Consorzio Elis, CIAI - Centro Italiano Aiuti per l'Infanzia, the Municipality and various third sector organisations in Bari, Arbolia and schools and universities such as Istituto Comprensivo Candia di Milano and Milan Polytechnic Institute, Milan Bicocca University.</p> <p><b>People reached.</b> Around 1,400 children, teachers and families.</p> <p><b>Project description.</b></p> <ul style="list-style-type: none"> <li>• Participatory design of school yards with a view to outdoor education, at the end of which an academic publication was produced to share the methodology adopted.</li> <li>• Production of a kit on environmental issues, <b>Kit Ambiente</b>, for primary schools to support teaching activities on climate change, biodiversity and urban forestation.</li> <li>• Promotion of a four-year training path through experimentation with the <b>Liceo Tred</b>, a high school that integrates traditional humanistic-scientific knowledge with digital and ecological transition skills required by the professions of the future.</li> <li>• Development of an educational model that strengthens motivation to learn, a sense of belonging to the school and community for young people aged 11-17 at risk or in educational poverty.</li> <li>• Activation of educational centres and guidance services in three schools in South Milan to combat educational poverty.</li> <li>• Project to combat educational poverty in Alta Vallecmonica to offer students of the schools of the Istituto Comprensivo di Edolo the opportunity to integrate school activities with a view to recovery and reinforcement.</li> </ul>	<p><b>POVERTÀ ENERGETICA - ENERGY POVERTY</b> </p> <p><b>Objective.</b> Support the community to combat energy poverty also in the light of the consequences of the Russian-Ukrainian conflict.</p> <p><b>Partners.</b> Municipality of Milan, Caritas Ambrosiana Foundation, Legambiente Modena and Cagliari Circle, Giuseppe Di Vittorio Foundation, Municipality of Rittana, Fratello Sole - Energie Solidali Impresa Sociale, Territorial Agency for Energy and Sustainability of Parma, Lelio and Lisli Basso Foundation and Cascina Cuccagna.</p> <p><b>People reached.</b> About 900.</p> <p><b>Project description.</b></p> <ul style="list-style-type: none"> <li>• <b>Consume less to live better, scale up.</b> With the opening of the support desk in Sissa Trecasali (PR), support was given to eight households for energy consumption diagnosis and education. The project also includes testing consumption monitoring devices which, once tested, will be used by the households. In addition, energy cafés were launched: open meetings with citizens to promote sustainable practices in energy consumption.</li> <li>• <b>ECOSOM Project (Cooperative and Sustainable Energy for Mountain Villages).</b> The local community and fragile people in the municipality of Rittana (CN) were involved in the project to establish a Renewable Energy Community (REC), a tool to bring development to mountain villages. In particular, the procedures for setting up the REC have been initiated, a citizen support desk has been created, electric vehicle recharging stations have been installed, and the evaluation of new services that the municipality will be able to offer citizens with the economic resources saved through participation in the REC is currently underway.</li> <li>• <b>Energy for all. Territorial Nodes, needs, opportunities.</b> In the two pilot cities of Modena and Cagliari, more than 300 people were interviewed and questionnaires were distributed to them with the aim, following the analysis of the results, of defining focus group activities starting in January 2023. The focus groups will be necessary to educate people on how to tackle energy poverty and inform them about available support measures.</li> <li>• <b>Inclusive Milan to reduce energy poverty.</b> Third Sector organisations in the area around Cascina Cuccagna, Milan, were involved in order to build a network between the different realities and orient them towards a support desk in cases of energy poverty. Finalisation of the software that will be used by the support desk operators to manage the data and to carry out the evaluation of the incentives and measures available for individual cases is underway.</li> </ul>

POVERTÀ EDUCATIVA ROMA - EDUCATIONAL POVERTY, ROME
<b>Objective.</b> Promote the well-being of students in a fragile context in Rome and prevent learning loss, i.e. the loss of skills and knowledge observed in students after periods of long holidays and/or study breaks.
<b>Partners.</b> Fondazione Mission Bambini, Cooperativa Sociale Antropos Onlus, Association YOLK ETS, Primary School Carlo Pisacane Istituto Comprensivo Simonetta Salacone.
<b>People reached.</b> Around 170 minors and young people.
<b>Project description.</b>
Multidisciplinary workshops and classroom psycho-educational activities to enhance emotional, cognitive and behavioural self-regulation skills and to stimulate free expression, participation and learning.
Summer Centre for boys and girls between 5 and 11 with special social and material vulnerability situations, offering the possibility to take part in educational and recreational activities.

## KEY

 Project linked to combating energy poverty

 Project linked to combating educational poverty

 Project linked to combating food poverty

 Other

## ARBOLIA

Arbolia is a benefit company set up in 2020 by Snam and Fondazione Cassa Depositi e Prestiti to create new green areas in Italy, contributing to combating climate change, improving the quality of air and life in cities and the sustainable development of territories. The company deals with afforestation and reforestation initiatives on land made available by the public administration and private individuals, including planting trees and their care and maintenance for the first few years, with the financial support of environmentally sensitive companies. As of 2022, Arbolia has implemented **27 urban forestation projects in 20 Italian cities**, totalling more than **60,000 trees planted** in over ten regions of the country. When fully operational, these forests will absorb more than **7,100 tonnes** of CO<sub>2</sub> in 20 years and more than **31,000 kg of PM10** per year, returning more than **5,200 tonnes of oxygen** to the environment in 20 years.



## ENERGY POVERTY ZERO

The Snam Foundation participated in the Energy Poverty Zero project with the aim of creating a model for the energy requalification of buildings in the poorest and most vulnerable neighbourhoods of cities, in collaboration with the Municipality of Milan and other associations.

The project, which was submitted in 2022 to a Life call for proposals together with six other international partners, won funding of around 1.7 million euros and will run for 36 months. Specifically, the Foundation will work to involve citizens, together with institutions, local authorities and businesses, to implement guidelines aimed at engaging people in energy requalification processes starting with:

- **an analysis and mapping of needs in the area**, developing practices to engage the communities involved in regeneration processes;
- the promotion of **actions to raise awareness and improve the behaviour** of the most fragile sections of the population in terms of energy;
- the implementation of **e-learning tools and programmes for schools** dedicated to energy efficiency training for children 6 to 13 years old.

# GUIDING THE STRATEGY WITH PEOPLE.



# AWARDS AND RECOGNITIONS

## Italy's Best Employers

For two consecutive years, the study 'Italy's Best Employers', carried out by Corriere della Sera in collaboration with Statista, recognises Snam as the best company to work for in Italy in the reference sector.



## STEM Universum (Professional)

In 2022 Snam took second place in the energy sector in Universum's Most Attractive Employers Italy ranking in the Young STEM Professionals category. This award testifies to the company's growing commitment to fostering STEM disciplines.



## CARING COMPANY®

Snam has been a member of Lifeed's Caring Companies® since 2022, as it is able to recognise and embrace the fullness of life of its people, with an eye to innovation and the future, also contributing to growth and cultural change in our country. Snam is a Caring Company® because it has created a positive synergy between private and work life over the years, also thanks to the new agreement on remote working, has promoted an evolving leadership model and has invested in the continuous growth of its people.

## Euronext Equileap Gender Equality Eurozone 100

The Euronext Equileap Gender Equality Eurozone 100 was developed in response to the **UN's Sustainable Development Goal 'Gender Equality' (SDG 5)**, and groups together the European listed companies with the **highest level of integration in terms of gender balance**. The index aims to provide investors with more information on listed companies committed to improving gender diversity and meeting the growing demand for socially sustainable investments.



## Italy's Best Employers for Women 2023

The German Institute for Quality and Finance, in cooperation with Ubermetrics Technologies and the Institute for Economic and Management Research, held the Italy's Best Employers for Women 2023 awards for the third year in a row, in which Snam took **second place** among companies in the plant and energy systems sector. The study identifies the **best employers for women in Italy**, comparing over 2,000 companies using artificial intelligence software.



## Bloomberg's Gender-Equality Index (GEI) 2023

For the fourth consecutive year, Snam is among the 418 companies included globally in **Bloomberg's Gender-Equality Index (GEI) 2023**, which is based on factors such as the enhancement of women's leadership, commitment to reducing the gender pay gap and a culture of inclusion. The GEI tracks the financial performance of companies most committed to promoting gender equality around the world, through the development of appropriate policies and initiatives and transparent disclosure of information.



# SNAM'S RESOURCES

People are the fundamental building block for the achievement of the Group's goals and success. Snam therefore supports its employees with training and awareness-raising paths to enhance and develop diversified professionalism in relation to the rapidly changing energy context, seeking to increase their skills and promote an inclusive and listening-oriented environment.

Snam also pays great attention to its collaborators, establishing relationships with them based on trust and supporting them in paths focused on developing their skills, in a logic of continuous improvement.

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Percentage employee engagement index	 * 75% by 2026	- 
	Eliminating single-use plastics in offices	-100% by 2021	Achieved for 74% of the company population 

\*In 2022, there was no target for this KPI.



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



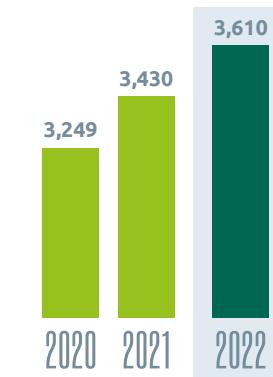
Target in progress



Target not reached

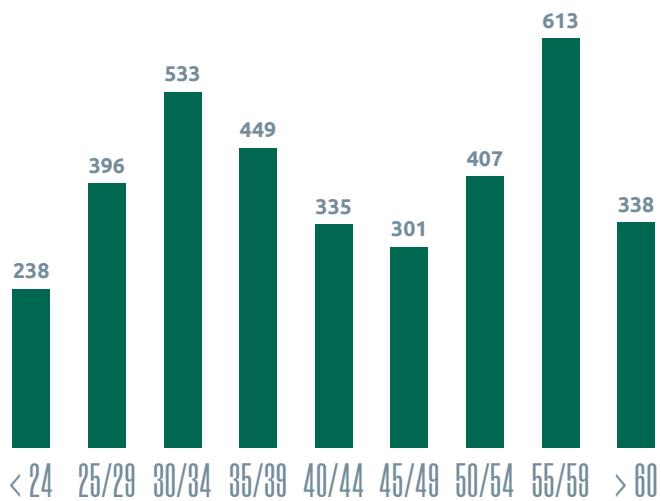
In recent years, the company population has significantly grown, partly as a result of the development of energy transition businesses, which have made it necessary to expand know-how and expertise in these areas. As at 31 December 2022, Snam employed 3,610 people, up 5.2% compared to 2021 thanks to 447 new hires (+34 compared to 2021), of which 189 in the gas infrastructure business, 206 in the energy transition business (82 in energy efficiency, 119 in biomethane, one in hydrogen and the remaining four in other perimeters) and 52 in 'New Businesses'. In the same year, Snam recorded a total of 267 terminations, up 18.1% compared to 2021, mainly due to the consensual termination of employment (109) and voluntary resignations (133). The voluntary resignation rate (equal to 3.8%) and the length of service (equal to about 15 years<sup>12</sup>) highlight not only the Group's growth, but also how Snam has created a working environment where employees can take advantage of real opportunities for professional development and growth, as well as realise and strengthen their skills. Snam offers a stable and continuous employment relationship; in fact, more than 92% of people have permanent contracts and Snam hires highly qualified and specialised resources. In this respect, 54% of employees have a technical diploma and 34% are university graduates (up by one percentage point compared to 2021). At the end of 2022, there were 47 employees with part-time employment contracts (ten more than the previous year), 257 apprenticeship or insertion contracts (+4% compared to 2021) and 103 workers with outsourcing employment contracts (+50 compared to 2021).

## EMPLOYEES AS AT 31 DECEMBER 2022 (no.)



12 The average seniority of staff was calculated from the date of acquisition of the new companies that entered the Group's consolidation perimeter.

### EMPLOYEES BY AGE GROUP (no.)



Snam's average age is 43 years and 45% of the company's population is under 40 (1,616 people, +10% compared to 2021), while those over 50 make up 38% of people.



Compared to 2021, the overall turnover rate shows a slightly decreasing trend, reaching 16.9% (vs 18.2% in 2021), while the exit rate in 2022 increased to 7% (almost one percentage point higher than in 2021).

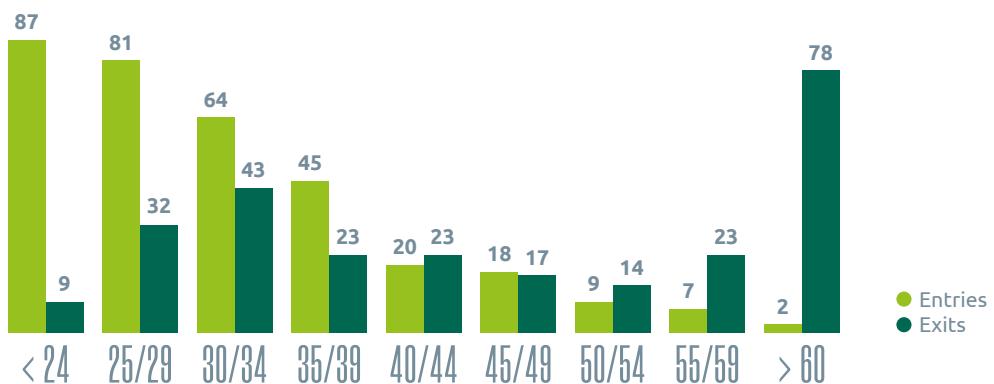
### EMPLOYEES BY LEVEL (no.)

Executives	132
Middle Managers	653
Office workers	1,957
Manual workers	868

### EMPLOYEES BY EDUCATION (no.)

University graduates	1,222
Secondary school graduates	1,933
Other qualifications	455

### ENTRIES FROM THE MARKET AND EXITS BY AGE GROUP (no.)



# COMMUNICATING EFFECTIVELY



Snam attributes a fundamental strategic role to internal communication, also with a view to creating and disseminating value, strengthening the sense of cohesion and belonging to the company, as well as a shared culture on multiple issues, including solidarity, inclusion, diversity and sustainability. For this reason, the Group has set up an **internal committee for corporate engagement initiatives**, which is responsible for coordinating activities and defining a structured engagement calendar on an annual basis, ensuring synergy between corporate areas, the consistency of messages and avoiding the risk of overloading initiatives.



In order to present all the initiatives in the best possible way, address them to colleagues effectively and gather participation for the different areas of interest, the **Initiatives newsletter** was created, a new internal promotion tool that encompasses all the engagement opportunities planned and offered by Snam.

During the year, there were more than 50 initiatives, promoted also thanks to the support of the Snam Institute and the Snam Foundation, which closely involved employees; the main ones are presented below.

## ENGAGEMENT ACTIVITIES

<b>BUSINESS</b>	<b>Energy Saving Campaign</b> The institutional communication campaign 'Small gestures, big impact,' promoted by Snam during the winter season had with the aim of raising people's awareness of responsible energy use, and was accompanied by an internal engagement initiative aimed at encouraging virtuous behaviour on the part of people in the office as well as at home.
<b>EDITORIAL FORMATS</b>	<b>A chat with..</b> A series of interviews conducted in hybrid format with Snam's top management: Ten appointments in 2022 with 2,484 participants and an approval rating, as measured by the distribution of special forms, of 4.75 out of 5.
<b>INCLUSION</b>	<b>Inclusion Week</b> A week of online events dedicated to diversity and inclusion designed by the Snam Inclusion Team in collaboration with external partners, to spread an increasingly inclusive culture. The initiative reached a total of almost 700 participants in the various events of the week, during which a fourth Employee Resource Group dedicated to the topic of disability was launched.
<b>WELL-BEING</b>	<b>Snam Challenge</b> In collaboration with the start-up Virtuoso, a new employee engagement initiative aimed at encouraging a healthy and active lifestyle was launched, registering 570 participants who, through their own actions and a social reward mechanism, donated 750 PC monitors to Italian schools.
<b>SNAM WORLD</b>	<b>News at the top</b> The use of the company's internal communication channels made it possible to acquaint the Snam population with the new members of the Board of Directors appointed in April and the new managerial course. Three news articles were produced on the Easy intranet on the subject, which totalled more than 9,000 views, and a double-page spread in Energie magazine, with interviews with the President and CEO.  <b>Best Wishes online</b> Once again in 2022, the company took advantage of the Christmas holidays to celebrate the goals achieved during the year and the team spirit of Snam's people through a live event on Teams, opened by the Chairman and CEO, and attended by more than 1,450 people.  <b>Roadshows in the territories</b> In the months following the inauguration of the new Board of Directors, a series of meetings was organised in Snam offices and plants, dubbed 'Together,' which involved the CEO in more than 20 stops, recounted on the Easy intranet in five news stories to enhance them and transfer the uniqueness of the experience to Snam people.
<b>COMMUNICATIONS</b>	<b>Social initiatives</b> Despite the continuing pandemic emergency, the company has continued to invest in initiatives to promote and enhance the social commitment of its people through the Snam Foundation. Skills and relational volunteering programmes continued.



As part of the Plasticless project in the break areas, plastic cups and stirrers were replaced with biodegradable and compostable products and plastic bottles were replaced with compostable bottles and aluminium cans, reaching 74% of the population. In addition, a plan to replace and expand water dispensers in all facilities is planned for the coming years.

As part of internal communication activities, the **Easy corporate intranet** is the tool designed by Snam as a useful and inclusive digital workplace for Snam people. In 2021, Easy won the Intranet Italia Champions 2020 award, a recognition for the best internal platforms globally for their ability to facilitate remote work, support internal communication flows and simplify access to corporate services for employees.

Snam has also been communicating for years through the magazine 'Energie' and the newsletters 'Osservatorio Gas' and 'InRete', which are full of content, news and contributions from its employees concerning the company and the gas market, all disseminated and promoted online, in line with the Paperless project launched in 2020.

# ENSURING WELL-BEING IN THE COMPANY

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Participation in welfare initiatives (% of employees participating in at least one welfare initiative)	 52% by 2022 56% by 2026	71.8% the figure presents the one-off impacts of the initiative to convert welfare credit into fuel vouchers 



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

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Offering a structured welfare system capable of listening to and satisfying the needs of employees and their families, helping to improve their quality of life, is an essential objective for the company.

Snam's **Welfare Plan** created in 2018 has continued to evolve year after year, to guarantee employees services capable of responding effectively to their needs. To this end, in order to better guide staff in choosing the most appropriate service through a system that is easy to browse, a dedicated support service has been designed and made available: a **welfare assistant** who acts as a single point of contact and mediator between personal needs and corporate welfare responses.

**Snammy**, the platform that encompasses all the initiatives of the Snam Welfare Plan, is organised into five main areas of intervention (Family and Education, Health and Care, Well-being and Work-Life Balance, Finance and Savings, Social Commitment) and offers a total of **32 services** (including corporate and contractual). After the renewal of the portal, the Welfare offer was expanded in 2022 through the introduction of new services in the different intervention areas.



