



ANNUAL REPORT 2023

Energy Infrastructure
for a Sustainable Future

Snam is Europe's leading operator in natural gas transport, with a network of approximately 38,000 km in Italy and abroad. The company also deals with storage, of which it holds more than 17% of the European capacity, and regasification, with 13.5 billion cubic meters of gas per year that will rise to 18.5 billion cubic meters to 2025 thanks to the plant in Ravenna. Its medium-long term ambition is to develop and consolidate a system of *energy infrastructure for a sustainable future*, positioning itself as a multi-molecule operator at national and european level, focusing on innovation and enhancing the role of gas as a transition vector. Snam is among the leading Italian listed companies by market capitalisation.

With its 80 years of experience in the construction and management of infrastructure, Snam ensures supply security and promotes the energy transition through investments in green gases (biomethane and hydrogen), energy efficiency, and CCS (Carbon Capture and Storage) technology. The company also creates new green areas through a benefit corporation focused on urban afforestation projects.

Snam also aims to reduce direct greenhouse gas emissions by 25% by 2027, 40% by 2030, and 50% by 2032, reaching carbon neutrality (100%) by 2040. This will involve offsetting emissions that cannot be eliminated through selected offset projects, engaging affiliated companies and suppliers. Snam also aims to achieve net-zero emissions on all fronts, including indirect ones, by 2050. The Group is actively working on reducing natural gas emissions on its assets. In 2023, Snam achieved a -57% reduction compared to 2015 and has set a target of -64% by 2027.

The company's business model is based on sustainable growth, transparency, the enhancement of talents and diversity, and the social protection and development of territories





ANNUAL REPORT 2023

This document is an English language translation of the official Italian version and it is provided in addition to the European Single Electronic Format (ESEF) version, required by the European Commission delegated Regulation (EU) 2019/815, published and filed in accordance with the provisions of the law.

**Energy Infrastructure
for a Sustainable Future**

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CORPORATE BODIES

BOARD OF DIRECTORS ^(*)

Chair

Monica de Virgiliis ^{(1) (2) (3)}

Chief Executive Officer

Stefano Venier ⁽¹⁾

Board members

Massimo Bergami ^{(1) (3)}

Laura Cavatorta ^{(3) (4)}

Augusta Iannini ^{(1) (3)}

Piero Manzoni ^{(3) (4)}

Rita Rolli ^{(3) (4)}

Qinjing Shen ⁽¹⁾

Alessandro Tonetti ⁽¹⁾

BOARD OF STATUTORY AUDITORS ^(*)

Chair

Stefano Gnocchi ⁽⁶⁾

Standing auditors

Gianfranco Chinellato ⁽⁵⁾

Ines Gandini ⁽⁵⁾

Alternate auditors

Federica Albizzati ⁽⁶⁾

Maria Gimigliano ⁽⁵⁾

Federico Sambolino ⁽⁵⁾

AUDIT AND RISK COMMITTEE AND RELATED-PARTY TRANSACTIONS ^(**)

Piero Manzoni - **Chairman**

Augusta Iannini

Laura Cavatorta

APPOINTMENTS AND REMUNERATION COMMITTEE ^(**)

Rita Rolli - **Chairwoman**

Massimo Bergami

Alessandro Tonetti

ENVIRONMENTAL, SOCIAL & GOVERNANCE AND ENERGY TRANSITION SCENARIOS COMMITTEE ^(**)

Laura Cavatorta - **Chairwoman**

Massimo Bergami

Qinjing Shen

Rita Rolli

AUDITING COMPANY ^(***)

Deloitte & Touche S.p.A.

(*) Appointed by the Shareholders' Meeting of 27 April 2022 - in office until the date of the Shareholders' Meeting to be convened in 2025 to approve the financial statements for the year ending 31 December 2024.

(**) Established by the Board of Directors on 27 April 2022.

(***) Appointed by the Shareholders' Meeting of 23 October 2019 for the period covering the years 2020-2028.

(1) Director candidates in the list submitted by the shareholder CDP Reti S.p.A.

(2) Appointed Chairman of the Board of Directors upon the proposal of the shareholder CDP Reti S.p.A.

(3) Independent directors pursuant to the TUF and the Corporate Governance Code.

(4) Director candidates in the list presented jointly by Institutional Investors.

(5) Statutory Auditor candidates in the list submitted by the shareholder CDP Reti S.p.A.

(6) Statutory Auditor candidates in the list presented jointly by Institutional Investors.



LETTER TO STAKEHOLDERS



Chairwoman

Monica de Virgiliis



Chief Executive Officer

Stefano Venier

Dear stakeholders,

if 2022 was a turning point for the global energy system, the past twelve months have seen a decisive deepening of many issues in the so-called “polycrisis” that is sweeping the planet, further underlining the value of the results achieved on all fronts by Snam, as well as the strategic importance of its short-, medium- and long-term objectives.

Today, the international community is confronted with multiple interconnected challenges on the geopolitical, economic, environmental and social fronts. The Russian-Ukrainian conflict entered its third year as elements of tension never fully resolved in the Middle East and the Red Sea area, among others, flared up again. The global economy suffered from sustained inflationary dynamics, restrictive interventions by central banks (since July 2022, the ECB has started to raise rates for the first time since 2011), widespread signs of slowing growth and sometimes genuine and unexpected slowdowns in some major countries such as Germany and China. The scenario remains unstable, even though there has recently been a growing conviction that the level of interest rates is now at its peak and that, amid much caution, the path towards more expansive monetary policies may be reopened. The Italian economy has not remained unscathed by the general situation but has nevertheless shown good resilience

with growth that, although remaining moderate, will also benefit in the near future from the PNRR and REPowerEU projects approved and financed so far.

In 2023, initiatives to mitigate and overcome the ongoing energy crisis significantly improved the overall picture: the countermeasures taken on the political side and the efforts made by the main system operators proved effective and started to have an effect. In just twenty-four months, Europe has completely diversified its gas supply mix, reducing the weight of imports from Russia (pipeline and LNG) from 45% to 14%, and in Italy to less than 5%.

Today, the continent is structurally more tied to liquefied natural gas, and thus subject to variability due to future developments in that particular market and the volatility of its prices. The drop in European gas demand itself (-7%), stemming only in part from organic reasons, has by no means resolved the exposure of member states to all the risks arising from the energy crisis.

It is precisely the persistence of this context that convinces us how crucial it is to continue investing in energy infrastructure that can flexibly contribute to security and peak demand control, as well as ensuring the

appropriate balance for renewable energies such as solar and wind power. Electrons and molecules are therefore complementary in achieving the decarbonisation goals shared by the system.

In this latter respect, 2023 was a period of major operational achievements for Snam. The first part of the year saw the arrival and, as of July, the commissioning at Piombino of the first of the two FSRUs purchased to accelerate the country's decoupling from Russian gas supplies. In the Ravenna area, in parallel, work has started to accommodate the second regasification vessel, which will be in operation by the first half of 2025. On the storage side, on the other hand, record results were achieved with regard to the speed of site filling (99% as of 1 November), also thanks to counterflow services.

Many of our key projects have made substantial progress: the Adriatic Line has also been declared strategic and approved at the European level, so much so that it was considered eligible for REPowerEU funds; hydrogen transportation projects from the South (South2 Corridor) and CO₂ capture and sequestration have been qualified as PCI, i.e. of common European interest. On the emissions front, we saw a 57% drop in methane emissions in 2023 (vs. 2015), on which the recent COP28 also focused globally, while we achieved the 80% target for sustainable finance three years earlier than we had set ourselves, and raised it to 85% by 2027. We are on CDP's A list and Sustainalytics has also recognised us as a leader in our field.

Snam, it is worth remembering, possesses unique characteristics on the European energy scene: as the continental number one in gas infrastructure, it is the only system operator active across the entire value chain, covering it from transportation to dispatching, storage to regasification, with a pan-European presence. It was precisely by leveraging such a level of functional integration that we relaunched our "ambition": be providers of "energy infrastructure for a sustainable future", so that the development of our traditional infrastructure itself becomes an added value for energy transition businesses. The Group's objective thus takes on sharper and more challenging contours: to become a European multi-molecule operator capable of running a modular, flexible and future-proof infrastructure, supplying energy to Italy and Europe.

It is a mission that we are counting on realising in the immediate future thanks to a three-year investment plan to 2027 (announced last January) amounting to €11.5 billion, 65% of which is focused on enabling green and decarbonised molecules. Of this volume, an increase of 15% on the previous plan, €10.3 billion will be earmarked for gas infrastructure (mainly the Adriatic Line) and €1.2 billion for transition business. In parallel, and to complement its economic and operational efforts, Snam took a significant step forward by promoting the drafting of a new and more comprehensive sustainability strategy in recent months. Within this framework - while not betraying and indeed relaunching its own carbon neutrality objectives for 2040,

with the further commitment to "Net Zero" on Scopes 1, 2 and 3 by 2050 - Snam has intended to systematise a commitment that also contemplates other 'pillars' inherent to its business. It is about local communities, people, innovation and, in particular, biodiversity and regeneration. In this path, signing up to the Science Based Targets Network 'corporate engagement programme' (Snam was the first TSO worldwide to make this commitment) is a fundamental step towards measurable commitment and a scientific certification of our status as a sustainable company.

All of this is made possible by the lively involvement that Snam people, at all levels, show in their daily work, working as a team to give substance to our purpose and ambition and thus confirming themselves as the Group's most important asset. In particular, an engagement survey was conducted in 2023, which asked people about their well-being, work-life balance and other parameters and found an engagement index of 84%, significantly above the average for Italian companies over the last three years. The result comforts and encourages us to continue on the path we have taken, continuing to invest and work on training, development, corporate welfare and active diversity, equity & inclusion policies.

The efforts made in energy security, investments and the new ambition have not prevented Snam from achieving excellent financial results, which show growth in performance in terms of margins, net profit and a dividend distributed to shareholders that is expected to increase by a minimum of 3% per year over the course of the new plan.

All of this is within the framework of robust and balanced growth, which we are committed to following up by continuing to focus on financial strength and flexibility recognised in the ratings of the major rating agencies.

The challenges that await us, from the execution of fundamental infrastructure projects to the consolidation of a decarbonisation path that knows how to converge with the country's and Europe's recovery needs, are inevitably complicated by the scenario in which we are called upon to operate, but at the same time represent objectives consistent with our ambition, which we intend to continue pursuing in a true system logic, teaming up with all stakeholders, public and private, and always putting our people at the centre.

13 March 2024

for the Board of Directors

Chairwoman

Chief Executive Officer



Presentation of the Report

With a view to a “Core & More” approach as defined by Accounting Europe, Snam has structured its reporting system in an integrated manner, with the aim of providing all stakeholders with comprehensive and transparent economic, social, environmental and governance information, presenting a detailed view of its activities, performance and objectives for the future.

The **Core & More** approach looks to present corporate reporting effectively by organising financial and sustainability information according to the interests of different users. Material information for a wide range of stakeholders is contained in the “Core” reports while additional details for a more limited audience are contained in the “More” reports.

CORE



ANNUAL REPORT 2023

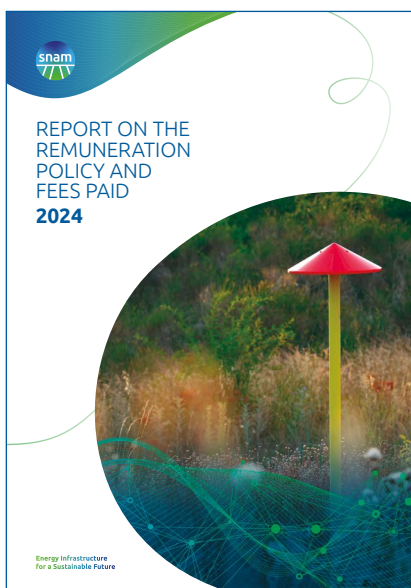
- › DIRECTORS' REPORT
- › NON-FINANCIAL STATEMENT
- › CONSOLIDATED FINANCIAL STATEMENTS
- › STATUTORY FINANCIAL STATEMENTS

MORE



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

Describes and investigates the Company's **Remuneration Policy of Directors and Managers** specifying the goals, the involved bodies, the procedures for its adoption and implementation in addition to the remuneration paid.



ANNUAL REPORT 2023

The **Annual Financial Report** represents Snam's Core Report, providing a **comprehensive view of financial and non-financial performance**, both qualitative and quantitative, distributed across its sections: **The Report on Operations** representing Snam's **Integrated Report** inspired by the principles of the IIRC (International Integrated Reporting Council) Framework, **Snam's Consolidated and Separate Financial Statements**.

In addition to the annual results of operations, the Report on Operations aims to represent **Snam's values, mission and purpose**, as well as to provide an overview of the history of the Group and its businesses. This information is substantiated by the **sustainable value creation model of Snam's business in the medium to long term**, which highlights the integration and links between strategy, governance, performance and the context in which the Group operates, presenting, as a complement, the Group's **Strategic Plan to 2027** and the main **risk and uncertainty factors**.

Included within the Directors' Report, as related section, is the **Consolidated Non-Financial Statement (NFS)**, prepared in accordance with the provisions of **Legislative Decree 254/2016** and in accordance with the **GRI Standards** of the Global Reporting Initiative, according to the "in accordance" option.

With the aim of anticipating the requirements of the **Corporate Sustainability Reporting Directive (CSRD)** in force from 2024, Snam has restructured its sustainability reporting as early as 2023, integrating into the NFS the information relating to Snam's governance and sustainability strategy, management of impacts, risks and opportunities, and materiality analysis, which until last year were presented within the **Directors' Report**. This was done in order to proactively respond to the provisions of the new **European Sustainability Reporting Standards (ESRS)**.

NFS Limited to information relating to the company profile and business model, the content of the DNF is integrated with the information reported in other sections of the Management Report, identifiable by the blue "DNF" symbol next to the title of the chapter/paragraph concerned.

TCFD Snam has also integrated into the DNF the sustainability information that until last year was reported on a voluntary basis in the **Sustainability Report** and the **Climate Change Report**, prepared in accordance with the recommendations of the Financial Stability Board's **Task Force on Climate-related Financial Disclosure (TCFD)**.

Finally, the NFS contains the following interoperability tables with other standard sets: (i) **Correlation table between the GRI Standards and the ESRS Standards**; (ii) the **Principal Adverse Impact indicators (PAI indicators)** under the EU Sustainable Finance Disclosure Regulation (SFDR); (iii) the **World Economic Forum (WEF)** indicators contained in the white paper 'Measuring Stakeholder Capitalism'; (iv) the **Sustainability Accounting Standards Board (SASB)** indicators for the midstream oil and gas sector; (v) the recommendations of the TCFD - whose disclosures are marked with the blue symbol '**TCFD**' within the NFS.

The **Report on Corporate Governance and Ownership Structure** and the **Report on Remuneration Policy and Remuneration Paid** are the Group's More Reports, as they contain additional and supplementary information, as well as related information, including through references, to what has already been presented in the Core Report. The first describes Snam's corporate governance system, providing information on the ownership structure, the structure of the corporate governance system adopted by Snam and the internal control and risk management system adopted. The Remuneration Report illustrates the remuneration policy, referring to Non-Executive Directors, Statutory Auditors, Chief Executive Officer and Executives with Strategic Responsibilities, that Snam intends to adopt for the current year and the compensation paid during the previous year.



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Disclaimer

The Annual Financial Report contains forward-looking statements, particularly in the sections on Strategy and Business Outlook with reference to evolution of natural gas demand, investment plans and future management performance. Such statements are, by their nature, subject to risk and uncertainty as they depend on whether future events and developments take place. Actual results could therefore differ from those announced due to various factors, including: the outlook for natural gas demand, supply and prices, overall macroeconomic conditions, geopolitical factors such as international tensions and socio-political instability, the impact of energy and environmental legislation, successful development and implementation of new technologies, changes in stakeholder expectations and other changes in business conditions.

Snam, Snam Group, Group, Company means Snam S.p.A. and the companies within its scope of consolidation.



DIRECTORS' REPORT INTEGRATED REPORT







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1. HIGHLIGHTS

1.1 Highlights 2023



FINANCIAL

€ 3,875 million
TOTAL REVENUES
(+16.8% vs. 2022, excluding fees to cover energy costs)

€ 2,417 million
ADJUSTED EBITDA
(+8% vs. 2022)

€ 1,168 million
ADJUSTED NET PROFIT
(+0.4% vs. 2022)

€ 2,194 million
Of which €1,774 million in technical investments
(+31% vs. 2022)

29%
of Taxonomy-aligned Capex

61%
of SDG-aligned Capex

€ 0.2820
Proposed dividend per share
(+2.5% vs. 2022)

80%
Percentage of sustainable finance out of total funding

47.3%
% of ESG investors out of total institutional investors



OPERATIONAL

64.07 billion m³
NATURAL GAS INJECTED IN THE NETWORK
(-15% vs. 2022)

61.85 billion m³
GAS DEMAND
(-10% vs. 2022)

16.7 billion m³
TOTAL STORAGE CAPACITY
(+1.2% vs. 2022, the broadest offer at European level)

100%
% of available storage capacity allocated for the thermal year 2023-2024

3.69 billion m³
(+64.8% vs. 2022)
LNG VOLUMES REGASIFIED, of which 1.12 billion m³ from the FSRU plant in Piombino

1,523 km
H2-READY CERTIFIED NETWORK
(+104% vs. 2022)



ENVIRONMENTAL

-10% vs. 2022
CO₂eq EMISSIONS SCOPE 1 AND SCOPE 2 - REGULATED PERIMETER

-57% vs. 2015
NATURAL GAS EMISSIONS

54%
ELECTRICITY FROM RENEWABLE SOURCES ON TOTAL ELECTRICITY CONSUMPTION
(+2% vs. 2022)

ZERO NET CONVERSION
on all infrastructure projects

SNAM INCLUDED IN
CDP "A LIST"
CDP SUPPLIER "A LIST"





SOCIAL

3,798

EMPLOYEES
(+5.2% vs. 2022)

INCLUDED FOR THE FOURTH
YEAR IN A ROW IN THE LIST OF
**ITALY'S BEST
EMPLOYERS**

73%

LOCAL SUPPLIERS
(SMES IN ITALY) awarded
contracts out of the total
number of contracted suppliers
(+6% vs. 2022)

5,970 hours

VOLUNTEERING
AT THE SNAM FOUNDATION
(-3% vs. 2022)



GOVERNANCE

6,165

REPUTATIONAL CHECKS
ON COUNTERPARTIES

SNAM AMONG THE BEST
ITALIAN COMPANIES
ACCORDING TO THE
**INTEGRATED
GOVERNANCE INDEX**

966

TRAINING HOURS
ON ANTI-CORRUPTION
AND CODE OF ETHICS



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.

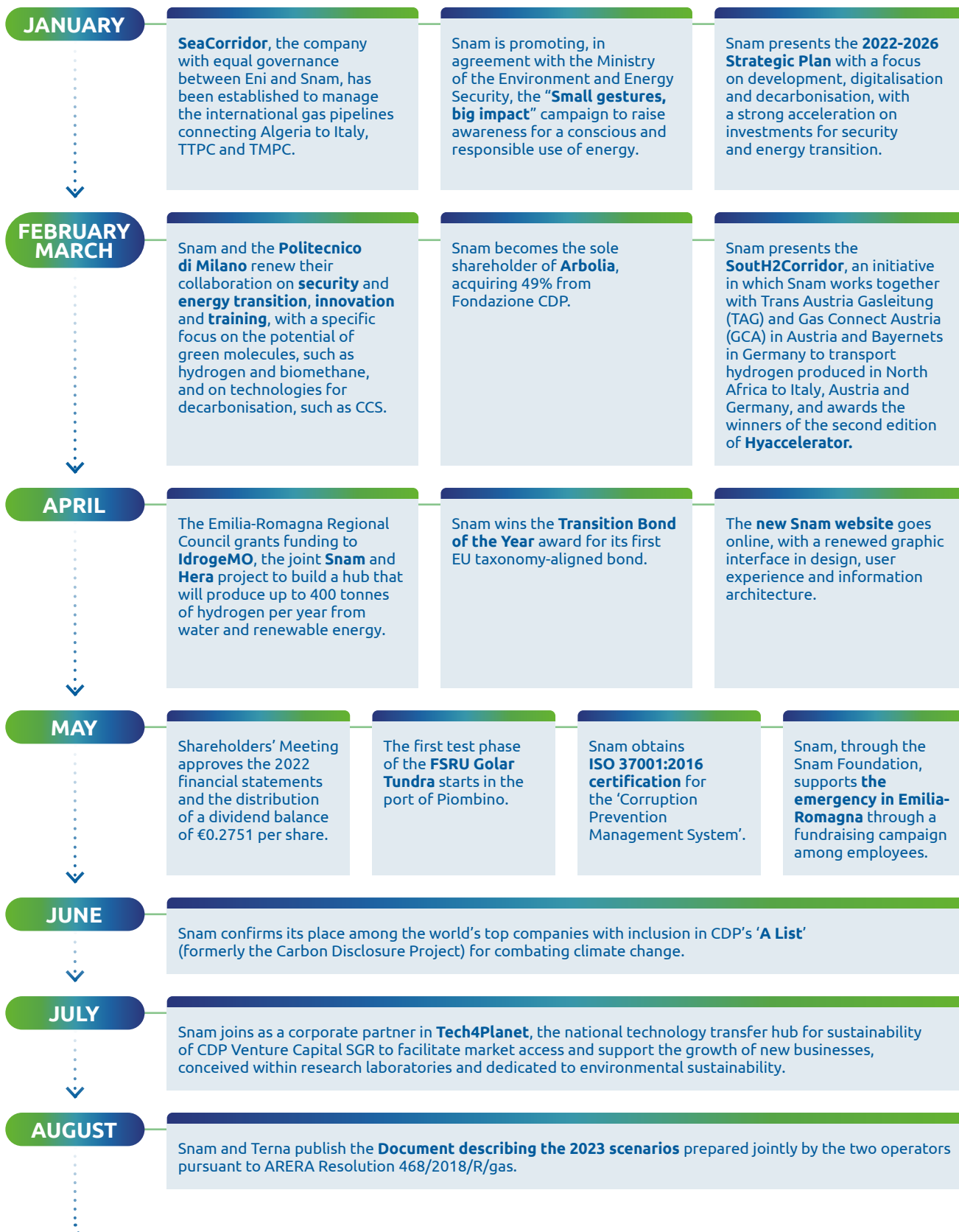
At the same time, it also contributes to Goals 3,4,5 and 10 with actions aimed at environmental protection, the development of cities and sustainable communities, the development of people and the creation of value for stakeholders.

SDGS TO WHICH SNAM CONTRIBUTES





1.2 Key events of the year 2023



SEPTEMBER

As part of the Forum of The European House - Ambrosetti, the **Strategic Study 'Carbon Capture and Storage: a strategic lever for decarbonisation and industrial competitiveness'**, produced by The European House - Ambrosetti in collaboration with Eni and Snam.

Snam announces the successful placement of senior unsecured **EU taxonomy-aligned transition bonds convertible into existing Italgas ordinary shares** totalling €500 million maturing in 2028.

"T.E.C. to the future. Discovering Tomorrow's energy company", the documentary film about SnamTEC, the operations-focused innovation programme with which Snam is building the energy company of tomorrow, lands on Mediaset Infinity.

OCTOBER

Snam presents **Metamorphosis**, an immersive journey inside the Panigaglia plant, captured by the camera of Brescian artist Carlo Valsecchi.

Snam complements its **diversity and inclusion policies** with one dedicated to **"social gender transition"**, making it one of the first companies in the energy sector in Italy to make this kind of commitment.

Greenture, Lidl Italy and LC3 launch a project to promote the development of a **sustainable zero-emission supply chain**.

Snam, Rystad Energy and IGU present the **Global Gas Report 2023**.

Snam, through the Snam Foundation, involves over 500 employees in **volunteer activities to combat food poverty** during the 'Together for others' project.

Snam renews the **Euro Medium Term Notes (EMTN)** programme, confirming its maximum total countervalue at €13 billion to give the company greater flexibility.

NOVEMBER

Snam successfully issues its second €650 million **EU Taxonomy-Aligned Transition Bond** with a 4% coupon, the proceeds of which will be used to finance projects supporting the energy transition.

Moody's Investors Service (Moody's) confirms Snam's longterm rating of Baa2, revising the outlook to negative from stable.

The **South2Corridor** and **Callisto Mediterranean CO₂ Network** projects, in which Snam is involved as a partner, are included in the European Union's sixth list of **Projects of Common Interest (PCI)**.

Snam is the first TSO globally to join **SBTn's (Science Based Target for Nature)** new **Corporate Engagement Programme (CEP)** to assess its impact on nature and achieve a status of positive contribution to the environment.

DECEMBER

Snam obtains the **Gold Standard** under the United Nations **OGMP 2.0 (Oil and Gas Methane Partnership)** protocol for its commitment to reducing methane emissions, with a score of 8.5 out of 9.

Snam takes second place in the **Webranking Europe 500 2023-2024** for corporate and financial digital communication compiled by Lundquist in cooperation with Comprend.

Snam finalises the purchase of the 5 billion cubic metre **"BW Singapore"** floating regasification vessel for the port of Ravenna from BW LNG.

Snam is included for the fourteenth time in S&P's **Dow Jones Sustainability World Index**, with a score of 82/100.

Snam obtains **ISO 50001** certification for **"Energy Management System"**.

2. OUTLOOK



In a global energy scenario that continues to be challenging and volatile, Snam's goal is to ensure the development of an infrastructure capable of managing an increasingly flexible mix of molecules towards carbon neutrality, guaranteeing security, sustainability and competitiveness of energy supplies.

To achieve these goals, Snam plans investments that will be developed along two main lines:

- **Investments in infrastructure** along the entire value chain (construction of the Adriatic Backbone and dual fuel compression stations, upgrading and optimisation of the storage and export system, commissioning of the Ravenna FSRU, development of small-scale LNG and expansion of the LNG/bio LNG and prospective hydrogen station networks);
- **Contributing to decarbonisation** via the Energy Transition platform by developing green gases (hydrogen and biomethane), initiating the Italian and European hydrogen backbone project (South2 Corridor), expanding the Carbon Capture and Storage (CCS) infrastructure, and further enhancing activities to boost energy efficiency.

To support the strengthening of the country's energy infrastructure, the acquisition of FSRU BW Singapore, which will be located off the coast of Ravenna, took place on 4 December 2023. The ship, with a regasification capacity of five billion cubic metres per year, fulfils Snam's commitment to ensure greater security and diversification of energy supplies for the country.

With reference to the current financial year, the economic results are expected to benefit from the increase in revenue due to the growth in RAB, thanks to the investments made, the updating of the WACC and the introduction of the new ROSS (Regulation by Objectives of Expenditure and Service) regulation for transportation.

In a global environment that continues to be volatile, high interest rates will have an incremental impact on financial expenses.. The main levers for optimising the financial structure concern an increasing diversification of financing sources and instruments, as well as the dynamic management of working capital and treasury flows. Snam intends to maintain a solid financial structure, able to maximise the *natural* hedging implicit in the tariff system through periodic revisions of the recognised cost of capital.

With reference to the situation in the Middle East, the conflict in the Gaza Strip does not have a direct impact on Snam's assets and the operation of the pipeline linking Israel and Egypt (EMG), which is operating in an ordinary manner at the moment.

On the other hand, with regard to the recent escalation of maritime attacks in the Red Sea, a prolonged interruption of ship transits (e.g. LNG ships) from the Suez Canal in the current year could give rise to international tensions, with the consequent impact on the prices of energy goods for which Italy, and Europe in general, are heavily dependent on foreign imports. This turbulence could weigh on the world economy, increasing production costs and further affecting national and European economic stability and growth, as well as causing further challenges in managing energy supply sources.

Snam will continue to monitor the evolution of the situation in the Middle East, the possible consequences and the effects on the group; However, with regard to the management of operational activities and the implementation of the investment programme, there are currently no critical issues attributable to these events.

The financial targets for 2024 are confirmed:

- investments of €2.9 billion (of which €2.7 billion in gas infrastructure and €0.2 billion in the energy transition);
- a tariff RAB of €23.8 billion;
- an adjusted net profit of approximately €1.18 billion;
- a net debt level of approximately €17.6 billion.

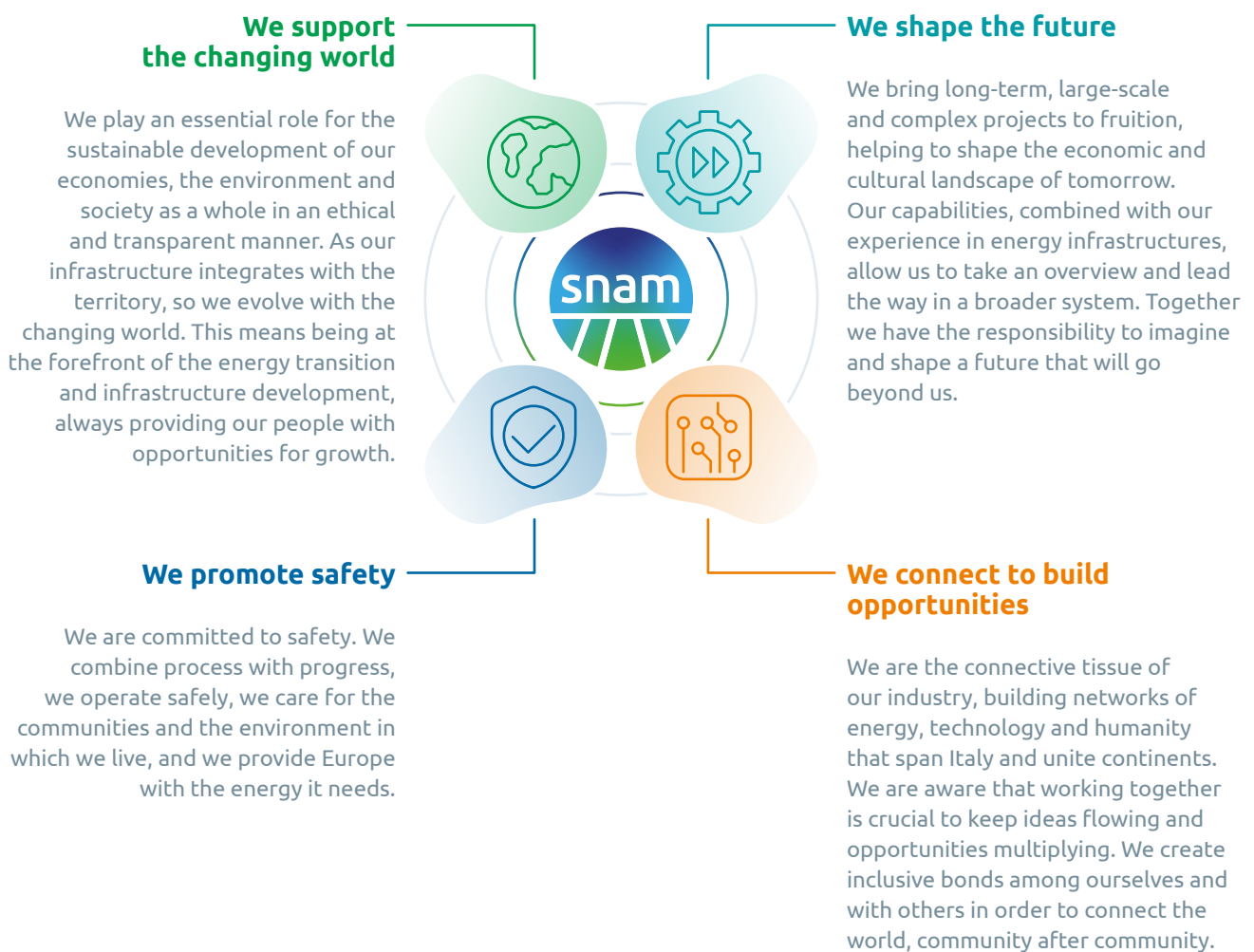


3. SNAM PROFILE



3.1 Between Purpose and Ambition

For some years now, Snam has given itself a very clear **purpose**, “**energy to inspire the world**”, qualifying itself as an enabler committed to transporting what the world needs most to improve itself: energy. A profound, fundamental *raison d’être*, which in the face of the current international situation - which arose with the energy crisis and was exacerbated by the Russian-Ukrainian conflict - has had to be combined with an **ambition** capable of fitting more effectively into its time and tasks. Snam has thus chosen to clarify its commitment to a system of “**energy infrastructures for a sustainable future**”, thanks to which the great challenge of the energy trilemma - to guarantee secure, competitive and environmentally friendly supplies - can be tackled with confidence, fostering the resilience, adaptability and transition of the territories served. In this perspective, the Group’s engineering tradition and its ability to lead the country with competence and responsibility are further enhanced by innovation and the central role of people, becoming the drivers of a harmonious path that, by preserving the balance of the energy system, leads at the same time to the goal of Carbon Neutrality and the subsequent goal of Net Zero. All in the name of unwavering values.



Together with the Group’s **vision**, which intends to lead the evolution of the sector through an increasingly innovative sustainable energy network, purpose and ambition will help Snam to better face the many challenges of the future, from an environmental impact that wants to become positive to the increasingly widespread digitalisation of managed systems, from the concrete connection with local communities to the development of energy transition businesses (biomethane, hydrogen, CCS, energy efficiency and small-scale LNG). These are objectives in which Snam is investing more and more resources, as confirmed by the investments envisaged in the 2023-2027 Strategic Plan, characterised not only by a renewed commitment to infrastructure, but also by a broader sustainability strategy, which embraces the theme of regeneration and biodiversity, and by a relaunch of objectives related to sustainable finance. In this way, Snam intends to enhance the ever deeper integration of ESG parameters - and of the related objectives formalised in the Sustainability scorecard - in its business strategies, continuing to successfully intercept an audience of attentive and sensitive investors.



3.2 Our History

- Business History
- History of Sustainability





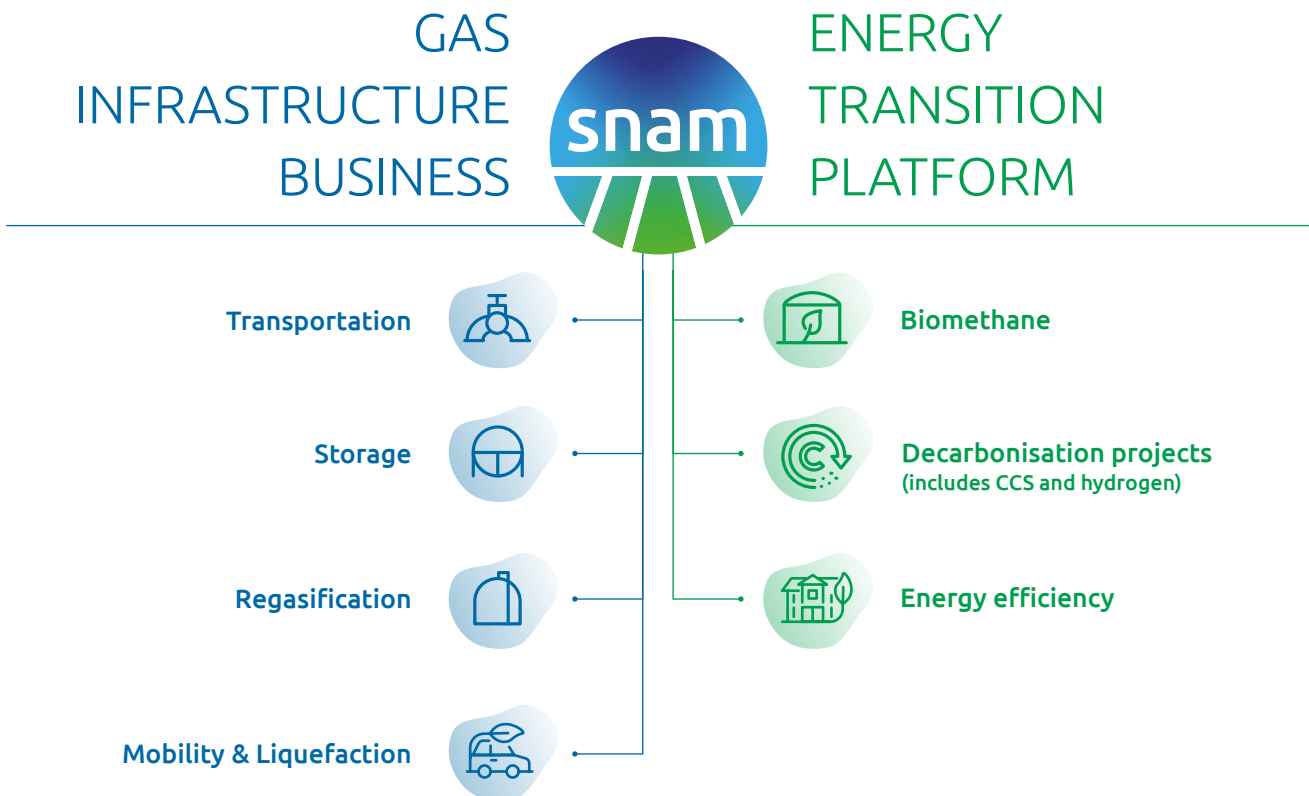


3.3 Snam's businesses

For over 80 years, Snam has been involved in the transportation, dispatching, storage and regasification of natural gas, its core businesses, in the European and national energy context, ensuring energy security.

Aware of the landscape in which it operates, the company has progressively integrated the Energy Transition Platform businesses - biomethane, hydrogen and energy efficiency - into its activities, becoming one of the enablers of the energy transition, which will also play a key role in achieving energy independence.

In a synergetic manner and by leveraging its know-how, sustainability and innovation, all of Snam's businesses, as a whole, will contribute to achieving Snam's emission reduction targets - carbon neutrality by 2040 and zero net emissions by 2050 - and, at the same time, to creating a pan-European multi-molecule infrastructure, i.e. capable of transporting and storing not only natural gas, but also renewable gases such as hydrogen and biomethane, at national and European levels.



3.3.1 Gas Infrastructure Business



Transportation

Through its transportation business, Snam moves natural gas from import points, regasification plants and production and storage centres located throughout the Peninsula, to delivery points located in connection with import lines, to be transported and then delivered to redelivery points connected to local distribution networks and to large industrial and thermoelectric users.

Snam transports natural gas throughout Italy through its gas pipeline network, which, managed by its subsidiary **Snam Rete Gas**, covers the country extensively. In this way, the Group is able to ensure a high degree of safety and environmental sustainability, avoiding road transportation by using pipe transportation, which is more efficient and reliable, but also thanks to Snam's specific know-how, which builds infrastructure in balance with the environment.

To this end, and with a view to guaranteeing nationwide energy distribution and security, the company uses **13 compression plants** located along the national gas pipeline network in order to maintain constant gas pressure along its entire route and thus ensure the regular flow of gas.

In order to supervise and control the activities of the **48 Maintenance Centres** distributed throughout the country, Snam has **8 Districts** and a **Dispatching Centre**, the technological brain of the Italian gas network, which remotely monitors and controls the transportation network and coordinates the compression plants.

Users of Snam's transportation services (so-called shippers) can carry out, through a special IT platform - Jarvis - gas transfers and exchanges in the vicinity of a **Virtual Trading Point (VTP)** of the national network.



In recent years, the existing transportation network has undergone modernisation and retrofitting to become hydrogen-ready (H₂-ready), i.e. capable of transporting increasing percentages of hydrogen. In this regard, as early as 2021, 99% of Snam's methane pipelines are capable of transporting up to 100% hydrogen, thus helping to ensure flexible infrastructures capable of filling gas demand and, at the same time, ensuring diversified and sustainable supplies in the long term, supporting the transition path towards a multi-molecule network.



Storage

Natural gas storage makes it possible to balance the different needs between gas supply and consumption, ensuring continuity of service even in the event of any rapid increase in demand or decrease in supply.

Through its subsidiary **Stogit**, Snam manages **9 storage facilities** that act in synergy with the Company's other transportation and regasification infrastructures, contributing to the country's energy security.

Indeed, storage activity is essential to manage fluctuations in demand linked to seasonal dynamics, representing a strategic solution against unforeseen events or unexpected increases in demand in response to particular weather conditions, and to ensure the availability of the necessary gas quantities in order to compensate for possible interruptions or reductions in non-European supplies, or to overcome temporary crises in the gas system.

In fact, the storage system stores gas during periods of lower demand (typically in the summer period) and then delivers it at times of peak demand or in the event of a shortage or momentary interruption of imports (typically in the winter period).



In line with the 2023-2027 Strategic Plan and similar to the transportation business, the storage system will also be upgraded and optimised, in order to adapt it to the storage of alternative and green gases, including hydrogen.



Regasification

Natural gas can be imported in a gaseous state, through the methane pipeline network, or it can be imported from distant fields in a liquid state (LNG) via LNG carriers, representing a global source that guarantees more energy independence. In addition to liquefaction plants, Floating Storage and Regasification Units (FSRUs) promote greater security and diversification of Italy's energy supply.

Snam, through its subsidiaries **GNL Italia** and **Snam FSRU**, deals with the regasification of liquefied natural gas arriving in the country 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 terminal in **Panigaglia** (La Spezia) is the first operational regasification plant built in Italy. Built in 1971, the plant occupies an area of about 45 thousand square metres and consists of two storage tanks of 50 thousand cubic metres each, vaporisation plants and a landing stage for LNG carriers. The design, construction and operational criteria of the Panigaglia terminal meet strict international standards and employ the latest safety and environmental protection technologies.

In order to promote greater security and diversification of Italy's energy supplies, Snam has purchased two floating units (FSRUs), **Golar Tundra** in May 2022 and **BW Singapore** in December 2023, terminals capable of **storing and regasifying** natural gas, i.e. vessels located close to a port area, on the quayside or offshore, which receive LNG at a temperature of -160°C from other LNG carriers and regasify it (i.e. bring it to a gaseous state) in order to feed it into the national gas transportation network.

In terms of safety, including environmental safety, FSRUs are known, safe and low-impact infrastructures, as well as being equipped with advanced leak detection tools and emergency systems.



There are **48 operational FSRUs worldwide**, 25 of which have an LNG storage capacity of between 160 thousand and 180 thousand cubic metres (source: Shipbroker).

In particular, Snam acquired:

- **Golar Tundra**, moored in the port of Piombino, officially entered into commercial operation in July 2023 with the arrival of the first LNG carrier and the first LNG cargo, following the conclusion of all technical verifications. In the second half of 2026, Golar Tundra is scheduled to be relocated off Vado Ligure, in the province of Savona, about 4 km from the coast, where the FSRU would remain for 17 years;
- **BW Singapore**, located near the coast of Ravenna, is expected to be commissioned in the first half of 2025.

Both floating regasification terminals feature a maximum storage capacity of about 170 thousand cubic metres of liquefied natural gas and a nominal continuous regasification capacity of about 5 billion cubic metres per year.

Within the framework of the 2023-2027 Strategic Plan, Snam intends to invest in the connection works between the FSRUs and the network, in the infrastructure investments required for the relocation of the FSRU Golar Tundra, and in the commissioning of BW Singapore.



Small scale LNG and sustainable mobility

The geo-political dynamics that characterised 2023 confirmed the need, begun in 2022, to rapidly develop and evolve the long-term strategies of energy companies, geared towards ensuring security of supply and infrastructure flexibility.

Unstable gas prices, coupled with the need to pursue and achieve energy independence for Italy, have led Snam to rethink the positioning of its assets, including that of **Greenture** (formerly Snam4Mobility), which has the mission of fostering the energy transition of land, sea and rail transport, as well as off-grid industrial and civil users, through the development of infrastructures mainly supporting the use of Bio C-LNG (Compressed and Liquefied Natural Gas) and H₂ (hydrogen).

The company was established in 2017 with the aim of contributing to the decarbonisation of mobility through the development of a network of L-CNG roadside refuelling stations and the provision of integrated mobility solutions and services.

In the course of 2022/2023, the focus of Greenture's activities is extended, not only to the automotive sector, but also to the construction of midstream infrastructures dedicated to heavy transportation, the shipping and railway sectors, whose development aims to accredit Snam as an infrastructure operator of reference for small-scale projects, including small liquefaction and bunkering units to relaunch the sustainable mobility of trucks and ships in Italy.



As part of the 2023-2027 Strategic Plan, Snam intends to continue developing small-scale LNG infrastructure, expand the networks of LNG and bio-LNG stations and, in the future, hydrogen stations, and adapt regasification terminals, the construction of micro-liquefaction plants and the construction of coastal storage facilities.

3.3.2 Energy Transition Businesses

In view of the need to achieve greater flexibility in the energy system through the development of a multi-molecule, modular, flexible and innovative infrastructure, Snam intends to leverage the Energy Transition platform focused on decarbonisation technologies.



Biomethane

With the work and technical know-how of Bioenerys, Snam is committed to fostering the development of biomethane infrastructures, as well as the disseminating the use of biomethane throughout Italy, contributing to the creation of value, the promotion of the country's energy transition and the achievement of decarbonisation targets.



In 2023, Bioenerys is a leading player on an industrial scale, with 36 plants in operation¹ by the end of 2023, equivalent to 41 MW of biomethane and biogas capacity.



Biomethane is a renewable and sustainable energy source that can be used in a **flexible, programmable and efficient** manner, contributing significantly to the achievement of European and national emission reduction targets. Given its characteristics, green gas can be injected into existing infrastructures, creating significant economic and environmental benefits.

As part of the 2023-2027 Strategic Plan, Snam intends to accelerate the development of biomethane, expanding its production from agricultural waste and organic waste, also thanks to collaboration with leading companies in the relevant sectors, from which Snam will acquire new expertise, with the goal of building infrastructure and plants with an installed capacity of about 80 MW and an expected production of about 135 million m³ per year by 2027.

¹ The data includes the Marsala plant in the commissioning phase.



Decarbonisation Projects

Established in 2022, the **Decarbonisation Projects** function manages Snam's **hydrogen** and **carbon capture and storage projects**, with the aim of accelerating their development and deployment as key levers in ensuring the achievement of European and global decarbonisation goals.

In fact, hydrogen represents a clean energy source as it does not generate emissions of carbon dioxide or other harmful or climate-changing gases in its uses and it is suitable for use in industrial applications (thermal, feedstock and fuel cells) as well as in sustainable mobility (trains, refuelling stations for light and heavy vehicles, airports) and, in particular, in "hard-to-abate" sectors. In light of the potential arising from the use of hydrogen, Snam intends to move by 2027 from an **H2-ready** perspective to an **H2-proof perspective**, i.e. from verifying the compatibility of the Group's assets with hydrogen transportation and storage to defining technical standards for gas transportation, conducting physical tests and fostering the development of the sector and investing in hydrogen-integrated projects. With this in mind, participation in working tables, such as those with the **European Pipeline Research Group (EPRG)**, and collaboration with other entities active in the sector, including dCarbonX and De Nora, will enable the commitments set out in the 2023-2027 Strategic Plan to be fostered and realised. Furthermore, considering the future prospects, which see increasing volumes in hydrogen demand, the Company has continued to invest in its long-term strategy for infrastructure development, and, in particular, in the **SouthH2 Corridor**, the hydrogen backbone that will cross the entire country, connecting North Africa to the rest of Europe.

At the same time, CCS represents a further opportunity for the decarbonisation of the most carbon-intensive sectors or where carbon input is tied to the production process and therefore cannot be replaced by alternative energy sources.

Leveraging public funding as well, Snam intends to be at the forefront in the development of CO₂ transport and storage infrastructure, for instance through investments in the Ravenna CCS project, the first of this magnitude in Italy, arising from the collaboration with Eni, and included in the European Commission's Projects of Common Interest (PCI) list.



With a view to assessing market opportunities for the development of hydrogen and CCS, in February 2024 Snam launched a **market test** on the demand for hydrogen in Italy and a non-binding collection of expressions of interest for the transportation and storage of CO₂ at the Ravenna site. Through the analysis of the data and information collected in the questionnaires that will be provided to interested companies, Snam will be able to plan the development of hydrogen and CCS supply chains in Italy.



Energy efficiency

Energy efficiency plays a central role in the fight against climate change and in the development of sustainable and competitive economic systems, fostering decarbonisation and economic and social development, and promoting innovation on a technology-neutral basis. Energy efficiency measures allow energy to be used more rationally, reducing consumption and thus energy and environmental costs for citizens, businesses and public bodies.



With this in mind, the European Union has identified energy efficiency as one of the three pillars of its Clean Energy for all Europeans strategy, with a target of improving efficiency to 2030 by 32.5% compared to 1990 levels. Access to national and local incentives and forms of direct investment by third parties increases the economic sustainability of efficiency measures.

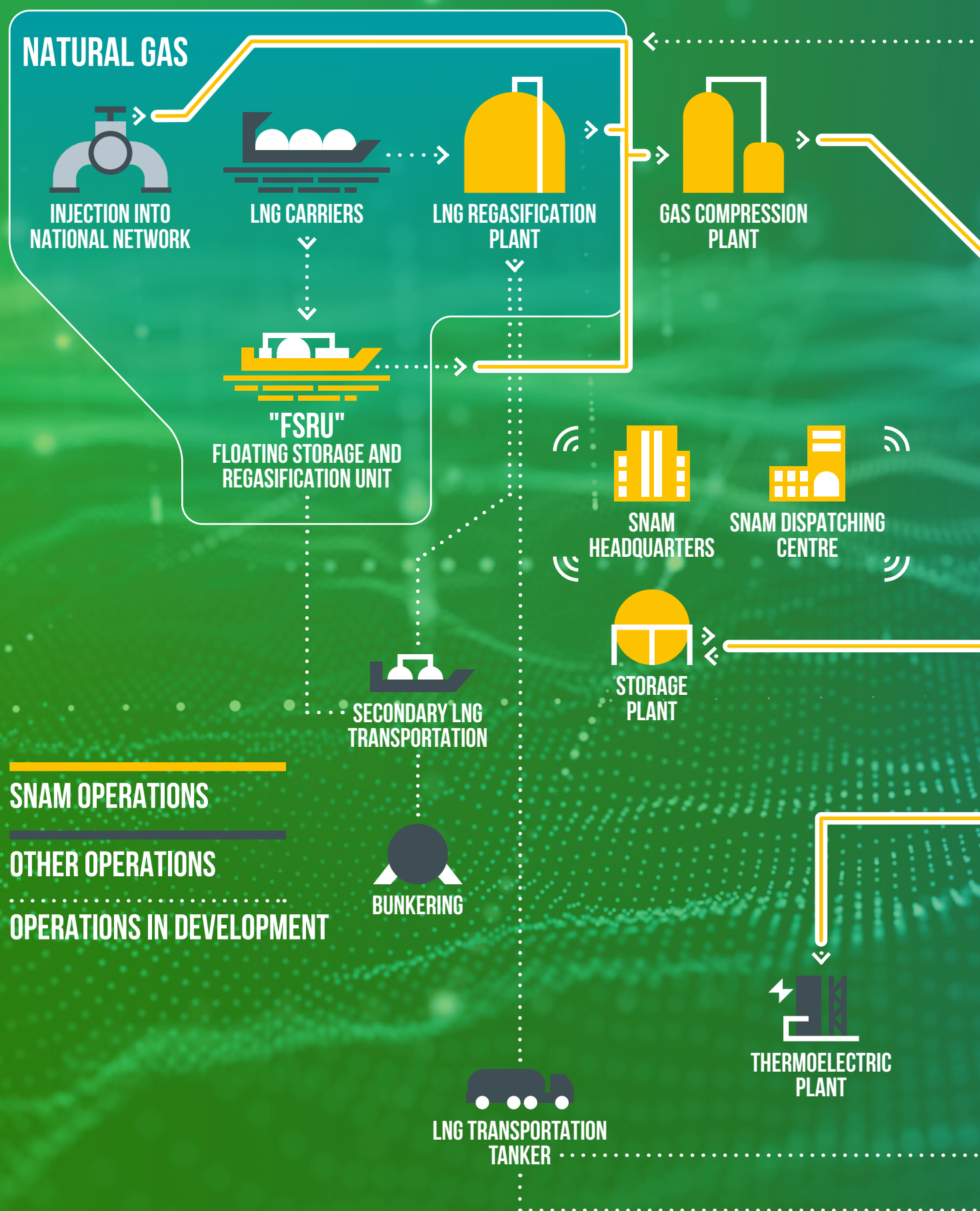
Today, Snam is one of Italy's leading operators in energy efficiency services in the residential, industrial, tertiary and public administration sectors, all through its subsidiary **Renovit**, which was established in 2021 by Snam and CDP Equity and became a B-Corp at the beginning of 2022 and a Benefit Company from 2023. Through its subsidiary Renovit, Snam offers innovative energy efficiency solutions to its customers by investing directly in decarbonisation, digitalisation and also by promoting self-consumption.

As part of the 2023-2027 Strategic Plan, Snam will invest in the development of Renovit's portfolio towards customers in the public and industrial sectors, leveraging the company's established technical expertise.

For more information on Snam's individual businesses, please refer to the chapters "Business Model and Strategic Plan, The Energy Infrastructure for a Sustainable Future: the 2023-2027 Strategic Plan" and, for separately disclosed businesses, in the chapter "Operating Performance by Business Segment" from the Directors' Report. In Annex 4 - Data and Performance Indicators from the Non-Financial Statement 2023, sustainability performance is shown.



3.4 The world of gas



THE HYDROGEN NETWORK IS 99% READY

HYDROGEN

TESTING OF USE AND TRANSPORTATION IN THE NETWORK

HYDROGEN GENERATION PROCESSES



CARBON CAPTURE AND STORAGE (CCS) PROJECTS

CARBON DIOXIDE



- Animal droppings
- Specific crops
- Agricultural by-products
- OFMSW
- Food industry waste

BIOGAS/BIOMETHANE



FOOD



DIGESTATE
High-quality
agricultural fertilizer

CROPS

ELECTRICITY



ELECTRICITY GRID

HEAT



DISTRICT HEATING

CO₂



FOOD INDUSTRY

COGENERATOR

BIOMETHANE
UPGRADING



COMPRESSION
SYSTEMS



REDUCTION STATION

ENERGY EFFICIENCY



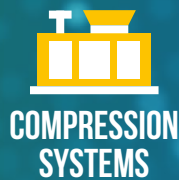
RESIDENTIAL
USE



INDUSTRIAL
USE



SERVICE
SECTOR USE



METHANE
FILLING
STATION



LNG
FILLING
STATION



MICRO-LIQUEFACTION
PLANT



NFS 3.5 Group structure at 31 December 2023

ENERGY TRANSITION

BIOMETHANE / BIOGAS

Bioenerys S.r.l. 100%

BIOMETHANE - AGRI

Bioenerys Agri S.r.l. 100%

- › Agriwatt Castel Goffredo Società Agricola a r.l. **100%**
- › Bietifin S.r.l. **100%**
- › Biogas Brusio Società Agricola a r.l. **99.90%**
- › BYS Società Agricola Impianti S.r.l. **100%**
- › Emiliana Agroenergia Società Agricola S.r.l. **100%**
- › Maiero Energia Società Agricola a r.l. **100%**
- › Moglia Energia Società Agricola a r.l. **100%**
- › MST S.r.l. **100%**
- › MZ Biogas Società Agricola a r.l. **99.90%**
- › Società Agricola Agrimetano S.r.l. **100%**
- › Società Agricola Agrimetano Pozzonovo S.r.l. **100%**
- › Società Agricola Agrimetano Ro 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% Bioenerys Agri 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%**
- › Soragna Agroenergia Società Agricola S.r.l. **100%**
- › Zibello Agroenergia Società Agricola S.r.l. **100%**

BIOMETHANE - WASTE

Bioenerys Ambiente S.r.l. 100%

- › Biowaste CH4 Anzio S.r.l. **100%**
- › Biowaste CH4 Group S.r.l. **100%**
- › Biowaste CH4 Foligno S.r.l. **100%**
- › Biowaste CH4 Genova S.r.l. **100%**
- › Biowaste CH4 Legnano S.r.l. **100%**
- › Biowaste CH4 Toscana S.r.l. **100%**
- › CH4 Energy S.r.l. **100%**
- › BYS Ambiente Impianti S.r.l.
- (55% Renerwaste Lodi S.r.l. - 45% Bioenerys Ambiente S.r.l.)
- › 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%**
- › Renovit Public Solutions 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%



GAS INFRASTRUCTURE

TRANSPORT

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%

STORAGE

Stogit S.p.A. 100%

REGASIFICATION

GNL Italia S.p.A. 100%

Snam FSRU Italia S.r.l. 100%
› FSRU I Limited 100%
› Ravenna LNG Terminal S.r.l. 100%

MOBILITY & LIQUEFACTION

Greenture S.p.A. 100%

› Cubogas S.r.l. 100%

OTHER

Gasrule Insurance D.A.C. 100%

Snam International B.V. 100%

VALUED USING THE EQUITY

NATIONAL INVESTMENTS:

Ecos S.r.l. **33.34%**
Industrie De Nora S.p.A. **21.59%**
Italgas S.p.A. **13.473%**
OLT Offshore LNG Toscana S.p.A. **49.07%**
SeaCorridor S.r.l. **49.90%**
Zena Project S.p.A. **35.93%**

INTERNATIONAL INVESTMENTS:

AS Gasinfrastruktur Beteiligung GmbH **40%**
dCarbonX Limited **50%**
East Mediterranean Gas Company S.A.E. (EMG) **25%**
Galaxy Pipeline Assets HoldCo Limited **12.327%**
Interconnector Limited **23.68%**
Interconnector Zeebrugge Terminal B.V. **25%**
Teréga Holding S.A.S. **40.50%**
Trans Adriatic Pipeline AG (TAP) **20%**
Trans Austria Gasleitung GmbH (TAG) **84.47%**
Senfluga Energy Infrastructure Holdings S.A. **54%**

The changes in the scope of consolidation of the Snam Group at 31 December 2023 compared to 31 December 2022 concerned the acquisition:

- (i) by the subsidiary Bioenerys Agri S.r.l. of:
 - 100% of the capital of five companies² active in the production of electricity using agricultural waste and biomass;
 - 100% of the capital of Bietifin S.r.l., a company that provides technical assistance to companies operating biogas plants;
 - 100% of 2 companies³ owning power generation plants using agricultural waste and biomass, as part of the sale of Iniziative Biometano S.p.A.;
- (ii) by the subsidiary Bioenerys Ambiente S.r.l.:
 - 100% of the capital of 2 companies⁴ owning plants for the production of biomethane from FORSU;
 - by Snam FSRU Italia S.r.l. of FSRU I Limited, the company that owns the Floating, Storage and Regasification Unit (FSRU) "BW Singapore";

Changes in the scope of consolidation also concerned:

- (iv) the merger by incorporation of Golar LNG NB13 Corporation, owner of the floating unit (FSRU) "Golar Tundra", into Snam FSRU Italia S.r.l.;
- (v) the sale of Iniziative Biometano S.p.A., a company 51% owned by Snam through its wholly-owned subsidiary Bioenerys S.r.l., as well as 4 companies⁵ controlled by the same Iniziative Biometano S.p.A.

2 The following companies were acquired: 1) Agriwatt Castel Goffredo Società Agricola a r.l., 2) Società Agricola Agrimetano Pozzonovo S.r.l., 3) Società Agricola Agrimetano Ro S.r.l., 4) Soragna Agroenergie Società Agricola S.r.l., 5) Zibello Agroenergie Società Agricola S.r.l.

3 The following companies were acquired: 1) Moglia Energia Società Agricola a r.l., 2) MST S.r.l..

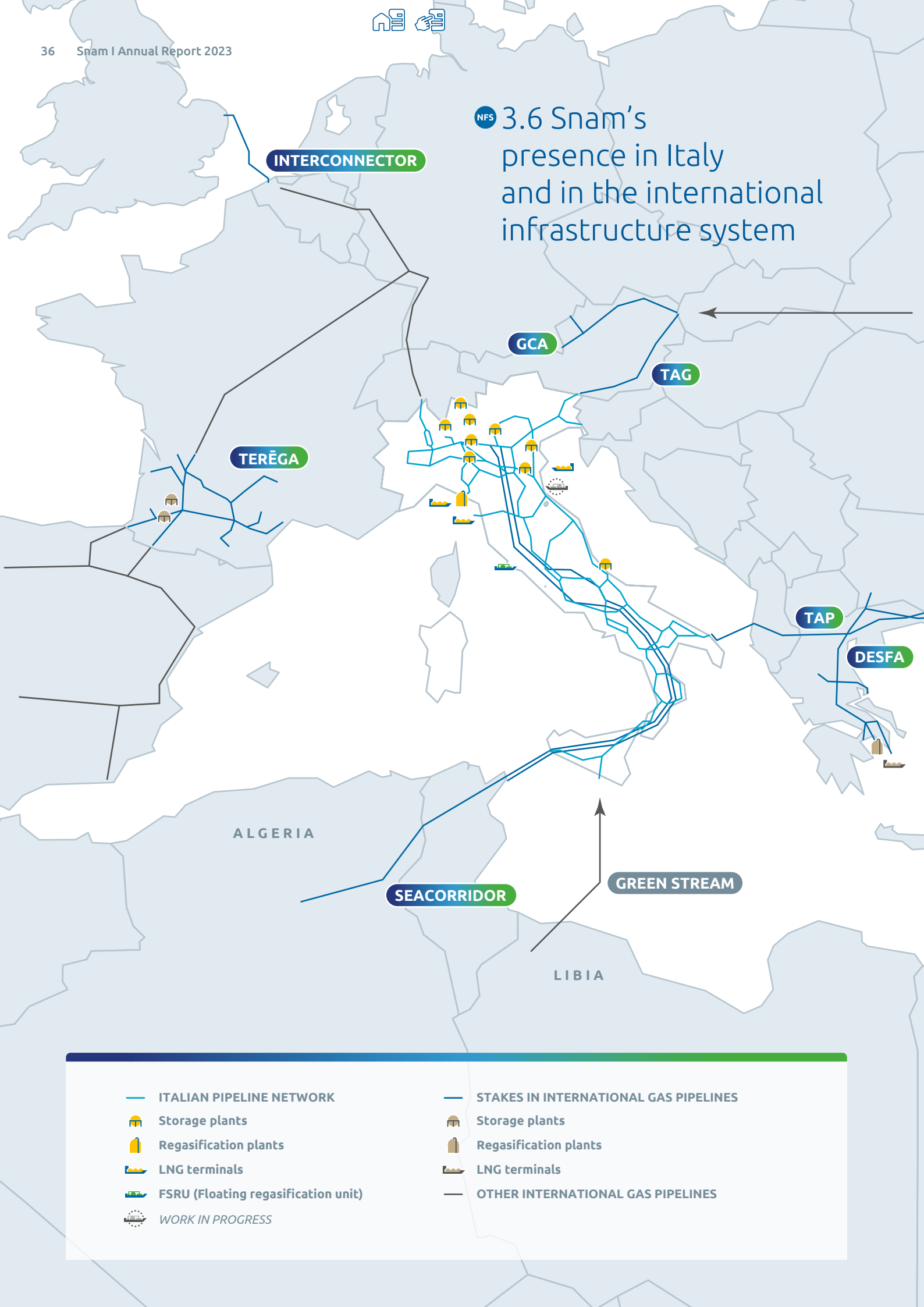
4 The following companies were acquired: 1) Biowaste CH4 Legnano S.r.l., 2) CH4 Energy S.r.l..

5 The following companies were sold: 1) Ca' Bianca Società Agricola a r.l., 2) EBS Società Agricola a r.l., 3) Motta Energia Società Agricola a r.l., 4) Società Agricola Ariano Biometano S.r.l.



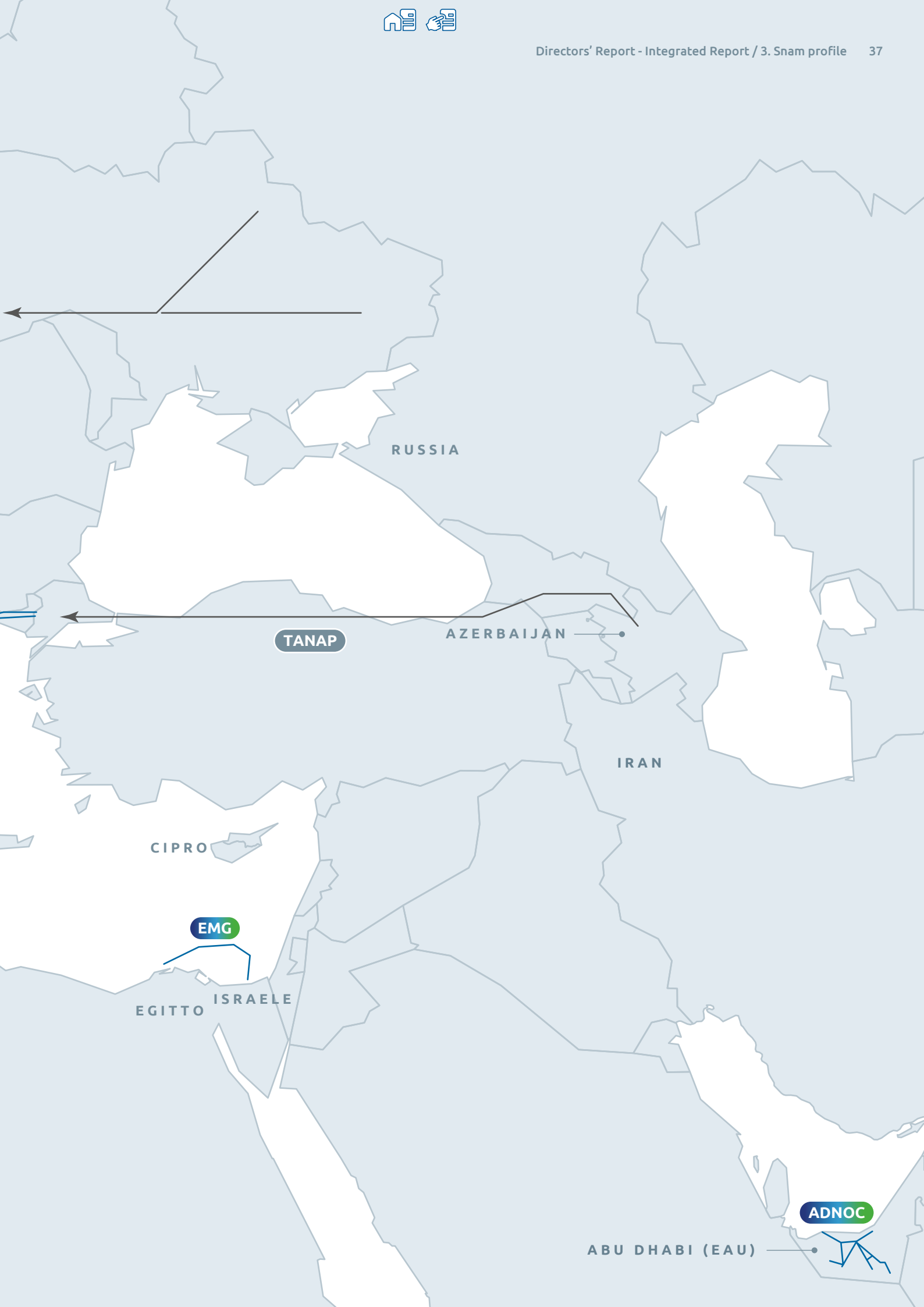


NFS 3.6 Snam's presence in Italy and in the international infrastructure system



- 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



4. BUSINESS MODEL AND STRATEGIC PLAN

NFS

TCFD



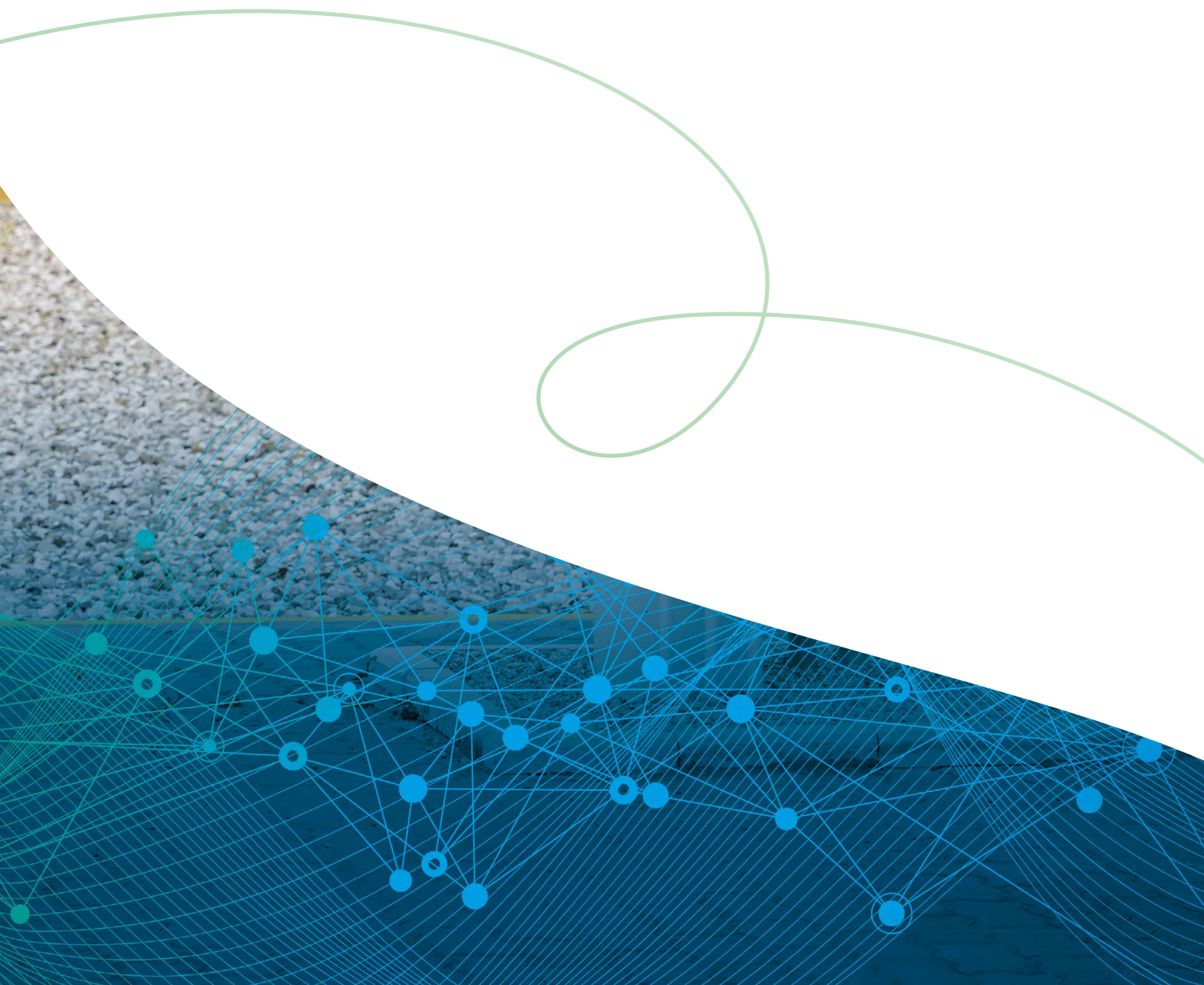
4.1 Creating sustainable value: Snam's business model

Sustainable growth, transparency, valorisation of talent and diversity, protection and social development of territories, also thanks to the work of Fondazione Snam, are the elements that characterise Snam's business model, which, in turn, is based on the Group's **purpose, vision, mission and values**.

In Snam's business model, the regulated sector businesses (transportation, storage and regasification of natural gas) coexist with the energy transition businesses (biomethane, hydrogen and CCS, and energy efficiency). Similarly, the business plan and ESG objectives are interconnected with the goal of making a concrete contribution to achieving the Sustainable Development Goals defined by the United Nations.

This model pursues **sustainable success by creating long-term value** for shareholders, while also considering the interests of relevant stakeholders of the Company.

The Company's recent repositioning and the actions set out in the new plan ensure that the Group is well placed to seize the opportunities arising from the energy transition. This is also thanks in part to the increasing digitalisation of processes and the skills developed by Snam's people – the enablers of its corporate values.





AMBITION

- 1 **GREEN TRANSITION**
- 2 **MULTI-MOLECULE INFRASTRUCTURE**

Developing an **energy transition platform** to achieve system decarbonisation and sustainable growth through inclusive pathways of change.

- 3 **CARBON NEUTRALITY**

Decarbonize the core business in line with Snam's path towards **Net Zero**, while collaborating with suppliers to promote the sustainability of the entire value chain.

- 4 **BIODIVERSITY AND REGENERATION**

Leveraging each new infrastructure project to have a positive impact on **nature** and the **local environment**, following a science-based approach.

- 5 **PEOPLE**

Valuing all Snam People, fostering professional growth and providing comprehensive assistance..

- 6 **LOCAL COMMUNITIES**

Continue to generate value for local communities, acting as a System Operator, paying attention to the needs of the local area.

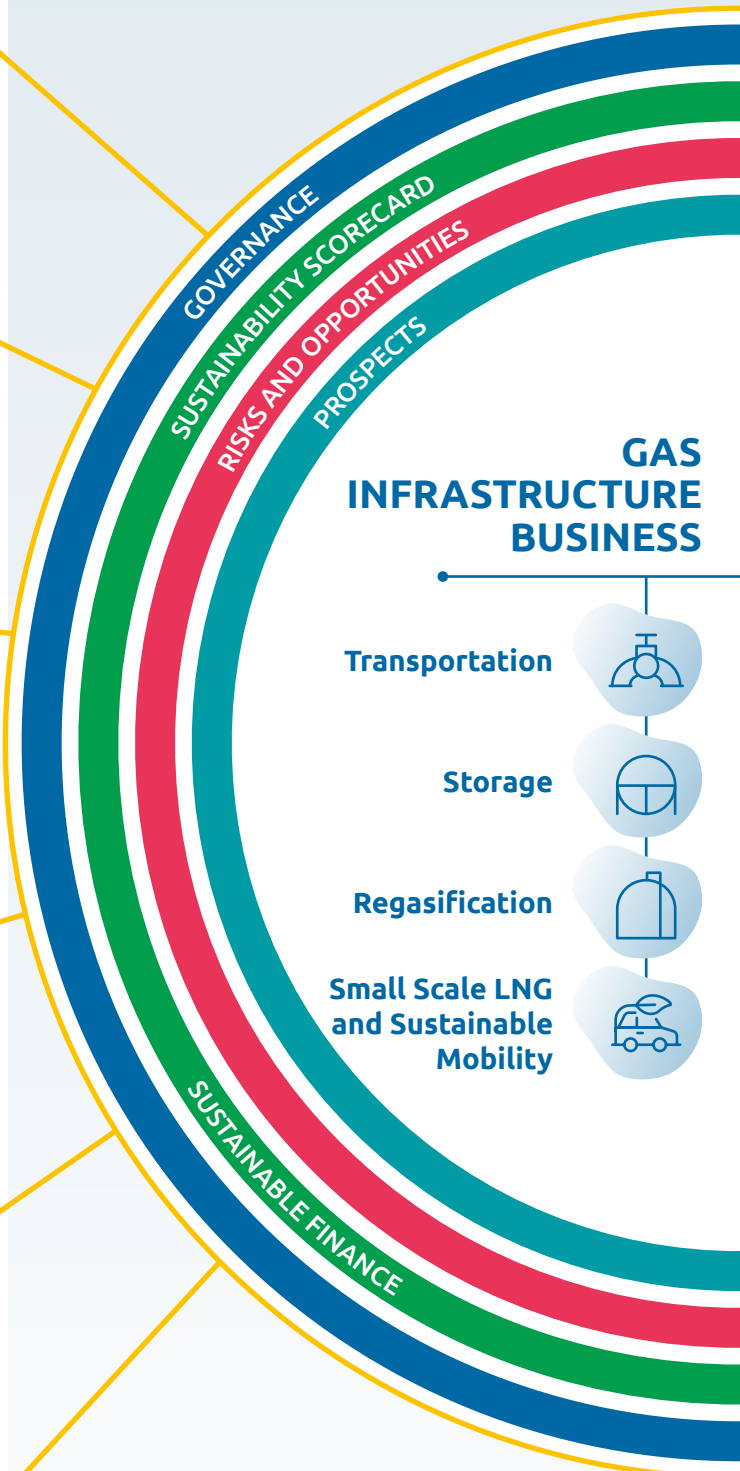
- 7 **TRANSFORMATIVE INNOVATION**

Spread a culture of **innovation** among all Snam People to maximise the effectiveness of technology, improving the safety and reliability of assets, sustainability and the value chain.

