

Supply Chain Report 2024



ENERGY INFRASTRUCTURE FOR A SUSTAINABLE FUTURE

A clear vision for the Supply Chain

Snam bases its development model on sustainable growth and respect of the environmental, social and economic aspects, turning them into an integral part of its strategic decisions.

Given the plurality of the activities carried out, careful management of the supply chain is an essential element of this model.

That's why the Company is committed to involve its suppliers in pursuing its objectives and integrating them in their business model.

Consequently, Snam adopts an “expanded” management model, based on the engagement and empowerment of its supply chain players: all the suppliers and subcontractors are encouraged to improve their performance in terms of risk mitigation, innovation of management processes, increased operational efficiency and promotion of responsible governance procedures.

Identifying and recognizing new suppliers aligned with this vision and encouraging long-term suppliers to commit to actions that go beyond complying with efficiency and quality requirements, but also lead to advantages for the environment and society, is the right route for setting a standard and being an important point of reference along the entire supply chain.

Snam continuously integrates sustainability objectives into the overall supply chain strategy.

This is a strategic dedication to make its supply chain more sustainable.

This is also an incisive way to leverage opportunities and to mitigate risks related to its supply chain.

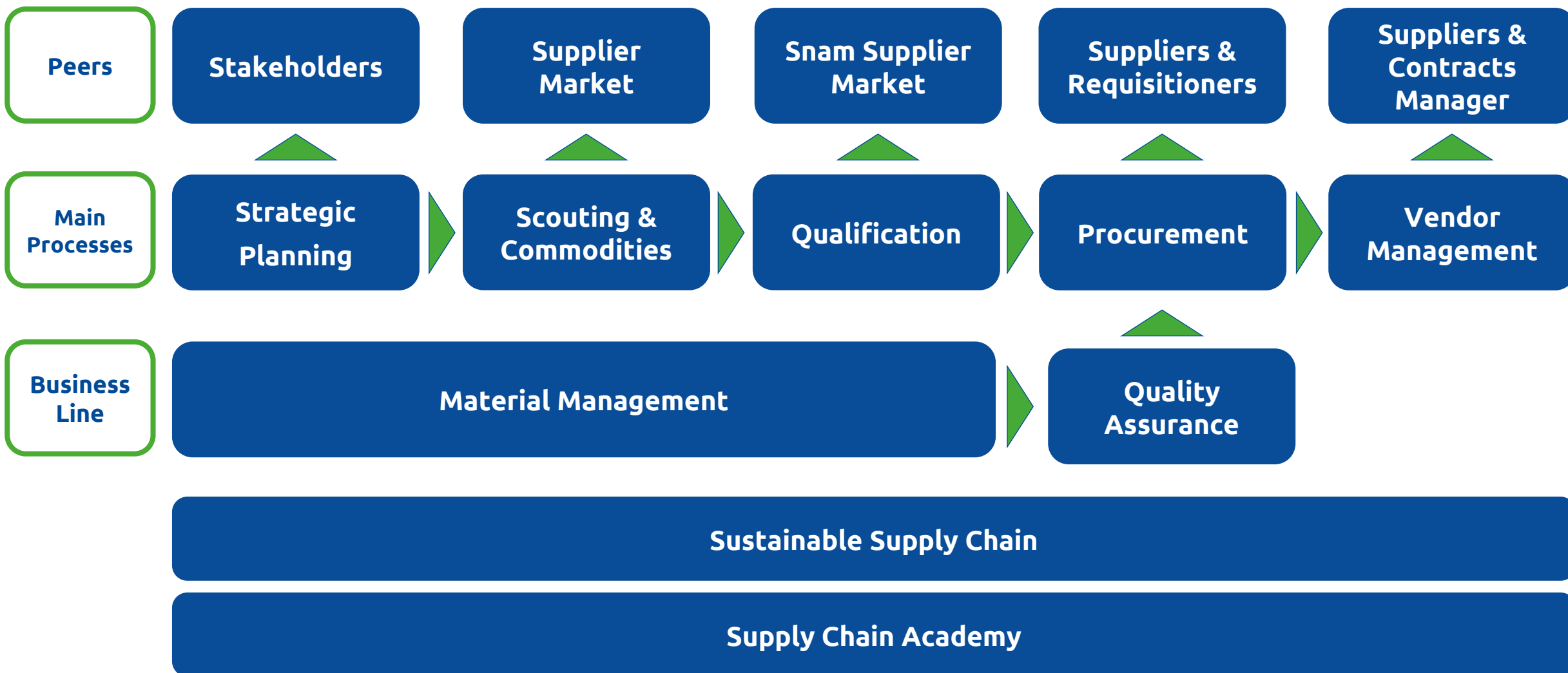
Snam has formalized the identification of ESG objectives in the overall supply chain management strategy with clear link to the supply chain strategy.

The quantitative benefits associated with sustainability initiatives in supply chain are well-known to the Company and Snam measures them. Snam requires to replicate its own ESG standards across its supply chain (tier-1 suppliers and non tier-1 suppliers).

ESG criteria identifying specific targets dedicated to the environment, social items, governance, protection of individuals and dialogue with local communities are pillars in the supply policy of Snam.

Snam is committed to ensuring that its suppliers can share and implement appropriate sustainability policies and actions, with a view to entrepreneurial growth.