In February 2022, a questionnaire (known as the **welfare survey**) was administered to the entire company population to collect opinions on the services offered and to assess new opportunities for improvement. From the results obtained, **four new services** were activated:



**Support in completing Form 730 online**



**Nationwide healthcare conventions**



**Guidance and training/information services for caregivers**



**Membership of the Fitprime portal and access to contracted studios for nutritional counselling**

AREAS	ACTIVITIES OFFERED
FAMILY AND EDUCATION	<b>Nursery reimbursements</b> Reimbursement of children's enrolment fee for employees who use it (max 2,000 euros/year)
	<b>Summer camps for employees' children</b> Summer stays for children of employees in certain locations of Italy and abroad. Despite the ongoing emergency period, summer camps were organised in 2022 for 170 children (children of employees) with activities at the seaside and in the mountains and a destination abroad was reinstated for youth 15 to 17 years old
	<b>S.O.S Family</b> Counselling centre run by professionals to assist families
	<b>Maternity, adoptions and foster care</b> Company guide on parenting issues
	<b>Be Parents Master's</b> Programme that transforms the parenting experience into a master's of cross-cutting skills that are also essential for professional development for new parents with children up to three years of age. During 2022, the service was relaunched with a webinar specifically dedicated to new parents, which included testimonies by some fellow parents
	<b>Study support</b> Subsidies for the purchase of schoolbooks and loans for school expenses
	<b>Scholarships</b> Snam makes a total of 25 scholarships available to its employees: • 15 scholarships for high school graduates with marks of 90/100 or higher; • 10 scholarships for Bachelor's or Master's degree graduates with a thesis on energy, digital innovation, energy transition
HEALTH AND CARE	<b>FASEN</b> CCNL Fund (Energy and Oil) with social assistance purposes (training, economic support, solidarity) for workers and their families and retirees
	<b>Accidents</b> Insurance coverage for non-occupational accidents
	<b>Supplementary healthcare</b> Supplementary contractual health fund policy for Snam Technical Leaders, colleagues with particular experience and expertise
	<b>LILT medical prevention</b> Prevention protocols at affiliated medical centres
	<b>Healthcare agreements</b> Agreement with the Centro Cardiologico Monzino, San Raffaele Hospital and the Bavieria Clinic in Milan for specialist medical and check-up services for employees and their families
	<b>At your side</b> Support service in managing difficult situations within the family unit through a series of activities and services in the form of training, guidance, support and screening, providing access to a network of selected and qualified providers or to the network of public and private services in the area (services for fragile adults/elderly people and their caregivers, support for parents with fragile minors and/or fragile minors themselves)
	<b>Tailor-made health</b> A network of agreements with medical facilities throughout the country, with the possibility of benefiting from services at subsidised rates
WELL-BEING AND WORK-LIFE BALANCE	<b>Healthcare CCNL funds</b> A supplementary welfare instrument that guarantees adequate and timely healthcare coverage, included in each CCNL
	<b>Fitness agreements</b> Discounts and favourable conditions for sports activities
	<b>Mobility agreements</b> Subsidised purchase of public transportation passes; shuttle service to San Donato Milanese Agreement with municipal car parks in San Donato Milanese
	<b>Mobility portal</b> Traffic information, mobility app
	<b>Diet</b> High-quality company restaurant and takeaway service for private use
	<b>Working hours</b> Remote working, short Fridays, individual hour account, part-time available
	<b>Fitprime</b> Wellness paths for employees and their families divided into three different modules: Fitprime Places: sports subscriptions with access to more than 2,000 sports centres with a single subscription; Fitprime Smart: online training via video lessons or live; Fitprime Nutrition: remote nutritionist and creation of a customised diet plan
	<b>Re-charge programme</b> Workshops on healthy eating, psychological support, mindfulness, postural exercise and digital detox

AREAS	ACTIVITIES OFFERED
PERSONAL FINANCE AND SAVINGS	<b>Flexible benefits</b> Programme aimed at increasing the purchasing power of employees who participate in the initiative, by transforming a portion of the participation bonus, up to the totality of the same, into Welfare Credit that can be used to purchase other services offered by the Welfare Plan
	<b>730 Service</b> Online 730 desk for assistance in filling in and entering tax returns into the system. The service is via webcall but similar to that of a physical CAF (single or joint declaration), with compliance visa applied by the CAF
	<b>Microcredit</b> Low-interest loans with major credit institutions of up to 5,000 / 36 instalments
	<b>Legal and tax counselling</b> Service to help solve legal and tax questions
	<b>Arrangements</b> Insurance policies, bank credit cards, car rental, purchase of branded products, holiday bookings
	<b>Electronic shopping vouchers</b> Contractual vouchers from the metalworkers' collective agreement on a basket of goods of the employee's choice directly in the portal
	<b>Supplementary pension schemes</b> Supplementary pension funds, also funded by employer voluntary contributions
SOCIAL COMMITMENT	<b>5x1000</b> Cyclical and constantly updated list of organisations supported by the Snam Foundation, registered in the Revenue Agency lists for the 5x1000 contribution. Among the categories offered are the financing of scientific research and university and health research, the support of voluntary work and other non-profit social organisations, social promotion associations and recognised associations and foundations operating in the sectors referred to in Article 10, paragraph 1, letter a) of Legislative Decree no. 460 of 1997
	<b>Volunteering</b> Volunteering days and volunteering skills
	<b>Solidarity shopping</b> During the festive season (Christmas and Easter) colleagues can choose to give a special value to their gifts, donating support to those in need, choosing from the many proposals offered by the organisations in the dedicated area

Note: some services are not active due to geographical area or CCNL

Snam also supports its resources in the area of parenting, offering them a concrete contribution through incentives and benefits that go beyond the legal requirements for reconciling private and working life. Throughout the maternity leave, the employee retains the company benefits and, during the period of compulsory abstention, maternity benefits are paid at 100% of salary instead of 80% as required by law. In addition, paternity leave has been extended by an additional five days in 2021 in order to provide more support for families.

During 2022, 188 employees took parental leave and 183 returned to work after taking it, with a return-to-work rate<sup>13</sup> of 97%. Confirming Snam's focus on new parents, the employee retention rate<sup>14</sup> is 141%.

13 The rate of return to work is calculated as (total number of employees who returned to work after parental leave/total number of employees who must return to work after parental leave)\*100.

14 The retention rate is calculated as (total number of employees still employed 12 months after returning to work after parental leave / total number of employees returning from parental leave in the previous reference period(s))\*100.

# DEVELOPING SKILLS

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022	
	Hours of training provided	320,000 hours by 2023	278.914 from 2020	

KPI included in the ESG Scorecard  
 KPI included in the Carbon Neutrality Strategy  
 Target reached  
 Target in progress  
 Target not reached

Snam offers training initiatives for its people to help them develop skills aligned to a changing work environment, such as the use of advanced technologies and innovative work procedures, starting from the selection phase. In fact, in addition to taking on the traditional role of disseminating skills, training is also intended to make employees aware of and responsible for company objectives and strategies.

To disseminate the knowledge gained internally, Snam uses:

COMPETENCE CENTRES	INTERNAL FACULTY	SNAM INSTITUTE
<p>Consisting of groups of people across organisational structures who have consolidated, recognised knowledge and experience in specific subject areas relevant to the business, the Competence Centres oversee, develop and disseminate corporate know-how and are an internal reference point for related knowledge.</p> <p>For more information see the chapter 'Social Information' in the 2022 Annual Report.</p>	<p>Formed by about 90 employees, the Internal Faculty sees to transferring technical and business knowledge to other colleagues , in a from Snam to Snam logic.</p>	<p>As an innovation accelerator, the Snam Institute disseminates Snam's technical know-how to make it available to everyone through training courses developed in three thematic areas: Technical, Leadership, Innovation &amp; Transformation. In addition, the Snam Institute accompanies new recruits through the on-boarding programme.</p>

During 2022, Snam supported the development and adoption of inclusive managerial behaviour in line with the evolution of the **Skills Model**. In this context, the new course **Dai Valore Agli Altri**, included in the **Snam Empowerment Programme**, was launched. The aim of the course is to raise awareness among employees by making them more aware of biases and to create a working environment that values the contribution of each individual. The training offer is completed with **four further e-learning courses on leadership topics**.



The entire population of technicians was involved in upskilling courses aimed at updating and developing skills related to the different roles carried out.

An example of this is the training programme for a large group of operating personnel of **UAS Remotely Piloted Aircraft**, aka Drones, focusing on their use and operation. Run as a trial in 2021 and repeated in 2022, the programme aims to increase the safety level of its operating staff during field inspections in inaccessible, landslide or mountainous terrain. The employees involved underwent two theoretical and one practical examination at the ENAC (Italian Civil Aviation Authority), obtaining the pilot's licence required to use drones.

Snam pays particular attention to **specialised technical training**, hence the Competence Centres work closely with the **Excellence HUBs**, creating customised training courses according to role, experience and area of expertise. In this regard, the Network and Plant Management Departments reviewed all the courses for the field operative population (BMS - Basic Multi Skill and AMS - Advanced Multi Skill, POS - Polyvalent Operative Storage and POT - Polyvalent Operative Transport) with the provision of courses aimed at supporting the generational change taking place and at building and developing the skills necessary to operate on gas transportation and storage plants. Also with this in mind, a new path was developed for Works Technicians through the Works Competence Centre, which included the creation of the **Works Handbook**.



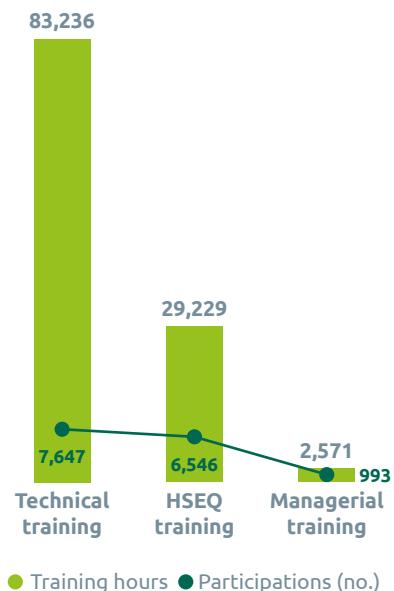
The Works Handbook is a manual that reviews all the aspects that Snam technicians must monitor during the execution of the various stages of the works. For each situation, the book refers to the relevant Snam standard or the documentation to be produced during field work and is a fundamental support, especially for new recruits.

In addition, in order to spread awareness that asset protection is one of the most important objectives for the Company, the initiative **Territorial Coverage, Fire Prevention & Works Subject to Reclamation** was promoted, which included training people working on infrastructure and involved in obtaining the ISO 55001 certified management system for the management of physical assets.

In this context, extensive use was made of in-house teaching, enhancing the technical and operational skills of many employees, who were also supported with dedicated train-the-trainer courses.

Snam's training commitment in 2022 saw a total of 121,573 hours provided, of which 29,229 hours were dedicated to Health, Safety and Environment topics, and with a total of 16,999 participations, recording 34 average hours per employee), involving 92% of the company population in at least one training course (specifically 88% of women and 93% of men). Extensive efforts have also been devoted to employee training programmes on business ethics and anti-corruption, aimed both at fulfilling legal obligations and at disseminating the culture and ethics of business and legality, reinforcing awareness of non-compliance. Snam has involved all managers and middle managers in a specific training activity on compliance issues, with the aim of creating a moment for discussion with colleagues who deal with this subject in the company.

#### KEY TRAINING INITIATIVES



● Training hours ● Participations (no.)



As part of the **SnamInnova** project, experimentation was concluded on the start-up **SkillGym**, a digital roleplaying platform that trains people to manage critical business conversations by exploiting artificial intelligence, interactive cinema and augmented reality. The trial involved 150 Snam people for a total of 1,056 training sessions.

## PERFORMANCE ASSESSMENT

Performance Management is a process of assigning and assessing objectives linked to sustainability issues and behavioural aspects consistent with those defined in the corporate strategy, in which all those who contribute to results on a daily basis are involved.



Performance assessments are a fundamental and preparatory element in the creation of a corporate culture where individuals are valued, taking into account, in addition to their work, their aptitudes and their contribution to the pursuit of the Group's objectives, beyond its strategic objectives as well.

In 2022, with the fifth Performance Management cycle, the number of assessed employees rose to 2,925, an increase of 3% compared to 2021, and equal to 81% of the company population.

In order for Performance Management to be an effective tool, Snam provides a learning path consisting of two days of training and half a day of follow-up for each competence. In order to activate an assessment as extensive as possible on the company population through a structured and homogeneous framework, all job positions, with the exception of executives, are also subject to the analytical and comprehensive assessment of **Complexity, Responsibility, Experience and Autonomy (C.R.E.A.)** factors. In 2022, 2,794 CREA assessments were carried out, of which 694 led to a higher CREA level.



Lastly, Snam has implemented 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.

### ASSIGNED SUSTAINABILITY OBJECTIVES

	2020		2021		2022	
	Assigned (no.)	Reached (%)	Assigned (no.)	Reached (%)	Assigned (no.)	Reached (%)
Objectives Executives	198	85	198	85	138	85
Objectives Middle Managers	282	81	282	81	714	90
Objectives Other staff	456	85	456	85	1,566	66
<b>TOTAL</b>	<b>936</b>	<b>84</b>	<b>936</b>	<b>84</b>	<b>2,418</b>	<b>74</b>

## SNAM'S REMUNERATION POLICY

Sustainability is confirmed as a relevant factor in **Snam's 2022 Remuneration Policy<sup>15</sup>** relating to Directors, Statutory Auditors and Executives with Strategic Responsibilities<sup>16</sup>, as the following performance objectives illustrated on the side are considered.

Essentially, three remuneration instruments provided for in the Policy: fixed remuneration, short-term variable incentive (IMA - Annual Monetary Incentive) and long-term variable incentive (LALT - Long-Term Equity Incentive).



## RELATIONS WITH UNIONS

Snam maintains constant and transparent relations with trade union organisations in order to ensure that the rights of all workers are respected. In 2022, there were 143 virtual and in-person meetings with local and national trade unions, held in compliance with government regulations and specific company policies aimed at limiting Covid-19 infection.

During the meetings, Snam illustrated the projects for the evolution of its already consolidated businesses and including those recently started up to the trade unions, and issues related to organisational relevance arising also from the emergency situation still present were addressed. Furthermore, the meetings also concerned the definition of the paths deriving from the Works Project and the Installations Project, initiatives aimed at optimising respectively the activities of the Works with regard to the management of the gas network and the Installations Management.

15 The Snam 2023 Remuneration Policy for Directors, Auditors and Managers with Strategic Responsibilities will be approved during the shareholders' Meeting of 4 May 2023.

16 At Snam, Key Managers differ from Directors and Auditors, and have the following roles: Chief Business Unit Asset Italia, Chief Financial Officer and Executive Vice President Human Resources & Organisation & PFM.



In 2022, the renewal of the Energy and Oil Collective Bargaining Agreement was signed and the annual agreement on the Participation Bonus and Collective Closures of the San Donato Milanese Campus was signed.

In the regasification business, with particular reference to the acquisition of the two FSRU ships by Snam, 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 that can have an impact on employees.

In 2022, 20% of employees are members of trade unions, and the total number of pending litigations is 14 (-4 compared to 2021), of which 4 for termination pay litigation, 10 for joint and several liability, while the number of litigations opened in the year is 9, down 7 from the previous year.



Snam has for some time introduced procedures related to staff mobility aimed at establishing better treatment for employees than that envisaged by law and by the applicable CCNL. With reference to the operations area, in past years a number of reorganisations of territorial areas (centres) have occurred, which have entailed transfers of staff to whom improved treatments have also been applied following specific trade union agreements reached. The notice period is that envisaged by law and/or the applicable CCNL.

# VALUING DIVERSITY

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## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Percentage of women in executive and management positions (*)	ESG SCORECARD 23% by 2022 27% by 2026	23.1%
	Percentage of women in the succession plan (first and second line) (*)	ESG SCORECARD 26% by 2022 27% by 2026	26%

(\*) The perimeter relates to the following companies: Snam S.P.A. Snam Rete Gas, Greenture (ex Snam4Mobility), Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubegas, Enura, Gasrule, les Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP, TEA.



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy



Target reached



Target in progress



Target not reached

Creating a cohesive, open, inclusive and discrimination-free work environment, where **the uniqueness and diversity** of all people are preserved, is a prerogative of the Group, which as of 2019 has adopted the **Diversity & Inclusion Policy** to oversee the issue, enriched between 2020 and 2021 with three appendices on gender equality, the recruitment phase and harassment in the workplace.

2019	2020	2021
<b>Diversity &amp; Inclusion Policy</b>	<b>Diversity &amp; Inclusion Policy: Gender Equality</b>	<b>Diversity &amp; Inclusion Policy: Recruiting @ Snam</b>
		<b>Diversity &amp; Inclusion Policy: Harassment Policy</b>

The policies foster the dissemination among employees and contractors of a culture of equal opportunities, consistent with the broader framework of human rights outlined in the Global Compact, and ensure the application of specific human resources policies and metrics to ensure fairness at all stages of the employment relationship, training and work-life balance.

For more information on the Diversity & Inclusion Policy, see 'Annex 2 - Snam's main policies and guidelines' in the 2022 Annual Report.

**Gender diversity** has always been a point of attention for the Company, not least in view of the Group's business, which is characterised by a preponderance of male figures in the most strategic positions, especially operational ones. Nevertheless, since 2020 the presence of women in Snam has increased by 18%, reaching **597 women** in 2022, equal to 16.5% of the entire company population, also as a result of the 80 new hires over the year (of which 59 from the market), against 49 departures (including one transfer to other non-consolidated companies).

## INCLUSION WEEK 2022 – STRONGER TOGETHER

To celebrate and develop inclusion, for the second year running Snam has organised **Inclusion Week - Stronger Together**, a week of events dedicated to increasing awareness and sensitisation to the issue with a view to enhancing the uniqueness of each individual. The event reached almost **700** participants, with a programme with **six events** where important topics such as generational confrontation, disability, STEM subjects, LGBTQ+ issues and inclusive language were discussed with speakers from inside and outside the company.



For years, the Group has been promoting the study of **STEM** disciplines (science, technology, engineering and mathematics) among young female students, who still represent a small percentage of the total enrolment in these fields. This is where the role of schools and universities comes in, as they represent valuable levers for the dissemination of a culture of equal opportunities and the fight against the gender gap. In this regard, in 2022 Snam continued to support the six recipients of three-year and master's scholarships at the Polytechnic Institute of Bari, organising a webinar with a Snam role model and a digital Escape Room.

# PROMOTING DIVERSITY AND INCLUSION AT SNAM: THE INCLUSION TEAM

Created ad hoc by Snam, the Inclusion Team is an inter-functional group of about **40 people** representative of the many corporate diversities present, thanks to which the Group promotes a culture of diversity and equal opportunities. The action plan **#Snam4Diversity, inclusive energy** elaborated by the Inclusion team counts a number of initiatives.

The Inclusion Team has promoted **16 new initiatives** involving more than **2,000 colleagues in various activities** since 2020. One of these is the publication of the **Inclusive Language Manifesto**, re-launched in 2022 to spread the use of language that is always respectful and inclusive, as well as the launch of **#Snam4Diversity Talks**, a series of training events to discuss issues of Diversity and Inclusion.

**The team identifies, proposes and promotes initiatives that affect all HR processes:**

## Employer Branding & Talent Acquisition

to promote objectivity in the candidate selection process and ensure equal opportunities for internal and external candidates.

## Training

to create greater awareness of diversity in the company.

## Development

to introduce and consolidate diversity and inclusion within the Performance Management system.

## Communication

to spread the language of inclusion in the company and facilitate the meeting and connection between people.

Snam monitors the gender pay gap in order to reduce pay differences between women and men, with the aim of eliminating them. As of 2020, the calculation of the gender pay-gap has taken into account both fixed remuneration and short- and long-term variable remuneration. The gender pay gap was calculated using both cash and accrual data, the latter being the principle used in Section II of the Report on Remuneration Policy and remuneration paid pursuant to current law. On a cash basis, the gender pay gap in 2022 remains broadly constant, in line with the trend of recent years and, as shown by a specific study commissioned from an external consultant, not critical with respect to the reference context. In particular, the pay differential improved by one percentage point for middle managers and white-collar workers, while it stood at 89% for executives, in line with the average rates recorded at national level. The accrual data also show an improving trend in the gender pay gap in recent years; the data for 2022 will be available after the publication of this document and will therefore be published in the next edition of the document.

For more information on the pay gap, please refer to the data in the chapter 'Data and Performance Indicators.'

## GENDER EQUALITY INITIATIVES

 <b>VALORE D</b>	As a Supporting Member, Snam has been involved with Valore D since 2017. The association promotes the international growth of the company through the presence of women and colleagues of different nationalities. In collaboration with Valore D, Snam employees were able to attend courses on valuing the diversity of gender, generations and cultures and developing an inclusive culture as a factor of innovation, competitiveness and growth for people and companies. During 2022, Snam took part in four training courses, two inter-company mentoring courses and about 15 training courses.
 <b>INSPIRING GIRLS</b>	InspirinGirls is the international campaign promoted by Valore D that aims to make girls aware of their talents, freeing them from gender stereotypes that often contribute to limiting their ambitions. Women volunteers from different sectors and professions share their professional and life experiences with middle school students. Over the past two years, Snam has participated in the project with 70 women role models. During 2022, Snam joined the #nonédamaschio campaign with the story of a Snam female role model and, three other female role models left their testimonies on the video hub platform.
 <b>SHETECH</b>	Snam joined SheTech in 2022, the non-profit association established with the aim of bridging the gender gap in the world of technology, digital and entrepreneurship through networking, empowerment and training activities. Snam has contributed to the dissemination of its valuable testimonials, with the aim of encouraging young women to become involved in technology and digital disciplines.
 <b>ROCK YOUR MIND</b>	Snam joined the Rock your Mind event organised by Employerland as a partner in 2022. The event combines music and recruiting while mainly targeting girls studying STEM disciplines with the aim of fostering gender equality and contributing to a culture of diversity and inclusion.

	<b>ORTYGIA BUSINESS SCHOOL - YEP</b>	Since 2021, Snam has further enriched its portfolio of initiatives by joining the mentoring programme YEP - Young Women Empowerment Program of the Ortygia Business School, aimed at female students of economics and STEM faculties enrolled in a Master's degree course at major universities in Southern Italy, which aims to support them.
	<b>CHARTER FOR EQUAL OPPORTUNITIES AND EQUALITY AT WORK</b>	The voluntary signing of the Charter for Equal Opportunities and Equality at Work, a declaration of intent launched by the Sodalitas Foundation, commits Snam to spreading a corporate culture and adopting inclusive human resources policies.
	<b>PARKS</b>	Parks is a non-profit association that targets companies with the aim of promoting a culture of inclusion and respect in the workplace, in the belief that valuing differences constitutes an opportunity and a competitive advantage for business. By joining Parks in 2020, Snam has taken on an active role in the development, also in Italy, of a culture that values and supports differences with the ambition of creating inclusive working environments for all employees, regardless of their sexual orientation, gender identity and expression.

# GUARANTEEING HEALTH AND SAFETY IN THE WORKPLACE

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
IpFG (*)		 0.7 by 2022 < minimum of the last 3 years by 2026	0.60 

(\*) Combined accident frequency and severity index for employees and contractors (the latter excluding those of non-regulated companies), excluding commuting accidents, takes into account both the frequency of total accidents recorded in relation to the number of hours worked and is calculated by adding and weighing the two indices (FI and SI). The scope of analysis will include, if any, companies acquired after six months of their acquisition.



KPI included in the ESG Scorecard



KPI included in the Carbon Neutrality Strategy

 Target reached

 Target in progress

 Target not reached

Snam has always placed great emphasis on protecting the health and safety of its people, especially given the nature of the operational activities carried out in the field. It also develops the adoption of good practices related to workplace health and safety by promoting them outside the company, throughout the supply chain.



In order to properly monitor this issue, Snam has adopted a management system certified according to **UNI ISO 45001 Occupational Health and Safety Management Systems**, as well as procedures and systems that aim to prevent accidents and illnesses in the workplace and promote the protection, health and safety of workers. **The management system covers all employees and contractors working at Snam's infrastructure**; therefore, the company also requires its suppliers to be ISO 45001 certified, as part of the approval process for suppliers of goods and services considered critical.

Employees and collaborators have access to various channels through which they can consult the operation and participate in the implementation and evaluation of the management system. These include the bulletin board, letters addressed to staff, forms, meetings, internal memos, information leaflets, posters and/or communications, as well as any other method that can be documented and ensures reception by the recipient. In addition, there are cross-company and cascading communication channels that also cover health and safety issues.