EXTERNAL

PURPOSE

7 PILLARS OF THE SUSTAINABILITY FRAMEWORK



WE CONNECT
TO BUILD
OPPORTUNITIES

WE PROMOTE
SAFETY

→ OUR PEOPLE

→ CREATION, PRESERVATION OR





MAIN KPI FOR MEASURING OUTCOMES

PILLAR	IMPACTS	MAIN KPIs	FURTHER INSIGHTS
GREEN TRANSITION	Capture and storage of climate-changing emissions through carbon capture and storage (CCS) technologies and offsetting of climate-changing emissions through reforestation activities	€65 million investment related to phases 1 and 2 of the Ravenna CCS project, which will allow the storage of 4 Mton/yr of CO ₂ by 2030 ¹	NFS, General Information, Strategy - The Sustainability Scorecard
	Supporting Italy's energy transition through the spread of energy carriers with a low environmental impact (biomethane, hydrogen)	102.9 ktCO ₂ e emissions avoided ² 24.4 Mscm of biomethane production ³	NFS, Environmental Information - Climate Change
MULTI-MOLECULE INFRASTRUCTURE	Availability of infrastructure to ensure security of supply and diversification of sources	99.9% operational availability of transported gas ⁴ 1,513 km of certified H2-ready network ⁵	NFS, General Information, Strategy - The Sustainability Scorecard
	Service continuity and reliability through proper maintenance and constant monitoring of the integrity of Snam's infrastructure	1,904 km of network inspected with intelligent PIGs	NFS, General Information, Relations with Authorities and Quality of Services
		10,596 km of network controlled for leak detection 4,531 km of network with geological surveys ⁶	NFS, Social Information - Energy Security and Accessibility
CARBON NEUTRALITY	Capture and storage of unavoidable climate-changing emissions through carbon capture and storage (CCS) technologies and offsetting of climate-changing emissions through reforestation activities	63% of energy from renewable sources out of total electricity consumed ⁷	NFS, General Information, Strategy - The Sustainability Scorecard
		-10% reduction in GHG Scope 1 and Scope 2 emissions (vs. 2022) ⁷	NFS, Environmental Information - Climate Change
		-56.67% reduction in natural gas emissions	
		+18% increase in GHG Scope 3 emissions (vs. 2022)	
	Supporting the development of Snam's suppliers through initiatives to involve them in the path towards the energy transition of the country system, with a "just transition" perspective	23% spent on suppliers with a decarbonisation plan ⁸	NFS, General Information, Strategy - The Sustainability Scorecard
		35% spent on suppliers with ESG criteria in scoring models ⁹	NFS, Environmental Information - Climate Change
		243 suppliers involved in the CDP Supplier Engagement Rating	NFS, Social Information - Sustainable Supply Chain
BIODIVERSITY & REGENERATION	Protecting the natural ecosystem through urban reforestation and regeneration projects in the areas where Snam operates	Zero Net Conversion by 2040 ¹⁰	NFS, General Information, Strategy - The Sustainability Scorecard NFS, Environmental Information - Biodiversity and Ecosystems
		Net Positive Impact by 2027 ¹¹	
		99.9% vegetation restoration of natural and semi-natural areas impacted by pipeline construction ¹² 82,000 thousand trees planted by 2020	
PEOPLE	Increased health and safety awareness as a result of training and awareness-raising activities provided to Snam employees and contractors	-22% IpFg ¹³ (vs. 2022)	NFS, General Information, Strategy - The Sustainability Scorecard NFS, Social Information - Own labour force
	Development of a corporate culture based on the principles of ethics and integrity	966 hours of training on Code of Ethics, Anti-Corruption and Model 231	
	Development of the skills and professional growth opportunities of Snam employees through continuous and targeted training plans	37 average hours of training per employee	
		2,901 employees evaluated in Performance Management	
	Development of an inclusive working environment that contributes to increasing the motivation of Snam employees	84% employee engagement index ¹⁴	
		26% women in executive and management positions ¹⁵	
	Snam employees' well-being and work-life balance through appropriate welfare plans	58% of participants in welfare initiatives ¹⁶	

PILLAR	IMPACTS	MAIN KPIS	FURTHER INSIGHTS
LOCAL COMMUNITIES	Support and economic development of communities in the area through social initiatives, beneficial activities and sponsorships	5,970 hours dedicated to Snam Foundation activities for support to local communities from employees	NFS, General Information, Strategy - The Sustainability Scorecard NFS, Social Information - Local Community Relations
		0.4% benefits for local communities on regulated revenues ¹⁷	
		€1,451 million value disbursed to local communities ¹⁸ 12 Snam Foundation initiatives for the region related to energy, education and food poverty	
TRANSFORMATIVE INNOVATION	Supporting the economic development of Snam value chain actors through the sustainable economic performance Snam has achieved over time	Approximately €6,902 million value of production from Snam's domestic procurement	NFS, Social Information - Sustainable Supply Chain
		€2,651 million of added value from Snam's domestic procurement	
		33% spent on local suppliers (SMEs in Italy) out of the total procured	
	Improvement of the service offered through the development of digital technologies and the promotion of research and development activities in the field of innovation and security that enable effective management of infrastructure and resources	3.3% investment in innovation relative to revenue ¹⁹	NFS, General Information, Strategy - The Sustainability Scorecard NFS, General Information, Innovation, digitalisation and cyber security
		11 accelerated start-ups after PoC ²⁰ 100% digitalised processes out of total ²¹ 10% processes with artificial intelligence out of the total ²²	

- Cumulative figure for the period 2023-2027 net of contributions, dilution and goodwill due to Eni. CapEx invested according to i) the business plan agreed between Snam and Eni, referring to the development of the storage facilities of the Ravenna CCS Project during phases 1+2 (experimental phase and industrial phase), and ii) the business plan developed solely by Snam, referring to the development of the onshore transportation system of Ravenna CCS via pipeline.
- Emissions avoided through the biomethane and energy efficiency businesses. It calculates the CO₂e emissions avoided by Renovit's energy saving measures on residential, industrial, tertiary and public administration buildings and CO₂e avoided by using biomethane produced by Bioenerys instead of fossil gas. The latter contribution is evaluated by multiplying the biomethane volumes (scm) by its lower heating value (LHV or PCI, GJ/1000 scm) and the emission factor of natural fossil gas (from Ispra, tCO₂/TJ), indicating the emissions that would have occurred with the use of fossil gas (compared to the use of biomethane).
- Biomethane production by Bioenerys. The figure corresponds to gross biomethane production (compared to net production used in previous years). The final performance for 2023 includes 7.9 MMscm related to biomethane plants (ex-IES Biogas) that were removed from SNAM's perimeter in October 2023 (and will no longer contribute in 2024); therefore using the same perimeter, in 2023 the result would be 16.5 MMscm.
- The target was renamed. In previous years it was "Percentage level of reliability of gas supply". The perimeter of the target refers to Snam Rete Gas. The target is calculated as: (Volume of gas injected into the transmission network - Allocated transportation capacity made unavailable) / Volume of gas injected into the transmission network.
- Certification of the suitability of existing network materials for the transportation of H₂, in accordance with the applicable requirements given in report P0027355-1-H₂, defined according to the methodology described in RINA document GUI.16 'Guide for Technology Qualification Processes' dated 15.12.2016 and based on ASME standard B31.12 'Hydrogen Piping and Pipelines' (2019 edition).
- Activity performed on four-year cycles.
- The target refers to the perimeter of the regulated sector, excluding FSRU for 2023.
- The target refers to the product categories related to the 'Top Emitters' (year by year) for which the decarbonisation plan was provided. The perimeter of the target corresponds to: Snam, SRG, GNL Italia, Stogit, Enura, FSRU Italia, Greenture and Cubogas.
- The perimeter refers to: Snam S.P.A., Snam Rete Gas, Gnl Italia, Stogit, Enura, FSRU Italia, Greenture and Cubogas.
- The target refers to Zero Net Conversion activities for land use, and in particular to all infrastructure projects, i.e. Snam's direct activities. The target is aligned with the guidelines of the Science Based Target for Nature (SBTN) framework, in force since 2023.
- The target is aligned with the guidelines of the Science Based Target for Nature (SBTN) framework, in force since 2023. The target refers to areas at high risk of biodiversity where 'nature positive' solutions will be adopted through initiatives to restore or protect the landscape. The target includes a minimum of two initiatives for at least one high biodiversity risk area.
- The target refers to the transportation perimeter. The target is calculated by estimating the difference between the ante-operam phase and the execution phase and places special emphasis on the restoration of vegetation along the kilometres of the pipeline route that pass through natural and semi-natural areas.
- 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 (IF and IQ). The perimeter refers to employees of both regulated and non-regulated businesses and only of regulated businesses for contractors, excluding non-regulated businesses. The scope of analysis will include, if any, companies acquired after 6 months of their acquisition.
- The figure is calculated from the results of the annual employee engagement survey, in which answers are given on a scale of 1 to 5 or 1 to 10, which are then converted to a scale of 0 to 100. The reported value corresponds to the average engagement rate. All Snam employees participate in the survey, with some for employees who resigned shortly after the survey, interns, consultants and temporary workers without a contract of employment with Snam.
- Percentage of the gender distribution of the group's executive management, consisting of C-level positions, executive vice presidents (EVPs) and middle management (directors, executives and managers). Perimeter related to Snam S.P.A. Snam Rete Gas, Greenture, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, Ies Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP.
- The target is calculated as the percentage of employees participating in at least one welfare initiative. All employees are invited to participate in welfare initiatives. As of December 2021 and January 2022, new acquisitions are included in the scope of the target through progressive integration.
- The target refers to the perimeter of the regulated sector. Based on the 'Distributed Added Value' methodology already in use, the formula sums up (i) direct donations, sponsorships and offsets (from the income statement), (ii) contributions to Arbolia and the Snam Foundation, (iii) contributions to Italian start-ups, and (iv) offsets and mitigations (CapEx), divided over the sum for regulated revenues. With reference to the item "Offsets and mitigations (CapEx)", the SRG and STOGIT items "Environmental Offsetting Charges" and "Greening" are included. The figure as at 2023 is to be considered partial. Starting in 2024, Snam will undertake to track all these items and have as accurate a figure as possible.
- Based on the 'Distributed Added Value' methodology already in use, the formula sums the following items (i) direct donations, sponsorships and offsets (profit and loss account), (ii) contributions to Arbolia and the Foundation, (iii) contributions to Italian start-ups, (iv) offsets and mitigations (CapEx), (v) Dividends from Italian retail investors, (vi) Salaries, (vii) Suppliers of Italian SMEs and (viii) Local taxes (including TARI, IMU and IRAP).
- The figure takes into account capital and operating expenditure for transformative innovation, divided into 'Open Explorative Innovation', which is related to R&D projects, venture capital, pilot projects and feasibility studies, and 'Proven Exploitative Innovation', which includes investments in existing innovation projects and SnamTEC. The value of CapEx and OpEx is divided by the total revenues for the year to obtain the percentage of revenue.
- Proof of Concept. The KPI considers the number of accelerated/scaled-up start-ups, after the development of a Proof of Concept, if applicable. The figure is cumulative for the period 2022-2027. By 2023, 22 Proof of Concepts had been made.
- Percentage of processes already digitalised.
- Number of IT applications that use or are supported by AI out of the total number of IT applications.



NFS 4.2 Energy infrastructure for a sustainable future: 2023-2027 Strategic Plan

With the new Strategic Plan, Snam intends to develop a pan-European multi-molecule energy infrastructure for a sustainable future, through the retrofitting and continuous modernisation of the network, to accommodate increasing volumes of decarbonised molecules in the future, as well as through innovation and technology. Complementing this, Snam plans to continue to develop and invest in the energy transition platform, i.e. in biomethane, hydrogen and CCS and energy efficiency, adopting a technology-neutral approach. At the same time, investments in sustainability and transformative innovation, the two strategic levers enabling the achievement of the goals of the Strategic Plan and the Decarbonisation Strategy, will continue.

In light of the challenges and volatility that still remain in the global energy context, Snam intends to leverage its know-how and geographical positioning as a bridge between the Mediterranean and Europe, to move **from ambition to transition** and create an **energy infrastructure for a sustainable future**.

Despite the tensions of the energy crisis that have impacted Europe over the past three years, at present these tensions appear to have largely subsided. As the energy system remains fragile, it is a priority to continue to respond in a balanced manner to the challenges of the **energy trilemma**, ensuring **security**, sustainability and competitiveness of gas **supply**, as well as **diversification of sources**.

Further challenges are related to achieving the increasingly stringent **decarbonisation targets**. **Technological neutrality** and **innovation**, through targeted investments in decarbonised molecules and the development of improved and digitalised infrastructure, will be key levers for their achievement.

In this context, evolution and support at the **regulatory and normative** level are necessary to facilitate the transition.



The current scenario shows that the energy transition must make and maintain the energy system flexible and resilient, as well as decarbonise it. To this end, the transition needs to be inclusive and cost-efficient.

It is on this basis that Snam has defined the **2023-2027 Strategic Plan**, which highlights the distinctive characteristics of the Group as a strategic player in the realisation of the energy transition, not only at national level.

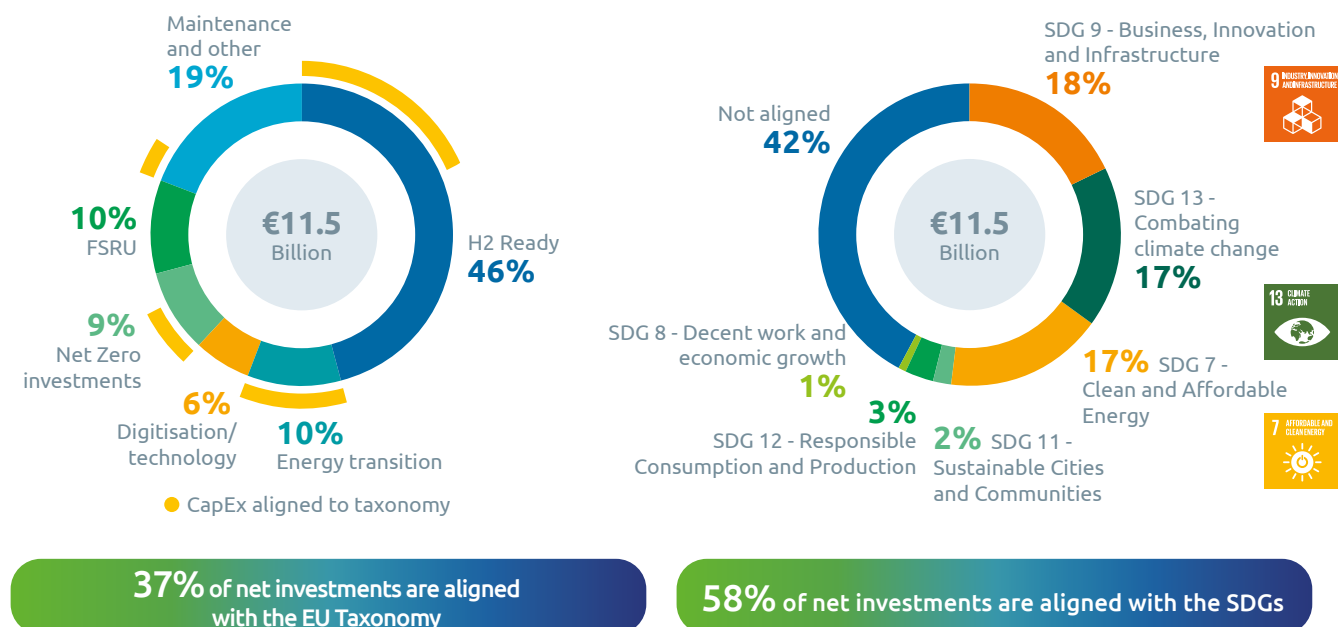
The **geographical positioning** of Snam's infrastructure allows it to act as a bridge between natural gas production areas located in North Africa and the Middle East and consumption areas located in Central Europe. In addition, Snam can leverage its infrastructure to transport biomethane and support the introduction of hydrogen by adapting the existing network to its transport. Finally, the presence of regasification terminals can contribute to source diversification, supporting a potential development of liquid molecules - LNG or hydrogen derivatives.

Snam's 80 years of technical and engineering experience and its role as a transportation system operator at the forefront of innovation and the development of programmes in favour of the spread of hydrogen are a further distinguishing feature that makes it one of the companies best placed to make a significant and successful contribution to the energy transition.

On the strength of this awareness, Snam has progressively integrated the energy transition businesses with those of the regulated sector, to the point of making them synergic and interconnected, with the aim of creating a **multi-molecule pan-European infrastructure** - modular, flexible and innovative - that ensures **energy security** at national and European level, guaranteeing diversified supplies over the long term.

In order to achieve this ambitious goal, Snam plans to invest **€11.5 billion**⁶ over the Plan time horizon (+15% compared to the 2022-2026 Plan) earmarked for the gas infrastructure business - transportation, storage and regasification - and the energy transition platform - biomethane, CCS, hydrogen and energy efficiency. 37% of these investments will be aligned with the EU Taxonomy and 58% of them are aligned with the SDGs.

A fundamentally important role in achieving the objectives, business and otherwise, set out in the Plan is reserved for the two **strategic enabling levers**, in which Snam will invest **€400 million: sustainability and innovation**.



Of the €12.4 billion foreseen for the 2023-2027 Plan, which also includes public funding of €900 million, 65% will be dedicated to energy transition:

- 21% will concern the **reduction of emissions**, through the installation of electric compressor stations and Leak Detection And Repair (LDAR) systems, and **green molecules**, through the construction of biomethane plants and their connection to the network, the deployment of hydrogen, CCS and the continued development of energy efficiency;
- 44% of the investments will be in **infrastructure that meets H2-ready technical standards**.

The remaining part of the investments will be distributed in energy security, through investments in LNG and maintenance activities (25%) and in support activities (10%).

21% for the reduction of emissions e to green molecules

44% for H2-ready gas infrastructure

Snam's strategy includes a renewed and expanded sustainability programme, which, in addition to its commitment on the emissions front, supports the maintenance of other balances, such as biodiversity and territorial regeneration.

Part of how Snam will achieve the goals established in the Strategic Plan is through collaboration with its subsidiaries – grouped into clusters to reflect their role with respect to short- and medium- to-long-term strategic objectives – as well as ongoing commitment across the various sustainability aspects monitored in the ESG Scorecard and to Snam Foundation activities.

⁶ Net of public funding of approximately €900 million.

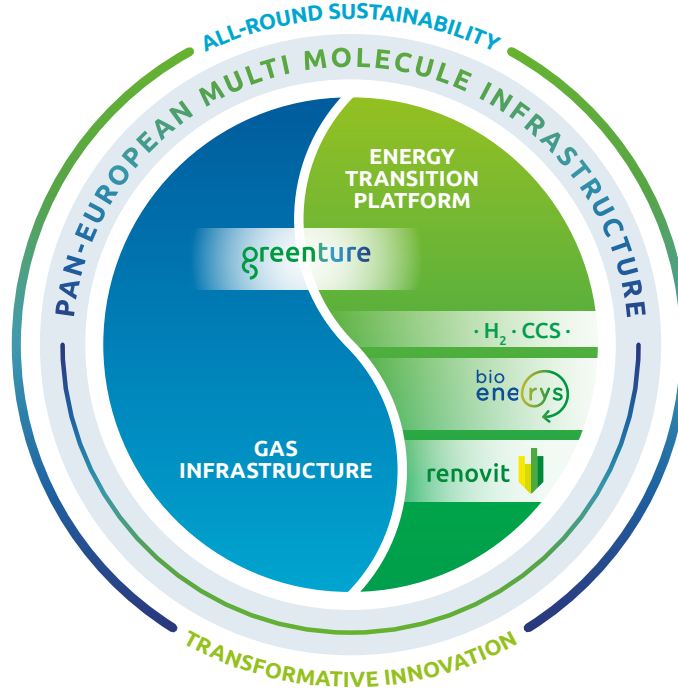


All-round Sustainability

- Development of an integrated sustainability strategy
- Definition of 7 pillars of sustainability
- Updating the ESG Scorecard to measure progress on all pillars by 2027

Gas infrastructure to ensure energy security

- Enhancement of the **Adriatic Backbone**
- Replacement of more than **900km** of network
- Construction of **dual fuel compressor stations** with a view to Net Zero
- Commissioning of the **Ravenna FSRU** and relocation of the Piombino FSRU
- Grid connection of FSRUs and **biomethane plants**
- Enhancement and optimisation of the **storage and export system**
- Development of **small-scale LNG**
- Expansion of networks of **LNG-bio-GNG** and, in future, **hydrogen stations**



Energy transition platform to accelerate decarbonisation

- Development of **green gases** (hydrogen and biomethane)
- Achieving an **installed capacity of 80MW** in biomethane
- Launch of the **South2 Corridor** project, the 3,000-km-long Italian and European hydrogen backbone
- Development of the **infrastructure for CCS** (Carbon Capture and Storage) with the Ravenna CCS project
- Growth of activities aimed at increasing **energy efficiency** and **distributed generation** through long-term contracts with public-private partnerships and energy performance

Transformative Innovation

- **Digitisation** and **optimisation** of asset management systems and industrial processes
- Development of **Artificial Intelligence**
- Use of innovative technologies for the development of **decarbonised molecules**
- Development of **proven innovation** and **open innovation** projects

Gas infrastructure

A total of **€10.3 billion** (+14% compared to the previous Plan) is earmarked for sustainable infrastructure development, divided between transportation, storage and regasification.

In the field of **natural gas transportation**, Snam will invest **€7.4 billion** in mainly H2-ready projects, including the upgrading of the **Adriatic Backbone**⁷ **1**, which will increase the transportable gas capacity along the south-north route from 10 bcm to 12 bcm per year, the start-up of **connection works** with FSRUs and biomethane plants, and initiatives to reduce emissions, including the construction of four **dual fuel compression stations**.

In addition, part of the investments in natural gas transportation (approximately €2 billion) will be allocated to the replacement of approximately **900 km of network**, following the prioritisation defined on the basis of the **asset health methodology** and agreed with the regulator.



The Asset Health Methodology (AHM) developed by Snam's main objective is to define a structured and effective method by which transportation operators can assess the "health" of their infrastructure and which can also be used as an additional tool to support investment decisions to replace obsolete or fully depreciated assets.

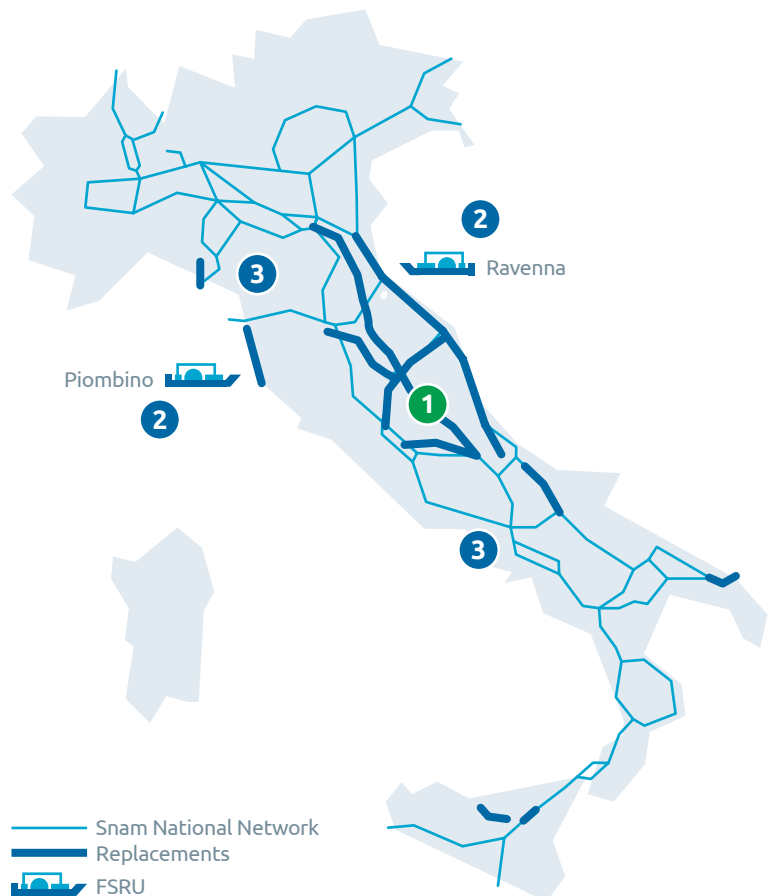
For more information, please visit

<https://www.snam.it/en/our-businesses/transportation/asset-health-methodology.html>.

In **storage**, the **€1.4 billion** on the Plan time horizon will be allocated to the expansion and upgrade of storage sites. In addition, the storage system was made more flexible as well as optimised and enhanced.

Finally, investments of **€1.5 billion** are planned for the **natural gas regasification business**, including the commissioning of the **Ravenna FSRU** and the **relocation of the Piombino FSRU** **2**. These projects will help increase the amount of LNG that can be imported into the country and, consequently, energy security.

Through its subsidiary **Greenture**, Snam will invest in the **construction of small-scale infrastructures** that will affect both Northern and Southern Italy **3** - in particular the Panigaglia and Pignataro sites, which will be operational from 2025 with the capacity to liquefy 50 thousand tonnes of biomethane into Bio-LNG.



7 The Adriatic Backbone project will also leverage REPowerEU funding of €0.4 billion.

Energy Transition Platform

The second guideline on which the 2023-2027 Strategic Plan is developed is that of the energy transition platform as a contribution to decarbonisation. To this end, Snam has dedicated **€1.2 billion** (+20% compared to the previous Plan) divided between projects aimed at the deployment of biomethane, CCS, hydrogen and energy efficiency.

Biomethane

Rising costs and the lack of a clear and structured regulatory framework have slowed down the growth of the biomethane sector in past years, however, there has been a change of course in recent months due in part to the new incentive measures adopted by the government to promote biomethane in the gas network and updated to take inflation into account. According to the draft National Energy and Climate Plan (NREAP) of 2023, biomethane will play a strategic role by 2030 (5.7 bcm per year), stimulating the diffusion and construction of biomethane plants beyond Northern Italy, where they are particularly concentrated, to the South of the country.

In light of the favourable context in which it operates, Snam, through its subsidiary **Bioenerys**, intends to devote around **€400 million**, net of approx. €80 million in expected public funding, to the commissioning of plants to reach a total capacity of **80 MW** and an expected production of around **135 million cubic metres** per year by 2027.



With this in mind, Snam plays a dual role in the biomethane business to maximise its potential: on the one hand, by facilitating the interconnection of plants to the network, and on the other, by developing and building plants with a focus ranging from the organic fraction of municipal solid waste (so-called FORSU) to the increasingly strategic agricultural raw materials.

With regard to biomethane production, the **Biomethane Decree**, published in September 2022, provides for a quasi-regulated scheme based on PNRR funds that cover part of the investment and offer incentive tariffs for up to 15 years.



By the end of 2023, Bioenerys will have 36 plants in operation⁸ with approximately 41 MW of biomethane and biogas capacity - 10 in the waste sector with 16 MW of capacity and 26 in the agricultural sector with 25MW of capacity - thus reinforcing its role as a leading operator on an industrial scale. Thanks to the biomethane business, Snam avoided emissions totalling 45.9 thousand tonnes of CO₂ in 2023, with a target to exceed 300 thousand tonnes in 2027.

Decarbonisation Projects

Analyses carried out at the international level by the IPCC, IEA and the European Commission show that, among the technologies that can be effective in the short to medium term in achieving decarbonisation targets, those related to **carbon capture and storage (CCS)** are a valid tool in which to invest.

Snam intends to take the lead in the development of the infrastructure for transporting and storing CO₂, for which about **€350 million** of investment is earmarked over the Plan period, net of public funding. Part of them will be directed to the CCS project in Italy, born from the collaboration with Eni, which envisages in the initial start-up phase (starting in 2024) the capture of about 25,000 tonnes/year of CO₂ and its injection into a depleted reservoir in the Adriatic Sea, less than 7 km from the coast, contributing to the decarbonisation of several industrial poles in the Po Valley area, preserving their competitiveness.

With the start of the operational industrial phase from 2026, open to industrial emitters, the **Ravenna CCS** project is set to become the most important in the Mediterranean area, with depleted reservoirs with a total capacity of more than **500 million tonnes**. In this phase, it is initially planned to store 4 million tonnes of CO₂ per year, rising to 16 million tonnes of CO₂ per year by 2030, depending on demand. A supportive market and regulatory system, not only in terms of funding, will be needed for the development of the project. In this context, some progress has already been made during 2023, when the national energy decree laid the foundations for the development of the future Italian CCS market.

8 The figure includes the Marsala plant in the commissioning phase.



The Ravenna CCS project was included in the most recent list of **Projects of Common Interest (PCI)** published by the European Commission in 2023. The project will play a major role in the energy transition because it is estimated to allow decarbonisation of a significant portion of Italy's hard-to-abate industries by 2030. Furthermore, the project is flexible and can be progressively replicated in other parts of Italy and Europe. Within Ravenna CCS, Snam's role will focus on transportation, starting with existing infrastructure, working closely with Eni on storage, leveraging its know-how.

Together with CCS, **hydrogen** represents an option for achieving decarbonisation targets and realising the energy transition.

In this area, Snam intends to adopt a **future-proof** approach, moving **from an H2-ready perspective** - which involved verifying the compatibility of the Group's assets with hydrogen transportation and storage - to an **H2-proof perspective**.

In this regard, Snam's involvement will take place in three areas:

Definition of technical standards	<p>Snam is a member of the Gas Infrastructure Committee to define technical standards for hydrogen transportation in line with the standard UNI EN 1594:2013 (Transportation and distribution of gas - Pipelines for maximum working pressure greater than 16 bar - Functional requirements).</p> <p>In addition, Snam participates in a working group on safety, based on ISO/TS 19870, the technical standard announced by the International Organisation for Standardisation (ISO) during COP28. This standard aims to ensure harmonisation, safety and interoperability along the hydrogen value chain.</p> <p>As of 2023, 1,500 km of network are H2-ready certified by RINA, and Snam plans to certify another 1,500 km, for a total of 3,000 km, by 2027.</p>
Physical testing and development	<p>Through the European Pipeline Research Group (EPRG), Snam started the first tests for the transportation of hydrogen on the old pipelines of the Rimini-San Sepolcro section, which have been active since the late 1960s.</p> <p>In the field of hydrogen storage, the company is planning a pilot project on a layer of the Fiume Treste reservoir. The project has an important value in confirming the thesis that depleted gas fields are suitable for hydrogen storage. In addition, the project with dCarbonX to build a multi-purpose storage platform in the UK and Ireland is continuing.</p> <p>Finally, Snam is starting work to test 100% hydrogen turbines with low emissions and high efficiency.</p>
Integrated hydrogen projects	<p>The Group is working closely with numerous partners to make the national energy system hydrogen-ready. Some of the projects, initiated in previous years, are beginning to materialise, among them the Hydrogen Valleys in Puglia and Modena, Hybla, the Gigafactory with De Nora and the hydrogen refuelling stations.</p> <p>With its Decarbonisation Projects unit, Snam has started offering a new service that involves using mobile electrolyzers to test the application of hydrogen, and its effects, in hard-to-abate processes.</p> <p>The importance of continuing to invest in projects for the development of the hydrogen market is also reflected in the growing interest of the Authority. In this regard, ARERA granted Snam €7 million under the new Innovation & Sandboxing programme to finance innovative projects, such as Power2Hydrogen and Hydrogen Separation Membranes.</p>



Hybla and HydrogeMO: hydrogen integration projects

In March 2023, Sasol Italy, Sonatrach Raffineria Italiana, Snam and Edison presented the '**Hybla Project**' to the authorities, which aims to build a "low carbon" hydrogen and syngas production plant also capable of capturing and reusing CO₂ with an estimated reduction in CO₂ emissions of around 110 thousand tonnes per year.

The Hybla project will allow the creation of a Sicilian Hydrogen Valley, to strengthen the region's role in building the future national and European hydrogen infrastructure. In fact, the launch of a "Sicilian hydrogen economy" will contribute to the relaunch of the entire industrial sector, allowing the development of a value chain that will be able to stimulate various production sectors and the promotion of local hydrogen mobility.

In December 2023, a memorandum of understanding was signed for the creation of **HydrogeMO**, a hydrogen production hub built by Gruppo Hera and Snam in Modena, with the aim of contributing to the decarbonisation of Emilia-Romagna.

In fact, the development of the hydrogen supply chain will not only have positive environmental effects, but can also contribute significantly to the social and economic level.

The €20 million investment will allow the construction of a production hub capable of producing up to **400 tonnes of renewable hydrogen per year**, with the possibility of future expansion to increase production.

Considering the H₂-readiness of Snam's assets and the future prospects, which see increasing volumes of hydrogen at national and European level, Snam has outlined a **long-term strategy for the evolution of the infrastructure** to ensure the transition to hydrogen and, at the same time, security of energy supply.

In this regard, out of the **€100 million** earmarked for the hydrogen business, €20 million will be earmarked for the engineering phase of the **SouthH2 Corridor**, which is also included in the PCI list by the European Commission and is one of the key projects within the REPowerEU. In this project, Snam will play the role of enabler for the development of the hydrogen market on a continental level, working closely with other European TSOs, including TAG, GCA and bayernets.

On a national level, the SouthH2 Corridor section will be realised by exploiting the existing infrastructure (about 73%) and converting it into a multi-purpose one, i.e. capable of transporting and storing not only natural gas, but also hydrogen, which can be exported thanks to the construction of compressor stations of up to 500 MW.

SouthH2Corridor



The SouthH2 Corridor is the project to build a 3,300 km long **hydrogen backbone** linking North Africa, Italy, Austria and Germany, with the possibility of extending it to Greece and Switzerland as well, in order to meet national and European hydrogen demand at a competitive price. In addition, the development of the backbone provides an extra source of flexibility for the system as it provides already available hydrogen storage which, as far as the Italian section is concerned, has been estimated at around 60-70% of the daily national hydrogen demand expected by 2030.

In light of the potential of hydrogen and CCS, in February 2024 Snam launched a **market test** on the demand for hydrogen in Italy and a non-binding collection of expressions of interest for the transportation and storage of CO₂ at the Ravenna site. In particular, interested companies will be able to participate in a webinar to launch the initiative and fill in questionnaires, which aim to analyse different information depending on the decarbonisation lever considered:

Hydrogen	<p>To make Snam's actions increasingly effective, the company has set itself the goal of integrating and updating its vision on the development of the Italian H₂ market:</p> <ul style="list-style-type: none"> • gathering data and technical/economic information to investigate the current and expected status of hydrogen consumption and production, both as an energy carrier and as a raw material; • assessing the degree to which the market is aligned with national and European H₂ targets; • strengthening Snam's integrated vision on H₂ and CCS, as well as other decarbonisation levers.
CCS	<p>The initiative to collect expressions of interest for the transportation and storage of CO₂ at the Ravenna site is designed with the objective of</p> <ul style="list-style-type: none"> • inform interested stakeholders about the modular and integrated development of CO₂ transportation at the service of the decarbonisation of the Italian industrial system, functional to the collection and transfer of CO₂ volumes to the permanent geological storage that will be realised within the Ravenna CCS Project; • collect technical/economic data and information on the basis of which Eni and Snam will be able to identify the optimal technical/economic CO₂ transportation modes for the Italian industrial system; • test the market interest for COO₂ transportation and storage at the Ravenna site through non-binding expressions of interest.

The data and information collected through the questionnaires will provide an important reference on which to plan the development of hydrogen and CCS supply chains in Italy.

Energy efficiency

On **energy efficiency** through **Renovit**, Snam will dedicate around **€300 million** in investments to further develop the portfolio towards public sector and industrial customers, leveraging the distinctive technical skills it has acquired over the years.

In fact, Renovit has built a leading role in the energy efficiency services sector, developing a solid base of energy performance contracts and energy upgrading projects for companies, residential buildings and public administration.



With the investments in the Plan, Snam intends to go from about €1.2 billion in total contracted amount by 2023 to about €3 billion by 2027, of which more than 60% in the public sector, with long-term contracts between 7 and 12 years.



Thanks to Renovit and its work, around 57 thousand tonnes of CO₂ emissions will be avoided in 2023. By increasing energy efficiency and business opportunities, Snam has set itself the goal of exceeding 130 thousand tonnes of avoided emissions in 2027.





Strategic and enabling levers

The two synergetic and interconnected souls of the gas infrastructure and energy transition platform, which drive the 2023-2027 Strategic Plan, will be supported by two strategic and enabling levers: sustainability and innovation.

Lever: Sustainability at 360°

Snam's new sustainability strategy adopts a **360-degree approach**, fully integrated into the Group's operations and corporate strategy, with a commitment focused on seven drivers, each with seven specific ambitions to 2027.

1 Green transition and 2 Multi-molecule infrastructure

The first two pillars have as their main objective the development of the energy transition platform to enable the decarbonisation of the system and sustainable growth through an inclusive pathway, with a "just transition" perspective.

In this context, Snam intends to focus on avoiding third-party emissions, up to 500 thousand tonnes in 2027.

3 Carbon neutrality

Snam's commitment to reducing emissions and decarbonising its activities has never stopped, however, the challenging global context has led the company to revise its interim targets.

In fact, the achievement of **carbon neutrality by 2040** has been confirmed, while new targets have been set for 2027, 2030 and 2032, of -25%, -40% and -50%, respectively. In addition, a long-term target has been added to these targets, which envisages **net zero emissions across all emission categories (i.e. Scope 1, Scope 2 and also Scope 3) by 2050**. All objectives are aligned with SBTi's general methodology.

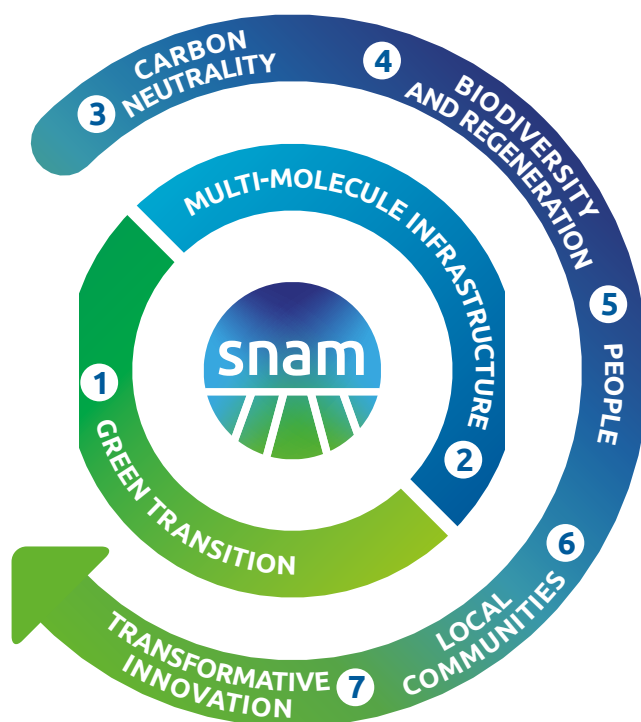
With reference to methane emissions, in light of the satisfactory performance of the last few years, which saw a 55% reduction in such emissions compared to 2015 and which granted Snam the Gold Standard from the United Nations Environment Programme (UNEP), the Company has set a new, even more challenging target of -64% by 2027.

For more information on Snam's Carbon Neutrality strategy, please refer to the section entitled "Strategy, Carbon Neutrality and Net Zero" in the "General Information" section of the 2023 Non-Financial Statement.

4 Biodiversity and regeneration

For the first time, Snam has set itself the goal of generating a neutral to positive impact on nature by 2027, as defined by the **Science Based Target for Nature (SBTN)** framework guidelines.

The SBTNs, released in May 2023, aim to reduce negative and support positive impacts towards nature and people throughout the value chain, highlighting the close interconnection between climate change, biodiversity and sustainable business practices.





Snam is the first global infrastructure operator to join the SBTN **Corporate Engagement Programme** and has completed an initial quantitative analysis of its operations, which showed that the preservation and regeneration approach currently adopted for construction and maintenance activities is already aligned with the principles of respect for nature.

For further information on the Zero Net Conversion target to 2024 and Net Positive Impact to 2027, please refer to the section "Biodiversity and ecosystems, Actions, Snam's biodiversity strategy" contained in the "Environmental information" section of the 2023 Non-Financial Statement.

5 People

Snam believes that people are one of the main enabling factors for the energy transition. Therefore, the company invests in their training and motivation, encouraging their professional growth and offering an inclusive working environment that takes care of its employees, including in terms of health and safety. With this in mind, Snam's ambition is to increase the employee engagement index to more than 80% in 2027.

6 Local communities

The company considers it a priority to generate value for local communities by investing in listening and dialogue initiatives in the territories in which it operates. This commitment is realised with the goal of distributing value of more than €1 billion per year locally

7 Transformative innovation

Snam recognises that the culture of innovation must be maximised in order to achieve technological efficiency, therefore, it is necessary to improve the safety, reliability and sustainability of assets and, at the same time, improve the technological capabilities of the value chain.

With this in mind, Snam plans to dedicate at least 3% of annual revenues to applied industrial innovation and research and development projects. Taking into account the revenue estimates to 2027, the projected amount over the plan period is €400 million.



Based on this new approach, the ESG Scorecard, a tool that will monitor Snam's progress in several areas from 2020, has been updated. With the new ESG Scorecard, the company introduced relevant key performance indicators (KPIs) on the seven pillars of its sustainability strategy with targets to 2027. For more information on the ESG Scorecard, see the section "General Information, Strategy - The Sustainability Scorecard" in the Non-Financial Statement 2023.

Lever: Transformative innovation

The technological development of infrastructure represents the other strategic and enabling lever for the realisation of the goals of the Strategic Plan 2023-2027. Snam intends to **digitalise** and **optimise asset management systems and industrial processes** to promote operational excellence, including through the use of Artificial Intelligence (AI) and innovative technologies for the development of decarbonised molecules.

With this in mind, Snam will not only use proven technologies (**proven innovation**), but also experiment with new ones (**open innovation**). In the first case, the **SnamTEC** (Tomorrow's Energy Company) programme continues - with an investment of around €350 million over the Plan period - on a total of 50 projects, involving more than 200 people in the Group.

Thanks to SnamTEC, the company has digitalised 100% of its operational processes, defined more than 40 artificial intelligence-based algorithms to support decision-making activities, introduced predictive maintenance systems on 100% of its turbochargers, and reorganised 70% of its operational processes.

The main enabling technologies are: i) IoT⁹ and sensors for data collection, ii) distributed edge computing and cloud to increase computing capacity, iii) AI¹⁰ for data processing, and iv) Data Platform to efficiently manage and visualise data and information in an integrated manner.

9 Internet of Things.

10 Artificial Intelligence.



Snam is continuing to work on the creation of the **Asset Control Room (ACR)**, a single entry point for all operational activities, both on site and in the field, which will not only provide a complete, end-to-end view of the company's processes, but will also enable predictive maintenance, optimisation of the maintenance cycle and costs, personnel safety, energy efficiency and reduction of CO₂ emissions. The ACR is a strategic asset for the achievement of methane emission reduction targets (-64% by 2027) and OpEx transportation and storage indexes¹¹ (-10% and -20% by 2027, respectively).

35
R&D and
technology
development
projects

In the area of **open innovation**, Snam plans to invest about €50 million, including about €10 million in funding already allocated, in R&D and technology development projects and start-ups, leveraging internal and external expertise and adopting an open approach to innovation.

2,500+
start-ups
reviewed

Specifically, the company is investing in 35 technology development projects, six of which have already received funding from the European Union and ARERA, and through the **SnamInnova** and **HyAccelerator** programmes, focused on energy transition, since 2021 Snam has involved more than 400 people in the Group, generating more than 300 ideas and examining more than 2,500 start-ups, financing among other projects an initiative dedicated to the capture, utilisation and storage of biogenic CO₂. As of 2023, there are 28 start-ups at the testing or launch stage and one, active in the utilisation of biogenic CO₂, has been financed.

Finally, Snam participates in **CDP's venture capital** fund that invests in clean energy and technologies and in the **Hy24 fund** dedicated to the development of the hydrogen economy.

28
start-ups at
an experimental
or launch stage

Associates

In line with the Strategic Plan presented last year, Snam consolidates its value creation by finalising national and international strategic partnerships, through which it increases the value of its portfolio of associate companies, divided into three groups (so-called clusters):¹¹

Value enhancers

60% of the
contribution

Subsidiaries with industrial assets linked directly or virtually to the Italian infrastructure



Enablers of business optionalities

20% of the
contribution

Associates without physical connections to Snam's assets that help strengthen market intelligence and offer business development opportunities



Opportunistic asset

20% of the
contribution

Investments that can foster greater opportunities



¹¹ Transportation OpEx index = Transportation OpEx / network length. Storage OpEx Index = Storage OpEx / storage capacity.

Snam can also benefit from greater visibility in relation to the contribution of its associates thanks to the positive definition of the DESFA and Teréga regulatory frameworks, for which the WACC¹² has been updated for the next regulatory period 2024-2027.

As far as TAG and GCA are concerned, the dialogue with the regulator continues to define the new framework and neutralise the so-called "volume risk". The start of the new regulatory framework is expected in 2025.

European associate companies are also making progress towards energy transition and, specifically, in the hydrogen readiness of their infrastructures. In this regard, the projects submitted by Teréga, DESFA, TAG and GCA were included in the EU PCI list: three related to hydrogen and two in the field of CCS.

Finally, the reduction in Russian gas flows through Austria was mitigated by the increase in gas volumes from Algeria and Azerbaijan, highlighting Snam's strategic role given not only by its strategic positioning, but also by the diversification of its portfolio of associates.



The contribution of the associates is expected to be around €320 million as of 2027, slightly up from the 2023 figure of €315 million. In particular, the contribution of TAP and domestic assets is expected to increase.

Financial Structure and Investments

Over the 2023-2027 period, Snam expects significant growth in key performance indicators while maintaining financial solidity and flexibility¹³.

Over the Plan time horizon, the following indicators are expected to grow at an average annual growth rate (CAGR):

- **RAB increased by 6%**, compared to the previous plan's forecast (2022-2026) of 5% growth, due to higher investments and the contribution of the deflator;
- **Adjusted EBITDA of 7%**, mainly due to RAB growth, the WACC update, the introduction of the ROSS regulation¹⁴ for transportation and the contribution of the energy transition businesses. Together, these factors will contribute to the **growth of the Group's EBITDA expected to be about €3.2 billion as of 2027**, of which about €140 million related to the energy transition business;
- **Adjusted net profit increased by 4%**, as a result of the solid contribution of EBITDA partially offset by the increase in D&A and financial expenses.

With reference to the dividend policy, Snam confirms the minimum annual growth to 2027 of 3% (an increase from the previous minimum of 2.5%), furthermore, the Company envisages that a total dividend of €0.2820 per share may be distributed in 2023, of which 40% as an interim dividend already distributed on 24 January 2024. The remaining 60% (to be submitted to the Shareholders' Meeting that will approve the 2023 financial statements) will be settled on 26 June 2024.

Over the Plan period, Snam intends to maintain a solid financial structure, capable of maximising the natural hedging implicit in the tariff system.

In a global context that continues to be volatile, characterised by high interest rates, the main optimisation levers concern an increasing diversification of financing sources and instruments and the continuous dynamic management of working capital and treasury flows. Over the Plan time horizon, an average cost of debt of 2.6%, 60 basis points higher than in the previous plan, is expected, reflecting current financing conditions.

With **debt expected to be around €19 billion in 2027**, and also as a result of the increase in investments, there is still ample financial flexibility in the credit metrics with respect to the thresholds set by the rating agencies Moody's, Standard and Poor's and Fitch for the current rating positioning.

¹² WACC = Weighted Average Cost of Capital.

¹³ Macro assumptions: average deflator 2023-27 of 3.1% for transportation. As per ARERA Resolution 556/2023/R/COM, WACC as of 2024 equal to 5.9% for transportation, 6.6% for storage and 6.7% for LNG. From 2025 to 2027 WACC of 5.7% for transportation, 6.3% for storage and 6.4% for LNG.

¹⁴ Regulation by Expenditure and Service Targets.



With regard to sustainable finance, Snam continues to support its growth, also through future bond issues linked to ESG objectives, including **Sustainability-Linked-Bond** and **Use of Proceeds**.

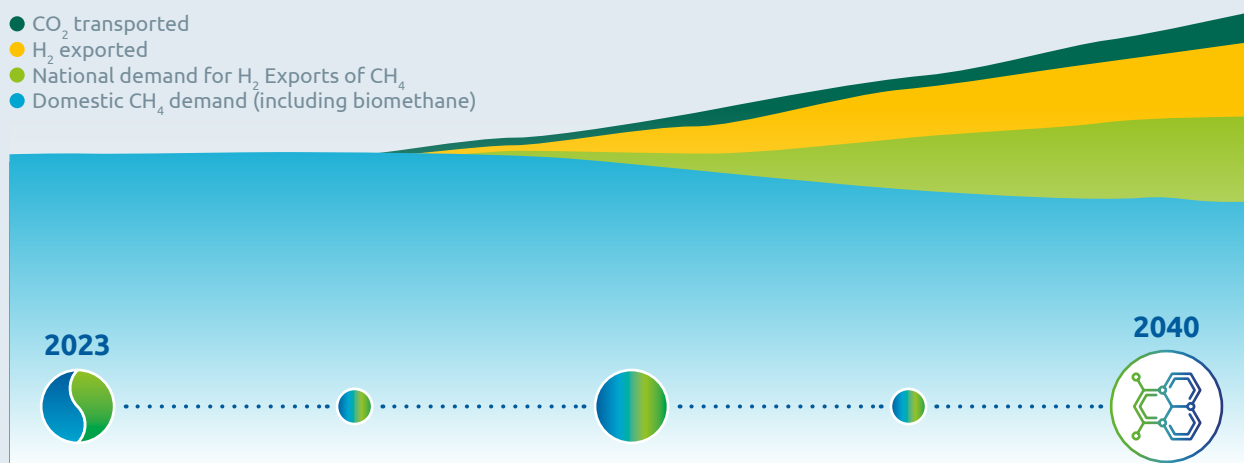


The weight of **sustainable finance** grows, with a target of 85% of total funding by 2027, an improvement on the 80% of the previous Plan period and among the highest in the industry.

Snam vision for the medium to long term

Snam is positioned as a leading company in the global energy scenario, playing a leading role in the path towards decarbonisation while ensuring the country's energy security. Based on the expected evolution that sees an increasing need to transport not only natural gas, but also biomethane, CO₂ and hydrogen, **the clear and defined ambition is to be the pan-European energy operator in the realisation and management of multi-molecule infrastructure for a sustainable, secure, digital, connected and inclusive future.**

VOLUMES TRANSPORTED* IN SNAM'S INFRASTRUCTURE (BCM)



● Gas infrastructure ● Energy transition platform

*Source: Snam internal estimates. Scenario aligned to 1.5° (Including export)

In this context, Snam envisages coexistence between different types of molecules along its infrastructure in the future and can support this development effectively, also from a cost perspective. In this regard, investment opportunities of up to €14.5 billion are envisaged in the period 2028-2032, mainly (around 80%) for projects aimed at emission reduction and green molecules and H₂ infrastructure. The envisaged €14.5 billion is in addition to the total investments over the Plan period (€11.5 billion), reaching a total of approximately **€26 billion over the period 2023-2032**:

1

maintaining the reliability and resilience of assets, while reducing the carbon footprint and replacing obsolete assets

2

complete investments to strengthen the security and flexibility of the energy system

3

implement infrastructure works related to the hydrogen backbone and the expansion of CCS-related projects, leveraging the existing energy transition platform, which will be evaluated according to the evolution of the regulatory framework and the availability of funding at national and European level



5. PERFORMANCE 2023



5.1 Results

Adjusted results^{15 16}

The 2023 results confirm the solidity of the path taken by the Group, even in a scenario of uncertainty and volatility for the global energy system.

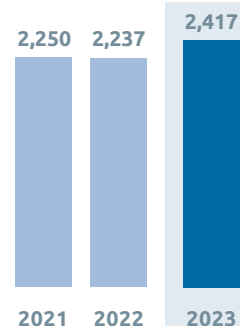
The **adjusted EBITDA** for the 2023 financial year amounted to €2,417 million, an increase of €180 million, or 8.0%, compared to the corresponding figure for 2022. The increase was due to the growth recorded by the gas infrastructure business (+€144 million; +6.5%), thanks to regulated revenues related to RAB and output-based incentives, effects only partly absorbed by the presence of more positive one-off phenomena in 2022. The contribution of the energy transition business (+€36 million) and, in particular, the energy efficiency business (+€29 million) increased; +76.3%).

Adjusted operating profit for the 2023 financial year amounted to €1,477 million, an increase of €113 million (+8.3%) compared to the corresponding figure for 2022 financial year, as a result of the change in EBITDA and higher depreciation and amortisation (-€67 million, or 7.7%), mainly due to new assets coming on stream, including the FSRU plant in Piombino, whose depreciation is related to the duration of the state-owned concession.

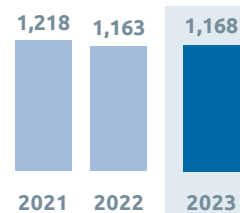
The **group's adjusted net profit** for the 2023 financial year amounted to €1,168¹⁷ million, an increase of €5 million, or 0.4%, compared to the adjusted net profit for 2022. The positive results from operations, together with the solid performance of the associates, were offset by higher net financial expenses related, in particular, to the higher average cost of gross debt, as a result of the changed interest rate scenario over the past 12 months.

Net financial debt was €15,270 million at 31 December 2023, (€11,923 million at 31 December 2022). Cash flow from operating activities was significantly impacted by the cash absorption resulting from the expected working capital dynamics related to balancing activities and higher receivables for ecobonus. Considering capital expenditure requirements (€2,231 million, of which €1,643 million related to technical investments and €615 million to equity investments, net of the proceeds from the sale of 4.2% of the capital of Industrie De Nora S.p.A.), free cash flow amounted to a negative €2,366 million. Net financial debt, including equity cash flow (€936 million) from the payment of the 2022 dividend to shareholders and non-cash changes, increased by €3,347 million compared to 31 December 2022, to €15,270 million.

EBITDA ADJUSTED



ADJUSTED NET PROFIT



¹⁵ For the definition of these indicators and the correlation with the related reported results, please refer to the chapter "Financial review - Non-GAAP measures".

¹⁶ An analysis of EBITDA and EBIT by business segment is provided in the chapter "Operating Performance by Business Segment".

¹⁷ Excluding third party interests.



Dividends

The results achieved and solid business fundamentals allow to propose to the Shareholders' Meeting to distribute a final dividend of €0.1692 per share, to be paid starting from 26 June 2024 (record date 25 June 2024), with an ex-dividend date of 24 June 2024. The dividend for the 2023 financial year is therefore determined equal to **€0.2820 per share**, to the Shareholders' Meeting, of which €0.1128 per share was paid in January 2024 as an interim dividend (€378 million). The proposed dividend, up 2.5% from 2022, in line with the dividend policy announced to the market, confirms Snam's commitment to providing shareholders with sustainable remuneration over time.

2023 dividend
€0.2820
per share.

Key economic data (a)

(million euros)	2021	2022	2023	Abs. change	Change %
Total Revenues (a)	2,979	3,317	3,875	558	16.8
Gas Infrastructure Business Revenues (a)	2,609	2,622	2,770	148	5.6
- of which regulated revenues (a)	2,551	2,521	2,691	170	6.7
Energy Transition Business Revenues	370	695	1,105	410	59.0
Adjusted EBITDA	2,250	2,237	2,417	180	8.0
Adjusted EBIT	1,430	1,364	1,477	113	8.3
Adjusted net profit (b)	1,218	1,163	1,168	5	0.4
Special items	278	(492)	(33)	459	(93.3)
Reported net profit (b)	1,496	671	1,135	464	69.2

(a) Net of fees to cover energy costs (€413 million and €198 million in 2023 and 2022, respectively).

(b) Held by Snam shareholders

KEY SHARE AND INCOME FIGURES

		2021	2022	2023	Abs. change	Change %
Net profit per share (a)	(€)	0.457	0.201	0.338	0.137	68.4
Adjusted net profit per share (a)	(€)	0.372	0.349	0.348	(0.001)	(0.2)
Group shareholders' equity per share (a)	(€)	2.20	2.24	2.28	0.04	1.7
Pay-out (Relevant dividend/Group net profit) (b)	%	57.62	137.41	83.35	(54.06)	
Adjusted pay-out (Relevant dividend/Group Adjusted net profit) (b)	%	70.77	79.28	80.99	1.71	2.2
Dividend yield (Relevant dividend/Year-end official share price) (b)	%	4.9	6.1	6.1		
Price/Book value (Official average price per share/ Group equity per share)	(€)	2.04	2.19	2.04	(0.15)	(6.6)
Number of shares in the share capital	(millions)	3,361	3,361	3,361		
Number of shares outstanding as at 31 December	(millions)	3,272	3,353	3,354	1	
Average number of shares outstanding in the year	(millions)	3,271	3,337	3,353	16	0.5
Official price per share at year-end	(€)	5.300	4.527	4.655	0.128	2.8
Official average price per share in the year	(€)	4.830	4.907	4.731	(0.176)	(3.6)
Market capitalisation	(millions)	17,343	15,178	15,611	433	2.9
Dividend per share	(€ per share)	0.2620	0.2751	0.2820	0.0069	2.5
Dividends for the year in question (b)	(millions)	862	922	946	24	2.6
Dividends paid during the year	(millions)	811	866	933	67	7.7

(a) Calculated considering the average number of shares outstanding during the year.

(b) The 2023 amount (in respect of the accrued dividend) is estimated, based on the number of shares outstanding as at 8 March 2024.

KEY BALANCE SHEET AND FINANCIAL DATA

(million euros)	2021	2022	2023	Abs. change	Change %
Technical investments	1,270	1,351	1,774	423	31.3
Net invested capital at 31 December	21,261	19,447	22,950	3,503	18.0
Snam Shareholders' equity at 31 December	7,203	7,468	7,635	167	2.2
Net financial debt at 31 December	14,021	11,923	15,270	3,347	28.1
Free Cash Flow	(340)	2,741	(2,366)	(5,107)	



5.2 Snam and the financial markets

5.2.1 Snam share performance

The Snam share closed 2023 with a price of €4.655, an increase of 2.83% from the price recorded at the end of 2022, which was €4.527.

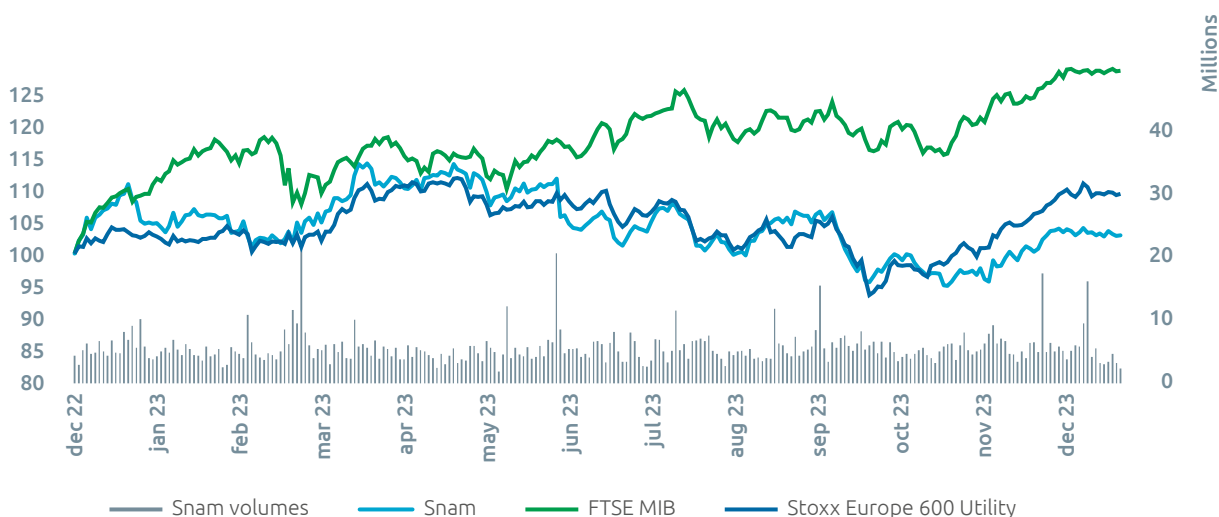
The average share price during the year was €4.73, with a high of €5.15 reached in mid-April and a low of €4.30 recorded at the end of October.

The year 2023 was characterised by a positive performance of the equity markets, recovering sharply after a 2022 that had suffered from the volatility triggered by the conflict in Ukraine, and the resulting global uncertainty. During the year, the European Central Bank continued the restrictive monetary policy action initiated in the second half of 2022, raising the interest rate level for main refinancing to 4.5%. This measure supported bond yields, while penalising high-dividend equities, including utilities. The STOXX 600 Utilities EU index thus underperformed the rest of the market. In contrast, the FTSE MIB was among the best equity indices in advanced countries, due to the strong presence of banking stocks among its constituents, which benefit from high interest rates.

In 2023 Snam recorded a solid economic-financial performance, confirming its commitment to guaranteeing the country's energy security, ensuring infrastructure for diversified and sustainable long-term supplies and supporting the transition path, including through projects considered strategic at a European level.

Investment activities in the regulated infrastructure, on the one hand, and in the energy transition business, on the other, will continue to provide shareholders with sustainable and profitable growth.

SNAM - SNAM, FTSE MIB AND STOXX EUROPE 600 UTILITIES PRICE COMPARISON
(1 January 2023 - 31 December 2023)



Snam shareholders as at 31 December 2023

CONSOLIDATING COMPANY	SHAREHOLDERS	% OF OWNERSHIP
Snam S.p.A.	CDP Reti S.p.A. (a)	31.35
	Romano Minozzi	7.46
	Snam S.p.A.	0.22
	Other shareholders	60.97
		100.00

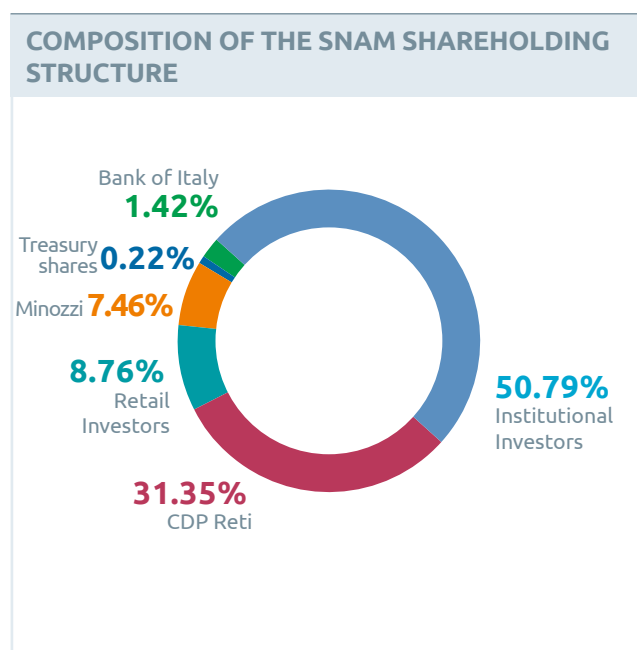
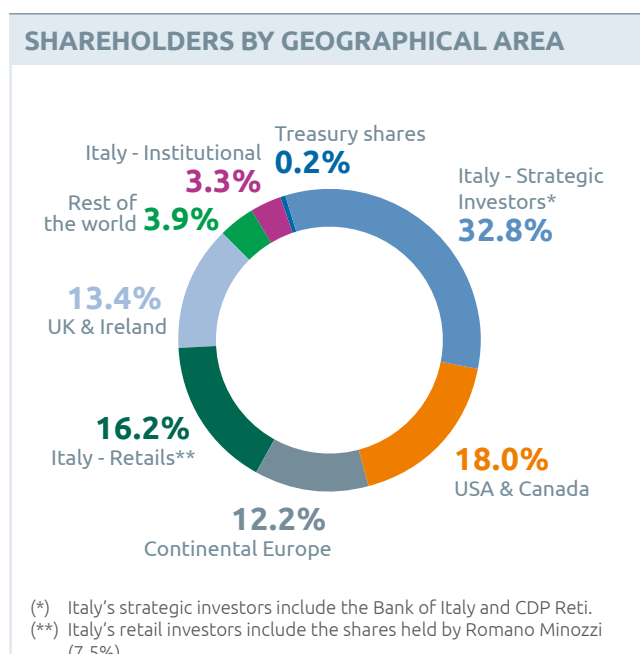
(a) CDP S.p.A. holds 59.10% of CDP Reti S.p.A.

Cassa Depositi e Prestiti (CDP), a financial institution controlled by the Ministry of Economy and Finance, whose mission is to promote the growth and development of the Italian economic and industrial system, is a major shareholder in Snam S.p.A.

At the end of 2023, based on the entries in the Shareholders' Register and other information gathered, CDP Reti S.p.A. held 31.35% of the share capital, Snam S.p.A., through the treasury shares in its portfolio, held 0.22%, while the remaining 68.43% was held by other shareholders.

The share capital at 31 December 2023 consisted of 3,360,857,809 shares without indication of nominal value (unchanged from 31 December 2022), with a total value of €2,735,670,475.56 (unchanged from 31 December 2022).

As at 31 December 2023, Snam's portfolio contains 7,244,579 treasury shares (8,101,437 as at 31 December 2022), equal to 0.22% of its share capital, with a book value of about €30 million (0.24% for a book value of around €33 million at 31 December 2022). More information on changes in treasury shares in portfolio during 2023 is provided in Note 23 "Equity" of the Notes to the Consolidated Financial Statements.





5.2.2 Relations with the Financial Community and Investor Relations Policy

With a view to providing comprehensive and timely information, Snam is committed to providing disclosure capable of representing both business strategy and corporate performance in order to enhance the dynamics that ensure the creation of value over time. It is in this direction that the Board of Directors, in July 2021, approved the **Policy for the Management of Dialogue with Shareholders and Other Stakeholders**¹⁸, which aims to regulate the traditional means of conducting engagement, as well as the dialogue between the Board of Directors and Stakeholders on issues within the Board's remit.



In 2023, a number of investors or investor associations requested a dialogue with the board by means of engagement letters, following which Snam promptly responded in writing or in dedicated meetings.



Engagement Activity 2023

In addition to the normal activities of presenting the Strategic Plan and conference calls on the occasion of the publication of company results (annual results, half-yearly and quarterly results), Snam also participated during 2023 in numerous roadshows and industry conferences.



5.2.3 Inclusion of Snam stock in sustainability indices and ESG recognition

In line with previous years, in 2023 Snam is consolidating its commitment to ESG issues by reconfirming its position among the leading sustainability indices (Sustainable and Responsible Investment - SRI) and ESG ratings, through which the Group ensures greater comparability with industry peers on ESG-related issues, as well as enhancing the Company's visibility to investors and the financial market as a whole.

¹⁸ The Policy for Managing Dialogue with Shareholders and Other Stakeholders can be found at <https://www.snam.it/it/investor-relations/politica-di-engagement.html>

By 2023, SRI investors represent 47.3% of the total institutional shareholding and 20.8% of the total shareholder base.

SNAM SHARE PERFORMANCE IN SUSTAINABILITY INDICES AND ESG RATING

Sustainability Index / ESG Rating	Rating scale	2022 Results	2023 Results	
CDP Climate Change	From D- to A	A	A	=
CDP Supplier Engagement Rating	From D- to A	A	A	=
ISS ESG	From D- to A+	B	B	=
Sustainalytics	From 40 to 0	14.1*	12.9	▲
DJSI	From 0 to 100	87	82	▼
FTSE4GOOD	From 2.9 to 5	3.8	3.7	▼
MSCI	From CCC to AAA	AA	AA	=
Gender Equality Index Bloomberg	From 0% to 100%	79.07%	..**	
Moody's Vigeo Eiris	From 0 to 100	66	68***	▲
GLIO/GRESB ESG	From A to E	A	A	=

(*) The score was obtained on 18 February 2023.

(***) 2023 score is not available yet.

(***) The score was obtained in 2024. The evaluation for inclusion in Moody's Vigeo Eiris indices takes place every two years.

ESG RATING



Snam has been confirmed for the third consecutive year on the A list of CDP (formerly the Carbon Disclosure Project), one of the most important international non-profit organisations on climate change. The company was confirmed at the top of the list, along with 346 companies out of 21,000 analysed, testifying to its strong commitment to climate change and energy transition issues.



Snam was awarded the Supplier Engagement Rating (SER), obtaining a score of A. The assessment, provided by CDP on the quality and effectiveness of companies' engagement with their suppliers, is based on the answers provided by the company in certain areas of the CDP Climate Change questionnaire.



Snam was confirmed in 2023 at the "PRIME" level by ISS ESG, with a score of B.



Snam was confirmed in the Sustainalytics ratings in February 2024, further improving its score and ranking first out of 96 companies in the sector: the risk rating dropped from 14.1 to 12.9.

SUSTAINABILITY INDICES



In November 2023, Snam's share was reconfirmed in the Dow Jones Sustainability World Index, by S&P Global, the world's most important stock market index assessing corporate social responsibility. The result of 82 points places the company in third place within the Gas Industry sector.



FTSE4Good

In 2023 Snam was confirmed in the FTSE4good, with a slightly declining performance (3.7 vs. 3.8 in 2022).



In October 2023, Snam was confirmed as one of the leading companies by MSCI, achieving AA confirmation.



Snam's title confirmed for the 12th consecutive year in the STOXX Global ESG Leaders Indices.



Snam was also confirmed in 2023 in the Vigeo indices, a company part of Moody's ESG group, increasing its score to 68/100 points (up from 66 in 2021). The evaluation for inclusion in the indices takes place every two years.



Snam is present for the fifth year running, in the United Nations Global Compact 100 index, which includes the 100 companies that have distinguished themselves at global level both for attention to sustainability issues and to financial performance, and that adhere to the ten fundamental principles of the United Nations on human rights, labour, environment and anti-corruption issues.



For the fourth consecutive year, Snam is among the companies included in Bloomberg's Gender-Equality Index (GEI), the index that measures the performance of companies in terms of gender balance, inclusion and data transparency. Compared to 2021 results, the ranking improved by about two percentage points to 79.07% (GEI score) and grew especially in the sections policy against harassment at work (+20.0%), equal pay (+5.88%) and pro-women brand (+5.36%).



Snam was confirmed in the FTSE MIB ESG index, the first ESG index dedicated to Italian blue-chip companies that rewards the most effective sustainability practices. The index, activated in collaboration with Vigeo Eiris, a Moody's ESG Solutions company, has identified the best 40 Italian listed companies that have demonstrated perfect integration between economic performance and ESG criteria, in line with the principles of the United Nations Global Compact.

Snam's positioning in climate policy through stakeholder associations and coalitions

In addition to the initiatives organised by the Group and participation in the main ESG indices and ratings, Snam, with a view to strengthening the relationship of trust on the basis of transparent disclosure with financial stakeholders, has adopted a policy on the public management system relating to lobbying and association activities in order to disclose, among other things, the criteria used to define its lobbying activities on climate change.

For more information on the Climate Lobby Policy, see the chapter "Business Conduct" in the "Governance Information" section of the Non-Financial Statement.

5.2.4 Debt Management and Credit Rating

Snam aims to have a debt structure consistent with business needs and the regulatory context in which it operates, in terms of financing duration and interest rate exposure.

The Group's net financial position at 31 December 2023 was €15,270 million, the result of a gross financial debt of €16,652 million and Cash and cash equivalents of €1,382 million.

With reference to the bond market, in 2023 Snam concluded: (i) in September, the first EU Taxonomy-aligned Transition Bond convertible into existing Italgas ordinary shares, for a nominal amount of €500 million and maturing in 2028; (ii) in November, the second EU Taxonomy-aligned Transition Bond for a nominal amount of €650 million to finance energy transition projects, specifically the Eligible Projects defined in Snam's Sustainable Finance Framework published in November 2021. During the year, Snam also finalised agreements with the major banks with which it operates: (i) bank loans for €1.4 billion, in Green loan and KPI-linked format, and (ii) a KPI-linked Revolving Credit Facility (RCF) with a pool of banks for a total amount of €1.8 billion, assisted by the SupportItalia guarantee issued by SACE covering 80% of the amount.

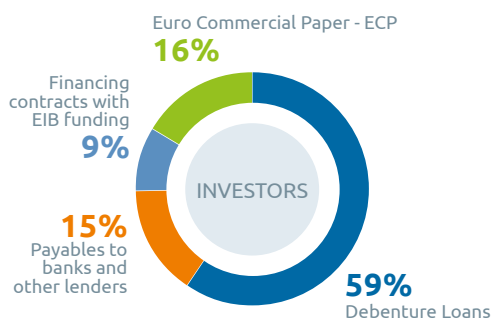
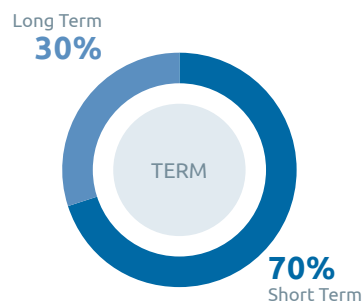
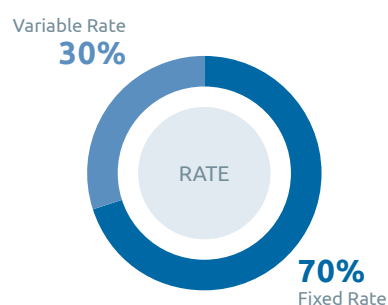
At 31 December 2023, Snam had unused committed long-term credit lines worth approximately €6.2 billion of which: (i) pooled credit facilities of €5.0 billion and (ii) Revolving Credit Facilities (RCF) totalling €1.2 billion.

In order to increase the weight of sustainable finance in total available funding, the Euro Commercial Paper programme was renewed in 2023, increased from €2.5 billion to €3.5 billion, linked to environmental and social sustainability objectives in line with the Sustainable Loan and obtaining an ESG rating confirmation of EE+ from Standard Ethics.

At 31 December 2023, Snam has a Euro Medium Term Notes (EMTN) programme in place for a maximum total nominal value of €13 billion, used for approximately €9.4 billion and a Euro Commercial Paper Programme (ECP) for a maximum total nominal value of €3.5 billion, used at 31 December for €2.7 billion.

At 31 December 2023, sustainable funding sources amount to approximately €18.3 billion, making it possible to reach the target in 2026 of 80% of total "committed" sources, three years ahead of schedule. At the presentation of the 2023-27 Strategic Plan, the target was raised to 85% of total funding, to be reached by 2027.

At the same time, the communication activity continued with the rating agencies Moody's, Fitch and Standard & Poor's, with the maintenance of the creditworthiness rating at the solid investment grade level by Moody's (Baa2 with a negative outlook), Fitch (BBB+ with stable outlook), and Standard & Poor's (BBB+ with a stable outlook).





In addition, when the Commercial Paper programme was renewed by Snam, the agencies confirmed the short-term rating of the company at P-2 for Moody's, A-2 for S&P and F2 for Fitch. Snam's long-term rating by Moody's, Fitch and Standard & Poor's is a notch higher than that of Italian sovereign debt.

MOODY'S

STANDARD
& POOR'S

FitchRatings

LAST UPDATE	9 February 2024	27 February 2024	28 March 2024
RATING ON LONG-TERM DEBT	Baa2	BBB+	BBB+
RATING ON SHORT-TERM DEBT	P-2	A-2	F 2
OUTLOOK	Stable	Stable	Stable

5.3 Operating performance

The main operating figures are reported below by business segment. As of 31 December 2023, Snam has identified the following reportable segments: (i) the natural gas transportation segment; (ii) the natural gas storage segment; (iii) the LNG regasification segment; (iv) the Energy Transition sector¹⁹ which includes energy efficiency and biogas/biomethane activities, as well as decarbonisation projects.



5.3.1 Technical Investments and plant safety and quality levels

Technical investments in 2023 amount to €1,774 million²⁰, up from 2022 (+€423 million; +31.3%), and mainly relate to the transportation (€1,139 million; €1,007 million in 2022), storage (€ 225 million; €172 million in 2022) and regasification sectors (€256 million; €25 million in 2022) with levels in line with expectations.

Investments in works to maintain the safety and quality levels of the facilities amounted to €621 million for transportation and €165 million for storage.

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.

For more information on the monitoring and control of Snam's infrastructure, see the "Biodiversity and Ecosystems" chapter of the Non-Financial Statement.

Interconnected transportation-storage capacity and network utilisation

The transportation capacity of the network has made it possible, again in 2023, to fully satisfy the demand for capacity on the part of users. In addition to the transportation capacity offered at Entry Points interconnected with foreign methane pipelines and at LNG regasification terminals, equal to 383.6 million cubic metres/day in the year, an increase compared to the capacity offered in 2022 due to the commissioning of the new FSRU terminal in Piombino, whose transportation capacity at the point of interconnection with the National Grid is 14 million cubic metres/day. Snam made available additional transportation capacity at the entry points interconnected with domestic production for a total of 15 million cubic metres/day and with biomethane production for a total of 1.7 million cubic metres/day.

The number of active transportation users in 2023 was 351, compared to 250 active users in 2022. In 2023, 141 connection agreements were entered into for the creation of new delivery/redelivery points or for upgrading existing ones, 104 contracts for the injection of biomethane and 7 relating to CNG service areas.

The total storage capacity at the end of 2023, at equal strategic storage, stands at 16.7 billion cubic metres, the highest in Europe.

There were 67 active storage customers (66 users in 2022).

¹⁹ For more information, see Note 36 "Information by business segment" of the Notes to the Consolidated Financial Statements.

²⁰ The analysis of the technical investments made by each business sector is provided in the chapter "Operating performance in business segments" of this Report.

5.3.2 Business Volumes

Gas Infrastructure Business

Gas injected into the network
64.07
billion m³
(-15.0% compared to 2022)

The **volume of gas injected into the network** in 2023, at 64.07 bcm, decreased by 11.35 bcm (-15.0% compared to 2022) against the backdrop of the general drop in consumption in Italy and Europe, the significant reduction in exports and lower injections into storage. **Gas demand in Italy** in 2023 amounted to **61.85 billion** cubic metres, a decrease of 6.86 billion cubic metres, or -10.0% compared to 2022, due to the drop in consumption recorded in all business sectors. More specifically, the decline in gas demand is attributable to: (i) **the thermoelectric sector** (-4.10 billion cubic metres; -13.6%) as a result of the increase in electricity imports, mainly stemming from the recovery of French nuclear power, higher hydroelectric production, reduced electricity demand also as a result of the slow recovery of the industrial sector, and the increased use of renewable energy sources supported by photovoltaics in the civil sector; (ii) **the residential and tertiary sector** (-2.16 billion cubic metres; -8.6%), in view of the overall milder temperatures compared to 2022, as well as the energy efficiency and consumption containment actions that influenced the first months of the year; (iii) **the industrial sector** (-0.61 billion cubic metres; -5.2%) influenced, as last year, by commodity price trends and the unstable macroeconomic situation, which led to a drop in industrial production in certain “energy intensive” sectors.

Gas demand
61.85
billion m³
(-10.0% compared to 2022)

The **demand for gas in temperature-normalised terms**, estimated at 63.35 billion cubic metres, shows a decrease of 6.01 billion cubic metres (-8.66%) compared to the corresponding value in 2022 (69.36 billion cubic metres), against a general contraction in consumption due to the gradual increase in energy efficiency measures and the modernisation of heating plants with more efficient boilers, together with actions to contain demand for natural gas required to cope with the winter risk resulting from the reduction in imports from Russia (measures suspended for the winter of 2023-2024).

Gas moved in the Snam storage system
13.72
billion m³

Overall storage capacity managed by the Snam group as at 31 December 2023, including strategic storage, amounted to 16.7 billion cubic metres, the highest in Europe in this period of supply difficulties. The total capacity includes 4.5 billion cubic metres related to **strategic storage** as determined by the Ministry of the Environment and Energy Security²¹ (unchanged from the thermal year 2022-2023) and 12.0 billion cubic metres related to **available capacity**. As at 31 December 2023, the available capacity offered for the thermal year 2023-2024 was fully allocated (94% allocated capacity as at 31 December 2022).

The **volumes of gas moved in the Snam Storage System** of Snam in the 2023 financial year amounted to 13.72 billion cubic metres, down from the 2022 financial year (-4.75 billion cubic metres; -25.7%). The reduction is due to lower injections into storage (-3.51 bcm, or 33.6%, compared to 2022 financial year) and lower deliveries (-1.24 bcm, or 15.5%, compared to 2022 financial year), against the backdrop of overall milder temperatures compared to the 2022 financial year and the general decline in gas consumption in Italy and Europe.

74 unloads
74 from LNG carriers
(59 in 2022)

The **volumes of LNG regasified** during 2023 are 3.69 bcm (+1.45 bcm compared to 2022; +64.7%), and 74 LNG carriers (tanker loads) were unloaded, compared to 59 unloads carried out in 2022. The increase in regasified volumes and the consequent increase in the number of unloads is due to the effects of the Russia-Ukraine conflict on the gas market, which led to an increase in the demand for LNG to meet domestic demand. The higher business volumes also reflect the effects of the entry into operation of the FSRU plant in Piombino, which regasified a total of 1.12 billion m³ in the second half of 2023, with 12 unloads from LNG carriers, compared to 14 allocated unloading slots.

21 In a communiqué dated 3 March 2023, the MASE confirmed the strategic storage volume for the 2023-2024 contract year (1 April 2023-31 March 2024) at 4.62 billion standard cubic metres, of which 4.5 billion cubic metres is the responsibility of Stogit.

Energy transition businesses

At the end of 2023, there were 36 biomethane/biogas plants in operation²², an increase of 4 compared to 2022, with an installed capacity of 41 MW compared to 40 MW at the end of 2022. The increase is due to the addition of 10 new waste (FORSU) and agricultural plants to the portfolio with a total installed capacity of 11 MW. In addition, during the year, 4 biogas and agricultural biomethane plants left the Bioenerys portfolio following the termination of Iniziative Biometano S.p.A. for an installed operating capacity of 8 MW. During 2023, the operation of 2 agricultural Biogas production plants near Ostellato with an installed capacity of 2 MW was suspended in order to allow the subsequent registration in the competitive procedure according to the Biomethane Decree 2022 and the start of the reconversion works of these plants.

36 plants
in operation
(32 in 2022)

Installed megawatts (MW) on co-generation and photovoltaic plants for customer energy efficiency measures amounted to 70, up from 2022 (+24 MW) mainly due to the commissioning of more than 25 plants for industrial customers. Regarding the backlog, there is a decrease compared to 2022. The decrease is mainly due to the end of the deep renovation of private and public buildings driven by the Superbonus (110%) incentive mechanism.