Supply Chain Overview



Supply Chain

Supplier Qualification



The path to join Snam's Supply Chain 4.0

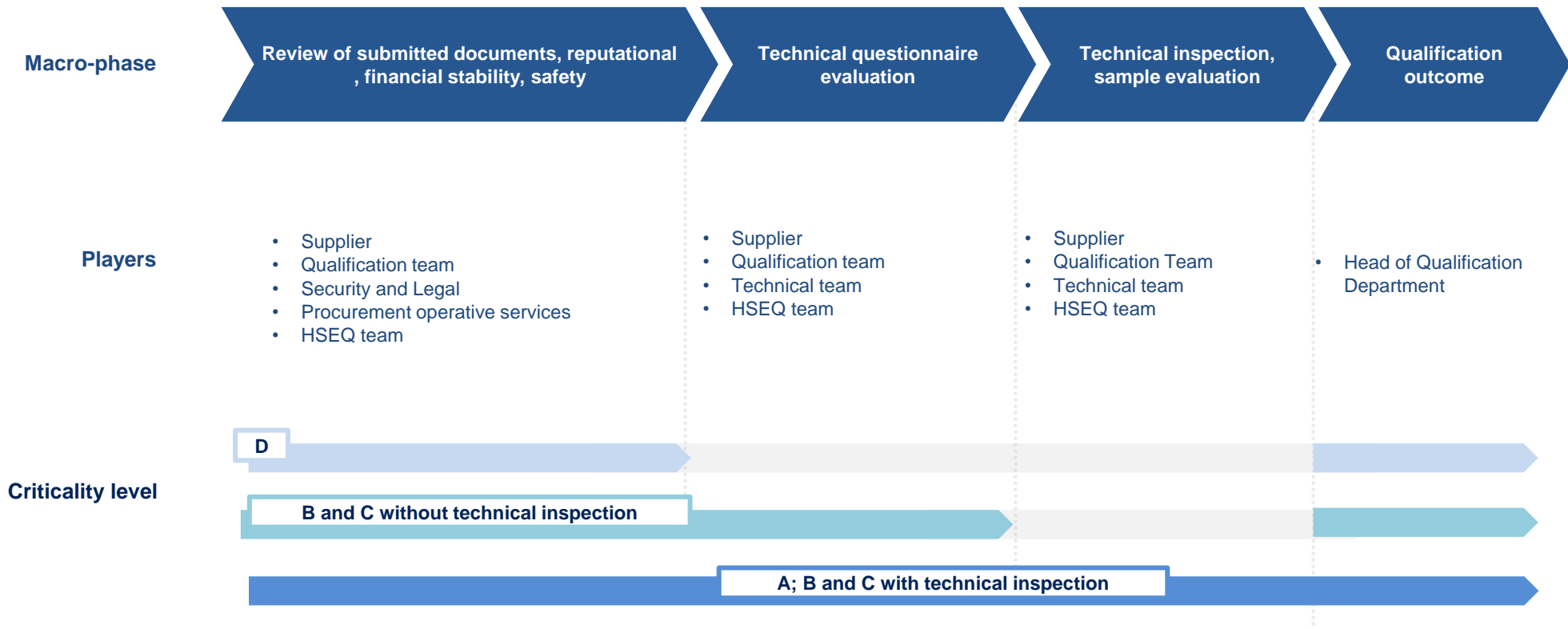
Sustainable supply chain management is a priority factor for Snam, which aims to establish long-term relationships, requiring companies that wish to collaborate with the Group to meet quality, price and performance reliability requirements, as well as to actively share the drive for innovation of their management processes and the commitment to reduce the negative impacts and environmental, social and economic risks 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. The elements subject to supplier screening analyses, in particular for significant suppliers, represent the clauses of contracts and are verified during the qualification phase. These can be traced back to the following aspects:

ENVIRONMENTAL	SOCIAL	GOVERNANCE	RELEVANCE OF THE BUSINESS
<ul style="list-style-type: none">• commitment to environmental protection• presence of an environmental management system compliant with the ISO 14001 standard (mandatory requirement for critical suppliers, i.e. with criticality level A and B)	<ul style="list-style-type: none">• promotion of working conditions that meet health and safety requirements• absence of forced labour and child exploitation• checks on the technical and organisational suitability of supplier personnel performing services at Snam offices, including checks that all labour-related contributions are being made correctly and checks on the labour contract in force	<ul style="list-style-type: none">• ethical and reputational profile• commitment to anti-corruption• presence of a health and safety management system compliant with the ISO 45001 standard (mandatory requirement for critical suppliers, i.e. with criticality level A and B)	<ul style="list-style-type: none">• technical and management skills• economic and financial reliability• presence of a quality management system compliant with the ISO 9001 standard (mandatory requirement for critical suppliers, i.e. with criticality level A and B)

Qualification process | Introduction

Goal Identify and assess suppliers, in business areas of interest to the Group, with a high professional and ethical standard, adhering to the values and principles of the Snam Group, with a view to identifying a reliable partner with whom to establish a long-term collaboration.

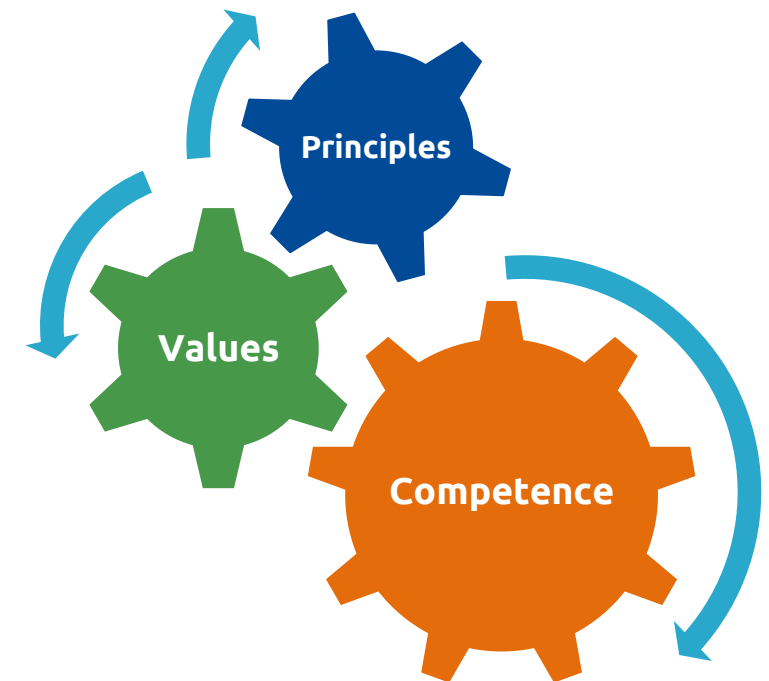


Snam's qualification process is audited every year by the DNV certification body according to ISO-9001, ISO-14001 and ISO-45001. In addition, the qualification process is also audited by Snam's HSEQ department.