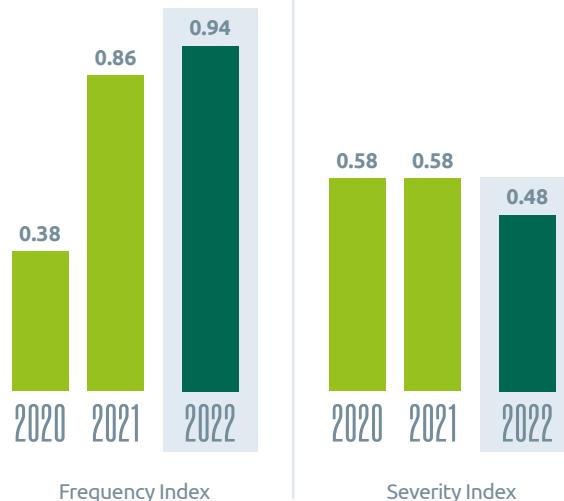
Despite the efforts made by the Group to reduce accident rates and Snam's positioning among best practices, also following the acquisition of new businesses that need time to adapt to Snam Group policies, a total of 16 accidents occurred in 2022 (12 in 2021). Specifically, 3 occurred to Snam Group employees (11 in 2021), all of which occurred in companies in the non-regulated sector; and 13 occurred to contracted suppliers (one in 2021), 1 of which unfortunately resulted in a fatal outcome. However, despite the increased number of injuries, the average severity of injuries decreased, as shown by the severity index, which is slightly lower than last year.

### Health and safety protection projects and awards

To ensure the creation of a safe working environment and to raise awareness of workplace health and safety, Snam has launched the following initiatives:

- **Snam4Safety**, to strengthen the safety culture and awareness of employees and contractors
- **Zero Accidents Award**, defined as part of the Snam4Safety initiative, which encourages site employees to achieve 365 consecutive days without an accident, either at work or while commuting (zero accident target). A tangible award is given to the winning staff each year, in the form of welfare credits. More than 1,330 employees were awarded in 2022.

### ACCIDENTS AT WORK EMPLOYEES AND CONTRACTORS



Over the last ten years, numerous measures and initiatives have been adopted and better targeted to effectively disseminate a culture based on health protection, accident prevention and safety, through the involvement of the entire company population, as well as contractors. Constant monitoring of accidents, through the evaluation of specific indices, allows Snam to intervene promptly to correct and eliminate problems and critical issues that may arise. Snam's commitment is reflected by looking at its performance in 2022 compared to 2021, where the number of accidents and the frequency and severity index for employees and contractors, all show a downward trend.

For further information, please refer to the chapter '2022 Performance, Key Sustainability Performance' in the 2022 Annual Report.

In the area of major accident prevention, Snam has specific Process Safety Management Systems, also due to the fact that some of the Group's operating sites fall within the scope of the national transposition, the Seveso Directive (Italian Legislative Decree 105/2015). Hazard identification and risk assessment methodologies are periodically applied, after which preventive measures and corrective action plans are identified and implemented. In particular, the activities concern:

- analysis of **site safety history** and **context information** (earthquakes, marine phenomena, geological events, etc.);
- **HAZOP (HAZard and OPerability) analyses** to identify risks related to potential process anomalies compared to standard conditions;
- **What if analyses**;
- **Fault tree analyses** to identify the minimum combination of events that are likely to generate a specific top event;
- **event tree analyses** to estimate the evolution of consequences after an initial event.



Snam has internal procedures to **identify any anomalies and emergencies** that might occur during operations, in order to analyse them, classify them and manage them accordingly.

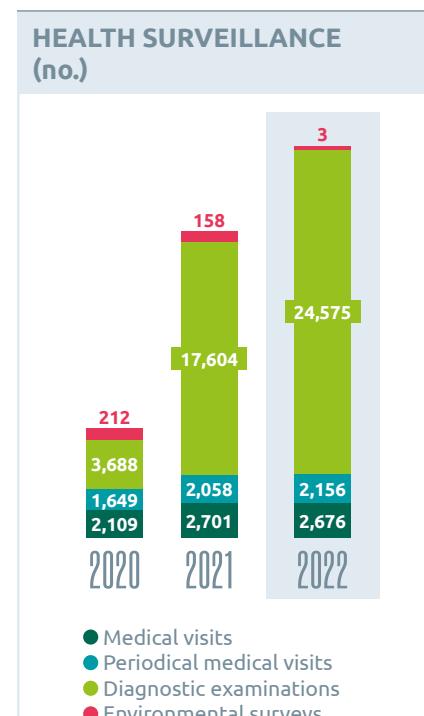
In addition to providing each site and office with a **sound emergency management system**, Snam has emergency plans and procedures that are periodically tested and revised according to industry practices and in compliance with guidelines, standards and limits set by national and local agencies and authorities.

## PROTECTING HEALTH

In carrying out their tasks, workers are continually exposed to specific risk factors in relation to the tasks, which is why their state of health is monitored through periodic health surveillance carried out by the doctors in charge of this activity. In addition, in order 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. There are no recognised cases of occupational diseases of employees in the three-year reporting period.

WORKERS RECEIVING PERIODIC HEALTH SURVEILLANCE (no.)			
	2020	2021	2022
<b>Total exposed workers</b>	2,880	3,321	3,174
Workers who sit at a computer station (VDT)	1,583	2,417	2,369
Workers with responsibility in an emergency	596	602	29
Workers exposed to chemical agents	41	104	614
Workers responsible for moving heavy loads *	661	642	666
Night workers	121	106	113
Workers exposed to noise pollution	60	101	105
Workers exposed by synergy of several risks	657	35	46
Workers exposed in confined spaces	1,791	198	194
Workers exposed to artificial optical radiation	-	-	10
Workers exposed for other reasons (IE, abroad, TOX, welding)	193	103	352

\* The increase in the number of workers subject to periodic health surveillance for manual handling of loads is due to the increase in the required frequency of checks (annual from 2020).



An aerial photograph of a rural landscape. A dirt road cuts through the center of the frame, leading from the bottom right towards the top left. On either side of the road are large, green, rectangular agricultural fields, likely corn or soybean crops. In the top right corner, there is a cluster of trees and some rocky terrain. The overall scene is bright and sunny, casting shadows of the trees onto the fields.

# GOVERNANCE FOR GUIDING THE SUSTAINABILITY STRATEGY



# SOUND, TRANSPARENT GOVERNANCE

The purpose '**Energy to inspire the world**' guides the Group's strategic choices in the **country's path of ecological and energy transition, with a view to sustainable success** by leveraging three essential principles: integrity, transparency and respect for rules. The Company's governance system is structured in accordance with current regulations applicable to the sector, taking into account national and international best practices and the principles set out in the Group's **Code of Ethics**<sup>17</sup>, and complies with the OECD Guidelines for Multinational Enterprises, the United Nations Universal Declaration of Human Rights, the ILO Fundamental Conventions and the ten global ethical principles in terms of human rights, environmental protection, workers' rights and anti-corruption contained in the United Nations Global Compact.

## CORPORATE AND ORGANIZATIONAL STRUCTURE

Snam's Corporate Governance is based on the principles of **correct and transparent management of business activities**, to which the information flows between corporate bodies and the internal control and risk management system (ICRMS), which is structured and appropriately supervised, also contribute. Furthermore, Snam has adopted the **Corporate Governance and Unbundling Guidelines** which define the principles, content, tools and operating methods of the strategic guidance activity carried out by the Group.

For further information on Snam's main policies and guidelines, see the relevant section on the company website.

In order to pursue its strategy and objectives, the Group has a management team consisting of 13 main functions and the following three business units:

- **Mobility & Liquefaction:** oversees the definition of strategies, guidelines, objectives and the development of the unregulated mobility business and LNG commercial development.
- **Asset Italia:** oversees the definition of the industrial strategies, guidelines and objectives of the activities related to Snam's core business (transportation, storage and regasification), in line with the strategic guidelines and protocols defined, including those relating to energy transition.
- **Environment & Efficiency:** oversees the definition of strategies, guidelines, objectives and the development of the unregulated biomethane and energy efficiency businesses.

In addition, two new functions were created in 2022: **Decarbonisation Projects (DECARB)** - dedicated to the development and implementation of all decarbonisation projects: Carbon Capture and Storage (CCS), Hydrogen and Renewables - and **International Asset Management and Business Development (IAMBD)** with the role of defining the development objectives of Snam's international presence and overseeing foreign investments. The International & Business Development Business Unit was thus merged into the new unit.

Management relates with Top Management through meetings and sharing:



- **Business review:** quarterly meeting between the CEO and senior executives for monitoring the progress of the strategic targets and lines;
- **Management meetings:** monthly update meetings between the CEO and the heads of all front lines and main functions on the latest business news;
- **HSE review:** half-yearly meetings to inform the CEO of the results achieved for the environment, health and safety;
- **Risk review:** quarterly meetings on the process of identifying and assessing risks and opportunities, including those deriving from climate change.

In addition, with a view to ensuring that Snam's impacts on the environment, economy and society are adequately managed, the heads of the relevant corporate functions can attend meetings of the Board of Directors and of the Internal Board Committees to provide appropriate insights into the issues on the agenda.

<sup>17</sup> Snam's Code of Ethics can be viewed on the Company's website at: [https://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice\\_Etico.pdf](https://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice_Etico.pdf)

# SUSTAINABILITY GOVERNANCE

The Board of Directors (BoD) plays a fundamentally important role in the corporate governance system, and in line with the recommendations of the Corporate Governance Code, acts as a watchdog to ensure the pursuit of **sustainable development along the entire value chain**.

This commitment was also confirmed by Snam's new Board of Directors (elected by the Shareholders' Meeting on 27 April 2022), which defines strategies and objectives including those related to sustainability, monitoring their implementation. In this respect, the Board of Directors is supported by three elected committees and by the entire company management.



The committees assisting the Board of Directors cover specific roles in promoting sustainability within the Group. Among these, the **Environmental, Social & Governance and Energy Transition Scenarios Committee** (ESG and ETS Committee), to which the Board of Directors has also assigned tasks in the field of energy transition since 2022, performs investigative, propositional and advisory functions vis-à-vis the Board of Directors on sustainability and the definition of long-term scenarios, examining, in particular, issues related to climate transition and technological innovation, energy access and sustainability, the environment and energy efficiency.

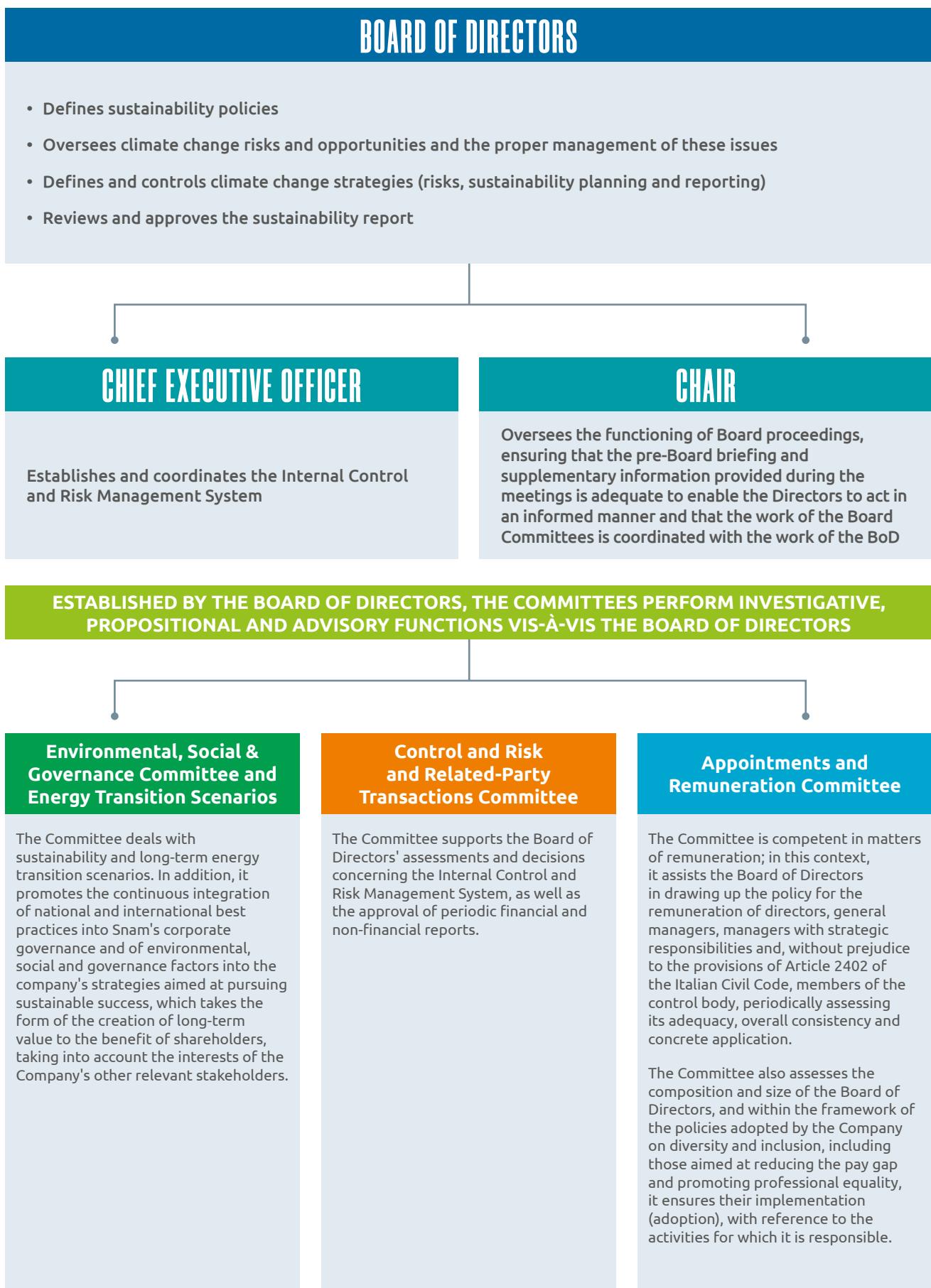
In addition, the Control and Risk and Related Party Transactions Committee, the ESG and ETS Committee and the Enterprise Risk Management (ERM) function support the highest governance body in supervising corporate processes aimed at identifying and managing economic, environmental and social issues and their impacts, risks and opportunities. The ESG and ETS Committee supports the Board of Directors in approving the Strategic Plan and conducting the analysis of issues relevant to long-term value generation (i.e., materiality analysis). This analysis identifies the sustainability issues on which organisations generate the most significant impacts on the economy, environment and people, including impacts on human rights.

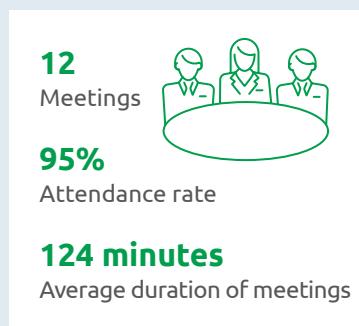
In this context, the ERM function deals with mapping risks and opportunities, including sustainability risks, in cooperation with the Sustainability and Social Impact function, which guide the Board's strategic choices.

To support the Board members' already well-established expertise in the field of sustainability - indeed, 56% of Board members have expertise in these fields - during the year all were involved in eight Board Induction sessions related to energy transition business and ESG policies, among other topics. Moreover, confirming the relevance of sustainability issues and their centrality in the Board's discussion, in the meetings and Board Induction sessions held in 2022, topics related to ESG factors accounted for a substantial portion of the meetings involving Board members, who devoted 42% of their time to them, exceeding the expected target (40%) set by the ESG Scorecard.

The **Control and Risk and Related Party Transactions Committee** supports the Board of Directors in the process of evaluating the internal control and risk management system, including sustainability risks, as well as in the approval of periodic financial and non-financial reports. Lastly, the **Nomination and Remuneration Committee** proposes setting performance targets, including those related to ESG factors in coordination with the ESG and ETS Committee.

Below are the main roles and responsibilities in the area of sustainability of the Board of Directors and Committees:



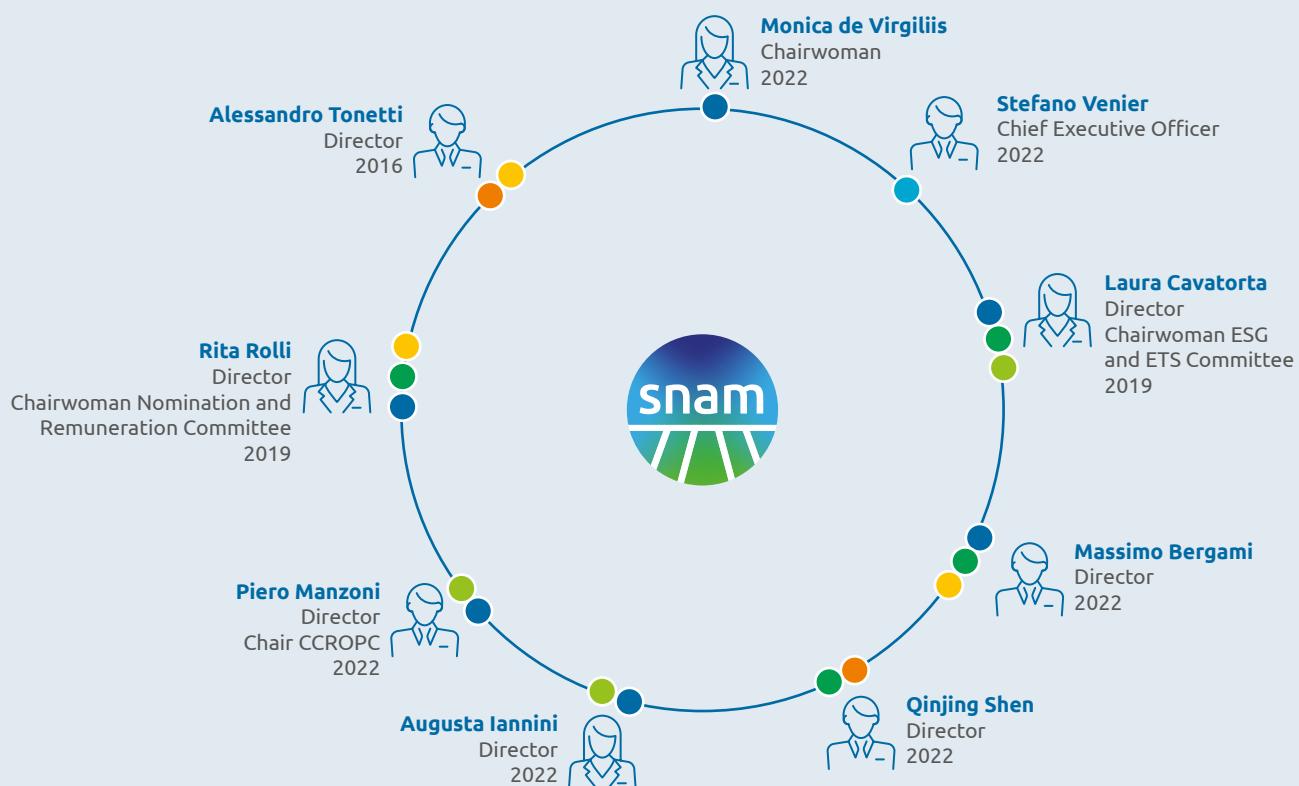
**TOPICS COVERED BY THE ESG AND ETS COMMITTEE**

- Review of financial and non-financial reporting (NFS, Sustainability Report, Climate Change Report, Corporate Governance and Ownership Report)
- Calculation and target setting of **ESG targets** and the **ESG Scorecard**
- Examination of the **Risk register from an ESG perspective**
- Review of **sustainable finance** initiatives
- Insight into the new approach to materiality analysis, **methane emissions and related targets** and the gender pay gap
- Examination of ways to achieve **decarbonisation targets**
- Examination of the evolution of **European taxonomy**

**THE BOARD OF DIRECTORS: COMPOSITION, DIVERSITY AND COMPETENCES**

The Board of Directors is an **independent**, **representative** and **inclusive** body that will remain in office for three financial years, from 2022 until 2025.

Six out of nine Directors (including the Chairwoman) are independent, one third of them were elected from lists submitted by minority shareholders, and 44% of the Directors are women.



Note: the year indicated for each Director refers to the year in which they joined the Snam Board of Directors.