70 megawatts
installed
(46 in 2022)

KEY OPERATING FIGURES					
	2021	2022	2023	Abs. change	Change %
Natural gas transportation (a)					
Natural gas injected into the National Gas Transportation Network (billion cubic metres) (b)	75.77	75.42	64.07	(11.35)	(15.0)
Gas demand (b)	76.37	68.71	61.85	(6.86)	(10.0)
Gas transportation network (kilometres in use)	32,767	32,862	32,895	33	0.1
Regasification of Liquefied Natural Gas (LNG) (a)					
LNG regasification (billion cubic metres)	1.05	2.24	3.69	1.45	64.8
Natural gas storage (a)					
Total storage capacity (billion cubic metres) (c)	16.5	16.5	16.7	0.16	1.0
Natural gas moved through the storage system (billion cubic metres)	18.41	18.47	13.72	(4.75)	(25.7)
Employees in service at year-end (number) (d)	3,430	3,610	3,798	188	5.2
<i>of which business sectors:</i>					
- Transportation Segment	1,843	1,903	1,963	60	3.2
- Regasification segment	65	66	81	15	22.7
- Storage segment	66	70	71	1	1.4
- Energy Transition sector (e)	422	562	654	92	16.4
- Corporate and other activities	1,034	1,009	1,029	20	2.0

(a) With regards to 2023, gas volumes are expressed in standard cubic metres (scm) with an average higher heating value (HHV) of 38.1 MJ/scm (10.573 kWh/scm) for transportation and regasification activities and 39.3 MJ/scm (10.919 kWh/scm) natural gas storage for the thermal year 2023-2024.

(b) The data for 2023 was last updated on 26 January 2024. The corresponding value for 2022 has been definitively updated.

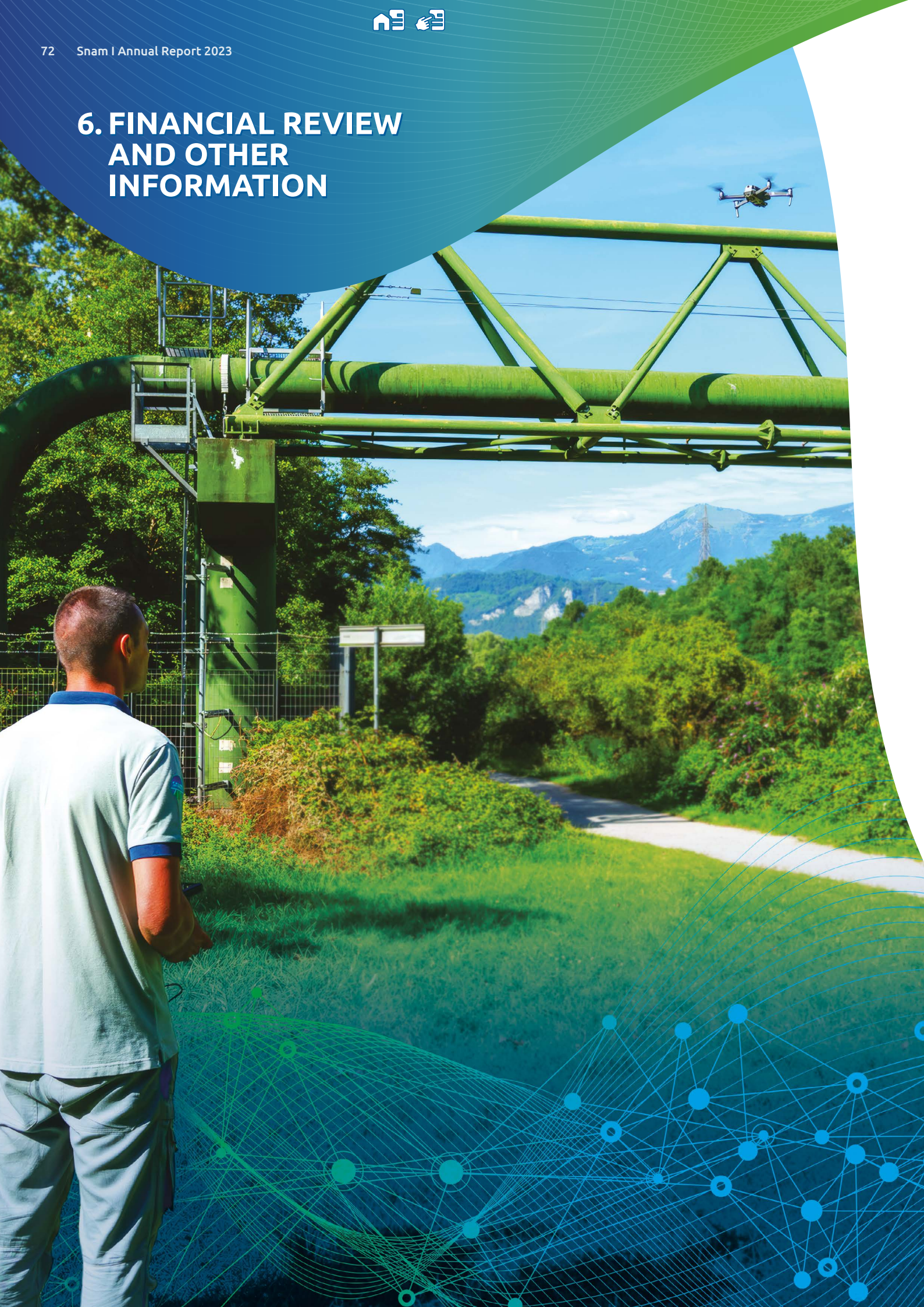
(c) Of which 4.5 billion cubic metres related to strategic gas and 12.2 billion cubic metres related to capacity available for modulation, mining and balancing services (so-called working gas). The available capacity as at 31 December 2023 is that declared to the Energy Networks and Environment Regulatory Authority at the beginning of the thermal year 2023-2024. As a result of the allocation processes for the storage services offered for the thermal year 2023-2024, all available capacity was fully allocated.

(d) Fully consolidated companies. The change is mainly attributable to the Energy Transition and Transportation segments due to the entry of new companies into the group perimeter as well as new entrants to strengthen the business.

(e) The Energy Transition sector includes resources dedicated to decarbonisation projects. The corresponding values for 2021 and 2022 have been restated.

22 The figure includes the Marsala plant in the commissioning phase.

6. FINANCIAL REVIEW AND OTHER INFORMATION



6.1 Financial review

RECLASSIFIED INCOME STATEMENT

2021 Adjusted (*)	(milioni di €)	2022		2023		2023 adjusted vs 2022 adjusted	
		Reported	Adjusted (*)	Reported	Adjusted (*)	Abs. change	Change %
2,869	Regulated revenues	2,719	2,719	3,104	3,104	385	14.2
58	Non-regulated revenues	101	101	79	79	(22)	(21.8)
2,927	Gas Infrastructure Business Revenues	2,820	2,820	3,183	3,183	363	12.9
370	Energy Transition Business Revenues	695	695	1,105	1,105	410	59.0
3,297	TOTAL REVENUES	3,515	3,515	4,288	4,288	773	22.0
(686)	Gas Infrastructure Business Operating Costs	(616)	(607)	(834)	(826)	(219)	36.1
(361)	Energy Transition Business Operating Costs	(681)	(671)	(1,057)	(1,045)	(374)	55.7
(1,047)	TOTAL OPERATING COSTS	(1,297)	(1,278)	(1,891)	(1,871)	(593)	46.4
2,250	EBITDA	2,218	2,237	2,397	2,417	180	8.0
(820)	Amortisation, depreciation and impairment losses	(890)	(873)	(1,126)	(940)	(67)	7.7
1,430	EBIT	1,328	1,364	1,271	1,477	113	8.3
(102)	Net financial expenses	(140)	(123)	(221)	(221)	(98)	79.7
294	Net income (expenses) from equity investments	(138)	308	484	315	7	2.3
1,622	Profit before taxes	1,050	1,549	1,534	1,571	22	1.4
(400)	Income taxes	(378)	(385)	(389)	(393)	(8)	2.1
1,222	Net profit	672	1,164	1,145	1,178	14	1.2
1,218	- Held by Snam shareholders	671	1,163	1,135	1,168	5	0.4
4	- Non-controlling interests	1	1	10	10	9	

(*) Values exclude special items.

SUMMARY RECONCILIATION OF ADJUSTED RESULTS (*)

2021	(million euros)	2022	2023	Abs. change	Change %
2,243	EBITDA	2,218	2,397	179	8.1
7	Exclusion of special items	19	20	1	
2,250	Adjusted EBITDA	2,237	2,417	180	8.0
1,423	EBIT	1,328	1,271	(57)	(4.3)
7	Exclusion of special items	36	206	170	
1,430	Adjusted EBIT	1,364	1,477	113	8.3
1,500	Net profit	672	1,145	473	70.4
1,496	- Held by Snam shareholders	671	1,135	464	69.2
4	- Non-controlling interests	1	10	9	
(278)	Exclusion of special items	492	33	(459)	
1,222	Adjusted net profit	1,164	1,178	14	1.2
1,218	- Held by Snam shareholders	1,163	1,168	5	0.4
4	- Non-controlling interests	1	10	9	

(*) For the nature and detailed reconciliation of the individual adjustments, see the paragraph "Non-GAAP measures" of this Report.

6.1.2 Non-GAAP measures

Snam's management assesses the Group's performance on the basis of result measures not provided for by IFRS ("Alternative Performance Measures"), which exclude from reported operating profit and net profit the expenses and income of an extraordinary nature (special items) as they are not related to ordinary industrial operations, gross and net of related taxes, respectively. It is believed that these measures facilitate the analysis of the Group's performance and business segments, ensure better comparability of results over time and allow financial analysts to assess the Group's results on the basis of their forecasting models.

Non-GAAP financial information should be viewed as supplementary and does not supersede the information prepared in line with IFRS.

In accordance with the recommendations of CONSOB and ESMA regarding alternative performance indicators, the following paragraphs provide indications relating to the composition of the main alternative performance indicators used in this document, which cannot be directly inferred from reclassifications or algebraic sums of conventional indicators²³ compliant with the International Accounting Standards.

Adjusted EBITDA, operating profit and net profit

Adjusted EBITDA, operating profit and net profit are obtained by excluding special items from the reported operating profit and net profit (from the statutory income statement), gross and net of related taxes, respectively. The income items classified as special items for the 2023 financial year mainly refer to:

- (i) the write-down of non-current assets with reference to the FORSU biomethane business (€186 million)²⁴;
- (ii) income from the fair value valuation of contractual tariffs, until 2040, of the subsidiary ADNOC Gas Pipeline Assets due to changes in market interest rates (€65 million). In order to reflect the substance of the transaction and the actual return for ADNOC investors, this effect was normalised, using a constant interest rate throughout the contractual term, made equal to the Internal Rate of Return (IRR) for investors on the acquisition date²⁵;

23 According to the CESR/05-178b recommendation of October 2005, all the data included in the financial statements audited in accordance with IFRS or in the balance sheet, the income statement, the statement of changes in shareholders' equity and the cash flow statement are conventional indicators or in the commentary notes.

24 For more information, please refer to Note 9 "Intangible Assets and Goodwill - Impairment Test" in the Notes to the Consolidated Financial Statements.

25 To this end, it notes that for the company ADNOC Gas Pipeline Assets, changes in the interest rates used for the valuation of the contractual rates do not impact returns for investors, as these variations: (i) do not modify the contribution to the account overall income that will be generated over the contractual period; (ii) do not influence the cash flow in favor of shareholders, expressed in nominal currency terms over the contractual period.

- (iii) the capital gain from the sale of shares in Industrie De Nora S.p.A. (€75 million, net of ancillary charges and related taxation), a transaction after which Snam holds 21.59% of the company's share capital (25.79% before sale);
- (iv) the capital gain realised by Industrie De Nora S.p.A. in connection with the sale of shares in the associated company Thyssenkrupp Nucera, aimed at listing it on the Frankfurt Stock Exchange (€28 million);
- (v) accruals to provisions for risks and charges (€12 million), relating to matters that are not representative of normal business operations;
- (vi) the derecognition of ongoing assets (€8 million in total; €6 million net of related taxation).

Special item

Income components are classified as special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of normal business operations. The tax effect linked to the items excluded from the adjusted net profit calculation are determined based on the nature of each revenue item that is subject to exclusion. In order to facilitate the analysis and understanding of business trends and the comparison of data for the periods being compared, all write-downs and write-backs resulting from the impairment test, in application of International Accounting Standard IAS 36, are considered within the special items and therefore excluded from the adjusted group results.

Income components arising from non-recurring transactions pursuant to CONSOB Resolution No. 15519 of 27 July 2006 are also shown separately, when significant, in the IFRS financial reporting. During the 2023 financial year and the previous year under comparison, there were no significant events and transactions of a non-recurring nature within the meaning of the aforementioned resolution.

Free cash flow

Free cash flow is the measure that allows the connection between the statutory cash flow statement, which expresses the change in liquidity between the beginning and end of the period, and the change in net financial debt between the beginning and end of the reclassified cash flow statement. The free cash flow represents the cash surplus or deficit left over after financing the investments and closes either: on the cash change for the period, after the cash flows related to the financial payables/assets (credit/debit repayments/financial payables) have been added/subtracted, to self-owned capital (payment of dividends/net purchase of treasury shares/capital injections), as well as the effects on cash and cash equivalents of changes in the scope of consolidation and exchange differences arising from conversion; or (ii) on the change in net financial debt for the period, after the flows relating to self-owned capital have been added/subtracted, as well as the effects on net financial debt of changes in the scope of consolidation and exchange differences arising on conversion.

Net financial debt

Snam calculates net financial debt as the sum of short- and long-term financial debt, including financial debt for lease agreements pursuant to LFRS 16, net of cash and cash equivalents and current financial assets, such as securities held for trading, which are not cash and cash equivalents or derivative instruments used for hedging purposes.

In accordance with CONSOB Communication Dem/6064293 of 2006, as last amended on 5 May 2021, other current financial assets that do not constitute liquidity (e.g. short-term financial receivables maturing beyond 90 days) are excluded from the calculation of net financial debt.

The tables below show the reconciliation between the reported Income Statement and the adjusted Income Statement, as well as a table summarising the special items:

(million euros)	2022			2023			Abs. change	Change %
	Reported	SPECIAL ITEM	Adjusted	Reported	SPECIAL ITEM	Adjusted		
Regulated revenues	2,719		2,719	3,104		3,104	385	14.2
Non-regulated revenues	101		101	79		79	(22)	(21.8)
Gas Infrastructure Business Revenues	2,820		2,820	3,183		3,183	363	12.9
Energy Transition Business Revenues	695		695	1,105		1,105	410	59.0
TOTAL REVENUES	3,515		3,515	4,288		4,288	773	22.0
Gas Infrastructure Business Operating Costs	(616)	9	(607)	(834)	8	(826)	(219)	36.1
Energy Transition Business Operating Costs	(681)	10	(671)	(1,057)	12	(1,045)	(374)	55.7
TOTAL OPERATING COSTS	(1,297)	19	(1,278)	(1,891)	20	(1,871)	(593)	46.4
EBITDA	2,218	19	2,237	2,397	20	2,417	180	8.0
Amortisation, depreciation and impairment losses	(890)	17	(873)	(1,126)	186	(940)	(67)	7.7
EBIT	1,328	36	1,364	1,271	206	1,477	113	8.3
Net financial expenses	(140)	17	(123)	(221)		(221)	(98)	79.7
Net income (expenses) from equity investments	(138)	446	308	484	(169)	315	7	2.3
Profit before taxes	1,050	499	1,549	1,534	37	1,571	22	1.4
Income taxes	(378)	(7)	(385)	(389)	(4)	(393)	(8)	2.1
Net profit	672	492	1,164	1,145	33	1,178	14	1.2
- Held by Snam shareholders	671	492	1,163	1,135	33	1,168	5	0.4
- Non-controlling interests	1		1	10		10	9	

DETAIL OF SPECIAL ITEMS

(million euros)	2022	2023	Abs. change	Change %
EBITDA	2,218	2,397	179	8.1
<i>Exclusion of special items</i>				
Allocations to provisions for risks and charges	10	12	2	20.0
Capital loss from the disposal of current assets		8	8	
Write-down of current assets	3		(3)	(100.0)
Indemnities for termination of employment	6		(6)	(100.0)
Adjusted EBITDA	2,237	2,417	180	8.0
EBIT	1,328	1,271	(57)	(4.3)
<i>Exclusion of special items</i>				
<i>Exclusion of special items EBITDA</i>	19	20	11	
Write-down of non-current assets	17	186	169	
Adjusted EBIT	1,364	1,477	123	9.1
Net profit	672	1,145	473	70.4
<i>Exclusion of special items</i>				
Special item of EBIT	36	206	170	
Gain on disposal and other income from equity investments	(73)	(76)	(3)	4.1
Expenses (income) from equity-accounted investments	519	(93)	(612)	
Liability management finance charges	17		(17)	(100.0)
Taxation on special items	(7)	(4)	3	(42.9)
Adjusted net profit	1,164	1,178	14	1.2
- Held by Snam shareholders	1,163	1,168	5	0.4
- Non-controlling interests	1	10	9	

Analysis of adjusted income statement items

In accordance with IFRS 8 "Operating Segments", the Snam Group has identified the following operating segments: Transportation, Storage, Regasification and Energy Transition, which includes the biogas/biomethane business, energy efficiency and start-up activities in hydrogen and Carbon Capture and Storage (CCS).

The "Other segments", not subject to separate reporting, mainly include the sustainable mobility business, an activity that is being repositioned within the Gas Infrastructure business insofar as it is no longer focused solely on the automotive sector, but is oriented towards the construction of mid-stream infrastructure dedicated to heavy transportation, shipping and railways.

REVENUES BY BUSINESS SEGMENT					
2021	(million euros)	2022	2023	Abs. change	Change %
Business segments					
2,379	Transportation Segment	2,270	2,732	462	20.4
530	Storage segment	523	561	38	7.3
20	Regasification segment	46	78	32	69.6
370	Energy Transition segment	695	1,105	410	59.0
34	Other segments	27	42	15	55.6
16	Amounts not allocated to segments	17	8	(9)	(52.9)
(52)	Consolidation eliminations	(63)	(238)	(175)	
3,297	TOTAL REVENUES	3,515	4,288	773	22.0

REGULATED AND NON-REGULATED REVENUES					
2021	(million euros)	2022	2023	Abs. change	Change %
2,624	Gas Infrastructure Business Revenues	2,820	3,183	363	12.9
2,548	Regulated revenues	2,719	3,104	385	14.2
2,028	- Transportation Segment	2,162	2,474	312	14.4
499	- Storage segment	515	553	38	7.4
21	- Regasification segment	42	77	35	83.3
76	Non-regulated revenues	101	79	(22)	(21.8)
146	Energy Transition Business Revenues	695	1,105	410	59.0
146	- Energy Transition segment	695	1,105	410	59.0
2,770	TOTAL REVENUES	3,515	4,288	773	22.0

Total revenues for the 2023 financial year amounted to €4,288 million, up by €773 million, or 22.0%, compared to the 2022 financial year, and included variable fees to cover energy costs²⁶ amounting to €413 million, a significant increase compared to 2022 (€198 million in 2022; +215 million) as a result of an increase in the tariff proposal price. Net of these fees, total revenues amounted to €3,875 million, an increase of €558 million, or 16.8%, due to revenues from the **energy transition business** (+€410 million; +59.0%), driven by the development of energy efficiency, particularly in the residential sector. With reference to the **gas infrastructure business** regulated revenues increased (+€170 million; +6.7%) as a result of the realisation of planned investments and output-based services, partly absorbed by the reduction in non-regulated revenues (-€22 million; -21.8%), against the lower positive one-off effects compared to 2022.

Revenues from the gas infrastructure business (€2,770 million, net of energy costs; €2,622 million in 2022) refer to regulated revenues (€2,691 million; €2,521 million in 2022) and non-regulated revenues (€79 million; €101 million in 2022).

Regulated revenues, net of energy costs, increased by €170 million or 6.7% compared to the 2022 financial year, mainly attributable to: (i) higher revenues related to RAB growth (+€78 million, including lower input-based incentives); (ii) output-based incentives related to the continued operation of transportation assets fully amortised for tariff purposes and flexibility services provided to users (+€85 million, including the recognition of incentives related to the increased use by storage service users of flexibility services offered at short-term auctions in the thermal year 2022-2023²⁷); (iii) the recognition of revenues related to higher regasified volumes in 2022, compared to the revenues defined by the Regulatory Authority for the same year (+€12 million in total); (iv) revenues related to the start-up of the Piombino regasification plant (+€21 million). These effects were offset by lower volumes of gas transported (-€21 million), due to the overall milder temperatures compared to 2022 and the implementation of actions to curb gas demand.

Non-regulated revenues decreased by €22 million or 21.8% compared to the 2022 financial year, mainly due to lower one-off revenues compared to the 2022 financial year, impacted by the sale of owned gas inventories.

Energy Transition Business revenues (€1,105 million) increased by €410 million, or 59.0%, compared to the 2022 financial year due to the positive contribution of energy efficiency (+€365 million), in particular due to the strong development of the residential and biomethane business (+€44 million) against the expansion of the company perimeter.

OPERATING COSTS (*)

2021	(million euros)	2022	2023	Abs. change	Change %
686	Gas Infrastructure Business Costs	607	826	219	36.1
289	Fixed costs	305	324	19	6.2
210	Variable costs	152	269	117	77.0
187	Other costs	150	233	83	55.3
361	Energy Transition Business Costs	671	1,045	374	55.7
1,047	TOTAL OPERATING COSTS	1,278	1,871	593	46.4

(*) Excluding special items.

Operating costs in 2023 stood at €1,871 million, an increase of €593 million, up 46.4% compared with 2022. Net of energy costs, which are covered by the variable fees applied to users under the current regulatory framework for the fifth regulatory period, operating costs of the core business increased by €374 million, or 34.5%, mainly due to the growth in business volumes in energy efficiency.

26 On the basis of the provisions of the regulatory framework in force for the fifth regulatory period, as of 1 January 2020, the energy costs relating to the costs for the purchase of fuel gas, previously subject to in-kind contribution from shippers and the charges for the purchase of CO₂ emission rights, are covered in revenues through the variable fee applied to users. Energy costs are recognised on the basis of tariff proposal prices, and the related revenues to cover these costs are recognised consistently with the way the costs are recognised. The criteria for regulatory recognition of energy costs ensure substantial neutrality in both economic and financial terms.

27 The recognition of the higher incentives accrued during the thermal year 2022-2023, impacted by extraordinary measures to deal with the energy supply crisis caused by the Russia-Ukraine conflict, follows ARERA Resolution No. 419/2023/R/gas, published on 29 September 2023.

The **operating costs of the gas infrastructure business** (€413 million, net of energy costs) were unchanged compared to 2022, despite higher costs related to the start-up of operations of the FSRU plant in Piombino relating, in particular, to O&M maintenance and maritime services.

The **operating costs of the energy transition businesses** (€1,045 million) increased by €374 million, equal to 55.7%, compared to 2022. The increase is attributable to a growth in business volumes, particularly in the area of energy efficiency, and to costs arising from the entry and integration of new companies active in the biomethane business, which entered the scope of consolidation in 2023 (2 companies pertaining to the biomethane/waste business and 8 pertaining to the biomethane/agri business).

The number of employees as at 31 December 2023 (3,798 units) is analysed below by professional status.

2021	(number)	2022	2023	Abs. change	Change %
Professional qualification					
141	Executives	132	130	(2)	(1.5)
600	Middle Managers	653	682	29	4.4
1,880	Office workers	1,957	2,104	147	7.5
809	Manual workers	868	882	14	1.6
3,430	TOTAL EMPLOYEES IN SERVICE	3,610	3,798	188	5.2

The increase of 188 employees compared to 2022 is mainly due to the strengthening of the energy transition business (92 employees) and the inclusion of new resources in the gas infrastructure business, with particular reference to the natural gas transportation business (60 employees), for new project initiatives.

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES					
2021	(million euros)	2022	2023	Abs. change	Change %
809	Depreciation	867	925	58	6.7
659	Transportation Segment	697	722	25	3.6
8	Regasification segment	11	28	17	
116	Storage segment	120	121	1	0.8
15	Energy Transition segment	28	44	16	57.1
2	Other sectors	2	1	(1)	(50.0)
9	Amounts not allocated to segments	9	9		
11	Impairment losses (Recovery of value) (*)	6	15	9	
820	TOTAL AMORTISATION AND DEPRECIATION AND IMPAIRMENT LOSSES	873	940	67	7.7

(*) Excluding special items.

Amortisation, depreciation and impairment losses (€940 million) rose by €67 million or 7.7% compared with 2022. The increase was mainly due to higher depreciation and amortisation (+€58 million); equal to 6.7%) mainly as a result of the commissioning of new infrastructure, including the commissioning of the FSRU plant in Piombino.

Below is a breakdown of EBIT by business segment:

EBIT (*)					
2021	(million euros)	2022	2023	Abs. change	Change %
Business segments					
1,135	Transportation Segment	1,092	1,147	55	5.0
	Regasification segment	18	7	(11)	(61.1)
338	Storage segment	305	352	47	15.4
(6)	Energy Transition sector	(4)	9	13	
(10)	Other sectors	(21)	(5)	16	(76.2)
(27)	Amounts not allocated to segments	(26)	(33)	(7)	26.9
1,430	TOTAL OPERATING PROFIT	1,364	1,477	113	8.3

(*) Excluding special items.

With reference to the business segments subject to separate reporting pursuant to IFRS 8, an analysis of EBIT is provided in the "Business segment operating performance" section of this Report.

NET FINANCIAL EXPENSES (*)					
2021	(million euros)	2022	2023	Abs. change	Change %
131	Financial expense related to net financial debt	155	265	110	71.0
146	Interest and other expenses on short- and long-term debt	158	295	137	86.7
(15)	- Interest income and other income	(3)	(30)	(27)	
(9)	Other net financial expense (income)	(7)	(23)	(16)	
5	- Financial charges related to the passage of time (accretion discount)	12	19	7	58.3
(14)	- Other net financial expense (income)	(19)	(42)	(23)	121.1
(20)	Financial expense charged to assets	(25)	(21)	4	(16.0)
102	TOTAL NET FINANCIAL EXPENSES	123	221	98	79.7

(*) Excluding special items.

Net financial expenses for the 2023 financial year amounted to €221 million, an increase of €98 million, or 79.7%, compared to the 2022 financial year.

The increase was due, in particular, to higher borrowing costs related to the higher average cost of gross debt, which stood at about 2% in 2023 compared to about 1.1% in 2022. The increase in the average cost of debt is mainly attributable to the changed interest rate scenario over the past 12 months. This effect was partly absorbed by the increase in other net financial income, which was mainly attributable to interest on arrears under the default service and income from the effect of the passage of time of ecobonus credits.

Financial expense capitalised amount to €21 million (€25 million in 2022).

NET INCOME FROM EQUITY INVESTMENTS (*)					
2021	(million euros)	2022	2023	Abs. change	Change %
294	Share of profit or loss of investments accounted for using the equity method	323	317	(6)	(1.9)
	Other (expenses) and income from equity investments	(15)	(2)	13	(86.7)
294	TOTAL NET INCOME FROM EQUITY INVESTMENTS	308	315	7	2.3

(*) Excluding special items.

Total net income from equity investments (€315 million; +7 million; amounting to 2.3%) mainly relate to the share of the net results for the period of companies accounted for using the equity method (€317 million, -€6 million; -1.9%). With reference to the international equity investments, the higher contribution of the Greek DESFA, mainly due to the auction premiums obtained on the export point to Bulgaria and on the entry point from the LNG terminal, the entry into the perimeter of the SeaCorridor joint venture, as well as the higher contribution of GCA, due to the revenue adjustment to cover energy costs 2022, absorbed the lower contribution recorded by the Austrian TAG. At the end of 2022, in fact, most of TAG's long-term transport contracts expired, and in 2023, there was a substantial decline, in line with expectations, in the volumes of gas imported into Italy from the Tarvisio entry point. The results of the associate companies were also affected by the lower contribution of Interconnector Limited, for which the solid operating performance was limited by the regulatory cap, which was less stringent in 2022 as it benefited from the recovery of underperformances from previous years.

INCOME TAXES (*)					
2021	(million euros)	2022	2023	Abs. change	Change %
425	Current taxes	421	441	20	4.8
(25)	Deferred taxes	(36)	(48)	(12)	33.3
400	TOTAL INCOME TAXES	385	393	8	2.1

(*) Excluding special items.

Income taxes amounted to €393 million, an increase of €8 million, or 2.1%, compared to the 2022 financial year, mainly due to higher profit before taxes.



6.1.3 Reclassified statement of financial position

The reclassified Statement of Financial Position combines the assets and liabilities of the mandatory schedule published in the Annual Financial Report according to the criterion of functionality for the management of the enterprise, conventionally divided into the three basic functions: investment, operations and financing.

Management believes that this format presents useful information for investors as it allows identification of the sources of financing (equity and third-party funds) and the investment of financial resources in fixed and working capital.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (*)			
(million euros)	31.12.2022	31.12.2023	Abs. change
Fixed capital	21,562	23,002	1,440
Property, plant and equipment	17,859	18,941	1,082
- of which Rights of use on leased assets	33	44	11
Non-current inventories - Compulsory inventories	363	363	
Intangible assets and goodwill	1,321	1,449	128
Equity investments accounted for using the equity method	2,313	3,019	706
Other financial assets	175	163	(12)
Net payables for investments	(469)	(933)	(464)
Net working capital	(2,155)	(24)	2,131
Liabilities for employee benefits	(27)	(28)	(1)
Assets held for sale and directly associated liabilities	67		(67)
NET INVESTED CAPITAL	19,447	22,950	3,503
Equity	7,524	7,680	156
- Snam Shareholders' equity	7,468	7,635	167
- Minority interests	56	45	(11)
Net financial debt	11,923	15,270	3,347
- of which Financial payables for leased assets	33	43	10
COVERAGE	19,447	22,950	3,503

(*) For the reconciliation of the Reclassified statement of financial position to the statutory financial statements, see "Reconciliation of the reclassified financial statements to the statutory financial statements" below.

(**) Of which €35 million long-term and €8 million short-term portions of non-current financial payables.

Fixed capital (€23,002 million) increased by €1,440 million with respect to 31 December 2022, due to: (i) the increase in tangible and intangible assets (+€1,210 million, including the trend in net payables relating to investing activities); (ii) investments accounted for using the equity method (+€706 million²⁸), mainly due to the acquisition from Eni of 49.9% of SeaCorridor, a company that holds interests in the companies that operate the TTPC and TMPC gas pipelines. These effects were partially offset by higher net investment debts (-€464 million).

The change in property, plant and equipment and in intangible fixed assets can be broken down as follows:

(million euros)	Property, plant and equipment	Intangible fixed assets	Total
BALANCE AS AT 31 DECEMBER 2022	17,859	1,321	19,180
Technical investments	1,521	253	1,774
Amortisation, depreciation and impairment losses	(925)	(201)	(1,126)
Transfers, write-offs and derecognition	(11)		(11)
Change in scope of consolidation	443	76	519
Reclassifications pursuant to IFRS 5 - Assets held for sale	(23)		(23)
Other changes	77		77
BALANCE AS AT 31 DECEMBER 2023	18,941	1,449	20,390

Technical investments in 2023 amount to €1,774 million²⁹, up from 2022 (+€423 million; +31.3%) mainly as a result of higher investments in the gas infrastructure business against, in particular, the upgrading of the Ravenna and Piombino terminals. Technical investments mainly relate to the transportation (€1,139 million), regasification (€256 million) and storage (€225 million) sectors, while investments in the energy transition business amounted to €127 million.

The change in the scope of consolidation (€519 million) refers mainly to the assets recognised in connection with the acquisition: (i) of 100% of the capital of FSRU I Limited, the company that owns the Floating, Storage and Regasification Unit (FSRU) "BW Singapore" (€374 million, net of advances paid in 2022)³⁰; (ii) of 2 assets in the waste sector and 8 assets in the agri sector (€145 million in total, including related goodwill). Further information on business combinations is illustrated in Note 24 "Business combinations" of the Notes to the consolidated financial statements, to which reference is made.

Other changes (+€77 million) mainly refer to: (i) the effects of adjusting the present value of disbursements for site decommissioning and restoration costs (+€48 million), following the reduction in expected discount rates; (ii) to the change in inventories of piping and related ancillary materials used in plant construction activities, referring to the natural gas transportation segment (+€44 million); (iii) to contributions on works for interference with third parties (so-called recharges; -€22 million).

Non-current inventories - Compulsory inventories

Non-current inventories - Compulsory inventories, of €363 million (the same as at 31 December 2022) include minimum quantities of natural gas that the storage companies are obliged to hold pursuant to Presidential Decree no. 22 of 31 January 2001. The quantities of gas in storage, corresponding to approximately 4.5 billion standard cubic metres of natural gas, are determined annually by the Ministry of the Environment and Energy Security (MASE)³¹.

²⁹ An analysis of the technical investments made by each business sector is provided in the chapter "Operating performance by business segment" of this Report.

³⁰ The acquisition of the controlling interest in Golar LNG NB 13 Corporation, qualifies as an Asset Acquisition and therefore outside the scope of IFRS 3 Business Combinations, as the consideration paid is entirely attributable to a single asset, more specifically the ship BW Singapore.

³¹ In a communiqué dated 3 March 2023, the MASE confirmed the strategic storage volume for the 2023-2024 contract year (1 April 2023-31 March 2024) at 4.62 billion standard cubic metres, of which 4.5 billion cubic metres is the responsibility of Stogit.



Equity investments accounted for using the equity method

Equity investments accounted for using the equity method (€3,019 million) mainly refer to associated companies (€1,566 million) and jointly controlled companies (€1,452 million). Detailed changes are provided in Note 10 “Equity investments accounted for using the equity method” in the Notes to the Consolidated Financial Statements.

Other financial assets

Other financial assets (€163 million) mainly relate to long-term financial receivables from OLT (€82 million) and the minority equity investments at FVTOCI in the companies Terminale GNL Adriatico S.r.l. (€24 million), Storegga (€14 million) and ITM Power PLC (€9 million).

Long-term financial receivables decreased by €16 million compared to 31 December 2022, mainly due to the partial repayment by OLT of the outstanding shareholder loan.

As part of the OLT refinancing, some limitations are envisaged for typical shareholders for transactions of this type, including: the pledge of the shares held by Snam in OLT in favour of the lenders for the entire duration of the loan; the assignment of the remaining shareholders' credit as collateral.

For more details, see Note no. 11 “Other current and non-current financial assets” in the Notes to the Consolidated Financial Statements.

NET WORKING CAPITAL			
(million euros)	31.12.2022	31.12.2023	Abs. change
Trade receivables	4,244	4,359	115
Inventories	3,202	2,810	(392)
- of which: Gas inventories pursuant to Resolution 274/2022/R/Gas for last resort filling	2,348	2,010	(338)
Tax assets	172	421	249
Deferred tax assets (liabilities)	280	316	36
Other assets	402	216	(186)
Derivative liabilities/(assets)	4	(10)	(14)
Tax receivables	(58)	(125)	(67)
Accruals and deferrals from regulated activities	(100)	(131)	(31)
Provisions for risks and charges	(574)	(663)	(89)
- of which: Provision for decommissioning and site restoration	(498)	(565)	(67)
Trade payables	(1,546)	(987)	559
Other liabilities	(8,181)	(6,230)	1,951
- of which: Payables to the Cassa per i Servizi Energetici e Ambientali (CSEA)	(5,571)	(4,037)	1,534
- of which: Payable for interim dividend	(369)	(378)	(9)
- of which: Security deposits	(1,382)	(1,040)	342
TOTAL NET WORKING CAPITAL	(2,155)	(24)	2,131

Net working capital increased by €2,131 million compared to 31 December 2022. The increase is mainly attributable to: (i) a reduction in net liabilities for the gas transportation system balancing service (+€1,083 million), mainly due to lower net sales payables as Balancing Manager (RdB) and to the reduction in security deposits received for balancing services (+€344 million), effects mainly related to the reduction in gas purchase and sale prices on the market; (ii) lower net liabilities for tariff components (+€490 million), mainly attributable to the settlement of debts for over-billing transportation service users with respect to revenue recognised in 2022, lower penalties and additional fees applied to users, and higher receivables for output-based services; (iii) to higher ecobonus/superbonus credits (around €800 million). These effects were partly absorbed by the increase in the provisions for risks and charges (+€89 million), mainly due to the adjustment of the present value of site decommissioning and restoration charges following an increase in expected discount rates (+€67 million).

COMPREHENSIVE INCOME STATEMENT		
(million euros)	2022	2023
PROFIT FOR THE YEAR	672	1,145
OTHER COMPONENTS OF COMPREHENSIVE INCOME STATEMENT		
Cash flow hedge – effective portion of fair value change	19	10
Equity investments accounted for using the equity method - portion of other components in the comprehensive income statement (*)	129	(49)
Tax effect	(4)	(3)
<i>Total components which are or could be reclassified in profit for the year, net of tax effect</i>	<i>144</i>	<i>(42)</i>
Restatement of defined benefit liabilities for employees	8	(2)
Investments accounted for using the equity method - share of other components of comprehensive income	1	(1)
Equity investments accounted for at FVTOCI ("fair value through other comprehensive income")	(44)	(3)
Tax effect	(1)	
<i>Total components which will not be reclassified in profit for the year, net of tax effect</i>	<i>(36)</i>	<i>(6)</i>
TOTAL OTHER COMPONENTS IN THE COMPREHENSIVE INCOME STATEMENT, NET OF TAX EFFECT	108	(48)
TOTAL COMPREHENSIVE INCOME STATEMENT	780	1,097
Total comprehensive income statement:	780	1,097
- held by Snam shareholders	779	1,087
- non-controlling interests	1	10

(*) The figure pertains to the fluctuation in the fair value of derivative hedges, as well as the variation in investments in associated companies.

SHAREHOLDERS' EQUITY

(million euros)	
Shareholders' equity at 31 December 2022	7,524
Increases owing to:	
- Comprehensive income	1,097
- Other changes	23
	1,120
Decreases owing to:	
- Final 2022 dividend	(553)
- 2023 Interim Dividend (*)	(378)
- Purchase of treasury shares	(3)
- Acquisition of controlling interests with non-controlling interests	(15)
- Acquisition of non-controlling interests without change of control	(6)
- Other changes	(9)
	(964)
Shareholders' equity at 31 December 2023	7,680
- Snam Shareholders' equity	7,635
- Minority interests	45

(*) Amount paid on 24 January 2024.

Information about the individual equity items and changes therein compared with 31 December 2022 is given in Note 23 to the Consolidated Financial Statements, "Shareholders' Equity".

RECONCILIATION BETWEEN SNAM S.P.A.'S NET PROFIT AND THE SHAREHOLDERS' EQUITY AND THOSE OF THE CONSOLIDATED FIGURES

(million euros)	Operating profit		Shareholders' equity	
	2022	2023	31.12.2022	31.12.2023
Statutory financial statements of Snam S.p.A.	697	1,204	4,832	5,111
Net profit of the Companies included in the scope of consolidation	993	548		
Difference between the carrying value of the equity investments in consolidated companies and the shareholders' equity in the annual financial statements, inclusive of the profit for the period			2,451	2,177
Adjustments made upon consolidation for:				
- Dividends	(990)	(1,359)		
- Reversal of write-downs of consolidated companies		607		
- Difference between purchase price and corresponding net shareholders' equity	(7)	(58)		
- Adjustments for uniformity of accounting principles	(4)	3		
- Income from valuation of equity investments accounted for using the equity method and other Income from equity investments	(17)	200	241	392
	672	1,145	7,524	7,680
Non-controlling interests	(1)	(10)	(56)	(45)
CONSOLIDATED FINANCIAL STATEMENTS (*)	671	1,135	7,468	7,635

(*) Held by Snam shareholders

NET FINANCIAL DEBT			
(million euros)	31.12.2022	31.12.2023	Abs. change
Financial debt and bond	13,680	16,652	2,972
Current financial liabilities (*)	2,516	4,904	2,388
Non-current financial liabilities	11,131	11,705	574
Financial payables for leased assets (**)	33	43	10
Financial receivables and cash and cash equivalents	(1,757)	(1,382)	375
Cash and cash equivalents	(1,757)	(1,382)	375
NET FINANCIAL DEBT	11,923	15,270	3,347

(*) Includes the current portion of long-term financial debt.

(**) Of which €35 million long-term and €8 million short-term portions of non-current financial payables.

Net financial debt was €15,270 million at 31 December 2023 (€11,923 million at 31 December 2022).

Cash flow from operating activities was significantly impacted by the cash absorption resulting from the expected working capital dynamics related to balancing activities and higher receivables for ecobonus. Considering capital expenditure requirements (€2,231 million, of which €1,643 million related to technical investments and €615 million to equity investments, net of the proceeds from the sale of 4.2% of the capital of Industrie De Nora S.p.A.), free cash flow amounted to a negative €2,366 million. Net financial debt, including equity cash flow (€936 million) from the payment of the 2023 dividend to shareholders and non-cash changes, increased by €3,347 million compared to 31 December 2022, to €15,270 million.

Financial and bond debts at 31 December 2023 equal to €16,652 million (€13,680 million at 31 December 2022) comprise the following:

(million euros)	31.12.2022	31.12.2023	Abs. change
Bond loans	9,457	9,876	419
- of which short-term (*)	757	1,217	460
Bank loans	2,860	3,549	689
- of which short-term (*)	629	1,003	374
Euro Commercial Paper - ECP (**)	1,128	2,679	1,551
Financial payables for leased assets	33	43	10
Other lenders	202	505	303
TOTAL FINANCIAL DEBTS AND BONDS	13,680	16,652	2,972

(*) Includes the current portion of long-term financial debt.

(**) Entirely short-term.

Bonds (€9,876 million) increased by €419 million compared to 31 December 2022, mainly as a result of the issue: (i) in September 2023, the first EU taxonomy-aligned transition bond convertible into existing ordinary shares of Italgas S.p.A., maturing in 2028, with a nominal amount of €500 million; (ii) in November 2023 of the second EU taxonomy-aligned transition bond, maturing in 2028, with a nominal amount of €650 million. These changes were partially offset by the redemption of three bonds that had reached their natural maturity date, with a total nominal value of €718 million.



Bank loans (€3,549 million) increased by €689 million, mainly as a result of: (i) the subscription of new Term Loans with a total nominal value of €1,100 million; (ii) by higher net utilisations of uncommitted credit lines in the amount of €150 million. These changes were partly offset by the repayment of term loans with a total nominal value of €500 million and net repayments of loans with the European Investment Bank (EIB) totalling €65 million.

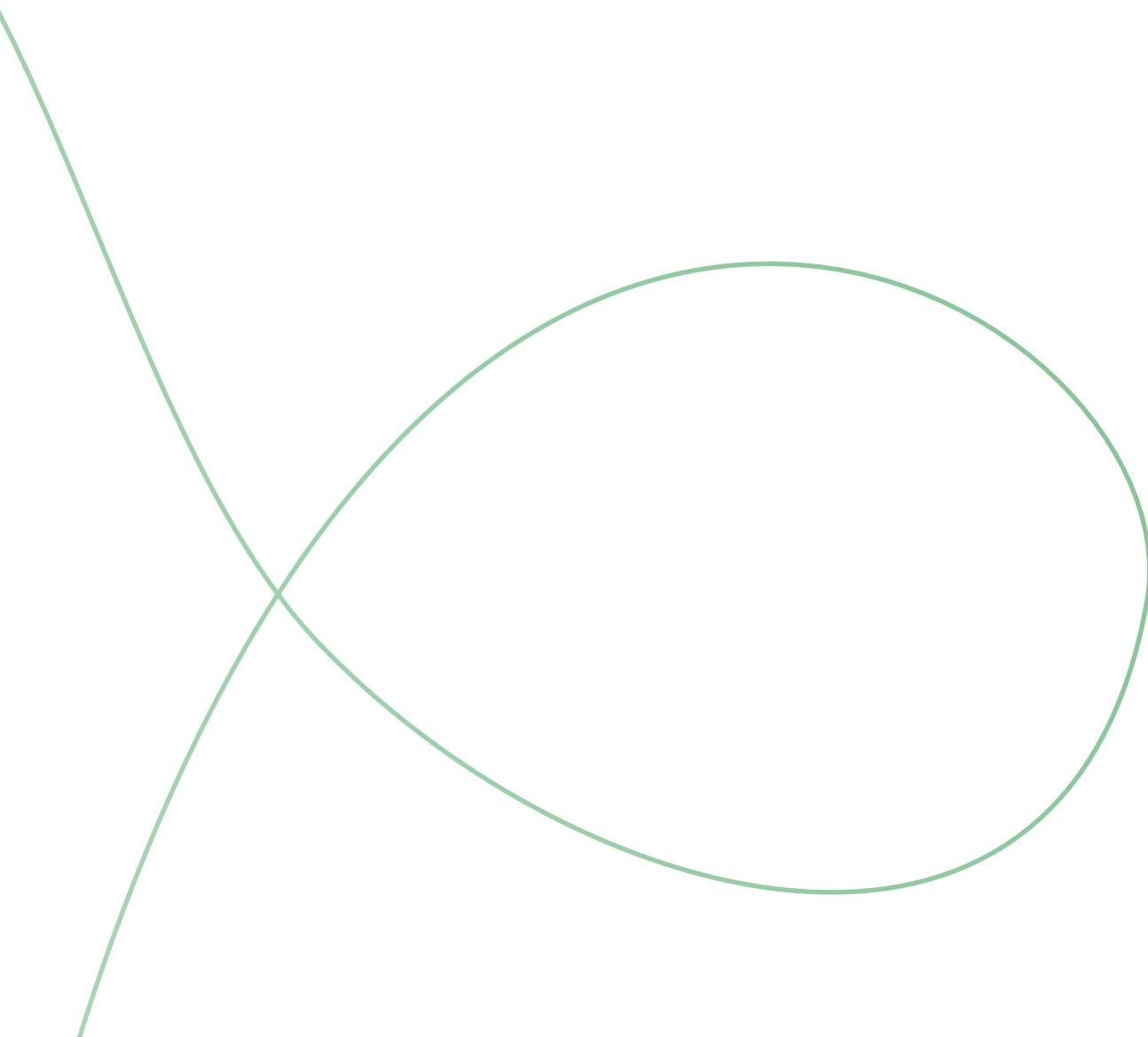
Euro Commercial Paper of €2,679 million relates to short-term unsecured securities issued on the money market and placed with institutional investors.

Amounts due to other lenders amounting to €505 million (€202 million as at 31 December 2022) essentially refer to a Term Loan with a nominal value of €500 million to the parent company Cassa Depositi e Prestiti.

Cash and cash equivalents of €1,382 million (€1,757 million as at 31 December 2022) refer to the Parent Company's euro-denominated bank accounts and deposits with financial institutions (€1,209 million) and cash from subsidiaries (a total of €173 million).

As of 31 December 2023, Snam had undrawn committed long-term credit lines in the amount of €6.2 billion.

Information on financial covenants is provided in Note 17.2 "Long-term financial liabilities and current portion of long-term financial liabilities" in the Notes to the Consolidated Financial Statements.



6.1.4 Reclassified cash flow statement

The reclassified cash flow statement below summarises the legally required cash flow statement format. The reclassified cash flow statement shows the connection between opening and closing cash and cash equivalents and the change in net financial debt during the period. The measure that allows the reconciliation of the two statements is the “free cash flow”, i.e. the cash surplus or deficit remaining after the financing of investments. Free cash flow closes alternately: with the change in cash for the period, after adding/deducting all cash flows related to financial liabilities/assets (taking out/repaying financial receivables/payables) and equity (payment of dividends/capital injections); or (ii) with the change in net financial debt for the period, after adding/deducting the debt flows related to equity (payment of dividends/capital injections).

RECLASSIFIED CASH FLOW STATEMENT		
(million euros)	2022	2023
Net profit	672	1,145
Adjusted for:		
- Amortisation, depreciation and other non-monetary components	1,006	644
- Net capital losses (gains) on asset sales and write-offs	24	10
- Dividends, interest and income taxes	484	552
Change in net working capital	2,408	(2,237)
Dividends, interest and income tax collected (paid)	(485)	(249)
Cash inflow from operating activities 817 1,090	4,109	(135)
Technical investments	(1,322)	(1,796)
Technical divestments	7	1
Acquisition of subsidiaries and businesses, net of liquidity acquired	(458)	(402)
Equity investments	143	(181)
Change in long- and short-term financial receivables	197	27
Other changes relating to investment activities	65	120
Free cash flow	2,741	(2,366)
Repayment of financial payables for leased assets	(8)	(13)
Change in current and non-current financial liabilities	(1,440)	2,939
Equity cash flow (a)	(866)	(936)
Change in cash and cash equivalents relating to assets held for sale and directly associated liabilities	(7)	1
Net cash flow for the period	420	(375)

CHANGE IN NET FINANCIAL DEBT		
(million euros)	2022	2023
Free cash flow	2,741	(2,366)
Equity cash flow	(866)	(936)
Change in financial payables for leased assets	(16)	(19)
Financial payables and receivables from companies entering/leaving the scope of consolidation	(116)	7
Change in cash and cash equivalents relating to assets held for sale and directly associated liabilities	(7)	1
Convertible bond	381	
Other changes	(19)	(34)
Change in net financial debt	2,098	(3,347)

6.1.5 Reconciliation of the reclassified financial statements to the mandatory financial statements

RECLASSIFIED STATEMENT OF FINANCIAL POSITION					
(million euros)	31.12.2022			31.12.2023	
Reclassified statement of financial position items (where not explicitly stated, the component is obtained directly from the mandatory prospectus)	Reference to the Notes to the Consolidated Financial Statements	Partial values from legally required statement	Values from reclassified scheme	Partial values from legally required statement	Values from reclassified scheme
Fixed capital					
Property, plant and equipment			17,859		18,941
Non-current inventories - Compulsory inventories			363		363
Intangible assets and goodwill			1,321		1,449
Equity investments accounted for using the equity method			2,313		3,019
<i>Other financial assets, consisting of:</i>	(11)		175		163
- Other non-current financial assets		172		161	
- Other current financial assets		3		2	
<i>Net payables for investments, consisting of:</i>			(469)		(933)
- Payables for investment activities	(23)	(519)		(938)	
- Receivables for contributions from private individuals and other receivables for investment activities	(15)	50		5	
Total fixed capital			21,562		23,002
Net working capital					
Trade receivables			4,244		4,359
Current inventories			3,202		2,810
<i>Tax receivables, consisting of:</i>			172		421
- Current liabilities for income taxes	(16)	50		15	
- VAT credits	(13)	23		31	
- Other tax credits	(11)	89		372	
- IRES receivables for National Tax Consolidation from former parent company Eni	(15)	10		3	
Trade payables			(1,546)		(987)
<i>Tax receivables, consisting of:</i>			(58)		(125)
- Current income tax liabilities	(16)	(21)		(53)	
- IRPEF withholdings for employees	(22)	(8)		(7)	
- Other taxes	(22)	(29)		(65)	
<i>Net deferred tax liabilities, consisting of:</i>	(20)		280		316
- Deferred tax liabilities		331		375	
- Deferred tax liabilities		(51)		(59)	

RECLASSIFIED STATEMENT OF FINANCIAL POSITION					
(million euros)	31.12.2022			31.12.2023	
Reclassified statement of financial position items (where not explicitly stated, the component is obtained directly from the mandatory prospectus)	Reference to the Notes to the Consolidated Financial Statements	Partial values from legally required statement	Values from reclassified scheme	Partial values from legally required statement	Values from reclassified scheme
Provisions for risks and charges			(574)		(663)
Market value of derivative financial instruments	(13, 22)		4		(10)
<i>Other assets, consisting of:</i>			402		216
- Other receivables from the Energy and Environmental Services Fund (CSEA)	(15)	260		78	
- Advances to suppliers	(15)	50		39	
- Other receivables	(15)	10		21	
- Other assets	(13)	82		78	
<i>Assets and liabilities from regulated activities, consisting of:</i>			(100)		(131)
- Regulatory assets	(13)	116		18	
- Regulatory liabilities	(22)	(216)		(149)	
<i>Other liabilities, consisting of:</i>			(8,181)		(6,230)
- Other payables	(23)	(493)		(1,009)	
- Other payables from the Energy and Environmental Services Fund (CSEA)	(23)	(5,571)		(4,037)	
- Other liabilities	(22)	(2,117)		(1,184)	
total net working capital			(2,155)		(24)
Liabilities for employee benefits			(27)		(28)
Assets held for sale and directly associated liabilities	(17)		67		
- Assets held for sale		84			
- Liabilities directly associated with assets held for sale		(17)			
NET INVESTED CAPITAL			19,447		22,950
Snam Shareholders' equity			7,468		7,635
Minority interests			56		45
Total Shareholders' Equity	(24)		7,524		7,680
Net financial debt					
<i>Financial liabilities, consisting of:</i>	(18)		13,680		16,652
- Non-current financial liabilities		11,157		11,740	
- Current financial liabilities		2,523		4,912	
Cash and cash equivalents			(1,757)		(1,382)
Total net financial debt			11,923		15,270
COVERAGE			19,447		22,950

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(million euros)		31.12.2022		31.12.2023	
Reclassified statement of financial position items (where not explicitly stated, the component is obtained directly from the mandatory prospectus)	Reference to the Notes to the Consolidated Financial Statements	Partial values from legally required statement	Values from reclassified scheme	Partial values from legally required statement	Values from reclassified scheme
NET INVESTED CAPITAL			19,447		22,950
Snam Shareholders' equity			7,468		7,635
Minority interests			56		45
Total Shareholders' Equity	(24)		7,524		7,680
Net financial debt					
<i>Financial liabilities, consisting of:</i>	(18)		13,680		16,652
- Non-current financial liabilities		11,157		11,740	
- Current financial liabilities		2,523		4,912	
Cash and cash equivalents			(1,757)		(1,382)
Total net financial debt			11,923		15,270
COVERAGE			19,447		22,950

RECLASSIFIED CASH FLOW STATEMENT				
(million euros)	2022		2023	
Reclassified statement items and reconciliation of statutory statement items	Partial values from legally required statement	Values from reclassified scheme	Partial values from legally required statement	Values from reclassified scheme
PROFIT FOR THE PERIOD		672		1,145
<i>Adjusted for:</i>				
Amortisation, depreciation and other non-monetary components		1,006		644
- Depreciation of property, plant and equipment and amortisation of intangible assets and impairment losses	867		925	
- Net impairment of tangible and intangible assets	23		201	
- Net write-downs of long-term equity investments	334			
- Effect of accounting using the equity method	(144)		(410)	
- Other (income) expenses from equity investment	(79)		(76)	
- Change in liabilities for employee benefits	(1)		(1)	
- Other changes	6		5	
Net losses (gains) on asset sales, write-offs and derecognition		24		10
Dividends, interest, income tax:		484		552
- Dividends			(5)	
- Interest income	(38)		(90)	
- Interest expense	144		258	
- Income taxes	378		389	
Change in net working capital		2,408		(2,237)
- Inventories	(3,064)		401	
- Trade receivables	(1,549)		(413)	
- Trade payables	151		(584)	
- Change in provisions for risks and charges	5		31	
- Other assets and liabilities	6,865		(1,672)	
Dividends, interest and income tax collected (paid)		(485)		(249)
- Dividends collected	108		205	
- Interest collected	12		35	
- Interest paid	(123)		(217)	
- Income taxes (paid) refunded	(482)		(272)	

RECLASSIFIED CASH FLOW STATEMENT

(million euros)	2022		2023	
Reclassified statement items and reconciliation of statutory statement items	Partial values from legally required statement	Values from reclassified scheme	Partial values from legally required statement	Values from reclassified scheme
CASH INFLOW FROM OPERATING ACTIVITIES		4,109		(135)
Technical investments:		(1,322)		(1,796)
- Property, plant and equipment	(1,142)		(1,543)	
- Intangible assets	(180)		(253)	
Technical divestments		7		1
- Property, plant and equipment	6		1	
- Intangible assets	1			
Acquisition of subsidiaries and business units, net of cash and equivalents acquired		(458)		(402)
Equity investments		143		(186)
- Equity investments	(18)		(432)	
- Equity Divestments	161		251	
Short-term and long-term financial receivables		197		27
- Assumption of long-term financial receivables	(1)			
- Repayments of long-term financial receivables	198		27	
Other changes relating to investment activities:		65		120
- Change in net payables for investments	65		120	
FREE CASH FLOW		2,741		(2,366)
Change in financial payables:		(1,448)		2,926
Increase in non current financial liabilities	2,269		2,560	
- Repayment of long-term financial payables	(1,821)		(1,290)	
- Increase (decrease) short-term financial payables	(1,888)		1,669	
- Repayment of financial payables for leased assets	(8)		(13)	
Equity cash flow		(866)		(936)
- Dividends paid	(866)		(933)	
- Purchase of treasury shares	(3)		(3)	
- Capital increase subsidiaries - non-controlling interests	3			
Change in cash and cash equivalents relating to assets held for sale and directly associated liabilities		(7)		1
NET CASH FLOW FOR THE PERIOD		420		(375)

6.1.6 Other information

Treasury shares

In compliance with the provisions of the art. 2428 of the Civil Code, treasury shares in portfolio as of 31 December 2023 are analyzed in note no. 23.2 "Treasury shares" of the notes to the consolidated financial statements.

Compensation paid to directors and statutory auditors, general managers and Key managers, and investments held by each of these

Information on the compensation paid to directors and statutory auditors, general managers and Key Managers, and the equity investments held by each of these, can be found in the Remuneration Report, which is prepared in accordance with Article 123-ter of Legislative Decree no. 58/1998 (TUF). The Remuneration Report is available on the Snam website (www.snam.it) in the Governance section, to which reference is made.

Transactions with related parties

Information relating to transactions with related parties is reported in note no. 37 "Relationships with related parties" of the notes to the consolidated financial statements.

Relationships with managers with strategic responsibility (so-called "Key Managers") are illustrated in note no. 30.3.3 "Remuneration due to managers with strategic responsibilities" of the Notes to the consolidated financial statements.

Performance of subsidiaries

For performance information concerning the segments in which the Company operates wholly or in part through subsidiaries, please refer to the sections "Business segment operating performance" and "Financial review" within this Report.

Branch offices

As required by Article 2428, paragraph five of the Italian Civil Code, it is noted that Snam does not have branch offices.

Research and Development

The innovation and technological development activities carried out by Snam are described in the consolidated non-financial declaration, in the chapter "Innovation, digitalisation and cyber security" of the 2023 non-financial declaration.



6.2 Snam S.p.A. financial review

Corporate information

Snam S.p.A. (hereinafter also referred to as Snam) is an industrial holding company listed on the Milan stock exchange, which holds equity investments in industrial and service companies in Italy and abroad.

In its capacity as the holding, it is responsible for the strategic direction, planning and control of the financial management, direction and coordination of the group's activities. It provides Group companies with business support services (mainly administrative, tax, legal, personnel management, information technology and HSEQ services) in order to optimise available resources and make efficient use of existing know-how. These services are governed by specific inter-company service contracts.

As at 31 December 2023, the reference shareholder, CDP S.p.A. holds, through CDP Reti S.p.A., 31.4% of the share capital of Snam S.p.A. To this end it is noted that from 1 August 2019, CDP reclassified its equity investment in Snam, already classified as de facto control pursuant to international accounting standard LFRS 10 "Consolidated financial statements" from 2014, as de facto control pursuant to Article 2359, paragraph 1 of the Italian Civil Code and Article 93 of the TUF.

No management and coordination activity has been formalised or exercised by CDP over Snam.

6.2.1 Reclassified income statement

In order to facilitate the reading of the Income Statement, taking into consideration the nature of Snam S.p.A. as an industrial holding company, the Reclassified Income Statement was prepared by presenting items relating to financial management first, because they represent the most important component of an income nature³².

(million euros)	2022	2023	Abs. change	Var. %
Income and financial expenses				
Net income from equity investments	760	1,266	506	66.6
Interest income and other financial income	183	297	114	62.3
Interest expense and other financial expenses	(177)	(305)	(128)	72.3
Total financial income and expenses	766	1,258	492	64.2
Revenues from the provision of services	276	299	23	8.3
Other income	3	5	2	66.7
Other operating income	279	304	25	9.0
For personnel	(115)	(102)	13	(11.3)
For the provision of non-financial services and other costs	(218)	(241)	(23)	10.6
Total other operating costs	(333)	(343)	(10)	3.0
Profit before taxes	712	1,219	507	71.2
Income taxes	(15)	(15)		
Net profit	697	1,204	507	72.7

32 This statement was prepared on the basis of the suggestions reported in CONSOB Communication no. 94001437 of 23 February 1994.

Net profit achieved in 2023 amounted to €1,204 million, an increase of €507 million (72.7%) compared to the previous year. The increase was mainly due to higher net income from equity investments (+€506 million); +66.6%, mainly as a result of higher dividends received and lower expenses from equity investments.

For further information, please refer to Note 9 "Investments in subsidiaries, associates and jointly controlled companies" in the Notes to the Separate Financial Statements.

Analysis of Profit and Loss Account Items

INCOME AND FINANCIAL EXPENSES					
2021	(million euros)	2022	2023	Abs. change	Change %
1,032	Net income from equity investments	760	1,266	506	66.6
1,007	- Dividends	1,045	1,433	388	37.1
25	- Other income from investments	15	15		
	- Expenses from equity investments	(300)	(182)	118	(39.3)
134	Interest income and other financial income	183	297	114	62.3
134	- Interest income	174	288	114	65.5
	- Other financial income	9	9		
(146)	Interest expense and other financial expenses	(177)	(305)	(128)	72.3
(139)	- Interest expense	(165)	(281)	(116)	70.3
(7)	- Other financial expense	(12)	(24)	(12)	(100,0)
1,020	TOTAL FINANCIAL INCOME AND EXPENSES	766	1,258	492	64.2

Net income from equity investments, mainly referring to dividends distributed by associates, amounted to €1,266 million, an increase of €506 million, or 66.6 %, compared to 2022, also due to higher dividends (€388 million), also thanks to the distribution of an extraordinary dividend of €350 million from Stogit, and to lower impairment losses (€101 million).

Interest income and other financial income (€297 million), principally relates to interest income from: (i) from short-term financial receivables granted mainly to subsidiaries (€175 million) and (ii) from long-term intra-group loans granted by Snam S.p.A. mainly to the subsidiaries Snam Rete Gas (€45 million) and Stogit (€12 million) and to the jointly controlled company OLT (€8 million).

Interest expenses and other financial charges (€305 million) mainly relate to: (i) interest on bonds totalling €120 million³³; (ii) interest payable to banks and other lenders (€161 million³⁴), mainly related to term loans; (iii) the portion of up-front fees and non-use on revolving credit facilities (€13 million).

33 This amount includes the effects of cash flow hedge derivatives.

34 This amount includes the effects of cash flow hedge derivatives.

OTHER OPERATING INCOME

2021	(million euros)	2022	2023	Abs. change	Change %
263	<i>Revenues from the provision of services</i>	276	299	23	8.3
239	Revenues from services rendered to subsidiaries	254	280	26	10.2
9	Revenues from Global Solution services	7	19	12	171.4
15	Revenues from recharging telecommunications cables	15		(15)	(100)
5	<i>Other operating income</i>	3	5	2	66.7
268	TOTAL OTHER OPERATING INCOME	279	304	25	9.0

Other operating income (€304 million), which increased by €25 million, or 9.0%, compared to the 2022 financial year, mainly relates to recharges for services rendered to subsidiaries (€280 million in total) and refers to the following areas ICT (€127 million, relating to investments charged to subsidiaries), personnel and organisation, planning and control, administration, tax, corporate strategy and investor relations, commercial, general services and real estate, security, legal, corporate affairs, compliance and Enterprise Risk Management - ERM, Health, Safety Environment & Quality - HSEQ, regulation and development, institutional relations and communication, internal audit, technical and procurement.

The recharging of costs involves a mark-up ranging from 5% to 9%, applied to internal costs only and differentiated according to the category of services, high or low added value, while costs from external economies are charged without mark-up.

OTHER OPERATING COSTS

2021	(million euros)	2022	2023	Abs. change	Change %
205	<i>Costs for the provision of non-financial services and other costs</i>	218	241	23	10.6
16	Raw material costs	21	9	(12)	(57.1)
163	Non-financial services costs	159	183	24	15.1
10	Amortisation, depreciation and impairment losses	11	11		
16	Other operating costs and expenses	27	38	11	40.7
102	<i>Personnel costs</i>	115	102	(13)	(11.3)
307	Total other operating costs	333	343	10	3.0

Other operating expenses (€343 million) increased by €10 million, or 3.0%, compared to 2022, mainly due to the increase in non-financial service costs (+€24 million); +15.1%), mainly due to higher services on behalf of third parties.

The number of staff in service as at 31 December 2023 (968 persons) increased by 21 persons compared to the previous year (947 persons) and is analysed below by professional status.

EMPLOYEES BY PROFESSIONAL STATUS

31.12.2021	(number)	31.12.2022	31.12.2023	Abs. change	Change %
Professional qualification					
93	Executives	73	73		
323	Middle Managers	330	342	12	3.6
570	Office workers	542	551	9	1.7
3	Manual workers	2	2		
989		947	968	21	2.2

Income taxes

Income taxes amount to €15 million (the same as in 2022). The tax rate was 1.2%, mainly due to the non-taxable portion (95%) of dividends received during the year.

6.2.2 Reclassified statement of financial position

The reclassified statement of financial position aggregates the assets and liabilities of the condensed balance sheet according to the criterion of functionality for the management of the business, conventionally divided into the three basic functions: investment, operations and financing.

Management believes that this format presents useful information for investors as it allows identification of the sources of financing (equity and third-party funds) and the investment of financial resources in fixed and working capital.

The reclassified statement of financial position format is used by management to calculate the key leverage and profitability ratios.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION			
(million euros)	31.12.2022	31.12.2023	Abs. change
Fixed capital	10,563	12,077	1,514
Property, plant and equipment	14	11	(3)
- of which Rights of use on leased assets	6	4	(2)
Intangible assets	39	85	46
Equity investments	7,369	8,860	1,491
Other financial assets	3,191	3,421	230
Net payables for investments	(50)	(300)	(250)
Net working capital	(286)	(430)	(144)
Provisions for employee benefits	(9)	(10)	(1)
NET INVESTED CAPITAL	10,268	11,637	1,369
Shareholders' equity	4,832	5,111	279
Net financial debt	5,436	6,526	1,090
- of which Financial payables for leased assets (*)	6	4	(2)
COVERAGE	10,268	11,637	1,369

(*) Of which €3 million long-term and €1 million short-term portions of non-current financial payables.



Fixed capital (€12,077 million) rose by €1,514 million compared to 31 December 2022, mainly as a result of the increase in equity investments (+€1,491 million), as detailed in the following paragraphs.

EQUITY INVESTMENTS

(million euros)	Balance at 31.12.2022	Acquisitions and subscriptions	Disposals and redemptions	Value adjustments	Other changes	Balance at 31.12.2023
Investments in subsidiaries	6,074	1,062		(174)		6,962
Investments in jointly controlled companies	741	411	(87)		279	1,344
Equity investments in associates	554					554
TOTAL EQUITY INVESTMENTS	7,369	1,473	(87)	(174)	279	8,860

Acquisitions and subscriptions (€1,473 million) relate to: (i) the capital contribution by the sole shareholder Snam S.p.A. in favour of Bioenergys S.r.l. (€677 million) (ii) the acquisition, from Eni, of a 49.90% stake in SeaCorridor S.r.l., which holds interests in the companies that operate the TTPC and TMPC gas pipelines (€410 million); the capital contribution by the sole shareholder Snam S.p.A. in favour of Snam Fsru Italia S.r.l. (€375 million), for the purpose of acquiring, on 4 December 2023, 100% of the share capital of FSRU I Limited, the company owning the storage and regasification vessel (FSRU) "BW Singapore".

Disposals and redemptions (€87 million) relate to the redemption of capital reserves by SeaCorridor S.r.l.

Value adjustments (€174 million) refer to the effects of the impairment test write-down of the investments in Bioenergys S.r.l.

Other changes (€279 million) refer to the estimated contractually agreed earn-outs from equity acquisition transactions.

Detailed changes are provided in Note 9 "Investments in subsidiaries, associates and jointly controlled companies" in the Notes to the Separate Financial Statements.

Other financial assets

Other financial assets stand at €3,421 million and mainly relate to: receivables for long-term loans, including the related short-term portions, mainly disbursed to the subsidiaries Snam Rete Gas (€2,317 million; (€2,124 million), TEP Energy Solution S.r.l. (€478 million), Stoccaggi Gas Italia S.p.A. (€465 million) and Evolve S.p.A. (€175 million) (ii) the loan disbursed to the jointly controlled company OLT (€82 million; €101 million as at 31 December 2022, a reduction of €19 million mainly due to the repayment by OLT of part of the outstanding loan) ; (iii) the measurement at Fair Value Through OCI (FVTOCI) of the minority shareholdings, in particular in the companies Terminale GNL Adriatico Srl and ITM Power Plc (€36 million in total; 40 million as at 31 December 2022).

NET WORKING CAPITAL			
(million euros)	31.12.2022	31.12.2023	Var. ass.
Trade receivables	93	70	(23)
Tax assets	103	149	46
Net prepaid tax assets	16	15	(1)
Other assets	75	36	(39)
Tax liabilities	(55)	(133)	(78)
Trade payables	(90)	(86)	4
Provisions for risks and charges	(12)	(13)	(1)
Derivatives	4	(11)	(15)
Other liabilities	(420)	(457)	(37)
- of which: Payable for interim dividend	(369)	(378)	(9)
Total net working capital	(286)	(430)	(144)

Net working capital decreased by €144 million compared to 31 December 2022, mainly due to higher tax payables (-€78 million) attributable to the liability for current taxes accrued in 2023, relating to Snam S.p.A. and its subsidiaries, net of advances paid, and higher VAT liabilities.

SHAREHOLDERS' EQUITY	
(million euros)	
Shareholders' equity at 31 December 2022	4,832
<i>Increases owing to:</i>	
- Comprehensive income 2023	1,208
- Share-based payments	5
	1,213
<i>Decreases owing to:</i>	
- Final 2022 dividend	(553)
- 2023 Interim Dividend	(378)
- Purchase of treasury shares	(3)
	(934)
Shareholders' equity at 31 December 2023	5,111



NET FINANCIAL DEBT			
(million euros)	31.12.2022	31.12.2023	Abs. change
Financial debts and bonds (a)	13,885	16,974	3,089
Current financial liabilities (b)	2,759	5,267	2,508
Non-current financial liabilities	11,126	11,707	581
Liquidity	(8,449)	(10,448)	(1,999)
Cash and cash equivalents	(1,659)	(1,210)	449
Other current financial assets(c)	(6,790)	(9,238)	(2,448)
NET FINANCIAL DEBT	5,436	6,526	1,090

(a) This includes €4 million of financial liabilities for leased assets (€6 million as at 31 December 2022).

(b) Includes the current portion of long-term financial debt.

(c) With a maturity of less than 90 days.

Net financial debt at 31 December 2023 amounted to €6,526 million, an increase of €1,090 million compared to 31 December 2022.

Financial and bond debts (€16,974 million) are denominated in euros and relate mainly to bond loans (€9,876 million; 58%) and bank loans (€3,547 million, 21%, of which €1,512 million was provided by the European Investment Bank - EIB).

Non-current financial liabilities (€11,707 million) represented around 69% of gross financial debt (around 80% at 31 December 2022).

Cash and cash equivalents, standing at €1,210 million (€1,659 million as at 31 December 2022) refer to current accounts and bank deposit accounts.

Other current financial assets (€9,238 million) relate to receivables arising from current account relationships between Snam S.p.A. and its subsidiaries. The increase of €2,448 million compared to 31 December 2022 is mainly attributable to Snam Rete Gas (€2,299 million).

The breakdown of debt by type of interest rate at 31 December 2023 is as follows:

(million euros)	31.12.2022	%	31.12.2023	%	Abs. change
Fixed rate	10,923	79	11,596	68	673
Variable rate	2,962	21	5,378	32	2,416
FINANCIAL DEBTS AND BONDS	13,885	100	16,974	100	3,089

At 31 December 2023, Snam had unused committed long-term credit lines worth €6.2 billion.

6.2.3 Reclassified cash flow statement and change in net financial debt

The reclassified cash flow statement below summarises the legally required cash flow statement format. The reclassified cash flow statement shows the connection between opening and closing cash and cash equivalents and the change in net financial debt during the period. The measure that allows the reconciliation of the two statements is the “free cash flow”, i.e. the cash surplus or deficit remaining after the financing of investments. Free cash flow closes alternately: with the change in cash for the period, after adding/deducting all cash flows related to financial liabilities/assets (taking out/repaying financial receivables/payables) and equity (payment of dividends/capital injections); or (ii) with the change in net financial debt for the period, after adding/deducting the debt flows related to equity (payment of dividends/capital injections).

RECLASSIFIED CASH FLOW STATEMENT		
(million euros)	2022	2023
Net profit	697	1,204
<i>Adjusted for:</i>		
- Amortisation, depreciation and other non-monetary components	292	191
- Dividends, interest and income taxes	(1,063)	(1,442)
Change in net working capital	173	93
Dividends, interest and income tax collected (paid)	991	1,524
Cash inflow from operating activities	1,090	1,570
Technical investments	(29)	(54)
Equity investments (including minorities recognised as non-current financial assets)	(436)	(1,388)
Change in long-term financial receivables	678	(219)
Other changes relating to investment activities	42	(29)
Free cash flow	1,345	(120)
Change in current and non-current financial liabilities	(1,200)	3,058
Repayment of financial payables for leased assets	(4)	(3)
Change in short-term financial receivables	1,109	(2,448)
Equity cash flow (a)	(869)	(936)
NET CASH FLOW FOR THE PERIOD	381	(449)

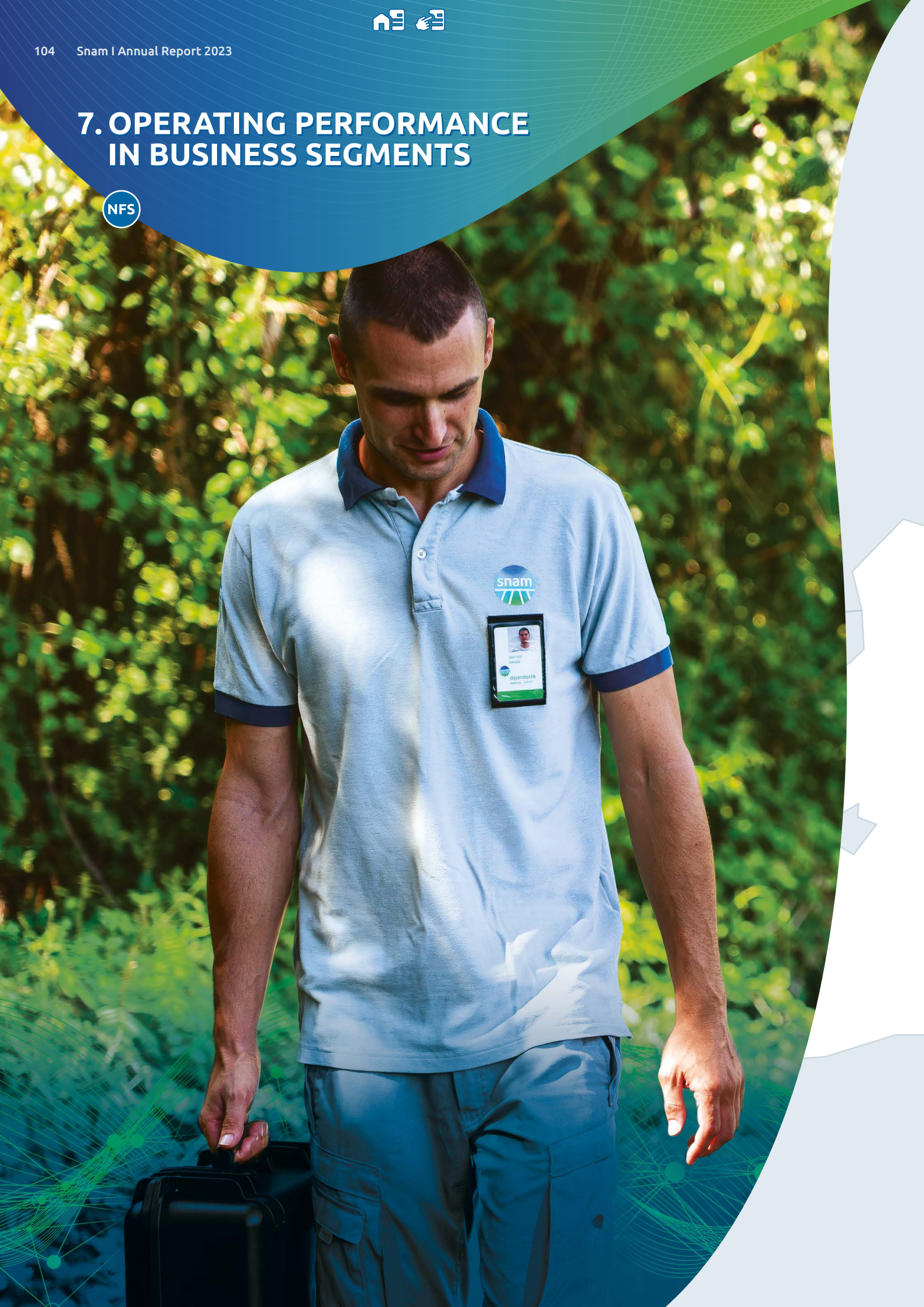
CHANGE IN NET FINANCIAL DEBT		
(million euros)	2022	2023
Free cash flow	1,345	(120)
Equity cash flow (a)	(869)	(936)
Change in financial payables for leased assets	(1)	(1)
Bond conversion effect	381	
Other changes	(21)	(33)
Change in net financial debt	835	(1,090)

(a) Includes cash flows from the payment of dividends to shareholders.



7. OPERATING PERFORMANCE IN BUSINESS SEGMENTS

NFS



7.1 Regulated gas infrastructure

PRESENCE OF SNAM IN ITALY



NATURAL GAS TRANSPORTATION

Entry points	9
Compression stations	13
Pipelines under operations	32,895 km

LNG REGASIFICATION

Operating regasification plants	2
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NATURAL GAS STORAGE

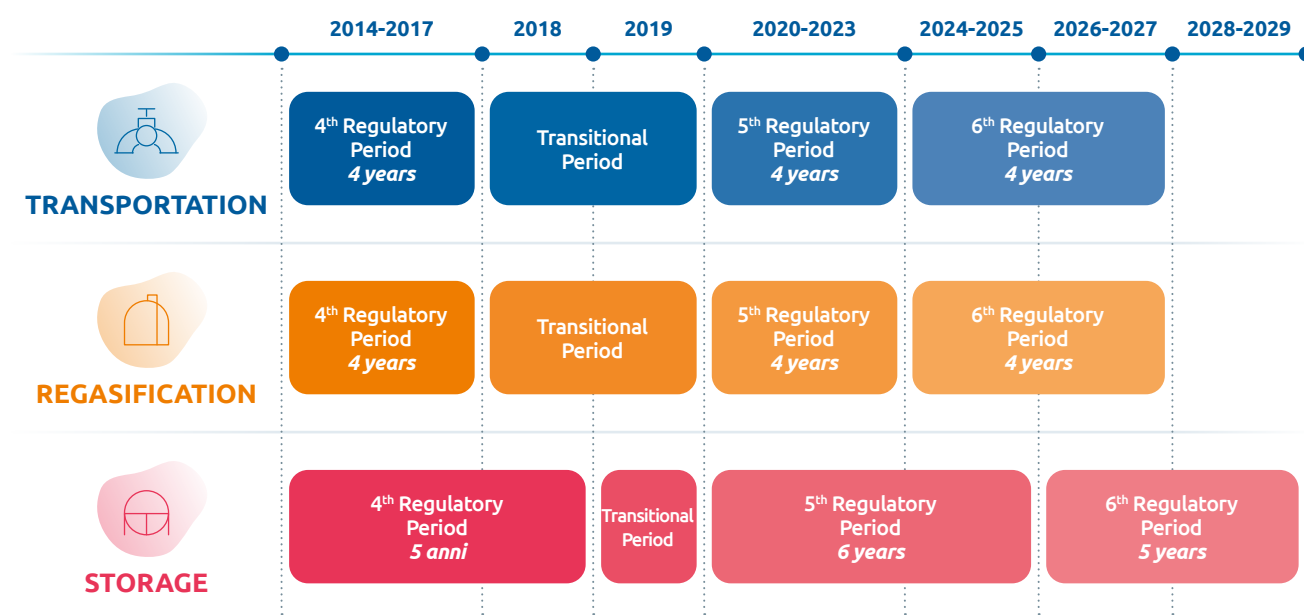
Operating concessions	9
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7.2 Regulatory framework for regulated businesses and main developments

Tariff regulation in Italy

With Resolutions 114/2019/R/gas, 474/2019/R/gas and 419/2019/R/gas, the Authority defined the tariff criteria for the fifth regulatory period, respectively for transportation and regasification activities (1 January 2020-31 December 2023) and for storage activities (1 January 2020-31 December 2025).