The Vendor List includes all the positively verified Suppliers in relation to a specific product area

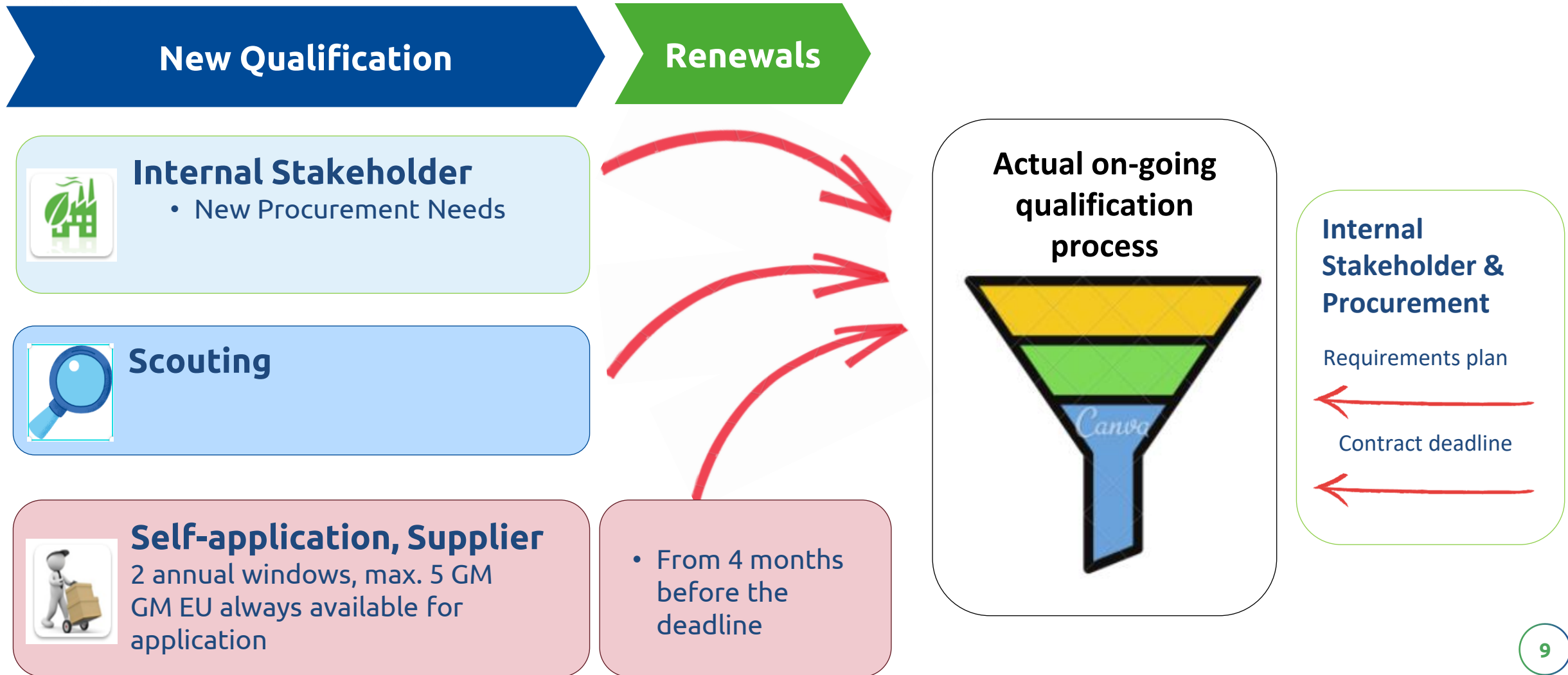
Supplier Screening – 2024

- **Supplier** (Total number of Tier-1) **2,722**
 - Total number of significant suppliers in Tier-1 **209**
 - Total number of significant suppliers in non Tier-1 **75**



Supplier Qualification | Activation process

The Vendor List includes all the positively verified Suppliers in relation to a specific product area



Focus: the supplier entity and its organisation



Regulatory requirements

- DURC
- Registration with professional registers
- Verifications ex.art.80
- Legislative Decree no. 81



Ethical Requirements

- Code of Ethics general and specific to Supplier
- Antimafia
- Adhesion to the contents of the 'Ethics and Integrity Pact'.



Business Requirements

- Economic and financial stability
- HSEQ (certifications)
- Organisational structure

Focus: the supplier and its experience in the product area

- Professional experience and references
- Procedures and adherence to Snam technical regulations
- Technical facilities, means and equipment
- Professional figures
- Quality, Environment, Health and Safety

Technical Requirements

Supply Chain

Sustainable Supply Chain





Sustainability



- **Supply chain awareness of ESG issues** in order to incentivize improvement actions geared toward decarbonization (Scope 3), proper impact on people and Governance choices.
- Management **reporting and monitoring tools**



Communication



- **House Organ** editorial board
- **Management of internal and external communication activities** at Supply Chain, including Supplier Convention
- Participation in **contests** on specific Supply Chain topics



Training



Governance of the **Supply Chain Academy** involving management of trainings, Welcome on Board, Workshops, and site visits of interest

From “ESG Principles” to “Decarbonization and Sustainability Actions”

Reducing emissions together with suppliers

To contribute towards achieving the Scope 3 GHG emission reduction targets outlined in the Carbon Neutrality and Net Zero Strategy, Snam has carried out a careful analysis of its supply chain, assessing the potential for containing and reducing emissions in the near future, especially with reference to those suppliers who, due to their activities, are the biggest emitters in the chain.

This analysis was carried out through the administration of increasingly specific and in-depth questionnaires, which made it possible to map the supply chain and, subsequently, to plan the most suitable interventions and actions to significantly reduce greenhouse emissions.

Considering the results of the analysis, Snam, firstly, incentivised those suppliers that define clear plans to reduce greenhouse gas emissions and, secondly, supported the development of joint projects with suppliers to promote emerging technologies aimed at increasing the use of green fuels (biomethane, hydrogen) and renewable energy in production processes, and to convert vehicle fleets using green fuels.