**Type of Director**

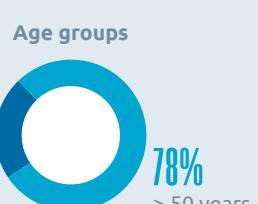
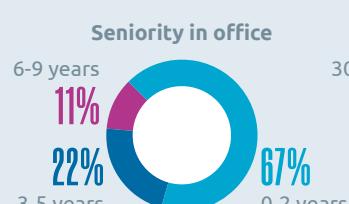
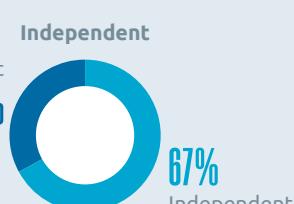
- Independent
- Executive
- Non-independent/executive

**Committee**

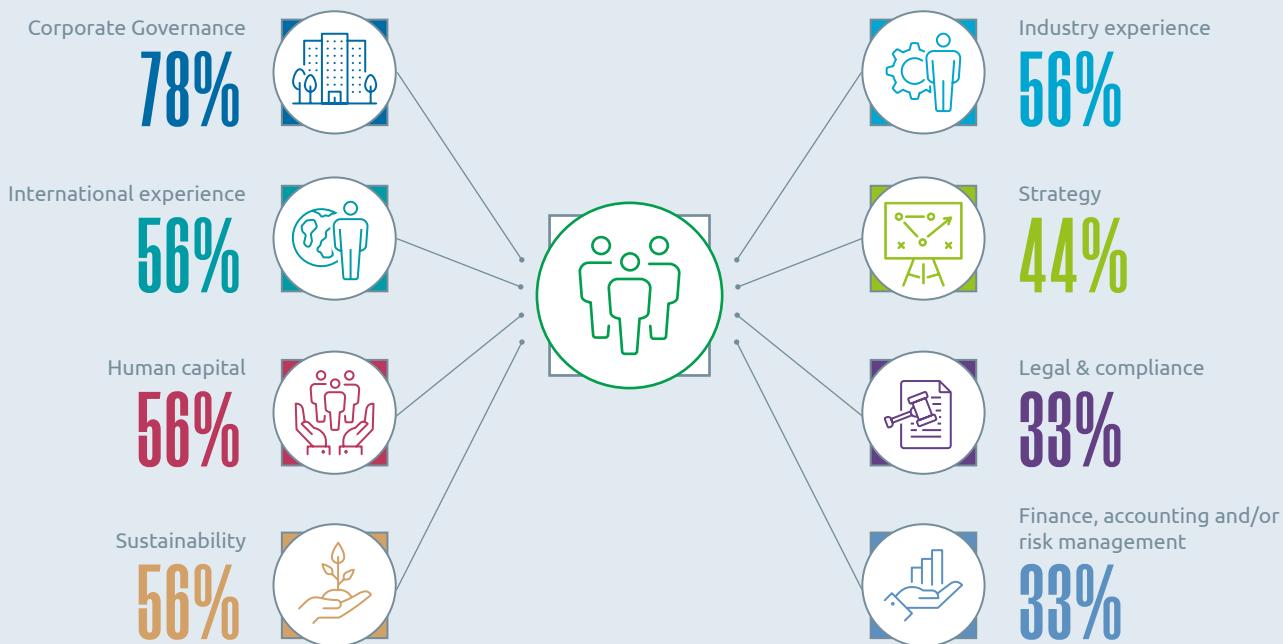
- ESG Committee and Energy Transition Scenarios
- Control and Risk and Related-Party Transactions Committee
- Appointments and Remuneration Committee



6 Independent Directors pursuant to the TUF and the Corporate Governance Code.



## Powers of the Directors



As part of the performance assessment process of the highest governing body, also for the three-year period 2022-2024, the Board of Directors started began the assessment process of the Board itself and its Committees, making use of an external advisor in order to carry out a structured review of the effectiveness of the Board of Directors and its Internal Board Committees from an operational perspective, as well as to identify opportunities for further improvement in order to better perform the role of guidance and control of a complex and evolving reality. Taking into account the results of the last board assessment process, the outgoing Board, with the support of the former ESG Committee, in view of the renewal of the corporate bodies, elaborated some considerations on the size and composition of the Board of Directors to be submitted to the Shareholders.

For further details on Snam's governance, please refer to the chapter 'Governance and Organisation' in the 2022 Annual Report.

# ACTING IN ACCORDANCE WITH BUSINESS ETHICS

## OBJECTIVES AND PERFORMANCE

SDGs	KPI	Target	Performance 2022
	Percentage of third parties subject to the procurement process on which reputational checks have been carried out	100% per year until 2026	100%

KPI included in the ESG Scorecard
 KPI included in the Carbon Neutrality Strategy
 Target reached
 Target in progress
 Target not reached

Acting in accordance with business ethics is one of the fundamental principles that guides all of Snam's actions. In order to prevent episodes of corruption, the Group has established adequate anti-corruption measures structured within a control system aimed at ensuring compliance with the law and adaptation to the best international standards and best practices on the subject. The **Anti-corruption Guidelines**<sup>18</sup> are an integral part of the control system, and were recently updated and approved by the Board of Directors. They are based on the principles of ethics, transparency, fairness and

<sup>18</sup> Snam's Anti-Corruption Policy can be viewed on the Company's website at: [https://www.snam.it/export/sites/snam-rp/repository/ENG\\_file/Governance/Procedures/anticorruption/Snam-Anti-Corruption-Policy.pdf](https://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Procedures/anticorruption/Snam-Anti-Corruption-Policy.pdf)

professionalism contained in the Code of Ethics. Furthermore, the Guidelines incorporate the tenth principle of the Global Compact, which requires participants to avoid corruption in all its forms and to develop strong policies and concrete anti-corruption programmes, as well as to cooperate with governments, UN agencies and civil society to contribute to a more transparent global economy.

In 2022, Snam began the process of structuring a **Management System for the Prevention of Corruption** in accordance with the standard ISO 37001:2016, which led to the definition of an **Anti-Corruption Policy** and the establishment of an **Anti-Corruption Committee**, which plays the role of the Compliance Function for the Prevention of Corruption which, in carrying out its task, relies on the operational support of the Compliance & Business Integrity function. To monitor this issue, Snam has also adopted the Anti-Corruption Compliance Programme aimed at identifying and assessing corruption risks inherent in the exercise of its business activities.



The **Anti-Corruption Policy**, approved by Snam's Board of Directors on 18 January 2023 and drafted in accordance with the principles of ISO 37001:2016, expresses the commitment of Top Management and the Board itself to the prevention of corruption.

For further information on the Anti-Corruption Guidelines and Anti-Corruption Policy, see 'Annex 2 - Snam's Main Policies and Guidelines' of the 2022 Consolidated Non-Financial Statement contained within the 2022 Annual Report.

Lastly, among the tools that Snam uses to monitor transparency and the fight against corruption, the digitalisation of the information flow of data to the **National Anti-Corruption Authority** is of fundamental importance, enabling the elimination of all manual compilation procedures, improving the traceability, transparency and security of all operations.

## ANTI-CORRUPTION COMMUNICATION AND TRAINING

Offering and developing training sessions for all staff, and especially for new recruits, is the foundation on which Snam directs its activities, with a view to keeping knowledge of business ethics, legality and anti-corruption constantly updated. Awareness-raising and training activities for employees also contribute to increasing their awareness in recognising, preventing, suppressing and reporting possible cases of corruption in the various business contexts.

In 2022, all board members and 333 new hires received communication on anti-corruption policies and procedures.

As for anti-corruption training, Snam trained 323 employees in 2022 through e-learning and distant learning<sup>19</sup>.

Moreover, during the year, in addition to the training activities organised by the HR function in e-learning mode, Snam carried out ad hoc training on anti-corruption issues organised in **15 training meetings** involving about **700 people**, including managers, middle managers and new recruits. In order to engage and raise awareness among the entire company population, a video recording of one of the training meetings was shared and all supporting material was made available.

<sup>19</sup> Newly trained people represent 9% of the total number of employees. In calculating the percentage, only employees trained on anti-corruption issues in the reporting year are taken into account in the numerator, excluding employees who have already received anti-corruption training in previous years.

Also during 2022, Snam participated in several multilateral initiatives on anti-corruption issues, including:

	<p><b>Global Anti-Corruption &amp; Integrity Forum</b></p> <ul style="list-style-type: none"> <li>• Proposed adoption of the 18th SDG (Zero Corruption), together with the Anti-corruption Committee of BIAC (Business at OECD)</li> <li>• Update of the G20/OECD Principles of Corporate Governance document</li> <li>• Revision of the OECD Guidelines for Multinational Enterprises (also referred to as the OECD MNE Guidelines), with particular reference to Chapters IV Human Rights and VII Combating Bribery, Incitement to Bribery and Corruption</li> <li>• Preparation of the BIAC paper on the Anti-corruption and digital project: Championing corporate digital anti-corruption solutions</li> <li>• Participation in the work of the 2022 OECD Global Anti-Corruption &amp; Integrity Forum, held in March 2022</li> </ul> <p><b>Other OECD events</b></p> <ul style="list-style-type: none"> <li>• Anti-corruption Committee Annual meeting</li> <li>• 60th Anniversary of Business at OECD</li> </ul>
	<p><b>B20 Indonesian Presidency</b></p> <p>Participation as a full member of the Integrity &amp; Compliance Task Force. The contributions that emerged from this participation were formalised in the Policy Recommendation Paper on Integrity &amp; Compliance.</p> <p>Regular conference calls as part of participation in the Integrity &amp; Compliance Task Force.</p>
	<p><b>Business Integrity Forum of Transparency International Italy</b></p> <p>Participation in the revision and update of Transparency International Italy's Charter of Ethical Principles, presented in September 2022.</p> <p>Guest speaker at the Business Integrity Forum (BIF) Academy Day 1, 10 June 2022, where the CEO of Snam S.p.A., Dr Stefano Venier, spoke on the topic Integrity Supply Chain.</p> <p>Further participation in panels:</p> <ul style="list-style-type: none"> <li>• BIF Academy Day 2, 17 June 2022, speech by the Snam ESG Officer on Sustainable Supply Chain</li> <li>• BIF Academy, 23 September 2022, speech by the Business Integrity function on Circular Integrity</li> <li>• BIF National Event, 25 November 2022, speech by Senior Vice Chair Sustainability &amp; Social Impact at the round table on Transparency, Anti-Corruption, ESG values and SDGs activities</li> </ul>

## ETHICAL PRINCIPLES, BUSINESS VALUES AND FISCAL RESPONSIBILITY

The ethical principles and corporate values that guide Snam's business are monitored both through the Reporting Guidelines, which regulate the process of receiving, collecting, analysing, verifying and reporting reports, including anonymous ones, received by Snam and subsidiaries, and in the area of taxation in the proper fulfilment of tax obligations. With particular reference to tax liability, the Snam Group has adopted the **Tax Control Framework (TCF)**, a system for detecting, assessing, managing and controlling tax risks through periodic assessment and monitoring activities, which is a necessary requirement for admission to the cooperative compliance regime envisaged by Italian Legislative Decree 128/2015, known as cooperative compliance, to which the Parent Company and the subsidiary Snam Rete Gas were admitted on 2 December 2019. The scheme requires eligible entities to maintain high standards of transparency and cooperation with the tax authorities and provides an increased level of certainty on relevant tax issues.

For further information on the Reporting Guidelines and whistleblowing, please refer to the section 'Governance and Organisation, System of Controls' in the 2022 Annual Report. For more information on Snam's tax strategy, see the 'Governance information' section of the 2022 Consolidated Non-Financial Statement contained within the 2022 Annual Report.

# COLLABORATION WITH SUPPLIERS AND BUSINESS ASSOCIATES

In the context of preventing and combating active and passive corruption, the choice of suppliers and business associates, as well as the management of relations with them and the relevant contractual protection clauses, play a fundamental role. Therefore, Snam has identified three levels of action to be taken vis-a-vis Business Associates who have or intend to have a relationship with the company:

ANTI-CORRUPTION DUE DILIGENCE	ETHICAL AND INTEGRITY AGREEMENT	CONTRACTUAL CLAUSES
Before entering into any type of relationship with a Business Associate, the Function concerned must request Due Diligence.	When business associates are suppliers or subcontractors, they are required to share and respect the company's inalienable principles of legality, responsibility and business ethics in the management of their activities.	The contractual clauses commit Business Associates to respect the principles of the Code of Ethics, Anti-Corruption Guidelines and Rules, and provide the Company's right to terminate the relationship in the event of breach of the signed obligations and applicable regulations.

In particular, during 2022, 90% of business associates<sup>20</sup> signed the Snam Anti-Corruption Model Declaration, through which they are aware of and undertake to comply with the Anti-Corruption Laws, the Code of Ethics, the Purchasing Party's 231 Model and the Snam Group Anti-Corruption Guidelines. Furthermore, 100% of them were informed about the Rep&War Compliance, a document issued during negotiation phases in which business associates are required to ensure compliance with applicable anti-corruption regulations.

In addition, Snam has paid constant attention to relations with counterparties, through special **reputational checks** that guarantee periodic and effective monitoring of the entire supply chain. In this regard, consistent with previous years, the Group conducted reputational checks on its counterparties in 2022 as well. In particular, 6,166 checks were carried out during the year, of which 1,374 compliance checks on suppliers and subcontractors (with reputational, economic-financial, technical and HSEQ analysis), following which the Multifunctional Team, also thanks to the support of preliminary investigation carried out by the Technical Secretariat, ordered 89 measures, of which 16 were negative. The remaining 4,792 checks refer to reputational checks and anti-corruption Due Diligence carried out on behalf of other group companies and divided as follows: Energy Efficiency no. 2.517, Biomethane n. 742, Hydrogen Business Unit no. 352, Greenture (formerly Snam4Mobility) no. 86, Arbolia no. 72, Business Development no. 116, Global Solution no. 30, Foundation no. 91 and Other no. 786 (lawyers, notaries, real estate, etc.).

## CHECKS ON SUPPLIERS AND SUBCONTRACTORS

Breakdown by type	no.	Measures adopted (*)	no.
Suppliers	1,066	Refusal of reputational nulla osta for subcontracting	1
Subcontractors	308	Refusals/revocation of qualifications	15

(\*) To the measures listed, 70 other measures must be added, which include: 54 nulla osta for qualification, no. 7 subcontracting authorizations, no. 1 revocation of reputational alert, no. 2 revocations of the suspension of qualifications (on measures taken in 2021), no. 6 for contract reviews / assignment, no. 2 reputational alerts and no. 1 suspension of qualification.

20 The business associates considered in the reporting are part of the Energy Transition and Gas Infrastructure M&As that took place in 2022.

# STAKEHOLDER ENGAGEMENT

For years, Snam has been committed to promoting a transparent and collaborative relationship with all its stakeholders by carrying out engagement activities aimed at listening to and including all stakeholders, conducted through an ongoing dialogue that increases mutual trust.

## PUBLIC, SOCIAL AND FINANCIAL SCOPE



Regulators



Shareholders and investors



Institutions



Associations and communities



Media



Financial community



Authorities

## OPERATIONAL AND BUSINESS SCOPE



Clients



Business partners



Suppliers



Other operators and competitors

## COMPANY



Workers



Workers' representatives



All corporate structures, within the scope of their prerogatives, are involved in stakeholder engagement initiatives, adopting the approach defined in the **Stakeholder Engagement Policy**, which has four objectives and four fundamental steps:

## SNAM'S STAKEHOLDER ENGAGEMENT PROCESS

01

### IDENTIFY

through a mapping exercise, the **different categories of stakeholders** with which the Company interacts by following the evolution of the context and the development of corporate activities.

02

### ANALYSE AND UNDERSTAND

the **stakeholders' profile** and their perception with respect to Group initiatives and activities.

03

### EXPLORE

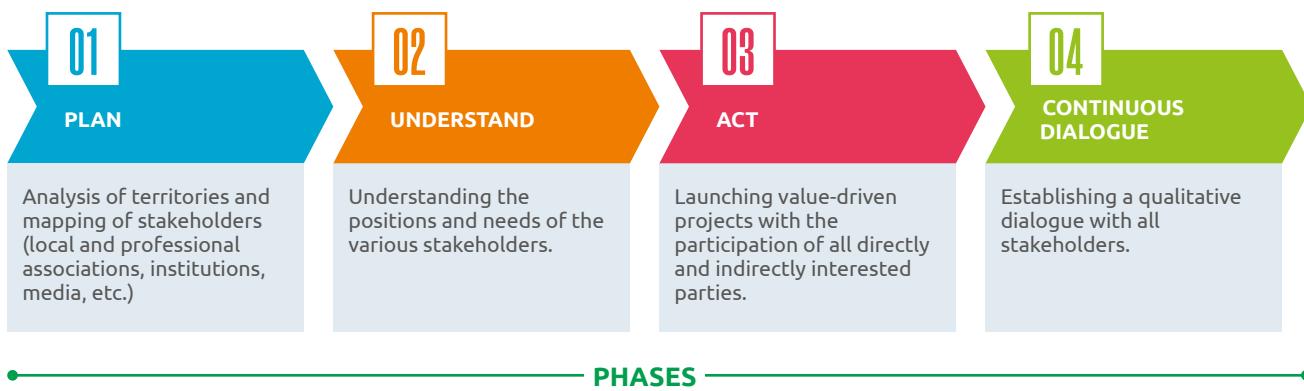
the interests and topics most relevant for each stakeholder category, also through **periodic meetings on ESG topics** and **updating the materiality analysis**.

04

### COMMUNICATE

the **management results** to stakeholders periodically in relation to the material topics of mutual interest, also through the **Sustainability Report** and all the other reporting and communication tools.

OBJECTIVES



In 2022, Snam will keep stakeholder engagement high along the entire value chain, through the transparent communication and sharing of its objectives and activities. Even after the changes of the geo-political context determined above all by the Russian-Ukrainian conflict, the engagement activities were concentrated mainly in the **contribution to energy security**, of which Snam is one of the main national guarantors, with the aim of sharing guidelines, strategies, objectives and activities. Furthermore, the engagement concerned topics of constant relevance for the Group, including the enhancement of territories and local communities, the promotion of energy transition businesses and innovation. In doing so, Snam maintains high stakeholder engagement throughout the value chain through transparent communication and the sharing of its objectives and activities.



In 2022, Snam continued and intensified its relations with the **local and national press**, while strengthening its positioning with the international media. Carried out through a broader platform of channels including articles, interviews, reports and live TV broadcasts, press conferences and press trips, these activities have contributed to enhancing Snam's visibility and role as a **key player in the country's energy security**, highlighting the **strategic role of its infrastructures and key projects** such as the **regasifiers in Piombino and Ravenna**, and as an enabler of the **energy transition**, particularly with regard to the development of **green gases** (hydrogen and biomethane) and **new technologies for decarbonisation, energy efficiency measures, CCS and sustainable mobility** development activities.

During the year, communication on ESG issues and **stakeholder engagement projects for communities and territories** was strengthened, also thanks to the communication initiatives of the **Snam Foundation** and **Arbolia**, as well as **financial communication**.

Below are the main stakeholder engagement activities held for each stakeholder category during the year:



Although some initiatives have returned to being carried out in person, in 2022 Snam continued to implement complementary dialogue solutions and tools, adding the organisation of online meetings and events to its commitment, thereby consolidating proactive, multi-channel communication. In this regard, the activity on social channels has been intensified, sharing **content dedicated to the enhancement and role of infrastructures**, including the creation of a section dedicated to the new FSRUs and biomethane on Snam's website and territorial mini-sites, launching an **influencer marketing campaign** with Geopop on biomethane and the functioning of the FSRUs, carrying out a **marketing campaign on energy efficiency** and one on the TRED high school, also promoted through the opening of a Tik Tok channel.





Digital engagement activities have ensured Snam:

- second place in the **Webranking Europe 500** for the transparency of corporate and financial communication on digital channels;
- the **Digital Stars 2022/2023** excellence award, a ranking of the German Institute of Quality and Finance and La Repubblica Affari & Finanza;
- the **Forbes-Accenture award** for the Snamcast project, a podcast produced in 2020 on sustainability for employees and external stakeholders;
- the award at the **#NCAwards 2022 as Best Holistic Campaign** in the public interest services category for the video on the role of gas in the energy transition made with Geopop in late 2021.

During the year, Snam also paid special attention to **territorial engagement initiatives** by organising more than 100 national and local meetings and visits to the Group's plants, including those to the **Sergnano** compression plant and the IES Biogas biomethane plant in **Schiavon** on the occasion of the Fabbriche della Sostenibilità (Sustainability Factories) tour, held as part of **Green Week**. In addition, with the **LNGnet visit** organised by the **Florence School of Regulation**, the **Panigaglia** regasification plant was opened to the public. Stakeholders were also able to learn more about the operation of the **Foligno biomethane plant** as part of the **Open Factory** initiative. Finally, as part of its territorial engagement initiatives, Snam organised the **1st IGU Transmission Committee Meeting** involving the main international TSOs in Taormina, proposing a visit to the **Messina** plant.



Snam's CEO accompanied a delegation from the European Parliament's Committee on Industry, Research and Energy (ITRE) on a visit to Snam's dispatching facility in San Donato Milanese, a strategic infrastructure for the management of energy flows in Italy, as part of an in-depth examination of energy and industrial policies.