The following is the connecting timeline between the regulatory periods before and after the current regulatory period:



The following table shows, based on the regulatory framework in force for the year 2023 and the new regulatory period starting in 2024 for the transportation and regasification sectors, the main tariff elements for each of the regulated activities carried out by Snam. In addition, a summary of the main innovations is given, relating in particular to the rate of return on capital employed (WACC) and the Regulation by Objectives of Expenditure and Service (ROSS).

More information on the main regulatory measures with an impact on the current tariff system, and the changes in 2023 with reference to each business sector, is provided in the following paragraph "Main measures of the tariff framework of the business sectors and the changes in 2023".

Table summarising the regulatory framework

	TRANSPORTATION	REGASIFICATION	STORAGE
End of period of regulation (TARIFFS)	<i>5th period:</i> 1 January 2020 – 31 December 2023	<i>5th period:</i> 1 January 2020 – 31 December 2023	<i>5th period:</i> 1 January 2020 – 31 December 2025
	<i>6th period:</i> 1 January 2024 – 31 December 2027	<i>6th period:</i> 1 January 2024 – 31 December 2027	
Calculation of net capital invested recognised for regulatory purposes	<i>5th period:</i> Historical cost revalued	<i>5th period:</i> Historical cost revalued	<i>5th period:</i> Historical cost revalued
	Working capital recognised 0.8%	Working capital recognised 0.8%	Working capital recognised 0.8%
	<i>6th period (ROSS):</i> Historical cost revalued Breakdown of expenditure recognised in the year (Fast money) and expenditure recognised over several years (slow money) based on rates of capitalisation fixed ex-ante	<i>6th period:</i> unchanged	
Remuneration of therecognised net invested capital for regulatory purposes (WACC pre-tax)	<i>5th period:</i> 5.7% in years 2020-2021; 5.1% in year 2022-2023	<i>5th period:</i> 6.8% in years 2020-2021; 6.1% in year 2022-2023;	<i>5th period:</i> 6.7% in years 2020-2021; 6% in year 2022-2023; 6,6% in year 2024
	LIC Remuneration: - WACC 5.3% in years 2020-2021 - WACC 4.8% in year 2022-2023	LIC excluded	LIC excluded
	<i>6th period:</i> 5.9% in year 2024	<i>6th period:</i> 6.7% in year 2024	
	LICs remunerated for four years: - WACC 4.6% in year 2024	LIC excluded	
Incentives on new investments	<i>5th period:</i> (investments during financial year by 2022): +1.5% for 10 years (investment in new capacity of transportation and with cost-analysis benefits >1.5)	<i>5th period:</i> Withholding 40% of revenues by flexibility services (covering of revenues not subject to guarantee factors)	<i>5th period:</i> Withholding 50% revenues from auctions short-term Possible optional strengthening of the percentage, against reduction % guarantee on revenues
		<i>6th period:</i> unchanged	
Efficiency factor (X-factor)	<i>5th period:</i> 0.7% on operating costs (*)	<i>5th period:</i> 3.1% on operating costs	<i>5th period:</i> 1% on operating costs
	<i>6th period:</i> as a function of the difference between total reference expenditure and total effective expenditure, with a choice between high	<i>6th period:</i> 1.3% on operating costs	

(*) Referring to the largest transportation company.



The remuneration rate of net invested capital (WACC)

With Resolution 583/2015/R/com, the Authority defined the **criteria for determining and updating the rate of return on net invested capital (TIWACC)** for infrastructure services in the electricity and gas sectors. **The duration of the regulatory period for the WACC (I PWACC)** for infrastructural regulations for the gas sector **was set at six years (2016-2021)** and a mechanism was established to adjust the rate halfway through the period, based on current trends. By Resolution 639/2018/R/com of 6 December 2018, the Authority updated the rate of return on capital employed for regulated infrastructure services in the gas sector for the year 2019 and until the end of the I PWACC.

With Resolution 614/2021/R/com, the Authority defined the criteria for calculating and updating the rate of return on invested capital for infrastructure services in the electricity and gas sectors for the **second regulatory period of the WACC (II PWACC)**, the main aspects of which are:

- duration of the II PWACC 6 years (2022-2027);
- mid-term review of baseline parameters and possibility of annual review in the event of a 50 bps change in WACC (trigger mechanism);
- confirmation of the general methodology (weighted average of K_e and K_d , use of the CAPM and confirmation of the use of the Country Risk Premium as an addend reflecting the country risk premium);
- risk-free asset rate without floor with introduction of additional parameters (Convenience Premium, Forward Premium, Uncertainty Premium) to reflect actual market conditions;
- new methodology for calculating the cost of debt (K_d), based on the iBoxx index and with a distinction between existing and new debt, with a gradual implementation of the new methodology;
- beta revision for businesses with a current Beta of less than 0.4;
- confirmation of the corrective factor for taxation on nominal yields (F-factor).

The resolution also defines **remuneration rates for the year 2022**, in real pre-tax terms, as 5.1% for transmission service (instead of the previous 5.7%), 6.0% for storage (instead of the previous 6.7%) and 6.1% for regasification (instead of the previous 6.8%). These values of the remuneration rates were **also confirmed for 2023** by Resolution 654/2022/R/com.

With Resolution 556/2023/R/com, published on 29 November 2023, **the Authority updated the rates** of return on capital employed for infrastructure services in the electricity and gas sectors for the **year 2024**, pursuant to Article 8 of Annex A (TIWACC 2022-2027) of the Authority's Resolution 614/2021/R/com.

The update is due to the verification of the activation of the trigger mechanism provided for in paragraph 8.1 of the TIWACC 2022-2027, thus determining the following remuneration rates for the Snam group's businesses for the year 2024:

- **5.9% for the natural gas transportation service;**
- **6.7% for the LNG regasification service;**
- **6.6% for the natural gas storage service.**



Criteria for the application of regulation by cost and service objectives (ROSS) for natural gas transportation services as from 2024

With Resolution 497/2023/R/gas published on 2 November 2023, the Authority published the “Criteria for the application of regulation by cost and service objectives (ROSS) for natural gas transportation services and electricity transportation, distribution and metering. Amendments to TIROSS 2024-2031 and RTTG 6PRT”.

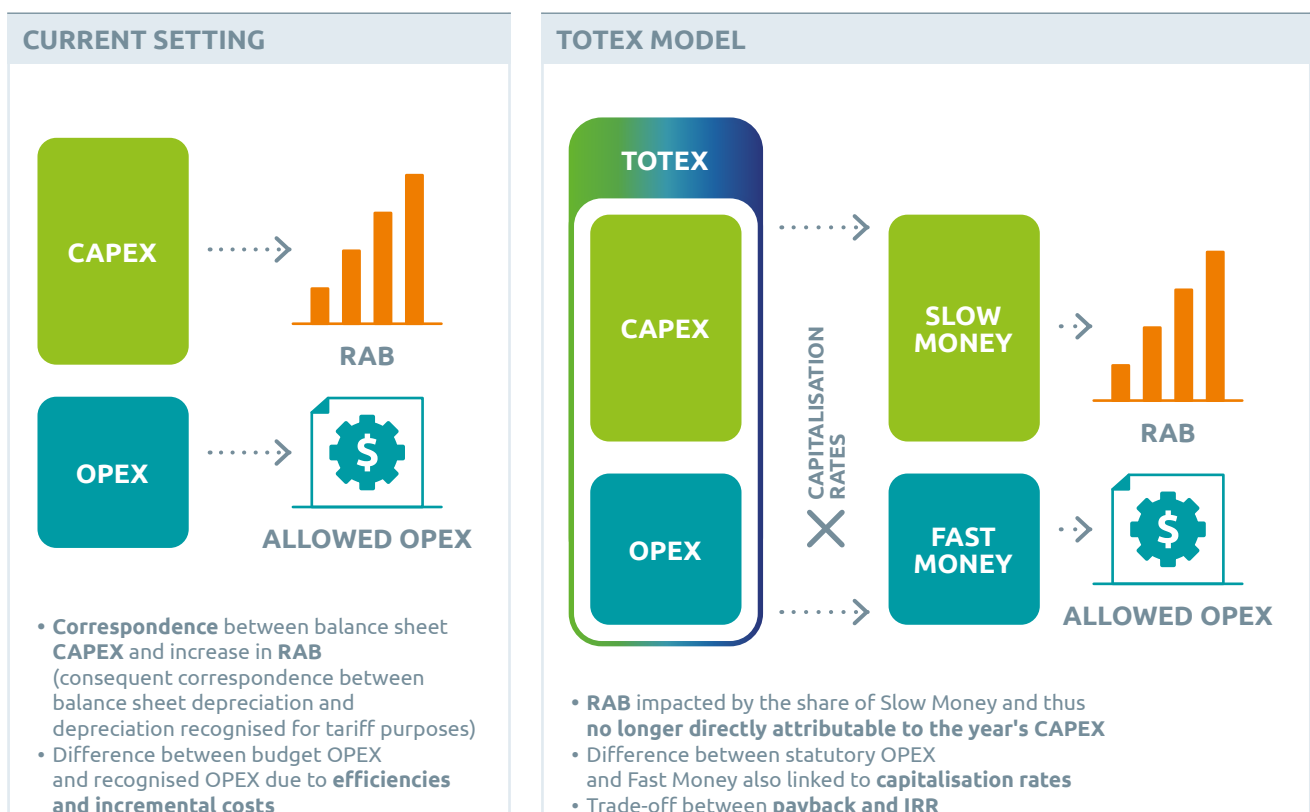
The resolution envisages aligning the regulatory lag of depreciation with that of return on capital (t-1), starting with investments that will come into operation in the year 2024. For the purposes of the revaluation of capital costs, these are to be recognised with an adjustment lag of one year, by means of an update that takes into account a deflator of gross fixed capital formation with base 1 for the year t-1 determined on the basis of the actual values of the deflator for the same year t-1, also by means of an *ex post* update of the change in the deflator.

Pending the application of ROSS-integral (which requires the formulation of business plans by operators), the application of efficiency measures applied to operating costs only is confirmed, with recognition on the basis of actual investment expenditure. Operators will be able to choose between two alternative schemes of efficiency measures to be applied to operating costs, a low-potential incentive solution (SBP) and a high-potential incentive solution (SAP), with different levels of X-factor and efficiencies retained between the two. Capitalisation rates, which are used to define the amount of expenditure to be recognised in the same year (fast money) and the amount to be recognised in the RAB (slow money), are differentiated by operator, using the average of capitalisation rates for the years 2021-2025 (with the last two years estimated) for the purpose of determining the tariffs for the years 2024 and 2025, and providing for a recalculation mechanism in the year 2025 of the capitalisation rates for the years 2026 and 2027.

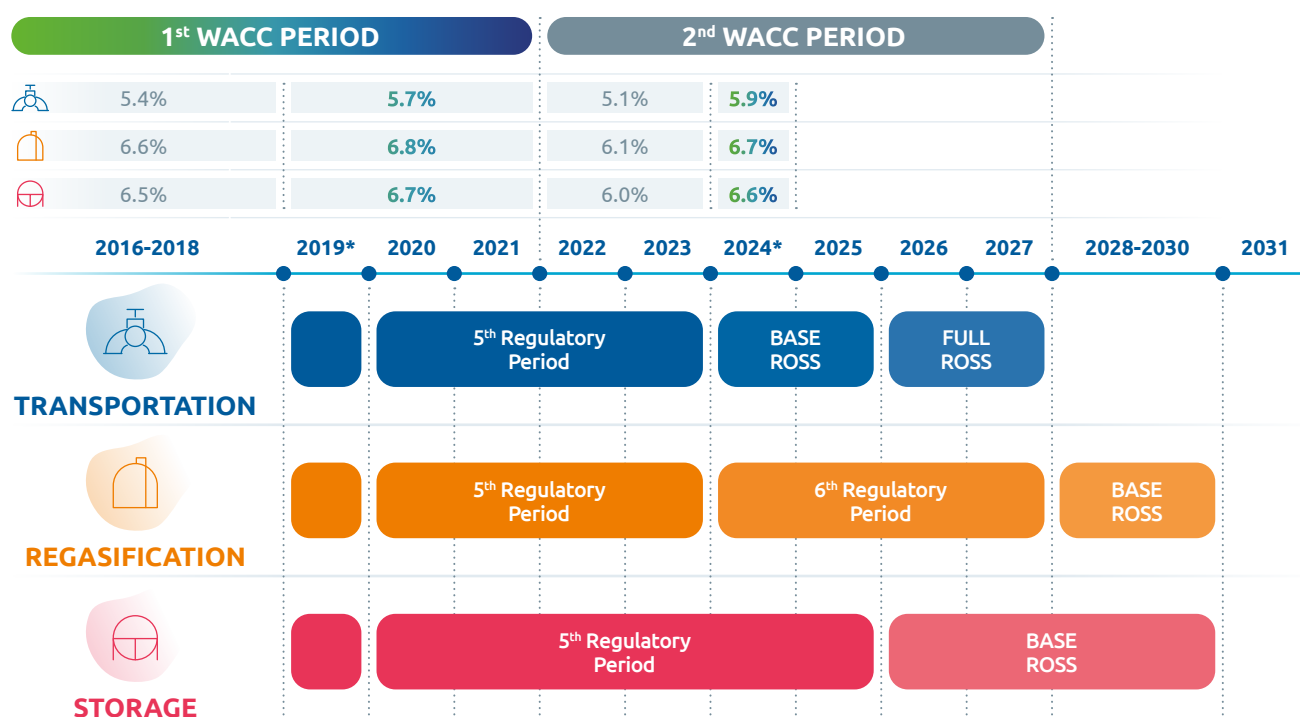
Assets under construction (LIC) will be revalued using the deflator, in line with the other capital cost items, and remunerated with a reduced WACC (determined by considering a Debt/Equity ratio of 4) for the entire recognition period (normally 4 years, extendable to 6 under special conditions).

As far as the so-called “tariff decoupling” is concerned, the resolution stipulates that all available information that will affect the level of *ex post* admissible revenues will be taken into account in the *ex ante* reference revenues (relevant for the determination of tariff levels), thus minimising the need for adjustments. In particular, the possibility of advance payments is introduced, including the possible updating of the WACC if known prior to the determination of *ex post*.

Graphical summary of ROSS base operation (TOTEX)



Graphical summary of linkage between regulatory periods, WACC revisions and ROSS adjustment:



* Revision of the WACC during the WACC period according to market parameters.

7.2.1 Main provisions of the tariff framework of the regulated sectors and new developments in 2023

NATURAL GAS TRANSPORTATION

Tariff adjustment criteria for the natural gas transportation and metering service for the sixth regulatory period (2024-2027)

With Resolution 139/2023/R/gas, published on 5 April 2023, the Authority defined the tariff regulation criteria for the natural gas transportation service for the sixth regulatory period (6PRT), in force from 1 January 2024 to 31 December 2027. The articulation of the reference revenues of the transportation service according to the same revenue shares envisaged in the fifth regulatory period (5PRT) is confirmed, and the definition of the application modalities of the ROSS criteria (Regulation by Expense and Service Objectives) to the natural gas transportation service is postponed to a subsequent consultation document. It is also confirmed that the capital existing as at 31 December 2023 will be treated in continuity with the criteria in force today, except for the different remuneration of fixed assets in progress, depending on the year in which the expenditure was incurred.

Pursuant to Resolution 723/2022/R/gas, an incentive is recognised for maintaining fully depreciated networks in operation (1% of the revalued historical cost of the asset being incentivised and 0.5% for pipelines in operation that completed their regulatory useful life more than 10 years ago). An incentive is also granted for the efficient operation of dual-fuel compressor stations, equal to 50% of the revenue share from the offer of flexibility services, up to a ceiling of €4 million/year, and 50% of the revenue from participation in the white certificate mechanism.

With reference to self-consumption, network losses, Unaccounted for Gas (CNG) and Emission Trading Costs (ETS), the level of the premium/penalty for CNG is revised to 6.86 €/MWh (compared to 3.33 €/MWh in the 5PRT), extending it with the same valuation to grid losses. With particular reference to the recognition of energy costs for dual fuel plants, a specific incentive mechanism is introduced to optimise the consumption profile on an intraday basis, based on market prices for electricity and gas.

It is also provided that the transportation companies may propose changes to the guarantee system to the Authority in order to provide for adequate forms of hedging against the risk of insolvency with regard to the variable charge and additional components.

Integrated text of the criteria and general principles of regulation by expenditure and service targets for the period 2024-2031 (TIROSS 2024- 2031)

With Resolution 163/2023/R/Com, published on 20 April 2023, the Authority published the "Integrated text of the general criteria and principles of regulation for expenditure and service targets for the period 2024-2031 (TIROSS 2024- 2031)". The resolution outlines the characteristics of the new tariff regulation framework for infrastructure services in the electricity and gas sectors (TIROSS). The document endorses the first part (Part I) of the ROSS approach containing the general provisions of the ROSS approach, as well as the second part (Part II) containing the specific criteria of the ROSS approach in its basic version. On the other hand, no further elements are reported in relation to standard costs and the methodology for performance analysis (RORE), as for these issues the Authority considers it appropriate to set up special working tables with operators and their associations. Whereas for the RORE these activities were completed by the end of 2023, for standard costs a deadline by the end of 2024 is assumed, with 2025 being used as a test year with a view to implementation from 2026.

Transportation revenues for the year 2023 and approval of revenues for the year 2024

With Resolution 234/2023/R/gas, published on 31 May 2023, the Authority approved the recognised revenues and tariff fees for the natural gas transportation and metering service for the year 2024. The revenue recognised for the natural gas transportation and metering service for the year 2024 is €2,582 million. The RAB used to calculate the 2024 revenue for transportation, dispatching and metering activities is €18.5 billion and includes the estimated investments for the year 2023.

The revenues recognised for the natural gas transportation service for the year 2023, approved by the Authority with Resolution 233/2022/R/gas, amounted to €2,398 million. The RAB used to calculate 2023 revenues for transportation, dispatching and metering activities amounted to €17.6 billion, including estimated investments for the year 2022. Starting from the 2022 commodity revenue correction factor, the deductible of +/-4% is not applied with reference to the portion of revenue covering the costs relating to self-consumption gas, network losses and CNG.

Pilot projects for optimising the management and innovative use of infrastructure in the natural gas sector: approval of the ranking list for admission of applications to the trials

With Resolution 590/2023/R/gas of 14 December 2023, the Authority published the ranking of projects admitted to the bonus tariff mechanism in support of innovation under Resolution 404/22/R/gas.

Of the 26 project applications, submitted by 12 operators, 21 were considered eligible for the award mechanism. The amount of the incentives allocated to projects admitted to the premium tariff mechanism is €30.8 million.

With specific reference to Snam Rete Gas, four projects were admitted to the trial, for a total incentive of €7.3 million, as a non-repayable contribution to cover innovative investments outside the regulated perimeter:

- Methane detector system: installation of an IoT (Internet of Things) sensor at Snam Rete Gas compression stations. The device makes it possible to identify and quantify natural gas leaks in real time, ensuring continuous monitoring of Snam's infrastructure, without the need for on-site inspections;
- Power to hydrogen Contursi: construction of a hydrogen production plant from renewable sources (P2H) and feeding hydrogen itself into the grid up to a maximum of 10% of the volume of the transported molecules;
- Turboexpander Taranto: installation of a turboexpander for the production of electricity, aimed at recovering energy from the pressure drop of natural gas in a decompression cabin;
- H₂ separation membranes: installation and testing of a palladium membrane for the separation of hydrogen from a mixture of natural gas and hydrogen.

The grant, increased by ARERA following a number of preliminary steps that further highlighted the validity of the initiatives described above, rewards Snam's commitment to fighting climate change and pursuing decarbonisation objectives, targets pursued while ensuring the country's energy security



REGASIFICATION OF LIQUEFIED NATURAL GAS (LNG)

Criteria for adjusting the tariffs for the liquefied natural gas regasification service for the fifth regulatory period (2024-2027)

With Resolution 196/2023/R/gas, published on 11 May 2023, the Authority defined the tariff regulation criteria for the natural gas regasification service for the sixth regulatory period (6PRT LNG), in force from 1 January 2024 to 31 December 2027. The current breakdown of reference revenues is confirmed and the assessment of whether it is appropriate to extend the cost recognition criteria based on total expenditure (ROSS approach) to the regasification service as well, is postponed to the next regulatory period. With regard to base load electricity, companies are given the option at the beginning of the regulatory period and for the entire duration of the regulatory period to choose whether to include it in reference revenues (subject to a 64% guarantee) or in revenues covering regasification chain consumption.

With regard to the determination of depreciation, in analogy to the storage business, the asset additions up to the previous year (t-1) are taken into account, instead of year t-2 (as in the previous regulation).

With reference to the recognition of energy costs, it is stipulated that deviations between the ex-ante valuation and the valuation on the basis of the prices actually recorded in year t are settled directly through the CSEA in year t+1, instead of year t+2 by means of fee adjustments.

With reference to the revenue hedging factor, the hedging mechanism is confirmed up to a maximum level of 64% of the reference revenue and for a duration of 20 years. In addition, the scope of application of the revenue coverage factor also includes cases where actual revenue is equal to or higher than the recognised reference revenue. In particular, in such cases, it is provided that 64% of the excess revenues are returned to the system through a corresponding payment to the CSEA.

Regasification revenues for the year 2023 and approval of revenues for the year 2024

With Resolution 279/2023/R/gas, published on 22 June 2023, the Authority approved the recognised revenues and tariff fees for the regasification service for the year 2024, as well as for the Piombino terminal also for the year 2023.

With regard to the Panigaglia terminal, tariffs for the year 2024 were determined on the basis of reference revenues of €34.8 million and energy costs of approximately €4.6 million. The RAB for the LNG regasification activity is €170.8 million. At the same time, the Authority gave the go-ahead for the disbursement of entitlements relating to the cost balances recognised for electricity consumption for the regasification chain and for ETS titles for the year 2022. With reference to the year 2022, there was no need to activate the Guarantee Factor.

With Resolution 278/2022/R/gas, the Authority determined the tariffs for the year 2023 for the Panigaglia terminal, based on reference revenues of €31.4 million and energy costs of approximately €6.4 million. The revenue coverage factor is 64% of the reference revenues. The RAB for the LNG regasification activity amounted to €163.5 million. At the same time, the Authority gave the go-ahead for the disbursement by the CSEA of the revenue coverage factor for the year 2021 in the amount of approximately €10.5 million.

With regard to the Piombino terminal, the tariffs for the year 2023 were determined on the basis of reference revenues of €32.2 million (re-proportioned on the basis of annual revenues of €50.1 million) and energy costs of approximately €2.6 million. The RAB for the LNG regasification business is €350.9 million. The tariffs for the year 2024 were determined on the basis of reference revenues of €86.3 million and on energy costs of approximately €7.3 million. The RAB for the LNG regasification activity is €469.5 million.



STORAGE OF NATURAL GAS

Provisions for the allocation of storage capacity

With Resolution 150/2023/R/Gas, published on 4 April 2023, the Authority supplemented the provisions on the allocation of storage capacities for the thermal year 2023-2024.

In particular, the Authority has:

- integrated fees for the failure of users to meet minimum fill levels;
- provided the possibility for the user to request an implicit allocation of its stock in excess of the maximum allowed at the end of each month of the injection phase;
- provided for storage companies to establish an internal verification procedure to implement the prohibition of making storage capacities available to persons or entities directly or indirectly established in Russia laid down in EU Regulation 2023/427; In the case of capacity allocated in violation of this regulation, this capacity shall revert to the storage company for allocation to third parties;
- provided for the transmission by Stogit of a functional proposal to take into account the implicit allocation mechanism within the short-term storage performance incentive scheme;
- provided for the allocation to the GSE and Snam Rete Gas of the space capacity for TA 23/24 and the corresponding injection and withdrawal capacity, for an amount equal to the respective gas stocks as of 31 March 2023, and that the related costs be covered under the "Storage Charges Account".

Storage revenues for the year 2023 and determination for the year 2024. Amendments to Annex A of Resolution 419/2019/R/gas (RTSG)

With Resolution 379/2023/R/Gas, published on 3 August 2023, the Authority approved the business revenues for the storage service for 2024 and the authorisation for the disbursement of the 2022 revenue coverage factor entitlements, pursuant to Resolution 419/2019/R/gas and its Annex A (RTSG).

The revenue recognised for the storage service for the year 2024 is €510.9 million. The RAB used to calculate the 2024 revenue for the storage business is €4.3 billion and includes the estimated investments for the year 2023.

The resolution also makes some changes to the RTSG. In particular, the Authority provided that:

- For the purpose of recognising investments in replacement of existing infrastructure, the storage company is required to submit summary indicators demonstrating the need for replacement of this infrastructure;
- with regard to planned investments in the development of new storage capacity, the storage company is required to submit a cost-benefit analysis demonstrating the usefulness of these investments for the national energy system; In addition, storage services will be considered as expected storage services in any tariff award.

The revenues recognised for the natural gas storage service for the year 2023, approved by the Authority with Resolution 384/2022/R/gas, amounted to €450.4 million. The RAB used to calculate the 2023 revenues came to €4.09 billion, including the estimated investments for the year 2022.

OTHER MEASURES

Resolution 108/2023/R/gas - Urgent evaluation of the development intervention "Strengthening for new imports from the South" (so-called "Adriatic Line")

By way of Resolution 108/2023/R/gas, published on 21 March 2023, the Authority, as a result of the urgent assessment process started with Resolution No. 696/2022/R/gas during the assessment of the 2021 and 2022 Plans, expressed its positive assessment on the development intervention "Strengthening for new imports from the South" (so-called "Adriatic Line") The Authority will point out to the Government and Parliament the appropriateness of allocating the resources of the RepowerEU programme, supplementary to the National Recovery and Resilience Plans, to the development of the Adriatic Line.

Resolution 419/2023/R/gas - Incentive provisions for Stogit S.p.A. pursuant to the RAST

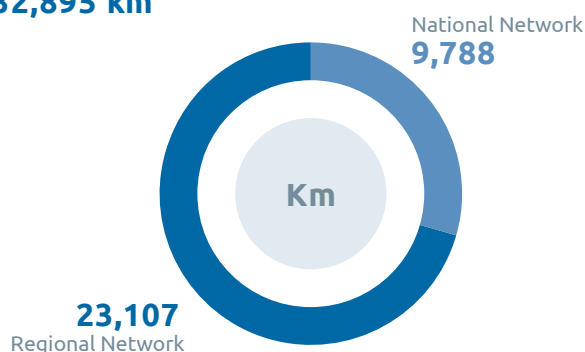
With Resolution 419/2023/R/Gas, published on 26 September 2023, the Authority admitted to the incentive scheme set forth in Resolution No. 54/2022/R/gas, limited to the capacities allocated until 31 March 2023, the proceeds deriving from the allocation of injection capacity even if associated with the counter-flow service with delivery in the thermal year 2023-2024.



7.3 Natural gas transportation

Snam, through its subsidiary Snam Rete Gas, is leading Italian natural gas transport and dispatching operator, and owns almost all the transport infrastructure in Italy, with more than 32,800 kilometres of high- and medium-pressure pipelines in operation (about 93% of the entire transportation system). Snam manages the gas pipeline network via 8 districts, 48 maintenance centres throughout Italy, 13 compression stations, and a new dispatching unit that has recently been renovated in terms of structure and technology. Gas from abroad is fed into the network at the ten entry points, at the six interconnection points with methane pipelines and at the four interconnection points with LNG regasification terminals (including the FSRU terminal in Piombino, which became operational in 2023). Once it has been imported or regasified, the gas is transported to the local distribution networks, the regional network redelivery points or large end users such as thermoelectric power stations or manufacturing plants.

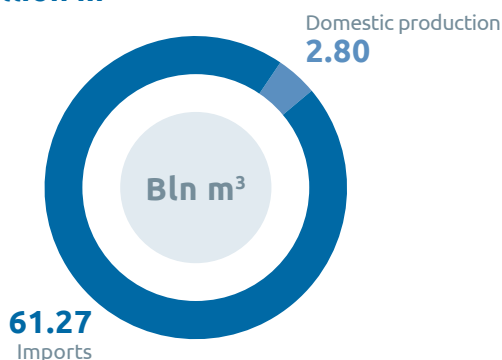
Gas pipeline network in operation 32,895 km



Snam awards transportation capacity to shippers who apply for it. In this way, users acquire the right to inject or withdraw a quantity of gas not exceeding the daily rate allocated on any day of the thermal year. The conditions for access to the service are contained in the Network Code. Shippers have the possibility of making gas sales and trades at a Virtual Trading Point (PSV) of the National Network, thanks to the dedicated IT platform.

The transportation capacity of the network has made it possible, again in 2023, to fully satisfy the demand for capacity on the part of users. In addition to the transportation capacity offered at Entry Points interconnected with foreign methane pipelines and at LNG regasification terminals, equal to 383.6 million cubic metres/day in the year, an increase compared to the capacity offered in 2022 due to the commissioning of the new FSRU terminal in Piombino, whose transportation capacity at the point of interconnection with the National Grid is 14 million cubic metres/day. Snam made available additional transportation capacity at the entry points interconnected with domestic production for a total of 15 million cubic metres/day and with biomethane production for a total of 1.7 million cubic metres/day.

Gas injected into the national network 64.07 billion m³



Over the last few years, transportation operators have been constantly increasing, going from around 30 operators in 2003 to around 450 operators in 2023 (including shippers and traders).

In 2023, 141 connection agreements were entered into for the creation of new delivery/redelivery points or for upgrading existing ones, 104 contracts for the injection of biomethane and 7 relating to CNG service areas.

KEY PERFORMANCE INDICATORS

The reporting of the natural gas transportation segment includes the values of the companies Snam Rete Gas, Infrastrutture Trasporto Gas and Enura.

(million euros)	2021	2022	2023	Abs. change	Change %
Regulated revenues (a) (b)	2,327	2,162	2,474	312	14.4
Other non-regulated revenues	52	108	258	150	
Total revenues (a) (b)	2,379	2,270	2,732	462	20.4
Adjusted gross operating margin (*)	1,804	1,795	1,873	78	4.3
Adjusted operating profit (*)	1,135	1,092	1,147	55	5.0
Technical investments	1,004	1,007	1,139	132	13.1
- of which with a greater return	123	129	271	142	
- of which with a basic return (c)	881	878	868	(10)	(1.1)
Net invested capital at 31 December	14,164	11,941	14,049	2,108	17.7
Natural gas injected into the National Gas Transportation Network (billion cubic metres) (d)	75.77	75.42	64.07	(11.35)	(15.0)
Gas transportation network (kilometres in use) (e)	32,767	32,862	32,895	33	0.1
- of which National Network (e)	9,655	9,755	9,788	33	0.3
- of which Regional Network	23,112	23,107	23,107		
Employees in service at the period end (number)	1,843	1,903	1,963	60	3.2

(*) The values in the adjusted configuration, relating to 2023 only, exclude costs related to the ongoing asset write-off (€8 million).

(a) Before consolidation eliminations.

(b) Net of revenues which, in accordance with tariff regulations, are offset by costs (pass-through item) relating to the modulation service amounting to €94 million in 2023 (€81 million in 2022).

(c) At a pre-tax real base WACC of 5.1% for 2023 and 2022 (5.7% in 2021).

(d) The data for 2023 is current as at 30 January 2024. The corresponding value for 2022 has been definitively updated. Gas volumes are expressed in standard cubic metres (scm) with an average higher heating value (HHV) of 38.1 MJ/Scm (10.573 kWh/scm).

(e) The amount includes 84 km of network relative to the company Infrastrutture Trasporto Gas.

Results

Total revenues amounted to €2,732 million, an increase of €462 million, or 20.4%, compared to the 2022 financial year (€2,270 million) and included variable fees to cover the costs of purchasing the gas necessary to operate the network (energy costs), which amounted to €386 million in 2023 (€167 million in 2022)³⁵. Net of variable fees connected to energy costs, total revenues amounted to €2,346 million, an increase of €243 million, equal to 11.6%, compared to 2022.

Adjusted revenues, net of fees to cover energy costs, amounted to €2,088 million, an increase of €93 million or 4.7%, mainly due to the effect of: (i) the increase in the RAB base (+€61 million, including the effect of lower input-based incentives) due to new investments; (ii) the recognition of the incentive to maintain transportation assets fully depreciated for tariff purposes (+€45 million); (iii) higher revenues for flexibility services offered to users (+€7 million), mainly related to the default service. These effects were partly offset by lower volumes of gas transported (-€21 million) due to lower domestic consumption and lower exports.

35 On the basis of the provisions of the regulatory framework in force for the fifth regulatory period, as of 1 January 2020, the energy costs relating to the costs for the purchase of fuel gas, previously subject to in-kind contribution from shippers and the charges for the purchase of CO₂ emission rights, are covered in revenues through the variable fee applied to users. Energy costs are recognised on the basis of tariff proposal prices, and the related revenues to cover these costs are recognised consistently with the way the costs are recognised. The criteria for regulatory recognition of energy costs ensure substantial neutrality in both economic and financial terms.



Other non-regulated revenues amounted to €258 million, an increase of €150 million compared to 2022 as a result of higher recharges for technical services provided to other group companies, which were matched by the costs incurred in providing the related services (+€179 million, of which €160 million related to services provided to Snam FSRU). These factors are partly absorbed by the lower positive one-off effects compared to 2022.

Adjusted EBITDA amounted to €1,873 million, an increase of €78 million, or 4.3%, compared to 2022 (€1,795 million). Higher regulated revenues were partly absorbed by lower one-off revenues.

Adjusted operating profit amounted to €1,147 million, an increase of €55 million or 5.0% compared to 2022, mainly due to higher depreciation and amortisation (-€24 million; equal to 5.8%) mainly due to new assets coming on stream, partly absorbed by lower depreciation related to assets that have completed their useful life.

Operating performance

TECHNICAL INVESTMENTS			
million of euros	2021	2022	2023
Development (*)	123	129	271
Replacement and other	881	878	868
TOTAL	1,004	1,007	1,139

(*) With a higher remuneration of 1.5% compared to a pre-tax real base WACC of 5.1% and 5.7% applied respectively to investments in new transportation capacity that entered into operation on 31 December 2022 and 31 December 2021 and with a cost-benefit analysis higher than 1.5, pursuant to ARERA Resolution No. 114/2019/R/Gas.

Technical investments in 2023 amounted to €1,139 million, an increase over 2022 (+€132 million, equal to 13.1%). Investments have been classified consistently with Resolution 114/2019/R/gas whereby the Authority identified different categories of projects with which a different level of remuneration is associated.

In 2023, the main investments in the **development** of new transportation capacity amounted to €271 million and mainly concerned:

- the **construction of a new network and plants** amounting to €36 million, attributable to design, engineering and permit acquisition activities related to the pipelines of the Adriatic Line (€25 million) and the Sulmona compression plant (€11 million);
- development investments for network connections and upgrades** amounting to €235 million, including (i) the construction of the two connections to the National Gas Pipeline Network of the Ravenna (€112 million) and Piombino (€49 million) FSRUs; (ii) the continuation of the construction of some industrial (€19 million), biomethane (€20 million) and CNG service area (€7 million) connections; (iii) planning and permit acquisition activities for hybrid power plants (including Messina and Poggio Renatico, with amounts of €7 million and €5 million respectively); (iv) construction activities related to the upgrading of the Nocera-Cava Dei Tirreni Branch (€3 million).

Replacement and other investments amounted to €868 million and mainly concerned: (i) works to maintain the safety and quality levels of the plants (€656 million), including initiatives to replace methane pipelines (€354 million), and in particular the continuation of activities to rebuild the methane pipelines in the Ravenna-Recanati (€107 million), Recanati-Chieti (€107 million), Mestre-Trieste (€28 million), San Salvo-Biccari (€20 million), Ravenna mare-Ravenna terra (€19 million) and Rimini-S. Sepolcro (€15 million); (ii) projects relating to the development of new information systems, as well as the implementation of existing ones (€154 million); (iii) the construction and redevelopment of the Group's buildings (€44 million), including the redevelopment of the operating headquarters (€20 million) and the construction of the new "Symbiosis" headquarters (€15 million); (iv) purchase of operating vehicles (€4 million).

Net invested capital amounted to €14.0 billion as at 31 December 2023, an increase of €2 billion compared to the same period of the previous year, mainly due to the dynamics of working capital and, in particular, items related to the gas balancing and settlement service.

NFS Progress of permit activities

To develop new settlements, in addition to the technical-economic feasibility criteria, Snam adopts procedures that respond to stringent environmental and safety compatibility assessments.

The assessments of environmental effects involve all phases of the work life cycle, site selection, planning, construction, operation and decommissioning. These evaluations are carried out as part of the Environmental Impact Assessment (EIA) procedure, and in the Integrated Environmental Authorisation (IEA) procedures, at the end of which the administrations in charge, both at central and local level, issue the authorisations required by current legislation.

For more information, see the chapter "Biodiversity and Ecosystems" in the "Environmental Information" section of the Non-Financial Statement.

Gas distribution on the national Transportation network

Gas volumes are stated in standard cubic metres (scm) with a traditional higher heating value (HHV) of 38.1 MJ/scm (10.573 kWh/scm). The elementary datum is measured in energy (MJ) and is obtained by multiplying the actual measured physical cubic metres by the corresponding calorific value.

GAS DEMAND IN ITALY					
(billions of m ³)	2021 (a)	2022	2023	Abs. change	Var. % (b)
Residential and tertiary	29.80	25.16	23.00	(2.16)	(8.6)
Thermoelectric	31.09	30.15	26.05	(4.10)	(13.6)
Industrial (c)	13.51	11.63	11.02	(0.61)	(5.2%)
Other (d)	1.97	1.77	1.78	0.01	0.6
	76.37	68.71	61.85	(6.86)	(10.0)

(a) The 2022 values have been definitively updated.

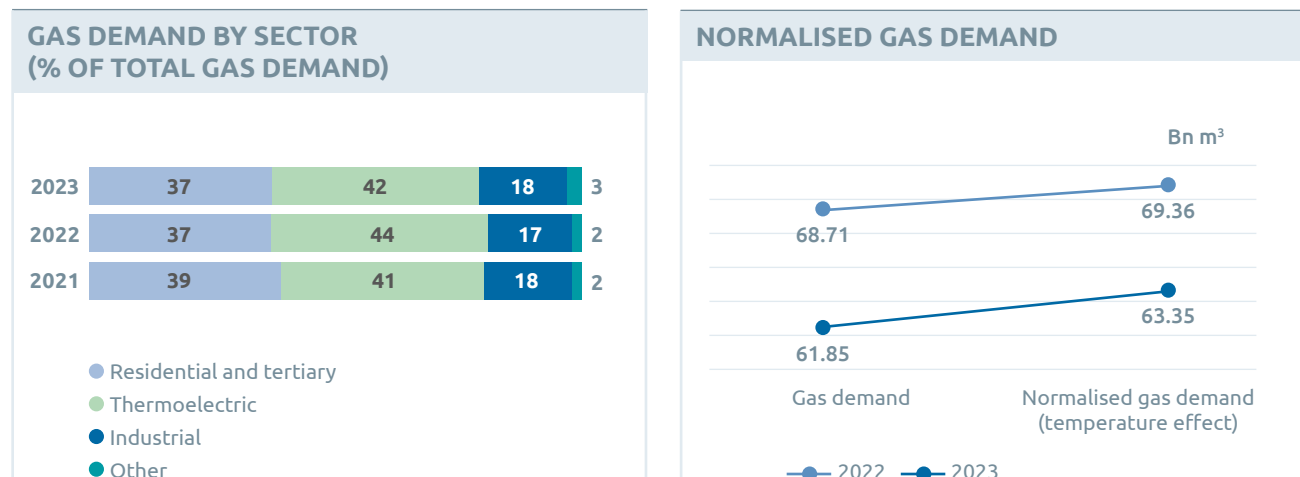
(b) The percentage change is calculated with reference to the figures in cubic metres.

(c) It includes the consumption of the Industry, Agriculture and Fishing, Chemical Synthesis and Automotive sectors.

(d) Consumption and losses mainly related to the natural gas transportation system, the energy system, the upstream sector, storage and LNG facilities.

Gas demand in Italy in 2023 amounted to **61.85 billion** cubic metres, a decrease of 6.86 billion cubic metres, or -10.0% compared to 2022, due to the drop in consumption recorded in all business sectors. More specifically, the decline in gas demand is attributable to: (i) **the thermoelectric sector** (-4.10 billion cubic metres; -13.6%) as a result of the increase in electricity imports, mainly stemming from the recovery of French nuclear power, higher hydroelectric production, reduced electricity demand also as a result of the slow recovery of the industrial sector, and the increased use of renewable energy sources supported by photovoltaics in the civil sector; (ii) **the residential and tertiary sector** (-2.16 billion cubic metres; -8.6%), in view of the overall milder temperatures compared to 2022, as well as the energy efficiency and consumption containment actions that influenced the first months of the year; (iii) **the industrial sector** (-0.61 billion cubic metres; -5.2%) influenced, as last year, by commodity price trends and the unstable macroeconomic situation, which led to a drop in industrial production in certain "energy intensive" sectors.

The **demand for gas in temperature-normalised terms**, estimated at 63.35 billion cubic metres, shows a decrease of 6.01 billion cubic metres (-8.7%) compared to the corresponding value in 2022 (69.36 billion cubic metres), against a general contraction in consumption due to the gradual increase in energy efficiency measures and the modernisation of heating plants with more efficient boilers, together with actions to contain demand for natural gas required to cope with the winter risk resulting from the reduction in imports from Russia (measures suspended for the winter of 2023-2024).



AVAILABILITY OF NATURAL GAS					
(billions of m³)	2021	2022 (*)	2023	Abs. change	Change %
From gas injected into the network by entry point	72.65	72.31	61.27	(11.04)	(15.3)
From domestic output	3.12	3.11	2.80	(0.31)	(10.0)
Total gas injected into the network	75.77	75.42	64.07	(11.35)	(15.0)
Net balance storage withdrawals/injections (**)	1.45	(2.81)	(0.32)	2.49	
Total availability of natural gas	77.22	72.61	63.75	(8.86)	(12.2)

(*) The 2022 values have been definitively updated.

(**) Understood as the balance between withdrawals from storage (+) and injections into storage (-), expressed after consumption through injection/provision.

The **availability of natural gas in Italy** (63.75 billion cubic metres), i.e. the sum of gas injected into the National Transportation Network and the net balance of withdrawals/injections from/into storage, decreased by 8.86 billion cubic metres (-12.2%) compared to 2022. The reduction was due to lower imports (-11.04 bcm, -15.3%) and lower domestic production (-0.31 bcm; -10.0%) related to the reduction in domestic consumption. These effects were partially offset by lower net injections into storage compared to 2022, which was also impacted by the extraordinary measures to fill storage facilities in response to the supply crisis.

GAS INJECTED INTO THE NETWORK (*)					
(billions of m³)	2021	2022 (a)	2023	Abs. change	Change %
Domestic production	3.12	3.11	2.80	(0.31)	(10.0)
Entry points (**)	72.65	72.31	61.27	(11.04)	(15.3)
Mazara del Vallo	21.17	23.55	23.04	(0.51)	(2.2)
Melendugno	7.22	10.33	9.99	(0.34)	(3.3)
Cavarzere (GNL)	7.28	8.28	8.78	0.50	6.0
Passo Gries	2.17	7.59	6.57	(1.02)	(13.4)
Livorno (LNG)	1.42	3.72	3.78	0.06	1.6
Tarvisio	29.06	13.99	2.84	(11.15)	(79.7)
Panigaglia (GNL)	1.06	2.20	2.57	0.37	16.8
Gela	3.23	2.62	2.52	(0.10)	(3.8)
Piombino (LNG)			1.14	1.14	
Gorizia	0.04	0.03	0.04	0.01	33.3
Total	75.77	75.42	64.07	(11.35)	(15.0)

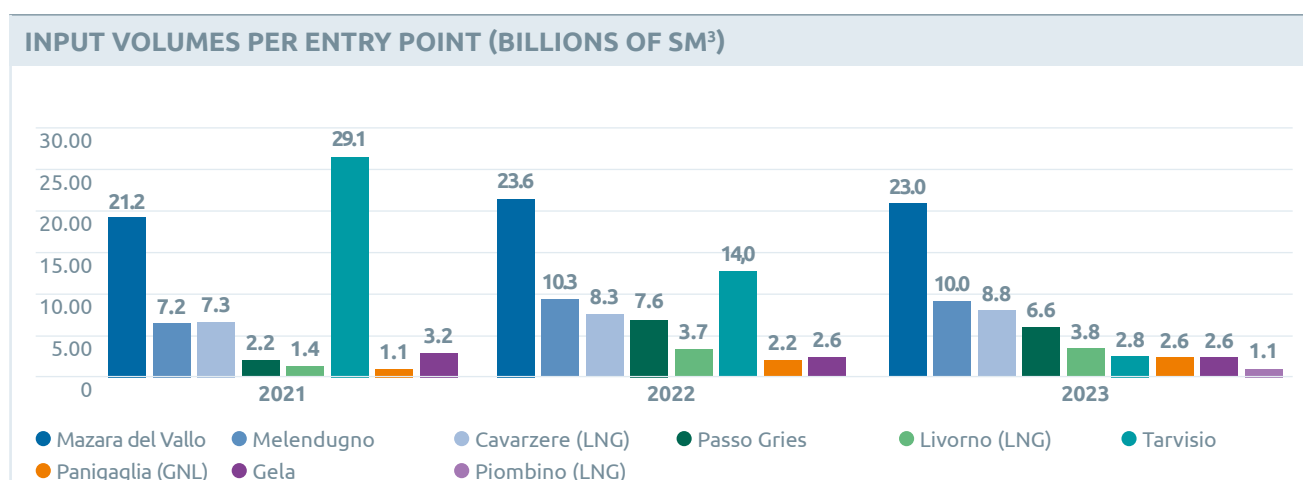
(*) The data for 2023 is current as at 30 January 2024. The corresponding value for 2022 has been definitively updated.

(**) Entry points connected with other countries or with LNG regasification plants.

Gas injections and withdrawals in the transportation network

The volume of gas injected into the network in 2023, at 64.07 bcm, decreased by 11.35 bcm (-15.0% compared to 2022) against the backdrop of the general drop in consumption in Italy and Europe, the significant reduction in exports and lower injections into storage.

Injections into the network from domestic production fields or their collection and treatment centres amounted to 2.80 billion cubic metres, a decrease compared to 2022 (-10.0%).

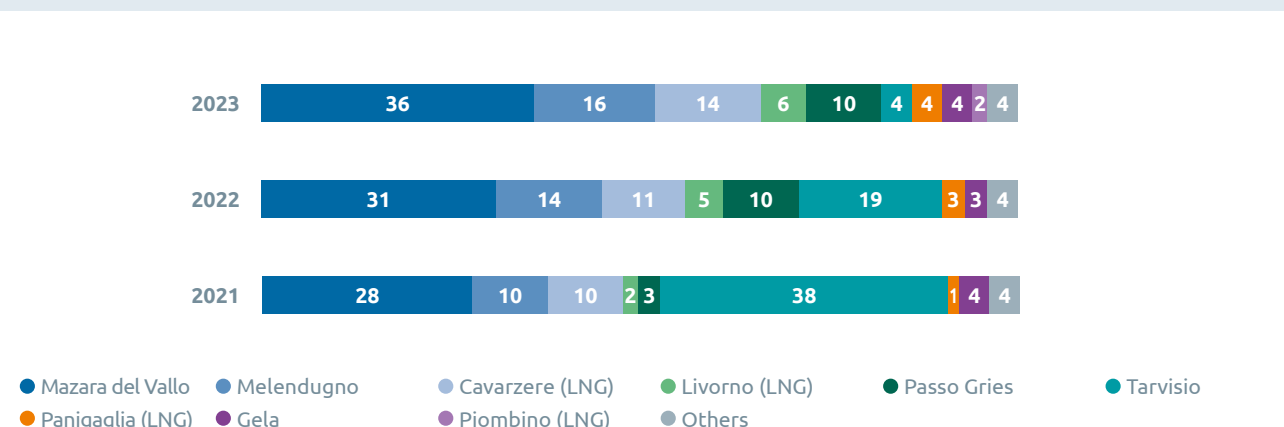


Volumes injected by entry points interconnected with foreign countries recorded a decrease of 13.11 billion cubic metres (-22.6% compared to 2022), absorbed by the increase in volumes transited by entry points interconnected with regasification terminals equal to 2.07 billion cubic metres (+14.6% compared to 2022), also due to the start-up of the Piombino regasification plant.



The continuation of the Russia-Ukraine conflict, which began in February 2022, has led to a substantial change in the supply mix for Italy and an increase in LNG demand for Italy, with imports from Russia (Tarvisio) falling significantly, from 13.99 bcm in 2022 to 2.84 bcm in 2023, and an increase in LNG volumes of about 2.07 bcm, against volumes from the south (Mazara and Melendugno) substantially in line with 2022 and imports from the north (Passo Gries) of about 1 bcm.

NATURAL GAS INJECTED INTO THE NETWORK BY IMPORT POINTS (% OF TOTAL GAS INJECTED INTO THE NETWORK)



NATURAL GAS WITHDRAWALS

(billions of m³)	2021	2022(*)	2023	Abs. change	Change %
Redelivery to the domestic market	75.07	67.30	60.47	(6.83)	(10.1)
Exports and transit (**)	1.60	4.64	2.64	(2.00)	(43.1)
Consumption and emissions, Snam Rete Gas	0.33	0.35	0.36	0.01	2.9
Unaccounted for gas and other changes (***)	0.23	0.32	0.28	(0.04)	(12.5)
Total natural gas withdrawals	77.22	72.61	63.75	(8.86)	(12.2)

(*) The 2022 values have been definitively updated.

(**) Includes exports to the Republic of San Marino.

(***) It includes the variation of the network reservoir. In the energy balance drawn up by Snam Rete Gas, Unaccounted For Gas (NG) is conventionally defined as the physiological difference between the quantity of gas measured at the network inlet and the quantity of gas measured at the outlet, resulting from the technical tolerance of the measuring instruments.

The natural gas withdrawn from the national transportation network in 2023 (63.75 billion cubic metres) was mainly used: (i) redelivery to users at network exit points (60.47 bcm) and (ii) exports and transits (2.64 bcm).

RECONCILIATION BETWEEN GAS VOLUMES INJECTED INTO THE GRID AND GAS DEMAND IN ITALY

(billions of m³)	2021	2022	2023 (a)	Abs. change	Var. % (b)
Total gas injected into the network	75.77	75.42	64.07	(11.35)	(15.0)
Net balance storage withdrawals/injections (c)	1.45	(2.81)	(0.32)	2.49	(88.6)
Total natural gas withdrawals	77.22	72.61	63.75	(8.86)	(12.2)
Exports (-) (d)	(1.60)	(4.64)	(2.64)	2.00	(43.1)
Other consumption (e)	0.74	0.74	0.74	0.00	0.5
Total demand Italy	76.37	68.71	61.85	(6.86)	(10.0)

(a) The data for 2023 is current as at 30 January 2024. The corresponding value for 2022 has been definitively updated.

(b) The percentage change is calculated with reference to the figures in cubic metres.

(c) Understood as the balance between withdrawals from storage (+) and injections into storage (-), expressed after consumption through injection/provision.

(d) Includes transits and exports to the Republic of San Marino.

(e) Includes consumption from LNG regasification terminals, consumption from storage compression stations and from power stations for production treatment.

The allocated transportation capacity shown in the table below represents the average daily value resulting from the booking processes taking effect in the calendar year:

TRANSPORTATION CAPACITY (*)									
(million m ³ /day)	Calendar year 2021			Calendar year 2022			Calendar year 2023		
	Transportation capacity	Allocated capacity	Saturation (%)	Transportation capacity	Allocated capacity	Saturation (%)	Transportation capacity	Allocated capacity	Saturation (%)
Entry points									
Tarvisio (*)	111.5	90.5	81.1	112.4	54.2	48.2	112.4	9.0	8.0
Mazara del Vallo (*) (**)	70.7	60.9	86.1	73.2	64.3	87.8	73.3	65.0	88.7
Passo Gries	64.4	6.2	9.6	64.4	20.9	32.5	64.4	18.1	28.1
Melendugno (**)	21.5	19.4	90.2	29.9	27.5	92.0	29.3	26.8	91.5
Cavarzere (GNL)	26.4	22.9	86.7	26.4	23.7	89.8	26.4	25.9	98.1
Gela (**)	17.4	13.8	79.0	15.7	13.2	84.1	15.9	13.4	84.3
Livorno (GNL)	15.0	8.3	55.4	15.0	12.4	82.7	15.0	14.1	94.0
Panigaglia (GNL)	13.0	3.8	29.0	13.0	6.8	52.3	13.0	8.9	68.5
Piombino (GNL)							14.0	12.9	92.1
Gorizia	4.2	0.1	2.9	4.6	0.6	13.0	4.7	0.2	4.3
Competitor Capacity (**)	24.6			16.2			15.2		0.0
	368.7	225.7	61.2	370.8	223.6	60.3	383.6	194.3	50.7

(*) The capacity values are to be understood as the sum of the continuous and interruptible capacity.

(**) Capacity values at the Mazara del Vallo, Gela and Melendugno Entry Points do not include Competitor Capacity. This capacity, according to EU Regulation No. 984/2013 in force since 1 November 2015, is the transportation capacity available at a Point whose booking reduces all or part of the capacity available for booking at another Point of the Transport System.

The transportation capacity of the network has made it possible, again in 2023, to fully satisfy the demand for capacity on the part of users. Average transportation capacity provided in 2023 at the entry points connected with foreign pipes and at regasification facilities was 383.60 million cubic metres on average per day, 15.20 of which were offered as competing capacities between the Mazara del Vallo, Gela and Melendugno entry points. With respect to the calendar year 2022, the new Piombino LNG Terminal, whose transportation capacity at the point of interconnection with the National Grid is 14 million cubic metres/day, will come into operation. In addition to the aforementioned capacities which concern the entry points interconnected with foreign countries and the LNG terminals, a transportation capacity is available at the domestic production entry points:

- national production at a total of about 15.00 million cubic metres/day.
- the production of biomethane at a total of about 1.7 million cubic metres/day;
- production from virtual entry points (PIVs) connected to distribution networks/other transportation networks for a total of about 0.4 million cubic metres/day.

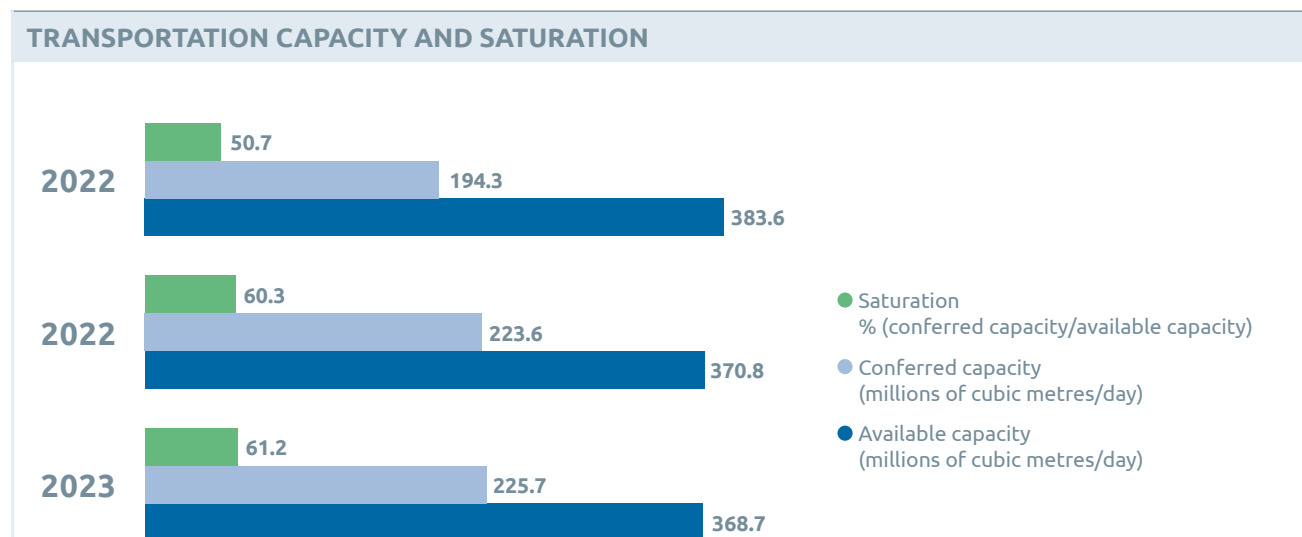
Snam Rete Gas has prepared the long-term plan for the availability of transportation capacity, which was communicated to the Ministry of Enterprise and Industry and to the Authority on 30 June 2023 and published on Snam's website at <http://www.snam.it/it/trasporto> in the "online services/capacity" section.

The document shows data about capacity at all entry points interconnected with foreign countries and with LNG terminals for the thermal year 2023-2024 and subsequent years up to 30 September 2038.

During the year, there was an important increase in gas exports to foreign countries compared to previous years. This was made possible by the increased transportation capacity allocated at the Tarvisio and Passo Gries exit points.

For the thermal year 2022-2023, the transportation capacities of the interconnected foreign exit points Tarvisio, Passo Gries, Gorizia, Melendugno, Bizzarone and San Marino are also offered for a total of 46 million cubic metres/day. As a result of all the infrastructure of the "Supporting the north-west market and two-way cross-border flows" project coming into service, a total capacity of 40 million cubic metres/day became available simultaneously at the Passo Gries and Tarvisio exit points. The maximum capacity of the Passo Gries exit point is 40 million cubic metres/day, while the maximum capacity of the Tarvisio exit point is 18 million cubic metres/day; Therefore, on the two points a Competing Capability according to Chapter 5, paragraph 3 of the Network Code is available.

In 2023, 141 connection agreements were entered into for the creation of new delivery/redelivery points or for upgrading existing ones, 104 contracts for the injection of biomethane and 7 relating to CNG service areas.



Organisational changes

During 2023, the number of staff in service increased by a total of 60 employees, from 1,903 employees as at 31 December 2022 to 1,963 employees as at 31 December 2023. In 2023, an evolution of the organisational model for engineering and construction activities (ENGCO) was pursued with the strengthening of the headquarters and territorial organisational structures, consistent with the expected growth of the investment plan for both the regulated business and Energy Transition activities, and a new headquarters unit was established dedicated to carrying out expropriation procedures delegated to the Company by the Public Administration.

In addition, we report the evolution of the operating model for gas metering activities, with the completion of the insertion of new resources aimed at guaranteeing the activities that emerged following the last ARERA resolution (operational activities on the territory, technical support activities at Headquarters and coordination of commercial activities for the acquisition of end-customer metering plants). Finally, the first phase of the organisational and operational reorganisation for the management of measurement activities in the territory was completed, with the relocation of about 50 employees within the Network Management unit, without prejudice to the centralised guidance and coordination role of the Measurement unit.

For more information on accidents, energy consumption and emissions from natural gas transport, see Annex 4 - Data and Performance Indicators of the Non-Financial Statement.

7.4 Liquefied natural gas (LNG) regasification

LNG plays a key role in providing adequate diversification and supply flexibility to the gas system

Snam is active in the LNG regasification sector through its subsidiaries GNL Italia, owner of the Panigaglia plant, and Snam FSRU Italia, owner of the Golar Tundra Floating, Storage and Regasification Unit (FSRU) moored in the port of Piombino, which will become operational in July 2023. Snam also finalised, in December 2023, the acquisition of 100% of the share capital of FSRU I Limited, the company that owns FSRU BW Singapore, which is expected to be located in the port of Ravenna and is scheduled to start operations in 2025. Snam, through its subsidiary Ravenna LNG Terminal S.r.l., is the owner of the maritime terminal required for the commissioning of FSRU BW Singapore off the port of Ravenna.

The Panigaglia plant, built in 1971, is capable of regasifying 17,500 m³ of LNG per day; when operating at maximum efficiency, it can output more than **3.5 billion cubic metres** of natural gas into the transportation network every year.

The regasification service can either be continuous for the entire thermal year or spot-related, with regasification capacity awarded through dedicated auctions. Moreover, the regasification service includes the ancillary service of correcting the heating power of the natural gas to comply with quality requirements for its transfer to the transportation network (correction of the Wobbe index).

The total amount of gas regasified at the Panigaglia plant in 2023 was 2.59 billion m³ (2.24 billion m³ in 2022).

In 2023, 62 LNG carriers were unloaded, in line with the number of allocated carrier unloading slots (59 unloads in 2022).

In continuity with the previous year, the increase in business volume is attributable to the strong demand for LNG to cover gas demand at national level, also as a result of the changes in the European energy context caused by the Russia-Ukraine conflict.

In order to promote greater security and diversification of Italy's energy supplies, Snam, through its subsidiary Snam FSRU Italia, has purchased a floating unit (FSRU), named **Golar Tundra**, with a storage capacity of **170 thousand cubic metres** and an annual regasification capacity of **5 billion cubic metres** of gas. In July 2023, the FSRU, positioned in the port of Piombino, officially entered into commercial operation.

During 2023, the FSRU Golar Tundra regasified 1.12 bcm and 12 unloads were carried out by LNG carriers, compared to 14 unloads delivered.

In December 2023, with the aim of ensuring greater security and diversification of Italy's energy supplies, in a challenging and evolving global context, Snam completed the acquisition of 100% of the share capital of FSRU I Limited, owner of FSRU BW Singapore. Built in 2015, the FSRU has a maximum storage capacity of about **170 thousand cubic metres** of liquefied natural gas and a nominal continuous regasification capacity of about **5 billion cubic metres** per year. It is envisaged that the FSRU will be located near the port of Ravenna, and will begin operations in the first half of 2025, following the conclusion of the authorisation and regulatory process and the completion of the works necessary for mooring and connection to the transportation network.

FSRUs (floating storage and regasification units) are terminals capable of storing and regasifying natural gas. They are mounted on ships located close to port areas – either on the quayside or offshore – and receive liquefied natural gas (LNG) at a temperature of -160°C from LNG carriers before regasifying it (i.e. bringing it to a gaseous state) for output to the national gas transportation network.

Maximum annual LNG regasification capacity at the Panigaglia plant
3.5 billion m³

Amount of LNG regasified in 2023 at the Panigaglia plant
2.59 billion m³
(2.24 billion m³ in 2022)

Maximum annual LNG regasification capacity at the FSRU Golar Tundra
5 billion m³

Quantity of LNG regasified in 2023 at the FSRU plant in Piombino
1.12 billion m³

Maximum annual LNG regasification capacity at the FSRU BW Singapore
5 billion m³



The disclosure of the Liquefied Natural Gas - LNG regasification segment includes the values of the companies GNL Italia, Snam FSRU Italia, FSRU I Limited and Ravenna LNG Terminal.

KEY PERFORMANCE INDICATORS

(million euros)	2021	2022	2023	Abs. change	Change %
Regulated revenues (a) (b)	19	42	77	35	83.3
Other non-regulated revenues	1	4	1	(3)	(75.0)
Total revenues (a) (b)	20	46	78	32	69.6
Operating costs (a) (b)	12	17	43	26	
EBITDA	8	29	35	6	20.7
EBIT		18	7	(11)	(61.1)
Technical investments (c)	33	55	258	203	
Net invested capital at 31 December	140	490	941	451	92.0
Regasified LNG volumes (billion cubic metres) (d)	1.05	2.24	3.69	1.45	64.7
Tanker loads (number)	25	59	74	15	25.4
Employees in service at 31 December (number)	65	66	81	15	22.7

(a) Before consolidation eliminations.

(b) Net of revenues which, in applying tariff regulations, are offset by costs (pass-through items) relating to the recharging of charges for the natural gas transportation service provided by Snam Rete Gas S.p.A. (€16 million; 4 million in 2022) and gas sales for system balancing (€10 million; €30 million in 2022).

(c) Investments remunerated at the pre-tax real base WACC of 6.1% for 2023 and 2022 (6.8% in 2021).

(d) Regasified volumes are shown gross of the share of self-consumption and losses (QCP component), equal to 1.40% for the Panigaglia terminal. Gas volumes are expressed in standard cubic metres (scm) with an average higher heating value (HHV) of 38.1 MJ/Scm (10.573 kWh/scm).

Results

Total revenues amounted to €78 million, an increase of €32 million, or 69.6%, compared to 2022, due to higher regulated revenues, which benefited from significantly higher volumes of regasified gas as a result of the changed context resulting from the impacts of the Russia-Ukraine conflict and the start of operations of the FSRU plant in Piombino.

Regulated revenues include variable fees (€13 million; likewise in 2022) charged to users to cover costs related to energy consumption (electricity and CO₂). Net of these fees, regulated revenues amounted to €64 million (+€35 million compared to 2022). The increase is mainly attributable: (i) the recognition of revenues related to higher regasified volumes in 2022, compared to the revenues defined by the Regulatory Authority for the same year, and the growth of the RAB (+€16 million in total); (ii) revenues related to the start of operations of the Piombino regasification plant (+€21 million).

EBITDA amounted to €35 million, an increase of €6 million or 20.7% compared to the year 2022. The higher revenues (+€35 million, net of fees to cover energy costs) were partly absorbed by higher related costs: (i) the dynamics of the LNG gas inventory influenced by market price trends; (ii) to costs related to the start-up of operations of the FSRU plant in Piombino relating, in particular, to O&M maintenance services and maritime services.

Operating profit amounted to €7 million, a decrease of €11 million, or 61.1%, compared to 2022, due to higher amortisation and depreciation related also to the start-up of the FSRU plant in Piombino, whose amortisation is related to the duration of the state-owned concession (3 years from the date the plant starts commercial operation).

Technical investments

Technical investments in the 2023 financial year amounted to €258 million, a significant increase from €55 million in 2022; +€203 million) mainly due to investments in the FSRU in Piombino and the Ravenna terminal.

Investments in capacity development and enhancement, amounting to €242 million, mainly concerned the FSRU projects in Piombino and Ravenna:

- with reference to the Piombino terminal: the modification and adaptation of the ship Golar Tundra (€33 million) and the continuation of the construction and supply of materials for the quayside works (€56 million);
- with reference to the Ravenna terminal: activities to upgrade the PIR marine terminal (€122 million) and ship modifications and upgrades (€21 million).

Maintenance and other investments amounted to €16 million³⁶ and mainly related to: (i) investments to ensure the safety of the Panigaglia plant, with particular reference to the modernisation of the air station; (ii) projects of an IT nature for the acquisition of new licences and the development of existing ones.

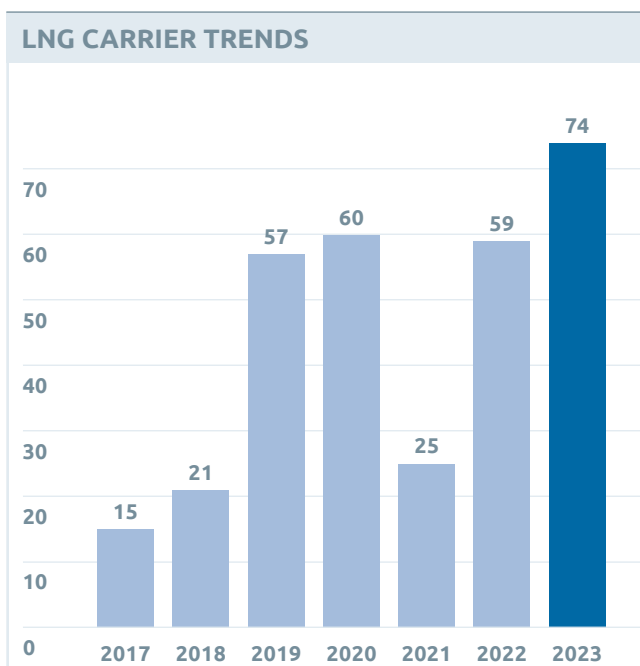
Net invested capital amounted to €941 million as at 31 December 2023 and increased significantly compared to the corresponding period of the previous year (+€451 million), mainly due to the purchase of the regasification vessel BW Singapore.

Operating performance

The **volumes of LNG regasified** during 2023 are 3.69 bcm (+1.45 bcm compared to 2022; +64.7%), and 74 LNG carriers (tanker loads) were unloaded, compared to 59 unloads carried out in 2022. The increase in regasified volumes and the consequent increase in the number of unloads is due to the effects of the Russia-Ukraine conflict on the gas market, which led to an increase in the demand for LNG to meet domestic demand.

With reference to the FSRU terminal at Piombino, at the end of the Procedure for the first allocation of regasification capacity for the 20-year period between the thermal years 2023-2024 and 2043-2044, to date 86% of the capacity offered has been allocated, with the exception of the first 3 thermal years for which over 95% of the capacity has been allocated. The excellent result achieved will allow more natural gas to be fed into the national transportation network, contributing substantially to the diversification of supplies and the security of the national energy system. On 31 May 2023, after the commissioning phase, the FSRU Golar Tundra was made available for use. On 7 July, the plant received its first cargo of approximately 93 million cubic metres of natural gas (equivalent to 155 thousand cubic metres of LNG) from Eni. By the end of 2023, the Piombino FSRU had regasified a total of 1.12 billion m³ and 12 LNG ship unloads had been carried out, compared to 14 allocated unloading slots.

36 The investments made by GNL Italia for the construction of the ferry ship to be used in the Truck Loading service (4 million euros in 2023) are attributed to the "Mobility and liquefaction" sector of the Gas Infrastructure business.



Organisational changes

With reference to the number of employees, the number of staff in service is 81, with an increase of 15 employees compared to the previous year (66 employees in 2022), mainly as a result of the increase in Snam FSRU Italia's workforce.

For GNL Italia, we note the continuation in 2023 of the projects to analyse and consolidate the operating structure with a view to greater oversight of operations, works and maintenance activities, as well as the preliminary assessment of the impacts associated with the future *in-situ* management of truckloading activities (unregulated business).

For Snam FSRU Italia, following the incorporation of the Company, the definition of the organisational and operational set-up, with the completion of the staffing of personnel in charge of managing the various processes in the area (operations, commercial interface, maritime and shipping services, administration and control), functional to the start-up of the operational management of the FSRU terminal in Piombino. This includes the acquisition of new and distinctive maritime expertise.

7.5 Storage of natural gas

The storage system makes it possible to balance the different needs between gas supply and consumption: While supply has a largely constant flow throughout the year, gas demand is mainly concentrated in the winter period. Storage also ensures that quantities of strategic gas are available to compensate for any lack of or reduction in non-EU supply or crises in the gas system.

The storage business makes use of an integrated group of infrastructure comprising deposits, wells, gas treatment plants, compression plants and the operational dispatching system. Snam operates through nine storage concessions located in Lombardy (five), Emilia-Romagna (three) and Abruzzo (one).

Stogit provides its storage services (peak modulation, uniform modulation, strategic, transporter balancing, mining, short-term allocation services and Fast Cycle service³⁷, to 67 operators based on the Storage Code approved by the Regulatory Authority ARERA.

Moreover, in view of the continuing tension in the energy markets, the uncertainties linked to climate variability and the potential risks of gas supply interruptions, Snam has introduced, as of the end of 2022, the intraday auction service, expanding the flexibility tools available to users.

In addition, the counter-flow storage service, which started in November 2022, continued, offering users an injection capacity of up to 500 million cubic metres in the November-December 2023 period, with the stored quantities to be disbursed in the January-March 2024 quarter. The service was awarded for approximately 330 million cubic metres.

In 2023 Snam took action to promote the replenishment of national storage facilities for the purpose of being able to manage seasonal peaks in demand. The fill level at the end of 2023 amounted to 75% (84% at the end of 2022) and was in line with the European average.

The market oriented approach adopted allowed the Company to maintain the mix of customers owing a Storage contract (not only shippers serving end users but also traders who maximise revenues from buying and selling gas to the PSV - virtual trading point) and major European players.

The total storage capacity at the end of 2023, at equal strategic storage, stands at 16.7 billion cubic metres, the highest in Europe.

A result that attests to Stogit's ability to respond to both the needs of the national market as well as the contingent dynamics linked to international markets and policies, which can significantly modify demand by increasing the value of business with policies to support the security of supplies.

Total storage capacity in 2023 stands at 16.7 billion cubic metres, the highest in Europe

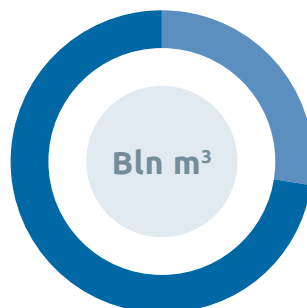
9 Operating concessions

Gas moved in the Snam storage system
13.72 billion m³

Total storage capacity
16.7 Bln m³

12.2
Available storage capacity

Allocated **100%**



Strategic storage capacity
4.5

37 The storage service involves constant injection services and provision.



KEY PERFORMANCE INDICATORS

(million euros)	2021	2022	2023	Abs. change	Change %
Regulated revenues (a) (b)	523	515	553	38	7.4
Other non-regulated revenues	7	8	8		
Total revenues (a) (b)	530	523	561	38	7.3
EBITDA	455	425	477	52	12.2
EBIT	338	305	352	47	15.4
Technical investments (c)	160	172	225	53	30.8
Net invested capital at 31 December	3,574	3,533	3,609	76	2.2
Concessions (number)	10	10	10		
- of which operational (d)	9	9	9		
Natural gas moved in storage (billions of cubic metres) (e)	18.41	18.47	13.72	(4.75)	(25.7)
- of which injection	8.48	10.46	6.95	(3.51)	(33.6)
- of which withdrawn	9.93	8.01	6.77	(1.24)	(15.5)
Total storage capacity (billions of cubic metres)	16.5	16.5	16.7	0.2	1.1
- of which available (f)	12.0	12.0	12.2	0.2	1.5
- of which strategic	4.5	4.5	4.5		
Employees in service at 31 December (number)	66	70	71	1	1.4

(a) Before consolidation eliminations.

(b) Net of revenues which, in application of tariff regulations, are offset by costs (pass-through item) relating to the recharging of charges for the natural gas transportation service provided by Snam Rete Gas S.p.A. equal to 187 million euros in 2023 (212 million euros in 2022).

(c) Investments remunerated at the pre-tax real base WACC of 6.0% for 2023 and 2022 (6.7% in 2021).

(d) With working gas capacity for modulation services.

(e) The volumes of gas are expressed in Standard cubic metres (scm) with an average Higher Heating Value (HHV) equal to about 39.253 MJ/scm (11.0063 kwh/scm) for natural gas storage for the thermal year 2023-2024.

(f) Working gas capacity for modulation, mining and balancing services. The value indicated represents the maximum available capacity. The available capacity for the thermal year 2023-2024 was fully booked as at 31 December 2023 (94% booked as at 31 December 2022).

Results

Total revenues amounted to €561 million, an increase of €38 million, or 7.3%, compared to 2022, mainly due to higher regulated revenues.

Regulated revenue amounted to €553 million, an increase of €38 million, or 7.4%, compared with 2022, and included variable fees (€14 million; -€4 million compared to 2022) to cover costs related to energy consumption (purchase of CO₂ emission rights). Net of these fees, regulated storage revenues amounted to €539 million, up by €42 million, or 8.5%, due to higher revenues related to the growth in RAB (+€13 million, net of lower input-based incentives) and the increase in output-based incentives related to the growing use by storage service users of the flexibility services offered on short-term auctions in the thermal year 2022-2023³⁸.

Other non-regulated revenues of €8 million were in line with 2022. Lower insurance reimbursements were offset by higher income from real estate leases.

EBITDA amounted to €477 million, an increase of €52 million, or 12.2%, compared to 2022, mainly as a result of higher regulated revenues, together with lower costs related to the reduction in the flow of gas moved in storage.

Operating profit amounted to €352 million, up by €47 million, or 15.4%, compared to 2022, as the increase in EBITDA was partly absorbed by higher depreciation and amortisation (-€5 million).

³⁸ The recognition of the higher incentives accrued during the thermal year 2022-2023, impacted by extraordinary measures to deal with the energy supply crisis caused by the Russia-Ukraine conflict, follows ARERA Resolution No. 419/2023/R/gas, published on 29 September 2023.

Technical investments

Technical investments made by the Company in 2023 amounted to €225 million (€172 million in 2022), an increase of €53 million or 30.8%.

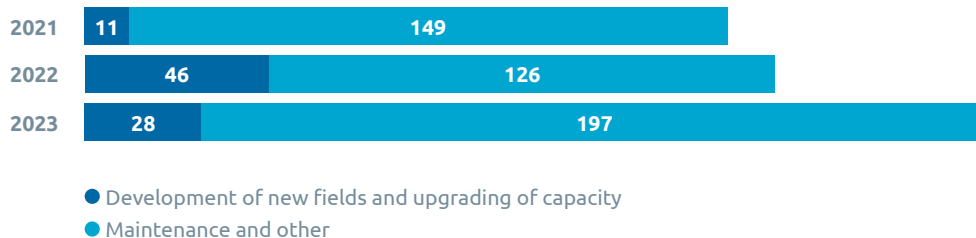
Investments in new field development and capacity enhancement amounted to €28 million (€46 million in 2022) and mainly concern:

- the drilling of new wells (Sabbioncello 54 Or, Minerbio 87-88 Dir and Cortemaggiore 158-159) and the connection of the Sabbioncello 54 well for peak performance enhancement (€18 million);
- activities related to obtaining the final authorisation for overpressure operation at the Sergnano and Ripalta compressor stations (€3.5 million);
- the continuation of detailed engineering for the installation of an electric compressor (ELCO) at the compressor stations of Minerbio, Fiume Treste and Settala (€3 million);
- engineering activities for the refurbishment of the Ripalta treatment plant, with the drilling of 4 new wells (€1.7 million).

Maintenance and other investments amounted to €197 million (€126 million in 2022) and are mainly related to:

- the continuation of activities related to the installation of the new unit in Sergnano (€13 million);
- the start of activities for the refurbishment of the Minerbio treatment plant and its clusters (€28 million);
- workover activities on the Ripalta 27, Minerbio 57 and Sabbioncello 28 wells (€23 million); (iii) the installation of the new TC1 unit in Sergnano (€20 million);
- the supply of materials and activities to replace the gas coolers on the first of the compressor units installed at the Settala, Sabbioncello and Cortemaggiore power plants (€6 million);
- the finalisation of the upgrading activities of the waste incinerators at the Sabbioncello, Settala and Ripalta power plants (€6 million); activities on new information systems, application development and licence purchases (€12 million);
- real estate assets (€12 million)
- to IT projects (€3 million).