In addition, Snam actively supports suppliers in the early stages of their emission reduction journey through webinars focused on climate change and GHG emissions through one-to-one interviews, which offer solutions and best practices in this area. In particular, Snam offers **ESG Education**, a sustainability training programme that enables its suppliers to leverage Snam's already established expertise, collected in short, monthly training videos, to improve their impact on the environment and society.



To lend greater emphasis and tangibility to sustainability issues, Snam made sustainability one of the cornerstones of the Snam Suppliers Convention entitled 'Together for the present and future of energy', which will discuss the topics of decarbonisation, digitalisation and partnership. This landmark event brought together more than 150 Snam suppliers, offering unique opportunity to share common goals and align efforts towards shared objectives.

People – training & Skills development

Initiatives to develop skills aligned with a constantly evolving work environment, such as the use of advanced technologies and innovative work procedures.

Beyond the traditional role of skill dissemination, training aims to create awareness and empower employees regarding the company's goals and strategies.

In 2024 Snam's Supply Chain Academy, supported by the Snam Institute, provided more than **1,250** hours of training to **103** people from Snam's Supply Chain department and from new businesses. In particular, themed workshops were given on the activities of each Snam department, as well as visits and in-person meetings at Snam sites (Codogno Warehouse) and internal support activities across the various Supply Chain functions. Staff were also involved in specific courses according to their function, including: needs analysis and procurement strategy, market analysis, category management, conflicts of interest, Corporate Sustainability Reporting Directive (CSRD) and implications for the procurement function, Corporate Sustainability Due Diligence Directive (CSDDD) and risk management of the procurement function, balance sheet indicators, procurement regulations (tenders, purchases, work performance), procurement office performance evaluation (KPIs), procurement plan exercises. Skills improvement courses were then attended by external partners, such as the UN Global Compact (business human rights accelerator), Bureau Veritas and Business International.

In addition, a **digital library** was created containing training video podcasts, produced by the various functions of the Supply Chain department, providing a record of their activities.

Open-es Ecosystem Sustainability Powered by Eni

A digital platform for the sustainable development of industrial supply chains which are useful in involving companies engaged in the energy transition in a common path of sharing, improving and growing sustainability performance. Commencing 2024, the four pillars have been condensed into just three to comply with the new ESRS standards: Environment, Social and Governance.

In 2024, there were 1,525 Snam suppliers registered on the platform (225 more than at the end of 2023), of which 457 were large companies and 1,068 small and medium-sized enterprises (SMEs). After assessing the coverage of suppliers on commodity groups in both private and public regimes registered in Open-es, it emerged that more than 60% of suppliers in private commodity groups, are already present on the platform. Therefore, in 2024 Snam included registration on the platform – by presenting an Open-es Card – as one of the requirements of the accreditation process for new self-bids and internal requests in some groups of goods.

Snam suppliers registered on the Open-es platform

(# of supplier in capacity building programs)

1,525 (+225 vs. 2023)

CDP - Disclosure Insight Action

In continuity with previous years, Snam joined the CDP Supply Chain programme, which was launched in 2019 out of the realisation that the environmental impact of companies does not end within their borders, but also extends to the suppliers and collaborators with whom they establish a lasting partnership. Sensitising suppliers to operate responsibly with respect to climate change and collecting data on their atmospheric emissions is essential, given the power of global supply chains to drive large-scale environmental action.

In 2024, Snam focused on receiving responses from 220 Suppliers which it had selected as among the most significant in terms of procurement and strategy for the business, achieving a response rate of 50%.

50% response rate to the CDP SER questionnaire

Salesforce Supplier Engagement - Sustainability and Carbon Accounting Portal at Snam

Since 2023, Snam has adopted the Salesforce Net Zero Cloud to digitise its Scope 3 Supply Chain calculations, thus automating emissions reporting and data collection activities. Leveraging the same cloud application, the Snam Sustainability and Carbon Accounting Portal was launched in 2024 to support 60 key suppliers in their decarbonisation journey and in their data quality assurance efforts.

More than 80% of the companies engaged have actively contributed to the Portal by estimating their emissions. This involved using consumption information to calculate the carbon footprint of their business with Snam (direct consumption, LCA and EPD), then sharing the emission targets and the main tools and best practices to support decarbonisation and virtuous waste and water management.

The Snam Supplier Portal

Snam was one of the first major Italian companies to make a specific web platform available to suppliers: the Supplier 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.

To ensure a high-quality user experience, new features have also been added in 2024 to improve process efficiency and transparency.

In this respect, new billing functions and information have been made available to registered Suppliers in the dedicated section of the Supplier Portal, including:

- information on invoices payable and credit notes and the value date of those invoices;
- a function for inserting 'comments' on the invoice tab or credit note;
- a function for attaching documents (in PDF format) to orders and contracts

With these additional features, the Supplier Portal is increasingly becoming a multifunctional space and an active channel for sharing, communicating and disclosing information in key Supply Chain projects and for promoting safety and the ESG strategy.

The Supplier Portal is a point of reference for Snam's Supply Chain, which:

1	informs all suppliers about Snam's supply chain organisation, strategy, initiatives and changing needs
2	guides the user through the different steps of the key Supply Chain processes, with a special focus on the application process
3	communicates the corporate strategy in the area of sustainability, highlighting both HSEQ issues - with particular attention to corporate management and control systems, as well as the Snam4Safety projects and the Contractor Safety Trophy - and the results and projects dedicated to suppliers in the ESG area, by sharing Snam's ESG programmes. In this regard, suppliers can easily access the informative and educational content of the Supply Chain Academy and the ESG Education training videos on sustainability.
4	updates suppliers on events, awards, projects, notices, and other useful news
5	improves the navigation between the information in the different sections

Supply Chain Vendor Management



Vendor Management | Assessment Key Numbers

ESRS / Other entity-specific disclosures	UNITS OF MEASUREMENT	2024
Key performance indicators		
Total number of suppliers involved in skills development programmes [1]	no.	209
Percentage of significant suppliers involved in skills development programmes	%	100
Number of suppliers assessed through desk assessments/on-site assessments [2]	no.	180
Percentage of significant suppliers assessed	%	100
Number of assessed suppliers with actual/potential material adverse impacts	no.	62
Percentage of suppliers with actual/potential material adverse impacts that have an agreed corrective action plan/improvement plan	%	100
Number of suppliers with actual/potential material adverse impacts whose relationship has been terminated	no.	0
Total number of suppliers supported in implementing corrective action plans	no.	28
% of assessed suppliers with actual/potential material adverse impacts supported in implementing corrective action plans	%	100
Total number of significant Tier-1 suppliers (product categories A and B)	no.	209
Percentage of total spending on significant Tier 1 suppliers [3]	%	78
Total number of non-Tier 1 suppliers [4]	no.	75
Total number of significant suppliers (Tier 1 and non-Tier 1)	no.	284

Notes: data refer to all procurement activities directly managed by Corporate & Group Supply Chain (SUPCCOR) and Industrial Supply Chain (INDSUPC).