# Snam's participation in working groups and technical tables

Snam is actively involved in defining and developing the role of gas in the future energy mix and in the use of renewable energy carriers in the following associations:

<b>SECTOR ASSOCIATIONS</b>	<p><b>World Energy Council</b>, participating in working tables and events focusing on the Euro-Mediterranean energy transition:</p> <ul style="list-style-type: none"> <li>• <b>East Mediterranean Gas Forum (EMGF)</b>: a regional intergovernmental organisation established with the aim of fostering the emergence of a sustainable partnership between the key Mediterranean players involved in the entire value chain in the gas industry, supporting the formation of a regional gas market (in the future hydrogen), optimised development of infrastructural resources and assets, as well as more competitive prices in the area and strengthened trade relations.</li> <li>• <b>Istituto Affari Internazionali</b>: independent, non-profit think tank focusing on international politics and the geopolitical dimension of energy.</li> </ul> <p><b>OME (Observatoire Méditerranéen de l'Energie)</b>, to foster the development of new spaces for cooperation between Europe and North African countries, both with respect to natural gas and the transport of green gas, and the promotion of policies favouring the development of business opportunities in the Mediterranean Region.</p> <p><b>European Clean Hydrogen Alliance (ECHA)</b>, participating in the <b>Transmission and Distribution Roundtable</b>, the European Alliance that brings together industry, public authorities, civil society and other stakeholders twice a year at the Hydrogen Forum. The six thematic working groups (Round Tables) meet throughout the year, focusing on the hydrogen value chain and on identifying the main obstacles to the large-scale deployment of clean hydrogen technologies.</p> <p><b>European Biomethane Industrial Partnership (BIP)</b>, partnership established by the European Commission under the REPowerEU plan to support the achievement of the European target of producing 35 bcm of biomethane by 2030 and creating the conditions for a further acceleration towards 2050.</p> <p><b>European Energy Forum (EEF)</b> promoted by the European Parliament, with the aim of stimulating permanent dialogue with industry on relevant issues in the European energy and climate debate.</p> <p><b>H2IT</b>, the Italian Hydrogen and Fuel Cells Association, where Snam held the position of Vice-Chair for the two-year period 2020-2022 and was again nominated to the Board of Directors for the two-year period 2023-2025.</p> <p><b>Hydrogen Europe (HE)</b>, as <b>Cross-Cutting Technical Committee leader</b> contributing to the elaboration of position papers on key regulatory and normative issues in the pipeline.</p> <p><b>European Hydrogen Backbone Initiative</b>, promoted by <b>Gas For Climate (GFC)</b>, a consortium set up to analyse and create awareness of the role of renewable and low-carbon gas in the future energy system. The initiative involves 29 European TSOs in the definition of the pan-European hydrogen pipeline network.</p> <p><b>Hydrogen Council (HC)</b>, the global initiative that aims to accelerate the implementation of hydrogen solutions worldwide and also acts as a business marketplace, resource for safety standards and interlocutor for the investment community.</p> <p><b>Carbon Capture and Storage Association (CCSA)</b>, leading European association for accelerating the commercial development of carbon capture, utilisation and storage (CCUS).</p> <p>Snam is also a member of Proxigas, Confindustria Nazionale and its territorial branches.</p>
<b>OTHER ASSOCIATIONS</b>	<p><b>Business at OECD</b>, an international association representing more than 7 million organisations worldwide, in which Snam participated as a member in the anti-corruption, integrity and transparency events.</p> <p><b>Transparency International Italia</b>, an anti-corruption association, which organises forums and events to raise awareness and fight corruption. In 2021, Snam participated in the Business Integrity Forum and the Annual Event 2021 through speeches and round tables.</p> <p><b>Forum Business 20</b>, as part of the work of the Integrity &amp; Compliance Task Force, which brings together companies and organisations committed to anti-corruption, compliance, integrity and transparency, with an increasing focus on ESG issues. Snam was an active member of this Task Force in 2021 during the B20 Italian Presidency (as well as in 2020 under the Saudi Presidency).</p> <p><b>World Economic Forum</b>, with the endorsement of the Stakeholder Capitalism Metrics Initiative aimed at adopting universal and shared reporting standards for ESG topics.</p> <p><b>ENTSO-G</b>, <b>Hydrogen Europe</b>, <b>Gas Infrastructure Europe (GIE)</b>, <b>Natural &amp; bio Gas Vehicle Association (NGVA Europe)</b>, <b>EU Delegation of Confindustria</b>, <b>Gas for Climate</b>, <b>European Hydrogen Backbone</b>, <b>European Gas Research Group (GERG)</b>.</p>

For more information on the main partnerships and associations of which Snam is a member, please refer to Annex 4 - Main Partnerships of the 2022 Annual Report.



The 2022 engagement activities are marked in the document by the icon here to the side; for further details, please refer to the chapter 'Stakeholder Engagement and Materiality Analysis' in the 2022 Annual Report.





# ANNEX



# DATA AND PERFORMANCE INDICATORS

## KEY OPERATING FIGURES

	Measurement unit	2020	2021	2022
<b>Natural gas transportation</b>				
Natural gas injected in the network (a)	billion m <sup>3</sup>	69.97	75.77	75.40
Gas pipeline network (b)	km	32,647	32,767	32,862
Average travel distance of gas in Italian transport network (c)	km	677	522	563
Gas compression plants	no.	13	13	13
Installed power in the gas compression plants	MW	961	973	965
<b>Natural gas storage</b>				
Gas injected into storage (d) (e)	billion m <sup>3</sup>	9.30	8.48	10.46
Gas delivered from storage (d) (e)	billion m <sup>3</sup>	10.30	9.93	8.01
Operating concessions	no.	9	9	9
<b>Regasification of Liquefied Natural Gas</b>				
Regasified natural gas (e) (f)	billion m <sup>3</sup>	2.55	1.05	2.24
Number of methane tankers docked	no.	60	25	59

(a) The data for 2022 is current as at 23 January 2023. The corresponding value for 2021 has been definitively updated and is aligned with that published by the Ministry of Economic Development. Gas volumes are expressed in Standard cubic metres (Scm) with an average Gross Heating Value (HHV) of 38.1 MJ/Scm (10.573 Kwh/Scm).

(b) The amount includes 84 km of network relative to Infrastrutture Trasporto Gas.

(c) The 2021 figure has been restated.

(d) The volumes of gas are expressed in Standard cubic meters (Scm) with an average Gross Calorific Value (PCS) equal to about 39.6 MJ / Scm (10.919 kWh/Scm) for natural gas storage for the thermal year 2022-2023. The corresponding 2021 value has been definitively updated.

(e) The value for 2021 has been definitively updated and is aligned with that published by the Ministry of Economic Development.

(f) With reference to 2021, gas volumes are expressed in standard cubic metres (Scm) with a conventional average Higher Heating Value (HHV) of 38.1 MJ/Scm (10.573 KWh/Scm).

**KEY OPERATING FIGURES (\*)**

	Measurement unit	2020	2021	2022
<b>Economic and financial data</b>				
Total revenues	mil. €	2,770	3,297	3,515
Adjusted EBIT	mil. €	1,424	1,430	1,364
Adjusted net profit	mil. €	1,164	1,222	1,164
Operating costs	mil. €	573	1,047	1,278
EBITDA	mil. €	2,197	2,250	2,237
Net invested capital at 31 December	mil. €	19,364	21,261	19,447
Equity as at 31 December attributable to Parent company shareholders.	mil. €	6,469	7,203	7,468
Net financial debt at 31 December	mil. €	12,892	14,021	11,923
Free Cash Flow	mil. €	(40)	(340)	2,741
Generated Added Value (a)	mil. €	2,758	3,615	3,388
Added value distributed (a)	mil. €	1,690	2,516	2,587
<b>Snam's stock</b>				
Number of shares of share capital	mil.	3,361	3,361	3,361
Number of shares outstanding at 31/12	mil.	3,270	3,272	3,353
Average number of shares outstanding during the year	mil.	3,272	3,271	3,337
Year-end official share price	€	4.601	5.300	4.527
Official average price per share for the year	€	4.417	4.483	4.907
Stock Market Capitalisation	mil. €	15,046	17,343	15,178
Dividends paid in the financial year	mil. €	779	811	922

(\*) For more details, see the 2022 Annual Report  
 (a) The 2020 and 2021 figures have been restated.

**MAIN DATA AND INDICATORS - EMPLOYEES**

	Measurement unit	2020	2021	2022
Total employees	no.	3,249	3,430	3,610
of which women	no.	507	569	597
Average workforce	no.	3,091	3,344	3,521
Average age of employees	years	44.5	43.7	42.9
Average length of service	years	17.18	15.58	15.3
<b>Employees by business segment</b>				
Corporate and other	no.	1,210	949	950
Transport	no.	1,910	1,843	1,903
Storage	no.	62	66	70
Regasification	no.	67	65	66
New business	no.	-	507	621
<b>Employees by grade</b>				
Executives	no.	131	141	132
Middle Managers	no.	549	600	653
Office workers	no.	1,764	1,880	1,957
Manual workers	no.	805	809	868
<b>Employees by type of contract</b>				
Permanent contract (a)	no.	3,036	3,161	3,339
of which women	no.	480	541	578
Apprenticeship or internship contract	no.	197	246	257
Fixed-term contract	no.	16	23	14
Full time contract	no.	3,207	3,393	3,563
of which women	no.	474	540	566
Part-time contract	no.	42	37	44
of which women	no.	33	29	32
<b>Employees by geographical area</b>				
Northern Italy	no.	2,495	2,647	2,775
Central Italy	no.	246	277	328
Southern Italy and Sicily	no.	498	502	503
Abroad	no.	10	4	4
<b>Employees by gender</b>				
Men	no.	2,742	2,861	3,013
Women	no.	507	569	597
<b>Gender pay gap (b)</b>				
<b>Gender pay gap on cash basis (c)</b>				
Executives	%	107	100	89
Middle Managers	%	94	95	96
Office workers	%	92	93	93

	Measurement unit	2020	2021	2022
<b>Gender pay gap per competence (d)</b>				
Executives	%	107	105	-
Middle Managers	%	96	97	-
Office workers	%	93	93	-
<b>Gender pay gap on basic salary</b>				
Executives	%	102	105	92
Middle Managers	%	95	96	95
Office workers	%	91	93	94
<b>Entries and exits</b>				
Total entries	no.	376	413	447
of which women	no.	69	94	80
Hired from the market	no.	226	400	333
of which university graduates	no.	151	242	178
of which secondary school graduates	no.	71	134	142
of which women	no.	69	94	59
of which men	no.	157	306	274
Other new employees (non-consolidated companies, acquisitions, etc.)	no.	150	13	114
Hiring rate (e)	%	7.3	12.0	9.5
Hiring rate < 30 years old (f)	%	20.6	33.1	26.5
Hiring rate between 30 and 50 years old (f)	%	8.5	13.3	9.1
Hiring rate < 50 years old (f)	%	0.7	1.2	1.3
Male hiring rate (g)	%	5.7	10.7	9.1
Female hiring rate (g)	%	13.7	16.5	9.9
Graduates hired	%	67	61	53
Exits in the year	no.	152	226	267
< 30 years	no.	13	24	41
Between 30 and 50 years	no.	31	70	106
> 50 years	no.	99	117	115
Other exits (non-consolidated entities etc.)	no.	9	15	5
Exit rate (h)	%	4.6	6.2	7.3
Exit rate < 30 years (i)	%	2.5	4.3	6.5
Hiring rate between 30 and 50 years old (i)	%	2.4	4.7	6.6
Exit rate > 50 years (i)	%	6.9	8.5	8.5
Men's exit rate (j)	%	4.6	6.3	7.1
Women exit rate (j)	%	3.2	5.6	8.0
Voluntary exit rate (k)	%	1.5	2.6	3.8
Overall turnover (l)	%	11.9	18.3	16.9

	Measurement unit	2020	2021	2022
<b>Parental leave</b>				
Employees who were entitled to parental leave (m)	no.	3,249	3,430	3,610
of which women	no.	507	569	597
of which men	no.	2,742	2,861	3,013
Employees who have taken parental leave (n)	no.	125	133	188
of which women	no.	52	49	115
of which men	no.	73	84	73
Employees who returned to work during the reporting period after taking parental leave (n)	no.	124	130	183
of which women	no.	51	49	111
of which men	no.	73	81	72
Employees who returned to work after taking parental leave and who are still employed by the organisation in the 12 months following their return (n)	no.	121	125	183
of which women	no.	52	47	111
of which men	no.	69	78	72
Rate of return to work (o)	%	99	98	97
of which women	%	99	100	97
of which men	%	100	96	99
Retention rate (p)	%	-	101	141
of which women	%	-	92	227
of which men	%	-	107	89
<b>Employees evaluated in performance management</b>				
Total employees evaluated in performance management	no.	1,606	2,853	2,925
Executives (of which women)	no.	114 (18)	126 (29)	117 (24)
Middle Managers (of which women)	no.	506 (87)	552 (125)	602 (135)
Office workers (of which women)	no.	986 (259)	1,564 (313)	1,587 (304)
Manual workers (of which women)	no.	6 (-)	611 (1)	619 (1)
Total employees evaluated in performance management	%	49.6 (72.6)	83.2 (82.2)	81 (77.7)
Executives (of which women)	%	87.0 (77.8)	89.4 (96.7)	89 (92.3)
Middle Managers (of which women)	%	92.2 (88.1)	92.0 (94.0)	92 (90.6)
Office workers (of which women)	%	55.9 (68.0)	83.2 (77.5)	81 (72.2)
Manual workers (of which women)	%	0.7 -	75.5 (50.0)	71 (100)

	Measurement unit	2020	2021	2022
<b>Labour disputes</b>				
Total disputes pending at 31.12	no.	16	18	14
Opened in the reference year	no.	11	16	9
Closed in the reference year	no.	8	14	13
<b>Training</b>				
Training hours (q)	no.	67,966	89,375	121,573
Participation (q)	no.	17,437	15,108	16,999
Executive training hours	no.	3,390	2,034	1,968
Middle Manager training hours	no.	13,766	8,749	12,498
Office workers training hours	no.	29,914	27,584	43,365
Manual workers training hours	no.	20,896	51,008	63,741
Average hours of training per employee (q)	no.	20.9	26.1	33.7
Average training hours delivered to men	no.	20.8	28.9	37.3
Average training hours delivered to women	no.	18.5	11.8	15.5
Average Executive training hours	no.	25.9	14.4	14.9
Average Middle Managers training hours	no.	25.1	14.6	19.1
Average Employee training hours (q)	no.	17.0	14.7	22.2
Average Manual Worker training hours	no.	26.0	63.1	73.4
<b>NON-EMPLOYEES</b>				
Internships	no.	57	94	100
Outsourced	no.	43	53	103
Contractors (r)	no.	3,990	4,257	5,500

- (a) The figure also includes part-time contracts.
- (b) For the category 'Manual Workers', the data have not been reported for privacy reasons given the low numerical representation of the female gender in this category.
- (c) The representation of the gender pay gap is calculated on the amount of wages paid in the year.
- (d) The representation of the gender pay gap on an accrual basis is calculated by considering, with regard to the variable components, the amounts accrued in the year, even if paid in different years. The 2022 data will be available after the publication of this document and will therefore be published in the next edition of this document.
- (e) Hire rate = (total hired from the market / average headcount) x 100.
- (f) The hire rate by age group = (number of employees hired in the age group/the total number of employees in the corresponding age group as at 31/12) x 100.
- (g) Hiring rate by gender = (market entries by gender/total number of employees by gender at 31/12) x 100.
- (h) Exit rate = (exits/total number of employees at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.
- (i) The hire rate by age group = (exits in the age group/the total number of employees in the corresponding age group as at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.
- (j) Exit rate by gender = (market exits by gender/total number of employees by gender at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.
- (k) Voluntary departure rate = (departures from resigning/average headcount) x 100.
- (l) Overall turnover = ((market entries + exits)/average staff per service) x 100. Exits due to transfers to non-consolidated companies are excluded.
- (m) The number of employees who were entitled to parental leave corresponds to all Snam employees.
- (n) The number of employees who returned to work after taking parental leave corresponds to the number of employees who took compulsory and optional paternity and maternity leave and leave on a continuous basis.
- (o) The rate of return to work = (total number of employees who returned to work after parental leave/total number of employees who must return to work after parental leave) \* 100
- (p) The retention rate is calculated as (total number of employees still employed 12 months after returning to work after parental leave / total number of employees returning from parental leave in the previous reference period(s))\*100. The 2020 figure is not available because the data collection process was started during the year.
- (q) The 2020 figure has been recalculated
- (r) The value of the contractors was estimated on the basis of the collected hours worked figure.

**MAIN DATA AND INDICATORS - HSE**

	<b>Measurement unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Health and safety</b>				
Employee accidents	no.	3	11	3
of which fatal	no.	0	0	0
of which with severe consequences (a)	no.	0	1	0
Employee accident frequency index (b) (c)		0.59	2.11	0.51
Employee accident severity index (b) (d)		0.01	0.12	0.02
Frequency index for serious accidents at work (excluding fatalities) employees (b) (e)		0	0.19	0
Frequency index for work-related fatalities (b) (f)		0	0	0
Contractor accidents	no.	2	1	13
of which fatal	no.	1	1	1
of which with severe consequences (a)	no.	0	0	0
Contractor accident frequency index (b) (c)		0.25	0.12	1.17
Contractor accident severity index (b) (d)		0.93	0.86	0.73
Frequency index for serious accidents at work (excluding fatalities) contractors (b) (e)		0	0	0
Frequency index for work-related fatalities for contractors (b) (f)		0.12	0.12	0.09
Total accidents	no.	5	12	16
of which fatal	no.	1	1	1
of which with severe consequences (a)	no.	0	1	0
Employee and contractor accident frequency index (b) (c)		0.38	0.86	0.94
Employee contractor accident severity index (b) (d)		0.58	0.58	0.48
<b>Energy</b>				
Total energy consumption	TJ	12,154	14,157	17,641
of which natural gas	TJ	11,597.5	13,662.2	17,010.3
of which diesel	TJ	69.5	51.4	76.1
of which petrol	TJ	10.3	29.7	15.7
of which LPG	TJ	0.4	0.2	0.2
of which heat	TJ	13.4	13.8	12.6
of which electricity	TJ	463.5	399.3	525.9
of which green electricity consumed	TJ	226.5	162.4	272.2
Energy consumption / gas transported	TJ / billion m <sup>3</sup>	173.7	186.8	234.0

	Measurement unit	2020	2021	2022
<b>Emissions</b>				
Natural gas emissions	10 <sup>6</sup> m <sup>3</sup>	35,0	35,4	27,4
GHG emissions Scope 1, 2 (Market based) and 3 (g) (h)	kt CO <sub>2eq</sub>	2,379	2,406	2,854
GHG Scope 1 emissions (g)	kt CO <sub>2eq</sub>	1,314	1,437	1,485
GHG Scope 2 emissions - Market based	kt CO <sub>2eq</sub>	31	31	33
GHG Scope 2 emissions - Location based	kt CO <sub>2eq</sub>	39	31	39
GHG emissions Scope 3 (g) (h) (i)	kt CO <sub>2eq</sub>	1,034	938	1,338
of which Supply chain (i)	kt CO <sub>2eq</sub>	337	332	851
of which Associate companies	kt CO <sub>2eq</sub>	601	463	309
of which Fuel and Energy Activities (not included in Scope 1 or Scope 2)	kt CO <sub>2eq</sub>	93	141	175
of which Business Travel	kt CO <sub>2eq</sub>	1	1	1
of which Employee commuting	kt CO <sub>2eq</sub>	2	1	2
NOx emissions	t	403	558	602
CO emissions	t	163	246	301
Comb. CO <sub>2</sub> emissions / energy consumed	kg / GJ	54.2	55.0	55.3
Total NOx emissions / energy consumed	kg / GJ	0.033	0.039	0.034
<b>Waste</b>				
Total waste production	t	124,980	120,776	143,516
of which non-hazardous	t	118,704	114,816	125,963
of which hazardous	t	6,276	5,961	17,553
Waste recovered from production operations (j)	%	32	66	58
<b>Water withdrawals and discharges</b>				
Fresh water withdrawals	10 <sup>3</sup> m <sup>3</sup>	313	392	334
Fresh water discharges	10 <sup>3</sup> m <sup>3</sup>	278	200	250
Sea water withdrawals	10 <sup>3</sup> m <sup>3</sup>	6,048	6,048	5,231
Sea water discharges	10 <sup>3</sup> m <sup>3</sup>	6,048	6,048	5,231
<b>HSE management</b>				
Medical visits	no.	2,109	2,701	2,676
Periodical medical visits	no.	1,649	2,058	2,156
Diagnostic examinations	no.	3,688	17,604	24,575
Total HSEQ audits conducted	no.	248	363	224
Environmental surveys	no.	212	158	3

(a) Work-related accident leading to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to his pre-accident state of health within 6 months (excludes fatal accidents).

(b) With reference to 2020, the accident indices exclude Snam Gas & Energy Services Beijing, deconsolidated as of 2021

(c) Number of accidents at work (excluding during commutes) resulting in absence of at least one day, per one million of hours worked

(d) Number of working days lost (calendar days) due to accidents at work resulting in absence of at least one day per thousand hours worked. Data is calculated by including the contribution of fatal accidents, for each of which 7,500 days of absence were considered

(e) Number of accidents at work with severe consequences (excluding during commutes) resulting in absence of at least one day, per one million of hours worked

(f) Number of deaths at work (excluding during commutes) resulting in absence of at least one day, per one million of hours worked

(g) 2020-2021 data recalculated in accordance with the new GWP. Only with reference to 2021, the values were restated following an update of the data collected for FY 2021.

(h) Integrated figure considering all Scope 3 emission categories.

(i) Includes the categories, (1) Purchase of goods and services, (2) Capital goods, (3) Upstream transport and distribution, (4) Waste generated in operations, (5) Upstream leased assets.

(j) The 2021 figure has been restated.