INVESTMENTS BY TYPE (MILLIONS OF EUROS)



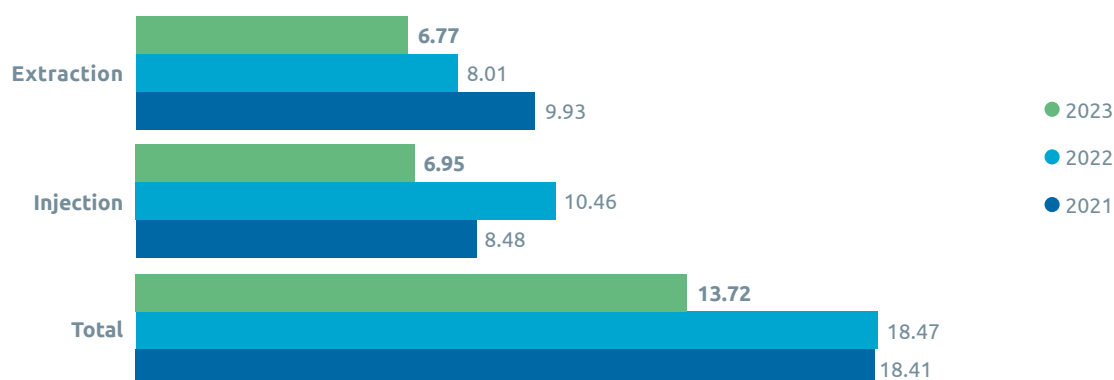
The **total storage capacity** managed by the Snam group as at 31 December 2023, including strategic storage, is 16.7 billion cubic metres, the highest in Europe. The total capacity includes 4.5 billion cubic metres related to **strategic storage**, a measure set by the Ministry of Business and Industry (unchanged from the thermal year 2022-2023), and 12.2 billion cubic metres related to **available capacity**. The capacity offered for the thermal year 2023-2024 was fully booked (94% as at 31 December 2022).

Operating performance

Gas moved in the Snam storage system

The volumes of gas moved in the Snam Storage System of Snam in the 2023 financial year amounted to 13.72 billion cubic metres, down from the 2022 financial year (-4.75 billion cubic metres; -25.7%). The reduction is due to lower injections into storage (-3.51 bcm, or 33.6%, compared to 2022 financial year) and lower deliveries (-1.24 bcm, or 15.5%, compared to 2022 financial year), against the backdrop of overall milder temperatures compared to the 2022 financial year and the general decline in gas consumption in Italy and Europe.

NATURAL GAS MOVED THROUGH THE STORAGE SYSTEM (BILLION CUBIC METRES)



As at 31 December 2023, natural gas stocks in the storage facilities of its subsidiary Stogit amounted to 9.1 billion cubic metres, plus 4.5 billion cubic metres of strategic stocks. In percentage terms, the fill rate is about 75%, compared to 84% at the end of 2022.

At the end of 2023, the number of personnel in service totalled 71, essentially in line compared with 31 December 2022 (66 employees).

For more information on accidents, energy consumption and emissions related to natural gas storage, see Annex 4 - Data and Performance Indicators of the Non-Financial Statement (NFS).

7.6 Energy transition businesses

Snam promotes energy transition through the development of integrated projects in green gas - biomethane and hydrogen - and energy efficiency.

Snam, through its 100% owned subsidiary **Bioenerys**, is developing a diversified portfolio of assets, both by investing in and acquiring existing biogas and biomethane plants and through new greenfield projects. The aim is to produce biogas and biomethane, making the most of the potential of organic waste and agricultural and agri-food biomass, the latter through collaborations with large Italian agro-industrial groups.



In fact, biomethane, a programmable energy source, totally renewable and chemically indistinguishable from natural gas, can be injected into existing infrastructure bringing significant economic and environmental benefits through an innovative sustainable and circular economic model.

During 2023, 2 new waste biomethane (FORSU) plants in operation and 1 under construction, and 8 agricultural biogas plants to be converted to biomethane, joined the group's portfolio. In addition, four biogas and agricultural biomethane plants left the Bioenerys portfolio following the sale of Iniziativa Biometano S.p.A.. By the end of 2023, the Bioenerys portfolio counts 10 plants in operation and 2 under construction in the Environment area and 31 plants operating in the agricultural sector that will be built or converted from biogas to biomethane production, benefiting from the incentive scheme provided by the recent Ministerial Decree (i.e. Biomethane Decree 2022).

Renovit is the Italian platform for **energy efficiency for companies, condominiums, the tertiary sector and the public administration** established via the initiative by Snam and CDP Equity to enable the growth of the sector and contribute to the sustainable development and energy transition of the country.

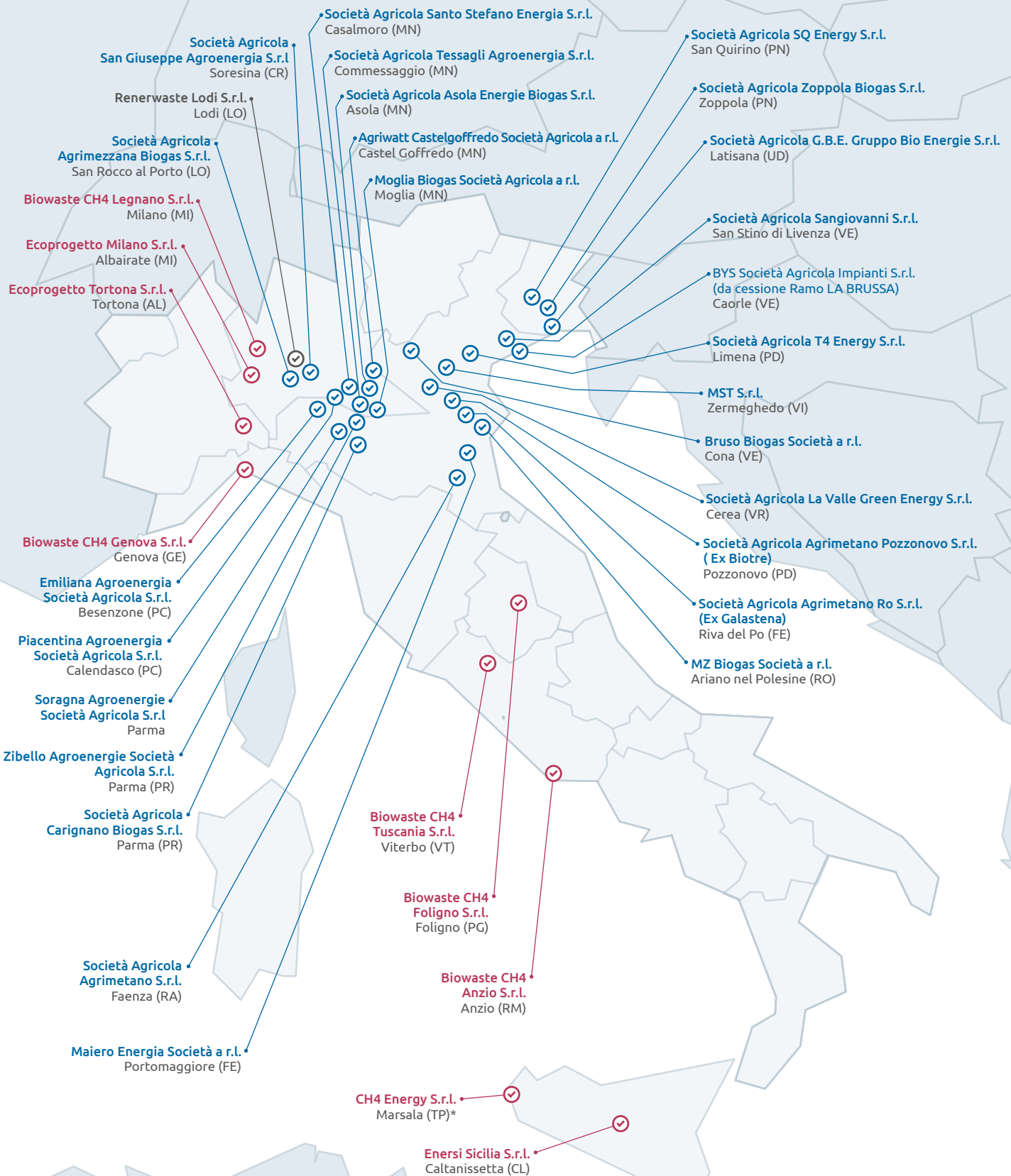


Renovit presents integrated solutions for every area of intervention, taking a comprehensive approach to energy efficiency and environmental impact reduction:

- (i) energy upgrading of plants and envelopes, management of the Energy Service, implementation of collective self-consumption configurations;
- (ii) energy upgrading of plants and facilities, including through infrastructure for self-consumption and the creation of energy communities, energy and environmental procedural actions to reduce and offset the carbon footprint;
- (iii) energy rehabilitation of buildings and facilities, energy service management and multi-service technology for public buildings, energy communities, public lighting and water facilities, decarbonisation projects.



MAP OF BIOMETHANE/BIOGAS PLANTS IN OPERATION



BIOMETHANE/BIOGAS OPERATING PLANTS

✓ Agri Biogas ✓ Waste Biomethane ✓ Other

* Commissioning in progress

The Energy Transition segment, consistent with the reporting reviewed by the Executive Board, aggregates the energy efficiency business attributable to the legal entities of the Renovit group, and the biomethane/biogas business attributable to the legal entities of the Bioenerys group, as well as the start-up activities in the hydrogen area and Carbon Capture and Storage (CCS) projects.

KEY PERFORMANCE INDICATORS					
(million euros)	2021	2022	2023	Abs. change	Change %
Total Revenues (a)	370	695	1,105	410	58.9
Adjusted operating costs (a) (*)	(361)	(671)	(1,045)	(374)	55.7
Adjusted gross operating margin (*)	9	24	60	36	
Adjusted operating profit (*)	(6)	(4)	9	13	
Technical investments	53	98	131	33	33.7
Net invested capital at 31 December	581	1,290	1,845	555	43.0
Biomethane/Biogas operational data					
Installed and operating megawatts (MW) (b)	12	40	41	1	2.5
No. of plants in operation (c)	10	32	36	4	12.5
Operational data Energy Efficiency					
Installed Megawatts (MW) (d)	19.4	46	70	24	52.2
Backlog (e)	1,039	1,860	1,226	(634)	(34.1)
Employees in service as at 31 December (number) (f)	422	562	654	92	16.4

(*) The values for 2023 are shown in the adjusted configuration, net of special items represented by provisions for risks and charges (€12 million) and write-downs of non-current assets (€160 million) related to the biomethane business from FORSU. Special items related to 2022 amount to a total of €10 million and refer to provisions for risks and charges.

(a) Before adjustments with other business sectors.

(b) Theoretical power of the plant in operation.

(c) The 2023 figure includes the Marsala plant in the commissioning phase. The figure for 2021 includes the plants of Iniziative Biometano, a jointly controlled company in 2021, which joined the group in 2022.

(d) Installed power in co-trigeneration plants, photovoltaics for customer energy efficiency.

(e) Indicates the value of revenues accruing in subsequent years, associated with contracts awarded at the end of the financial year.

(f) Including resources dedicated to decarbonisation projects. The corresponding values for 2021 and 2022 have been restated.

Results

Total revenues amounted to €1,105 million, an increase of €410 million compared to 2022 due to the positive contribution of energy efficiency (+€365 million), in particular for the implementation of activities in the residential sector against the deep renovation of private and public buildings, which contributed about 90% to this growth. The increase in revenue is also attributable to the new biogas and biomethane plants that entered the scope of operations.

Adjusted EBITDA amounted to €60 million, an increase of €36 million compared to 2022, mainly due to the realisation of energy efficiency projects in the redevelopment area.

Adjusted EBIT increased by €13 million compared to 2022, due to the effects described above.



Technical investments

Technical investments for 2023 amounted to €131 million, an increase from 2022 (+€33 million; +33.7% compared to 2022) and mainly refer to:

- **energy efficiency investments** amounting to €36 million, mainly attributable to: engineering activities, support for the authorisation process and construction of plants for industrial and tertiary sector customers (€19 million); (ii) investments for the development of new IT infrastructure and the purchase of new applications (€6 million); (iii) works for engineering activities and upgrading of public administration facilities and buildings (€8 million);
- **investments in biomethane** and biogas amounting to €49 million mainly related to the conversion of biogas plants to biomethane;
- **investments in decarbonisation projects** €46 million, mainly related to construction activities connected to the Ravenna Project involving CO₂ Capture and Storage (CCS).

Net invested capital amounted to €1,845 million at 31 December 2023, an increase of €555 million compared to the corresponding period of the previous year, mainly due to the acquisition of new companies active in the development or operation of biomethane plants and the effects on working capital related to the progress of deep renovation activities.

Operating performance

At the end of 2023, there were 36 biomethane/biogas plants in operation, an increase of 4 compared to 2022, with an installed capacity of 41 MW compared to 40 MW at the end of 2022. The increase is due to the addition of 10 new waste (FORSU) and agricultural plants to the portfolio with a total installed capacity of 11 MW. In addition, during the year, 4 biogas and agricultural biomethane plants left the Bioenerys portfolio following the termination of the joint venture Iniziative Biometano S.p.A. for an installed operating capacity of 8 MW. During 2023, the operation of 2 agricultural Biogas production plants near Ostellato with an installed capacity of 2 MW was suspended in order to allow the subsequent registration in the competitive procedure according to the Biomethane Decree 2022 and the start of the reconversion works of these plants.

Installed megawatts (MW) on co-generation and photovoltaic plants for customer energy efficiency measures amounted to 70, up from 2022 (+24 MW) mainly due to the commissioning of more than 25 plants for industrial customers. Regarding the backlog, there is a decrease compared to 2022. The decrease is mainly due to the end of the deep renovation of private and public buildings driven by the Superbonus (110%) incentive mechanism.

Organisational changes

With reference to the number of personnel, there were 654 employees, an increase of 92 compared to the previous year, due to the entry of new companies and recruitment from the market to strengthen the business. Inorganic growth amounted to 69 employees of which:

- 34 for the management of the hospital in Siena by Renovit Public Solutions (formerly Miecì);
- 19 for the Marsala and Legnano plants in Biomethane - Waste
- 16 for Bietifin in Biomethane

During the year, organisational and process changes were also carried out for the various Group companies. In particular, for Bioenerys Agri, we note the formalisation within the structure of the two main business lines dedicated to Engineering, Proposal & Construction and Plant Management and Service.

For more information on accidents, energy consumption and emissions of energy transition businesses, see Annex 4 - Data and Performance Indicators of the Non-Financial Statement.

Reference regulatory framework

Biomethane

Plants running on biomethane today follow the incentive scheme of the **2018 Ministerial Decree**, valid for newly built or reconverted plants commissioned by 31/12/2023, which grants a 10-year incentive.

The **2022 Ministerial Decree** grants an incentive for the duration of 15 years, for new or converted (agricultural only) plants commissioned by 30/06/2026. A non-repayable grant of up to 40% of the investment is also granted (under mission 2 component 2 of the PNRR).

Biomethane plants in operation to date follow the incentive scheme of the 2018 Ministerial Decree, valid for newly built or reconverted plants commissioned by 31 December 2023, which grants a 10-year incentive.

The 2022 Ministerial Decree grants an incentive for the duration of 15 years for new or converted plants for the production of biomethane from agricultural waste that come into operation by 30 June 2026. A non-repayable grant of up to 40% of the investment is also granted (under mission 2 component 2 of the PNRR).

On 4 April 2023, ARERA published **Resolution 140/2023/R/GAS** which, confirming the measures already set forth in Resolution 501/2022/R/gas, requires Snam to: (i) communicate to the Authority by 30 June 2023 the plan for implementation, pending the adoption of the structural solutions referred to in the following point, of the solution of using the biomethane produced and fed into the network primarily for self-consumption by Snam Rete Gas and Infrastrutture Trasporto Gas, without sale to third parties, in order to verify its compatibility with the regulations in force; (ii) implement by 30 June 2027 at the latest, at least one of two structural solutions such as the passive financial investment and/or the model of regulated access to waste disposal and biomethane production facilities in order to definitively comply with the requirements of Article 9 of Directive 2009/73/EC; (iii) notify the Authority, as soon as they become known and in any event no later than 1 January 2027, of the choice and the relevant implementation plan, among the measures referred to in (ii) above.

Energy efficiency

Renovit operates in compliance with European and Italian legislation aimed at accelerating energy efficiency and the ecological transition process. Among the various measures issued by the Italian Government, the main regulations under which interventions are planned and implemented are listed below.

The contractual model that characterises Renovit activities is the Energy Performance Contract (EPC), which is defined in our legal system by Legislative Decree 115/2008, implementing EU Directive EC/32/06. It is flanked by the Energy Service contract, established by Presidential Decree no. 412, of 26 August 1993.

In interactions with public bodies, particular mention should be made of adherence to the requirements of Legislative Decree 36/2023, Public Contracts Code. This includes compliance with the regulations prescribed therein, especially in relation to the necessary requirements and modalities for participation in public tenders, the discipline of the Public Private Partnership and the requirements dictated by the Minimum Environmental Criteria in the implementation of interventions.

Finally, the self-consumption initiatives spread throughout the territory will be planned and implemented in accordance with ARERA's Resolution 727/2022/R/eel of 27 December 2022, and according to the Decree of the Minister of the Environment and Energy Security no. 414, of 7 December 2023.

Renovit also operates in full compliance with the technical standards (UNI/EN standards) laid down in relation to the requirements for materials, products, equipment, works and services offered.

National energy efficiency incentive policies

Renovit supports its customers in obtaining the energy efficiency incentives offered by the national framework, following an orientation path between the different opportunities.

On the residential building efficiency front, Renovit operates within the framework of tax deductions for the redevelopment and renovation of the building heritage, such as the 119% Superbonus, introduced by Article 34/2022 of Decree-Law 34/2022 (the so-called "Decreto Rilancio") as amended, Ecobonus, Sismabonus and Bonus Facciate.

Interventions in the civil/tertiary, industrial and public sectors, on the other hand, mainly benefit from the incentives provided by the Conto Termico, to support the increase of energy efficiency and the production of thermal energy from renewable sources according to the provisions of Ministerial Decree of 16 February 2016, and by the White Certificates mechanism, or Energy Efficiency Certificates, in force since 2005 and most recently amended by Ministerial Decree of 21 May 2021.

Renovit is also alongside public administration bodies in accessing funds under the Central Public Administration Energy Requalification Programme (PREPAC), extended to 2030 by Legislative Decree 73/2020, from the National Recovery and Resilience Plan (PNRR) approved by the Ecofin Council's implementation decision of 13 July 2021 and its Supplementary Fund, and in obtaining European Regional Development Funds from the European Cohesion Policy.





8. RISK AND UNCERTAINTY FACTORS

TCFD



The main uncertainty factors that characterise the day-to-day management of the Snam Group as well as emerging risks.

The risks identified and managed within the Group's Enterprise Risk Management model are classified into the following categories:

- Strategic
- Legal and Compliance
- Operational
- Financial
- Emerging

Financial risks are described in Note 27 "Financial Risk Management" of the Notes to the Consolidated Financial Statements as at 31 December 2023.



More information on the methodology for applying the Enterprise Risk Management model adopted by Snam to monitor and assess risk events and opportunities that may affect the business in which Snam operates is provided in the chapter entitled "Managing Impacts, Risks and Opportunities" in the Non-Financial Statement.





8.1 Risks and uncertainties arising from Snam's ordinary operations

STRATEGIC RISKS

Regulatory and legislative risk

Regulatory and legislative risk for Snam is associated, in particular, with the regulation of activities within the gas segment. The decisions made by the Italian Regulatory Authority for Energy, Networks and the Environment (ARERA), as well as the National Regulatory Authorities of the countries where its foreign subsidiaries are based, could significantly influence the company's operations, results, and financial stability. This is also true for changes in European and national regulations, and more broadly, alterations to the regulatory reference framework.

With reference to energy transition businesses, starting from 2023, for the Superbonus the maximum deduction rate equal to 100% of the expenses incurred has ceased. The deduction rates confirmed for the year 2024 and 2025 are those provided for by law 77/2020 and subsequent amendments, equal to 70% and 65% of the expenses incurred respectively. In consideration of the effectiveness of these incentive mechanisms at a national level in recent years with reference to the residential sector, it is believed that this overall system of incentives for energy efficiency and for the entire construction sector in general can also be maintained for future financial years even if in a context of progressive reduction, however, future regulatory revisions could have impacts on the economic and financial performance of the Group.

The potential impact of future changes in legislative and tax policies on Snam's business and the industry in which it operates cannot be predicted.

Given the specific nature of its business and the environment in which Snam operates, alterations to the regulatory framework concerning the determination of benchmark tariffs hold particular significance.

Macroeconomic and geo-political risk

Given the specific nature of Snam's operations, the company is also exposed to risks associated with political, social, and economic instability in the countries from which it sources natural gas. These risks are primarily associated with the gas transportation segment. Historically, a significant portion of the natural gas transported via the Italian national network has been imported from, or transited through, countries in the MENA region (Middle East and North Africa, specifically Algeria, Tunisia, Libya, and from a TANAP-TAP perspective, Turkey along with countries bordering

the Eastern Mediterranean) and the former Soviet bloc (Russia, Ukraine, Azerbaijan, and Georgia). These nations are often subject to political, social, and economic instability. The import and transit of natural gas from/through these countries is therefore subject to a wide range of risks, including: terrorism and general crime, shifts in political and institutional balances, armed conflicts, socio-economic and ethno-sectarian tensions, unrest and disturbances, inadequate insolvency and creditor protection legislation, restrictions on investments and on the import and export of goods and services, introduction and increases in taxes and excise duties, forced renegotiation of contracts, nationalisation of goods, changes in trade policies and monetary restrictions.

With reference to 2023, there remain persistent uncertainties related to geopolitical tensions, amplified by the conflict that erupted in the Middle East and the general slowdown in economic activity globally.

The continuation of the Russia-Ukraine conflict, which has been ongoing for almost 24 months, and the possible widening of the Middle East front, could jeopardise or delay the progressive normalisation of the world economy; in particular, significant effects on international trade, Italian import-export and supply chains could occur in the event of further and repeated attacks on commercial vessels crossing the Red Sea, a transit route for 12% of world goods and 40% of Italian trade by sea.

At the economic level, over the course of the year, the dynamics already observed since the last quarter of 2023 gradually consolidated, bringing an end to the prolonged phase of growth in energy goods prices, which began in the third quarter of 2021.

The extraordinary European investment plan for the protection of energy security and the diversification of gas supply sources, also favoured by the mild weather conditions of the last winter season, contributed decisively to the continuation of the downward trend in energy commodity prices.

Since March 2023, on the Amsterdam spot market (TTF), the price of natural gas has been consistently below €55 per MWh. Gas prices, although substantially decreasing, still remain higher than before 2022, thus affecting the competitiveness of European and national companies.

Therefore, in a time of crisis with a scenario of future uncertainty and extreme volatility, Snam has made security of supply a priority by ensuring greater flexibility and adequate sizing of gas infrastructure through the new FSRUs, the implementation of the Adriatic Line and the increase in TAP capacity.

At the behest of the Italian government, two FSRUs were purchased to contribute to the country's energy security and diversification by enhancing Italy's LNG input

capacity. The first regasification vessel, the Golar Tundra, was moored in the port of Piombino in March 2023 and provides storage capacity for 170 thousand cubic metres of LNG and an annual regasification capacity of 5 billion cubic metres of gas. The second FSRU, named 'BW Singapore', whose closing for the acquisition has been defined in December 2023, was built in 2015 and has a maximum storage capacity also of about 170 thousand cubic metres of LNG and a nominal regasification capacity of about 5 billion cubic metres per year and will be located in the northern Adriatic Sea, near the coast of Ravenna.

In relation to market operators, if the shippers utilising the transportation service via Snam networks are hindered from supplying or transporting natural gas from or through the aforementioned countries due to adverse conditions, or are otherwise impacted by such conditions to a degree that results in or promotes a subsequent failure to meet their contractual obligations to Snam, this could negatively affect the business, as well as the assets, liabilities, income, and cash flows of the Snam Group.

Furthermore, Snam is susceptible to macroeconomic risks stemming from dislocations or volatility in financial markets, or circumstances arising from external events, which could potentially affect liquidity and access to financial markets.

Market risk

In relation to the risk associated with gas demand, it should be noted that based on the tariff system currently applied by the Regulatory Authority for Energy, Networks and Environment (hereinafter also ARERA or the Authority) to natural gas transportation activities, the revenues of Snam, through its directly controlled transportation companies, are partially related to the volumes redelivered. ARERA, however, confirmed for the fifth regulatory period (2020-2023), with Resolution 114/2019/R/gas, and for the sixth regulatory period (2024-2027), with Resolution 139/2023/R/gas, the guarantee mechanism with respect to the portion of revenue correlated to redelivered volumes already introduced in the fourth regulatory period on transported volumes. This mechanism allows for the adjustment of significant revenue discrepancies, whether higher or lower, exceeding $\pm 4\%$ of the benchmark revenues associated with the volumes of electricity withdrawn. Under this scheme, approximately 99.5% of total income from transportation operations is assured.

Based on the tariff system currently used by ARERA for natural gas storage activities, Snam revenues generated through Stogit are associated with the use of infrastructure. In any case, ARERA has implemented a mechanism to guarantee reference revenues, enabling companies to cover the majority of the revenues recognised. Up until the fourth regulatory period (2015-

2019), the minimum guaranteed level of recognised revenues was roughly 97%. However, for the fifth regulatory period (2020-2025), Resolution 419/2019/R/gas expanded the guarantee to cover all recognised revenues (100%).

Lastly, regarding the tariff regulation criteria for the LNG regasification service for the fifth regulatory period (2020-2023), Resolution 474/2019/R/gas has affirmed the mechanism to ensure reference revenues at a guaranteed minimum level of 64%. With Resolution no. 196/2023/R/gas on the tariff regulation criteria for the sixth regulatory period (2024-2027), this mechanism was confirmed and for new regasification terminals pursuant to Decree-Law no. 50/2022 (Article 5) a fund was established, with an allocation of €30 million for each of the years from 2024 to 2043, to cover the share of revenues for the regasification service, including the cost of purchasing and/or building new plants, with priority for the share exceeding the application of the revenue coverage factor. Generally, alterations to the prevailing regulatory framework could potentially have adverse impacts on the operations, assets, liabilities, income, and cash flows of the Snam Group.

Abroad, protections from market risk are offered by French, Greek and Austrian regulation, although for the latter the tariff framework does not provide full coverage for volume risk. Another type of protection comes from TAP's long term contracts, GCA (with gradual expiry dates up to 2031), Teréga (with gradual expiry of the long term contracts at the point of interconnection with Spain starting in 2023) and ADNOC Gas Pipeline (20 years tariff-based with minimum ship or pay).

UK regulations do not guarantee coverage against volume risk, but the current capacity reservations of the subsidiary Interconnector already exceed the regulatory cap for the period 2023-2026.

With reference to the investee company SeaCorridor, a joint venture that manages the international pipelines connecting Algeria to Italy, although operating in an unregulated context and exposed to volume risk, the company can benefit from medium-long term contracts already in place and a prospect of utilisation close to maximum capacity given that it represents one of the main sources of imports to replace Russian gas. In addition, the contractual agreements of the sale and purchase with Eni provide protection for Snam against fluctuations in volumes with respect to pre-set estimates.

With reference to the macroeconomic market and consumption picture, a rapid increase in wholesale energy prices in Europe has been observed in the course of 2022 with possible effects on the reduction of gas consumption by end users (industrial players/private citizens) and switching to other energy carriers. This growth is due to a number of factors including: increased post-Covid consumption, structural reduction



of continental gas production, reduced import from Russia, reduced production from renewable electricity (wind, solar) especially in Northern Europe, increased gas consumption and LNG imports on a global scale in Asia, increased CO₂ quotations on the Emissions Trading System (ETS) market.

Although gas prices were lower in the spot market in the first half of 2023 compared to the previous year, the contingent trend of commodity prices in Europe and the strong energy dependence on imports could represent elements of vulnerability for the Italian energy system both in the short term (particularly with reference to the coming winter) and in the medium term (fuelling the phenomenon of energy poverty).

As far as gas is concerned, Snam has already mitigated this risk through a series of countermeasures taken in recent years such as: investments in import capacity linked to new routes in order to ensure the diversification of supply sources (e.g. the commissioning of the TAP pipeline), a wide availability of gas storage capacity (able to cover more than 23% of current gas demand), efficient network management through coordination with other infrastructure operators and the adoption of additional tools to support extraordinary emergencies (e.g.: peak shaving through regasification terminals, transportation network withdrawal interruptibility service).

In certain segments, particularly among private consumers, there may be a belief that high prices are inherent, posing a risk of decreased or disrupted gas supplies as they may opt for alternative energy sources.

Climate change risk

The achievement of global climate goals will result in significant investments in the decarbonisation of the energy sector over the next 30 years.

In recent years, Snam has repositioned itself to benefit from new mega-trends of the energy transition, thanks to infrastructure that will be crucial for achieving decarbonisation targets, to its presence in energy transition business, to international growth and thanks to a disciplined approach to investments.

Snam is therefore committed to achieving carbon neutrality by 2040, with an intermediate target of reducing direct (Scope 1) and indirect (Scope 2) emissions by 50% by 2030 compared to 2018 values, in line with the target of containing global warming to within 1.5°C set out in the Paris Agreement adopted at the Climate Conference (COP 21). This objective is also consistent with the UNEP (UN Environment Programme) targets for reducing CO₂ emissions, with which a protocol has been signed.

With regard to the risks associated with the emissions market, in field of the application of the European Union directives concerning the sale of permits relating to carbon dioxide emissions and the rules on controlling emissions of certain atmospheric pollutants, with the start of the fourth regulatory period (2021-2030) of the European Emissions Trading System (EU-ETS), the updating of the sector regulations has confirmed a constant reduction of the quotas on emissions released free of charge. The allowances will be assigned to each plant on a gradually decreasing basis, so they will no longer be constant, and will also depend on the actual functionality of the plants. The allowances assigned free of charge to Group plants are no longer sufficient to comply with the regulatory conformity obligations relative to ETS mechanisms, which is why Snam Group companies procure the additional allowances required on the market.

With Resolution 139/2023/R/gas of 5 April 2023, ARERA defined the regulatory criteria for the sixth regulatory period (2024-2027) of the natural gas transportation and metering service, also providing for the recognition of costs related to the Emission Trading System (ETS). Resolutions 419/2019/R/gas and 196/2023/R/gas also introduced the recognition of ETS-related costs for the storage service (regulatory period 2020-2025) and the regasification service (2024-2027).

Climate change scenarios could also lead to a change in the choice of energy mixes in different European countries and in the behaviour of the population, and could have an impact on the demand for natural gas (and the volumes transported).

On the one hand, in the short and medium-term, gas could benefit from its greater sustainability compared to other fossil fuels and represent a bridge solution towards the complete decarbonisation of some sectors.

On the other hand, individual policies and choices could lead to a progressive decrease in consumption of natural gas with a consequent impact on the current use of infrastructure. The raising of decarbonisation targets at EU level, including the new legislative proposals being enacted on energy transition (such as the Fit for 55 package and the EU Taxonomy) and the publication of major studies on the international energy scene (such as the International Energy Agency - IEA's Net Zero roadmap), could actually accelerate the progressive reduction of fossil natural gas demand and supply. On the other hand, this could encourage a greater and earlier penetration of renewable and low-carbon gases (green hydrogen, blue hydrogen, biomethane, synthetic methane) into the energy mix, thereby promoting Snam's new businesses.

Climate change could also increase the severity of extreme weather events (floods, droughts, extreme temperature fluctuations), causing the worsening of natural and hydrogeological conditions in the territory with a possible impact on both the quality and continuity of the service provided by Snam, and on Italian and European gas demand. With reference to the effects of changes in gas demand on the Snam Group's equity, economic and financial situation, see the paragraphs "Market risk" in this chapter and "Malfunctioning and unexpected service interruption" in the chapter on operating risks.

Lastly, Snam has signed the Methane Guiding Principles, which commit the company to further reducing methane emissions deriving from its activities in natural gas infrastructure. In adhering to these principles, Snam is also committed to encouraging other players in the entire gas supply chain - from producer to end consumer - to pursue the same objective.

Snam joined the Oil & Gas Methane Partnership OGMP 2.0, a voluntary initiative launched by the UNEP to support Oil & Gas companies in reducing methane emissions. The company has participated, and is still actively involved, in the various UN forums that have enabled the development of the framework to provide governments and public with the assurance that methane emissions are treated and managed responsibly, with progress against stated targets and offering transparency and collaboration, including the implementation of best practices. The protocol suggests indications as to the objectives to be achieved: -45% by 2025 compared to 2015.

As of 2021, Snam has raised its target to reduce methane emissions from -45% to -55% by 2025 compared to 2015 for operating assets, a more ambitious target than the OGMP 2.0. protocol, which has already been achieved and has become a key part of the Decarbonisation Strategy.

In 2023, Snam raised its new methane emissions reduction target to 2030 compared to 2015 from -65% to -70% (and to -72% to 2032) for its operating business, a target aligned with the recommendations of OGMP 2.0.

UNEP confirmed the Gold Standard for Snam again for 2023. The top award, already obtained by Snam in 2021 and 2022, under the OGMP 2.0 protocol, rewards the company's commitment to reporting and reducing methane emissions.

Energy transition and development of the hydrogen technologies market

While the climate change demonstrates the real effects of rising temperatures, the energy sector is facing a momentous transformation. Without prejudice to Snam's commitment to the core business of regulated natural gas transportation, storage and regasification activities, Snam is creating a broad and diversified platform of activities related to the energy transition (in particular, transport and management of renewable energies, such as biomethane and hydrogen, energy efficiency and carbon capture and storage projects) to seize the opportunity to represent a system integrator, able to offer green solutions and contribute to the development of renewable gases.

The consolidated capacity to implement and manage projects in natural gas transportation and storage, the newly acquired expertise in green gases and new energy transition trends, and the presence along the main supply corridors for natural gas and hydrogen in the future, combined in a strategy that puts ESG factors at the centre, will be essential to help develop the energy system of the future, making it competitive and secure, with zero net emissions. Business diversification can strengthen Snam's position as an enabler of the energy transition towards forms of using resources and energy sources compatible with environmental protection and progressive decarbonisation, with a long-term vision consistent with the Group's purpose and European objectives.

It is precisely in this long-term perspective that the new Strategic Vision to 2030 presented by the Company in January 2024 should be read in conjunction with the 2023-2027 Strategic Plan: Snam will be able to seize new and important development opportunities throughout the next decade, in which a strong acceleration of the energy transition is expected in order to achieve carbon neutrality targets with increasing investments, in particular, in H₂-ready energy transportation and storage infrastructures that will enable the development of the hydrogen backbone in the long term, as well as in innovative projects for the development of green gases (hydrogen and biomethane) and contributing to the decarbonisation of consumption through energy efficiency measures and enabling the adoption of CCS (Carbon Capture and Storage) technology with the development of a CO₂ transportation and storage infrastructure for the decarbonisation of primary industrial centres.

In this context, and with particular reference to the Group's strategy, among the main risk factors are the risks posed by technological innovation in favour of switching to the use of electrical technologies, and/or the delay in the development of new technologies for the production, transportation and storage of green gases at competitive costs (particularly hydrogen). In addition to these we could add the delay or failure



to make investments (infrastructure, projects, new acquisitions) as a result of uncertainties related to operational, economic, regulatory, authorisation, competitive and social factors, as well as the failure to develop the hydrogen market with regard to the value chain that should fuel its infrastructure.

In particular, with reference to the energy efficiency business, given the current regulatory framework in force, there is a risk connected to the failure to meet the deadlines for the completion of all the documentary fulfilments required for the recognition of the tax credit related to the superbonus; this risk, although significantly limited, could prevent the use of tax credits generated for work performed.

Finally, it must be considered that the uncertainty of the still evolving regulatory plan slows down the realisation of projects and the implementation of financing for hydrogen production and the development of other decarbonisation projects of interest to the group (i.e. CCS).

These factors, in other words, may penalise the achievement of the development objectives of the aforementioned activities and, more generally, the opportunity for Snam to benefit from the new megatrends of the energy transition. In this regard, an additional risk factor is emerging concerning the failure to fully achieve the targets set out in the National Recovery and Resilience Plan (PNRR) by 2026, with potential repercussions on the development of hydrogen and its value chain, as well as on the development of biomethane and LNG (especially in the heavy transportation sector).

LEGAL AND COMPLIANCE RISK

The legal and compliance risk concerns the failure to comply, in full or in part, with the European, national, regional and local laws and regulations with which Snam must comply in relation to the activities it carries out. Violation of laws and regulations may result in criminal, civil, tax and/or administrative penalties as well as financial and non-financial, economic and/or reputational damage.

Moreover, the violation of specific regulations (by way of example but not limited to: the violation of regulations aimed at protecting the health and safety of workers and the environment, the violation of regulations to combat corruption) may entail administrative liability for the company pursuant to Legislative Decree No. 231 of 8 June 2001, with consequent interdictory and/or pecuniary sanctions, including significant ones. Snam, which has always inspired the exercise of its business activities with ethical principles and principles of fairness and transparency, has therefore adopted an adequate internal control and risk management system aimed at enabling the identification, measurement, management, prevention and monitoring of the main risks relating to the activities carried out.

Snam is strongly committed to pursuing an anti-corruption policy or mission, seeking to identify potential vulnerabilities and remove them, strengthening controls and constantly working to raise awareness among employees and third parties on how to identify and prevent corruption in various business contexts. During 2023, as a result of a project to implement the Company's Corruption Prevention Management System in accordance with the ISO 37001:2016 standard launched in 2022, the following was done: i) the adoption of an Anti-Corruption Policy, approved by the Board of Directors of Snam S.p.A. on 18 January 2023, as an expression of the commitment of Top Management and the Board of Directors to the prevention of corruption, in line with the values and ethical principles already consolidated for some time, incorporating the essential elements referred to in the ISO 37001 standard and the clarification of the "zero tolerance" approach to all corrupt practices in relations with public and private stakeholders; ii) the establishment of an Anti-Corruption Committee to carry out the Compliance for Corruption Prevention function referred to in the aforementioned ISO ("FCA") and to draw on the operational support of the Compliance & Business Integrity function, which was already assigned the role of anti-corruption function overseeing Snam's pre-existing Anti-Corruption Compliance Programme. In May 2023, therefore, Snam obtained the relevant certification issued by an independent Certification Body (DNV Assurance Italia S.r.l.) and attesting the adequacy of the system. In addition, the Reputational Audits conducted on Business Associates, as well as the acceptance and signing of the Ethics and Integrity Pact by suppliers and subcontractors and/or the provision of specific contractual clauses on compliance and anti-corruption are the pillars of the control system designed to prevent the risks of illegal behaviour and criminal infiltration concerning third parties, with the aim of ensuring transparent relations and requirements of reliability and professional morality throughout the supply chain and for the entire duration of the relationship. Snam is also a member of the UN Global Compact and, in 2023, strengthened its collaborations and partnerships with institutions and bodies active in the fight against corruption (i.e. Transparency International, the OECD and BIAC).

Since 2016, Snam has been a partner of Transparency International's General Secretariat and, thanks to its active role within the Italian Chapter's Business Integrity Forum, it is involved in various working tables and institutional events, where it is called upon to represent its best practices in the field of business integrity and anti-corruption. In November 2023, in fact, through the Compliance & Business Integrity function and the Counterpart Risk & Travel Security function, it participated in the BIF National Event round table entitled "Ethics & Compliance", speaking on the topic of "Reputational Audits of Suppliers and Rozes Index" and "Corporate Compliance - New Perimeters and New Perspectives". In January 2024, the Compliance & Business Integrity function participated in the presentation of the 2023 edition of Transparency International's Corruption Perception Index, a measurement of the perception of corruption in the public sector and politics.

Since 2017, Snam has been working with the Organisation for Economic Cooperation and Development (OECD), joining the Business at OECD Committee (BIAC), and in October 2019, as the first Italian company, it joined the Leadership as Vice-Chair of the Anticorruption Committee. In 2023, in confirmation of the Group's constant commitment to preventing and managing corruption risks and with a view to enhancing its mission, Snam adopted the principles of the "Zero Corruption Manifesto", promoted by the Anticorruption Committee of the BIAC, a policy document that contains the 10 principles that guide and direct the work of companies and reflect the best practices formalised by the OECD, and participated in various events, including the OECD's annual Paris Conference "Racing to Zero - Education and Digitalization as Enablers in Fighting Corruption", held on 24 and 25 May 2023, at which the General Counsel spoke on the topic of the role in Snam of education in the fight against corruption, both among the corporate population and among suppliers, and also participated in the preparation of the BIAC paper for the "Education for the Fight Against Corruption" project.

Within the framework of multilateral collaborations, in addition to the above, Snam also participated in the work of the BIAC Committees: "Corporate Governance Committee, within which it followed the revision process of the OECD Guidelines for Multinational Enterprises"; "Responsible Business Conduct Committee", following the update of the "Revised G20/OECD Principles of Corporate Governance" document; "Governance and Principles for Transparency and Integrity in Lobbying and Influence".

OPERATIONAL RISKS

Ownership of storage concessions

For Snam, the risk associated with retaining ownership of the storage concessions is attributable to the business in which the subsidiary Stogit operates, based on concessions granted by the Ministry of Business and Industry. For eight of the ten concessions (Alfonsine, Brugherio, Cortemaggiore, Minerbio, Ripalta, Sabbioncello, Sergnano and Settala), Stogit filed for an extension with the Ministry of Enterprise and Made in Italy within the legal deadline. The extensions for the concessions of Brugherio, Ripalta, Sergnano, Settala and Sabbioncello were issued at the end of 2020, with a new expiry date of 31 December 2026, while those for the concessions of Cortemaggiore and Minerbio were issued in January 2022, also expiring on 31 December 2026. For the Alfonsine concession, the relevant proceedings are still pending at the above-mentioned Ministry. For the pending extension, the Company's activities, as provided for by the reference regulations, will continue until the completion of the authorisation procedures that are in progress, as envisaged by the original authorisation, which will be extended automatically on expiry until said completion. One concession (Fiume Treste), which expires in June 2022, was already subject to its first 10-year extension in 2011, and an application was filed for

a second 10-year extension on 18 May 2020. Finally, one concession (Bordolano) will expire in November 2031 and can be extended for another ten years. If Stogit is unable to retain ownership of one or more of its concessions or, at the time of renewal, the conditions of the concessions are less favourable than they currently are, this could have an adverse effect on its business and its economic, asset and financial situation.

Malfunction and unexpected service interruption

The risk of malfunction and unplanned service interruption is determined by accidental events including accidents or malfunctions of equipment or control systems, reduced output of plants, and extraordinary events such as explosions, fires, landslides or other similar events, third-party interference and corrosion, outside of Snam's control. Such events could result in a reduction in revenue and could also cause significant damage to people and property, with potential compensation obligations. Although Snam has taken out specific insurance policies to cover some of these risks according to industry best practices, the related insurance cover could be insufficient to meet all the losses incurred, compensation obligations or cost increases.

Delays in the progress of infrastructure implementation programmes

In addition, there is the possibility that Snam may encounter delays in the progress of infrastructure construction programmes as a result of the numerous uncertainties linked to operational, economic, regulatory, authorisation, competitive and social factors, or to health emergencies beyond its control. Snam is therefore unable to guarantee in absolute terms that the projects for upgrading, maintaining and extending its network will be started, be completed or lead to the expected benefits in terms of tariffs. In addition, development projects may require higher investments or a longer timeframe than initially estimated, affecting Snam's financial equilibrium and economic results.

Investment projects may be halted or delayed due to difficulties in obtaining environmental and/or administrative permits, opposition from political forces or other organisations, or may be affected by changes in the price of equipment, materials and labour, or changes in the political or regulatory framework during construction, or the inability to obtain financing at an acceptable interest rate. Such delays could have negative effects on the Snam Group's operations, results, balance sheet and cash flow. In addition, changes in the prices of goods, equipment, materials and workforce could have an impact on Snam's financial results.



Environmental risks

Snam sites are compliant with laws and regulations on pollution, prevention and control, environmental protection, use of hazardous substances and waste management. The application of these rules exposes Snam to potential costs and liabilities associated with the operation of its assets. Indeed, Snam cannot predict how environmental legislation will evolve over time, nor whether and in what way it may eventually become more binding. Nor can there be any guarantee that the future costs necessary to ensure compliance with environmental regulations will not increase or that these costs can be recovered within the applicable tariff mechanisms or regulation. Also subject to particular uncertainty are the costs arising from possible environmental clean-up obligations on Snam sites, costs that are particularly difficult to estimate both in terms of the extent of the contamination and the appropriate remedial actions to be put in place, and finally the possible sharing of responsibility with other parties.

Although Snam has stipulated specific insurance contracts to cover some of the environmental risks, according to industry best practices, substantial increases in costs related to environmental compliance and other related aspects cannot therefore be ruled out, as well as the costs of paying possible penalties that could negatively impact business, operating results and financial and reputational aspects.

Cyber security

Snam carries out its activities through a complex technological architecture relying on an integrated model of processes and solutions capable of fostering the efficient management of the gas system for the entire country. The development of the business and recourse to innovative solutions capable of continuous improvement, however, require a focus and an ability to continuously adapt to the changing needs to protect cybersecurity. For several years, Snam has been carrying out important investments in digitalisation - from the remote control of activities to the implementation of articulated infrastructure enabling the Internet of Things - via which Snam aims to become the most technologically-advanced gas transportation operator in the world, as well as to guarantee increasingly greater security and sustainability in its business processes.

Snam's conviction, supported by public data and evidence, is that cybersecurity threats must be assessed and managed with great sensitivity and attention, also because they are destined to evolve further, both in terms of numbers and complexity. The digital channel is increasingly used illicitly by different types of players with different purposes and modes of action: cyber criminals, cyber hackers, state-sponsored action groups.

The radical changes in working methods and processes that have occurred as a result of the pandemic (including the widespread use of smartworking) have exacerbated some specific types of threat and have made it necessary to increase the level of attention to criminal phenomena that are destined to persist over time. Similarly, technological evolution makes increasingly sophisticated tools available to these wrongdoers, through which consolidated attack techniques can be made more effective and new ones can be developed. In addition to this, the increasing digitalisation of the network with the use of new technologies (e.g. Internet of Things) poses significant challenges for the Group, expanding the potential attack surface exposed by both internal and external threats.

Lastly, the geopolitical tensions should not be underestimated, since the cyber terrain has become, to all effects, an area of economic and political confrontation and conflict. In this scenario, cybersecurity plays an extremely important role as it deals with 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 normal capacity to provide the service.

A correct approach to cybersecurity management also makes it necessary to ensure full compliance with the increasingly stringent sector regulations issued at both European and national level, in order to improve the management and control oversight of companies that provide essential services to the country.

Employees and staff in key roles

Snam's ability to operate its business effectively depends on the skills and performance of its personnel. The loss of key personnel or the inability to attract, train or retain qualified personnel (particularly for technical positions in which the availability of appropriately qualified personnel may be limited) or situations in which the capacity to implement the long-term business strategy is influenced negatively due to significant disputes with employees could trigger an adverse effect on business, financial conditions and operating results. The events related to this risk category may also refer to the topic of Diversity and Inclusion.

Risk associated with foreign holdings

Risk associated with Snam's associate companies abroad may be subject to regulatory/legislative risk, conditions of political, social and economic instability, market risks, climate change and the cybersecurity, credit and financial and other risks typical of the natural gas transportation and storage segments identified for Snam such to negatively influence their operations, economic results, balance sheet and cash flows. This may have a negative impact on Snam's contribution to profit generated by these investments.

Risks related to future acquisitions/equity investments

Every investment made under the scope of joint venture agreements and any future investment in Italian or foreign companies could involve an increase in the complexity of the Snam Group's operations and it may not be possible to ensure that these investments generate the anticipated income under the scope of the acquisition or investment decision, and are correctly integrated in terms of quality standards, policies and procedures consistent with the rest of Snam's operations. The integration process could require additional costs and investments. Inadequate management or supervision of the investment made may adversely affect business, operating results and financial aspects.



8.2 Emerging risks

Within the Group's Enterprise Risk Management model, particular attention is paid to identifying changes in the reference context in order to capture events or macro-trends coming from outside the organisation that may have a significant medium- to long-term impact (3-5 years and more) on Snam's business or the sector. These changes may, on the one hand, cause new risks to emerge in the long term, but also immediately have consequences for the company, changing nature and extent of potential impacts and the probability of occurring of already identified risks. The purpose of the process of identifying emerging risks is to succeed in assessing their impact in good time, to thus be able to put in place the necessary strategies and related mitigation measures, both in terms of prevention and control. In this area, some of the emerging risks identified by Snam are exposure to global LNG market dynamics and technological innovation and Artificial Intelligence (AI).

Exposure to global LNG market dynamics

Description

With the gradual release of gas from Russia, to compensate for what had previously been imported, a series of measures were introduced to ensure greater diversification of import sources, in particular by integrating increasing shares of LNG into the gas system through increased regasification capacity (new FSRUs). This new configuration of the gas system calls for further reflection on security of supply. Previously, most of the gas imported came from countries bordering Europe (Russia, Azerbaijan, North Africa) interconnected with the Continent thanks to the presence of a pipeline network capable of ensuring the stability of contractual relations with interlocutors over time and consequently favouring continuity of supply from importing countries. In contrast, LNG is a more flexible source whose routes are more sensitive to global market dynamics (increased gas demand in Asia, changes in shale gas extraction policies in the US, competition between countries for resources, etc.).

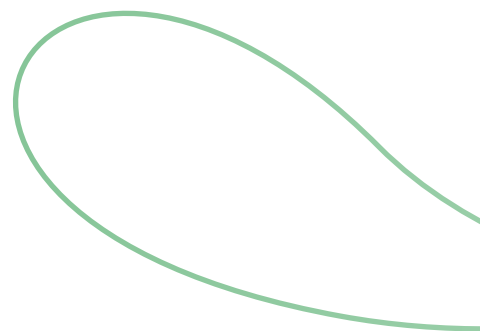
Impact

We have therefore moved from a regional gas market with limited competition to an extremely competitive global one with the risk that, both in the short and long term, exogenous factors of a geopolitical nature could have a direct impact on the sustainability of supplies, aggravating the country's energy security and also destabilising the energy system at a European level.

Not only that, this eventuality could also favour fuel switching measures, as has already happened in part with the increase in the use of coal in Europe in 2022, with direct consequences on Snam's business (i.e. reduction in gas demand, with limited impact at present given the current regulatory framework, management of network operations in more critical conditions) and potential reprioritisation of investment strategies.

Main mitigation actions

To this end, Snam is already taking a number of mitigation actions that result in supporting the development of green and decarbonised gas. In particular, the growth of biomethane volumes (through new production plants and the construction of the connection of these plants to the Snam network) can contribute to the sustainability of the gas system as a renewable, programmable and locally produced source. Similarly, the development of a hydrogen transportation network provides the possibility of realising a multi-molecule energy system by extending the available resources, as it is conditioned by global market dynamics also by the possibility of enabling the future import of shares of this gas from North Africa via pipeline.



Technological Innovation and Artificial Intelligence (AI)

Description

The changing geopolitical context and the awareness of increasingly complex scenarios make it necessary to identify more effective solutions to consciously invest in innovation and the valorisation of technological assets, with the aim of ensuring the development of new solutions as a support and opportunity for the evolution of corporate businesses in the near future also in the light of a multi-molecule energy system. Technological innovation and, in parallel, the development of artificial intelligence, has a direct impact on Snam's business, and if not managed and exploited in the right way in the long term, it could lead to negative repercussions in relation to both the regulated business and the business associated with the energy transition.

Impact

A development not focused on technology neutrality (but aimed more at finding innovative solutions without molecular valorisation) could lead to a faster reduction in demand for natural gas than envisaged in the reference scenarios (Snam-Terna Scenarios) and also have an impact on green gas development and emerging carbon capture, transportation and storage technologies. This would be a risk with impacts potentially leading to a revision of the company's growth strategy and business model.

Main mitigation actions

To mitigate this risk, in 2023, among other things, a process was launched to define an organic, transparent and integrated innovation development and management process among the various stakeholders involved that can be aligned with Snam's strategic and industrial objectives, and an Innovation and Technology Committee was established. The aim is to identify early technological trajectories useful to the company to support the gas system in the energy transition. The activities and results identified by the Committee have the internal purpose of analysing and assessing technologies that may impact Snam's business and reduce the risk that the gas system may be exposed to innovation by the development of non-gas oriented technologies. In the face of the aforementioned mitigation actions, however, there remains a residual risk due to exogenous factors mainly associated with the external expertise that Snam makes use of (research bodies, universities, start-ups) which, if inadequate, may render risk mitigation ineffective.





9. GLOSSARY



Below is a glossary of the most frequently used terms related to operational activities.

Bio C-LNG

Molecules of a biogenic nature, in particular biomethane. It is a type of natural gas that results from the biological transformation of organic matter and is produced through the process of anaerobic digestion of organic materials, such as agricultural residues, food waste, industrial waste and other biodegradable waste.

CNG

It stands for Compressed Natural Gas and is an alternative fuel for motor vehicles. It consists mainly of methane, which is compressed at high pressure and stored in cylinders. CNG can be transported by truck or by pipeline, depending on distance and availability of infrastructure.

Downstream

This is the final stage of the gas chain, which includes the processing, purification, marketing and distribution of natural gas and its by-products.

EPC (Energy Performance Contract)

The EPC contract is defined in Directive 2012/27/EC as the contractual agreement between the beneficiary and the provider of an energy efficiency improvement measure, which is verified and monitored during the entire duration of the contract, where investments (works, supplies or services) are provided under the measure according to the contractually agreed level of energy efficiency improvement or other agreed energy performance criteria, such as financial savings.

FSRU ("Floating Storage and Regasification Units")

Floating regasification units are terminals capable of storing and regasifying natural gas. These are ships located in the vicinity of a port area, on the quayside or offshore, which receive liquefied natural gas (LNG) from other LNG carriers and regasify it in order to feed it into the national gas transmission network.

Injection phase

Period generally between 1 April and 31 October of the same year.

Liquefied Natural Gas (LNG)

Natural gas, consisting mainly of methane liquefied by cooling to around -160°C, at atmospheric pressure, in order to make it suitable for transportation by special tankers (LNG carriers) or storage in tanks. In order to be fed into the transportation network, the liquid product must be reconverted to the gaseous state in regasification plants and brought up to pipeline operating pressure.

LNG regasification

Industrial process by which natural gas is returned from a liquid to a gaseous state.

Micro-liquefaction

A micro-liquefaction plant is a facility that enables natural gas or biomethane to be transformed from a gas to a liquid, reducing its volume and facilitating its transportation and storage. The micro-liquefaction process consists of the compression, cooling and expansion of the gas, which occurs through several stages. This type of plant can be used to produce liquefied natural gas (LNG) or liquid biomethane (bio LNG), alternative fuels for heavy road and sea transport. A micro-liquefaction plant is smaller than a conventional liquefaction plant and is installed close to the transportation/distribution network at the point of use.

Midstream

It is the intermediate stage of the gas supply chain, comprising the transportation, storage and processing of natural gas and its by-products.

Mineral storage

Mineral storage is necessary for technical and economic reasons in order to enable the optimal cultivation of natural gas deposits on Italian territory.

Modulation storage

Modulation storage is intended to meet the modulation of hourly, daily and seasonal demand trends.

National Gas Pipeline Network (RN)

Consisting of gas pipelines, this is the set of methane pipelines and plants sized and verified taking into account the constraints given by imports and exports, major national production and storage, with the function of transferring significant quantities of gas from these points of entry into the network to the macro areas of consumption. For the same purpose, a number of interregional methane pipelines are included, as well as smaller pipelines whose function is to close network links formed by the above-mentioned pipelines. The National Gas Pipeline Network also includes the compressor stations and facilities connected to the pipelines described above.

Natural gas

A mixture of hydrocarbons, consisting mainly of methane and to a lesser extent ethane, propane and higher hydrocarbons. The natural gas fed into the pipeline network must meet a unique quality specification to ensure the interchangeability of the gas in transit.

Natural gas transportation network

The set of pipelines, line installations, compressor stations and infrastructure, which, at national and regional level, ensure the transportation of gas, through interconnection with international transportation networks, production and storage points, to the redelivery points for distribution and utilisation.



Network Code

Document establishing the rules governing the rights and obligations of the parties involved in the transportation service provision process.

Off-grid

Refers to utilities not connected to the transportation or distribution network.

Onshore regasification terminal

Integrated set of infrastructure consisting of the following sections: reception, storage, regasification, Boil Off Gas recovery, final gas correction, auxiliary systems and the control and safety system.

Provision phase

Period generally between 1 November of each year and 31 March of the following year.

Redelivery point

This is the physical point in the network or local aggregate of physical points at which the Transporter delivers the transported gas back to the User and at which its measurement takes place.

Regasification Code

Document regulating access to the service and the regasification capacity allocation process.

Regasification tariffs

Unit prices applied to the regasification service. They include committed capacity tariffs ("Capacity") related to the regasification capacity requested by users for unloads from LNG carriers. Contributions are made through competitive procedures.

Regional Gas Pipeline Network (RR)

Consisting of pipelines whose main function is to move and distribute gas in delimited territorial areas, typically on a regional scale.

Regulation period

This is the time period for which the criteria for determining tariffs for the natural gas transportation and dispatching service, liquefied natural gas regasification service and natural gas storage service are defined.

Regulatory Asset Based (RAB)

It identifies the value of net invested capital for regulatory purposes, calculated on the basis of the rules defined by the Regulatory Authority for Energy Networks and the Environment (ARERA) in order to determine the reference revenues for regulated businesses.

RN Entry point

Each of the points or local aggregate of physical points on the National Gas Pipeline Network at which gas is delivered to the Transporter.

Small Scale LNG

This refers to the market for the production, distribution and utilisation of relatively small quantities of liquefied natural gas, typically from a few thousand to several hundred thousand tonnes per year, with the aim of utilising the natural gas in liquid form, without going through the regasification and injection into the transportation network typical of traditional Liquefied Natural Gas logistics. Small-Scale LNG logistics has two main applications: mobility, as fuel for heavy vehicles and ships, and industry, as fuel for the production of energy, steam or heat in remote areas.

Storage Code

Document establishing the rules governing the rights and obligations of the parties involved in the transport service provision process.

Storage system

An integrated set of infrastructures consisting of the fields/wells, gas processing plants, compression plants and the operational dispatching system.

Storage tariffs

Unit prices applied to the storage service. They include unit fees for the space, capacity for the injection and provision of gas volumes. Allocations are made through competitive procedures.

Strategic storage

The purpose of strategic storage is to make up for the lack or reduction of supplies from imports or crises in the gas system.

TEE (Titoli di Efficienza Energetica)

Energy Efficiency Certificates (TEE), also called white certificates, were established by the Decrees of the Minister of Productive Activities, in agreement with the Minister of the Environment and Territory Protection of 20 July 2004 (Ministerial Decree 20/7/04 electricity, Ministerial Decree 20/7/04 gas) as subsequently amended and supplemented.

TEEs are issued by the Gestore dei Mercati Energetici (GME) in favour of the entities referred to in Article 5 of Ministerial Decree of 11 January 2017, on the basis of the savings achieved and communicated to the GME by the Gestore dei Servizi Energetici - GSE S.p.A. (GSE), in accordance with the applicable provisions.

Thermal year

The reference time period into which the regulatory period is divided is from 1 October to 30 September of the following year for natural gas transportation and regasification activities and from 1 April to 31 March of the following year for natural gas storage activities.

Time - regulatory lag

It is the delay with which the tariff remunerates investments made and put into operation.

Transportation capacity

The transportation capacity is the maximum quantity of gas that can be injected into (or withdrawn from) the system, during the gas-day, at a specific point, subject to the technical and operational constraints established in each section of the pipeline and the maximum performance of the plants located along it. The assessment of these capacities is carried out by means of hydraulic simulations of the network, performed under appropriate transportation scenarios and according to recognised technical standards.

Transportation rates

Unit prices applied to the natural gas transportation and dispatching service. They include tariffs for committed capacity ("Capacity"), tariffs per unit of transported energy ("Commodity") linked, respectively, to the transportation capacity requested by users and the volume of gas fed into the grid.

User ("Shipper")

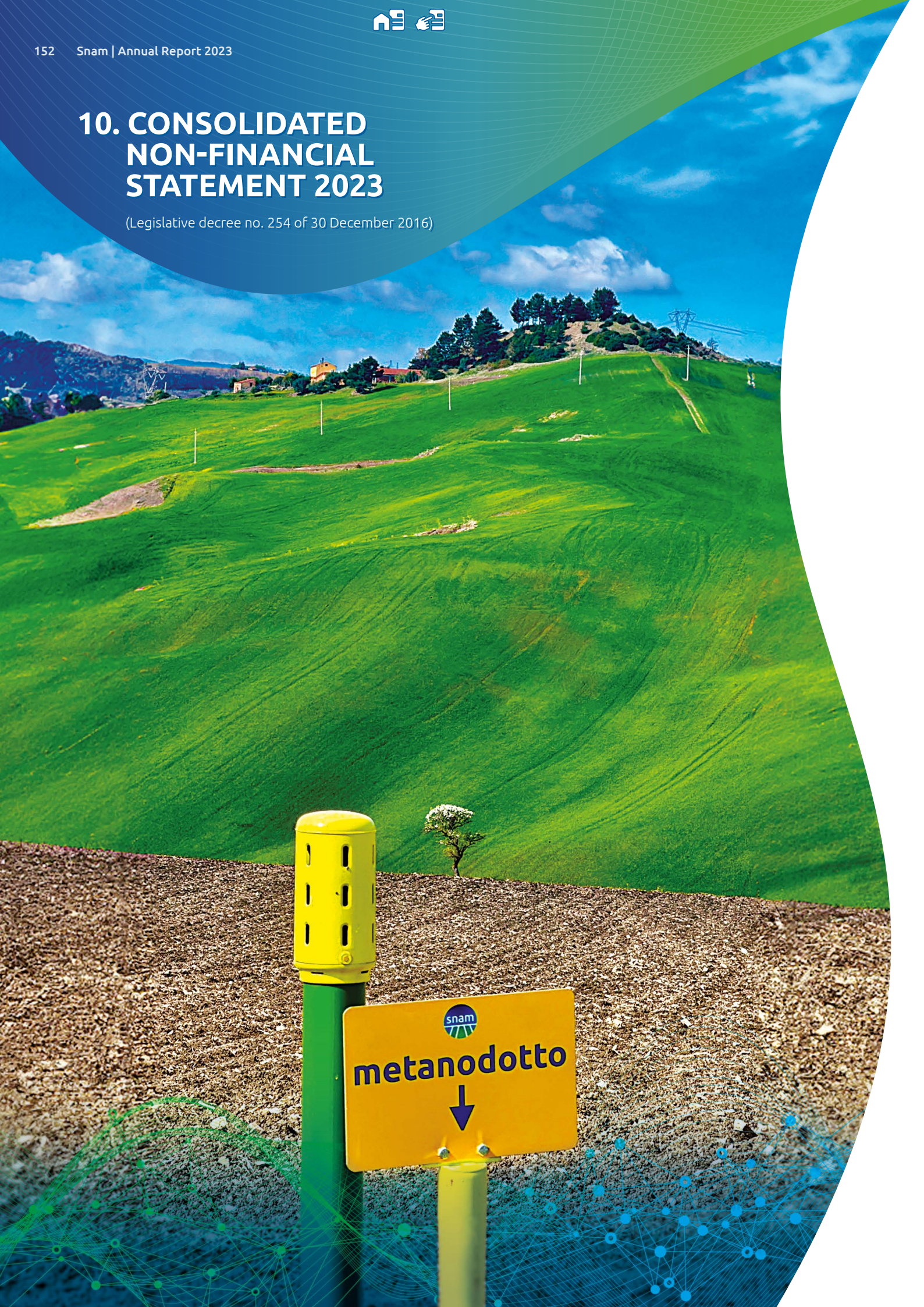
It is the user of the gas system who, by confirming the booked capacity, acquires capacity for his own use or for transfer to others.

Virtual Trading Point (PSV)

Virtual point located between the Entry and Exit Points of the National Gas Pipeline Network (RN), at which users and other authorised parties can trade and sell gas injected into the National Network on a daily basis.

10. CONSOLIDATED NON-FINANCIAL STATEMENT 2023

(Legislative decree no. 254 of 30 December 2016)



10.1 GENERAL INFORMATION

Introduction and guide to reading the document

The Snam Group's Consolidated Non-Financial Statement (hereinafter the "Non-Financial Statement", "Statement" or "NFS") relative to FY 2023 (from 1 January 2023 to 31 December 2023) is a specific section of the Directors' Report – = Integrated Report (hereinafter the Integrated Directors' Report), drawn up in conformity with the provisions of Legislative Decree 254 of 30 December 2016 and subsequent additions also the "Decree")¹.

The NFS contains the relevant data and information relating to environmental, health and safety, social, personnel-related and active and passive corruption prevention aspects associated with its topics that were found to be material, in consideration of the activities carried out and the characteristics of Snam², which emerged following the materiality analysis carried out during the year (see the chapter "Managing impacts, risks and opportunities, Snam's material topics" within the "General information" section of the NFS). The description of the Snam's topics can be found in Annex 1 ("Definition of material topics") of the Non-Financial Statement 2023.

The scope of reference of the information in the NFS 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., Snam FSRU Italia S.r.l., FSRU I Limited and Ravenna LNG Terminal S.r.l.);
- **Natural gas storage** (Stogit S.p.A.);
- **Mobility & Liquefaction** (Greenture S.p.A., Cubogas S.r.l.);
- **Biogas / Biomethane** (Bioenerys S.r.l., Bioenerys Agri S.r.l., Agriwatt Castel Goffredo Società Agricola a.r.l., Bietifin S.r.l., Biogas Brusio Società agricola a r.l., BYS Società Agricola Impianti S.r.l., Emiliana Agroenergia Società Agricola S.r.l., Maiero Energia Società agricola a r.l., Moglia Energia Società Agricola a r.l., MST S.r.l., MZ Biogas Società agricola a r.l., Società Agricola Agrimetano S.r.l., Società Agricola Agrimetano Pozzonovo S.r.l., Società Agricola Agrimetano Ro S.r.l., Società Agricola Agrimezzana Biogas S.r.l., Società Agricola Asola Energie Biogas 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 Carignano Biogas S.r.l., Società Agricola La Valle Green Energy S.r.l., Società Agricola San Giuseppe Agroenergia 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., Società Agricola Santo Stefano Energia S.r.l., Società Agricola SQ Energy S.r.l., Società Agricola T4 Energy S.r.l., Società Agricola Tessagli Agroenergia S.r.l., Soragna Agroenergie Società Agricola S.r.l., Zibello Agroenergie Società Agricola S.r.l., Bioenerys Ambiente S.r.l., Biowaste CH4 Anzio S.r.l., Biowaste CH4 Group S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Genova S.r.l., Biowaste CH4 Legnano S.r.l., Biowaste CH4 Toscana S.r.l., CH4 Energy S.r.l.; BYS Ambiente Impianti S.r.l., Renerwaste Lodi S.r.l., Ecoprogetto Tortona S.r.l., Enersi Sicilia S.r.l., Renerwaste Cupello S.r.l.);
- **Energy Efficiency** (Renovit S.p.A., TEP Energy Solution S.r.l., Renovit Public Solutions S.p.A. (formerly Miecì S.p.A.), Tlax S.r.l., Evolve S.r.l.);
- **Hydrogen** (Asset Company 10 S.r.l.)
- **Other activities** (Snam International B.V., Gasrule Insurance D.A.C.).

With reference to the reported environmental aspects, the companies Snam International BV, Gasrule Insurance DAC and Enura S.p.A., as they do not have significant environmental impacts, are excluded from the consolidation.

The structure of the Snam Group, including equity investments abroad, is shown on page 32 of the Integrated Directors' Report³.

When deemed necessary or advisable, the content of the NFS is supplemented with other information set out in the Integrated Directors' Report, the Report on Corporate Governance and Ownership Structure, the Report on Remuneration Policy and Remuneration Paid and on the Company's website (www.snam.it), which may be found and consulted using the specific references⁴.

In order to standardise the reporting of data and information, as well as to facilitate the connection with each issue envisaged by the Decree, each area listed above has been divided into specific paragraphs divided into five sections dedicated respectively to:

¹ See Article 5, paragraph 1 of the Decree no. 254 of 30 December 2016; Law of 30 December 2018, no. 145, Article 1073.

² See Article 3, paragraph 1 of the Decree no. 254 of 30 December 2016.

³ See Article 4, paragraph 1 of the Decree no. 254 of 30 December 2016.

⁴ See Article 5, paragraph 4 of the Decree no. 254 of 30 December 2016.

- links between material sustainability topics and their **impacts, risks and opportunities**;
- the **Company's policies and commitments** and how they are reflected in the Company's activities, in order to manage material topics and mitigate risks;
- **main achievements** in relation to the targets set in the Sustainability Scorecard and presentation of the performance of further targets;
- **actions, initiatives and projects** related to sustainability topics held during the year, including, if applicable, supporting quantitative information;
- **relevant performance indicators** to understand achievements in relation to sustainability topics.

With reference to the recommendations of the See Article 5, paragraph 4 of the Decree no. 254 of 30 December 2016. in relation to the priorities on which appropriate disclosures should be made in 2023 non-financial reports, here are the references to the sections of the NFS where the relevant content can be found:

- **Priority 1 - Reporting on Article 8 of the Taxonomy Regulations:** chapter 'European Taxonomy for Environmentally Sustainable Activities' in the 'Environmental Information' section;
- **Priority 2 - Reporting on climate change-related targets, actions and progress:** chapters "Managing Impacts, Risks and Opportunities, The Carbon Neutrality and Net Zero Strategy" and "Managing Impacts, Risks and Opportunities, The Sustainability Scorecard" of the "General Information" section and chapter "Climate Change" of the "Environmental Information" section;
- **Priority 3 - Scope 3 Emissions:** Chapter 'Climate Change' of the 'Environmental Information' section

The NFS was prepared in accordance with the **GRI Sustainability Reporting Standards**⁵ of the **Global Reporting Initiative (GRI Standards)**, taking into account the updates provided by the **GRI Universal 2021** and the sector standard GRI 11: Oil and Gas Sector 2021. In the tables with the figures for the year ending 31 December 2023, the results of the two previous years are shown for comparison. In the appendix to the NFS it is possible to consult the GRI Content Index where the GRI indicators associated with each sustainability topic relevant to Snam are listed.

Under Regulation 2020/852 (so-called EU Taxonomy), Snam is subject to the obligation to report specific information on how and to what extent the company's activities are associated with economic activities considered eco-sustainable pursuant to articles 3 and 9 of the Regulation itself. The required disclosure can be found under 'European Taxonomy for Environmentally Sustainable Activities' in the 'Environmental Information' section within the Non-Financial Statement 2023.

In order to increasingly improve transparency on the Company's performance, the indicators provided

by the **Sustainability Accounting Standards Board (SASB)** for the **Oil & Gas Midstream** sector and the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)** were also considered, as well as the business-relevant '**Core**' and '**Expanded**' **metrics** defined by **Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting for Sustainable Value Creation**⁶, the framework, signed by Snam in 2021, defined by the **International Business Council (IBC) of the World Economic Forum (WEF)**.

In line with 2022, Snam is publishing a table linking the information provided in the document 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.

In addition, in order to preliminarily respond to the requirements of the **European Sustainability Reporting Standards (ESRS)** under Corporate Sustainability Reporting (CSRD), Snam publishes a table linking GRI Standards and ESRS disclosures already reported within this document.

In order to ensure the reliability of the information reported, the use of estimates was limited as much as possible. Any estimates are based on the best information available or on sample surveys. Restatements of previously published comparative data are clearly indicated as such.

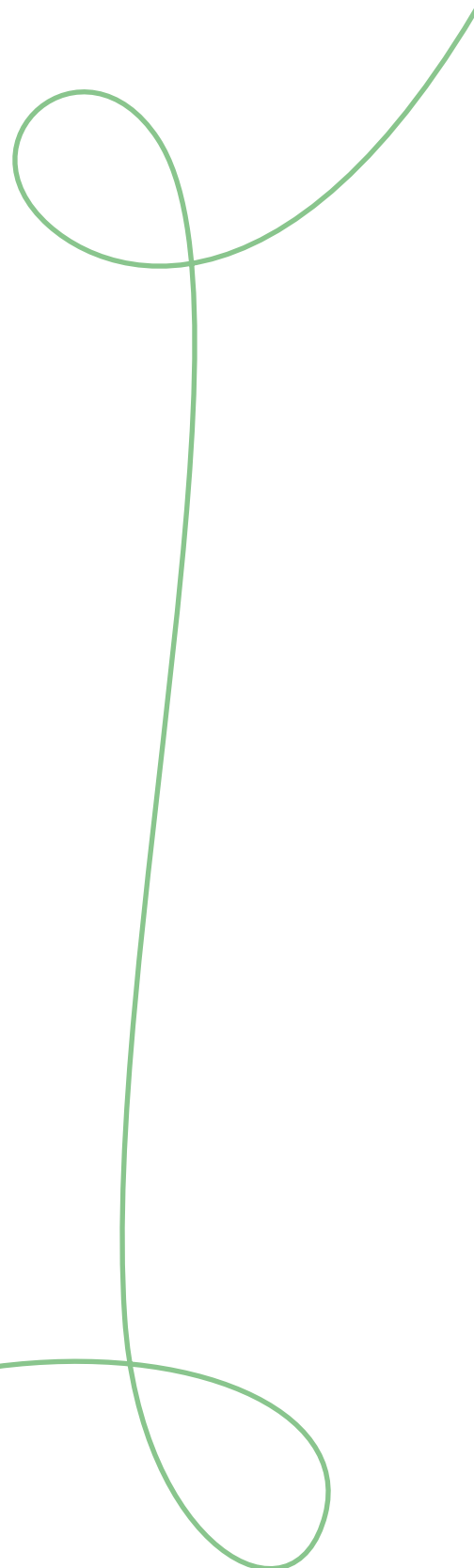
This Non-Financial Statement was approved by the Board of Directors of Snam S.p.A. on 13 March 2024. The Declaration itself was subject to a limited assurance conformity assessment, with extended assurance activities on two GRI indicators (GRI 305-1 Direct GHG Emissions (Scope 1) and GRI 305-2 Indirect GHG Emissions from Energy Consumption (Scope 2)) for which a full review (reasonable assurance) was performed. The activities were carried out in accordance with the criteria set out in the 'International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits Reviews of Historical Financial Information', by the appointed auditing firm Deloitte & Touche S.p.A. The audit is carried out according to the procedures set out in the "Report of the Independent Auditor" issued in the so-called "mixed" form in accordance with Assirevi Research Paper No. 254 of June 2023. The report is included in this document. The independent auditors' opinion and related verification activities did not cover the disclosure relating to ESRS standards and SASB, TCFD, WEF and PAI requirements, respectively, summarised in the tables below the Independent Auditors' Report, as well as the process for determining "financial materiality" and related outputs, carried out

6 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>.

5 See Article 3, paragraph 5 of the Decree no. 254 of 30 December 2016.

in anticipation of the requirements of the Corporate Sustainability Reporting Directive (CSRD) and reported in the chapter "Management of impacts, risks and opportunities, Material topics for Snam" within the "General information" section of the NFS, with the goal of performing an initial exercise in applying the concept of dual materiality. Finally, the information required by Article 8 of the European Regulation 2020/852 and included in the chapter "European Taxonomy for Environmentally Sustainable Activities" of the section "Environmental Information" in the Non-Financial Statement was excluded from the independent auditors' activities.

The Integrated Directors' Report of which the NFS is a specific section, is published within the Annual Financial Report 2023 available on the Company's website at <https://www.snam.it/en/documents.html>.





The table below shows the connection between the contents required by the Decree and the location of the relevant information provided by Snam within the document.

Scope of Legislative Decree 254/2016	Material topics	Paragraphs contained in the NFS	Other relevant content of the Integrated Directors' Report
Management and organisation business model		General Information, Governance	Snam profile Business Model and Strategic Plan
Policies enacted by the company		General Information, Governance Within the specific paragraphs concerning each area of Legislative Decree 254/2016 Internal regulatory system Annex 2 – “Main Snam policies and guidelines” Annex 3 – “Management systems”	
Main risks generated and suffered, including how they are managed		General Information, Management of Impacts, Risks and Opportunities Within the specific paragraphs concerning each area of Legislative Decree 254/2016	Risk and Uncertainty Factors
Environmental topics	Climate change Biodiversity and ecosystems	General Information, Governance General Information, Strategy - The sustainability strategy; Carbon Neutrality and Net Zero strategy; Sustainability Scorecard General Information, Managing Impacts, Risks and Opportunities - Climate Change Risk Management; Risks and opportunities Environmental Information, Climate Change Environmental Information, Biodiversity and Ecosystems	Business Model and Strategic Plan, Building a Secure and Sustainable Energy System: 2023-2027 Strategic Plan Risk and Uncertainty Factors
Social topics	Sustainable supply chain Innovation, digitisation and cyber security Economic performance and value creation Relations with authorities and quality of services Relations with local communities Energy security and accessibility	General Information, Strategy - The Sustainability Scorecard; Economic performance and value creation; Innovation, digitisation and cybersecurity; Relations with authorities and quality of services Social Information, Sustainable Supply Chain; Relations with local communities; Energy security and accessibility	
Personnel-related topics	Working conditions of employees Equal treatment and opportunities for all and skills development Health and safety	General Information, Strategy - The Sustainability Scorecard Social Information, Own labour force	
Human rights topics	Working conditions of employees Sustainable supply chain	General Information, Governance Social Information, Own labour force Social Information, Sustainable Supply Chain	
Topics related to the fight against active and passive corruption	Business conduct	General Information, Governance Information on Governance, Conduct of Business	

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.




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.

In 2023, as part of the project initiative aimed at incorporating the changes introduced by the Corporate Sustainability Reporting Directive (CSRD), which will be applied starting with the reporting on the 2024 financial year, Snam began a process to implement an internal control framework to monitor the main quantitative information reported in the Sustainability Statement. The control model has been defined in its various components in line with best practices and in synergy with the control system relating to the Snam Group's financial reporting (SCIS), and has been developed for a set of KPIs that are significant for Snam, for which controls have been designed on the processing and reporting of data published in the Non-Financial Statement.


In addition, among other activities carried out in preparation for the transposition of the CSRD, Snam has begun a process of adapting its reporting to the requirements of the Directive and the related reporting standards, the ESRS. Specifically, Snam carried out a gap analysis, i.e. an analysis of the information already reported by the Group on the basis of CSRD and ESRS requirements, in order to identify any gaps, in terms of qualitative information, missing KPIs and methods of definition and calculation, and to define the actions needed to fill them. The gap analysis directly involved the functions responsible for the aspects that must be reported in the 2024 Sustainability Statement, drafted in line with the ESRS standards, through interviews aimed at verifying the availability and/or alignment of the information and data required by the Standards and at assessing Snam's reporting model in terms of governance structure, processes and regulatory tools. Finally, the activity led to the drafting of a 'Snam Indicators Manual', a useful tool to ensure that all aspects required by the ESRS are covered.

Integration of TCFD recommendations

Snam's commitment to act as a major player in the energy transition is made concrete realised through more transparent reporting focussing on the topic of fighting climate change. In this regard, since 2018, the Group has published a stand-alone document in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which from this year is included within this document. The recommendations indicated by the Task Force are structured around four thematic areas, representing the elements underlying the operations of organisations:

	GOVERNANCE	Describe an organisation's governance model in relation to climate change risks and opportunities
	STRATEGY	Describe the actual or potential impacts of the risks and opportunities related to climate change on the business, strategy and financial planning of the organisation strategy
	RISK MANAGEMENT	Describe how the organisation identifies, measures, and manages climate change risks
	METRICS AND OBJECTIVES	Describe the metrics and objectives used to measure and manage relevant climate change risks and opportunities

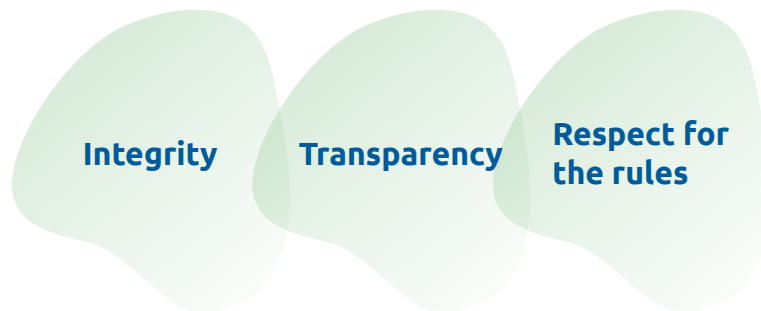
The reference context and Snam's role as Italy's leading operator in the natural gas transportation, storage and regasification sectors, active also in the biomethane, hydrogen and energy efficiency businesses, are significant and closely related elements to be taken into account in the Group's strategic and financial planning.