[1] The figure corresponds to the number of suppliers that are part of the Open-es platform.

[2] With reference to the qualification and accreditation area, suppliers are counted in which at least one re-qualification or renewal process was successfully concluded in the year 2024, for which documentary or field evaluations were carried out.

[3] Data calculated on the basis of the procured assigned to suppliers with contracts on GM of criticality A and B.

[4] The figure excludes suppliers that have already been counted as Tier 1, as Snam has Tier 1 suppliers that are also used as subcontractors.

SUPPLIERS PERFORMANCE EVALUATION (%)

	2022	2023	2024
Excellent	37	25	28
Good	32	31	33
Adequate	23	31	31
Sufficient	4	7	3
Insufficient	5	3	5

Notes:

- figures include the following companies, which are included in the consolidated group perimeter in 2024: Snam, SRG, GNL Italia, ITG, Stogit, GRI, Enura, Greenture, Cubogas, Snam International BV, Snam FSRU Italia Srl;
- all suppliers with GM contracts of criticality levels A and B are evaluated.



Goal

Supplier management is both to monitor performance during their 'contractual life' and to manage the supplier during the period they are on the vendor list
Monitoring Compliance Assessments

Model Definition

- Definition of the model used to monitor and evaluate supplier performance (template)

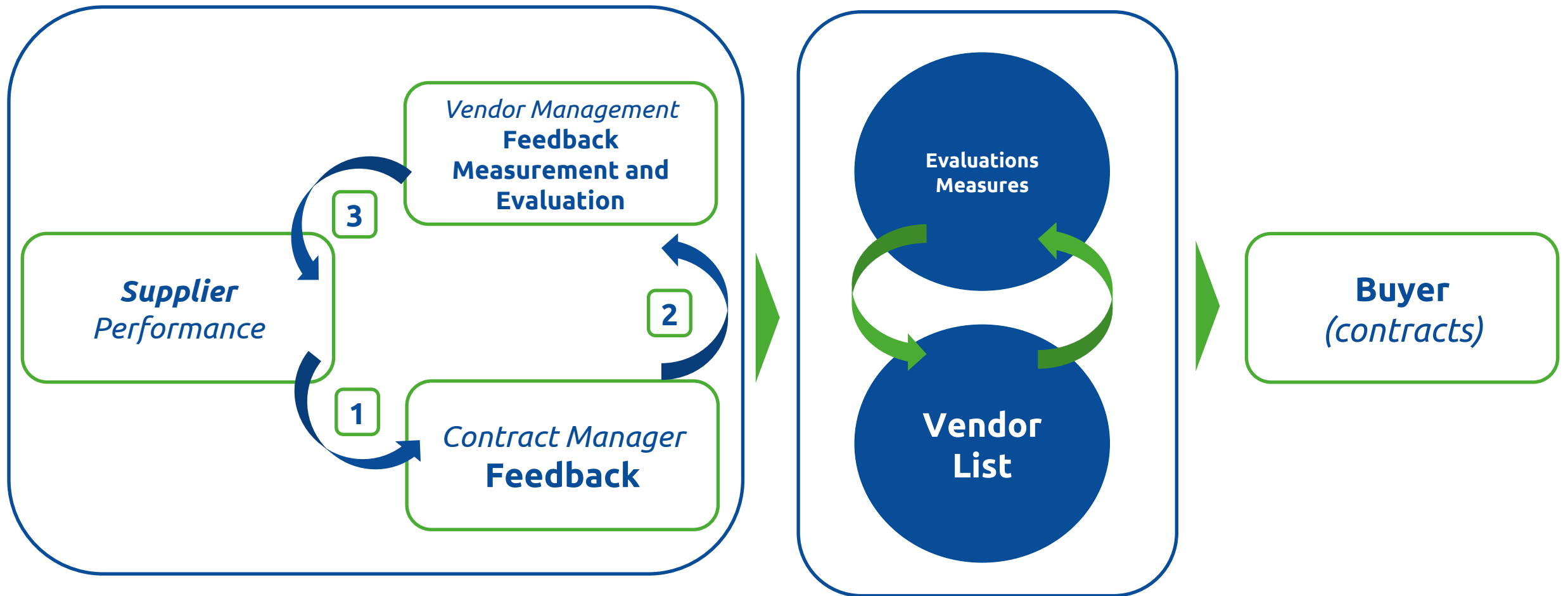
Feedback Management

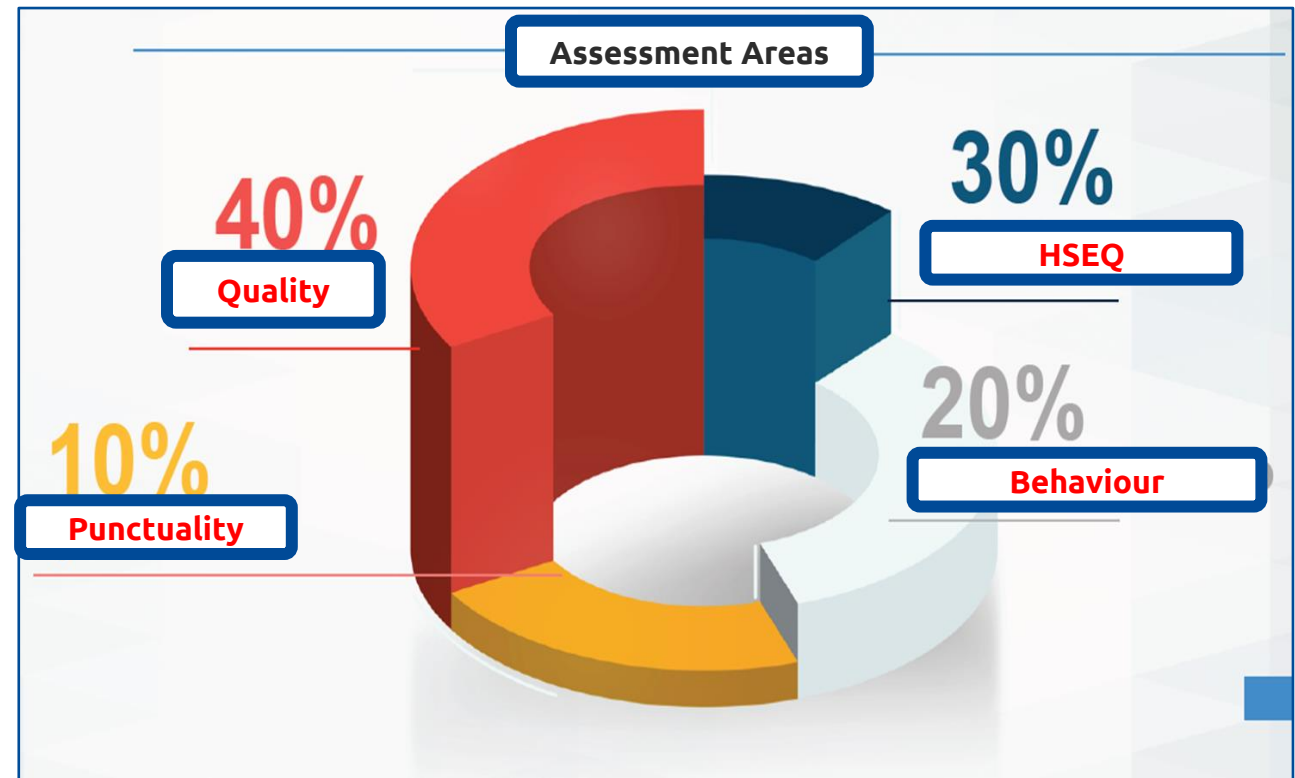
- Monitoring of supplier performance consistent with the predefined model
- Repeatability of rating with established frequencies
- Update Vendor Rating

Identification and actions monitoring

- Identifying the measure to be taken on individual suppliers
- Monitoring the status of measures

Vendor Management | Supplier Evaluation Flow and Interactions





Coll off Contract

GOODS

1 Feedback / year + last Feedback after 4 months

WORK - SERVICES

1 Feedback / 4 months+ last feedback after 4 months

Purchasing Order

GOODS

1 Feedback delivery date

WORK - SERVICES

1 Feedback / end of work + last feedback after 4 months

Evaluation Summary of the Supplier	Performance Description	Feedback rating
poor	Seriously deficient supplier for which measures have been taken	0÷49
insufficient	Supplier whose performance was found to be deficient and on which action may be taken	50÷59
adequate	Suppliers whose performance is acceptable	60÷69
good	Suppliers whose performance shows areas of satisfaction	70÷79
excellent	Suppliers ranking as best players in the Vendor List	80÷100

Measure	Applicability	Consequences