**MAIN DATA AND INDICATORS - HSE: BUSINESS SECTORS**

	<b>Measurement unit</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Natural gas transportation</b>				
<b>Health and safety</b>				
Employee accidents	no.	0	3	0
of which fatal	no.	0	0	0
of which with severe consequences (a)	no.	0	0	0
Contractor accidents	no.	1	1	2
of which fatal	no.	1	1	1
of which with severe consequences (a)	no.	0	0	0
Employee frequency index (b)	-	0	0.94	0
Employee severity index (b)	-	0	0.09	0.003
Contractor frequency index (c)	-	0.16	0.14	0.32
Contractor severity index (c)	-	1.18	1.03	1.24
<b>Energy and Environment</b>				
Energy consumption	TJ	6,321	9,565	10,727
GHG Scope 1 emissions (d)	kt CO <sub>2eq</sub>	880	1,056	947
Natural gas emissions	10 <sup>6</sup> m <sup>3</sup>	28.5	28.1	18.4
Natural gas emissions/gas injected into the network (e)	(%)	0.0407	0.037	0.024
Natural gas avoided	10 <sup>6</sup> m <sup>3</sup>	10.4	8.94	10.3
NOx emissions	t	242	428	407
Energy consumption transport (total fuel gas) / compressed gas	%	0.30	0.27	0.25
Total CO <sub>2</sub> emissions/compressed gas (f)	kg / 10 <sup>6</sup> m <sup>3</sup>	5,956	5,568	5,053
Natural gas emissions/km of network	m <sup>3</sup> / km	697	682	444
Total NOx emissions/compressed gas (f)	kg / 10 <sup>6</sup> m <sup>3</sup>	4.2	4.5	3.4
Average emissions of NOx per turbine/installed capacity	(mg / NM <sup>3</sup> ) / MW	3.8	3.78	3.22
DLE turbine operating hours/total turbine operating hours	%	97	94	97
<b>Natural gas storage</b>				
<b>Health and safety</b>				
Employee accidents	no.	0	0	0
of which fatal	no.	0	0	0
of which with severe consequences (a)	no.	0	0	0
Contractor accidents	no.	1	0	4
of which fatal	no.	0	0	0
of which with severe consequences (a)	no.	0	0	0
Employee frequency index (b)	-	0	0	0
Employee severity index (c)	-	0	0	0
Contractor frequency index (b)	-	0.99	0	4.18
Contractor severity index (c)	-	0.06	0	0.28

	Measurement unit	2020	2021	2022
<b>Energy and environment</b>				
Energy consumption	TJ	4,483	3,924	4,691
GHG Scope 1 emissions (d)	kt CO <sub>2eq</sub>	342	312	365
Natural gas emissions	10 <sup>6</sup> m <sup>3</sup>	5.2	5.2	5.7
NOx emissions	t	111	96	112
Emissions of natural gas for storage/gas stored (e)	%	0.035	0.044	0.036
NOx emissions / gas stored	kg / 10 <sup>6</sup> m <sup>3</sup>	12.0	11.0	6.1
Average emissions of NOx per turbine/installed capacity	(mg / NM <sup>3</sup> ) / MW	3.7	3.02	3.02
<b>Regasification of Liquefied Natural Gas</b>				
<b>Health and safety</b>				
Employee accidents	no.	0	1	0
of which fatal	no.	0	0	0
of which with severe consequences (a)	no.	0	0	0
Contractor accidents	no.	0	0	0
of which fatal	no.	0	0	0
of which with severe consequences (a)	no.	0	0	0
Employee frequency index (b)	-	0	9.20	0
Employee severity index (c)	-	0	0.47	0
Contractor frequency index (b)	-	0	0	0
Contractor severity index (c)	-	0	0	0
<b>Energy and environment</b>				
Energy consumption	TJ	1,265	546	1,108
GHG Scope 1 emissions (d)	kt CO <sub>2eq</sub>	88.3	63.0	118
Natural gas emissions	10 <sup>6</sup> m <sup>3</sup>	1.3	2.1	3.3
NOx emissions	t	48.6	30.5	59.7

- (a) Work-related accident leading to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to his pre-accident state of health within 6 months (excludes fatal accidents).  
 (b) Number of accidents at work (excluding during commutes) resulting in absence of at least one day, per one million of hours worked  
 (c) Number of working days lost (calendar days) due to accidents at work resulting in absence of at least one day per thousand hours worked. Data is calculated by including the contribution of fatal accidents, for each of which 7,500 days of absence were considered.  
 (d) 2020-2021 data recalculated in accordance with the new GWP. Only with reference to 2021, the values were restated following an update of the data collected for FY 2021.  
 (e) The figure includes vent, pneumatic, fugitive and unburned emissions.  
 (f) The 2020-2021 data have been restated.

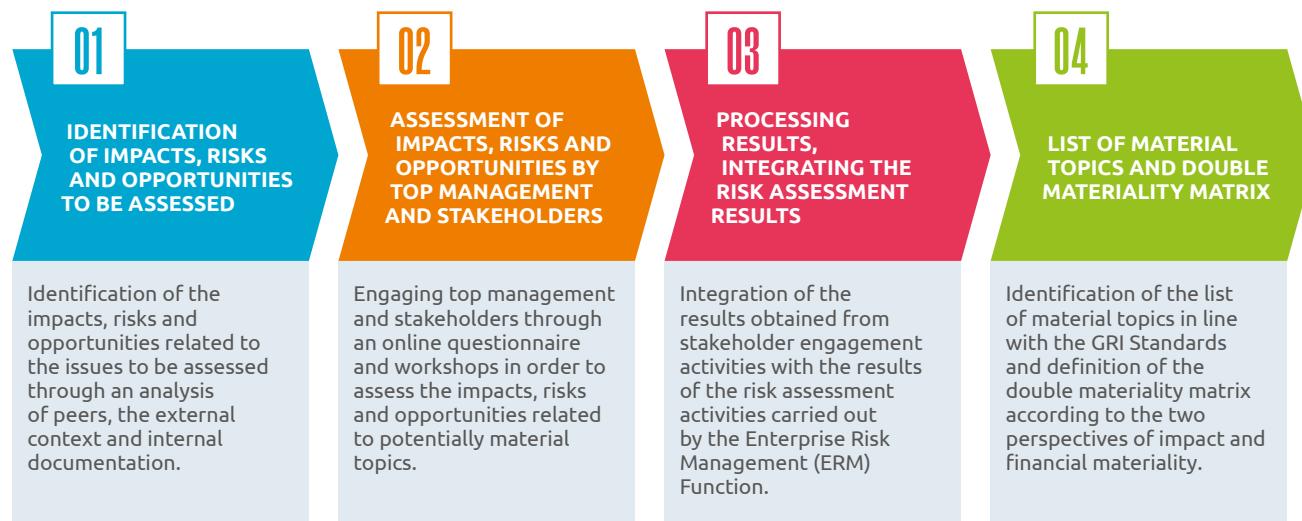
# 2022 MATERIALITY ANALYSIS

The materiality analysis is carried out on an annual basis and considers both the areas provided for in Italian Legislative Decree 254/2016 and the characteristic aspects of the sector in which Snam operates, to the extent necessary to ensure an understanding of the Company's activities, its performance, its results and the impact produced. The 2022 materiality analysis was developed in line with the approach required by the new GRI Universal Standards 2021, which calls for the identification of material topics on which organisations generate the most significant impacts on the economy, environment and people, including impacts on human rights (called **impact materiality**).

In addition, in anticipation of the requirements of the **Corporate Sustainability Reporting Directive** (CSRD) published in December 2022 and which will come into force as of 1 January 2024 with an impact on reports published in 2025, an initial exercise was carried out to apply the concept of **double materiality**, which involves, in addition to the analysis of impact materiality, also the identification of external sustainability risks and opportunities that influence or may significantly influence the company's future cash flows, with financial repercussions on the organisation's development, performance and positioning in the short, medium or long term (called **financial materiality**).

For more information, see the in-depth article 'Evolution of the Materiality Analysis: Double Materiality'.

The process for updating the material topics included the following activities:



The phase of **identifying impacts, risks and opportunities to be assessed** involved the analysis according to both impact and financial materiality perspectives of impacts, risks and opportunities identified by the Enterprise Risk Management (ERM) function during the risk assessment phase. The results of this initial analysis were then supplemented with additional impacts from the analysis of Snam's peers, industry standards (including the new GRI 11: Oil & Gas Sector Standards), macro-trends, media and relevant internal documentation, including strategic priorities, Carbon Neutrality strategy, ESG Scorecard, etc.

The overall list of impacts, risks and opportunities obtained in the first phase was **evaluated through the involvement of Snam's Top Management and stakeholders**. For the assessment of impacts from the perspective of impact materiality, in line with the requirements of the GRI Universal Standards, stakeholders from the main categories<sup>21</sup> received an online questionnaire. In addition, some stakeholders belonging to the 'employees', 'suppliers' and 'customers' categories were involved in in-depth workshops: during the meetings, after a brief introduction on the evolution of the socio-economic context that has characterised the last two years and the main global risks presented by the World Economic Forum, Snam's sustainability strategy was illustrated and the set of issues - and related impacts, risks and opportunities - to be assessed were presented. The participants directly expressed their opinion through the use of tools that allowed to analyse and discuss the results directly during the meeting in real time.

<sup>21</sup> Employees, suppliers, customers, employee representatives other operators and competitors, institutions, authorities, regulators, business partners, associations and communities and the media.



Similarly, an online questionnaire was submitted to **investors and the financial community**, allowing them to express their assessment of sustainability risks and opportunities that may affect Snam's ability to create value, in accordance with the financial materiality perspective. Finally, **Top Management** was asked to provide an assessment based on the two perspectives of impact and financial materiality.



For the 2022 materiality analysis, in addition to Top Management, a total of more than **7,700 stakeholders** were involved, registering an overall response rate of about **37%**. The engagement activities showed that the most relevant topics from the stakeholders' point of view were 'Climate change and green business', highlighting an increasing sensitivity to this aspect, and 'Energy security and accessibility', which emerged as a priority topic also as a consequence of the geopolitical events in 2022.

The assessments obtained as a result of stakeholder and Top Management engagement were then **integrated into the results of the risk assessment activities** carried out by the ERM function. To this end, the likelihood and magnitude of impacts, risks and opportunities under consideration were considered.

The results thus obtained enabled the definition of the **list of material topics according to the impact materiality perspective**, as required by the GRI Universal Standard 2021, as well as an initial **double materiality matrix**. Lastly, the results were validated by management and the CEO and presented to the Environmental, Social, and Governance and Energy Transition Scenarios Committee and the Company's Board of Directors. Below is the list of the topics<sup>22</sup> obtained from the 2022 materiality analysis, according to the impact materiality perspective:

## List of topics according to Impact materiality

● Climate change and green business (a)	
● Energy security and accessibility	
● Sustainable supply chain	
● Health and safety	
● Innovation, digitalisation and cyber security	
● Economic performance, value creation and sustainable finance (b)	
● Protecting local areas and biodiversity	
● Business integrity and corporate reputation (c)	
● Relations with local communities	
● Relations with authorities and quality of services	
● Developing and safeguarding human capital	
● Employment	
● Diversity and inclusion	<i>Materiality threshold</i>
● Waste management	
● Pollutant emissions (d)	
● Respect for human rights	
● Water resource management	

- (a) The topic 'Climate change and green business' refers to carbon dioxide emissions CO<sub>2</sub>. In 2021 it was divided into 'Climate change' and 'Green business'.
- (b) The 2021 topic 'Economic Performance and Value Creation' has been integrated with sustainable finance, confirming the increasing weight that Snam has given to this aspect in its funding, as well as in its investments.
- (c) The 2021 topic 'Business integrity' was integrated with the topics 'Fighting corruption' and 'Corporate reputation'.
- (d) The topic 'Pollutant Emissions' refers to emissions of nitrogen oxides (NOx), particulate matter (PM10), carbon monoxide (CO), sulphur oxides (SOx). In 2021, the topic was called 'Air Protection'.

● Environmental topics ● Social topics ● Governance topics (including economic aspects) ● Topics related to the circular economy

22 The descriptions of the material topics can be found in Annex 1 of the 2022 Annual Report.

In continuity with last year, the topic '**Climate change and green business**' proved to be the most relevant, confirming not only the sensitivity of stakeholders in this regard, but also Snam's commitment to limiting climate change and achieving the energy transition.

In order to take into account the changing external environment in 2022, last year's theme 'Reliability and resilience of infrastructure, business continuity and cyber security' was split into the topics '**Energy security and accessibility**' and '**Innovation, digitalisation and cyber security**', which were among the top five material topics in this year's analysis. In particular, 'Energy Security and Accessibility', the second most important topic, reflects the need to ensure energy security for the country through a reliable and resilient energy transport infrastructure, as well as investments in alternative energy sources. In turn, the topic 'Innovation, digitalisation and cyber security' reflects Snam's commitment to technological innovation, also to make the infrastructure increasingly reliable and protect the company and its customers and employees from potential cyber attacks.

With respect to 2021, moreover, the topic '**Sustainable Supply Chain**' emerged as more relevant, manifesting not only its centrality within the Scope 3 emission reduction framework but also the expectations, including institutional ones, pointing to an extension of the organisation's responsibility to all actors in the value chain.

The topic '**Health and Safety**' also remains a priority, emphasising that this aspect is an essential requirement in line - moreover - with Snam's constant commitment to guaranteeing high safety standards to protect workers and collaborators. Compared to last year, the topic '**Employment**' is material, testifying to the Group's desire to ensure a healthy working environment that preserves workers' rights and encourages continuity of employment, also with a view to just transition.

Finally, also for 2022 and in line with the company's industrial profile, 'Waste Management', 'Polluting Emissions', 'Respect for Human Rights' and 'Water Resource Management' remain among the relevant topics, i.e., those topics which, although not material, are appropriately overseen and monitored by Snam.

## EVOLUTION OF THE MATERIALITY ANALYSIS: DOUBLE MATERIALITY

In order to respond in advance to CSRD, the activities carried out during 2022 were enriched with an initial double materiality analysis exercise, so as to consolidate Snam's best practices on managing sustainability reporting aspects. Once EFRAG's European Sustainability Reporting Standards (ESRS), which are to be used for CSRD-required reporting, are finally approved in June 2023, the analysis will be further refined to ensure full alignment with the methodology under the new standards.

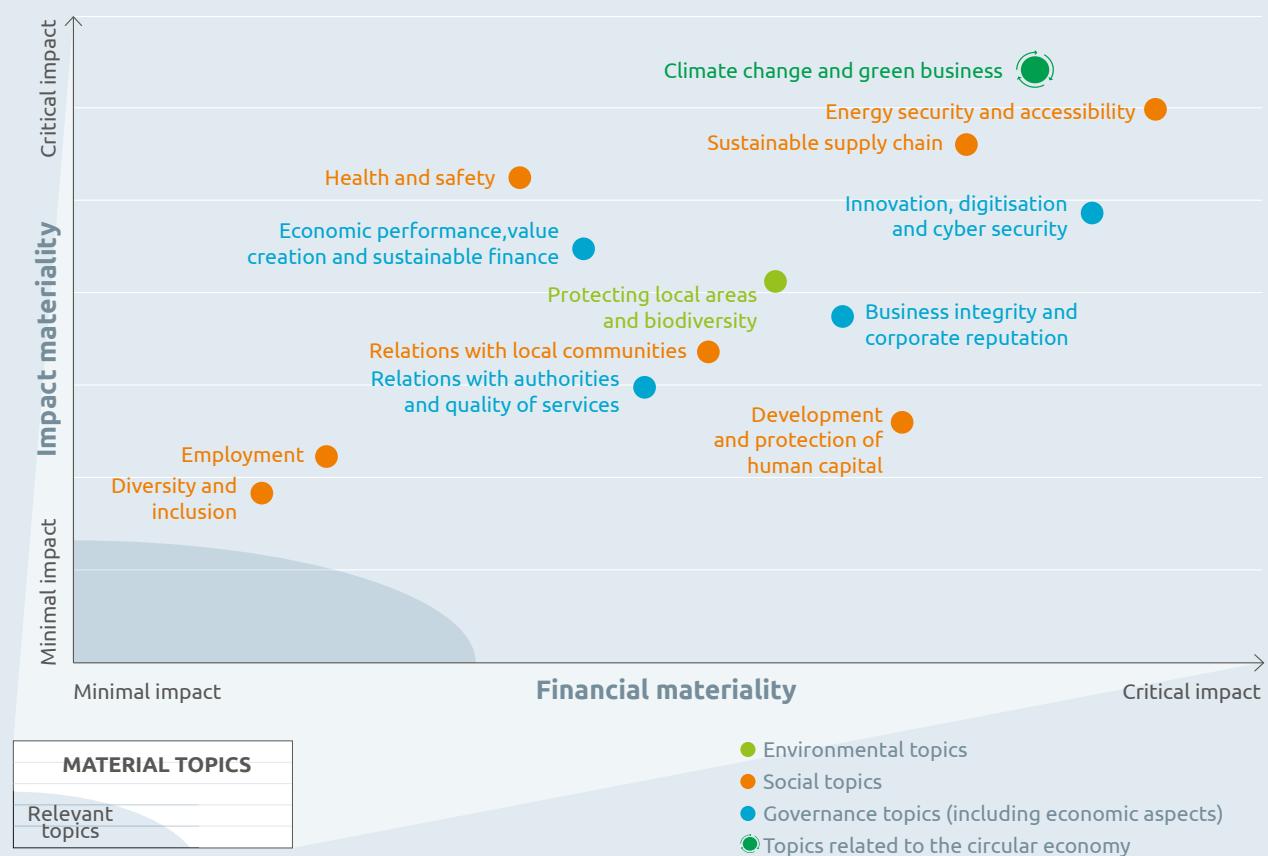
Compared to the definition of materiality adopted by the GRI Standards, CSRD requires organisations to report on material topics by adopting a double perspective (double materiality), which considers:

- the significant impacts on people and the environment, actual or potential, negative or positive, related to the organisation's activities as well as its value chain, upstream and downstream (impact materiality);
- sustainability risks and opportunities that affect or may significantly influence a company's future cash flows, triggering financial impacts on the organisation's development, performance and positioning in the short, medium or long term (financial materiality).

To integrate the perspective of financial materiality with that of impact materiality, Snam used an ad hoc questionnaire to involve a panel of **investors, the financial community and Top Management**, who were asked to assess the significance of the proposed risks and opportunities in relation to their ability to influence the Group's positioning and value creation. The results obtained, as done for impact materiality, were aggregated considering the probability and magnitude of the risks and opportunities identified in the risk assessment analysis performed by the ERM function.

The results of impact and financial materiality are represented in the **double materiality matrix**, which confirms the consistency of the priority issues with the objectives towards which Snam is moving and on which it is building its future:

## DOUBLE MATERIALITY MATRIX



The double materiality matrix shows that the priority issues according to both perspectives are '**Climate change and green business**', '**Energy security and accessibility**' and '**Sustainable supply chain**': therefore, the impacts, risks and opportunities related to them prove to be significant for Snam and the community.

According to the impact materiality perspective, the topic of '**Health and Safety**' emerges as the highest priority based on the relevance of the positive and negative impacts that Snam generates vis-a-vis its employees.

On the contrary, according to the financial materiality perspective, the most significant topic is '**Innovation, digitalisation and cybersecurity**', particularly in relation to the relevance of opportunities related to technological innovation and potential cyber attack risks on the Group's positioning and development.

Lastly, also according to the double perspective, the topics '**Waste Management**', '**Pollutant Emissions**', '**Respect for Human Rights**' and '**Water Management**' do not appear to be material, although relevant.

# METHODOLOGICAL NOTE

## REPORTING CRITERIA

The Sustainability Report is an annual document that Snam has been publishing on a voluntary basis since 2006. The Report is prepared with the aim of communicating to a wide and diversified audience of stakeholders, including citizens, institutions, local communities, media, shareholders, financiers, employees, suppliers, customers and authorities, the choices, actions, results and commitments in the ESG (Environment, Social and Governance) sphere. This document is prepared in accordance with the 'GRI Sustainability Reporting Standards' of the Global Reporting Initiative (GRI Standards), taking into account the latest updates in the 'GRI Universal Standards 2021' and the sector standard 'GRI 11: Oil and Gas Sector 2021'. Snam thereby provides a knowledge tool that is agile in its communication and timely in its representation of results, including a concrete and quantitative measurement of the performance achieved. The GRI indicators associated with each material topic can be consulted below in the 'GRI Content Index' section.

In order to further promote transparency in reporting its ESG performance, Snam again confirms the inclusion in the 2022 Sustainability Report of 'Core' and 'Expanded' metrics relevant to the business this year, defined by 'Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting for Sustainable Value Creation'<sup>23</sup>, signed by Snam in 2021. This framework is defined by the International Business Council (IBC) of the World Economic Forum (WEF), of which the Company has been a partner since 2019. In this regard, there is a specific reference to its reporting on the Snam website, in addition to the SASB standards and TCFD requirements. In addition, Snam publishes a table on its website linking the information provided in its reporting documents with the indicators provided for in the EU Sustainable Finance Disclosure Regulation (SFDR) 'Principal Adverse Impact' (PAI), i.e., impact indicators aimed at supporting the decisions of financial market participants. Lastly, Snam presents a table in the Report linking with the United Nations Global Compact Principles, again with a reference on the corporate site.

Snam publishes the non-financial data and information also in other documents, which elaborate on specific aspects. In particular:

- the **Directors' Report** annexed to the Financial Report drafted following the instructions of the International Integrated Reporting Council;
- the **Non-Financial Statement** annexed to the Financial Report, which specifically reports on the environmental aspects of health and safety, staff management, anti-corruption and the protection of human rights, in line with the requirements of Italian Legislative Decree 254/2016 and subsequent integrations.
- the **Corporate Governance and Share Ownership Report**, which describes in detail the governance of the Company, including sustainability-related aspects, such as the composition of the ESG Committee;
- the **Report on the Remuneration Policy and Fees Paid**, which describes the remuneration policies adopted and how they are integrated with Snam's sustainability objectives;
- the **Climate Change Report** prepared in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which describes the Group's activities and commitments related to climate change issues.

## PERIMETER AND DATA QUALITY

In recent years, Snam has progressively strengthened its non-financial reporting system, computerising the data and information collection process and introducing specific procedures defining roles, responsibilities, activities and information flows.

In an innovative and synergistic perspective of integrated risk management and related control measures, as of 2021 Snam's Integrated Risk Assurance & Compliance (RACI) model has been expanded with the NFS control model, aimed at ensuring the reliability, accuracy and traceability of non-financial disclosures, as well as ensuring the adequacy of corporate processes aimed at preparing such disclosures in accordance with the GRI reporting standard.

<sup>23</sup> For more details, please refer to the document in its full version on the website: <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>.

The RACI-NFS model used for the collection of both qualitative and quantitative data is divided into well-defined control steps which, starting with the assessment of the control environment - by the data owner - to safeguard the reliability of the data provided, provide for their validation and attestation by the head of the function.