Within the document, disclosures also drawn up in line with the recommendations of the TCFD are marked with the blue symbol 'TCFD'. The auditor's opinion and related verification activities did not cover the disclosure of the TCFD recommendations. 



Governance

Snam, with the purpose **'Energy to inspire the world'**, leverages its experience and engineering tradition to guide the Group's path towards achieving the **ecological and energy transition of the country system, with a view to sustainable success**, pursuing a strategy based on three fundamental principles:



Governance capable of supporting and **fostering the conditions for a correct and adequate interaction between the Company and the context in which it operates** has been one of Snam's main prerogatives in recent years, aware of the Group's role for the country system not only in the area of energy transition but also in the creation of value for the community.

Snam's governance system reflects the so-called traditional model and is developed in compliance with current regulations applicable to the sector (regulations for listed companies and Unbundling regulations), also in consideration of national and international best practices, and in line with the principles contained in the Group's **Code of Ethics**⁷, which is also an integral part of the **Organisational Model pursuant to Legislative Decree no. 231/2001**. Furthermore, in line with the corporate governance system and characteristics of its organisational structure, the management and coordination activities consider the legal autonomy and principles of correct corporate and business management of the subsidiaries.

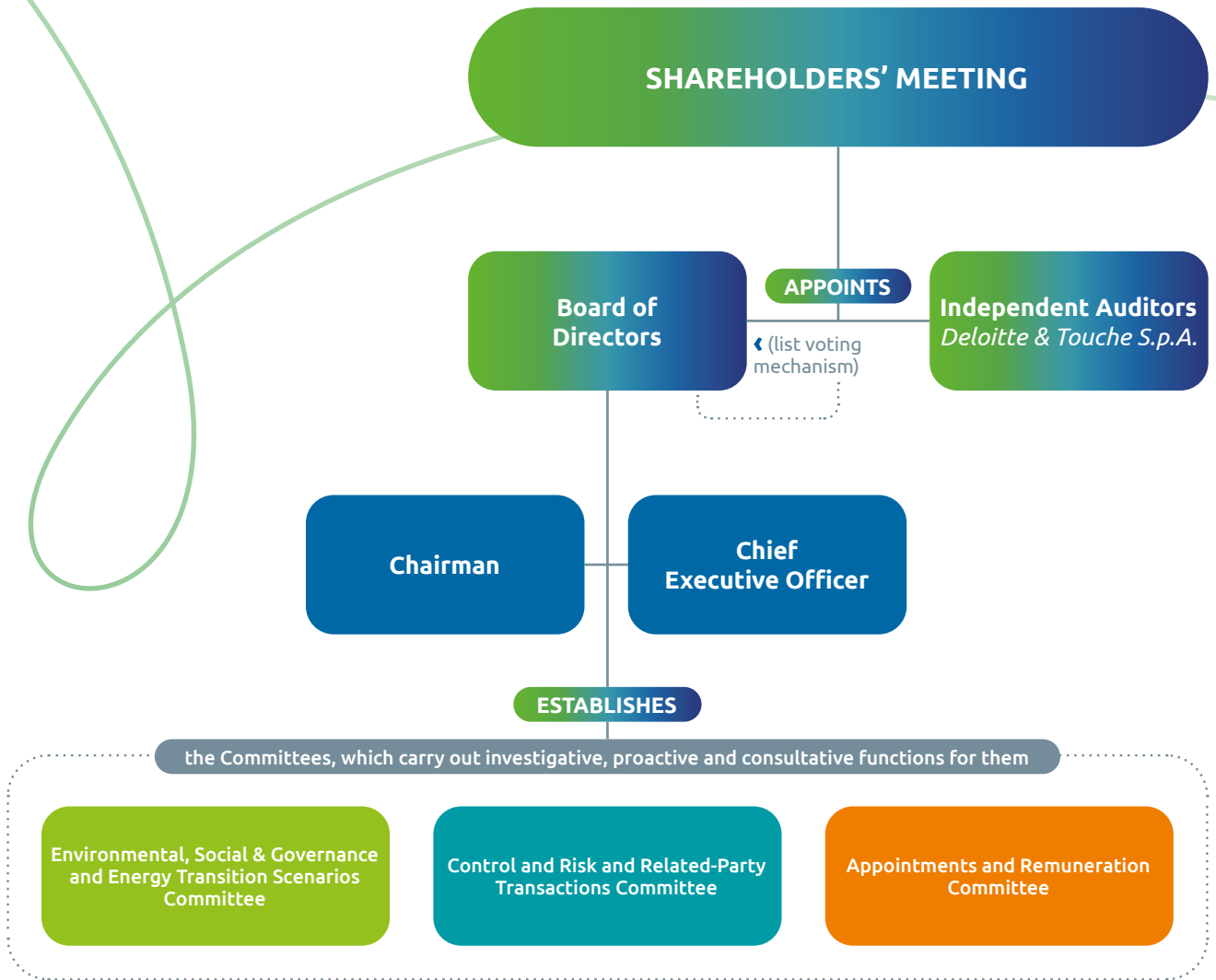
Snam adheres to:

- the **UN Global Compact**, the major international initiative in the field of **sustainable development** that aims to promote and disseminate the ten global ethical principles on human rights, environmental protection, labour rights and anti-corruption;
- the recommendations of the **Corporate Governance Code**, which have been included in the **Corporate Governance and Unbundling Guidelines**, updated in June 2022, concerning the principles, tools and operating methods of Snam's strategic guidance activities.

The Group also acts within the framework of the **OECD Guidelines** for Multinational Enterprises, the **UN Universal Declaration of Human Rights** and the **ILO Core Conventions**.

⁷ The Code of Ethics is available on the Company's website: https://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice_Etico.pdf

Snam's Governance System



Demonstrating the efforts that the Group puts into corporate governance management, in 2023 Snam was once again confirmed as one of the best Italian companies for corporate governance and integration of ESG (environmental, social and governance) factors into corporate strategies according to the annual **Integrated Governance Index** (IGI) survey conducted by ETicaNews.



**INTEGRATED
GOVERNANCE
INDEX**

Detailed information on governance and remuneration can be found in the "Report on Corporate Governance and Ownership Structure 2023" and the "Report on Remuneration Policy and Remuneration Paid 2024", published on the website www.snam.it at the same time as the Annual Report.

Board Of Directors

The Shareholders' Meeting of 27 April 2022 established 9 Directors for a term of 3 years in office, due to expire at the date of the 2025 Meeting for the approval of the balance sheet at 31 December 2024.



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

* Monica de Virgiliis was a Director from 2016 to 2019. She was subsequently appointed again as a Director in 2022, assuming the role of Chairwoman of the Board of Directors

The role and functions of the Board of Directors (BoD) at a glance

The Board of Directors plays a central role in the Company's corporate governance structure, defining the strategic, organisational and control policies of the Company and its Subsidiaries and monitoring their implementation, in a manner consistent with the Company's statutory corporate purpose 'Energy to Inspire the World', with a view to (i) fostering the energy transition towards forms of use of resources and energy sources compatible with the protection of the environment and progressive decarbonisation and (ii) pursuing sustainable success through the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company. The Board of Directors is vested with the broadest powers for the ordinary and extraordinary administration of the Company.

Among its main responsibilities, the Board:

- performs all acts that it deems appropriate for the implementation and achievement of the corporate purpose, excluding only those acts that the law or the Articles of Association reserve to the Shareholders' Meeting;
- assesses the organisational, administrative and accounting structure of the Company;
- approves business and financial plans and monitors their implementation;
- defines the corporate governance system and rules, as well as the internal control and risk management system of Snam and Subsidiaries;
- adopts procedures to ensure the principles of fairness and transparency in transactions between related parties or with stakeholders;
- adopts procedures for the management and dissemination of corporate and financial information, including price-sensitive information.



The Board of Directors,

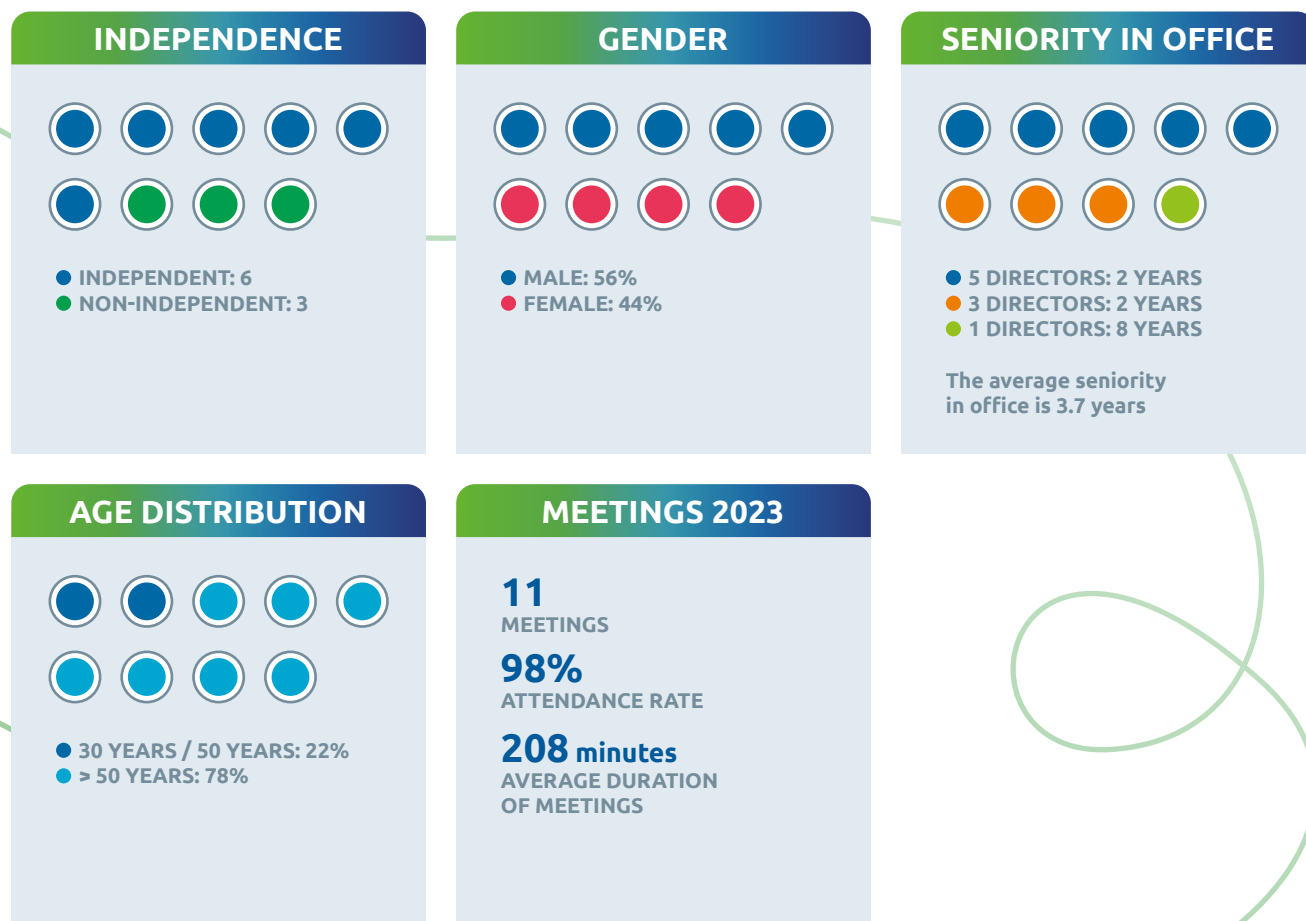
- periodically reviews and approves with reference to ESG issues:
 - **climate change and energy transition targets** and the more detailed indicators created for timely monitoring of the progress of sustainability and decarbonisation actions (e.g. Scope 1 and 2 and Scope 3 emissions, progress against announced targets, avoided emissions, alignment of investments with EU taxonomy and SDGs);
 - the Company's **Strategic Plan**, which was also drawn up on the basis of the analysis of material topics for long-term value generation and long-term energy transition scenarios with the support of the Environmental, Social & Governance and Energy Transition Scenarios Committee;
 - with the support of the Control and Risk and Related Party Transactions Committee in coordination with the Environmental, Social & Governance and Energy Transition Scenarios Committee, periodically examines and approves the Group's **strategic risks**, including those related to **climate change and energy transition**, and the effectiveness of the controls designed to enable the identification, measurement, management and monitoring of the main corporate risks, including ESG risks;
 - the **Long-term Incentive Plan**, which also includes ESG targets including a KPI related to the reduction of natural gas emissions consistent with the Strategic Plan guidelines;
 - the institutional report that includes the Half-Year Financial Report, the Annual Report (including the Consolidated Non-Financial Statement - NFS);
- it receives from the Environmental, Social & Governance and Energy Transition Scenarios Committee **timely information flows** on energy transition issues concerning, specifically, the use of resources and energy sources compatible with environmental protection and progressive decarbonisation, examining in particular the initiatives undertaken by the Company to address the issues posed by climate change and the monitoring of the roadmap to achieve the goal of carbon neutrality (Scope 1 and 2) for the entire Snam group by 2040
- it acknowledges the **information provided by the Committees**, in particular the Environmental, Social & Governance and Energy Transition Scenarios Committee, pursuant to the Regulation as part of disclosure to the Board required following every committee meeting.

With a view to integrating sustainability into the functions of the Board of Directors:

- the **Chairman** oversees the functioning of Board proceedings, ensuring that the pre-Board briefing and supplementary information provided during the meetings is adequate to enable the Directors to act in an informed manner and that the work of the Board Committees is coordinated with the work of the BoD;
- the **Chief Executive Officer**, as the person in charge, establishes and coordinates the **Internal Control and Risk Management System (ICRMS)**, with the task of planning, implementing and managing this system, supported by an organisational structure that integrates climate change issues and risks into all phases of the business cycle.

For more information, see the section 'Snam's organisational model' in this chapter.

In the light of company dynamics and the evolution of the corporate structure, directors are periodically involved in specific **board induction** sessions on specific topics. In accordance with the recommendations of the Corporate Governance Code, these sessions are presented by the management of the relevant structures in order to strengthen knowledge on topics of interest to the business sector in which Snam operates.



EVOLUTION SINCE THE PREVIOUS MANDATE

	Previous mandate (2019-2022)	Current mandate (2022-2025)	Average FTSE MIB*
Number of directors	9	9	12.3
Directors elected by the minority	3 (33.3%)	3 (33.3%)	18.9%
Less-represented gender on the BoD	33.3%	44.4%	43%
Independent directors (%)	66.6%	66.7%	63.4%
Average age of directors	53	57	58.1
Chair-CEO or Chair-controlling shareholder	no	no	18%
Lead Independent Director	no	no	51.45%

(*) Assonime – Report on Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code, 2023

Sustainability governance

Snam's Board of Directors works to ensure the complete dissemination and integration of a corporate culture aimed at combating climate change, in accordance with the recommendations of the TCFD.

With this in mind, the Group's Board of Directors sets itself the goal of overseeing the risks and opportunities related to climate change and supervising activities to ensure the proper management of these aspects. In this regard, the CEO is responsible for the internal control and risk management system, including those related to climate change, and, with a view to integrating climate change issues into the company's activities, management plans **periodic meetings** and maintains **information flows with the Board of Directors**, useful both for identifying new initiatives related to climate change and for implementing and monitoring the strategies identified.

In this respect, the main meetings concern:



Confirming Snam's commitment to promoting and disseminating issues related to the environment, society and governance, the ESG and Energy Transition Scenarios (ESGETS) Committee receives periodic induction sessions also aimed at integrating ESG issues within the Board of Directors.

For more information, see the paragraph "The Environmental, Social & Governance Committee and Energy Transition Scenarios" in this chapter.



Board induction, training and problem solving retreat

Snam's directors have significant experience and knowledge in the field of sustainability, however, the dynamism and relevance of ESG issues, and especially those related to climate change, make it essential for directors to be regularly updated.

Snam adopts a proactive attitude aimed at achieving increasingly efficient operation of the Company through the involvement of Directors and Statutory Auditors in board induction and training sessions, off-sites and board retreats.

These activities, in accordance with the provisions of the Corporate Governance Code, were aimed at providing directors and auditors with timely updates on the business sector in which the Company operates, also in the light of corporate dynamics and the evolution of the corporate structure, as well as in-depth analyses on issues related to the energy transition process and related strategic objectives such as, for example, the role of carbon capture and storage. The sessions were organised and led by the management of the relevant structures and experts in the field.

Activity	Date	Purpose	Detail
Induction	10 May	Regulation (6th period)	6th period of tariff regulation with a focus on the revision process, main contents and expected impacts
		<i>Advocacy EU: main dossiers</i>	Main European dossiers with a focus on decarbonisation, hydrogen, main legislative proposals (e.g. methane emissions regulation, RED III, Net zero industry act, communication on H ₂ Bank) and access to European programmes and related funds
	21 June	<i>SnamTEC Program</i>	SnamTEC programme, an applied industrial innovation programme involving technologies including sensors, telediagnosics, internet of things, artificial intelligence, augmented and virtual reality, drones and satellites
	27 July	<i>People Strategy</i>	Building blocks of the new people strategy 2023-2025 and related focus areas such as organisation optimisation, reward transparency, people developing organisation, work better and on the communication campaign
	11 October	<i>Open explorative innovation</i>	Open explorative innovation processes to seize both internal and external innovation opportunities through new technologies such as generative artificial intelligence and alternative solutions in decarbonisation and hydrogen as well as on Snam's acceleration programmes
Strategic off-site visits	21 June	CCS research (Snam/Eni/ Ambrosetti): strategic perspective for the Ravenna hub	<i>Carbon Capture and Storage</i> as a decarbonisation technology for the hard-to-abate industry with a special focus on European projects, funding instruments, and in particular the CCS Ravenna Project
		GNL Italia S.p.A. regasification plant	Visit to the regasification plant in Panigaglia (SP) where the operation of the terminal, which meets stringent international standards, and the modern technologies it uses for safety and environmental protection were illustrated
	22 June	FSRU Golar Tundra	Visit on board the regasifier ship at the port of Piombino (LI) where the operation and technologies it uses and the related safety measures were explained
Board retreat	8 November	Biomethane plant	Visit to the Anzio (RM) plant for the transformation of organic waste, collected in the surrounding municipalities, into biomethane, clean energy that is directly introduced into the national gas transport network, and into compost, a valuable organic soil improver that can be used in agriculture
		Strategic board retreat	As for last year, a day-long Board Retreat was organised with a problem-solving focus. The theme of the year 2023 was 'Challenging the Assumptions' and featured various alternative scenarios to the long-term vision. The Board's objective is to be ready to reopen hypotheses on the evolution of the energy mix vision
Training session	20 December	<i>Cybersecurity</i>	Cybersecurity training session in which Board members were able to learn more about security in support of business. In addition to the baseline scenario, potential threats to the company's data and services, recent international standards and regulations, and future challenges in the areas of threat intelligence, cybersecurity spending and compliance were outlined

Among other topics, it should be noted that the Board of Directors devoted an extensive and constructive discussion to the topic of global security and cybersecurity in December 2023. In this context, the Board of Directors was updated on the activities carried out by the competent function of the Company, also in the light of the geopolitical situation and relevant global macro trends, sharing the importance of the issue, as well as the need for continuous monitoring and ensuring the adequacy of safeguards.

The ESGETS Committee, flanked by the Control and Risk and Related-Party Transactions Committee and the Enterprise Risk Management (ERM) function, supports the highest governance body in carrying out its oversight of corporate processes aimed at identifying and managing economic, environmental and social issues and the corresponding Impacts, Risks and Opportunities (IROs). In addition, the ESGETS Committee supports the Board of Directors in approving the Strategic Plan and in carrying out the analysis of topics relevant to long-term value generation (so-called materiality analysis), through which the identification of sustainability issues on which organisations generate the most significant impacts on the economy, environment and people, including impacts on human rights, is carried out. At this stage, it is the ERM function that is in charge of mapping the risks and opportunities, including sustainability risks, that guide the Board's strategic choices. 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.

With reference to the Board members' competences, the substantial experience in the field of sustainability is confirmed by the Board Experience & Skill Matrix below. In fact, 56% of board members have expertise in the area of ESG factors, which continue to occupy a considerable percentage of the topics addressed in board meetings and board induction sessions, with a result of more than 43% in 2023.

POWERS OF THE DIRECTORS

SECTOR EXPERIENCE



STRATEGY



SUSTAINABILITY (incl. Climate Change)



FINANCE, ACCOUNTING AND/OR RISK MANAGEMENT



LEGAL AND COMPLIANCE



CORPORATE GOVERNANCE



HUMAN CAPITAL



INTERNATIONAL EXPERIENCE



EXPERIENCE & SKILL MATRIX

BOARD OF DIRECTORS

Information from Curricula Vitae published on the Snam website



Monica de Virgiliis
Chair



Stefano Venier
CEO



Massimo Bergami
Non-executive and independent



Laura Cavatorta
Non-executive and independent



Augusta Iannini
Non-executive and independent



Piero Manzoni
Non-executive and independent



Rita Rolli
Non-executive and independent



Qijing Shen
Non-executive



Alessandro Tonetti
Non-executive

Sector experience



Strategy



Sustainability (incl. Climate Change)



Finance, Accounting and/or Risk Management



Legal and Compliance



Corporate Governance



Human Capital



International Experience





Self-Evaluation Process

An evaluation of the organisation and functioning of the Board and its Committees is conducted annually, coordinated by the Chairman of the Board and supported by the ESGETS Committee.

In 2022, the Board chose to carry out the self-evaluation with the support of an independent external advisor and to organise it according to a three-year roadmap consistent with the Board's term of office.

The work consists of:

- first year (2022): the starting 'snapshot', with a specific focus on issues related to the functioning of the Board and the Committees;
- second year (2023): a targeted evaluation of progress and support for the Board's culture analysis accompanied by an analysis of individual contribution;
- third year (2024): the final evaluation, with the end-of-term review and the focus on the elements to support the composition of the Board that will be appointed in the following term.

Self-Evaluation 2023

In the 2022 Board Evaluation, the Directors expressed great satisfaction and appreciation in relation to the size, composition and functioning of the Board of Directors and its Committees, the interaction with management and the Company Secretariat, as well as the quality of the induction programme.

The Board Evaluation covered three areas:

1. a simplified questionnaire on the level of satisfaction with the actions taken during the year following the findings of the 2022 Self-Evaluation;
2. a simplified survey on the functioning of the Board of Directors during 2023 that also includes the roles and responsibilities of the Directors;
3. the analysis of the dynamics of group behaviour and board culture.

The main outcomes of the Board Evaluation for 2023 are as follows:

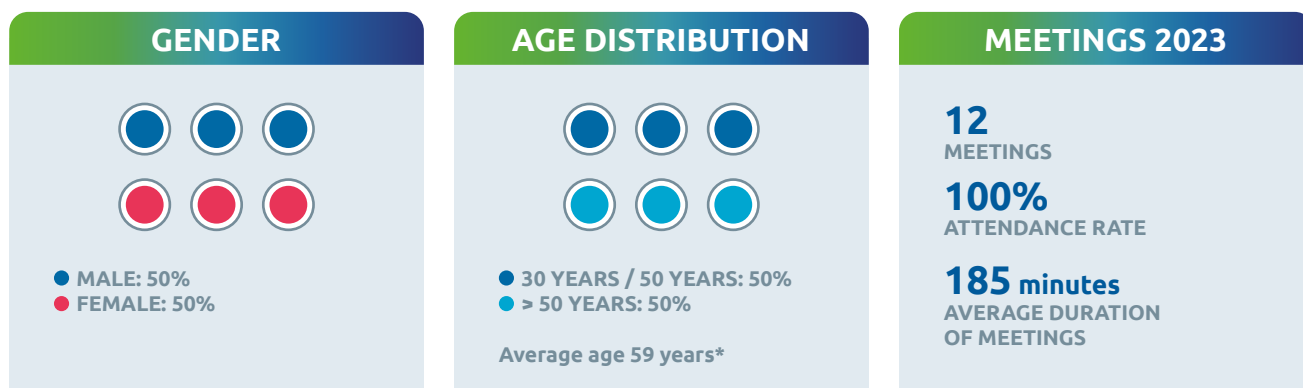
- The Directors expressed a high level of satisfaction with the implementation of the demands made in 2022:
 - the high level of attendance at meetings was maintained;
 - a broader group of frontline managers participated in the strategic offsites;
 - problem solving-style conversations on the energy transition were further expanded by inviting external speakers;
 - updates on topical issues relevant to the work of the group are also provided at board meetings and informal meetings;
 - the Board documentation, which was timely and of excellent quality, was enhanced by the executive summaries;
 - a training session on cybersecurity was held by an external expert.
- The Directors made suggestions to further streamline the functioning of the Board and the Committees:
 - effectively manage the time available on agenda items through a constant fine-tuning process, to balance the time devoted to the presentation of items and the time reserved for reflection and discussion during Board meetings;
 - continue to organise formal and informal meetings with frontline management;
 - continue the optimisation of the glossary of documents provided to the Board by enhancing support for understanding acronyms and technical content;
 - Given the satisfaction with the induction, information and training activities conducted throughout the year, provide initiatives dedicated to network security, cybersecurity and European sustainability regulation;
- The culture of the Board is characterised by interpersonal trust and mutual respect, a collaborative and committed attitude. The culture is characterised by well-structured planning, respected deadlines and clear responsibilities. The culture is characterised by a focus on problem solving and disciplined work organisation, with accurate and timely supporting documentation.

For the future, the members of the Board aim to promote forward-looking long-term perspectives by exploring new areas and innovation.

The Board of Statutory Auditors

Appointed by the Shareholders' Meeting of 27 April 2022, the Board of Statutory Auditors is entrusted with the legality control function with the objective of ensuring the proper management of Snam. In particular, among its main tasks, the Board of Statutory Auditors:

- monitors compliance with the law, the deed of incorporation and respect for the principles of proper administration in carrying out the company's activities;
- monitors the adequacy of the organisational, administrative and accounting structure adopted by the company and verifies its actual functioning;
- performs supervisory functions as the Internal Control and Accounts Auditing Committee, pursuant to Legislative Decree no. 39 of 27 January 2010.



Note: The Board of Statutory Auditors is not made up of executive or non-executive members.

* The calculation only takes into account the average age of standing auditors. Also considering the alternate auditors, the average age is 54 years.

The Committees

During 2022, the Board of Directors, in line with the provisions of the Corporate Governance Code, set up the Board Committees and appointed their members. In particular, the Board confirmed the establishment of the Control and Risk and Related Party Transactions Committee and set up the ESG and Energy Transition Scenarios Committee and the Appointments and Remuneration Committee. The Control and Risk and Related-Party Transactions Committee is composed only of independent directors. The ESG and Energy Transition Scenarios Committee and the Appointments and Remuneration Committee are composed of directors, the majority of whom are independent. All Committees are composed of non-executive members.



Environmental, Social & Governance and Energy Transition Scenarios Committee

The Environmental, Social & Governance and Energy Transition Scenarios Committee performs investigative, propositional and advisory functions vis-à-vis the Board of Directors, concerning sustainability and long-term energy transition scenarios, meaning the processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain, with particular reference to the following issues: climate transition and technological innovation; energy access and energy sustainability; environment and energy efficiency; health, well-being and safety of people and local communities; respect for and protection of rights, in particular human rights; integrity and transparency; diversity and inclusion and corporate governance.

Among its main tasks⁸, the Committee examines:

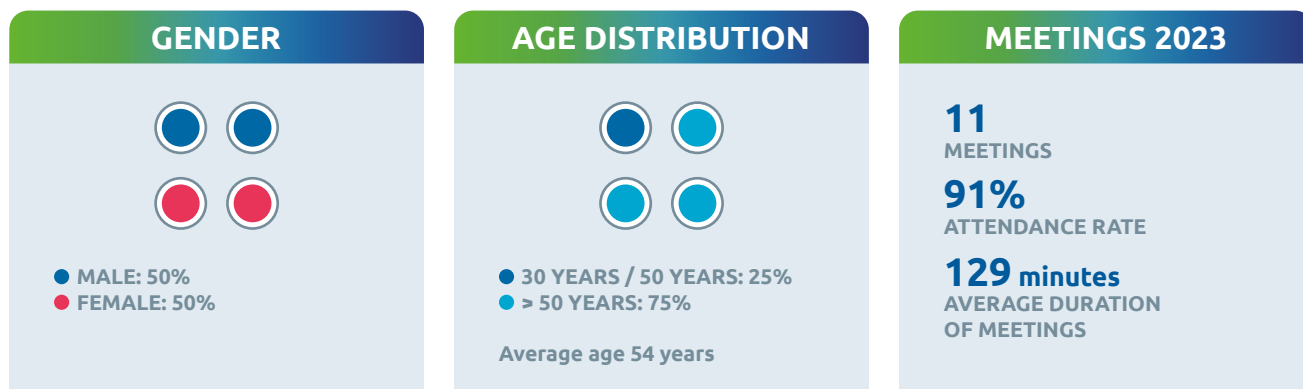
- long-term **energy transition scenarios** for the preparation of the Strategic Plan;
- **energy transition issues**, in particular those related to the use of resources and energy sources compatible with environmental protection and progressive decarbonisation, specifically assessing the Company's initiatives to address climate change issues and related reporting;
- **issues of technological innovation and circular economy**;
- **sustainable finance initiatives**, monitoring the Company's positioning with respect to financial markets on sustainability issues and ethical sustainability indices;
- **policies for integrating environmental, social and governance issues into the business model**, also through the analysis of the related Kpis;
- the guidelines, objectives and consequent **sustainability processes** and **sustainable reporting** submitted to the annual approval of the Board of Directors;
- the correct use of the standards adopted for the purpose of preparing non-financial disclosures and the document to be submitted to the Board of Directors for approval, including and - in coordination with the Control and Risk and Related Party Transactions Committee - the **reporting of risks related to ESG factors** in the medium to long term;
- proposals and/or opinions concerning definition and calculation of **performance targets that include indicators relating to ESG factors**, in coordination with the Appointments and Remuneration Committee;
- the **profit and non-profit strategy** and its implementation, also in relation to individual projects through the non-profit plan submitted annually to the Board.

Furthermore, at the request of the Board, it expresses an opinion on other sustainability issues and energy transition scenarios, as well as drafting and proposing diversity policies pursuant to Article 123-bis, paragraph 2, letter d-bis) of the Consolidated Law on Finance, and examines the Company's policies on human rights, business ethics and integrity, diversity and inclusion.

In addition, with a view to strengthening the company's reputation on the global front and international initiatives, the Committee monitors and ensures Snam's participation in international environmental, social and governance initiatives.

Finally, the Committee supports the Board of Directors in analysing material topics aimed at long-term value creation for the purpose of reviewing and approving the business plan and, at the Board's request, expresses an opinion on other ESG issues and energy transition scenarios.

In the course of the 2023 financial year, during the Committee meetings, topics related to climate change were discussed, analysing in particular the results and strategies implemented by Snam to combat it.



All members are non-executive, of which 3 members are independent and 1 member is non-independent.

8 For a more detailed description of the Committee's tasks, please refer to Annex 6 of the Report on Corporate Governance and Ownership Structure 2023.

COMPETENCES OF THE ESG AND ENERGY TRANSITION SCENARIOS COMMITTEE

SECTOR EXPERIENCE



STRATEGY



SUSTAINABILITY (incl. Climate Change)



LEGAL AND COMPLIANCE



CORPORATE GOVERNANCE



HUMAN CAPITAL



INTERNATIONAL EXPERIENCE



TOPICS COVERED BY THE ESGETS COMMITTEE DURING THE 2023 FINANCIAL YEAR

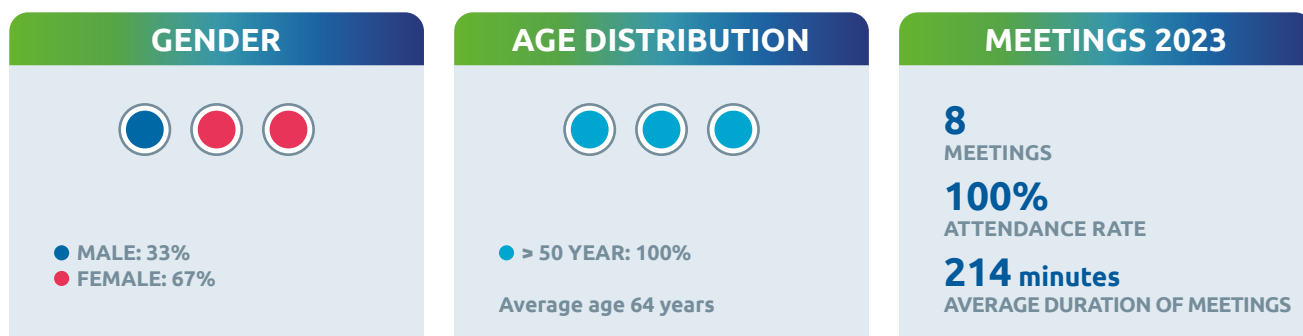
- Accrual of **ESG targets of the annual monetary incentive plan** and the accrued long-term equity incentive plans
- Review of the **main achievements in 2022** and the various initiatives planned for 2023 in the area of **diversity, equity & inclusion**
- Snam's **corruption prevention policy** in accordance with the UNI ISO 37001:2016 standard
- Review of evidence from the 2022 **Board Evaluation**
- Review of the Report on Corporate Governance and Ownership Structure Report 2022, including diversity policies and Corporate Governance Committee Recommendations
- Proposal for new performance targets linked to ESG factors in the annual monetary and long-term equity incentive plans
- Receipt of information on **periodic monitoring of engagement** related to corporate staff
- Review of **sustainable finance** initiatives
- Update for emission monitoring purposes
- **Examination of ESG risks** in the context of the Strategic Plan 2022-2026 and decarbonisation targets
- **Examination of the ERM risk register from an ESG perspective**
- Update on **Snam ETS Foundation** activities, illustration of the new Snam ETS Foundation strategy and review of the results of other profit and non-profit initiatives undertaken in 2022
- Review of the **new sustainability strategy**
- Examination of **sustainability documents**, namely: (i) Sustainability Report, (ii) Climate Change Report, (iii) Consolidated Non-Financial Statement
- Examination of **national scenarios** for the preparation of transmission and transportation network development plans in the electricity and gas sectors
- Examination: (i) **international initiatives** in the environmental, social and governance area; (ii) **Directive (EU) 2023/970 of 10 May 2023 on equal pay for men and women**; (iii) Snam's regulatory framework and positioning on the **minimum wage** topic
- Analyses concerning the correct application of the **shareholders' engagement policy**
- Examination of the results of the **engagement survey** launched by Snam with the objective of verifying the widespread perception among corporate resources regarding the company's strategic vision, corporate culture in terms of respect, inclusion, social innovation, the efficiency of processes and tools, the relationship with one's manager and colleagues, and development and training opportunities

TCFD Control and Risk and Related-Party Transactions Committee

The Control and Risk and Related Party Transactions Committee performs investigative, propositional and advisory functions vis-à-vis the Board of Directors and supports the Board's evaluations and decisions relating to the internal control and risk management system, as well as those relating to the approval of periodic financial and non-financial reports. The Committee also performs the additional tasks assigned to it by the Board of Directors on transactions with interests of directors and auditors and transactions with related parties.

In particular, among the main tasks⁹ in the area of sustainability, the Committee:

- **assesses the suitability of periodic financial and non-financial information** in fairly representing the Company's business model, strategies, the impact of its activities and the performance achieved, coordinating with the ESGETS Committee;
- periodically examines the main **risks and opportunities, including those resulting from climate change**;
- supports the Board of Directors in **defining the guidelines of the internal control and risk management system**, including medium and long-term ones, in order to correctly identify, measure, manage and monitor the main risks, including those that may be significant in the perspective of sustainability, in coordination with the ESGETS Committee;
- supports the Board of Directors in determining the degree of compatibility of these risks with consistent management of the strategic objectives.



All members are non-executive and independent.



9 For a more detailed description of the Committee's tasks, please refer to Annex 6 of the Report on Corporate Governance and Ownership Structure 2023.

MAIN TOPICS WITH SUSTAINABILITY ASPECTS DEALT WITH BY THE CONTROL AND RISK AND RELATED-PARTY TRANSACTIONS COMMITTEE DURING THE FINANCIAL YEAR 2023

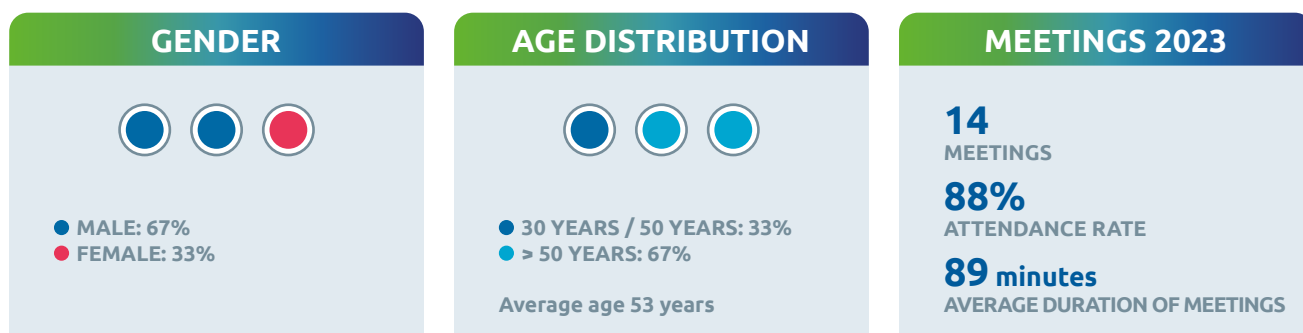
- Information on the publication of the Tax Transparency Report.
- Insights into construction site safety.
- Examination of the methodology and risk analysis from the Strategic Plan 2022 - 2026 and its assessment of the consistency of the identified risks with the identified strategic objectives.
- Review of the progress of activities to integrate ESG risk areas into the ERM framework.
- Launch of project activities related to Climate Change Risk Management.
- Analysis of the Consolidated Non-Financial Statement pursuant to Legislative Decree 254 of 2016, the Sustainability Report 2022 and the Climate Change Report, prepared on the basis of the guidance issued by the Task Force on Climate Related Financial Disclosure.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee performs investigative, proposing and advisory functions vis-à-vis the Board of Directors with regard to the **composition and size of the Board and its Committees**, as well as with regard to **equal treatment and opportunities** between genders and with regard to remuneration.

In particular, among the main tasks¹⁰ in the area of sustainability, the Committee:

- within the framework of the policies adopted by the Company on **diversity and inclusion**, including those aimed at reducing the pay gap and promoting professional equality, it ensures their adoption and implementation, with reference to the activities falling within its remit, and monitors their concrete implementation;
- examines the indications of the CEO and proposes, with a view to **sustainable value creation over the medium/long term**: (i) general criteria for the remuneration of Managers with Strategic Responsibilities; (ii) general guidelines for the remuneration of other executives of Snam and its subsidiaries; (iii) annual and long-term incentive plans, including share-based plans;
- periodically assesses the adequacy, overall consistency and concrete application of the **Remuneration Policy** for the remuneration of directors, general managers and managers with strategic responsibilities, without prejudice to the provisions of Article 2402 of the Italian Civil Code, and verifying, in particular, the actual achievement of performance targets related to the variable component of remuneration, as well as the achievement of company results and the definition of claw back clauses;
- proposes the definition of performance targets, (coordinating with the Environmental, Social & Governance and Energy Transition Scenarios Committee as regards the identification of those that include indicators relating to ESG factors), the final accounting of company results and the definition of claw back clauses, connected to the implementation of the incentive plans.



All members are non-executive, of which 2 members are independent and 1 member is non-independent.

10 For a more detailed description of the Committee's tasks, please refer to Annex 6 of the Report on Corporate Governance and Ownership Structure 2023.



COMPETENCES OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

SECTOR EXPERIENCE



LEGAL AND COMPLIANCE



HUMAN CAPITAL



SUSTAINABILITY (incl. Climate Change)



CORPORATE GOVERNANCE



INTERNATIONAL EXPERIENCE



MAIN TOPICS WITH SUSTAINABILITY ASPECTS DEALT WITH BY THE APPOINTMENTS AND REMUNERATION COMMITTEE DURING THE FINANCIAL YEAR 2023

- Accrued annual monetary incentive plan and long-term equity incentive plans.
- Review and approval of the Remuneration and Compensation Policy Report 2023 and its contents.
- Analysis of the shareholders' meeting vote on the Report on Remuneration Policy and Remuneration Paid 2022, with a focus on the vote cast by institutional investors and the representation of the main concerns of proxy advisors with regard to voting instructions.
- Review and approval of the proposed definition of performance targets for the purposes of the annual monetary incentive plan and the LTI¹¹ 2023-2025 Plan.

11 LTI Plan = Long-Term Share-Based Incentive Plan.

Snam's organisational model

In order to clarify, simplify and make the Company's set of management rules organic, Snam has developed a **uniform organisational and procedural system** for all Snam companies in Italy and abroad.

The corporate structure adopted by the Group provides for the **centralisation** of certain staff activities within the parent company Snam S.p.A., with a view to enhancing the principles of efficiency, maintaining a unified approach, and consolidating specific skills. This centralisation takes into account the nature of the businesses in which Snam operates and ensures an appropriate level of service in line with their specific characteristics.

Snam's management team plays a fundamental role in fostering the proper functioning of the entire corporate organisational system. Each function has specific tasks, precise objectives and is evaluated on the basis of the results achieved, promoting continuous improvement of the effectiveness and efficiency of business processes.

With the aim of seizing the new and important development opportunities defined in the Group's Strategic Plan, the organisational and procedural system is structured to ensure **increasing flexibility in the corporate structure** and to meet the new challenges of the **energy transition**.



Considering the growing importance of the energy transition and related businesses within the corporate strategy, **Snam's managerial figures are endowed with specific skills not only in the area in which they operate, but also in climate change**, confirming the integration of these aspects into the corporate governance model. These figures act as support to the CEO.

Furthermore, in support of the collaborative, dialogue and listening nature of the Company, since 2018, the different corporate areas and functions, including ERM, Health, Safety, Environment and Quality, Sustainability & Social Impact, Corporate Strategy and Business Unit Asset Italia, have been meeting periodically to discuss and consequently harmonise the actions of climate change-related objectives.

In response to the changed international geopolitical framework and changes in the energy markets, in 2023 Snam continued to consolidate the activities of the **Business Unit Asset Italia** with a view to ensuring national energy security, as well as continuous energy supply. In particular, the consolidation of the function dealing with liquefied natural gas was aimed at guaranteeing the direction and technical coordination of the activities of the company Snam FSRU Italia (whose operational activities of the FSRU terminal in Piombino began in July 2023) and of the other subsidiaries and/or investee companies (e.g.: OLT, Adriatic LNG) as well as ensuring the operational supervision of project activities related to the future FSRU terminal in Ravenna.

To support the development and consolidation needs of the energy efficiency, biomethane and forestry businesses, the **Business Unit Environment & Efficiency** was retained, while all mobility and liquefaction activities were merged into **Greenture**. The development and implementation of all projects related to Carbon Capture and Storage (CCS), hydrogen and renewables continue to be ensured by the **Decarbonization Unit**¹².

Lastly, in support of international development, the **International Asset Management and Business Development (IAMBD)** function continues to define the development objectives for Snam's international presence and to oversee foreign investments.

12 The DECARB function was renamed the Decarbonization Unit.



<p>TCFD Greenture S.p.A. Unregulated mobility & liquefaction business development</p> <p>The Chairman & Managing Director Greenture oversees the definition of strategies, guidelines, objectives and the development of the unregulated mobility and liquefaction business. In addition, in cooperation with the Business Unit Environment & Efficiency and the Decarbonization Unit, it tests the possibilities of using biomethane and hydrogen in the mobility sector by maximising synergies with existing activities and investments.</p>	<p>TCFD Business Unit Asset Italia Italian subsidiaries (Transport, Storage, Regasification)</p> <p>The Chief Operations Officer oversees the definition of strategies, guidelines and industrial objectives of activities related to Snam's gas infrastructure business (transportation, storage and regasification) in accordance with the guidelines and strategic directions defined by Snam, including those related to energy transition, Italian subsidiaries and development of technical services focused on specialised skills and know-how for gas operators. It actively participates in the sharing of climate change objectives during regular meetings together with other functions.</p>	<p>TCFD Business Unit Environment & Efficiency Unregulated biomethane business development, energy efficiency and forestry</p> <p>The Chief Efficiency and Biomethane Officer oversees the definition of strategies, guidelines, targets and the development of the unregulated biomethane, energy efficiency and forestry businesses. It promotes the origination of potential business initiatives in line with the company's strategy, the evolution of the markets of interest and the expected economic results.</p>
<p>TCFD Legal, Governance, Compliance & ERM</p> <p>The Enterprise Risk Management (ERM) function, which is overseen by the Chief Legal Officer & General Counsel, defines a risk management model that allows risks to be identified and assessed, in order to identify risk mitigation actions and develop a six-monthly reporting system. Climate change issues are integrated into the overall ERM process.</p>	<p>TCFD P&C, Administration, Finance and M&A</p> <p>The Chief Financial Officer oversees the strategic planning process, the economic evaluation of investments and M&A transactions, and financial planning activities. It carries out feasibility studies, including through the analysis of national and international best practices, in relation to potential sustainable finance initiatives.</p>	<p>People, Organization & PFM</p> <p>The Chief People & Organization Officer ensures the direction and coordination activities for the Human Resources, Organisation and Property & Facilities Management areas by defining strategies, guidelines, methodologies, operating methods and tools for Snam and ensuring the functional coordination of the dedicated organisational units in the business units.</p>
<p>TCFD Commercial, Infrastructures Planning & Regulatory Affairs</p> <p>The Climate Policies & Decarbonization Market Design function is responsible for developing Snam's Climate Policies positions in line with the corporate strategy and in coordination with the relevant corporate functions.</p>	<p>TCFD Strategy, Innovation and Sustainability</p> <p>The Chief Strategy & Technology Officer is in charge of defining energy and gas demand scenarios and their coverage to support all the activities of defining the Strategic Plan and the Ten-Year Plan, infrastructure development initiatives and evaluating the contribution of gas infrastructure within the energy system to foster the decarbonisation process, as well as analysing potential technological discontinuities and the evolution of the role of infrastructure related to sector coupling and analysing consistency with reference scenarios. The technology functions oversee the roadmap of digital (ICT) and industrial process (OT) technologies, define the best technology options and take care of the implementation of projects to reduce emissions and climate impact. The Director of Sustainability & Social Impact is responsible for defining the sustainability model, ESG strategy and decarbonisation and emission reduction targets.</p>	<p>International Engineering, Construction & Solutions</p> <p>The Executive Director oversees the definition of strategies, guidelines and initiatives relating to the development, marketing and delivery of Global Solutions services, ensuring the achievement of the defined industrial, economic and financial objectives.</p>
<p>TCFD Institutional Affairs</p> <p>The Executive Director ensures the development of relations with national, European and international institutions and activities aimed at developing and monitoring the Italian and European regulatory framework and related policy proposals; defends the company's interests with national and European institutional stakeholders in the framework of legislative processes aimed at defining new energy, climate and environmental funds and policies in a coordinated manner between the European and national dimensions.</p>	<p>TCFD Corporate Services</p> <p>The HSEQ function oversees energy management activities and part of the Climate Change topic, with the aim of continually improving the correct management of natural gas emissions, also through participation in various international working groups and task forces (IGU, Marcogaz, GIE, GERG, etc.), also dealing with the transposition of the requirements of the Energy Efficiency Directive into Italian legislation</p>	<p>Global Security & Cyber Defence</p> <p>The Executive Director ensures the constant alignment of the strategic and tactical approach to corporate security with evolving business needs, overseeing the areas of organisational, logical, physical and cybersecurity, defining guidelines, methodologies, operating modes and tools; manages relations with local, national and supranational Public Security Institutions and Authorities, Universities, Bodies and Research Institutes, for matters within their remit.</p>
<p>TCFD Decarbonization Unit</p> <p>The Decarbonization Unit deals with the development and implementation of decarbonization projects. In particular, it oversees the definition of strategies, objectives, technological choices and the development of activities in the field of hydrogen and CCS systems in accordance with the guidelines and strategic directions defined by Snam and in support of the decarbonisation process of the national energy and production system.</p>	<p>Communication & Media Relations</p> <p>The Executive Director ensures the maintenance and development of relations with the media and their representatives, in order to guarantee the dissemination of news concerning Snam's activities and business, and the coordination of charitable, non-profit, cultural and sponsorship initiatives towards communities and the territory.</p>	<p>International Asset Management and Business Development</p> <p>Il Chief International Assets Officer sovrintende alla definizione delle linee guida ed obiettivi relativamente allo sviluppo della presenza internazionale di Snam, garantendo il conseguimento degli obiettivi industriali, economici e finanziari attraverso l'Asset Management delle società partecipate, e le relative operazioni straordinarie di Business Development, in coordinamento con P&C e M&A per quanto di competenza.</p>

Internal Audit*

* On behalf of the Board of Directors, the Chair coordinates and makes use of: the Board Secretary, for board induction and evaluation activities and all activities relating to the Shareholders' meeting, the Board of Directors, the Board Committees and - to the extent necessary - the control body the Executive Director Internal Audit, for the activities falling within the remit of the Internal Audit function reporting hierarchically to the Board.

Snam's remuneration and incentive system

Snam is committed to ensuring a remuneration system that, in line with European and national regulations and global best practices, favours the Group's development according to the directives of its Strategic Plan.

The remuneration system is managed by the Appointments and Remuneration Committee and respects the principles of valuing people and equal opportunities, which have always been present in Snam's organisational culture and are enshrined in the Code of Ethics. In this regard, in 2023, 100% of Snam employees in Italy will receive an adequate salary, in line with what is set out in their national collective bargaining agreements.

In addition to being functional to the **recognition of the responsibilities** assigned, the remuneration system identifies the **results achieved** and the quality of the **professional contribution** of Snam's management. In fact, the remuneration system is a primary tool aimed at **attracting, retaining and motivating** management with high professional qualities, capable of successfully managing the Company and aligning its actions with the interests of shareholders, promoting the **creation of value in the medium-long term**.

The annual review that the remuneration system undergoes is designed to ensure this.

SNAM'S REMUNERATION SYSTEM

EXECUTIVES

- **Fixed remuneration**, with possible annual adjustments established by merit or by progression of role/responsibility.
- **Variable remuneration** with incentives aimed at promoting professional contribution in the short term, by assigning an **annual monetary incentive (AMI)**, as well as in the medium-long term, by assigning a **long-term share-based incentive (LTI)**.

Also, managers are subject to a **claw-back mechanism**, aimed at recovering the variable portion if the resulting compensation is not due if it was earned based on targets that were attained as a result of malicious or grossly negligent behaviour or that were proven to be manifestly incorrect. Finally, the **Compensation Statement** envisaged for managers is an information tool on the breakdown of individual remuneration that guarantees the promotion and transparency of the remuneration system.

COMPANY POPULATION (excluding executives)

Snam adopts a **short-term variable incentive plan** intended to reward best performance and the young resources with potential for development. What is more, all companies in the Group 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 trade union representatives.

With reference to remuneration for Executives, the **Reward Policy** is summarised as follows:

FIXED REMUNERATION

Includes all annual fixed components (Gross Annual Salary, directors' fees, remuneration for special offices, ...)

VARIABLE REMUNERATION

ANNUAL MONETARY INCENTIVE (AMI)

Monetary plan defined on the basis of short-term objectives

LONG-TERM SHARE-BASED INCENTIVE (LTI)

Share-based plan with annual assignment and three-year vesting period



On 4 May 2023, the Shareholders' Meeting approved the **Snam Remuneration Policy for 2023**¹³ for Directors, Statutory Auditors and Managers with Strategic Responsibilities¹⁴. For the 2022-2024 term of office, the Shareholders' Meeting is responsible for determining the remuneration for the non-executive members of the Board of Directors and the Board of Statutory Auditors. The Board of Directors, upon proposal of the Appointments and Remuneration Committee, defined the remuneration for the Chair and Chief Executive Officer, in accordance with the remuneration policy guidelines and with the pay mix structures described in this Report, in addition to the remuneration envisaged for participation to the internal Board Committees. In this regard, the performance targets associated with the short and long-term incentive schemes are directly connected to the fundamental guidelines of the Strategic Plan.

The 2023 Remuneration Policy was defined in constant alignment with legal and regulatory provisions, also taking into account the results of the shareholders' meeting vote, the indications of shareholders and proxy advisors, as well as market best practices, with a view to continuous improvement.

Therefore, a number of changes have therefore been made to this Report, with a view to an ever-better representation of information and greater clarity for all stakeholders. In particular, disclosure was consolidated in terms of the link between the Remuneration Policy and the 2022-2026 Strategic Plan in order to direct management towards the goal of creating sustainable value for shareholders. In addition, new targets have been included in the incentive plans by including, for the short-term (AMI), a sustainability metric linked to ESG criteria within the supply chain scoring model, and for the long-term (LTI), a business metric linked to Energy Transition Readiness.

In this regard, the 2023 Remuneration Policy also stipulates that **20% of the short- and long-term variable incentive** should be linked to sustainability KPIs related to health and safety, sustainable finance, sustainable supply chain, emissions reduction and diversity and inclusion.

Below is a diagram of the business and sustainability objectives for the annual monetary incentive and the long-term incentive, highlighting the correlation between the remuneration objectives and those of the 2022-2026 Strategic Plan, as well as the integration of sustainability in the Remuneration Policy.

13 The Snam 2024 Remuneration Policy for Directors, Statutory Auditors and Managers with strategic responsibilities will be approved during the Shareholders' Meeting of 7 May 2023.

14 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 & Organization & PFM. As of 2024, Snam's Managers with Strategic Responsibilities, other than Directors and Statutory Auditors, are as follows: Chief Commercial and Regulatory Officer, Chief Efficiency and Biomethane, Chief Financial Officer, Chief International Assets Officer, Chief Legal Officer and General Counsel, Chief Operations Officer, Chief People and Organization Officer, and Chief Strategy and Technology Officer.

				PILLARS OF THE STRATEGIC PLAN 2022-2026		
				SECURITY OF SUPPLY: GAS INFRASTRUCTURE	SUSTAINABILITY: ENERGY TRANSITION PLATFORM	COMPETITIVENESS: INNOVATION AND EFFICIENCY
Value						
Annual Monetary Incentive (AMI)	Business Objectives	Adjusted EBITDA	30%	✓	✓	✓
		Gas Infrastructure Investments	15%	✓		✓
		Energy security projects	20%	✓		
		Non regulated Business: Milestone Achievement	15%		✓	
	Sustainability objectives	IpFG - Weighted frequency and severity index for employees and contractors ¹	10%			
		Increased sustainable funding ²	5%		✓	
		ESG criteria in supply chain scoring models ³	5%			
Long-Term Equity Incentive (LTI)	Business Objectives	Adjusted net profit	40%	✓	✓	✓
		Value Added	20%	✓		✓
		Energy Transition Readiness - Km H ₂ -ready	10%			
		Energy Transition Readiness - MW installed biomethane	5%		✓	✓
		Energy Transition Readiness - Projects and market design CCS and H ₂	5%			
	Sustainability objectives	Reduction of natural gas emissions ⁴	10%			
		Fair representation in the management team ⁵	10%	✓	✓	✓

1 Index consisting of the frequency index, measured in terms of the number of accidents per million hours worked during the year, and the severity index, measured in terms of days of absence per million hours worked.

2 Target to increase (in € mln) sustainable funding.

3 Percentage of the procured awarded through tenders with ESG criteria within the scoring model.

4 Reduction of natural gas emissions in 2025 compared to 2015 values (bln/Smc). Higher than recommended by the Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared by the United Nations Environment Program (UNEP). As a result of this, the targets of this objective were aligned with as envisaged in the Company's aforementioned emissions reduction plan. In the event of changes and/or variations of the Company's emission reduction plan, the targets of the emission reduction objective of the LTI Plan Cycles will be adjusted and re-measured, depending on the achievement of the final target under the Unep Framework.

5 Target that considers the fair representation of gender diversity in Snam's management team, calculated in terms of the percentage of women managers and middle managers out of the total number of managers and middle managers in the Group.

Control system

The Internal Control and Risk Management System (ICRMS)

Snam has adopted and is committed to promoting and maintaining an adequate **internal control and risk management system (ICRMS)**, based on the Corporate Governance Code to which Snam adheres and which involves Snam's entire organisational, administrative and accounting structure and, more generally, corporate governance, in line with national and international models and best practices.

The ICRMS is the set of guidelines, rules and organisational structures that work together with all corporate bodies to ensure that the main risks pertaining to Snam and its subsidiaries are correctly identified, as well as adequately **measured, managed and monitored**, also in line with strategic objectives. The identified risks also include those related to the topics of Art. 3, paragraph 1, of Legislative Decree no. 254/2016 (in relation to environmental, social and personnel-related issues, respect for human rights, and the fight against active and passive corruption), and the monitoring of managerial processes.



Within the scope of the ICRMS, we use an integrated, dynamic and group-wide method of assessing risk that evaluates the existing management systems within the individual corporate processes, starting with those relating to the prevention of fraud and corruption and health, safety, environment and quality.

The ICRMS has three levels, each of which defines specific objectives and responsibilities:

1	CHIEF EXECUTIVE OFFICER	Appointed by the Board of Directors, the Chief Executive Officer is responsible for structuring and maintaining the entire system.
2	MANAGEMENT	Management is responsible for laying the foundations for the creation of a positively oriented environment towards control, overseeing the "line controls" , consisting of the set of control activities that the individual operating units or companies carry out on their processes. At this level, the monitoring of risks and the adequacy of controls takes place.
3	INTERNAL AUDIT	The Internal Audit function is in charge of the independent control , verifying that the system is functioning and adequate and providing periodic reports in which specific information is given on its activities, the way in which risk management is conducted, compliance with the plans defined for their containment, and ensuring the reliability of the information systems

Snam's ICRMS is based on the principles defined in the Group's Code of Ethics, including:

- the segregation of the activities of the persons in charge of the authorisation, execution, or control procedures;
- the existence of company regulations that can provide general benchmark principles for governing corporate processes and activities;
- the existence of formal rules for the exercise of signatory powers and internal authorisation powers;
- traceability (guaranteed through information systems to identify and reconstruct sources, information and checks carried out in support of the formation and implementation of the Company's decisions and financial resources management procedures).

Periodically, the system is **audited and updated**, to ensure it is suited and appropriate to overseeing the main areas of corporate risk. In this context, also to fully implement the provisions of the Corporate Governance Code, Snam has adopted a specific ERM (Enterprise Risk Management) Model. For more information, please refer to the 'Strategy and Risk Management' chapter of this document.



The ERM Model identifies, measures, manages and monitors risks that could affect the achievement of strategic objectives. The methodology for assessing them makes it possible to identify them according to homogeneous and transversal logic, to order them based on priority and implement the most appropriate treatment actions, as well as to draw up the relevant reporting. Similarly, the ERM Model allows the mapping of opportunities, understanding by them the potentially positive scenarios, which, precisely because of uncertainty, can be considered for the corporate objectives.

Integrated Risk Assurance & Compliance

The Integrated Risk Assurance & Compliance (RACI) model, set out in the "Integrated Risk Assurance & Compliance" Guidelines approved by the Board of Directors of Snam at its meeting on 11 December 2018, pursues a twofold objective:

1. integrate, within the ICRMS, the control models of the so-called 2nd level such as Enterprise Risk Management, Model 231, SCIS, Tax Control Framework (TCF), Privacy, Antitrust, Anti-corruption, Health, Safety, Environment & Quality (HSEQ), NFS and Security;
2. promote and support compliance with relevant regulations and the prevention of possible wrongdoing in the course of conducting business activities.

Through a special IT platform, the activities are carried out in a coordinated manner - within periodic time windows (so-called campaigns) - taking into account the specificities of the 2nd level models ¹⁵, methodologies and reference provisions.

The IT platform ensures a single tool for interaction between first and second line of control that allows for the integrated collection of consistent and complete information and data in a risk & control register, to support the decision-making processes of the Top Management and Corporate Bodies recipients of dedicated reporting flows.

In an Integrated Risk Assurance & Compliance perspective, it is necessary that the Risk Model Owners (contact persons belonging to the function dedicated to the management of the individual control model) act jointly to plan and share their respective activities. In this regard, the Guideline regulates the coordination between the Risk Model Owners for the performance of the relevant activities within the scope.

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Model 231

The **organisation, management and control model** pursuant to Legislative Decree 231/2001 (Model 231) represents an organic set of principles, rules and provisions relating to the control of each business process. The Model 231 has the fundamental function of protecting the company from any conduct that could lead to administrative liability, pursuant to Legislative Decree no. 231/2001, in relation to offences committed or attempted in the interest or to the advantage of the company by persons in "top" positions within the structure itself or by persons subject to the supervision and control of the latter.

Snam and its subsidiaries have adopted their own Models 231 ¹⁶ to prevent the offences referred to in the legislation on corporate administrative liability for the offences committed in the interests or for the benefit of the company, and they identified and appointed a **Supervisory Board** for each of them, with autonomous initiative and control powers, in compliance with the laws and regulations.

¹⁵ The prerogatives of the Manager responsible for preparing the Company's financial reports in particular are preserved as a result of Article 154-bis of the TUF, with reference, among other things, to the preparation of adequate administrative and accounting procedures for preparing the financial statements and the Consolidated Financial Statements as well as any other financial reports.

¹⁶ The Model 231 is available on the Company's website www.snam.it



The **CoSo Framework** (most recently published in May 2013) is the basis for the analysis of corporate processes and the comparative analysis of the existing control environment and of the control systems. The Framework is the international reference model for the establishment, updating, analysis and assessment of the internal control system.

In 2023, the impacts on the individual structures of Models 231 (including their existing controls) of all Snam Group companies caused by the following regulatory changes were analysed:

- Legislative Decree no. 156 of 4 October 2022 (Corrective and supplementary provisions to Legislative Decree no. 75 of 14 July 2020, implementing Directive (EU) 2017/1371 on the fight against fraud affecting the financial interests of the Union through criminal law);
- Legislative Decree no. 19 of 2 March 2023 (Implementation of Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 as regards cross-border transformations, mergers and divisions);
- Law no. 137 of 9 October 2023 (Conversion into law, with amendments, of Decree-Law no. 105 of 10 August 2023, containing urgent provisions on criminal trial, civil trial, combating forest fires, recovery from drug addiction, health and culture, as well as on the personnel of the judiciary and public administration).

Therefore, the Special Part documents entitled 'Processes, Sensitive Activities and Specific Control Standards of Model 231' of the company were updated in accordance with Chapter 7.2 of the General Part thereof.

Specifically, the updating activity conducted provided for the inclusion of the following offences introduced by the legislator in Legislative Decree 231/01:

- "false or omitted declarations for the issue of the preliminary certificate" pursuant to Legislative Decree no. 19/2023;
- "disturbing the freedom of choice of contractor procedure" pursuant to Article 353 of the Criminal Code;
- "disturbing the freedom of tenders" pursuant to Article 353-bis of the criminal code;
- "fraudulent transfer of valuables" pursuant to Article 512-bis of the Criminal Code.

In any event, the existing controls were deemed suitable to also guard against the new offences indicated above, and thus prevent their commission.

Consequently, during 2023 the Special Section documents entitled "Processes, Sensitive Activities and Specific Control Standards of Model 231" of Snam and its subsidiaries Gasrule, Greenture, Cubogas, Renovit, Renovit Public Solutions, Evolve, TEP Energy Solution, Bioenerys Ambiente, Ecoprogetto Milano, Ecoprogetto Tortona and Renerwaste Lodi were updated, following the related risk assessment and gap analysis activities carried out in accordance with the logic described in the Integrated Risk Assurance & Compliance Model, to incorporate both the aforementioned regulatory changes and the organisational changes that have taken place.

Also in 2023, Models 231 were drafted by the companies Biowaste CH4 Group, Biowaste CH4 Anzio, Biowaste CH4 Foligno, Renerwaste Cupello, Enersì and Snam FSRU Italia.

It should also be noted that since October, the company Iniziative Biometano is no longer included in the scope of operations following an extraordinary transaction.

Moreover, Snam, in setting up and maintaining an Anti-Corruption Compliance Programme, has not limited itself to adopting Model 231 (aimed at preventing the offences underlying the company's administrative liability to crime, including corruption offences; constantly updated) but, in line with international guidance and best practice, in May 2023, achieved ISO 37001:2016 'Corruption Prevention Management System' certification.

Lastly, it should be noted that in the period from May to September 2023, the measures issued by the Legislator on whistleblowing were analysed to transpose the new regulations set out in Legislative Decree. 24/2023 implementing Directive (EU) 2019/1937 and revising the "Guideline for whistleblowing, including anonymous reports received by Snam and its subsidiaries" regarding the management of reports and, consequently, on 11 October 2023 the "Whistleblowing Guidelines" were adopted by the Board of Directors of Snam S.p.A., the operation of which is extended to Group companies.

Internal Audit Activities

Also during 2023, the performance of activities by Internal Audit complied with the necessary conditions of independence and autonomy, as well as maintaining due objectivity, competence and professional diligence, in line with the Mission of Internal Audit and the Mandatory Guidance of the Institute of Internal Auditors and the principles contained in the Code of Ethics. In particular, Internal Audit was instructed to regularly carry out scheduled activities in this regard:

1. the preparation of the proposed Audit Plan based on measurement and prioritisation of the main corporate risks carried out by the ERM unit;
2. the execution of the Audit Plan, composed of 17 measures, approved by the Board of Directors of Snam on 15 February 2023, following the favourable opinion of the Control and Risk and Related-Party Transactions Committee and after carrying out three further audits not scheduled in the plan (spot audits, including shareholders' audits, one of which was held on 31 December 2023);
3. the performance of the ISO 37001:2016 audits required to obtain and maintain anti-corruption management system certification (1 management system audit and 6 audits on specific processes);
4. monitoring of the implementation of corrective actions, established in accordance with the recommendations that were provided during the audit;
5. development of the independent monitoring programme defined with the Manager responsible for preparing the Company's financial reports under the scope of Snam's Corporate Information Control System;
6. confirmations relating to reports, including anonymous, of problems linked to the internal control and risk management system, the company's administrative responsibility, whistleblowing;
7. activities relating to relations with the Independent Auditors concerning the management of the Framework Agreement entered into and, in particular, the supervision of activities for the conferral of additional appointments of the same.



Regarding the sixth point, in 2023, Snam received 11 reports, 6 of which were anonymous. For these, the Internal Audit function was charged with investigating the facts reported by the competent Supervisory Board and, where necessary, activated the competent functions of Snam S.p.A. and Snam Rete Gas. The main issues reported in 2023 concerned alleged conduct contrary to the Code of Ethics, Model 231 and company regulations by suppliers and employees. Of the 11 reports forwarded in 2023 for investigation to Internal Audit, five were filed by the competent Supervisory Bodies, one was proposed for filing to the competent Supervisory Body and five were under analysis as at 31/12/2023. For further details on this, please refer to the detailed table 'Activities carried out by Internal Audit' below.

Please note that the established cases do not pertain to instances of discrimination or corruption. Details on these matters can be found in the 'Key Performance Indicators' section of the 'Own Labour Force' chapter for discrimination, and in the 'Key Performance Indicators' section of the 'Business Conduct' chapter for corruption, respectively.

In addition, the main additional activities carried out concerned:

- the updating of the Function's Operational Manual, including the inclusion of sections dedicated to Quality Assurance & Improvement Programme activities and the performance of audit activities in accordance with ISO 37001:2016;
- updating the audit universe, carried out also with the aim of considering the organisational changes that occurred in the Snam Group during 2023;
- managing specific requests raised during periodic meetings with Snam's control bodies;
- the implementation of a process mining tool to support the execution of audit activities;
- the digitisation of the whistleblowing process, in line with the provisions of the Whistleblowing Guidelines of 11 October 2023;
- carrying out an internal Quality Assurance activity with the definition of a methodology and an improvement plan.

In 2023, audit activities were carried out with a dedicated team of 12 auditors.

In addition, there were no cases of breaches of customer privacy data or cases of conflict of interest and money laundering and insider trading during the year.

ACTIVITIES CARRIED OUT BY INTERNAL AUDIT (NO.)

	2021	2022	2023
Total audits performed (planned and/or spot)	17 ¹	18	20
of which for consulting activities	-	1	-
of which interventions pursuant to ISO 37001:2016	-	-	4
Independent monitoring activities (Law 262/05)	14	14	16
Reports received and processed²	6	7	11
of which related to the Internal Control System	4	2	3
of which related to accounting, auditing, fraud, etc.	-	-	-
of which related to administrative liability pursuant to Legislative Decree 231/2001	-	3	4 ³
of which related to violations of anti-corruption law	-	2	3
those involving other subjects (Code of Ethics, mobbing, theft, security, etc.)	5	7 ⁴	4 ⁵
of which dismissed for lack of evidence or false evidence	2	5 ⁶	4
Reports concluded with disciplinary procedures/managerial action and/or subject to the Judicial Authority⁷	-	8 ⁸	2
Reports pending	6	-	5

1 Figure updated considering the final balance.

2 Reports, received through the Whistleblowing channel and processed by the INTAU function, may belong to more than one category at the same time.

3 Of which 1 related to alleged discriminatory behaviour.

4 Of which: i) 2 related to the normal operation of the gas transport business; (ii) 2 also related to the Internal Control System, 231 and Anti-Corruption; (iii) 1 also relating to 231; (iv) 2 relating to discriminatory practices in violation of the Code of Ethics.

5 Of which 1 related to alleged discriminatory behaviour.

6 Of which 3 refer to reports received in 2022 and 2 refer to reports received in 2021.

7 The term managerial also refers to organisational/procedural interventions relative to actions aimed at improving the Internal Control and Risk Management System (ICRMS).

8 Of which 4 refer to reports received in 2022 and 4 refer to reports received in 2021.

Strategy

The context

The global gas markets, despite significant changes since 2022, due in particular to the Russian-Ukrainian conflict, which created major tensions on gas supply and caused prices to rise to their highest ever levels, have shown remarkable **flexibility** and **resilience**.

This was possible mainly through the measures implemented by the European Union that contributed to maintaining adequate supplies on the European gas market by acting on storage management, gas and electricity consumption efficiency initiatives, developing and launching the **AggregateEU** joint purchasing mechanism, and favouring the enhancement of imports from other sources, in particular LNG. Among the main investments in Europe, those aimed at **increasing LNG** capacity have so far resulted in the construction of six LNG terminals, including Snam's FSRU terminal in Piombino, for a total of 36.5 bcm of new regasification capacity.

However, uncertainty about gas supply seems to remain for 2030 and beyond.

At the same time, there is a clear need to continue to focus investments and commitments on alternative forms of **clean energy**, first and foremost renewables, not only to reduce emissions, but also to ensure security of supply and energy supply.

In this respect, the **World Energy Outlook 2023** shows a reversal; In fact, although the demand for fossil gases has remained high in the past years, the rate of construction and/or addition of fossil-fuelled assets has declined, and, on the contrary, the deployment of low-emission energy alternatives has increased, in parallel with investment, which, since 2020, has grown by 40% in 2022, contributing to the European goal of becoming the **first climate-neutral continent by 2050**.

Following this policy guideline, Member States allocated about half of the funds of the Recovery and Resilience Facility to climate action for the green and just transition, allocating €254 billion.

The main investments will focus on the progressive replacement of fossil fuels, favouring both the development of renewable and low-carbon green gas and the application of CCUS technologies to foster the decarbonisation of the so-called hard-to-abate sectors, where emissions are more difficult to reduce. Indeed, **CCUS**, combined with ad hoc policies to favour the implementation of carbon capture and storage projects and facilities, has emerged as one of the main levers of decarbonisation, scalable by adapting existing facilities and infrastructure. The **Global Gas Report 2023** estimates that total carbon capture capacity is expected to grow from 40 MTPA in 2022 to 528 MTPA in 2030. This growth will be mainly driven by the industrial sector, which will be allocated more than 65% of capacity by 2030.

Low-carbon **hydrogen** can complement or replace natural gas in some sectors and processes, although there are still difficulties in integrating green gas into infrastructure. According to the IEA, the number of announced projects for low-emission hydrogen production is expanding rapidly and will peak at 38 million tonnes in 2030, according to the **Global Hydrogen Review 2023**. However, this exponential growth is subject to the implementation costs associated with such development. In fact, equipment-related expenses, financial costs and strong inflationary pressures could hinder deployment, jeopardising project activation and reducing the impact of government support for implementation. Confirming this, according to the **Energy Transition Outlook 2023** published by DNV, estimated global spending on hydrogen production for energy purposes will reach USD 6.8 trillion by 2050, with a parallel increase in future hydrogen demand, which is expected to exceed 238 MtH₂ per year by 2050, exploiting its maximum potential mainly in the manufacturing sector (58%), followed by the transport sector (20%) and buildings (14%).



In addition to hydrogen, the other vectors that Europe is investing in are **biomethane**, which is a renewably produced natural gas, and **e-methane**, which is low-carbon hydrogen converted into methane and whose applications are still in a preliminary and experimental phase, represent a direct substitute for natural gas, without requiring changes to the existing natural gas infrastructure.



Analyses carried out at European level show that the key words to build a resilient, flexible and stable European gas market are **innovation** and **diversification**. To this end, it will be necessary to leverage existing policies and technologies to lay the foundations for a low-emission future and economy, as well as to invest in new innovative projects, with renewables, green gases, such as biomethane and hydrogen, and carbon capture and storage, as key players.

The European and national strategy

Starting in 2019, with the approval of the European Green Deal, the European Union has set out on a path towards a low-carbon economy, with the ultimate goal of achieving carbon neutrality by 2050.

To this end, the European Commission has promoted a number of legislative initiatives, anchored on key European policy documents with a view to supporting the achievement of the 2030 and 2050 targets:

- **EU Strategy on Energy System Integration**, which aims to optimise and modernise the European energy system as a whole by connecting different energy carriers with each other and with end-use sectors by leveraging emerging technologies, processes and business models;
- **Hydrogen Strategy**, in continuity with the EU Strategy on Energy System Integration, which aims to create a European hydrogen ecosystem by moving from research and development projects to the creation of scalable hydrogen infrastructures by leveraging the opportunity to decarbonise the European Union through production and use of renewable hydrogen;
- **EU Methane Strategy**, which aims to reduce methane emissions, improve air quality and strengthen European leadership in combating climate change through, for example, improved measurement, reporting and verification of these emissions by the energy sector, with the mandatory adoption of leak detection and repair tools (see Leak Detection and Repair).
- **Net Zero Industry Act (NZIA)**, i.e. the Commission's legislative proposal to promote the clean tech manufacturing industry in Europe and to support strategic net zero technologies that are available and have a good potential to be scaled up, with the ultimate aim of increasing the Union's competitiveness in the context of the energy transition, enhancing its resilience, both in terms of economic efficiency and security of supply. In this sense, the Net Zero Industry Act is an important lever for the development of technologies such as biomethane, CCS, fuel cells and hydrogen and to this extent is relevant for the decarbonisation of the gas system;
- **Sustainable Carbon Cycles**, an action plan adopted in 2021 by the Commission to develop short- and medium-term sustainable solutions with the aim of increasing carbon removals;
- **European Taxonomy**, a regulation coming into force in 2020 that defines a common EU-wide classification system of economic activities that can be considered environmentally sustainable and, in line with the objectives of the European Green Deal, helps to guide the choices of investors and companies towards a transition to economic growth without negative impacts on the environment and, in particular, on the climate. The taxonomy is relevant for gas infrastructures insofar as alignment with the investment taxonomy is relevant both from the perspective of investors' financing choices and the allocation of public funds towards infrastructure investments functional to the development of decarbonised gas.

In terms of legislative proposals, the main elements of reform proposed by the Commission and still under consideration by the European institutions are:

- **Fit for 55**, a set of proposals to update EU regulations relevant to the decarbonisation of energy systems in line with the climate targets agreed by the Council and the European Parliament. The package of proposals aims to provide a coherent and balanced framework for achieving the EU climate targets, to:
 - ensure a fair and socially just transition;
 - maintain and strengthen the innovation and competitiveness of EU industry while ensuring a level playing field with economic operators in third countries;
 - support the EU's leading position in the global fight against climate change.

The 'Fit for 55' package is relevant for gas markets because the combination of the underlying regulatory proposals has an impact on the energy mix within the EU and on energy efficiency, and thus on the volumes of natural, low-carbon and renewable gas over time.

- **Hydrogen and gas markets decarbonisation package**, a set of regulatory revisions aimed at decarbonising the EU gas market by facilitating the deployment of renewable and low-carbon gases, including hydrogen, and ensuring energy security for all European citizens. The main objectives include:
 - Promote the development of an interconnected European market for renewable gas, low-carbon and hydrogen through enabling measures;
 - promote the conversion of gas infrastructures for hydrogen transport, with common standards for blending and interoperability, and define rules for future hydrogen network planning;
 - introduce a regulatory framework for hydrogen along the lines of that for gas;
 - strengthen consumer protection measures with special reference to vulnerable consumers and those at risk of energy poverty;
 - strengthen security of supply by bringing into the package some of the most recent emergency measures introduced in the context of the war in Ukraine, such as those for demand aggregation and solidarity default clauses, to make them permanent.

The 'Gas and Hydrogen Package', consisting of the revision of the Gas Directive and Gas Regulation, is the European legislative initiative with the most direct impact from the point of view of infrastructure operators as it determines the approach to infrastructure regulation of hydrogen and decarbonised and renewable gases as well as to infrastructure planning.

- **EU Methane Emissions Regulation**, the regulation for the reduction of fugitive methane emissions, aimed at addressing the issue of fugitive emissions by introducing provisions to harmonise the collection of emissions data and promote preventive measures by infrastructure operators.
- **Energy Performance of Buildings Directive (EPBD)** and the **Energy Efficiency Directive (EED)**, two directives that form a framework of regulations that promote the creation of policies that will enable:
 - the realisation of highly energy-efficient and decarbonised buildings by 2050;
 - the creation of a stable environment for investment decisions;
 - consumers and businesses to make more informed choices to save energy and money.

With the revision of the EPBD in December 2023, it is planned to increase the renovation rate, in particular for the worst performing buildings in each country, to improve air quality, the digitisation of energy systems for buildings and the implementation of sustainable mobility infrastructure, and to support EU countries in the realisation of a more efficient building stock taking into account their particularities, with a view to just transition.

- **Renewable Energy Directive III (RED III)**, the third revision of the Renewable Energy Directive, first published in 2009, provides a number of innovations for Member States in the field of renewable energy, in particular with regard to their promotion and increasing their share in the EU's energy mix.



Snam believes in the fundamental importance of green gases in achieving emission reduction targets and promotes, within associations and regulatory areas, the recognition of their strategic role.

In this regard, Snam is actively involved in a wide range of European Union (EU) initiatives, mainly the review of the Fit for 55 and the **Hydrogen and gas markets decarbonisation package**, with the aim of promoting financial sustainability along the entire gas value chain and efficient infrastructure planning.