Warning	<ul style="list-style-type: none"> • technical-HSEQ-organisational deficiencies 	<p>Supplier monitoring with the support of the contract manager for the recovery of highlighted gaps</p>
Suspension	<ul style="list-style-type: none"> • Expiry of the warning period without recovery or implementation of corrective actions; • Due to the need to investigate and verify information and/or particular conditions relating to the Supplier that may have serious business consequences (injuries); • In the event of negative reports/feedback or serious deficiencies/negativity; • On the reoccurrence of situations that have previously generated a Warning for the same Product Group. 	<p>The supplier may not be invited to tender or be awarded new contracts for the period of time defined by the measure</p>
Revocation of Qualification	<ul style="list-style-type: none"> • repeated and continuous occurrence of conditions that have previously generated a suspension order for the same Product Group • passing of the suspension period without the Supplier having implemented effective recovery actions; 	<p>Revocation status results in the exclusion of the supplier from the qualification and procurement processes for the product groups concerned and the termination of the relevant contracts.</p>

Supply Chain

Digital solutions to improve work efficiency



Digital Solutions to improve work efficiency together with suppliers

energy
to inspire the world



Supplier One Platform:

Supplier One Platform is part of the digital innovation path linked to the supply chain and aims to introduce new technological solutions and working tools for procurement processes. This relies on the digitalisation and update of existing systems and processes, with new real-time tracking systems for electronic tenders, catalogue acquisitions and subcontracting activities.

In 2024, Snam integrated this platform with subsequent updates which have optimised supplier interactions, the digital exchange of additional information and the platform's user experience and operability.

EDITH platform

In 2024, the EDITH platform was also expanded. It now enables users to manage, organise, track and archive post-order production and quality activities through the acceptance and release of goods. These operations can now be carried out on all materials, with centralised purchasing in the Codogno, Ripalta and Cremasca warehouses.

Digital Master Plan

In 2024, some updates were implemented to complete the data set, aimed at optimising the effectiveness and accuracy of requirements gathering. In addition, the logic for creating monitoring and governance tools was shared, with a focus on being able to manage multi-requester needs.