## CONSOLIDATION PERIMETER

The reference perimeter of the information in the Sustainability Report coincides with the scope of consolidation of the Consolidated financial statements and includes, in addition to the parent company Snam S.p.A.:

- **Natural gas transportation** (Snam Rete Gas S.p.A., Infrastrutture Trasporto Gas S.p.A., Enura S.p.A., Asset Company 2 S.r.l.);
- **LNG regasification** (GNL Italia S.p.A., Golar LNG NB13 Corporation, Snam FSRU Italia S.r.l., Ravenna LNG Terminal S.r.l.);
- **Natural gas storage** (Stogit S.p.A.);
- **Mobility & Liquefaction** (Greentreure S.p.A., Cubogas S.r.l.);
- **Biogas / Biomethane** (Bioenerys S.r.l., Renerwaste S.r.l., Ecoprogetto Milano S.r.l., Ecoprogetto Tortona S.r.l., Renerwaste Lodi S.r.l., IES Biogas S.r.l., Enersi Sicilia S.r.l., Renerwaste Cupello S.r.l., Biowaste CH4 Anzio S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Group S.r.l., Iniziative Biometano S.p.A., Società Agricola Ariano Biometano S.r.l., Motta Energia Società agricola a r.l., Agricola Biometano S.p.A. Biogas Bruso Società agricola a r.l., Ca' Bianca Società agricola a r.l., Maiero Energia Società agricola a r.l., MZ Biogas Società agricola a r.l., EBS Società agricola a r.l., Biowaste CH4 Genova S.r.l., Govone Biometano S.r.l., Società Agricola Biostellato 1 S.r.l., Società Agricola Biostellato 2 S.r.l., Società Agricola Biostellato 3 S.r.l., Società Agricola Biostellato 4 S.r.l., Società Agricola SQ Energy S.r.l., Società Agricola T4 Energy S.r.l., Società Agricola Sangiovanni S.r.l., Società Agricola G.B.E. Gruppo Bio Energie S.r.l., Società Agricola Zoppola Biogas S.r.l., Biowaste CH4 Tuscania S.r.l., Società agricola Asola Energie Biogas S.r.l., Società agricola La Valle Green Energy S.r.l., Società Agricola Agrimezzana Biogas Sr.l, Società Agricola Tessagli Agroenergia S.r.l., Società Agricola San Giuseppe Agroenergia S.r.l.; Società Agricola Carignano Biogas S.r.l.; Società Agricola Agrimetano S.r.l.; Società Agricola Santo Stefano Energia S.r.l.; Emiliana Agroenergia Società Agricola S.r.l.; Piacentina Agroenergia Società Agricola S.r.l.);
- **Energy efficiency** (Renovit S.p.A., TEP Energy Solution S.r.l., Mieci S.p.A., Tlux S.r.l., Evolve S.r.l.);
- **Other assets** (Asset Company 10 S.r.l., Snam International BV, Gasrule Insurance DAC).

With reference to the reported environmental aspects, the companies Snam International BV, Gasrule Insurance DAC and Enura S.p.A., which do not have significant environmental impacts, are excluded from the consolidation.

## REPORTING PROCESS AND METHODOLOGY

The Report preparation process was guided and managed by the SUST unit of the parent company Snam, in cooperation with the other corporate functions and operating companies. Publication of the document, concurrent to the Annual Report, was subject to the approval by the Snam Board of Directors on 15 March 2023.

The document presents data and information for understanding the Group's activities, selected in line with the materiality analysis, through which the most relevant sustainability issues were identified according to Snam and its stakeholders, which are described in Annex 1 of the Annual Report.

The economic and financial, operating and governance data was taken directly from the Annual Report and from the Corporate Governance and Ownership Structure Report. Data concerning the environment, employees and the other aspects addressed in the document were gathered from the process owners.

The calculation methodology adopted to determine the figures are indicated in the specific related sections. In order to ensure the comparability of the indicators deemed most significant and of the performance achieved over time, the current values have been compared with those for the previous two financial years with the help of graphs and tables. Within the document, Snam sought to give equal prominence to the positive and negative aspects, providing, where appropriate, a commentary on the results obtained, in order to provide further transparency.

# ASSURANCE

The Report has been subjected to a limited assurance engagement in accordance with the criteria indicated in the "International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) by Deloitte & Touche S.p.A, which expresses its opinion in a special "Independent Auditors' Report" contained hereinafter in the document. The auditor's opinion and related verification activities did not cover the disclosure of PAI requirements, as well as the process for determining the "financial materiality" and the related outputs, carried out in advance respect to the requests of the Corporate Sustainability Reporting Directive (CSRD), with the aim to carry out a first application exercise about the concept of double materiality. In addition, the limited review did not cover the information required by Article 8 of European Regulation 2020/852 included in the section 'Snam's strategy, European Taxonomy for Eco-sustainable Activities' of the Sustainability Report.

<b>Reference period</b>	1-1-2022 to 31-12-2022
<b>Frequency</b>	Annual
<b>Last document published</b>	2021 Sustainability Report
<b>Contact persons</b>	Matteo Tanteri Snam S.p.A. Piazza Santa Barbara, 7 San Donato Milanese (MI) <a href="http://www.snam.it">www.snam.it</a>
<b>E-mail</b>	<a href="mailto:matteo.tanteri@snam.it">matteo.tanteri@snam.it</a>

**TABLE LINKING GRI 11:  
OIL & GAS SECTOR 2021 AND SNAM'S RELEVANT TOPICS**

<b>Material Topics GRI 11: Oil and Gas Sector 2021</b>	<b>Snam's Relevant Topics</b>
11.1 GHG emissions	Climate change & green business
11.2 Climate adaptation, resilience and transition	Climate change & green business
11.3 Air emissions	Pollutant emissions (non-material topic)
11.4 Biodiversity	Territorial and Biodiversity Protection
11.5 Waste	Waste management (non-material topic)
11.6 Water and effluents	Water resource management (non-material topic)
11.7 Closure and rehabilitation	Development and protection of human capital
11.8 Asset integrity and critical incident management	Energy security and accessibility
11.9 Occupational health and safety	Health & Safety
11.10 Employment practices	Employment
11.11 Non-discrimination and equal opportunity	Diversity & Inclusion
11.12 Forced labor and modern slavery	Respect for Human Rights Sustainable supply chain
11.13 Freedom of association and collective bargaining	Respect for Human Rights
11.14 Economic impacts	Economic performance, value creation and sustainable finance
11.15 Local communities	Relations with local communities
11.16 Land and resource rights	Relations with local communities
11.17 Rights of indigenous peoples	-
11.18 Conflict and security	-
11.19 Anti-competitive behavior	Relations with authorities and quality of services
11.20 Anti-corruption	Business integrity and corporate reputation
11.21 Payments to governments	Business integrity and corporate reputation
11.22 Public policy	-
-	Innovation, digitalization, and cyber security

# GRI CONTENT INDEX

## Key:

**SR** = Sustainability Report

**AR** = Annual Report

**NFS** = Non-Financial Statement

**CGR** = Corporate Governance and Ownership Structure Report

**RR** = Remuneration Report

**CCR** = Climate Change Report

<b>Statement of use</b>	Snam has reported in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard</b>	GRI 11: Oil and Gas Sector 2021

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Informazioni di carattere generale</b>					
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	AR "Snam Profile - Snam's presence in Italy and in the international infrastructure system" SR "Snam's activities and the value chain" AR "Performance in 2022 - Snam shareholders as of 31 December 2022"		Snam S.p.A. Snam's head office is in San Donato Milanese (MI) <a href="https://www.snam.it/en/about-us/headquarter/index.html">https://www.snam.it/en/about-us/headquarter/index.html</a>	
	2-2 Entities included in the organization's sustainability reporting	AR "Group Structure as of 31 December 2022" NFS "Foreword and guide to reading the document" SR "Appendix - Methodological Note"		There are no differences in the scope of consolidation between the Sustainability Report and the Annual Financial Report.	
	2-3 Reporting period, frequency and contact point	SR "Appendix - Methodological Note"		The Sustainability Report and the Non-Financial Statement are published annually. Reference for questions regarding the report or its contents: Matteo Tanteri, <a href="mailto:matteo.tanteri@snam.it">matteo.tanteri@snam.it</a>	
	2-4 Restatements of information			Any changes from the previous NFS have been punctually indicated in the text.	
	2-5 External assurance	SR "Appendix - Methodological Note" SR "Appendix - Auditor's Report"			
	2-6 Activities, value chain and other business relationships	AR "Snam Profile" SR "Appendix - Methodological Note" SR "Ensuring the just transition - Working together with the suppliers"			
	2-7 Employees	SR "Driving strategy with people – Snam's resources" SR "Appendix - Data and performance indicators"		The total number of employees by employment contract broken down by geographic area is not significant, since Snam operates mainly in Italy. All Snam employees have employment contracts with an obligation to comply with a daily work schedule (minimum/maximum) based on the applicable national collective bargaining agreement and applicable laws.	
	2-8 Workers who are not employees			Snam's non-employee workers are mainly personnel with internship contracts (100 internships activated in 2022, of which 56 were still active at 31 December 2022), temporary workers (103 in 2022) and, for the most part, contract workers (5,500 in 2022, estimated value based on the figure of hours worked collected).	

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>GRI 2: General Disclosures 2021</b>	2-9 Governance structure and composition	SR "Governance to drive the sustainability strategy - Robust and transparent governance" AR "Governance and Organisation" CGR "The Snam Board of Directors"			
	2-10 Nomination and selection of the highest governance body	SR "Governance to drive the sustainability strategy - Robust and transparent governance" CGR "The Snam Board of Directors"			
	2-11 Chair of the highest governance body	SR "Governance to drive the sustainability strategy - Robust and transparent governance" CGR "The Snam Board of Directors"			
	2-12 Role of the highest governance body in overseeing the management of impacts	SR "Governance to drive the sustainability strategy - Stakeholder engagement" SR "Governance to drive the sustainability strategy - Robust and transparent governance" AR "Governance and Organisation" AR "Governance and Organisation – Control System" AR "Strategy and Risk Management - Risk and Opportunity Management; Risk and Uncertainty Factors" AR "Stakeholder Engagement and Materiality Analysis - Stakeholder Relations" CGR "Induction programme for directors and auditors"			
	2-13 Delegation of responsibility for managing impacts	SR "Governance to drive the sustainability strategy - Robust and transparent governance" SR "Governance to drive the sustainability strategy - Stakeholder engagement" AR "Governance and Organisation" CGR "The Snam Board of Directors"			
	2-14 Role of the highest governance body in sustainability reporting	SR "Appendix - Methodological Note" AR "Governance and Organisation"			
	2-15 Conflicts of interest	CGR "Shareholder Agreements"			
	2-16 Communication of critical concerns	AR "Governance and Organisation – Control System" CGR "Snam Regulatory System"			<a href="https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html">https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html</a>
	2-17 Collective knowledge of the highest governance body	SR "Governance to drive the sustainability strategy - Robust and transparent governance" CGR "Induction programme for directors and auditors" CCR "Governance to manage climate change"			
	2-18 Evaluation of the performance of the highest governance body	SR "Governance to drive the sustainability strategy - Robust and transparent governance" CGR "The Snam Board of Directors"			
	2-19 Remuneration policies	RR "2023 Remuneration Policy Guidelines"			
	2-20 Process to determine remuneration	CGR "The Shareholders' Meeting and Shareholders' Rights" RR "The Governance of the Remuneration Process" RR "2023 Remuneration Policy Guidelines"			

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
				Requirement a): the 2022 ratio between the annual total remuneration for the CEO and General Manager and the median annual total remuneration for all employees (excluding the highest paid individual) is 14 <sup>24</sup> .	
			Requirement b): the percentage change from the 2021 value is not reported because the data collection process for this indicator was started in 2022 to meet the requirements of the new GRI Universal Standard 2021, so the 2021 data is not available. The Group is committed to reporting the information required by requirement b) from the 2023 NFS. However, a new CEO and General Manager was appointed in 2022 so a reporting of the change in remuneration paid cannot be made.		
<b>GRI 2: General Disclosures 2021</b>	2-21 Annual total compensation ratio	SR "Letter to Stakeholders"			
	2-22 Statement on sustainable development strategy	SR "Governance to drive the sustainability strategy - Robust and transparent governance" SR "Governance to drive sustainability strategy - Acting in accordance with business ethics" AR "Governance and Organisation – Control System" AR "Strategy and Risk Management"			
	2-23 Policy commitments	AR "Management Performance in the Sectors of Activity; Progress of Permit Activities" NFS "Internal Regulatory System" NFS "Annex 2 - Main Snam policies and guidelines" NFS "Governance information - Ensuring transparency on taxation" CCR "The ERM model and the risks and opportunities related to climate change - Risks related to climate change"			
	2-24 Embedding policy commitments	NFS "Internal Regulatory System" NFS "Annex 2 - Main Snam policies and guidelines"			
	2-25 Processes to remediate negative impacts	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity"			
	2-26 Mechanisms for seeking advice and raising concerns	AR "Governance and Organisation – Control System"		<a href="https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html">https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html</a>	

24 The calculation considers the fixed remuneration paid from April to December 2022 to the CEO and General Manager appointed on April 27, 2022. The ratio of the annual total remuneration paid in 2022 to the CEO and General Manager in office until April 27, 2022 to the median annual total remuneration of all employees (excluding the highest paid person) is 80. The calculation considers fixed remuneration and variable remuneration recognized from January to April 2022.

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>GRI 2: General Disclosures 2021</b>	2-27 Compliance with laws and regulations	NFS "Environmental Information - Policies, Commitments and Management Models" NFS "Governance information - Key performance indicators"			
	2-28 Membership associations			Section "Snam and the associations" published on the corporate website <a href="https://www.snam.it/export/sites/snam-rp/repository/file/Governance/Associazioni.pdf">https://www.snam.it/export/sites/snam-rp/repository/file/Governance/Associazioni.pdf</a>	
	2-29 Approach to stakeholder engagement	SR "Governance to drive the sustainability strategy - Stakeholder engagement"			
	2-30 Collective bargaining agreements			100%. The following contracts apply to Snam Group non-managerial personnel: C.C.N.L. for agricultural and floricultural workers, CCNL Terziario commercio - servizi, CCNL Utilitalia servizi ambientali, Contratto Commercio, Contratto Energia e Petrolio - Settore Industria Gas, Contratto Metalmeccanici - Industria, Contratto Metalmeccanici - Piccola e media industria CONFAPI. For managerial staff, the following contracts apply: CCNL Dirigenti aziende del terziario, Contratto Dirigenti di aziende produttrici di beni e servizi.	
<b>Material topics</b>					
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	SR "Appendix - Materiality Analysis 2022"			
	3-2 List of material topics	SR "Appendix - Materiality Analysis 2022"			
<b>Climate change &amp; green business</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Snam's strategy - Towards carbon neutrality" SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Using energy efficiently; Combating climate change and reducing emissions" AR "Strategy and Risk Management - Risk and uncertainty factors" CCR "The ERM model and the risks and opportunities related to climate change - Risks related to climate change" CCR "The ERM model and the risks and opportunities related to climate change - Opportunities related to climate change"			11.1.1 11.2.1
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Using energy efficiently" SR "Appendix - Data and performance indicators" CCR "Acting for tomorrow: Snam's commitment to fight climate change - Energy efficiency"		Source of conversion factors: Ispira 2022.	11.1.2
	302-2 Energy consumption outside of the organization		Information not available.		11.1.3
	302-3 Energy intensity	SR "Appendix - Data and performance indicators" CCR "Performance indicators"			11.1.4

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	Source of emission factors: Ispra 2022.	11.1.5	
	305-2 Energy indirect (Scope 2) GHG emissions	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	Source of emission factors: European Residual mix 2021 (source AIB - Association of Issuing Bodies 2022) for Scope 2 Market Based emissions; ISPRA 2022 for Scope 2 Location Based emissions. It is specified that the emission factor considered for the calculation of Scope 2 emissions is that for the year 2020.	11.1.6	
	305-3 Other indirect (Scope 3) GHG emissions	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"	Source of emission factors: DEFRA, UK Government GHG Conversion Factors for Company Reporting (2022) and Trucost dataset.	11.1.7	
	305-4 GHG emissions intensity	SR "Appendix - Data and performance indicators" CCR "Performance indicators"		11.1.8	
	305-5 Reduction of GHG emissions	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions"		11.2.3	
<b>GRI 201: Economic Performance 2016</b>	201-2 Financial implications and other risks and opportunities due to climate change	SR "Snam's strategy - Towards carbon neutrality" AR "Strategy and Risk Management - Risk and uncertainty factors" CCR "The ERM model and the risks and opportunities related to climate change - Risks related to climate change" CCR "The ERM model and the risks and opportunities related to climate change - Opportunities related to climate change"	The costs of actions taken to manage risk or opportunity are not reported because they are not applicable.	11.2.2	
<b>Pollutant emissions</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions; Protecting biodiversity" AR "2022 Performance - Operational performance"			11.3.1
<b>GRI 305: Emission 2016</b>	305-6 Emissions of ozone-depleting substances (ODS)		Negligible quantity.		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions" SR "Appendix - Data and performance indicators"			11.3.2
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity" AR "2022 Performance - Operational performance"			11.3.3

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Territorial and Biodiversity Protection</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity" SR "Annex - GRI content index"			11.4.1
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity"			11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity"			11.4.3
	304-3 Habitats protected or restored	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity"			11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity"			11.4.5
<b>Waste management</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.5.1
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.5.2
	306-2 Management of significant waste-related impacts	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.5.3
	306-3 Waste generated	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.5.4
	306-4 Waste diverted from disposal	SR "Appendix - Data and performance indicators"	Waste produced in 2022: <b>Hazardous:</b> Recycling/recovery: 1,644t Storage: 164t Other recovery activities: 8,689t Temporary storage at year end: 18t <b>Non-hazardous:</b> Recycling/recovery: 3,610t Storage: 27,517t Other recovery activities: 37,407t Temporary storage at year end: 1,323t		11.5.5

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>GRI 306: Waste 2020</b>	306-5 Waste directed to disposal			<p>Waste produced in 2022:</p> <p><b>Hazardous:</b></p> <ul style="list-style-type: none"> <li>Landfill: 2t</li> <li>Incineration with energy recovery: 0t</li> <li>Incineration without energy recovery: 0t</li> <li>Preliminary storage/other preliminary activities: 7,025t</li> <li>Treatment: 11t</li> <li>Other disposal activities: 0t</li> </ul> <p><b>Non-hazardous:</b></p> <ul style="list-style-type: none"> <li>Landfilling: 2,389t</li> <li>Incineration with energy recovery: 13,346t</li> <li>Incineration without energy recovery: 664t</li> <li>Preliminary storage/other preliminary activities: 15,309t</li> <li>Treatment: 23,994t</li> <li>Other disposal activities: 404t</li> </ul>	11.5.6
<b>Water resource management</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.6.1
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.6.2
	303-2 Management of water discharge-related impacts	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"			11.6.3
	303-3 Water withdrawal	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"  SR "Appendix - Data and performance indicators"		The Group doesn't have any plant in water stressed areas.	11.6.4
	303-4 Water discharge	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"  SR "Appendix - Data and performance indicators"		The Group doesn't have any plant in water stressed areas.	11.6.5
	303-5 Water consumption	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"  SR "Appendix - Data and performance indicators"			11.6.6
<b>Energy security and accessibility</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Snam's strategy - Transition, Security and Competitiveness: The challenges of the "energy trilemma""; Building a secure and sustainable energy system: the Strategic Plan 2022-2026"  SR "Ensuring energy security thanks to the infrastructures"			11.8.1
<b>GRI 306: Effluent and Waste 2016</b>	306-3 Significant spills			No significant spills occurred during 2022.	11.8.2

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Health &amp; Safety</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Driving the strategy with people - Developing competencies; Ensuring safety in the workplace" NFS "Social Information"			11.9.1
	403-1 Occupational health and safety management system	AR "Annex 3 - Management Systems"			11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	SR "Driving the strategy with people - Ensuring safety in the workplace"			11.9.3
	403-3 Occupational health services	SR "Driving the strategy with people - Ensuring safety in the workplace"			11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety		Workers' representation is also ensured by law (ref. TU Legislative Decree 81/2008) and national contracts. During the year 2022, numerous trade union agreements were signed on various issues (the definition of the paths deriving from the Works Project and the Plants Project, initiatives aimed at optimising the activities of the Works with regard to the management of the gas network and the Plants Management, respectively).		11.9.5
<b>GRI 403: Occupational Health and Safety 2018</b>	403-5 Worker training on occupational health and safety	SR "Driving the strategy with people - Developing competencies; Ensuring safety in the workplace"			11.9.6
	403-6 Promotion of worker health	SR "Driving the strategy with people - Snam's resources; Ensuring safety in the workplace" SR "Appendix - Data and performance indicators"			11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR "Driving the strategy with people - Snam's resources; Ensuring safety in the workplace"			11.9.8
	403-8 Workers covered by an occupational health and safety management system	SR "Driving the strategy with people - Snam's resources; Ensuring safety in the workplace" SR "Appendix - Data and performance indicators"	As of 31/12/2022, the percentage of employees covered by an occupational health and safety management system was 94.4%.		11.9.9