In February 2023, Snam has

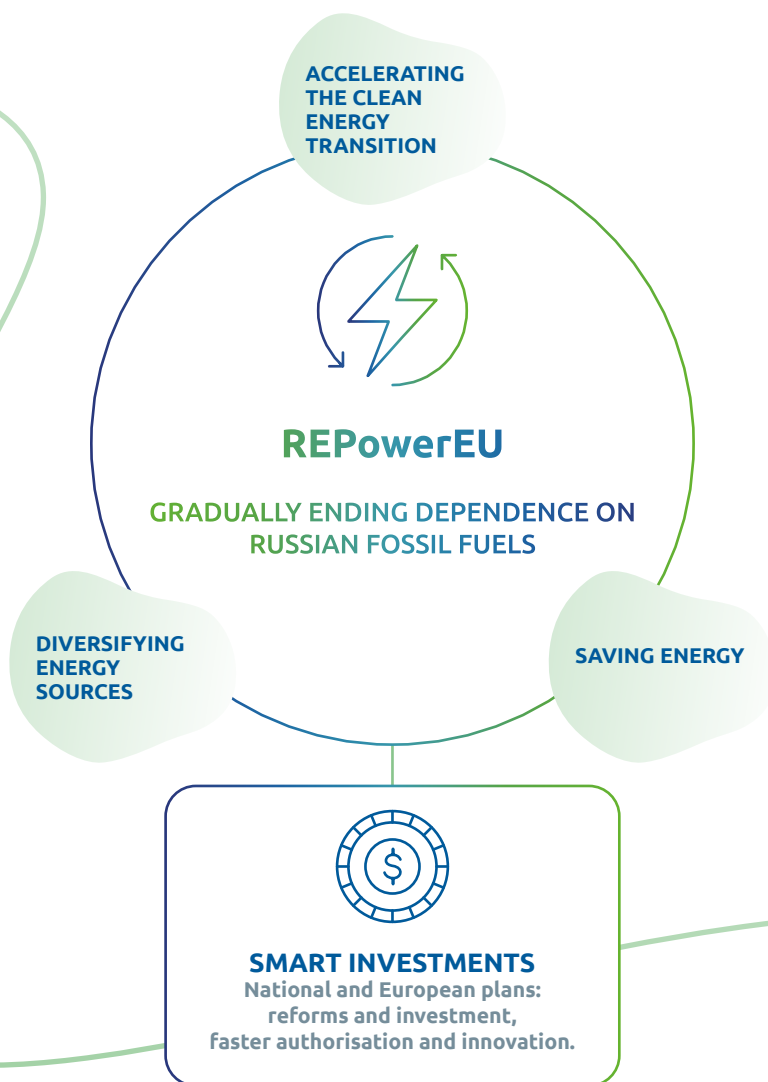
- participated in a workshop at the European Council on the Hydrogen and gas markets decarbonisation package.
- been involved in 10 public consultations at European level
- had more than 50 meetings with European institutions, category associations and think tanks
- had more than 100 meetings with members of states and governments, diplomatic representatives, authorities and multilateral organisations.

Snam supports efficient and sustainable incentives for hydrogen (H₂) and biomethane, emphasising the importance of Guarantees of Origin (GO) at EU level as a means of financing the transition and promoting international trade with third countries, which is crucial for increasing the clean energy market. In addition, it promotes the crucial role of renewable gas blending to meet emission reduction targets and quotas in dedicated sectors and supports a technology-neutral policy to stimulate gas supply and demand, avoiding a bias towards a particular technology and instead encouraging the most effective decarbonisation options.



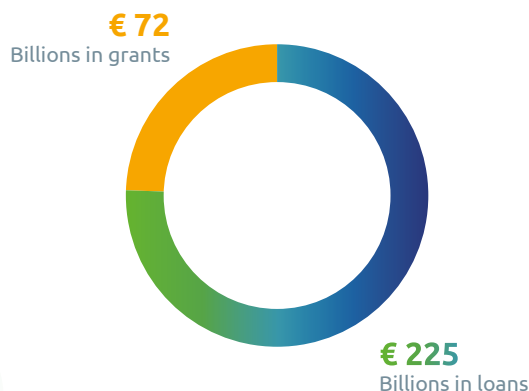
In this regard, it promotes the deployment of low and zero carbon technologies, with a focus on CCUS, and welcomes the European Commission's intention to launch a strategy for industrial carbon management, covering carbon capture, utilisation and storage. Snam believes that CCUS can be a key lever for the green transition of EU industry, in line with the objectives of the European Green Deal, as it can provide an immediate decarbonisation option applied to so-called hard-to-abate sectors in an efficient manner. In addition, CCUS applied to gas-fired power generation together with large-scale deployment of renewables is key to achieving full decarbonisation of the energy mix by compensating for the intermittency of renewables.

In the broader context of the aforementioned European directives and initiatives, and following Russia's invasion of Ukraine, the European Commission presented in March 2022 the **REPowerEU Plan**, which defines a series of legislative and non-legislative measures to reduce Europe's dependence on natural gas from Russia and at the same time to accelerate the transition to clean energy, as the action plan is based on the full implementation of the 'Fit for 55' package.



REPowerEU Funding

Approximately €300 Billion in Total



Sources: Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. REPowerEU Plan; REPowerEU. Secure, sustainable and affordable energy for Europe. REPowerEU (europa.eu)

More than a year after its implementation, the REPowerEU Plan has achieved satisfactory results in all areas of action:

- thanks to measures aimed at **diversifying energy supply**, the EU has managed to achieve significant results in terms of energy resilience, starting with the decline in Russian gas imports, which, as of September 2022, account for only 8% of all gas imported into the EU via pipelines, compared to 41% of EU imports from Russia in August 2021;
- through coordination between European action and negotiations with external, non-Russian gas suppliers, REPowerEU **ensured affordable prices** for Member States. In fact, the EU has proposed common gas tenders in order to ensure affordable access to energy and avoid energy supply disruptions. This system made it possible to attract offers in May 2023 from 25 supply companies, totalling more than 13.4 billion cubic metres of gas, thus lowering gas prices;
- with a view to **saving energy**, Member States approved the Commission's proposal to voluntarily reduce gas consumption across the EU by 15%, a target that was exceeded between August 2022 and March 2023, when gas demand fell by 18%. Furthermore, in order to continue these commitments, Member States are required to update their national energy and climate plans in 2024;
- thanks to **investments in renewable energy**, the European Union has:
 - generated for the first time more energy from wind and solar sources instead of gas;
 - reached a record 41GW of new installed solar power capacity;
 - increased wind power capacity by 16GW;
 - guaranteed that 39% of electricity would come from renewable sources.

In this context, **renewable hydrogen** will be instrumental in replacing natural gas, coal and oil in hard-to-abate industries and transport. Therefore, the REPowerEU plan sets a target of 20 million tonnes of renewable hydrogen by 2030 divided between that which is domestically produced and imported.

The Plan also envisages an increase in **sustainable biomethane** production to 35 bcm by 2030 as a cost-efficient way to achieve the goal of reducing natural gas imports from Russia.

Finally, the ecological transition will be achieved above all by the progressive reduction and replacement of fossil fuels in all economic sectors, through electrification, the use of hydrogen and biomethane.



As one of the main European Transmission System Operators (TSOs), Snam has privileged access to consultations on climate policies, and also through its participation in working tables and associations, contributes to the definition of climate policies developed at European level.

In particular, Snam has a Climate Lobbying policy ("**Snam's climate policy position and participation in Business Associations**"¹⁷), which describes the fundamental principles on which Snam's climate strategy, climate advocacy position and participation in international and national associations within the Snam Group are based. Relations with associations and other organisations of which Snam Group is a member (such as think tanks, networks and forums) are aimed at sharing Snam's point of view and contribution in the definition of policies and other initiatives carried out by the association.

For more information, see the chapter "Business Conduct" in the "Governance Information" section of the Non-Financial Statement.

The objective behind the above-mentioned action plans and directives is to support the energy transition and, at the same time, to promote the **just transition**, i.e. to ensure the achievement of carbon neutrality in a fair and equitable manner among all member states, leaving no one behind. In order to mitigate the socio-economic impact of the transition by supporting the regions, industries and workers that will be most affected by it, the European Commission has activated a reinforced cross-border solidarity mechanism (**Just Transition Mechanism - JTM**), developed within the framework of the European Green Deal, from 2020. The JTM will mobilise at least €100 billion of investment between 2021 and 2027 and will reach almost €150 billion over the next 10 years, focusing, in particular, on the most CO₂-intensive regions and those with the highest number of employees in the fossil fuel sector.

17 The 'Lobbying and Association Relations Management System', available only in English, can be accessed at the following link: https://www.snam.it/content/dam/snam/pages-attachments/en/governance/documents/Snam_-_Climate_Policy_Position_and_Business_Associations.pdf

Also at a national level, the Italian government plans to support the territories with the greatest difficulties in their transition path, especially in the face of the challenges posed by the energy crisis of recent years. Among the main actions implemented is the creation of **energy communities** and the acceleration of approval processes to activate them.

In November 2023, the European Commission approved the Italian decree on incentives for the spread of self-consumption of energy from renewable sources, the so-called **CER** (Renewable Energy Community). The ERC provides two main facilities: an incentive tariff on produced and shared **renewable energy** and an **incentive grant on** produced and shared **renewable energy**.

The CERs aim to realise a total capacity of at least 2 Gigawatts and will be financed with €2.2 billion from the **National Recovery and Resilience Plan** (NRRP), the instrument presented in April 2021 by Italy in order to access Recovery and Resilience Facility (RRF) funds, in the framework of the Next Generation EU.

Considering the current circumstances, which are strongly influenced by the energy crisis, as well as the tensions caused by the most recent Israeli-Palestinian conflict, the Italian government proposed an amendment to the NRP, which also incorporates the provisions of the REPowerEU Plan, in August 2023 and was subsequently approved in December of the same year by the European Commission.

The new revised NRP amounts to €194.4 billion (as opposed to the original allocation of €191.5 billion) and includes 66 reforms (+7 compared to the original plan), of which five are aimed at achieving the REPowerEU objectives: Strengthen the resilience, security and sustainability of the EU energy system through the necessary reduction of fossil fuel dependency and diversification of energy supply at EU level, including through increased deployment of renewables, energy efficiency and energy storage capacity.

In this regard, with 39.5% of the available funds allocated to measures in support of climate objectives (up from 37.5% in the original plan), the revised NRRP has a strong focus on the green transition.

Among the reforms of the new NRRP, the development of biomethane has also been strengthened. In addition to facilitating the reconversion and modernisation of existing biogas plants, as well as the creation of new plants for biomethane production, the Plan aims to reduce the cost of connection to the gas grid for plants producing biomethane from municipal organic waste or agricultural waste. The publication of the **Biomethane Decree**, in force from October 2022, formalises the incentives for achieving these targets, providing a 40% contribution to the costs incurred and an incentive tariff applied to net biomethane production for a duration of 15 years.

In addition to biomethane, the NRRP devotes part of the reforms to hydrogen, supporting its development through:

- the creation of **hydrogen valleys**, i.e. ecosystems that include both hydrogen production and consumption
- the construction of refuelling stations
- its application in rail transport and hard-to-abate sectors
- the production of electrolyzers for the creation of a national hydrogen supply chain
- the promotion of research and development projects in the field.

These actions were planned on the basis of the objectives set at the European level in the **Hydrogen Strategy** and, at the national level, in the Preliminary Guidelines of the **National Hydrogen Strategy**, which aim to accelerate the ecological transition, identifying hydrogen as one of the main tools to achieve decarbonisation targets, foreseeing green gas penetration at 2% by 2030 and 20% by 2050. Furthermore, the Guidelines were drafted in line with the targets in the **National Energy and Climate Plan** (NREAP), which will be updated in 2023 to integrate the targets in the Fit for 55 and the REPowerEU guidelines.

The NRRP initiatives, the National Hydrogen Strategy, the Biomethane Decree and the PNIEC update, are part of the broader objective contained in the **Italian long-term strategy** to reduce greenhouse gas emissions to achieve carbon neutrality by 2050, which identifies four main levers to achieve this goal:

Use of CCS technologies	Pushing electrification	Switching from fossil fuels to renewable fuels, including hydrogen, bioenergy and synthetic fuels	New options for the circular economy
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Snam plays a major role in identifying and developing the necessary actions towards a resilient and flexible national and non-national energy system, leveraging its know-how in the field of gas infrastructure, as well as investing significantly in alternative energy sources, including biomethane and hydrogen, in energy efficiency measures, in carbon capture and storage projects and in the research and development of innovative and cutting-edge technologies, capable of responding to the needs of the energy transition.

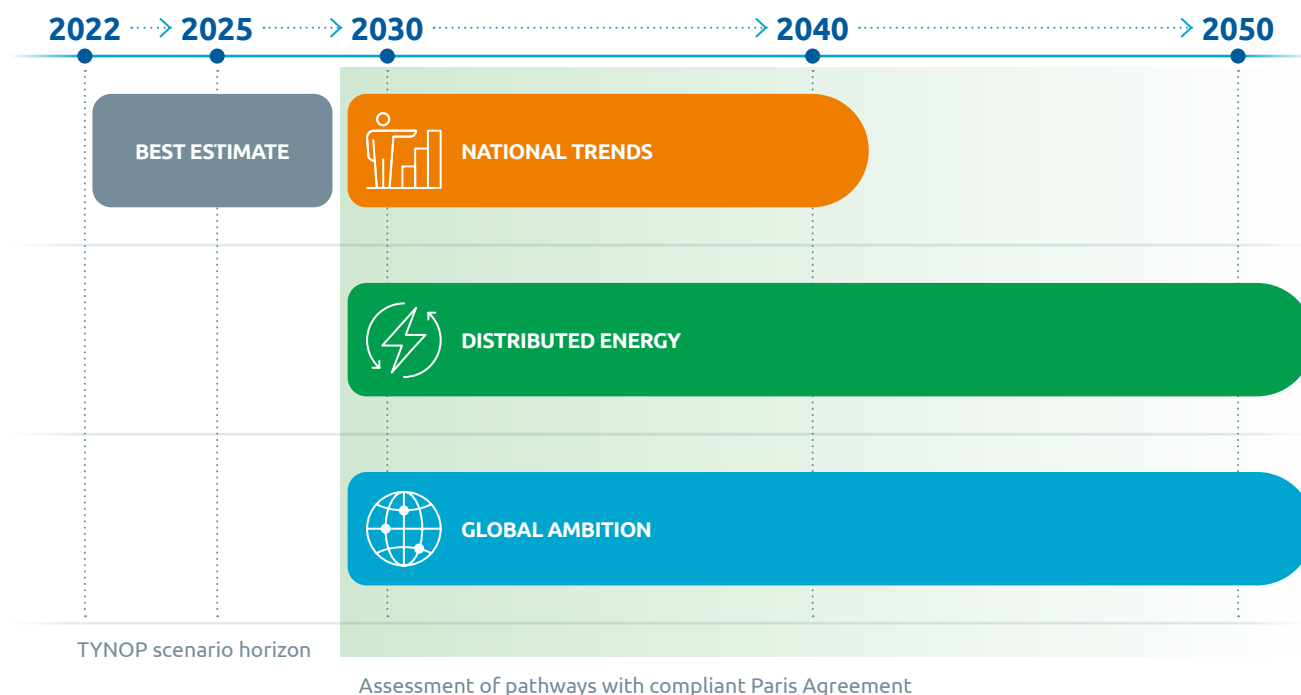
The role of gas

The gas industry must actively work to achieve the international community's challenging decarbonisation targets. In order to ensure consistency between the targets set at European level and the needs that the industry recognises as priorities, the European associations of TSOs (Transmission System Operators) for electricity and gas (ENTSO-E and ENTSOG) play a crucial role in the current and future landscape, constantly striving to foster and develop cooperation between national operators.

The ENTSOG (European Network of Transmission System Operators for Gas) association, of which Snam is a member, was established in 2009 with the aim of improving cooperation in Europe between national gas transmission system operators, thereby ensuring that the European transmission system develops in line with EU energy and climate objectives. It is with this in mind that, every two years, ENTSOG and ENTSO-E prepare their Ten-Year Network Development Plan (TYNDP), which presents the strategies and plans for the development of the European electricity grid (TYNDP ENTSO-E) and the development plans for the European gas grid (TYNDP ENTSOG).

Defined according to scenarios jointly developed by ENTSOG and ENTSO-E, TYNDPs represent a view of the future energy system. In turn, these are developed on the basis of elaborations of scenarios and EU policy objectives in energy and environmental terms, as well as on the basis of contributions from association members and all the best information from studies and discussions with leading energy organisations. Among them, the studies and publications of the International Energy Agency (IEA) position themselves as a key reference for the long-term evolution of commodity prices and emission costs (CO₂).

The latest 'Scenario Report' of ENTSO-E and ENTSOG was published in April 2022 and constitutes the TYNDP 2022 Scenario Set. One short-term and three long-term scenarios are described in the 'Scenario Report':



- **Best Estimate 2025**, based on current national and European policies considers a sensitivity analysis in relation to the role of coal and gas in the energy sector in 2025.
- **National Trends**, consistent with national energy and climate policies (National Energy and Climate Plans, hydrogen strategies, etc.), which consider targets defined at European level, considers the best available knowledge in the electricity and gas sector.
- **Distributed Energy** envisages the maximisation of renewable energy production in Europe, as well as a strong reduction in energy imports, with the aim of achieving energy autonomy through local initiatives implemented by citizens, communities and organisations, supported by the authorities.
- **Global Ambition**, envisages the development of renewable and low-carbon technologies and the adoption of global energy trading as a means to accelerate decarbonisation. In addition, it estimates significant reductions in the costs of emerging technologies due to economies of scale and an increase in decarbonised energy imports.

The Distributed Energy and Global Ambition scenarios guarantee the containment of the temperature increase to below 1.5°C compared to pre-industrial levels, as they are developed in line with the objectives defined in COP21 (Paris Agreement). In this way, these scenarios lay the foundation for a pathway to achieve carbon neutrality by 2050, forecasting a reduction in emissions of at least 55% in 2030 compared to 1990. In particular, both scenarios foresee that, in order to reach the climate targets set at European level, it will be necessary to continuously improve existing technologies and encourage a shift towards more efficient technologies. In addition, electrification and the increased use of the hydrogen carrier with the development of electrolyzers capable of producing green hydrogen are two other key elements of both scenarios. Finally, the use and integration of CCS technologies is planned, especially in the case of the Global Ambition scenario.

The new Ten-Year Network Development Plan (TYNDP 2024)

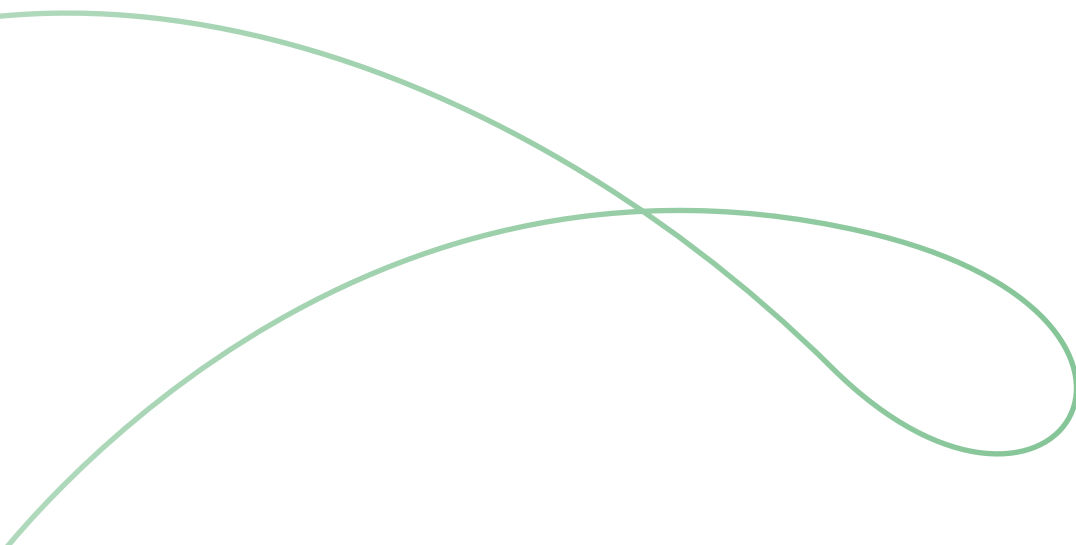
In July 2023, ENSTOG and ENTSO-E published the '**Scenarios Storyline Report**', the document outlining the possible storylines behind the scenarios to be considered for the TYNDP 2024.

According to the report, the scenarios will be based on those of the TYNDP 2022, however, in light of the evolving geopolitical and regulatory environment, they will be revised to more adequately capture the evolution of gas and European demand over the next ten years. The differences between the scenarios of the two TYNDPs are thus mainly related to possible variations in supply and demand patterns. To this end, all scenarios developed within the TYNDP 2024 remain technology-, source- and vector-neutral.

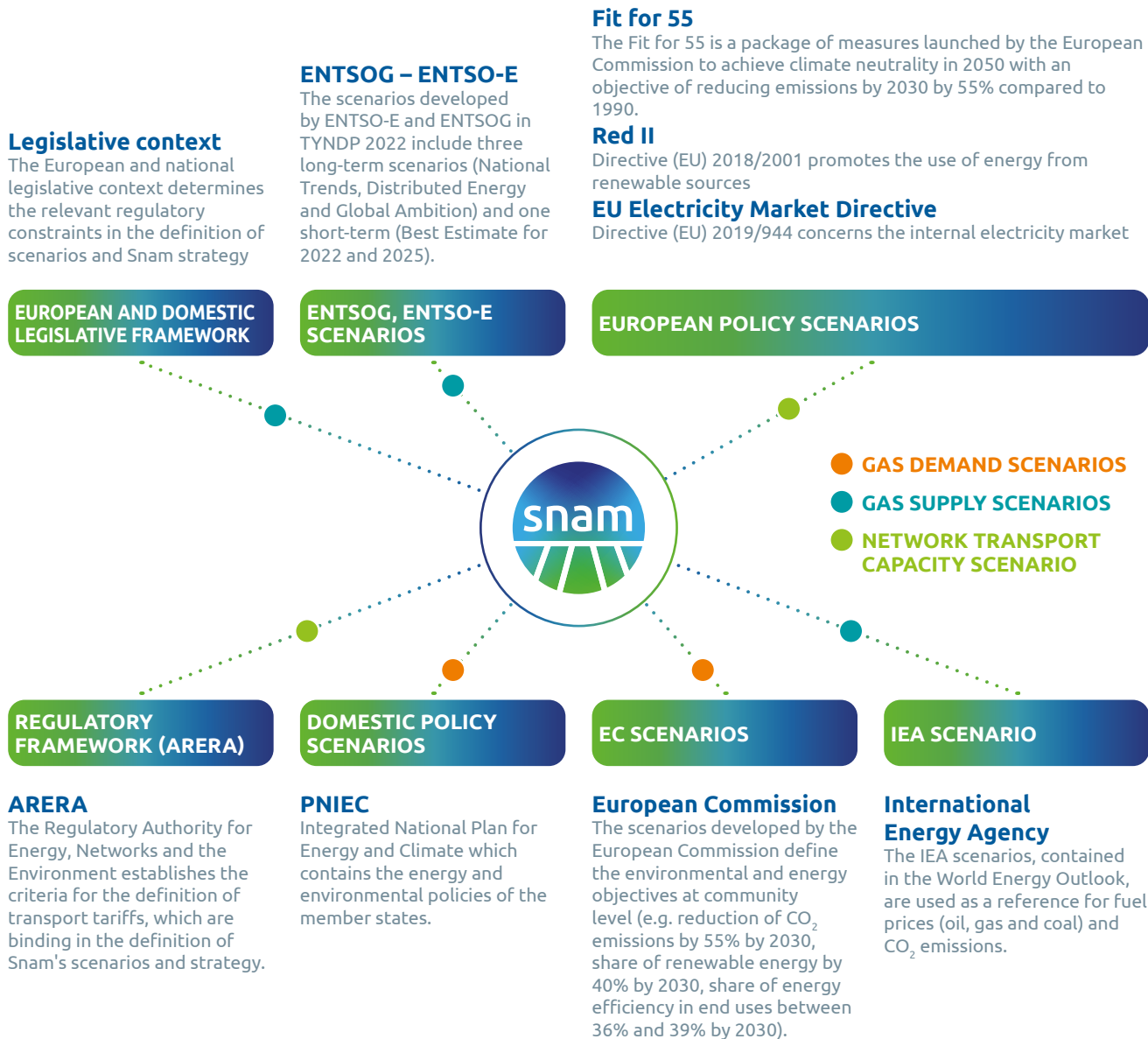
The TYNDP 2024 is expected to include six scenarios identified as: **National Trends+** ("NT+") and **Deviation scenarios**.

The National Trends developed for 2030 and 2040 will be in line with national energy and climate policies and, consequently, will be developed in line with the targets set at European level. Furthermore, for the first time the National Trends scenario will be quantified for all energy carriers (in contrast to previous editions in which only electricity and gas were valued). This will make it possible to assess the EU's 2030 energy and climate targets, as required by the Paris Agreements.

In addition to the NT+ scenario, ENSTOG and ENTSO-E will develop two 'deviation scenarios': Distributed Energy - DE and Global Ambition. These scenarios will be created for the time horizons 2040 and 2050 (2030 NT+ is the starting point) and will be in line with the principle of energy efficiency, the European energy and climate goals at 2030 and the carbon neutrality goal at 2050. The main difference between the two 'diversion scenarios' lies in how a low-carbon economy is to be achieved: on the one hand, the **Distributed Energy** envisages Europe acting autonomously with a focus on the development of renewables and the technologies supporting them in a decentralised manner; on the other, the **Global Ambition** envisages that the decarbonisation goal is to be achieved through global cooperation and the development of low-carbon and renewable alternatives at a centralised level, as well as the deployment of hydrogen, nuclear and CCS.



Snam's scenarios¹⁸



The pursuit of the national energy transition, supported by the development of a multi-molecule infrastructure, suitable for the transport and storage of green gases, including biomethane and hydrogen, and the use of increasingly advanced technologies to support the green projects in which the Company is investing, are the fundamental elements that guide the definition of gas supply and demand scenarios with a view to defining short, medium and long-term objectives for its business.

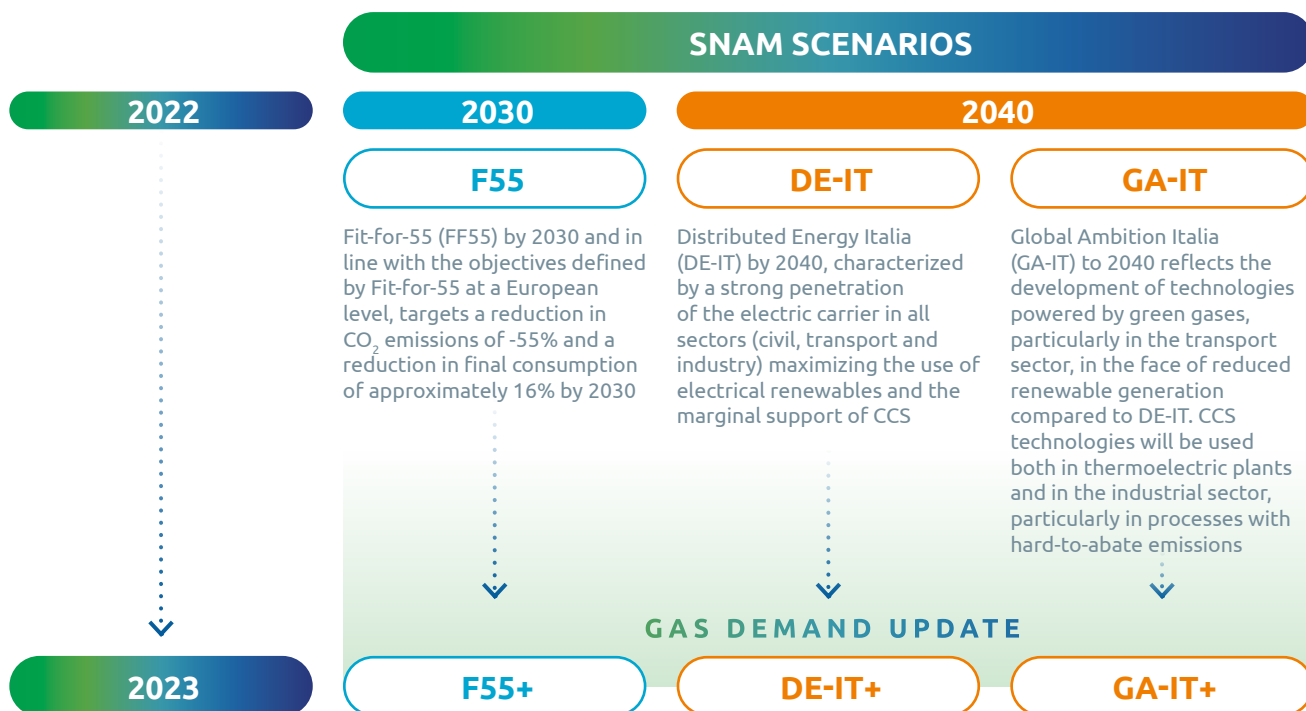
The reference scenario context is based on the joint scenarios developed by Snam, in coordination with Terna, and published in the "**Document describing the 2023 Scenarios**"¹⁹ (DDS 2023), and which, in turn, are based on those contained in the legislative and regulatory frameworks defined at a European level, national level and by the Regulatory Authority for Energy Networks and Environment (ARERA), and on a substantial amount of information derived from the ENTSOG and ENTSO-E scenarios, from the European Commission, and from the IEA, including the Net Zero emissions by 2050 scenario (NZE). This information refers to prices, economic growth trends and changes in the availability of energy sources and carriers, taking into account the geographical context in which Snam operates.

The scenarios have 2021 as their historical reference and are developed over a time horizon up to 2040, considering for 2030 a single scenario consistent with the European targets of the **EU Fit for 55** package and adapted to the national situation.

¹⁸ For the sake of completeness, we also point out the Representative Concentration Pathway 2.6 (so called "RCP 2.6"), the scenario used by Snam for the physical risk assessment.

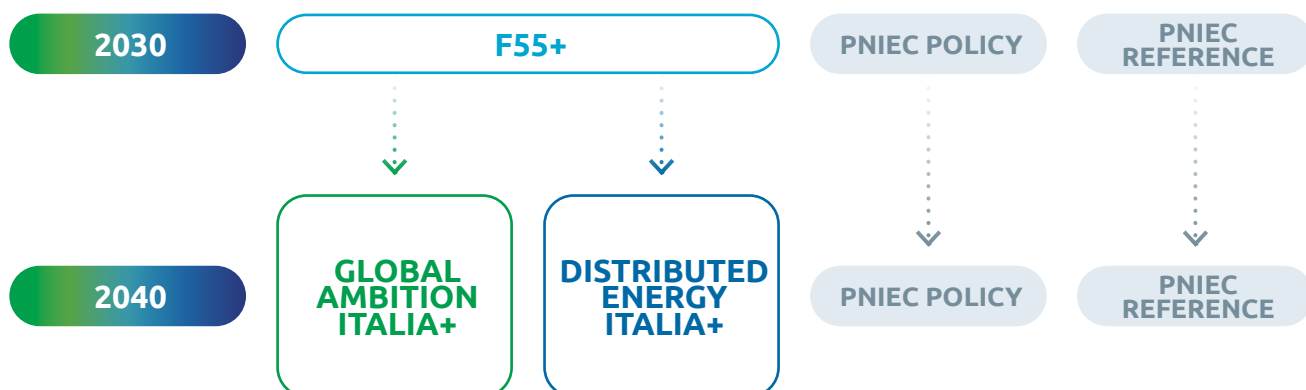
¹⁹ "Document describing the 2023 scenarios" prepared jointly by Snam and Terna in accordance with Resolutions 654/2017/R/EEL and 689/2017/R/GAS.

In light of the evolution of gas demand in Italy, the DDS presents the following scenarios, updated from the 2022 version:



In addition to these scenarios, there are also the Policy and Reference scenarios published in draft in June 2023 by the Ministry of the Environment and Energy Security (MASE) as part of the new PNIEC, the final version of which is expected by 30 June 2024, and which represent the most up-to-date view on the evolution of the national energy system:

- **PNIEC POLICY** to 2030 and 2040, a scenario in line with the implementation of new energy transition support measures aimed at achieving medium- and long-term national decarbonisation targets consistent with those envisaged at EU level, forecasting a reduction in emissions of -47% compared to 1990 due to the development of green gases, biomethane and hydrogen, and the support of CCUS technologies.
- **PNIEC REFERENCE** to 2030 and 2040, a scenario in line with current national policies, is characterised by a lower ambition for decarbonisation (emission reduction of -38% compared to 1990 levels), a lower development of biomethane and not considering the contribution of hydrogen.



Each scenario has a set of information with respect to commodity prices, CO₂, gas demand and supply for the years 2030 and 2040.

	Fit-for-55 + (FF55+)	Global Ambition Italia + (GA-IT+)	Distributed Energy Italia + (DE-IT+)	PNIEC POLICY	PNIEC REFERENCE
REFERENCE TEMPERATURE PER SCENARIO	Net Zero by 2050; -1.5°C	Net Zero by 2050; -1.5°C	Net Zero by 2050; -1.5°C	Net Zero by 2050; -1.5°C	Net Zero by 2050; -1.5°C
TIME HORIZON	2030	2040	2040	2030, 2040	2030, 2040
SOURCE	Fit for 55	Ipcc-Sixth Assessment Report	Ipcc-Sixth Assessment Report	PNIEC 2023	PNIEC 2023
PARAMETERS USED	The following parameters are common to the FF55+, GA-IT+ and DE-IT+ scenarios			The following parameters are common to the PNIEC POLICY and PNIEC REFERENCE scenarios	
	<p>Trends in economic and demographic variables (2035-2040):</p> <ul style="list-style-type: none"> GDP (CAGR²⁰): 0.3% Population (mln)²¹: 59.7 Family members (avg, no.)²²: 1.9 Inflation rate (avg, %): 1.9% Exchange rate (\$/€): 1.28 	<p>Commodity prices (2030, 2040):</p> <ul style="list-style-type: none"> Gas (NCV)²³ (€/MWh): 45 Emission quota (€/tCO₂): 95 by 2030; 123 by 2040 Coal (€/MWh): 9 Oil (€/MWh): 46 	<p>Trends in economic and demographic variables (2035-2040):</p> <ul style="list-style-type: none"> GDP (CAGR): 1.1% Population (mln): 59.4 	<p>Commodity prices (2030, 2040):</p> <ul style="list-style-type: none"> Gas (NCV) (€/MWh): 41 Emission quota (€/tCO₂): 80 by 2030; 85 by 2040 Coal (€/MWh): 11 by 2030 and 12 by 2040 Oil (€/MWh): 55 by 2030 and 59 by 2040 	
POLICY AND TECHNOLOGICAL DEVELOPMENT	<ul style="list-style-type: none"> CO₂ emissions -55% in the EU, -51% in Italy; Energy efficiency in final consumption (about 95 Mtoe by 2030, -14% compared to 2019); Maximised development of renewable energy sources capable of covering around 65% of electricity needs; Strong growth in biomethane; Use of CCS in 'hard to abate' sectors; Partial conversion of the steel sector to gas with Direct Reduced Iron (DRI) technology. 	<ul style="list-style-type: none"> Biomethane, H₂ and e-fuel used in the transport sector (light-duty and heavy-duty trucks); Heating buildings through hybrid and purely electric heat pumps Hydrogen as a substitute for natural gas in the industrial sector and as a green fuel in the transport sector. Start of penetration in the civil sector; (electricity) generation from renewable sources; Introduction of CCS for process emissions and power plants; Partial conversion to gas in the steel industry with Direct Reduced Iron (DRI) technology. 	<ul style="list-style-type: none"> Strong electrification of transport (light-duty vehicles and light-duty trucks) and residential heating; Hydrogen in industry, mainly hard-to-abate, and in transport. Marginal share in the civil. Maximum development of (electricity) generation from renewable sources; Green gas and storage used as back-up for intermittent generation from renewable sources; Residual use of CCS if necessary; Partial conversion to gas in the steel sector. 	<ul style="list-style-type: none"> CO₂ emissions -47% in the EU compared to 1990 levels; Development of green gases, biomethane and hydrogen Use of CCS technologies; Partial conversion to gas in the steel sector. 	<ul style="list-style-type: none"> CO₂ emissions -38% in the EU compared to 1990 levels; Lower development of biomethane (does not consider the contribution of hydrogen)

20 Source GDP, inflation rate and exchange rate: reworking of Moody's Baseline September 2021.

21 Reworking of ISTAT population forecast April 2021.

22 Reworking from ISTAT data April 2021.

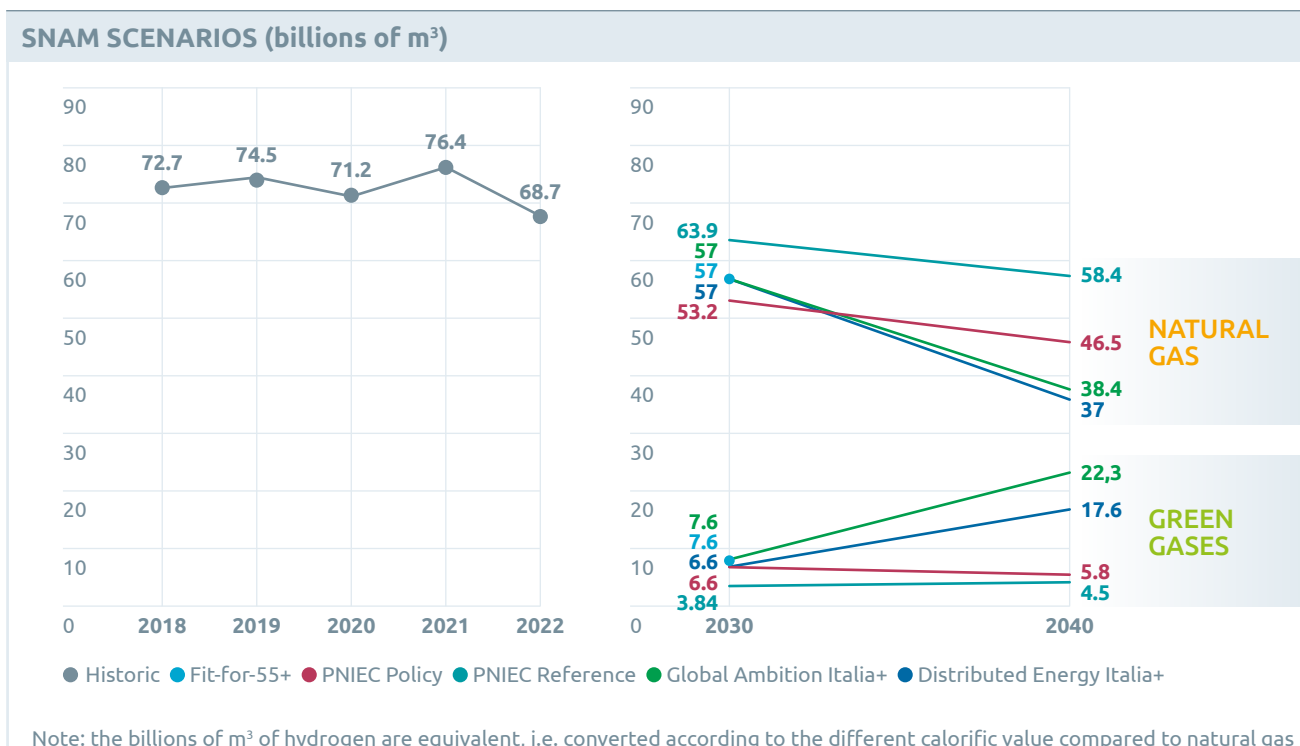
23 Net Calorific Value (NCV).



Degree of development: low ■■■ medium ■■■ high ■■■

2030						
TOTAL GAS DEMAND				LEVERS	SHARE OF GREEN GAS IN GAS DEMAND	
Total gas	Natural gas	Biomethane	Hydrogen		Degree of development	
FF55+	64.7 mld m ³	57.0 mld m ³	5.4 mld m ³	2.2 mld m ³	Energy efficiency	■■■
					Electric renewables	■■■
					Biomethane	■■■
					Green hydrogen	■■■
					CCUS technologies	■■■
PNIEC POLICY	59.8 mld m ³	53.2 mld m ³	5.7 mld m ³	0.9 mld m ³	Biomethane	■■■
					Green hydrogen	■■■
					CCUS technologies (captured volume estimated at 4 Mton/CO ₂ per year through the experimental programme 'CCS Ravenna Phase 1')	■■■
						11.0% share of green gas in gas demand
PNIEC REFERENCE	67.7 mld m ³	63.9 mld m ³	3.8 mld m ³	0 mld m ³	Biomethane (partial development)	■■■ 5.6% share of green gas in gas demand

2040						
DEMAND				LEVERS	SHARE OF GREEN GAS IN GAS DEMAND	
Total gas	Natural gas	Biomethane	Hydrogen		Degree of development	
GA-IT+	61.0 mld m ³	38.7 mld m ³	10.3 mld m ³	12.0 mld m ³	Hydrogen Biomethane CCUS technologies (up to 40 MtCO ₂ /year)	■■■ 36.5% share of green gas in gas demand
DE-IT+	54.6 mld m ³	37.0 mld m ³	10.3 mld m ³	7.3 mld m ³		■■■ 32.2% share of green gas in gas demand
PNIEC POLICY	52.3 mld m ³	46.5 mld m ³	5.8 mld m ³	n.d.	Biomethane	■■■ 11.1% share of green gas in gas demand
PNIEC REFERENCE	63.0 mld m ³	58.4 mld m ³	4.5 mld m ³	n.d.	Biomethane	■■■ 7.1% share of green gas in gas demand



For more information on Snam's scenario development in the different sectors - civil, industrial, transport, thermoelectric and heat - please refer to the Scenario Description Document 2023²⁴.

TCFD Sustainability strategy

Given the current regulatory and market context in which Snam operates, and the demands and expectations of stakeholders who are increasingly attentive to transparency and the development of credible and ambitious transition strategies, the company has adopted an all-round approach to sustainability with the ultimate aim of reconciling the company's constantly evolving priorities with external requirements.

In all its activities, in Italy and abroad, Snam pursues a sustainable and socially responsible growth model, aimed at **creating value for the company and for the communities in which it operates**.

Sustainability is profoundly integrated into the new 2023-2027 Strategic Plan, in which it takes on the role of an enabling strategic lever to guide the Group in its investment decisions, day-to-day activities, as well as in the development of corporate businesses, contributing to long-term value creation.

In this regard, Snam has defined a **sustainability framework** based on seven guidelines, with specific ambitions, targets and actions for their pursuit, which are embodied in the **Sustainability Scorecard**.

The framework builds on the distinctive elements that characterise the Group and reflects the objective of achieving the transition to a low-carbon economy in a **just transition** perspective. In fact, in the path of ecological transition in which Snam plays a leading role, the Group intends to protect not only its employees, but also its suppliers, supporting them with specific policies (e.g. the HSEEQ Policy and the Social Supply Chain Policy), programmes and training initiatives, to make them more competent and aware, also thanks to the work of the **Snam Foundation**.

Furthermore, to reconcile new market trends, the expectations of operators, investors and regulators, and the objectives of the 2023-2027 Strategic Plan, Snam has redefined its **decarbonisation strategy** aimed at achieving carbon neutrality in its activities by 2040 and zero net emissions, including along the value chain, by 2050.

²⁴ The Scenario Description Document 2023 can be found at the following link: https://www.snam.it/content/dam/snam/pages-attachments/it/investor-relations/documents/pubblicazioni-ir/analisi-scenari/Scenari_2023_ita.pdf.



Snam's sustainability framework

In Snam's sustainability framework, the objectives of the Strategic Plan and those of the sustainability strategy coexist, thus creating a direct link between business performance and the achievement of specific objectives related to multi-molecule infrastructure, green transition, decarbonisation, biodiversity, and innovation and digitalisation, as well as those related to Snam people and local communities. In fact, with the sustainability framework, on the one hand Snam intends to **achieve a safe and green energy transition** by directing significant investments in infrastructure for the capture, utilisation and storage of hydrogen and carbon, which will significantly contribute to the security, sustainability and competitiveness of the country's energy supply, in line with the **objectives of the Strategic Plan**. On the other, it wants to **be a sustainable company**, providing fair, inclusive and safe working conditions for its employees, collaborating with local communities for their development and actively working to reduce greenhouse gas emissions and have a positive impact on nature. In this context, the role of **innovation** and **digitisation** will be transversal and an enabler among all the defined objectives.

The sustainability framework is structured in 7 strategic pillars, for each of which, the Group has defined a clear ambition with a 2030 perspective, set out in the 2024 and 2027 targets of the renewed **Sustainability Scorecard** (former ESG Scorecard), which monitors more than 30 KPIs.

1 2

Develop an **energy transition platform** to achieve system decarbonisation and sustainable growth through inclusive paths of change

3

Decarbonize the core business in line with Snam's path towards **Net Zero**, while collaborating with suppliers to promote the sustainability of the entire value chain

4

Leverage every new infrastructure project to have a positive impact on nature and **local environment**, following a science-based approach

5

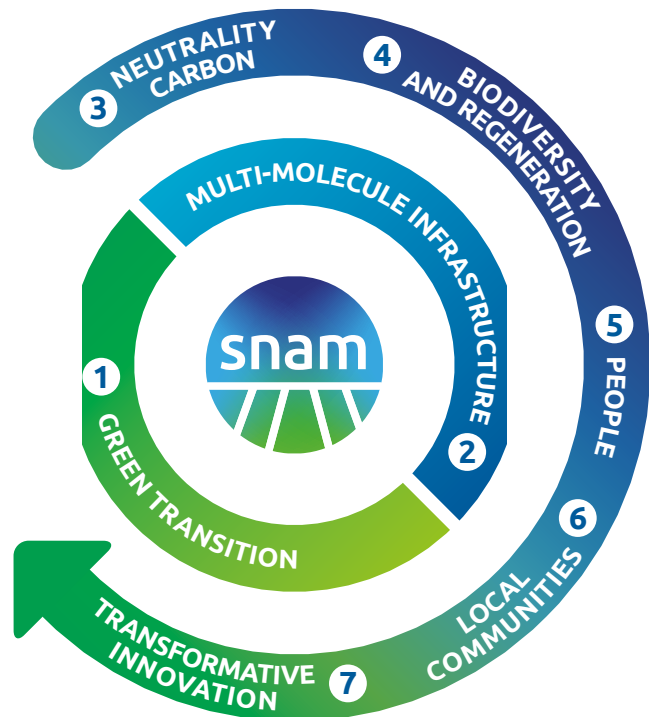
Enhance all Snam People, promoting professional growth and providing comprehensive assistance

6

Continue to generate value for local communities, acting as System Operator paying attention to the needs of the territory

7

Spread a culture of **innovation** among all Snam People to maximize the effectiveness of technology, improving asset safety and reliability, sustainability and the value chain



Each of the seven areas, including their targets and actions for their achievement, is dealt with in the relevant chapters, and marked with the following symbol.

Specifically: areas 1 and 2 are covered by the objectives and actions set out in the 2023-2027 Strategic Plan, which are explained in the chapter 'Business Model and Strategic Plan, The Energy Infrastructure for a Sustainable Future: the Strategic Plan 2023-2027' of the Directors' Report; areas 3 is covered with the objectives and actions foreseen in the decarbonisation strategy, explained in the chapter 'Strategy, Carbon Neutrality and Net Zero Strategy' in the 'General Information' section of the Non-Financial Statement; area 4 is explained in the chapter "Biodiversity and Ecosystems" in the "Environmental Information" section of the Non-Financial Statement; areas 5 and 6 are discussed in more detail in the chapters "Own Labour Force" and "Relations with local communities" in the "Social Information" section of the Non-Financial Statement; area 7 is described in the chapter 'Innovation, digitisation and cybersecurity' in the 'General Information' section of the Non-Financial Statement.



The aim of Snam's new sustainability strategy is to preserve through the seven guidelines of the sustainability framework, related investments and external and internal communication, giving due importance to key areas such as decarbonisation, biodiversity, workforce, supply chain, innovation and just transition. The sustainability strategy also aims to maintain Snam's leadership in these areas in the medium term and, at the same time, strengthen its role as a 'System Operator' in Italy.



TCFD Carbon Neutrality and Net Zero strategy

The issue of climate change is central to Snam, which has defined a decarbonisation strategy aimed at containing and reducing greenhouse gas emissions, energy efficiency and the search for innovative, low-carbon solutions.

At the beginning of 2024, the Group announced an update of its emission reduction targets using a more recent baseline²⁵, to renew its commitment to decarbonisation with the aim of playing a leading role in the energy transition and to reflect the changing environment in which it operates: The energy crisis resulted in a reversal of gas flows, from the North European and Russian backbones to the more energy-intensive North African backbone, causing increased activity and relative emission intensity. Consider, for instance, that in 2022, the operating hours of compressor stations almost doubled compared to 2020, and storage facilities significantly increased their utilisation in order to meet the flexibility requirements resulting from the contingent situation. In addition, defining a baseline to 2022 was necessary in light of the entry of SeaCorridor, the increased need for CapEx and the increase in value chain procurement considering the growing need for new projects to secure supplies. Therefore, the current scenario is profoundly different from the one in which the decarbonisation targets were initially outlined, in 2020.

The Group has outlined a clear decarbonisation pathway for Scope 1 and Scope 2 GHG (greenhouse gas) emissions from the activities of the regulated business²⁶, setting itself intermediate targets at 2027, 2030 and 2032 compared to 2022 levels, to subsequently achieve **carbon neutrality at 2040 across the entire Snam group** perimeter. Moreover, from 2023, Snam has also strengthened its commitment to GHG Scope 3 emissions, setting a reduction target in absolute terms, with intermediate targets to 2030 and 2032 on the regulated perimeter.

The choice of the regulated perimeter for GHG emission reduction targets relates to the greater stability that this perimeter offers with respect to energy transition businesses and to the share that these emissions cover of total emissions generated by Snam, equal to 96% for Scope 1 and Scope 2 emissions out of total Scope 1 and Scope 2 GHG emissions and 82% for Scope 3 emissions out of total Scope 3 GHG emissions.

Finally, with the new Strategic Plan, Snam has given itself a new, ambitious target: **net zero emissions by 2050** for all direct and indirect **emissions** of the Group, to be understood as a 90% reduction in emissions and the remaining 10% through off-setting projects.

All emission reduction targets have been defined using the generic SBTi (Science-Based Targets initiative) methodology²⁷ and are aimed at achieving the objectives of the HSEEQ Policy, in which climate change mitigation through the deployment of renewables, energy efficiency and the development of green gases is a priority element in Snam's decarbonisation activities. In addition, the targets help manage climate change-related **impacts, risks and opportunities**, described in the chapter "Climate Change, Material topics, impacts, risks and opportunities" in the "Environmental Information" section of the Non-Financial Statement.

²⁵ The baseline for the 2022-2026 Plan was set at 2018 for Scope 1 and Scope 2 and 2019 for Scope 3.

²⁶ Since 2000, under European regulations on the liberalisation of the energy sector in Europe (main regulations: Directive 2009/73/EC of the European Parliament and the European Council and the preceding 2003/55/EC and 98/30/EC) and Italian regulation (mainly Legislative Decree 164/2000 and subsequent amendments) regulated activities in the gas sector have referred to activities related to transport, storage, regasification and distribution infrastructures and related services. According to national legislation, these activities in Italy are subject to regulation by the Regulatory Authority for Energy Networks and the Environment (established by Law 481/1995 as amended). The regulated perimeter includes the parent company, Snam S.p.A., companies in the transportation sector (Snam Rete Gas S.p.A., Infrastrutture Trasporto Gas S.p.A.), companies in the liquefied natural gas regasification sector (GNL Italia S.p.A.) and companies in the natural gas storage sector (Stogit S.p.A.). The emissions of Snam FSRU Italia S.r.l. will be taken into account in the target boundary from 2024, the first year of full operation.

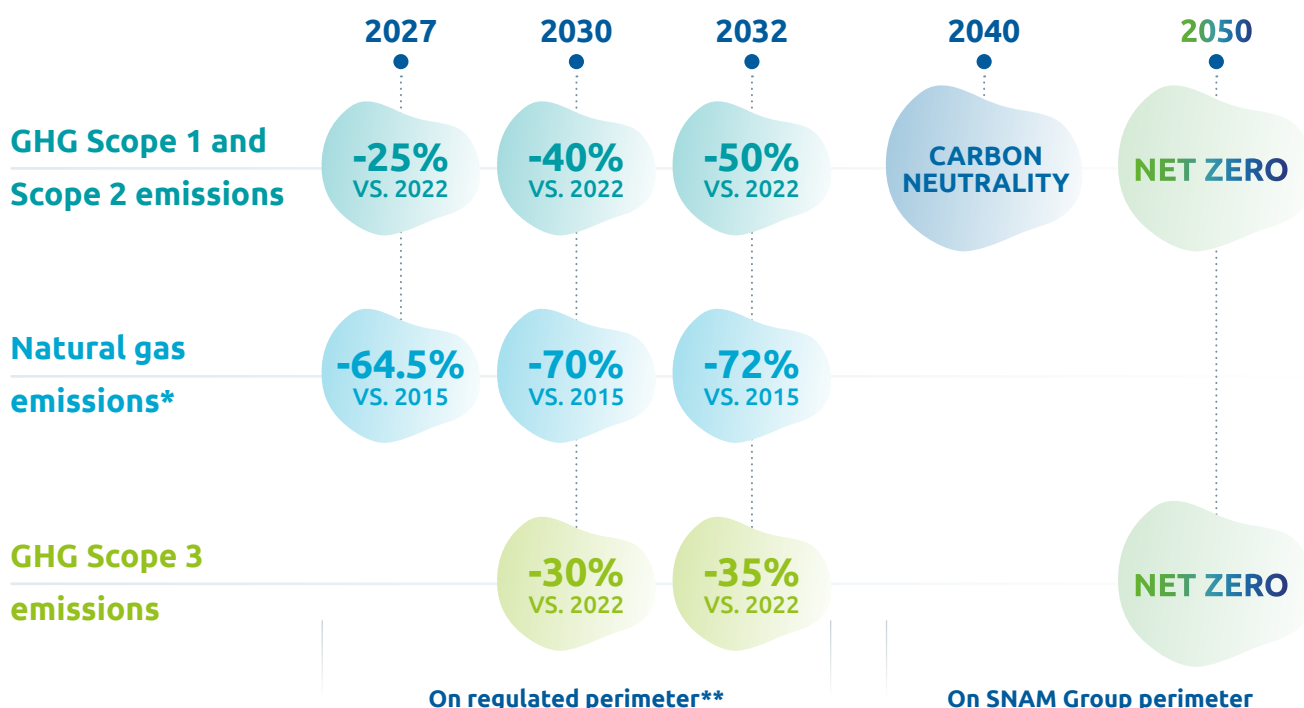
²⁷ As of 2023, a specific guideline for TSOs (Transport System Operators) has not yet been published. Snam undertakes to adopt the specific methodology once it is available.

As evidence of its commitment to achieving net zero emissions, Snam in 2023 participated in Moody's **Net Zero Assessment (NZA)** with the objective of verifying the ambition of the targets defined, the consistency of the action plans to achieve them and the degree of alignment with the objectives of the Paris Agreement. The analysis confirmed that Snam's Net Zero trajectory is in line with the Well Below 2°C global warming containment target.



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 'Managing Impacts, Risks and Opportunities, Snam's Scenarios' in the 'General Information' section of the Non-Financial Statement.



* The target for natural gas emissions concerns Snam Group perimeter, however the perimeter of the regulated business is equal to 99.9% of the total natural gas emissions in 2023.

** The emissions from the Piombino FSRU will be taken into consideration within the target perimeter starting from 2024, the first year of full activity.

GHG Scope 1 and Scope 2 emissions

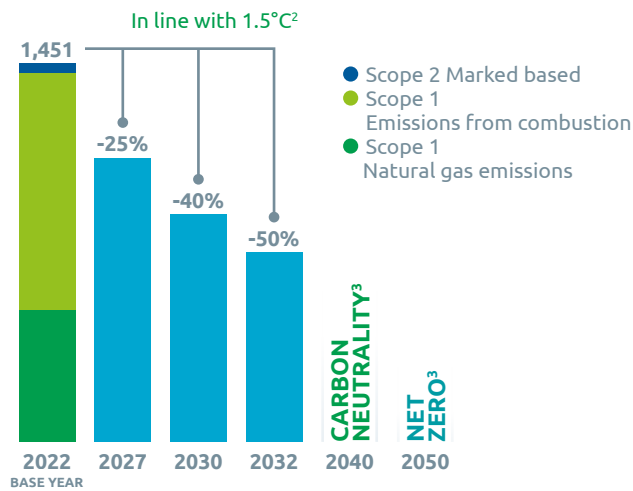
Snam plans to reduce GHG Scope 1 and Scope 2 emissions referred to the perimeter of the regulated business by 25% by 2027, 40% by 2030 and 50% by 2032 (vs. 2022), to achieve carbon neutrality by 2040 and Net Zero by 2050 across the entire perimeter of the Snam Group.

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

In order to reduce GHG Scope 1 and Scope 2 ²⁸ emissions, Snam will continue to invest in the installation of dual fuel compressor stations and intends to use all available levers to achieve the targets, including the use of renewable energy (electricity or biomethane).

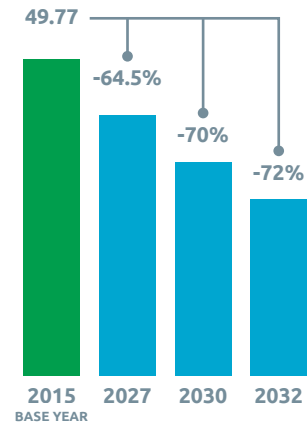
28 Equal to 1.52 million tonnes of CO₂eq in 2022, considering the entire Snam Group.

SCOPE 1 AND SCOPE 2 GHG EMISSION TARGETS¹ (KTONS OF CO₂e)¹



- 1 On the regulated perimeter as in 2022. The emissions from the Piombino FSRU will be taken into consideration within the target perimeter starting from 2024, the first year of full activity.
- 2 According to SBTi's generic methodology.
- 3 On SNAM Group perimeter

NATURAL GAS EMISSIONS TARGET (MLN M³)



These objectives will also be attainable thanks to efforts aimed at reducing natural gas emissions, on which Snam, in addition to having achieved positive performance compared to the targets set in 2021, has defined new and more challenging ones than those required by OGMP 2.0²⁹ (-45% by 2025 vs. 2015, already achieved in 2022) and by the Global Methane Pledge (-30% by 2030 vs. 2020, already achieved in 2023). Specifically, Snam intends to reduce natural gas emissions from 2015 levels by 64.5% by 2027, 70% by 2030 and 72% by 2032.

Key levers for GHG Scope 1 and Scope 2 emissions reduction

- **ISO 50001 - Energy management systems** to improve energy performance
- **Conversion of compressor stations to dual fuel** (installation of new electric compressors in compressor stations and gas storage)
- **LDAR programme and replacement of network parts** (e.g. valves in about **350** pressure reduction and compression stations, over **3,000** pneumatic actuators and equipment)
- **Optimisation of dispatching operations** to minimise gas consumption and emissions
- **Consumption and purchase** of certified green energy (or renewable electricity or biomethane)



Direct Ghg Scope 1 emissions include the following types of emissions:

- Natural gas emissions resulting from Snam's various businesses such as transportation, storage and regasification;
- Emissions due to Snam's direct consumption, such as natural gas used in the combustion of industrial processes, and for office heating industrial processes and for heating offices, and other fuels such as diesel oil, gasoline and LPG;
- Emissions of HFCs (insignificant), used in air conditioning systems.

Indirect **GHG Scope 2 energy emissions** include indirect emissions by third parties to produce electricity and steam, which Snam uses for its own activities.

²⁹ Oil & Gas Methane Partnership, a voluntary initiative, in which Snam has been a member since 2020, promoted by the United Nations Environment Programme (UNEP) to support oil & gas companies in reducing methane emissions.

GHG Scope 3 emissions

With reference to GHG Scope 3³⁰ emission targets, Snam has defined a new, single target to reduce emissions in absolute terms by 30% and 35%, respectively, by 2030 and 2032 compared to 2022 considering the perimeter of the regulated business, in order to reach net zero emissions by 2050 across the entire Snam Group perimeter. The Scope 3 categories of the GHG Protocol covered by the perimeter are all those concerning Snam's regulated business, namely:

Supply chain

- Category 1. Purchased goods and services;
- Category 2. Capital goods;
- Category 4. Upstream transportation and distribution;
- Category 5. Waste generated in operations;
- Category 8. Upstream leased assets

Associates

- Category 15. Investments, including SeaCorridor;

Other emissions

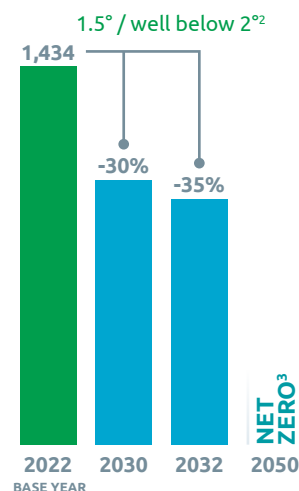
- Category 3. Fuel and energy-related activities not included in Scope 1 or 2;
- Category 6. Business Travel;
- Category 7. Employee commuting..

The Scope 3 targets, according to SBTi's generic methodology, are aligned with and fall within the scenarios of global warming containment targets between 1.5°C and well below 2°C set in the Paris Agreement.

GHG Scope 3 emissions are mainly attributable to emissions from Snam's associates and its supply chain.

The company applies 6 different levels of levers, focused on supply chain, associates and other GHG Scope 3 emissions, enabling it to accompany both companies that are at the beginning of the journey and those that are already active in integrating sustainability into their strategy.

SCOPE 3 GHG EMISSIONS TARGETS¹ (KTONS OF CO₂E)



- 1 On the regulated perimeter as in 2022.
- 2 According to SBTi's generic methodology.
- 3 On SNAM Group perimeter.

30 In keeping with the 'Recalculation Policy' defined within the Sustainable Finance Framework, the emissions of the new Company acquired at the beginning of 2023, SeaCorridor, were added to the 2022 baseline, in addition to the 7 ktonCO₂ of Adriatic LNG, previously unaccounted for.



Key levers for GHG Scope 3 emissions reduction

SUPPLY CHAIN EMISSIONS

Data collection and data quality

- **Training modules on sustainability**, with a webinar dedicated to greenhouse gas emissions;
- **Working groups** to share knowledge and identify possible synergies within the same sector;
- **Involvement of all suppliers in the Open-Es platform** and the most relevant suppliers on the **CDP Supply Chain questionnaire**;
- Request to share **decarbonisation plans**, detailed with an action plan;
- Involvement of the most relevant suppliers in **Snam's Sustainability and Carbon Accounting Platform**, which enables various activities, from measuring the greenhouse gas emissions of those who do not account for them, to collecting detailed documentation

ESG criteria in tenders

- In the technical scoring model they have a weight between 3% and 20%;
- Identification of criteria based on the level of maturity of companies in the market (this is a rewarding, not an exclusionary criterion).

Review of industrial processes (Sustainable Construction Site)

- **Macro-areas of intervention to reduce the environmental impact of the construction phase:** use of biofuels, electrification of equipment (including the use of inverters), recycling and reuse of waste and water.

Products

- **Working groups focused on the Lifecycle Assessment (LCA)** of products and EPD certifications, which also allow benchmarks to be set for the carbon footprint

EMISSIONS OF ASSOCIATES

- Development of a long-term decarbonisation plan for each subsidiaries and approval by the Board of Directors (by 2022, 7 out of 9 of our associates have already defined and approved emission reduction plans and decarbonisation targets, similar to Snam). These plans include:
 - the use of green gases and the installation of electric compressors to reduce CO₂ emissions from combustion
 - the implementation of LDAR (Leak Detection and Repair) programmes to reduce fugitive emissions
 - the use of energy from renewable sources
- Building an ongoing dialogue to share best practices for reducing greenhouse gas emissions

OTHER GHG SCOPE 3 EMISSIONS

- Subsidised public transport passes for employees
- Low-emission transport for business trips



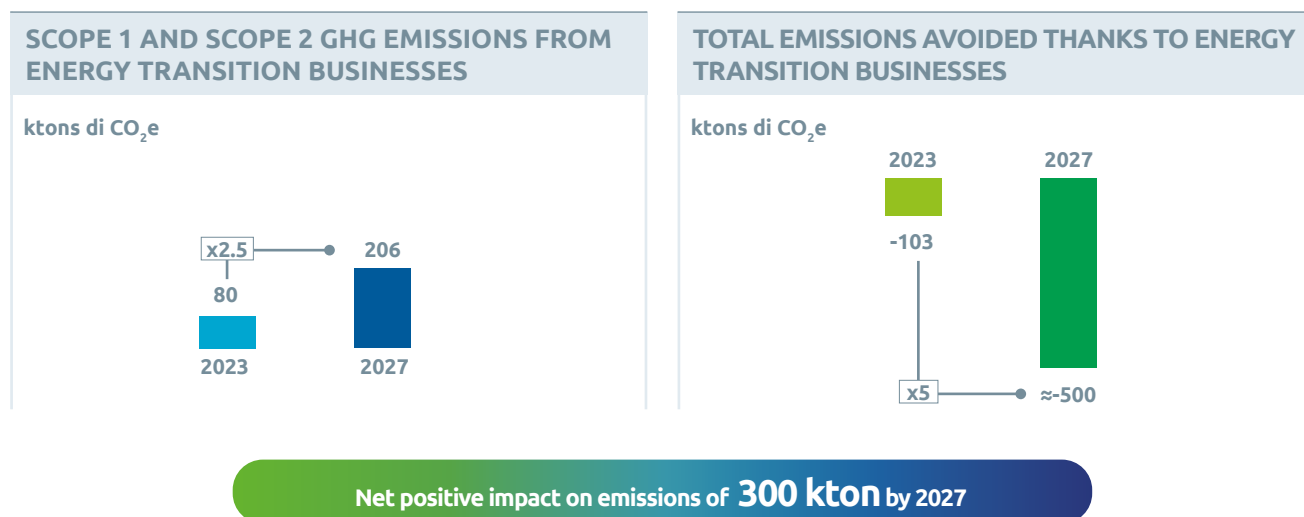
Indirect GHG Scope 3 emissions include the following types of emissions:

- emissions from the supply chain;
 - Scope 1 and Scope 2 GHG emissions of associates;
 - emissions from employees' business travel and commuting;
 - emissions from the production and transmission of fuels and electricity that Snam uses in its operations and that are not already included in GHG Scope 1 and 2 emissions (from production to transport to the tank).
- Snam reports GHG Scope 3 emissions according to the 15 GHG Protocol categories applicable to its activities. For more information, see the chapter "Climate Change" in the "Environmental Information" section of the Non-Financial Statement.

Avoided emissions

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.

In particular, from the combined effect of the emissions not produced as a result of **Renovit's** energy efficiency measures and the emissions from the combustion of biomethane produced by **Bioenerys** - equal to zero when combined with the Guarantees of Origin - Snam has estimated that the emissions avoided in 2027 will be approximately seven times greater than those avoided in 2022.



Snam has introduced a specific target for avoided emissions due to the activities of the energy transition businesses, amounting to about **500 ktons of CO₂eq by 2027**, which, when compared to the emissions of the businesses themselves, amounting to about 200 ktons of CO₂eq, will generate a **net positive impact of 300 ktons of CO₂eq**.



Sustainability Scorecard

With the 2023-2027 Strategic Plan, Snam has revamped the ESG Scorecard, transforming it into a **Sustainability Scorecard**, which integrates not only business and strategic objectives, but also those related to the most relevant sustainability issues, reflecting the approach adopted in the new sustainability framework. In fact, the Scorecard structure was revised to align it with the framework, incorporating the seven pillars, to which specific targets to 2024 and 2027 were associated.

Furthermore, among the main differences from its predecessor, the Sustainability Scorecard extended the targets related to energy transition businesses to include CCS, introduced a new target for suppliers with a decarbonisation plan, expanded the targets related to local communities, identified new targets in biodiversity, and defined specific targets in the area of digitisation and cybersecurity.

In addition to being a useful monitoring tool, the Scorecard also aims to improve transparency in communicating the Company's actions and commitment to stakeholders and the market and, more generally, to the public, in line with the evolutions of the Strategic Plan and industrial priorities.

The targets included in the Sustainability scorecard were defined within the framework of strategic projects first in 2020 and then in 2022 involving the main company managements, subsidiaries and consulting companies. The definition process started from the materiality analysis of the relevant period, the comparison with peers and inspiring companies and the analysis of historical performance, if available, once the reference KPIs were defined. The monitoring of targets is coordinated by the Sustainability function, which requests quarterly (or other agreed frequency) from the relevant function the performance of the relevant KPI.





The Scorecard is submitted to the ESG and Energy Transition Scenarios Committee for review and included in the Corporate Strategic Plan by resolution of the Board of Directors.

In this context, it is worth highlighting the commitment of top management, witnessed by the presence of KPIs linked to sustainability aspects among the short-term and long-term variable incentive targets, for a 20% share each, defined in the Company's Remuneration Policy. In particular, the following KPIs were included in 2023, in terms of short term objectives: accident frequency and severity index, increasing sustainable financing and ESG criteria in the supply chain scoring model. In the long term, on the other hand, the reduction of natural gas emissions and equal representation in terms of gender diversity in the management team (middle and senior management) are contemplated. For further details, please refer to the chapter "Governance, Snam's remuneration and incentive system" contained in the "General Information" section of this document.

In addition to the Scorecard KPIs, Snam is also committed to monitoring and reporting on other sustainability-related performance indicators, including those related to the EU Taxonomy, sustainable finance and governance.



In 2023, Snam achieved several excellent results, including reducing natural gas emissions, increasing the production of biomethane and the share of electricity from renewable sources, decreasing the combined accident frequency and severity index for employees and contractors and reaching the employee engagement index target.





SUSTAINABILITY SCORECARD

Reviewed scorecard with new target

KPIs		2023 Actual	2024 Budget	2027 Target
STRATEGIC KPIs	Green Transition			
	Avoided CO ₂ emissions (ktCO ₂ e) ¹	102.9	105	500
	H ₂ readiness length of network certified (km)	1,513	1,900	3,000
	Gas Transportation operational availability ² (%)	>99	>99	>99
	Multimolecule Infrastructure			
	Production of biomethane (Msmc)	24.4	20	160
	Invest. related to the CCS Ravenna Projects Phase 1+2 (€M) ³	65	120	370
	Carbon Neutrality			
	Reduction of total natural gas emissions (%) [*]	-56.67	-57.5	-64.5
	Introd. ESG criteria in scoring models (% of contracts) [*]	35	35	65
	RES ⁴ on total electricity consumption (%)	63	52-55	100
	Tot. procurem. spending on suppliers w/decarb. plan (%)	23	25	35
	Biodiversity & Regeneration			
	Zero Net Conversion by 2024		✓	
	Net Positive impact by 2027			✓
	Vegetation restored in areas of pipes construction (%)	99.9	99.9	99.9
	Financial & CO₂			
	ESG Finance over total funding available (%) [*]	81		85
	CapEx EU Taxonomy-aligned (% of total)	29		
	Revenues EU Taxonomy-aligned (% of total)	26		
	Sustainable Principles			
	ESG matters discussed at BoD Meetings (<i>>40% of BoD discussions with ESG topic discussed</i>)			
	3 rd parties subject to procur. Process on which reputational checks are performed (<i>100% of suppliers with reputational checks performed</i>)			
	Italian territory covered by cyber resilience field tested scenarios (<i>100% of Italian territory covered</i>)			

1. Emissions avoided to 3rd parties thanks to the Group's activities and investments in the infrastructure.

2. Previously called "Reliability levels on gas supply".

3. Cumulated figure 2023-2027.

4. Renewable Energy Source computed on regulated perimeter.

* Numbers subject to final approval by committees involved in the remuneration process.

KPIs		2023 Actual	2024 Budget	2027 Target
People	Employees engagement index (%)	84	>80	>80
	Women in executive and middle management roles (%)*	25.9	26	27.5
	IpFG (Combined Frequency and Severity Index) ^{5*}	0.47	<min.3y ⁵	<min.3y ⁵
	Gender pay gap (%) ⁶	-	-	+/- 5
	Participation in welfare initiatives (%)	57.9	75	80
	Training hours delivered to employees (h/capital)	37	36	40
Local Community	Benefits for local communities over reg. revenues (%)	0.4	~1	~1
	Value released at local communities (€M)	1,451	>1,000	>1,000
	Avg customer satis. rate in terms of service quality (1-10) ⁷	8.1	>=8.1	>=8.1 ⁷
Trasformative Innovation	Investments in innovation over revenues (%)	3.3	3	3
	Start-ups accelerated after PoC (#) ⁸	11 (22)	15 (25)	27 (30)
	Process digitalized and process with AI (% of total)	100/10	100/12	100/20
	Projects covered by Security by Design cyber approach (%)	New KPI	100	100
	CapEx SDG-aligned (% of total)	61		
	Scope 1 and 2 CO ₂ emissions reduction (% v. 2022) ⁹	-10		-25

● Headline KPI ● Detail KPI

5. Snam targets to have an index lower than the minimum of the latest 3 years.
6. For equivalent organizational positions.
7. The target indicated refers to a spontaneous initiative by Snam to measure service quality through the annual survey, using a scale of values from 1 to 10, however, we are expecting a change in the service quality assessment methodology in the coming years. In this case, the annual target will have to be modified accordingly.
8. KPI represents both the number of startup accelerated and the number of Proofs of Concept (PoC).
9. Reduction computed on regulated perimeter.

* Numbers subject to final approval by committees involved in the remuneration process.

Managing Impacts, Risks and Opportunities

The ERM model for managing risks and opportunities

The monitoring and evaluation of risk events and opportunities that may affect the business plays an essential role in order to continue operating sustainably in the long term, defining strategic choices that respond to changes in the context in which Snam operates.

The head of Enterprise Risk Management (ERM) is responsible for the ERM function, located at the second level of the ICRMS (Internal Control and Risk Management System) and structurally independent of Snam's business lines. The ERM unit reports directly to the General Counsel and performs a key function in integrated corporate risk management for all Group companies, using an **ERM Model**. This Model has been defined consistently with the corporate values and in line with the recommendations of the Corporate Governance Code³¹ and international reference models and best practices in risk management such as: the international standard ISO 31000 'Risk Management Guidelines', the CoSO Framework³² and, with reference to sustainability risks, the 'CoSO ERM WBCSD - Applying enterprise risk management to environmental, social and governance-related risks'.



The **ERM Model** enables the **identification, assessment and monitoring** of current and prospective risks and opportunities associated with Snam's business strategy and is described in the "**Enterprise Risk Management Guidelines**" (the "ERM Guidelines"), approved by the Board of Directors and applied within the Snam Group.

In December 2023, the ERM Guidelines³³ were updated to incorporate and formalise methodological developments affecting the ERM model, including:

Distinction between inherent and residual severity	The risk severity assessment is enriched from an information perspective by distinguishing between inherent and residual severity , which provides for a risk assessment gross and net respectively of the effectiveness of existing mitigation measures
Streamlining the way impacts are assessed	The risk impact assessment scales of the current methodology are reduced to two scales (economic-financial and reputational) while preserving the peculiarities of the previous metrics within the reputational scale and/or
Evolution of the reputational scale in connection with materiality analysis	The reputational scale evolves according to a broader concept of reputational impact that considers, in addition to image damage , the potential negative impact resulting from the failure to satisfy the so-called " expectation factors " of Snam's stakeholders
Transition from ESG-related logic to Sustainability-relevant logic	The rationale for classifying risks as "Sustainability Risks" evolves according to a Sustainability-relevance criterion that qualifies a risk as "Sustainability" where it impacts topics/factors that are also relevant to Snam for sustainability reporting purposes
Adoption of the Risk Appetite Framework	The RAF identifies the risk-return dimensions and the corresponding qualitative statements that define the level of risk that Snam is willing to accept

31 The Corporate Governance Code was approved in 2020 by the Corporate Governance Committee, set up in June 2011 by the Business Associations (ABI, ANIA, Assonime, Confindustria), Borsa Italiana S.p.A. and the Association of Professional Investors (Assogestioni). The Corporate Governance Code can be found at the following link: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

32 Committee of Sponsoring Organizations of the Treadway Commission.

33 The Guidelines describe Snam's Enterprise Risk Management model and applies to Snam S.p.A. and its subsidiaries. The document is structured in 9 paragraphs describing: (i) fundamental principles; (ii) scope of application; (iii) risk governance; (iv) ERM model; (v) risk & control register; (vi) information flows and reporting; (vii) risk appetite framework; (viii) communication and training; (ix) responsibility for updating. The Enterprise Risk Management Guidelines can be found at the following link: https://www.snam.it/content/dam/snam/pages-attachments/it/investor-relations/documents/risk-management/Snam_Linea_Guida_ERM_20231219.pdf.

The results of risk and opportunity assessment and monitoring activities and related management strategies are periodically presented to the **Control and Risk and Related-Party Transactions Committee**, the **Environmental Social & Governance and Energy Transition Scenarios Committee**, the **Board of Statutory Auditors**, the **Supervisory Board** and the Snam **Board of Directors**. The results are also shared with the **Internal Audit** function, which uses them in the preparation of the audit plan, the **Strategic Planning** function, which performs a consistency assessment with the Strategic Plan analyses and risk assessments, and the **Sustainability and Social Impact** function, which complements the planning and definition of strategies for the management of sustainability issues relevant to the Group. These functions are also directly involved in the risk assessment process.

For further information on governance in the area of risk management, please refer to the chapter 'Governance, The System of Controls' in the 'General Information' section of the Non-Financial Statement.



With a view to disseminating a **risk culture**, the ERM unit also carries out awareness-raising and training activities for executive and non-executive directors on the risk management methodologies applied and the evolution of Snam's ERM model.

Training activities are also extended within the company, with the aim of creating full awareness of roles and responsibilities, illustrating, through specific initiatives, the purposes and characteristics of the ERM model and the risk assessment methodology. This ensures not only that the ERM model is implemented correctly, but also that assessments are carried out consistently by the various risk owners and risk specialists.

The **ERM process** represents the set of activities aimed at fostering a dynamic, effective and comprehensive identification and management of risks/opportunities with respect to all business processes and guaranteeing homogeneity in the identification and prioritisation of risks and opportunities through a balanced Top-Down & Bottom-Up approach and a uniform methodology for the group, which takes into account the specificities and complexities of the various businesses.

The ERM process specifically consists of the following steps:





The **updating** of the ERM Model takes place continuously and independently of the process steps mentioned above, with the aim of continuously having a Model that is effective over time and aligned with emerging best practices. The risk management process is **periodically verified** by both internal and external audits. In 2022, the risk management activity was covered by an internal audit, while with regard to external audits, in the HSEQ area, the external certifying body DNV always carries out a specific audit on ERM activity.

Risk assessment campaigns involve **risk specialists** and **risk owners**, who assess risks and opportunities according to the metrics below:

EVALUATION METRICS	TYPE	OUTPUT
PROBABILITY PROBABILITY understood as the probability of an event occurring over the reference time horizon From 1 (low) to 4 (very high)		The combination of the probability level and the impact level with the highest rating among those measured determines the inherent severity of each event. The inherent severity is understood as the level of exposure to the individual event in the absence of direct mitigation of the same but considering the stable/maintained mitigating action of the broader ICRMS. Combining the inherent severity with an assessment of the effectiveness and adequacy of the measures taken to mitigate the risk yields the residual severity , which represents the actual exposure to a specific risk.
IMPACT IMPACT understood as the overall magnitude of the effect/consequence of the occurrence of an event over the reference time horizon with respect to the pursuit of Snam's objectives From 1 (low) to 4 (material)	Economic-financial , expresses in quantitative and/or qualitative terms the potential repercussions that a risk/opportunity event would have for Snam in the Budget year and/or over the Plan period Reputational : expresses the potential repercussions that a risk/opportunity event would have for Snam in terms of image damage and/or number of stakeholder categories and related expectation factors impacted in connection with the materiality analysis ³⁴	

The stakeholder expectation factors considered by the reputational impact assessment metric include the HSE component. This makes it possible to assess all identified risks and opportunities also on the basis of possible impacts on people's health and safety. In addition, specific HSE risks/opportunities are mapped, which are, among others, periodically reported by the ERM function to the corporate bodies and top management.