Supply Chain Procurement

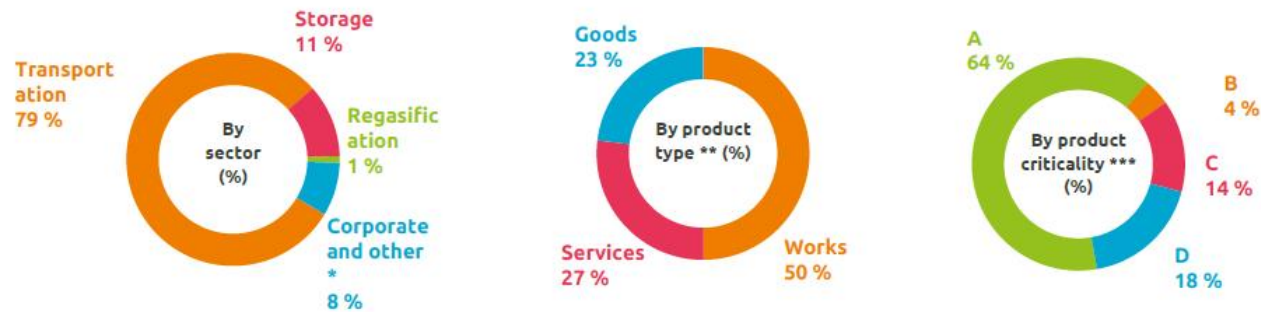
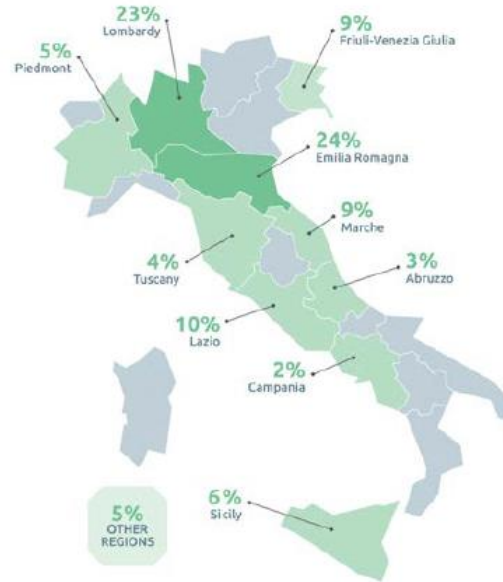
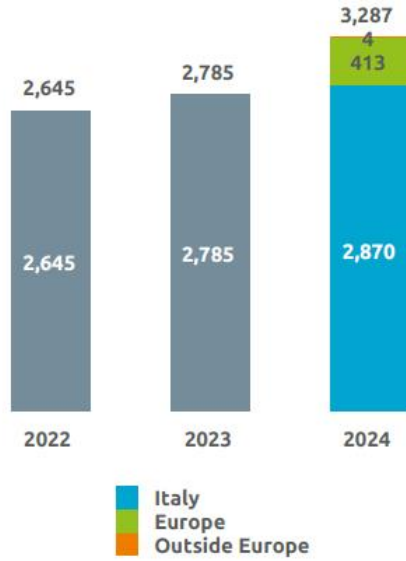


In the current phase of progressive decarbonisation, Snam's strategic choices have focused both on high-tech initiatives (innovation, research and development to support large national and international transport networks) and on green economy businesses (renewable gas, biomethane, hydrogen, energy efficiency).

In this context, Snam has continued to work in synergy with both suppliers related to more traditional and consolidated activities, and those related to energy transition-related product categories and energy transition businesses. The creation of added value was thereby continued, laying the foundations for new management models capable of supporting the new strategic development scenarios.

Procurement | Key Numbers 1 di 2

ITALY PROCURED 2024 (MLN €, %)



Figures relate to all procurement activities directly managed by the Corporate & Group Supply Chain (SUPCCOR) and the Industrial Supply Chain (INDSUPC).

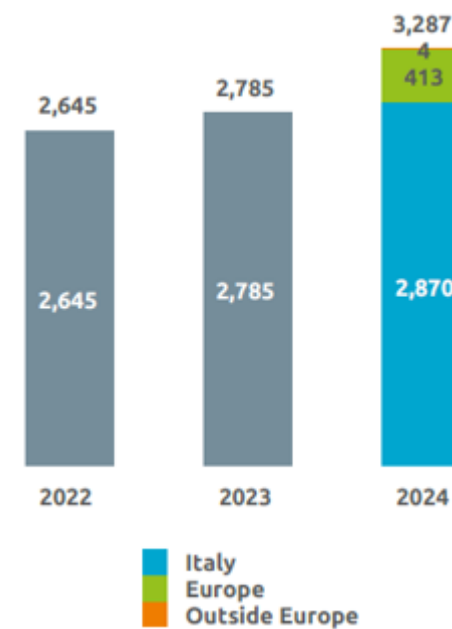
*Greenture and Cubogas are included in 'Other'.

**The value procured includes both new contacts and contractual revisions. The classification by commodity macro-family is determined by the commodity group used within the contract on the basis of the commodity group matrix.

***The graph represents the percentage of procurement assigned to suppliers with critical product groups.

Procurement | Key Numbers 2 di 2

Total value purchased (M€)	3,287
% Public sector (€)	78%
# significant supplier (levels A and B criticality)	209
% Total Spend on significant supplier	78%



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 these acquisitions is measured in terms of the added value generated in the economic system and the jobs sustained.

The total value of purchases made from Italian companies or work performed in Italy in 2024 was approximately 2,789 million euros. This expenditure stimulated the production of final and intermediate goods and services in a direct manner by Group suppliers, in an indirect manner by suppliers of suppliers and in an induced manner by companies that benefited from an increase in demand stimulated by the consumption of workers who were directly and indirectly involved in the Group's supply chain.

This production value amounted to approximately **7,154 million euros**. The increase in production generated some **2,909 million euros** in added value (excluding VAT) and supported **40,907 Annual Work Units**¹³⁹. This means that for every million euros of Snam's acquisitions, the Italian economic system has seen its gross production increase by **2.57 million euros** and generate a national added value of **1.04 million euros**, supporting approximately **14.7 Annual Work Units**.



¹³⁹ 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.