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>GRI 403: Occupational Health and Safety 2018</b>	403-9 Work-related injuries	SR "Driving the strategy with people - Snam's resources; Ensuring safety in the workplace" SR "Ensuring the just transition - Working together with the suppliers" SR "Appendix - Data and performance indicators"	All the injuries involving employees and contractors in 2022 occurred in Italy (For employees: 3 in the North, while for contractors: 8 in the North, 4 in the Centre and 1 in the South). The injuries involved only male staff. There were no fatalities as result of injuries for employees, compared to 1 for contractors (work-related fatality rate of 0.09 for contractors).	There were no high-consequence work-related injuries (a category that does not include fatal accidents) for either employees or contractors. The rate of recordable work-related accidents, which correspond to the total accidents, is 0.51 for employees and 1.17 for contractors. The rates are calculated as the ratio between the number of injuries of the relevant type and the number of hours worked in the relevant category, multiplied by 1,000,000. The hours worked by employees and contractors taken into account for the calculation are approximately 5.8 and 11.1 million hours, respectively. With regard to hours worked, the hours for Renovit were estimated as they are not available.	11.9.10
<b>Employment</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Driving the strategy with people - Snam's resources" NFS "Social Information"			11.10.1
<b>GRI 201: Economic Performance 2016</b>	201-3 Defined benefit plan obligations and other retirement plans		Snam has fulfilled in 2022 the social security obligations required by law and by the employment contracts applied. The active supplementary pension funds are, for non-executive employees, Fondenergia, Cometa, Fon.Te and Fondapi, and for executives, PREVINDAI and FOPDIRE.		
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	SR "Driving the strategy with people - Snam's resources" SR "Appendix - Data and performance indicators"	The data by geographic area are not significant, as almost all employees are located in Italy.		11.10.2
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes		The notice period is that provided for by law and/or the applicable CCNL.		11.10.5

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Development and protection of human capital</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Driving the strategy with people - Guaranteeing the well-being in the organization"			11.7.1 11.10.1 11.11.1
<b>GRI 401: Employment 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR "Driving the strategy with people - Guaranteeing the well-being in the organization"		There are no differences in the access to corporate benefits.	11.10.3
	401-3 Parental leave	SR "Driving the strategy with people - Guaranteeing the well-being in the organization" SR "Appendix - Data and performance indicators"			11.10.4 11.11.3
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	SR "Driving the strategy with people - Developing competencies" SR "Appendix - Data and performance indicators"			11.10.6 11.11.4
	404-2 Programs for upgrading employee skills and transition assistance programs	SR "Driving the strategy with people - Developing competencies"			11.7.3 11.10.7
<b>Diversità e Inclusione</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Driving the strategy with people - Valuing diversity" SR "Governance to drive the sustainability strategy - Robust and transparent governance" NFS "Social Information"			11.11.1
<b>GRI 202: Market Presence 2016</b>	202-2 Proportion of senior management hired from the local community		Data on the proportion of senior managers from the local community are not significant, as almost all employees are located in Italy.		11.11.2
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	SR "Driving the strategy with people - Valuing diversity" SR "Governance to drive the sustainability strategy - Robust and transparent governance" SR "Appendix - Data and performance indicators" "NFS "Social Information"	In 2022, 2 board members belong to the 30-50 age group and 7 to the >50 age group, while in 2021 there were 3 for the 30-50 age group and 6 for the >50 age group. For the employees breakdown in the age ranges required by GRI refer to reporting on GRI 405-1 "Diversity of governance bodies and employees," in the chapter "Social information" of the NFS.		11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	SR "Driving the strategy with people - Valuing diversity" SR "Appendix - Data and performance indicators"	With reference to the gender pay gap for the "blue collar workers" category, data have not been reported for privacy reasons given the low numerical representation of the female gender in this category. The representation of the gender pay gap on a cash basis is calculated on the amount of remuneration paid in the year, while on an accrual basis it is calculated considering, as regards the variable components, the amounts accrued in the year, even if paid in different years.		11.11.6
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken		During 2022, there were 2 reports of discrimination cases that led to corrective measures being taken.		11.11.7

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Respect for Human Rights</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Ensuring the just transition - Working together with the suppliers" NFS "Social Information"			11.12.1 11.13.1
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR "Ensuring the just transition - Working together with the suppliers"			11.12.2
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR "Ensuring the just transition - Working together with the suppliers"			11.13.2
<b>Sustainable supply chain</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Ensuring the just transition - Working together with the suppliers" NFS "Social Information"			11.10.1 11.12.1
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	SR "Ensuring the just transition - Working together with the suppliers"	Information on new suppliers assessed according to social criteria is not available. Snam reports within the ESG Scorecard the KPI relating to the "Introduction of ESG criteria in scoring model" with reference to all suppliers.		11.10.8 11.12.3
	414-2 Negative social impacts in the supply chain and actions taken	SR "Ensuring the just transition - Working together with the suppliers" NFS "Social Information"			11.10.9
<b>Economic performance, value creation and sustainable finance</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Ensuring the just transition - Working together with the suppliers; Supporting local communities" SR "Ensuring energy security thanks to the infrastructures - Reliable, secure and resilient infrastructures" SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Energy Transition Businesses" NFS "Social Information"			11.14.1
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	SR "Ensuring the just transition – Supporting local communities" SR "Appendix - Data and performance indicators" NFS "Social Information"	EVG&D is not reported separately at country, region and market level because it is not applicable.		11.14.2
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	SR "Ensuring energy security thanks to the infrastructures - Reliable, secure and resilient infrastructures" SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Energy Transition Businesses"			11.14.4
	203-2 Significant indirect economic impacts	NFS "Social Information"			11.14.5
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	SR "Ensuring the just transition - Working together with the suppliers"			11.14.6

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Relations with local communities</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Governance to drive the sustainability strategy - Stakeholder engagement" SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity" SR "Ensuring the just transition – Supporting local communities"			11.15.1
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	SR "Governance to drive the sustainability strategy - Stakeholder engagement" SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity" SR "Ensuring the just transition – Supporting local communities"			11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Protecting biodiversity"			11.15.3
<b>Business integrity and corporate reputation</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Governance to drive sustainability strategy - Acting in accordance with business ethics" SR "Governance to drive the sustainability strategy - Robust and transparent governance" SR "Driving the strategy with people - Developing competencies" NFS "Social Information" NFS "Governance Information"			11.20.1 11.21.1
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption		All divisions are monitored in relation to corruption risk.		11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	SR "Driving the strategy with people - Developing competencies" SR "Governance to drive sustainability strategy - Acting in accordance with business ethics"	All Board members were informed on anti-corruption policies and procedures. 333 new employees were informed on anti-corruption policies and procedures and 323 employees received training on anti-corruption policies and procedures.		11.20.3
	205-3 Confirmed incidents of corruption and actions taken		In 2022, there are no proven cases of corruption.		11.20.4
<b>GRI 201: Performance economica 2016</b>	201-4 Financial assistance received from government		Not applicable.		11.21.3
<b>GRI 207: Imposte 2019</b>	207-1 Approach to tax	SR "Governance to drive sustainability strategy - Acting in accordance with business ethics" NFS "Social Information" NFS "Governance Information"			11.21.4
	207-2 Tax governance, control, and risk management	NFS "Governance Information"			11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	NFS "Governance Information"			11.21.6
	207-4 Country-by-country reporting	NFS "Governance Information"			11.21.7

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Relations with authorities and quality of services</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Governance to drive sustainability strategy - Acting in accordance with business ethics" AR "Operating performance in business segments"			11.19.1
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			There were no cases of anti-competitive, anti-trust and monopolistic behaviour in 2022.	11.19.2

### SNAM'S MATERIAL TOPICS NOT ASSOCIATED WITH GRI TOPIC STANDARD INDICATORS

GRI Standard/ other source	Disclosure	Reference document and paragraph	Omission	Notes	GRI 11 REF.NO.
<b>Innovation, digitalization, and cyber security</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR "Developing innovation thanks to the know how - Promoting the business' innovation and digitalization"			
<b>GRI 11 Topics: Oil and Gas Sector 2021 considered not relevant</b>					
Topic	Rationale				
Rights of indigenous peoples	Not applicable. Given the geographical context in which Snam operates, the topic is not material.				
Conflicts and security	Not applicable. Given the geographical context in which Snam operates, the topic is not material.				
Public policies	Not applicable. Snam does not make contributions to political parties.				

# INDEPENDENT AUDITORS' REPORT



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## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

### To the Board of Directors of Snam S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of Snam Group (hereinafter "Group") as of December 31, 2022.

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 in the paragraph "*European taxonomy for environmentally-sustainable activities*".

### Responsibility of the Directors for the Sustainability Report

The Directors of the Snam S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI – *Global Reporting Initiative* ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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**Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- analysis of the reasons for the coexistence of the NFS (Consolidated Non-Financial Statement required under articles 3, 4 and 7 of Legislative Decree 254/2016) and the Sustainability Report and the elements that differentiate the two documents;
- analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- comparison between the economic and financial data and information included in the chapter "Added value produced and distributed" of the Sustainability Report with those included in the Group's Financial Statements;
- understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Snam S.p.A. and the employees of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.



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In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company and subsidiaries level:
  - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for entities Snam S.p.A., Snam Rete Gas S.p.A. and Stogit S.p.A., which we selected based on their activity, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits and remote meetings, during which we have met the management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

### Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Snam Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological Note" of the Sustainability Report.

Our conclusion on the Sustainability Report of the Snam Group does not extend to the information required by art. 8 of the European Regulation 2020/852 in the paragraph "*European taxonomy for environmentally-sustainable activities*".

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
April 4, 2023

*This report has been translated into the English language solely for the convenience of international readers.*

# PAI CORRESPONDENCE TABLE

## Key:

**SR** = Sustainability Report

**AR** = Annual Report

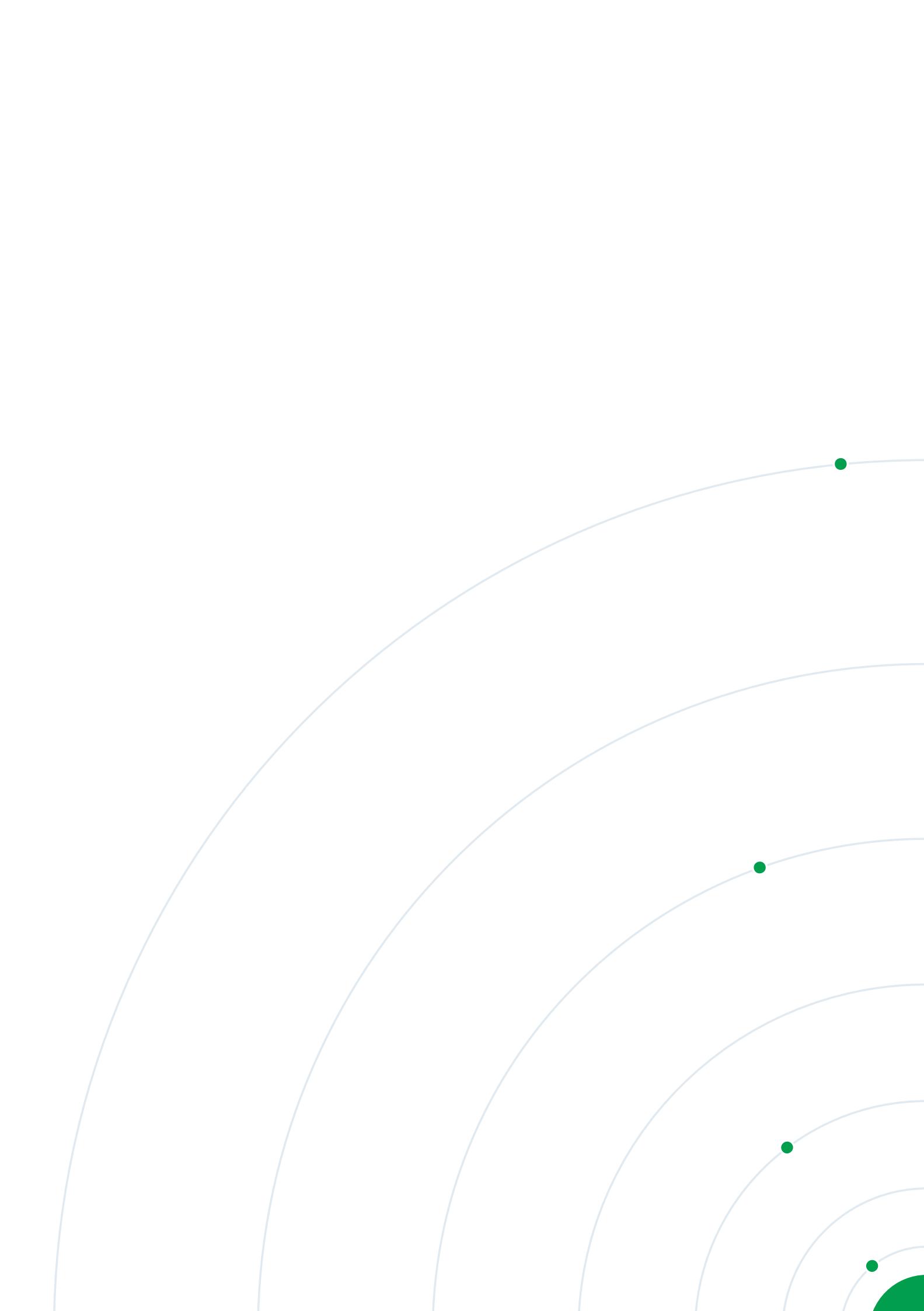
**NFS** = Non-Financial Statement

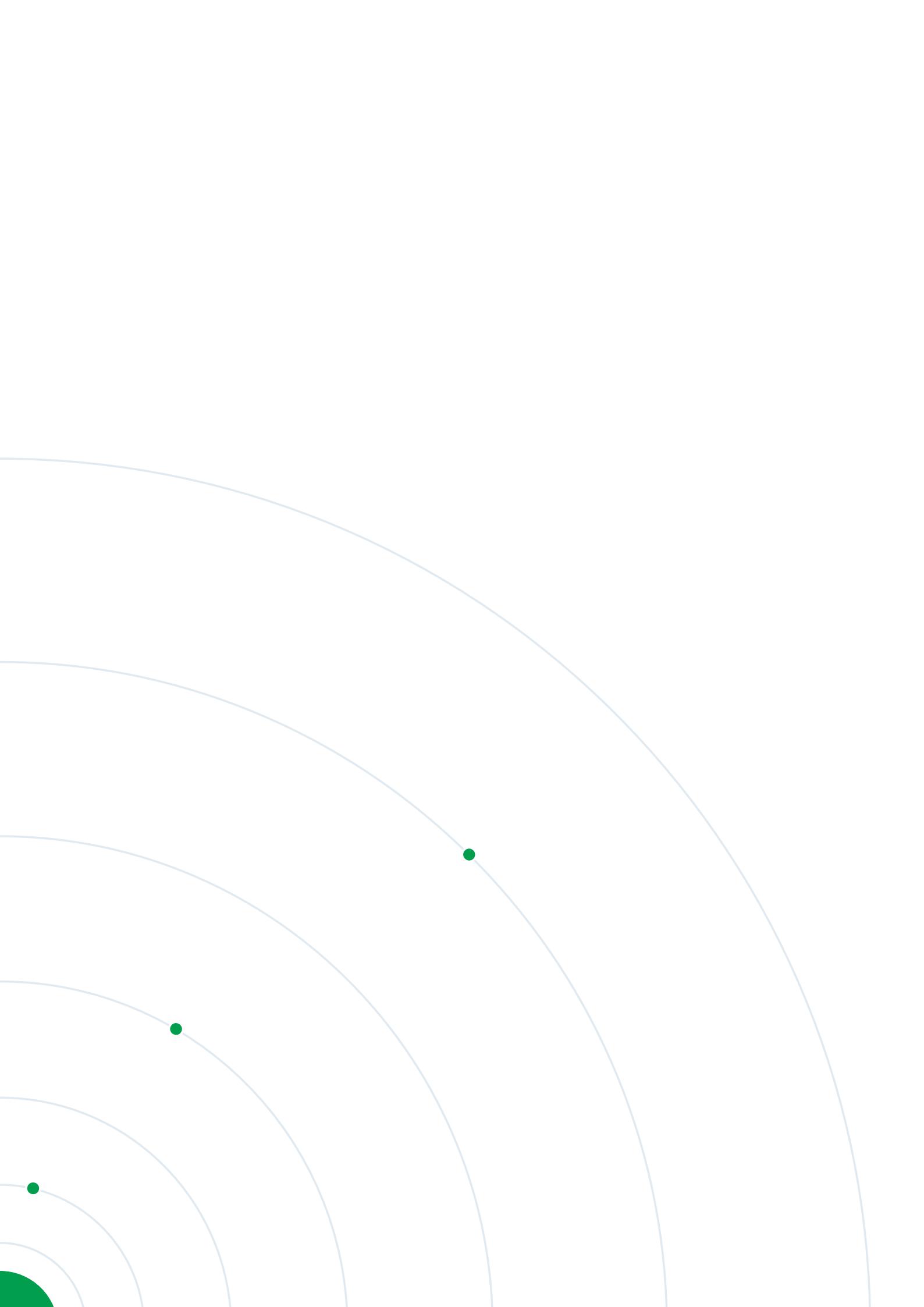
**CCR** = Climate Change Report

## INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse sustainability indicator	Metric	Disclosure
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>		
Greenhouse gas emissions	1. GHG emissions	<p>Scope 1 GHG emissions Scope 2 GHG emissions Scope 3 GHG emissions</p> <p><b>GHG Scope 1 emissions:</b> 1,485 ktCO<sub>2eq</sub> <b>GHG Scope 2 emissions - Market based:</b> 33 ktCO<sub>2eq</sub> <b>GHG Scope 2 emissions - Location based:</b> 39 ktCO<sub>2eq</sub> <b>GHG Scope 3 emissions:</b> 1,338 ktCO<sub>2eq</sub></p> <p><b>Sources:</b></p> <ul style="list-style-type: none"> <li>SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Combating climate change and reducing emissions"</li> <li>SR "Appendix - Data and performance indicators"</li> <li>AR "2022 Performance - Key Sustainability Performances"</li> <li>NFS "Environmental information - Key performance indicators"</li> <li>CCR "Acting for tomorrow: Snam's commitment to fight climate change - Greenhouse gas emissions"</li> <li>CCR "Performance indicators"</li> </ul>
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
<p>The figure can be calculated on the basis of the GHG emission data reported in the sections of the reporting documents indicated for the indicator "1. GHG Emissions".</p> <p>The figure can be calculated on the basis of the GHG emission data reported in the sections of the reporting documents indicated for the indicator "1. GHG Emissions".</p> <p>Indicator not directly applicable to Snam.</p> <p>The figure can be calculated on the basis of the following data:  <b>Energy produced by renewable energy plants:</b> 2,923 MWh  <b>Total energy consumption:</b> 17,641 TJ; of which electricity: 523 TJ; of which green electricity consumed: 272 TJ</p> <p><b>Sources:</b></p> <ul style="list-style-type: none"> <li>SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Using energy efficiently"</li> <li>AR "2022 Performance - Key Sustainability Performances"</li> <li>NFS "Environmental information - Key performance indicators"</li> <li>CCR "Acting for tomorrow: Snam's commitment to fight climate change - Energy efficiency"</li> <li>CCR "Performance indicators"</li> </ul> <p>The figure can be calculated on the basis of the energy consumption data reported in the sections of the reporting documents indicated for the indicator "5. Share of non-renewable energy consumption and production".</p> <p>The figure can be calculated on the basis of the following data:  <b>Transport network affected by Natura 2000 sites:</b> 1.9 km</p> <p><b>Sources:</b></p> <ul style="list-style-type: none"> <li>SR "Enabling the country's ecological transition and reducing Snam's environmental footprint – Protecting biodiversity"</li> <li>NFS "Environmental information - Key performance indicators"</li> </ul>		

<b>Adverse sustainability indicator</b>			
		<b>Metric</b>	<b>Disclosure</b>
<b>Water</b>	8. Emissions to water	Tonnes of water emissions generated by investee companies per million EUR invested, expressed as a weighted average	The limits on water discharges are consistent with relevant legislation and internal company procedures.
<b>Waste</b>	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	The figure can be calculated on the basis of the following data: <b>Total waste produced:</b> 143,516 tonnes; of which 17,553 tonnes hazardous waste <b>Sources:</b> <ul style="list-style-type: none"><li>• SR "Enabling the country's ecological transition and reducing Snam's environmental footprint - Safeguarding the environment: waste and water management"</li></ul>
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>			
<b>Social and employee matters</b>	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Snam adheres to the United Nations Global Compact and acts within the reference framework of the OECD Guidelines for Multinational Enterprises, the United Nations Universal Declaration of Human Rights, the ILO Fundamental Conventions and on the basis of its own Code of Ethics, which is also an integral part of the Organisational Model pursuant to Legislative Decree no. 231/2001. <b>Sources:</b> <ul style="list-style-type: none"><li>• SR "Governance to drive the sustainability strategy - Robust and transparent governance"</li><li>• AR "Governance and Organisation"</li><li>• NFS "Social information - Key performance indicators"</li></ul>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	For more details, please refer to the information reported for indicator "10. Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises".
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	<b>Gender pay gap:</b> Executives 89; Middle managers 96; Office workers: 93 <b>Gender pay gap by competence:</b> Executives 105; Middle managers 97; Office workers: 93 <b>Gender pay gap on basic salary:</b> Executives 92; Middle managers 95; Office workers: 94 <b>Sources:</b> <ul style="list-style-type: none"><li>• SR "Driving the strategy with people - Valuing diversity"</li><li>• SR "Appendix - Data and performance indicators"</li><li>• NFS "Social information - Key performance indicators"</li></ul> <b>Note:</b> <ul style="list-style-type: none"><li>• For the category "blue-collars workers", data have not been reported for privacy reasons given the low numerical representation of the female gender in this category.</li><li>• The representation of the gender pay gap is calculated on the amount of wages paid in the year.</li><li>• The representation of the gender pay gap on an accrual basis is calculated by considering, with regard to the variable components, the amounts accrued in the year, even if paid in different years. Data referring to 2022 will be available after the publication of this document and will therefore be published in the next edition of this document.</li></ul>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	<b>Women on the Board of Directors:</b> 44% <b>Men on the Board of Directors:</b> 56% <b>Sources:</b> <ul style="list-style-type: none"><li>• SR "Governance to drive the sustainability strategy - Robust and transparent governance"</li><li>• AR "Governance and organisation - Snam's governance system"</li></ul>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Indicator not applicable to Snam.









By  
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