Legislative
Decree n.
50/2016

Public procedure: main rules and guidelines

- SNAM-RGL-051-R04 Aggiudicazione contratti in regime pubblicistico.
- SNAM-CircNorm-SUPCCOR 10-21 RdO Pubblicistica.zip
- SNM-CircNorm-SUPCCOR 50-21 Antimafia
- SNM-CircNorm-SUPCCOR 7-20 Regolamento sotto soglia
- SNAM-CircNorm-SUPCCOR 5-21 Modalità di applicazione art. 106 (Varianti)



Private procedure: main rules and guidelines

- SNAM-RGL-046-R03 Aggiudicazione contratti privatistici
- SNAM-CircNorm-SUPCCOR 8-21 RdO Privatistica
- SNAM-CircNorm-SUPCCOR 9-20 "Linee guida per l'applicazione del "Processo Acquisti fast"
- SNAM-RGL-014-R00-Sponsorizzazioni



Common Rules and Guidelines

- Circ. 1 20 Off. anomala
- SNAM-RGL-015-R00 Pianificazione e Attivazione degli Approvvigionamenti
- SNAM-HSEQ-ITL-022 - Tipologie approv. ai fini HSE
- SNAM-RGL-057-R00-Gestione-contratti-con-fornitori
- SNM-CircNorm-SUPCCOR 4-20 SLA di gara,

INNOVATIVE SUPPLY CHAIN MANAGEMENT: AWARDS AND APPEARANCES 2024

The Procurement Awards 2024

Snam was presented with the TP Speaker Award.

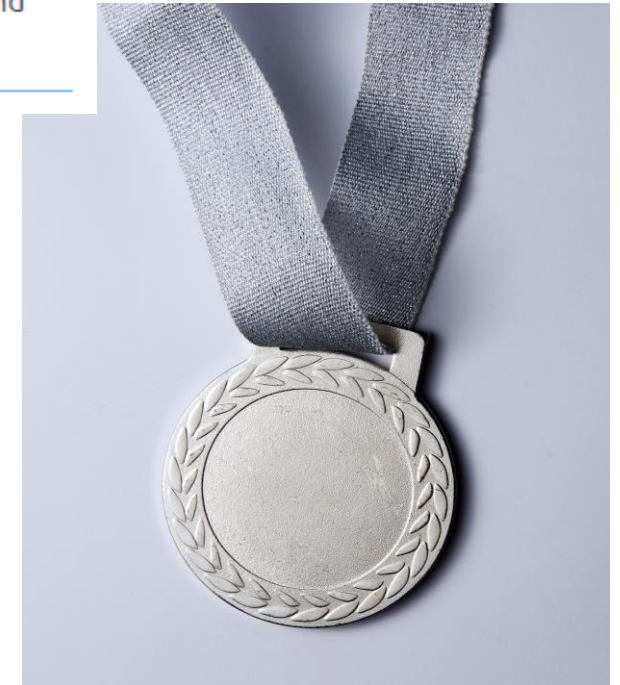
Circular Procurement Awards 2024

Snam was presented with the 'Generating Greater Value for Society: employee health and wellbeing' award by Business International (Fiera Milano Group) for its project relating to inclusive safety in the workplace: a supply chain awareness project about building a safe working environment that factors in each person's diversity, age, gender, ethnicity and physical condition.



In 2024, Snam participated in appearances and events including:

- a lesson on digital transformation skills at the Milan Polytechnic's Graduate School of Management;
- discussion forums of the 'The Procurement' community;
- the Sustainable Development Festival and the event organised by Open-es for Sustainable Energy Basket Bonds.



Supply Chain Quality Assurance

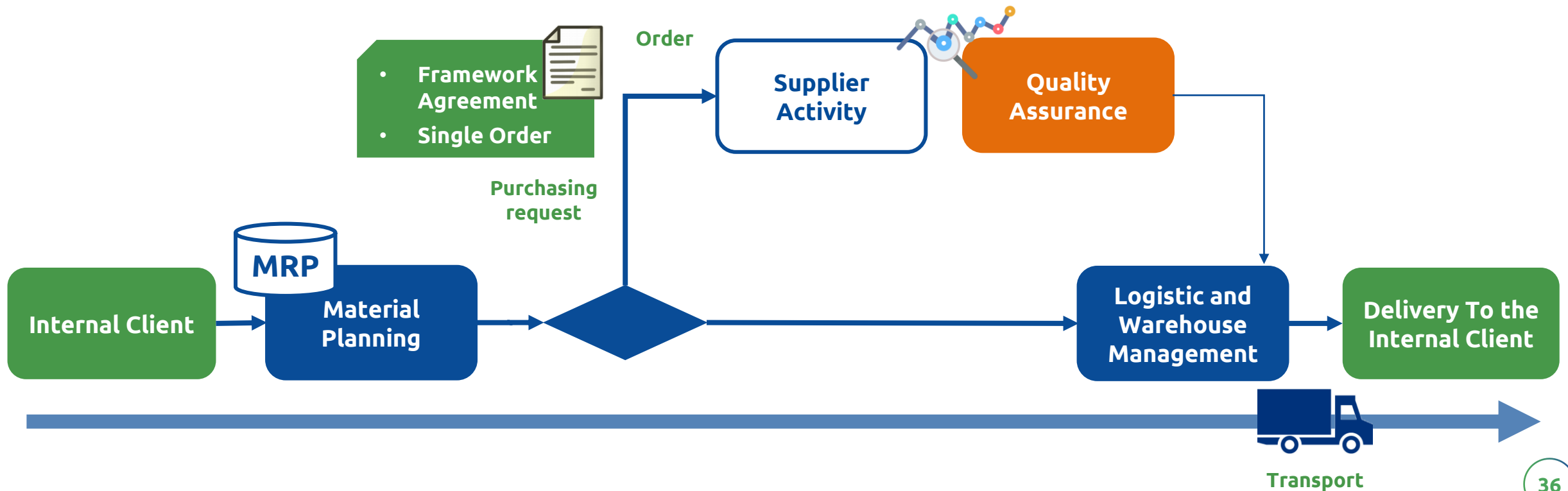


Quality Assurance | Material Management Organization



Goal

Verify the contractual compliance of incoming materials through checks and verifications during the suppliers' production process, in order to ensure safety and prevent problems during the subsequent construction phases of the GAS transportation network



Quality Assurance | Focus

The assets purchased by Snam are classified into four classes, based on the type of use, operating pressure and risk factor.

Snam Quality Assurance focuses on materials classified in Class A and B.

These are products mainly used in pipeline construction operating at high pressure and have a high risk factor.

Quality assurance on material with a lower severity class is provided by suppliers.

Example of Materials

- Pipes
- Valve (Ball and Plug valves)
- Fittings (tee, bends)