Risks and opportunities are **prioritised** taking into account **residual severity** values and are classified into **financial, operational, legal and compliance** and **strategic**.

In order to capture the main risks and opportunities that could affect Snam's objectives in the short, medium and long term, the ERM Model provides that the reference time horizon for their assessment and measurement is the Plan period; Consequently, the time horizons considered are defined as follows:

- **Short term (≤ 1 year)**: in the short-term, Snam creates value by pursuing its business in the manner established by the rules and procedures, with particular focus on risk management and operational efficiency. The main point of reference is the annual budget.
- **Medium-term (≤ 5 years)**: in the medium term, the ability to carry out investment programmes, thereby ensuring a flow of resources and that favourable economic conditions are maintained, is also important. The main point of reference is the Strategic Plan, which covers a period of up to five years.
- **Long-term (> 5 years)**: in the long-term, it is vital that the investment decisions and strategic choices made have interpreted trends in the best way possible. The main point of reference is the Ten-year transportation network development plan submitted to the Authority, which covers a period of 10 years.

³⁴ Expectation factors are understood to be the topics material to stakeholders declined in terms of the expectations, demands and needs that these stakeholders have of Snam. The expectation factors of the different stakeholder categories are identified taking into consideration: (i) material topics mapped in the materiality analysis and (ii) topics included in the Stakeholder Engagement questionnaires.

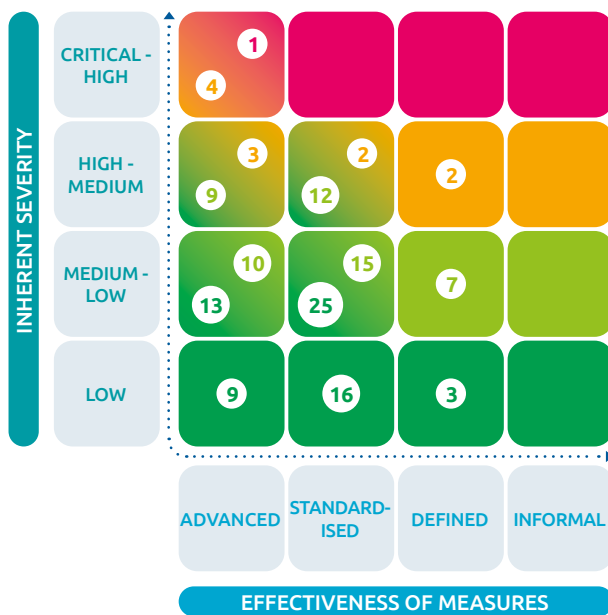
In addition, events with impacts that may occur beyond the planning period are also taken into account through the valuation of risk/opportunity **velocity** and/or within the framework of the Climate Change Risk Management framework. In particular, velocity measures the time elapsing between the occurrence of the risk/opportunity event and the moment in which the impacts associated with that event will manifest themselves (a moment that can be located in the three time horizons of short, medium and long term), allowing management activities to be prioritised on the basis of the time horizon in which these impacts will be realised.

In continuity with previous years, also in 2023 the risk/opportunity mapping was updated through the **RACI** IT platform, as part of an **Integrated Risk Assurance and Compliance Model** aimed at integrating the information flows of the second-level controls with a synergic approach aimed at the maximum rationalisation and overall efficiency of the SCIGR (for further details, please refer to the paragraph "The control system" of the chapter "Governance" contained in the "General Information" section of the Non-Financial Statement).



At the end of 2023, 131 risks and 47 opportunities were mapped across all business processes. In particular, the risks are prioritised as depicted in the graph below.

HEATMAP RESIDUAL SEVERITY



Residual severity represents the actual exposure to a specific risk.

The residual severity is derived by associating the inherent severity, i.e. the level of exposure to the single event in the absence of measures to directly mitigate it, with the evaluation of the effectiveness and adequacy of the measures adopted to mitigate the risk.



Below are details of the main risks in the strategic, operational, legal and compliance spheres, i.e. the most significant risks for Snam, characterised by an advanced effectiveness of safeguards and an inherent severity between medium and high-critical, which can be identified in the heatmap above. Furthermore, these risks are correlated to the risk dimensions identified in the Risk Appetite Framework and the relative appetite level indicated in the Risk Appetite Framework section of this chapter.

CATEGORY: STRATEGIC RISK

DESCRIPTION

Regulatory risk - changes in the regulatory framework in Italy and the countries of interest, in particular with regard to criteria for determining tariffs

RELATED MATERIAL TOPICS

Relations with authorities and quality of services

MAIN MITIGATION ACTIONS

- Maintaining a continuous and constructive dialogue with the regulator that contributes to the definition of a clear, transparent and stable framework to encourage the sustainable development of the gas system;
- Monitoring consultation processes in a direct and/or indirect manner;
- Preparation and transmission of documents containing company positions and/or proposals regarding the definition of the regulatory framework;
- Continuous regulatory oversight with monitoring of the evolution of laws and rulings, analysis of new developments, and the dissemination of information and insights to business and commercial departments.

CATEGORY: OPERATIONAL RISKS

DESCRIPTION

- Breakage or damage to pipelines/plants, also as a result of extraordinary events, which could cause malfunction and unplanned service interruption.
- Cyber security risk

RELATED MATERIAL TOPICS

- Health and Safety, Energy Security and Accessibility, Biodiversity and Ecosystems
- Innovation, digitisation and cyber security

MAIN MITIGATION ACTIONS

- Application of the recovery plan and business continuity management system to international best practices
- Technologically advanced tools for monitoring/controlling the state of infrastructures, also in view of their useful life, and the environmental context in which they are located
- Systematic and continuous maintenance and control actions, with implementation of the pipeline replacement plan based on analyses of specific technical parameters
- Timely implementation of Emergency Response Procedures
- Adaptation of information security and business continuity management criteria and processes to the provisions of ISO/IEC 27001 and ISO 22013 standards and certification of compliance with them, with reference to core processes
- Management of application and infrastructure development activities in compliance with Security by Design principles and processes
- Formalisation of security intelligence processes for the preventive identification of potential threat sources
- Management of monitoring and response to events potentially damaging to the integrity of the information and information systems used through the establishment and maintenance of a cybersecurity operation centre
- Performing periodic technical verification activities
- Design and execution of periodic testing and simulation activities
- Development of a cybersecurity culture through the design and delivery of security awareness initiatives

CATEGORY: LEGAL AND COMPLIANCE RISK

DESCRIPTION

Regulatory compliance risk

RELATED MATERIAL TOPICS

Health and Safety, Business Conduct

MAIN MITIGATION ACTIONS

- Updating and monitoring of Model 231 protocols;
- Awareness-raising and training initiatives on corruption and accident prevention for the entire company and its contractors;
- Adoption and maintenance of the Company's Corruption Prevention Management System certified according to ISO 37001:2016;
- Analysis and evaluation of the reports received via the channels provided in the reporting procedure;
- Adoption and maintenance of Health, Safety and Environment management systems certified in accordance with the ISO 14001 and OSHAS 18001 or ISO 45001 standards.



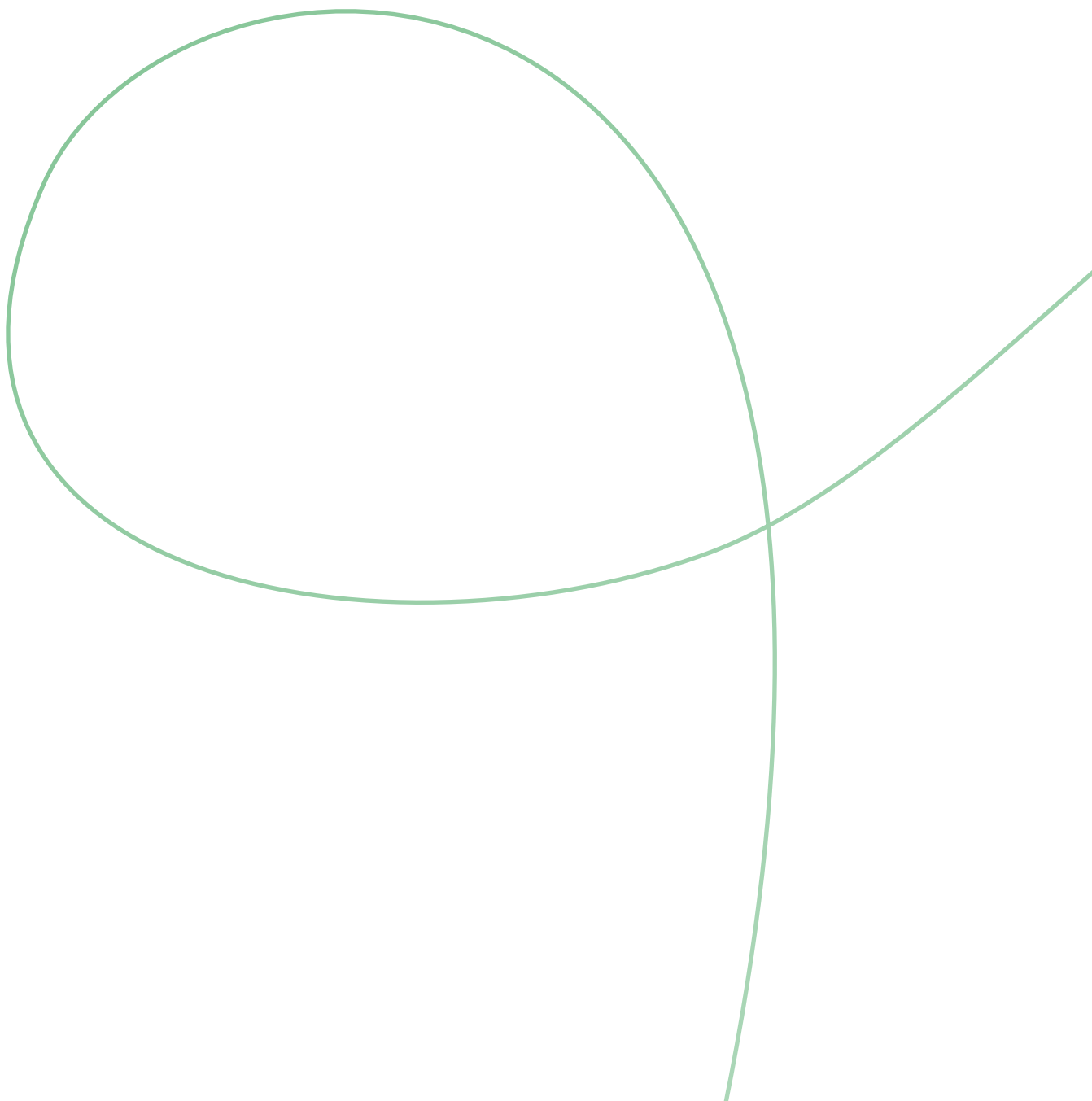
Snam was one of the first companies to integrate its risk management model from an ESG perspective by identifying and classifying risks and opportunities as 'sustainability-relevant'. According to this criterion, risks and opportunities are qualified as Sustainability-relevant where they impact sustainability issues or factors that are also relevant to Snam for the purposes of related reporting.

The references considered for the sustainability relevance assessment of risk events are:

- international reference standards (including the new ESRS standards);
- materiality analysis and material topics;
- the sustainability strategy, sustainability scorecard and related KPIs.

These references are to be considered dynamic and integrable with respect to the evolutions of the internal and external context, in order to achieve a comprehensive and up-to-date mapping of Sustainability Risks.

At the end of 2023, 48 risks and 23 opportunities were classified as Sustainability-relevant.



The risks of the Strategic Plan 2023-2027

The table below shows, for illustrative purposes, **8 Sustainability-relevant risks with strategic relevance and impact on the 2023-2027 Plan**. In particular, for each risk, the following are represented: the area of impact, the business to which it belongs (gas infrastructure or energy transition), the quantification of the economic impact.

Classification TCFD

	Risk	Impact area	Business Area	Risk class	Type of risk	POTENTIAL ECONOMIC IMPACT
1	Revision of European directives disincentivising the use of fossil fuels and related stricter greenhouse gas emission reduction targets	Reduction in gas demand resulting in a reduction in variable transport revenues (i.e. commodity revenues) as a function of transported volumes	REGULATED	TRANSITION	POLITICAL-LEGAL	Approximately 9 million euro/year
2	Growth in the magnitude and frequency of extreme weather phenomena (physical hazards) such as droughts, floods, storms	Damage to pipelines and systems that may cause malfunctions or service interruptions. Higher costs for insurance, operational and community communication premiums	REGULATED	PHYSICAL	ACUTE PHYSICAL	Negligible
3	Revision of Eu regulations on CO₂ emissions from the European Emission Trading Scheme (ETS)	Potential fines for incorrect/non-return of quotas or growth in quota acquisition costs. It should be noted that the regulatory recognition of the purchase costs of CO ₂ quotas guarantees substantial neutrality in both economic and financial terms.	REGULATED	TRANSITION	POLITICAL-LEGAL	Negligible
4	Revision of the sustainable finance framework following changes to the European Taxonomy for Sustainable Energy Activities	Reduced access to sustainable finance instruments with an impact in the cost of debt (issuance of bonds at market conditions vs. issuance at lower spreads in sustainable finance systems)	REGULATED	TRANSITION	POLITICAL-LEGAL	< €5 million/year
5	Growth in the negative perception of both fossil fuel companies (industry-wide) and Snam itself as a result of insufficient commitment to sustainability and the energy transition	Higher cost of debt due to lower access to sustainable finance instruments (which means higher spread) and higher cost of equity due to a worsened perception of risks associated with long-term corporate sustainability	REGULATED	TRANSITION	POLITICAL-LEGAL	< €5 million/year
6	Delays in the installation of electrocompressors (ELCOs) in compressor stations due to authorisation processes	Slowdowns in GHG (CO₂) emissions reduction leading to delays in the decarbonisation pathway	REGULATED	TRANSITION	POLITICAL-LEGAL	Negligible
7	Development of the biomethane business slowed due to delays in authorisation processes and legislation	Lower availability of green gas, lower revenues and possible slowdown in Snam's decarbonisation process due to lower self-consumption of decarbonised gas	BIOMETHANE	TRANSITION	POLITICAL-LEGAL	< €5 million/year
8	Delays in the implementation of the pilot project on CCS in Ravenna (Joint Venture with Eni)	Reduced availability of decarbonisation instruments to offset GHG (CO₂) emissions and increased financial burdens related to the project itself	CCS	TRANSITION	TECHNOLOGICAL	Negligible

With a view to the continuous evolution of risk management, in 2023, Snam introduced two frameworks in the ERM model relating to **Risk Appetite Framework (RAF)** and **Climate Change Risk Management (CCRM)**. The RAF and CCRM undergo a periodic review process with the aim of keeping the frameworks up-to-date and constantly adhering to the evolution of the business, context and Strategic Plan.

Risk Appetite Framework

BENEFITS	<p>The Risk Appetite Framework makes it possible to:</p> <ul style="list-style-type: none"> • make explicit the Group's risk appetite by defining the level of risk one is willing to accept in pursuit of the company's objectives (risk-return profile); • support the making of choices consistent with the risk appetite validated by the Board of Directors; • facilitate escalation to the Board of Directors in the event of risk-taking beyond the defined limits; • integrate the ERM model by strengthening its ability to contribute to decision-making processes; • strengthen the risk culture.
METHODOLOGICAL APPROACH	<p>The framework was defined in a process consisting of the following activities:</p> <ul style="list-style-type: none"> • identification of the key risk-return dimensions, i.e. the risk areas on which to express the Group's risk return appetite; • for each identified dimension, definition <ul style="list-style-type: none"> - of a qualitative statement that makes explicit the level of risk the company is willing to accept in order to achieve its objectives and; - of indicators and metrics to monitor the risk-return profile assumed; • determination of suitable thresholds to place the company's risk profile within an acceptable range beyond which corrective action will be required³⁵.
REPORTING	<p>The ERM Function reports, inter alia, to the Control and Risk and Related-Party Transactions Committee and the Board of Directors:</p> <ul style="list-style-type: none"> • on at least an annual basis, on the analysis and monitoring of indicators; • per event, in the event of a risk limit breach, i.e. where the breach exceeds the risk threshold that the company agrees to bear.

Below is the qualitative statement that explains in general terms the level of risk the company is willing to accept in order to achieve its objectives and the risk/return dimensions identified within the RAF with the main risks related to them.



Snam pursues its sustainable success by focusing its business on the value axes of Profitability, Reputation and Sustainability, while maintaining a low risk profile, through the reliability of its infrastructure, a disciplined financial policy, the pursuit of a Net Zero strategy, the consolidation of its reputation among stakeholders and constant attention to all its people.

RISK-RETURN DIMENSIONS	MAIN RISKS
REGULATORY AND INVESTMENT GAS INFRASTRUCTURE	Regulatory risk, changes in the regulatory framework in Italy and the countries of interest, in particular with regard to criteria for determining tariffs
QUALITY & SECURITY	<p>Breaks or injuries to pipelines and facilities, including as a result of exogenous events, which may cause malfunctioning and unplanned service interruption</p> <p>Cyber security risk</p>
FINANCIAL MANAGEMENT	Rischio rating
ENERGY TRANSITION	Non-achievement of emission reduction targets defined within the decarbonisation strategy
REPUTATION	Regulatory compliance risk
HUMAN CAPITAL	Difficulties in reaching recruitment/promotion targets for female employees Health, Safety and Environment Risk

35 The following parameters are identified for each indicator: (i) risk ambition, i.e. the level of risk exposure at which the company aims to achieve the best risk-return balance; (ii) actual, which coincides with the company's risk-return profile at a given time, and (iii) risk limit, which identifies the maximum level of risk the company is willing to tolerate in pursuit of its objectives.



Climate Change Risk Management

Climate change is an increasingly material topic with impacts not only on the environment but also on the business of companies whose assets may, for example, be more or less exposed to the intensification of climatic events and the transition of the environment in which they operate to lower-impact business models.

International and national regulatory demands and stakeholder expectations fuel the need for companies to continuously improve in terms of managing and disclosing risks and opportunities that may arise from climate change.

In 2023, Snam introduced a specific Climate Change Risk Management (CCRM) framework in the ERM Model to integrate and identify in more detail the risks and opportunities related to climate change and, consequently, to improve the **management of the uncertainty** that characterises them, as well as to strengthen the Group's resilience. The framework allows for the systematisation of climate risk analyses through a structured and integrated approach with ERM analyses.

The methodology used in the definition of Climate Change Risk Management is aligned with the main international references, including:

- TCFD;
- European taxonomy;
- CSRD;
- IPCC, supplemented with other complementary references (e.g. International Energy Agency), for climate and socio-economic scenarios and forecast climate data for long-term risk assessment.

The CCRM framework considers two categories of risks:

- physical risks, which concern company assets exposed to climatic hazards such as: floods, fires, landslides, hailstorms, heat waves, cold waves, etc; and
- transition risks, which concern political, legal, technological and market risks related to climate change mitigation and adaptation processes.

When assessing the **physical impacts of climate change** on infrastructure, Snam takes into account territorial differences and the specificities that distinguish the company's different activities (**context-specific**). With respect to these, both physical risks and transition risks, identified by the Climate Change Risk Management process, are assessed taking into account the expected lifetime of the assets and time horizons (short, medium and long term) and using different approaches and tools depending on the time horizon of analysis. This distinction is appropriate because, depending on the time horizon considered, there are different corporate objectives and the level of declination of the strategy, and thus the associated risks and the relative degree of uncertainty.

It is also appropriate, with reference to short-/medium-term risk objectives, to develop different methodologies for the management of physical risks and transition risks as they have distinct peculiarities, both in terms of risk causes and reference sources for identification and in terms of monitoring and mitigation strategies.

In order not to define an independent model, but to create a link between CCRM and the broader ERM methodology, the CCRM framework was integrated into the ERM risk assessment process:

- by relating the outcomes of the analyses to the ERM rating scales (i.e., likelihood and impact);
- taking into account both downstream and upstream activities;
- **incorporating** physical and transitional risks into the ERM mapping through the **integration of the description and/or causes** of the risks in the ERM portfolio.

BENEFITS	<p>The CCRM makes it possible to identify, measure and manage climate change risks that could potentially affect:</p> <ul style="list-style-type: none"> • the pursuit of industrial, economic and sustainability objectives (transition risks); • the integrity of the company's assets, tangible (physical risks) and otherwise.
OBJECTIVES	<p>The objectives of the CCRM were different depending on the type of risk and the time horizon considered:</p> <ul style="list-style-type: none"> • short to medium term (2023-2027): (i) Identification and quantification of physical and transitional risks; (ii) prioritisation and (iii) identification of risk response; • long term (2040): (i) scenario analysis and (ii) identification of the strategic response.
METHODOLOGICAL APPROACH	<p>PERIMETER. In line with the ERM Model approach, the perimeter was defined considering all risk events that could potentially impact the Plan's risks and, more specifically, economic, industrial and sustainability issues.</p> <p>With regard to physical risks, the assets in the perimeter were selected on the basis of three selection criteria:</p> <ul style="list-style-type: none"> • business coverage and strategic level of the asset; • ownership of the plant; • historical and geographical context. <p>According to these relevance criteria, 100%³⁶ of the regulated business was included within the scope, while the most relevant in terms of business impact were selected for the energy transition business, totalling 48 sites plus the pipeline which account for 99% of Snam's EBITDA³⁷.</p> <p>METHODOLOGY. For each of the 48 selected sites, the following activities were carried out:</p> <ul style="list-style-type: none"> • applicability analysis of each physical risk considering the climatic zone, morphological characteristics and technical peculiarities of the individual site under analysis; • selection of the specialised data source³⁸ for climate assessment purposes, taking into consideration the quality and accessibility of the data, time references and geographical coverage; • climate assessment to determine the potential exposure of assets to each adverse climatic event, derived from the EU Taxonomy, using the aforementioned sources that allow an estimation of risk using climate indicators³⁹ selected in order to consider the peculiarities of the locations where the plants are geolocated; • potential climate exposure with uniform assessment on a 4-level scale preparatory to the assessment of economic impacts; • risk assessment in terms of gross economic impacts, in the event of damage to the plant (so-called property damage), business interruption (so-called business interruption) and other indirect costs, and net economic impacts, i.e., considering mitigation actions taken, including insurance coverage, structural features of the site and other physical mitigators (e.g., flood bulkheads); • validation of the results obtained; • scenario analysis to assess a possible increase or decrease in potential exposure to each physical hazard by 2040, based on the scenarios proposed by the IPCC. For more information, see the in-depth 'Scenario Analysis on Physical and Transition Risks'.

36 The percentage refers to the perimeter of regulated business to 2022.

37 The percentage refers to Snam's EBITDA in 2022.

38 These specialised sources are identified from among the most appropriate public sources (i.e. 'open source' climate/meteorological specific, e.g. Aqueduct, European Severe Weather Database, S&P Global Trucost, ISPRA, etc.) to maximise, in particular: consistency with the peculiarities of the assets, resolution of the data according to the geographical area of interest, transparency and robustness of the valuation process used by the individual source, consistency with the analyses already in place for the assets' O&M activities.

39 For example, for floods impact expressed in cm and probability, for fires impact expressed in metres and historical data, for landslides/avalanches probability and historical data, etc.

Scenario analysis on physical and transition risks

Physical risks

Due to the complexity and globality of the phenomenon, the effects of climate change are difficult to predict accurately. In response to this issue and with a view to achieving a robust approach, the analysis focuses on the forecast scenarios provided by the Intergovernmental Panel on Climate Change (IPCC), which, starting with the increase in the global average temperature, describe the effects of climate change in the long term on **chronic climate phenomena** (including, intensification of extreme precipitation, sea level rise, temperature increase, etc.) and **acute climate events** (including, hail, landslides, water scarcity, etc.).

Below are the IPCC scenarios used for the physical risk analyses:

	BEST	MID	WORST
	RCP ⁴⁰ 1.9	RCP 4.5	RCP 8.5
GLOBAL TEMPERATURES	<1.5°C al 2050 e al 2100	≤ 1.5°C al 2040 ≤ 2.5°C al 2100	> 2°C al 2040 ≤ 4°C al 2100
FORECASTS	<ul style="list-style-type: none"> Limited climatic evolution Stabilisation of exposure to physical hazards compared to current levels 	Progressive intensification of natural phenomena	Significant intensification of natural phenomena

The analysis of long-term scenarios showed that some of the physical risk events will become more significant as chronic climate phenomena intensify over the long term. Awareness of what might happen in the future enables Snam to plan its response to the risk, ensuring adequate and effective action, even in the event of a worst-case scenario.

Transition risks

Below are the IPCC scenarios used for transition risk analyses:

	BEST	MID	WORST
	RCP 1.9 – SSP1 ⁴¹ – IEA NZE ⁴²	RCP 4.5 – SSP2 – IEA APS ⁴³	RCP 8.5 – SSP5 – IEA STEPS ⁴⁴
GLOBAL TEMPERATURES	<1.5°C fino al 2050 Net Zero al 2050	Picco delle emissioni globali al 2040 Tra i 2 e i 3 °C entro il 2100	> 2°C al 2050 > 5°C al 2100
FORECASTS	<ul style="list-style-type: none"> Implementation of the 2030 and 2050 climate targets Decreased use of fossil fuels Strong growth in renewables Growth of low-emission materials Lower energy intensity 	Insignificant changes in economic growth trends and in existing and planned policies and regulations	<ul style="list-style-type: none"> Extensive use of fossil fuels High energy intensity

With particular reference to the NZE scenario, the greatest risks are expected to affect the regulated sector, resulting from the substitution of the most emissive fuels and the decrease in gas demand in favour of the spread of renewables. However, the same scenario also presents significant opportunities for energy transition businesses, considering the push towards low-emission materials and the use of green gases such as biomethane and hydrogen.⁴⁰

40 RCP = Representative Concentration Pathway

41 SSP = Shared Socioeconomic Pathways

42 NZE = Net Zero Emissions

43 APS = Announced Pledges Scenario

44 STEPS = Stated Policies Scenario

Climate change risks and opportunities

Below are the main risks and opportunities mapped by Snam, prioritised according to the probability and impact dimensions mapped at the inherent level and residual severity.

INHERENT PROBABILITY AND IMPACT LEGEND

Inherent Probability (IP)	Short- and medium-term time horizon			
	Low	Medium	High	Very High
Economic / Financial Impact (EFI)	Materiality threshold equal to 3% of Net Profit over the budget year or cumulative if evaluated under Arc Plan			
	Low	Moderate	High	Material
Reputational Impact (RI)	Image damage and/or number of stakeholder categories and their impacted expectation factors in connection with the materiality analysis			
	Low	Moderate	High	Material
Residual Severity (RS)⁴⁵	Residual severity is obtained by combining the inherent severity with an assessment of the effectiveness and adequacy of the safeguards in place to mitigate the risk. The inherent severity results from the combination of the IP level and the impact level with the highest rating among those measured.			
	Low	Medium	High	Critical
Severity Opportunities	Severity results from the combination of the Probability level and the impact level with the highest rating among those measured.			
	Slight	Fair	Good	Best

45 The reported severity was determined by considering the highest impact assessed in the analysis. Where there were two associated risks, the arithmetic mean of the two assessments was taken, rounded up.



TRANSITION RISKS AND OPPORTUNITIES

MARKET RISKS

CONTEXT OF REFERENCE

How markets could be affected by climate change, considering key trends and changes in consumer behaviour and demand for certain commodities, products and services

RELATED MATERIAL TOPICS

Climate change, energy security and energy accessibility

DESCRIPTION

<ul style="list-style-type: none"> Reducing gas volumes Unreliability/disruption of gas supplies 	<ul style="list-style-type: none"> Progressive change in the market environment Increase in supply prices for gas technologies 	<ul style="list-style-type: none"> Increased operating costs for transitional business
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IMPACTS IN THE VALUE CHAIN

Lower energy/gas use by the end consumer (downstream), Products and services	Products and services, Operation	Operation
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SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)

Inherent Probability (IP) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Residual Severity (RS)

IP	Medium			IP	High			IP	High		
EFI	Moderate	RI	Moderate	EFI	Low	RI	Moderate	EFI	Low	RI	Low
RS	Medium			RS	Medium			RS	Medium		

SEVERITY - LONG-TERM HORIZON (2040)

RCP 1.9 – SSP1 – IEA NZE

EFI	Moderate	RI	Low	EFI	Moderate	RI	Moderate	EFI	Low	RI	Low
RS	Medium			RS	Medium			RS	Low		

RCP 4.5 – SSP2 – IEA APS

EFI	Moderate	RI	Moderate	EFI	Low	RI	Moderate	EFI	Moderate	RI	Low
RS	Medium			RS	Medium			RS	Medium		

RCP 8.5 – SSP5 – IEA STEPS

EFI	Moderate	RI	Moderate	EFI	Low	RI	Low	EFI	Moderate	RI	Moderate
RS	Medium			RS	Low			RS	Medium		

MAIN MITIGATION ACTIONS

<ul style="list-style-type: none"> Consolidation of new business related to green and decarbonised gases; Strengthening the energy transition platform (biomethane, hydrogen, energy efficiency and carbon capture and storage technologies CCS); Promotion of innovation development and management activities Development support; technology of a multi-molecule infrastructure; Supporting the deployment of green gas technologies as a viable alternative to electric technologies; Monitoring developments in the geopolitical context, European and national legislative initiatives in the field of natural gas, and representing the company's interests vis-à-vis the various institutional stakeholders; Awareness-raising activities on public opinion on natural gas as a key source to ensure energy security and enable the phasing out of coal in electricity generation; LNG infrastructure development (e.g. Small scale LNG plants) Facilitating and promoting transport-side activities that enable diversification of supply sources (i.e. TAP). 	<ul style="list-style-type: none"> Consolidation of new business related to green and decarbonised gases; Strengthening the energy transition platform (biomethane, hydrogen, energy efficiency and carbon capture and storage technologies CCS); Promotion of innovation development and management activities; Supporting the technological development of a multi-molecule infrastructure; Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality; Awareness-raising activities on public opinion on natural gas as a key source to ensure energy security and enable the phasing out of coal in electricity generation; Investment in multi-molecule and European infrastructure projects (e.g.: hydrogen backbone, H₂ storage, CCS projects); Positioning activities and taking part in industry studies; Consolidation of the energy transition platform (biomethane, hydrogen, energy efficiency and CCS); Participation in international projects of community interest for the development of H₂ and CCS. 	<ul style="list-style-type: none"> Monitoring of international, European and national public financing programmes in the infrastructure, energy and sustainable transportation fields; Participation in integrated projects on an international scale concerning green and low-carbon gases (biomethane and hydrogen) along the entire value chain in order to promote their further development; Positioning activities and taking part in industry studies.
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MARKET OPPORTUNITIES											
CONTEXT OF REFERENCE How markets could be affected by climate change, considering key trends and changes in consumer behaviour and demand for certain commodities, products and services											
RELATED MATERIAL TOPICS											
Climate Change, Sustainable Supply Chain											
DESCRIPTION											
• Less dependence on external gas supplies				• Progressive change in the market environment in favour of the use of green and decarbonised gases				• Competitive advantage to be gained by strengthening and expanding the supplier base with respect to the climatic and socio-economic changes underway			
IMPACTS IN THE VALUE CHAIN											
Products and Services				Operations, Products and services, Capital				Operations, Products and Services			
SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)											
Probability (P) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Severity (S)											
P	Low			P	Low			P	Medium		
EFI	Moderate	RI	High	EFI	Low	RI	Moderate	EFI	Low	RI	Moderate
S	Fair			S	Slight			S	Fair		
SEVERITY - LONG-TERM HORIZON (2040)											
RCP 1.9 – SSP1 – IEA NZE											
EFI	Moderate	RI	High	EFI	High	RI	High	EFI	Low	RI	Low
S	Good			S	Good			S	Slight		
RCP 4.5 – SSP2 – IEA APS											
EFI	Moderate	RI	Moderate	EFI	Low	RI	Moderate	EFI	Low	RI	Low
S	Fair			S	Fair			S	Slight		
RCP 8.5 – SSP5 – IEA STEPS											
EFI	Low	RI	Low	EFI	Low	RI	Low	EFI	Low	RI	Low
S	Slight			S	Slight			S	Slight		
MAIN ACTIONS AND STRATEGIES TO REALISE THE OPPORTUNITY											
• Increased investment in favour of a policy of diversification and expansion of domestic production; • Infrastructure adaptation and development also with a view to greater integration between the gas and electricity systems; • Monitoring the European and national legislative initiatives on natural gas and representing corporate interests with regard to various institutional stakeholders.				• Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality; • Consolidation of new businesses related to green gases (biomethane and hydrogen), the implementation of gas use to support the energy transition, the development of carbon capture and storage (CCS) technologies and the efficient use of energy (energy efficiency); • Multi-molecule infrastructure investments (e.g. hydrogen backbone, storage and CCS projects); • Support for LNG (e.g. Small scale LNG plants); • Signing strategic agreements with important sector operators within the main continental energy corridors; • Participation in international projects of community interest for H ₂ and CCS development.				• Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality; • Monitoring of the supply chain and continuous dialogue with critical suppliers in order to align with regulatory requirements and market needs.			

REGULATORY RISKS

CONTEXT OF REFERENCE

How policies and regulations seek to counteract the negative effects of climate change or promote adaptation through new systems aimed at reducing emissions

RELATED MATERIAL TOPICS

Climate Change, Relations with Authorities and Quality of Services, Sustainable Supply Chain

DESCRIPTION

- Tightening of the legal and regulatory framework
- Emergence of new regulations concerning emissions
- Possible repercussions due to suppliers' misalignment on environmental issues and climate risks

IMPACTS IN THE VALUE CHAIN

Products and Services Operation Operation

SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)

Inherent Probability (IP) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Residual Severity (RS)

IP	Low			IP	Medium			IP	Medium		
EFI	High	RI	Moderate	EFI	Moderate	RI	High	EFI	Low	RI	Low
RS	Medium			RS	Medium			RS	Low		

SEVERITY - LONG-TERM HORIZON (2040)

RCP 1.9 – SSP1 – IEA NZE

EFI	Material	RI	High	EFI	Moderate	RI	High	EFI	Low	RI	Low
RS	Critical			RS	High			RS	Low		

RCP 4.5 – SSP2 – IEA APS

EFI	High	RI	High	EFI	Moderate	EFI	High	RI	Low	EFI	Low
RS	High			RS	High			RS	Low		

RCP 8.5 – SSP5 – IEA STEPS

EFI	Low	RI	Low	EFI	Low	EFI	Low	RI	Low	EFI	Low
RS	Low			RS	Low			RS	Low		

MAIN MITIGATION ACTIONS

- Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality;
- Maintaining a continuous and constructive dialogue with the regulator that contributes to the definition of a clear, transparent and stable framework to encourage the sustainable development of the gas system;
- Monitoring consultation processes in a direct and/or indirect manner;
- Preparation and transmission of documents containing company positions and/or proposals regarding the definition of the regulatory framework;
- Continuous regulatory oversight with monitoring of the evolution of laws and rulings, analysis of new developments, and the dissemination of information and insights to business and commercial departments
- Multi-molecule infrastructure investments (e.g. hydrogen backbone, H₂ testing in depleted gas field, development of storage and CCS expertise)
- Investments to monitor and improve the infrastructural resilience of the transmission network and Snam's assets.
- Periodic monitoring of energy consumption and updating of consumption forecasts relating to plants subject to ETS, in order to correctly monitor and estimate quota needs;
- SnamTEC Project to reduce the environmental impact of Snam's activities by promoting innovation and contributing to decarbonisation;
- Continuous monitoring of regulatory developments and best practices related to reporting, also through participation in European and international working groups;
- Conversion programme for gas turbines in dual fuel compression and storage plants;
- Update of the sustainability strategy with identification of ambitious emission reduction targets (-50% by 2032 vs. 2022 for GHG Scope 1 and 2 emissions related to regulated business, -30% by 2030 and -35% by 2032 vs. 2022 for GHG Scope 3 emissions and -64.5% by 2027, -70% by 2030 and -72% by 2032 vs. 2015 for natural gas) and aimed at achieving carbon neutrality to 2040 on Scope 1 and 2 emissions across the board and culminating in achieving Net Zero by 2050 on all Scope 1, 2, 3 emissions.
- Participation in internationally integrated projects on green and low carbon gases (biomethane and green and blue hydrogen) along the entire value chain to foster their further development;
- Continuous monitoring of regulatory developments, including through participation in European and international working tables;
- Monitoring of the supply chain and continuous dialogue with critical suppliers in order to align with regulatory requirements and market needs

REGULATORY OPPORTUNITIES

CONTEXT OF REFERENCE

How policies and regulations seek to counteract the negative effects of climate change or promote adaptation through new systems aimed at reducing emissions

RELATED MATERIAL TOPICS

Climate change

DESCRIPTION

- Increased investment and rapid deployment of decarbonisation and energy efficiency projects thanks to a favourable regulatory and legislative framework

IMPACTS IN THE VALUE CHAIN

R&D Investments, Products and Services

SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)

Probability (P) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Severity (S)

P	Medium		
EFI	Low	RI	High
S	Fair		

SEVERITY - LONG-TERM HORIZON (2040)

RCP 1.9 – SSP1 – IEA NZE

EFI	High	RI	Moderate
S	Good		

RCP 4.5 – SSP2 – IEA APS

EFI	Moderate	RI	Low
S	Fair		

RCP 8.5 – SSP5 – IEA STEPS

EFI	Low	RI	Low
S	Slight		

MAIN ACTIONS AND STRATEGIES TO REALISE THE OPPORTUNITY

- Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality
- Investments in multi-purpose infrastructure (e.g. hydrogen backbone, H₂ testing in depleted gas field, development of storage and CCS expertise)
- SnamTEC Project to reduce the environmental impact of Snam's activities by promoting innovation and contributing to decarbonisation
- Identification of objectives for increasing the production of renewable energy (e.g. installation photovoltaic systems), for purchasing green electricity and for installing low-emission technologies (e.g. new high-efficiency heat generators, trigeneration plants, etc.).

TECHNOLOGICAL RISKS

CONTEXT OF REFERENCE

How climate change could trigger a technological breakthrough through the development of new low footprint processes or new circular economy systems

RELATED MATERIAL TOPICS

Climate change, Innovation, digitisation and cybersecurity, Relations with the authorities and quality of services, Health and safety

DESCRIPTION

• Loss of value and difficulty in converting assets	• Delays/higher costs for development/purchase of transition technologies • Higher delays/costs for the development/installation of technologies to reduce emissions	• Difficulties in attracting personnel experienced in climate-related issues
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IMPACTS IN THE VALUE CHAIN

Operations, Capital	Operations, Products and Services	Operation
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SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)

Inherent Probability (IP) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Residual Severity (RS)

IP	Low	IP	Medium	IP	Medium
EFI	Moderate	RI	Low	EFI	Moderate
RS	Low	RS	Medium	RS	Medium

SEVERITY - LONG-TERM HORIZON (2040)

RCP 1.9 – SSP1 – IEA NZE

EFI	Material	RI	High	EFI	High	RI	Moderate	EFI	Moderate	RI	Moderate
RS	Critical			RS	High			RS	Medium		

RCP 4.5 – SSP2 – IEA APS

EFI	Moderate	RI	Moderate	EFI	Moderate	RI	Moderate	EFI	High	RI	Moderate
RS	Medium			RS	Medium			RS	High		

RCP 8.5 – SSP5 – IEA STEPS

EFI	Low	RI	Moderate	EFI	Low	RI	Low	EFI	Low	RI	Low
RS	Medium			RS	Low			RS	Low		

MAIN MITIGATION ACTIONS

<ul style="list-style-type: none"> Investments to monitor and improve the infrastructural resilience of the transmission network and Snam's assets; Investment in infrastructure from a multi-molecule and European perspective (e.g. hydrogen backbone, H₂ storage, CCS); Technologically advanced tools for monitoring/controlling the state of infrastructures, also in view of their useful life, and the environmental context in which they are located; Promotion of innovation development and management activities Supporting technology development for a multi-molecule infrastructure. 	<ul style="list-style-type: none"> Monitoring and studying decarbonisation technologies that can be complementary to Snam's core business; Partnership agreements to foster the development of decarbonisation and hydrogen value chain sectors, also through advocacy and awareness raising activities both at home and abroad; Development of competencies in green and low carbon technologies to gas, through acquisitions also; Enabling hybrid technologies (e.g. dual-fuel power plants) to favour the transport of green gas mixes (biomethane + hydrogen). 	<ul style="list-style-type: none"> Development of competencies in green and low carbon technologies to gas, through acquisitions also; Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality; Monitoring and studying decarbonisation technologies that can be complementary to Snam's core business.
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TECHNOLOGICAL OPPORTUNITIES											
CONTEXT OF REFERENCE											
How climate change could trigger a technological breakthrough through the development of new low footprint processes or new circular economy systems											
RELATED MATERIAL TOPICS											
Energy security and accessibility, Innovation, digitisation and cybersecurity, Climate change											
DESCRIPTION											
• Ability to retain value and create business growth of infrastructure through asset reuse/reconversion				• Competitive and image benefits from early development of transition technologies				• Reputational advantage due to demonstration of adequate infrastructure design			
IMPACTS IN THE VALUE CHAIN											
R&D Investments, Operations, Capital				R&D Investments, Operations, Products and Services				Investment R&D, Operations			
SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)											
Probability (P) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Severity (S)											
P	High			P	Medium			P	Very High		
EFI	Low	RI	High	EFI	Low	RI	Material	EFI	Low	RI	Low
S	Good			S	Good			S	Fair		
SEVERITY - LONG-TERM HORIZON (2040)											
RCP 1.9 – SSP1 – IEA NZE											
EFI	Material	RI	Material	EFI	High	RI	High	EFI	Low	RI	Moderate
S	Best			S	Good			S	Fair		
RCP 4.5 – SSP2 – IEA APS											
EFI	Moderate	RI	Moderate	EFI	Moderate	RI	Moderate	EFI	Low	RI	Low
S	Fair			S	Slight			S	Lieve		
RCP 8.5 – SSP5 – IEA STEPS											
EFI	Low	RI	Low	EFI	Low	RI	Low	EFI	Low	RI	Low
S	Slight			S	Slight			S	Slight		
MAIN ACTIONS AND STRATEGIES TO CAPITALISE ON OPPORTUNITY											
<ul style="list-style-type: none">• Technological investments for monitoring and improving the infrastructural resilience of the transmission network and Snam's assets;• Investment in infrastructure from a multi-molecule and European perspective (e.g: hydrogen backbone, H₂ storage and CCS);• Promotion of innovation development and management activities;• Participation in international projects of community interest for H₂ and CCS development.				<ul style="list-style-type: none">• Development of new businesses related to green gases (biomethane and hydrogen), the implementation of the use of gas to support the energy transition, the development of carbon capture and storage (CCS) technologies and the efficient use of energy (energy efficiency), in Italy and abroad;• Actions and investments aimed at developing hydrogen as an additional source to support the energy transition (e.g. insertion of a 10% hydrogen mixture in a section of the national network, testing of a 30% hydrogen mixture, position papers, studies dedicated and strategic placements);• Modernisation of infrastructure in a H2-ready perspective, already 99% ready, and the definition of standards for the acquisition of only H2-ready components for the grid;• Investments in CO₂ transport and storage networks as a multi-molecule infrastructure company• Participation in working tables to take the lead in advocacy and awareness-raising activities to promote utilisation; hydrogen and Carbon Capture Transport and Storage systems at national and international level;• Monitoring and studying decarbonisation technologies that can be complementary to Snam's core business;• Partnership agreements to foster the development of decarbonisation and hydrogen value chain sectors, also through advocacy and awareness raising activities both at home and abroad• Development of competencies in green and low carbon technologies to gas, through acquisitions also.				<ul style="list-style-type: none">• Investments to monitor and improve the infrastructural resilience of the transmission network and Snam's assets• Representative actions with institutional stakeholders in order to promote the centrality of gas infrastructure as a tool for transporting green gases (e.g. biomethane and hydrogen) to support the fight against climate change;• Technologically advanced tools for monitoring/controlling the state of infrastructures, also in view of their useful life, and the environmental context in which they are located;• Systematic and continuous maintenance and control actions, with implementation of the pipeline replacement plan based on analyses of specific technical parameters.			



REPUTATIONAL RISKS

CONTEXT OF REFERENCE

How initiatives and outreach activities on climate-related issues and relations with key stakeholders could impact the Group's reputation

RELATED MATERIAL TOPICS

Climate change, Relations with authorities and quality of services, Economic performance and value creation, Business conduct

DESCRIPTION

- Reputational and competitive disadvantage due to delays/lack of achievement of sustainability targets;
- Penalisation by stakeholders for possible difficulties of the Group in meeting climate change expectations;
- Reputational and competitive disadvantage as a result of media/awareness-raising campaigns/etc. against Snam as a "system" operator in the gas business

IMPACTS IN THE VALUE CHAIN

Products and services, Capital

Products and Services

SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)

Inherent Probability (IP) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Residual Severity (RS)

IP	High			IP	Very High		
EFI	Moderate	RI	High	EFI	Low	RI	Moderate
RS	High			RS	High		

SEVERITY - LONG-TERM HORIZON (2040)

RCP 1.9 – SSP1 – IEA NZE

EFI	Moderate	RI	High	EFI	Low	RI	High
RS	High			RS	High		

RCP 4.5 – SSP2 – IEA APS

EFI	Moderate	RI	High	EFI	Low	RI	High
RS	High			RS	High		

RCP 8.5 – SSP5 – IEA STEPS

EFI	Low	RI	Low	EFI	Low	RI	High
RS	Low			RS	High		

MAIN MITIGATION ACTIONS

- Representation actions with institutional stakeholders in order to promote the centralisation of the gas infrastructure as a tool for the transportation of green gases (for example, biomethane and green hydrogen) supporting the fight against climate change;
- Update of the sustainability strategy with identification of ambitious emission reduction targets (-50% by 2032 vs. 2022 for GHG Scope 1 and 2 emissions related to regulated business, -30% by 2030 and -35% by 2032 vs. 2022 for GHG Scope 3 emissions and -64.5% by 2027, -70% by 2030 and -72% by 2032 vs. 2015 for natural gas) and aimed at achieving carbon neutrality to 2040 on Scope 1 and 2 emissions across the board and culminating in achieving Net Zero by 2050 on all Scope 1, 2, 3 emissions;
- Adherence to the TCFD and disclosure of performance to combat climate change by publishing information on these issues in the Non-Financial Statement;
- Adequate recognition and dissemination of awards and/or certifications that attest to and reinforce the Group's commitment to achieving certain sustainability goals.
- Taking part in Italian, European and international round table discussions, including association ones, as part of energy transition and climate neutrality;
- Dialogue and promotion/advocacy with reference stakeholders, institutional world and financial world, also in conjunction with associations and other gas chain operators;
- Adherence to national, European and international initiatives aimed at strengthening the commitment to reduce methane emissions, such as the UNEP Oil & Gas Methane Partnership OGMP 2.0 Protocol.

REPUTATIONAL OPPORTUNITIES

CONTEXT OF REFERENCE

How initiatives and outreach activities on climate-related issues and relations with key stakeholders could impact the Group's reputation

RELATED MATERIAL TOPICS

Economic Performance and Value Creation, Business Conduct

DESCRIPTION

- Reputational benefits due to the achievement of stated sustainability goals
- Advantages in terms of market positioning and attractiveness (sustainable finance)

IMPACTS IN THE VALUE CHAIN

Operations, Products and Services

Capital, Operations

SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)

Probability (P) - Economic-Financial Impact (EFI) - Reputational Impact (RI) - Severity (S)

P	High	P	Medium
EFI	Moderate	RI	High
EFI	Low	RI	Moderate
S	Good	S	Fair

SEVERITY - LONG-TERM HORIZON (2040)

RCP 1.9 – SSP1 – IEA NZE

EFI	Moderate	RI	High
EFI	Moderate	RI	Moderate
S	Good	S	Fair

RCP 4.5 – SSP2 – IEA APS

EFI	Moderate	RI	Moderate
EFI	Low	RI	Moderate
S	Fair	S	Fair

RCP 8.5 – SSP5 – IEA STEPS

EFI	Low	RI	Low
EFI	Low	RI	Low
S	Slight	S	Slight

MAIN ACTIONS AND STRATEGIES TO REALISE THE OPPORTUNITY

- Dialogue and promotion/advocacy with reference stakeholders, institutional world and financial world, also in conjunction with associations and other operators;
- Update of the sustainability strategy with identification of ambitious emission reduction targets (-50% by 2032 vs. 2022 for GHG Scope 1 and 2 emissions related to regulated business, -30% by 2030 and -35% by 2032 vs. 2022 for GHG Scope 3 emissions and -64.5% by 2027, -70% by 2030 and -72% by 2032 vs. 2015 for natural gas) and aimed at achieving carbon neutrality to 2040 on Scope 1 and 2 emissions across the board and culminating in achieving Net Zero by 2050 on all Scope 1, 2, 3 emissions;
- Issuance of bonds linked to emission reduction and climate resilience projects (Green Bonds, Taxonomy Linked Bonds, Transition Bonds and Sustainable-Linked Bonds);
- Narrative on sustainability integrated in every activity of the company (infrastructure, environmental and biodiversity protection, social, innovation), as an enabling factor of a just transition
- Representation actions with institutional stakeholders in order to promote the centralisation of the gas infrastructure as a tool for the transportation of green gases (for example, biomethane and green hydrogen) supporting the fight against climate change;
- Participation in the assessment of the main international sustainability rating agencies (CDP, Sustainalytics and ISS ESG), in the assessments of the main ESG indices (DJSI, MSCI, FTSE4good) and in Moody's Net Zero Assessment, thus increasing the company's visibility with SRI investors and, more generally, with the entire financial community;
- Snam's regular participation in roadshows/seminars, with the aim of meeting institutional investors around the world, including SR investors;
- Definition of a target in the Sustainability Scorecard related to sustainable finance to increase the weight of sustainable finance in total funding to 85% by 2027;
- Publication of a Sustainable Finance Framework for the issuance of instruments to finance projects aligned with the Delegated Acts of the European Taxonomy and corporate activity in general;
- Alignment of activities related to European Taxonomy.

PHYSICAL RISKS	
CONTEXT OF REFERENCE How the occurrence of weather events and their intensification due to climate change could impact business continuity and the integrity of the Group's assets	
RELATED MATERIAL TOPICS	
Climate Change, Business Conduct, Energy Security and Accessibility	
DESCRIPTION	
<ul style="list-style-type: none"> Acute risks - Increased severity of extreme weather events, with impacts on service continuity and quality and asset integrity 	<ul style="list-style-type: none"> Chronic risks - Intensification of chronic climatic phenomena in the medium and long term (temperature, precipitation, winds) that can lead to the exacerbation of acute risks as well
IMPACTS IN THE VALUE CHAIN	
Operation	Operation
SEVERITY - SHORT TO MEDIUM-TERM HORIZON (2023-2027)	
Low	Low
SEVERITY - LONG-TERM HORIZON (2040)	
RCP 1.9 – SSP1 – IEA NZE and RCP 4.5 – SSP2 – IEA APS	
No appreciable changes in 'theoretical' exposure to 2040 are expected compared to what has already been shown in the short- to medium-term analysis, the results of which are the starting point for planning a long-term response	
RCP 8.5 – SSP5 – IEA STEPS	
RCP scenario 8.5 shows a more pronounced evolution of physical climatic phenomena than the other two scenarios, with potentially appreciable consequences as early as 2040 in terms of intensifying impacts. Such a representation may suggest possible priorities to the company in terms of risk response planning under the assumption of a worst-case scenario in the coming decades.	
MAIN MITIGATION ACTIONS	
<ul style="list-style-type: none"> Application of the recovery plan and business continuity management system to international best practices Technologically advanced tools for monitoring/controlling the state of infrastructures, also in view of their useful life, and the environmental context in which they are located Systematic and continuous maintenance and control actions, with implementation of the pipeline replacement plan based on analyses of specific technical parameters Timely implementation of Emergency Response Procedures Continuity of investments in gas storage to provide additional flexibility in case of supply disruptions or more aggressive gas demand peaks Continued technology scouting in areas critical to the energy transition and decarbonisation of our infrastructure Design and construction of transportation infrastructure based on the most recent technical and safety regulations, the carrying out of dedicated studies (geomorphological, hydraulic, environmental risk, etc.) during the design phase. 	

The resilience of Snam's strategy

In 2023, Snam carried out a **Climate Change Risk Assessment** to investigate the resilience of its strategy against different climate scenarios. In particular, it considered a Plan scenario to 2027 and the updated scenarios developed in cooperation with Terna to 2030 and 2040, combining them with those proposed by the International Energy Agency and the Intergovernmental Panel on Climate Change (RCP 1.9 - SSP1 - IEA NZE; RCP 4.5 – SSP2 – IEA APS; RCP 8.5 – SSP5 – IEA STEPS).

These scenarios envisage different developments over the next few years, influencing the Group's development strategy and have been considered to assess the main risks and opportunities related to climate change that may impact industrial, economic and sustainability objectives (transition risks), as well as the integrity of the Group's tangible (physical risks) and intangible assets (e.g. gas demand reduction, policies and regulatory changes that may favour the development of green gas, the need to reconvert assets to favour transition). The aforementioned risks and opportunities were identified and measured through a dedicated assessment, aligned with the ERM Model, which involved all internal Group entities.

The results of the analysis show that Snam's strategy is resilient.

In particular, the Climate Change Risk assessment shows that:

- the economic impacts of physical risks on assets are negligible in the short to medium term (2023-2027) due to the effectiveness of direct safeguards (such as physical mitigants and insurance coverage) and indirect safeguards (e.g. structural characteristics of the assets considered);
- The potential long-term (2040) climate exposure of assets shows no significant change in RCP scenarios 1.9 and 4.5, while it shows a more pronounced impact in RCP scenario 8.5;
- transition risks are limited in the short to medium term, with greater exposure to reputational aspects (e.g. achievement of sustainability targets). Risks intensify in the long-term Net Zero scenario (RCP 1.9, SSP1, NZE) in which regulatory and technological risks gain strategic importance but are mitigated by repurposing activities and energy transition opportunities.

Stakeholder relations

In carrying out its activities, Snam fosters a collaborative relationship with all its stakeholders aimed at dialogue and active listening, developing tools and engagement actions that strengthen trust and inclusion, mutual growth and licence to operate.

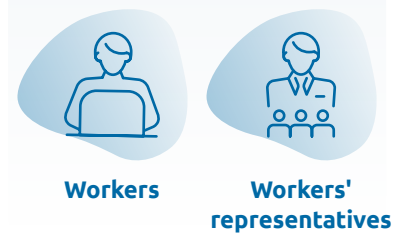
SOCIAL, POLITICAL AND FINANCIAL SECTOR



OPERATIONAL AND BUSINESS SECTOR



COMPANY





Since 2016, Snam has adopted a policy aimed at stakeholder engagement, through which it ensures a homogeneous approach to dialogue and listening activities with stakeholders based on 4 fundamental steps:



The **Stakeholder Engagement Policy**, updated in 2023 and valid for the entire Snam Group, focuses on the need to have a broader perspective and scope than in the past in order to be able to create strong relationships between people, suppliers and communities, meeting the sustainable development needs of all stakeholders.

Snam's stakeholder engagement aims to:

establish an **ongoing and constructive dialogue** with Snam's main stakeholder group on sustainability strategies, taking into account any stakeholder requests and identifying areas for improvement and possible synergies

define the **company's material** topics in the ESG area

contribute to the maintenance of **corporate reputation**

contribute to the **identification of opportunities and risks**

For more information on the Stakeholder Engagement Policy, see Annex 2 - Main Snam Policies and Guidelines in the "Annexes" section of the 2023 of the Non-Financial Statement.

The stakeholder engagement process and implemented initiatives

In order to stimulate mutual and continuous growth in the relationship between Snam and its stakeholders, the Group bases the foundations of its stakeholder engagement process on constant and proactive communication.



Following the changes that the international landscape has undergone due to the evolving geo-political context in recent years, one of the main threads of stakeholder engagement activities in 2023 was the issue of energy security. Snam, in fact, represents one of the most important national guarantors in terms of security of supply and, with a view to understanding the need that this issue hides for all stakeholders along the value chain, shares strategic lines, objectives and supporting activities.

With this in mind, the **'Small gestures, big impact'** advertising campaign was promoted to raise awareness about reducing energy consumption, which was followed by a multi-channel institutional advertising campaign, including a landing page, to tell about the company's commitment to the energy transition.

In addition, the communication activities that characterised 2023 continued to promote, among others, the commitment to the enhancement of territories and local communities, the biomethane, hydrogen and energy efficiency businesses. In doing so, Snam keeps stakeholder engagement high along the entire value chain, through transparent communication and sharing of its objectives and activities.

'We are the network that carries your energy every day', Snam's new institutional campaign

Between the end of October and the beginning of November 2023, Snam's new institutional campaign, which tells the story of the Group's role within the national and international energy scene, went on air on the main television stations.

The campaign emphasises the Group's commitment and role in ensuring security of supply as well as continuity and quality of service.

The perspective adopted by the campaign, at a particularly delicate time like the present, talks about how the energy system managed by Snam makes it possible to transport, store and regasify natural gas on a daily basis, in order to guarantee the country's energy security and, at the same time, enable its transition to a zero-emission future.

Snam has been working in precisely this direction for some time, through investments, technologies and people who daily man the territory, guaranteeing continuous energy supplies and making it possible, at the same time, to transport green and decarbonised gases such as biomethane and hydrogen.

Snam has continued to expand its commitment to organising online and hybrid meetings and events, as well as in-person events, promoting ongoing dialogue with its stakeholders through proactive and integrated communication, capable of establishing solid and lasting relationships. Involvement activities in 2023 covered the topics of:

**Infrastructure
installation**

**Technological
Innovation**

Decarbonisation

Training

Sustainability

**Cyber
security**




With regard to the issue of infrastructure installation, with particular reference to safety, the **'Call before you dig'** awareness and information campaign was renewed to promote the 24-hour toll-free number for those who need to intervene with excavations or agricultural breakthroughs in the network's areas or for those who find any anomalies.



Below are the main stakeholder engagement activities held for each stakeholder category during the year:

	WORKERS	WORKERS' REPRESENTATIVES	CUSTOMERS	BUSINESS PARTNERS	SUPPLIERS	OTHER OPERATORS AND COMPETITORS	REGULATORS	SHAREHOLDERS AND INVESTORS FINANCIAL COMMUNITY	INSTITUTIONS	ASSOCIATIONS AND COMMUNITIES	MEDIUM	AUTHORITIES
Seminars	●				●			●	●			
Webinars	●		●						●			
Workshops, interviews and focus groups	●		●	●	●			●				
Online platforms	●		●		●							
Working tables		●	●				●		●	●		
Meetings with local communities										●		
Meetings with trade unions		●										
Meetings with institutions									●			
Meetings with regulators and authorities							●					●
Questionnaires	●		●		●		●	●	●	●	●	●
Roadshows and conferences	●				●			●			●	
Partnerships and collaborations				●		●				●		
Awards and recognitions	●				●		●	●			●	



The 2023 engagement activities are marked in the document by the cartoon icon on the side. 

Some of the methods and related involvement activities by stakeholder category are shown below:

STAKEHOLDER CATEGORY	ENGAGEMENT ACTIVITIES 2023	
BUSINESS PARTNERS	Partnerships and collaborations	Snam works in close contact with its business partners, with which it annually establishes partnerships, agreements and Memorandums of Understanding of strategic importance for developing business
OTHER OPERATORS AND COMPETITORS	Partnerships and collaborations	<p>Snam works closely with other operators in the sector, especially to create an integrated European network and to continue the development of market-oriented services, as well as to spread alternative uses of gas, through the promotion of biomethane, hydrogen and CCS technologies as the main solutions for achieving decarbonisation targets.</p> <p>Major collaborations include:</p> <ul style="list-style-type: none"> the Tech4Planet, a national technology transfer hub created two years ago by CDP Venture Capital SGR, and of which Snam is a corporate partner, to facilitate market access and support the growth of new businesses, conceived within research laboratories and dedicated to environmental sustainability; Politecnico di Milano, which renewed its collaboration agreement with Snam on joint research activities dedicated to the role of the gas system in the country's energy security and transition. The framework agreement will focus on the development of studies and projects from infrastructure safety to green gases (hydrogen and biomethane) and technologies for decarbonisation, such as CO₂ capture and storage.
INSTITUTIONS	Webinar	<ul style="list-style-type: none"> Gas for Climate webinar 'Assessing the benefits of a Pan-European hydrogen transmission network'.
	Seminari	<ul style="list-style-type: none"> Seminar at the European Parliament with the Italian delegation to present Snam's Strategic Plan Gas for Climate event 'Scaling up renewable gases to meet REPowerEU targets'.

Media Relations

In 2023, Snam continued and intensified its relations with the national and local press, while consolidating its position with the international media.

To this end, press coverage was expanded through articles, interviews, TV and radio reports, including the organisation of press conferences, express trips and plant visits. The activities contributed to strengthening Snam's visibility and role as a key player in the country's energy security, enhancing the strategic role of its infrastructures and key projects, such as the regasifiers in Piombino and Ravenna, and its role as an enabler of the energy transition. In particular, communication efforts focused on the development of green gases (hydrogen and biomethane), new technologies for decarbonisation (e.g. CCS infrastructure), energy efficiency measures and sustainable mobility development activities.

During the year, communication relating to ESG issues and stakeholder engagement projects for communities and territories was strengthened, also thanks to the communication initiatives of Fondazione Snam and Arbolia, as well as financial communication, strengthening collaboration with Snam's Finance, Investor Relations and M&A teams. Ample space was dedicated to the issue of safeguarding biodiversity, highlighting the vegetation restoration activities that Snam is used to implementing after the laying of a gas pipeline, in order to restore the affected area to pre-operational conditions or in some cases to improve it.

During 2023, numerous documents were also produced for external use for the prompt handling of situations in which the company was directly involved.



Among the year's media awards and accolades, Snam was ranked second in the **Webranking Europe 500** for corporate and financial digital communication compiled by Lundquist in cooperation with Comprend. The award recognises Snam's distinctive approach to digital communication, which excels in the 'About Us' and reporting sections where it is a top performer. The level of transparency of its communication, which is also awarded for the 'Investor Relations' and 'Sustainability' sections, also makes it a leader within the energy sector in Europe.

In addition, the company has participated in numerous national and international events, including:

MAIN EVENTS IN 2023	CEO for Life Award	CEO for Life Award	Anci – Associazione Comuni Italiani Genova	Presentation of Strategic Plan 2022-2026 at the Milan Stock Exchange
	Gastech 2023	Green&Blue Festival	Merita Association, with meetings dedicated to energy and hydrogen	Italian Energy Summit with Il Sole24Ore



In December, Snam's top management attended the COP28 in Dubai, the Conference of the Parties, to speak, among others, at the launch of a public-private Declaration of Action on cross-border trade corridors for hydrogen and its derivatives, realised in partnership with the Hydrogen Council. The top management also discussed about the use of CO₂ abatement technologies such as CCS as part of the work overseen by the Alliance for Industry Decarbonisation (AFID).

Digital engagement

During the year, Snam consolidated its relationship with stakeholders by implementing digital, transparent, proactive and multi-channel communication. In particular, the Group proceeded with:

- the revision and relaunch of the social media strategy, with educational columns on both energy security and energy transition businesses;
- the publication on social channels of content dedicated to enhancing the role of infrastructure;
- the online publication of south2corridor.net, sunshynecorridor.eu, sea-corridor.com, ravennaccs.it;
- influencer marketing campaign with Geopop on how Carbon Capture and Storage works and on energy efficiency;
- the multi-channel Sustainability Profile headings to promote Snam's sustainable approach disseminated on the sustainability website.



The main activities of the 2023 digital engagement included the docufilm '**T.E.C. to the future. Discovering Tomorrow's energy company**', available on Mediaset Infinity, the documentary film about SnamTEC, the operations-focused innovation programme with which Snam is building the energy company of tomorrow.

- | | | | |
|--------------------|-------------------------------------|--|-------------------------|
| 1. personal safety | 2. continuity of the financial year | 3. safeguarding infrastructure and the environment | 4. process optimisation |
|--------------------|-------------------------------------|--|-------------------------|

T.E.C. to the future conveys all this through the viva voce of the people at Snam, who every day, in the field, treasure many technological and management solutions, from the digitisation of assets and processes to artificial intelligence, from telediagnosics to drones and satellites, from augmented to virtual reality, passing through sensor technology, internet of things and much more. All this with the aim of enabling increasingly integrated monitoring and governance of the entire energy system, under the banner of decision-making processes based on data analysis, risk forecasting and predictive logic.

Snam and 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:

INDUSTRY ASSOCIATIONS	<ul style="list-style-type: none"> • Observatoire Méditerranéen de l'Energie et du Climat (OMEC), for the development of new areas of cooperation between Europe and North African countries, both with respect to natural gas and the transport of green gas, and policies aimed at developing business opportunities in the Mediterranean region; • Alliance for Industry Decarbonisation (AFID), a global platform that aims to share knowledge and expertise among corporate members on wide-ranging issues, including green hydrogen, CCS and sustainable finance; • European Energy Forum (EEF), with focus on relevant energy and climate topics; • Copenhagen Forum, focusing on energy infrastructure, sponsored by the European Commission; • Gas for Climate (GFC), to raise 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. <p>In addition, Snam is a member of Proxigas, Confindustria Nazionale, its territorial branches and its delegation to the European Union,</p>
OTHER ASSOCIATIONS	<p>ENTSO-G, Gas Infrastructure Europe (GIE), EU Delegation of Confindustria, European Gas Research Group (GERG).</p>

For more information on the main partnerships and associations of which Snam is a member, please refer to the chapters "Climate change", "Business conduct" and Annex 5 "Main partnerships".

In addition, Snam participates in working tables and events with a focus on the Euro-Mediterranean Energy Transition, being part of events with a focus on the role of gas in the future energy mix and the use of renewable energy carriers of the **World Energy Council**. The company also participated in the **East Mediterranean Gas Forum (EMGF)**, to support the formation of a regional gas (in the future hydrogen) market, the optimised development of infrastructure resources and assets, as well as more competitive prices in the area and strengthened trade relations.

Material topics for Snam

With the aim of providing an adequate representation of the Group's activities, its performance, its results and the impact produced, annually Snam carries out the materiality analysis required by the sustainability reporting standards, taking into consideration the requirements of Legislative Decree 254/2016 - which transposes EU Directive 2014/95/EU known as the "Non Financial Reporting Directive" - and the peculiarities of the sector to which it belongs.

In line with last year, the 2023 materiality analysis was developed following the GRI Universal Standards 2021, according to which companies are required to identify material topics on the basis of the most significant impacts they generate on the economy, environment and people, including impacts on their human rights (so-called **impact materiality**).

Following the introduction of the **Corporate Sustainability Reporting Directive** (CSRD), which was published in the Official Journal of the European Union in July 2023 with Delegated Regulation (EU) 2023/2772 and which will come into force as of 1 January 2024 with reference to reports published in 2025, this year Snam also carried out, in anticipation, an application exercise of the concept of '**double materiality**' provided for by the new Directive.



Compared to the materiality analysis in the GRI Standards, 'double materiality' consists of two dimensions:

- **impact materiality**, in line with the GRI Standards 2021, whereby a sustainability issue (so-called sustainability topic) is relevant when it relates to the company's relevant **impacts**, negative or positive, actual or potential, on people or the environment in the short, medium or long term;
- **financial materiality**, whereby a sustainability issue is material from a financial point of view if it entails or can reasonably be expected to entail significant financial effects on the company, i.e. when a sustainability issue generates **risks** or **opportunities** that have or can reasonably be expected to have a significant influence on the company's development, its financial position, results of operations, cash flows, access to financing or cost of capital in the short, medium or long term.

In both cases, the assessment of impact materiality and financial materiality considers not only the impacts, risks and opportunities associated with the company's own operations, but also those occurring in the upstream and downstream value chain, including through its products and services and its business relationships, not limited to direct contractual relationships.

For more information, see the in-depth study 'Evolution of Materiality Analysis: double materiality'.

The process for defining and updating the material topics for 2023 included the following activities:

1 Understanding the context in which Snam operates	2 Identification of sustainability topics and related impacts, risks and opportunities for assessment	3 Assessment of impacts, risks and opportunities by top management and stakeholders	4 Aggregation of results and definition of material topics and related impacts, risks and opportunities for Snam
<p>taking into account:</p> <ul style="list-style-type: none"> • context analysis and ESG macro-trends • business analysis • analysis of Snam's subsidiaries and value chain • analysis of Snam's objectives (Strategic Plan 2022-2026, Carbon Neutrality Strategy, ESG Scorecard) 	<p>taking into account:</p> <ul style="list-style-type: none"> • results of previous materiality analyses • results of stakeholder engagement activities carried out by Snam • benchmarking on material peer topics • ESG aspects indicated by the main sustainability reporting standards • analysis of the results of the risk assessment carried out by the ERM function • content of board induction sessions and Snam ESGETS Committee meetings 	<p>through:</p> <ul style="list-style-type: none"> • online questionnaires addressed to specific categories of stakeholders and top management for the assessment of impact and financial materiality • workshops for employees, customers and suppliers to assess impact materiality • one-to-one interviews with representatives of the financial community to assess financial materiality 	<p>taking into account:</p> <ul style="list-style-type: none"> • main sustainability reporting standards • Snam Strategic Plan 2022-2026 • Snam's Carbon Neutrality and ESG Scorecard strategy

Phase 1: Understanding the context in which Snam operates

In order to identify the **overall list of impacts, risks and opportunities** and the related sustainability issues to be assessed, an analysis was carried out with the aim of understanding the context in which Snam operates. In this regard, the analysis carried out not only took into consideration Snam's business and its activities - as well as the Group's **strategic guidelines**, outlined in the latest available Strategic Plan, in the Carbon Neutrality strategy and in the ESG Scorecard - but was also extended to the external context, including the main macro-trends in the ESG sphere, to the Subsidiaries and to Snam's value chain.

Phase 2: Identification of sustainability issues and related impacts, risks and opportunities for assessment

The long-list of impacts, risks and opportunities from the first phase was subsequently rationalised with further analyses, which took into consideration sustainability aspects that emerged from benchmark analyses on companies operating in the same or comparable sector to Snam, from the main sustainability reporting standards (including GRI 11: Oil & Gas Sector Standard, SASB Oil and Gas - Midstream industry and the European Sustainability Reporting Standards - ESRS) and the contents of the board induction sessions and ESGETS Committee meetings held during the year.

The identification of risks and opportunities was further refined by analysing the results of the periodic risk assessment activity carried out by Snam's Enterprise Risk Management (ERM) function. The long-list of impacts, risks and opportunities were correlated with the relevant material topics.

Furthermore, in view of the requirements of the ESRS - the European Sustainability Reporting Standards, the new sustainability reporting standards that will become mandatory with the entry into force of the CSRD - Snam has revised the name and definitions of some of its sustainability topics, taking into account those proposed by the new standards. For more information on Snam's themes, see the 'Table of correspondence between ESRS themes and Snam themes'.



Phase 3: Assessment of impacts, risks and opportunities by top management and stakeholders

The list of key impacts, risks and opportunities and related sustainability issues that emerged from Phase 2 was submitted for review by Snam's top management and stakeholders.

In this regard, the assessment of impacts according to impact materiality involved the involvement of specific categories⁴⁶ of stakeholders through the completion of an **online questionnaire**. In addition, in-depth workshops were dedicated to some stakeholders belonging to the 'employees', 'suppliers' and 'customers' categories, in which the main global risks according to the Global Risk Report drawn up by the World Economic Forum, Snam's decarbonisation strategy and, finally, the issues and related impacts to be assessed were illustrated. With the help of a specific tool, stakeholders were able to assess the issues from the perspective of impact materiality, analysing and comparing results in real time.

For the assessment of the topics from the perspective of financial materiality, some members of the **investor and financial community** categories filled out an online questionnaire similar to the one submitted to the other stakeholder categories, with the difference that, in this case, the assessment focused on risks and opportunities. In addition, some representatives of the financial community were involved in **one-to-one interviews** in order to capture, in greater depth, their assessment from a financial materiality perspective.

Finally, the **Top Management** was involved in the assessment of relevance according to **both perspectives of impact and financial materiality** through the completion of an online questionnaire integrating both impacts and risks and opportunities related to potentially material topics.

All stakeholders and top management, in identifying the most relevant impacts and/or risks and opportunities, provided an assessment in terms of both magnitude⁴⁷ and likelihood⁴⁸.

In 2023, **more than 10,000** stakeholders were involved. In line with 2022, again this year's engagement activity revealed that the topics considered most relevant according to stakeholders were 'Energy security and accessibility', a topic that emerged as a priority also as a consequence of the geopolitical events that characterised 2022 and 2023, and 'Climate change', confirming the continued focus on the issue.

10,260
stakeholders
involved
in the survey
online (excluding
top management)

Phase 4: Aggregation of results and definition of material topics and related impacts, risks and opportunities for Snam

The results obtained from the stakeholder engagement activities were aggregated and integrated with the objectives in the Carbon Neutrality Strategy, the ESG scorecard and the latest Strategic Plan available at the date of the assessment, and the indications of the main sustainability reporting standards.

In line with the requirements of the GRI Universal Standards 2021, the results that emerged from Phase 3 made it possible to define the **list of material topics from an impact materiality perspective**. In addition, it was also possible to define the **double materiality matrix**, obtained through the integration of the evaluations according to the two perspectives.

Finally, the final results were validated by management and the CEO and examined by the EST and STE Committee and the Snam Board of Directors.

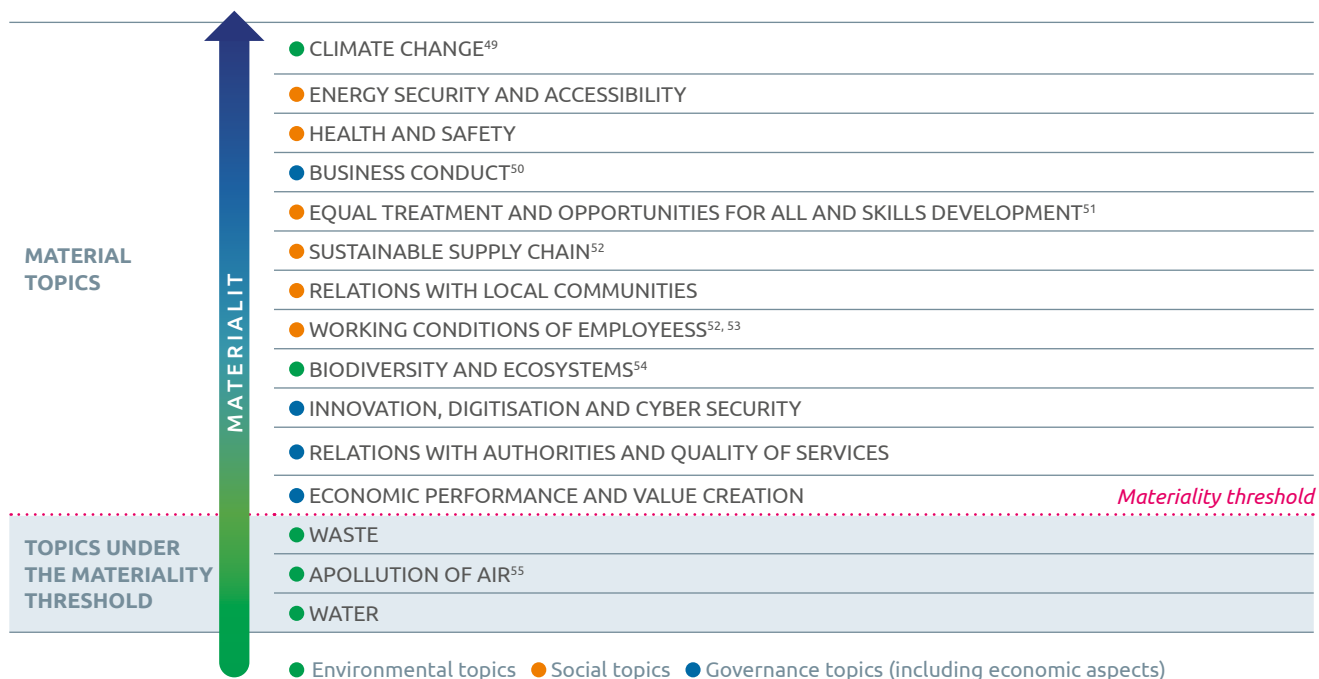
⁴⁶ Employees, suppliers, customers, employee representatives other operators and competitors, institutions, authorities, regulators, business partners, associations and communities and the media.

⁴⁷ By 'magnitude', from the perspective of impact materiality, we mean the significance that Snam's impacts have or could have on the environment, economy and society. From a financial materiality perspective, this refers to the significance with which risks or opportunities influence Snam's positioning and ability to create value.

⁴⁸ "Probability" refers to the probability of occurrence of a specific event in the short, medium or long term.



Below is the list of Snam's 2023 material topics, according to the impact materiality perspective, highlighting the material topics and those below the materiality threshold:



Once again in 2023, the topic '**Climate Change**' is confirmed at the top of the list, demonstrating not only the importance that stakeholders place on this issue, but also testifying to the efforts that Snam is channelling to combat climate change and enable the energy transition.

Energy security and accessibility to energy came in second place, also considering the sudden changes in the external context that characterised the two-year period 2022 - 2023 and that highlighted the need to guarantee energy supply to meet the demand of businesses and citizens both through a reliable and resilient energy transport infrastructure and through the allocation of growing economic resources in the energy diversification of the country system.

The relevance of the topic of "**Health and Safety**" reflects the Company's commitment to protecting and safeguarding the psycho-physical safety of its workers, confirming Snam's desire to consider this aspect as an essential requirement from both a corporate and stakeholder perspective.

Compared to 2022, the topic '**Business Conduct**' was found to be more relevant due to the increasing attention of stakeholders and top management towards a corporate culture based on the principles of ethics and integrity.

Greater importance was also attached to the topic of '**Equal treatment and opportunities for all and skills development**', which underlies the creation of a healthy and fair working environment that preserves workers' rights and encourages job continuity, also with a view to just transition, and that rejects all forms of discrimination and values diversity.

"Innovation, digitalisation and cybersecurity" and **"Economic performance and value creation"**, while still material topics, were considered less significant than last year, due to Snam's recognised oversight and good performance on the topics.

Finally, '**Waste**', '**Pollution of air**' and '**Water**' are confirmed as important topics for the Company, which ensures their constant monitoring and control, even if they are classified below the materiality threshold.

⁴⁹ In 2022, the topic 'Climate change' was defined as 'Climate change and green business'.

⁵⁰ In 2022, the topic 'Business Conduct' was defined as 'Business integrity and corporate reputation'.

⁵¹ In 2022, the topic 'Equal treatment and opportunities for all and skills development' was divided into 'Diversity and Inclusion' and 'Development and protection of human capital'.

⁵² The topic 'Respect for Human Rights' in 2022 was merged into the topics 'Sustainable Supply Chain' and 'Working Conditions of Employees'.

⁵³ The theme 'Employment', present in 2022, was merged into the theme 'Working Conditions of Employees'.

⁵⁴ In 2022, the topic 'Biodiversity and Ecosystems' was 'Protection of land and biodiversity'.

⁵⁵ The topic 'Pollution of air' refers to emissions of nitrogen oxides (NO_x), particulate matter (PM₁₀), carbon monoxide (CO), sulphur oxides (SO_x). In 2022, the topic was 'Pollutant Emissions'.

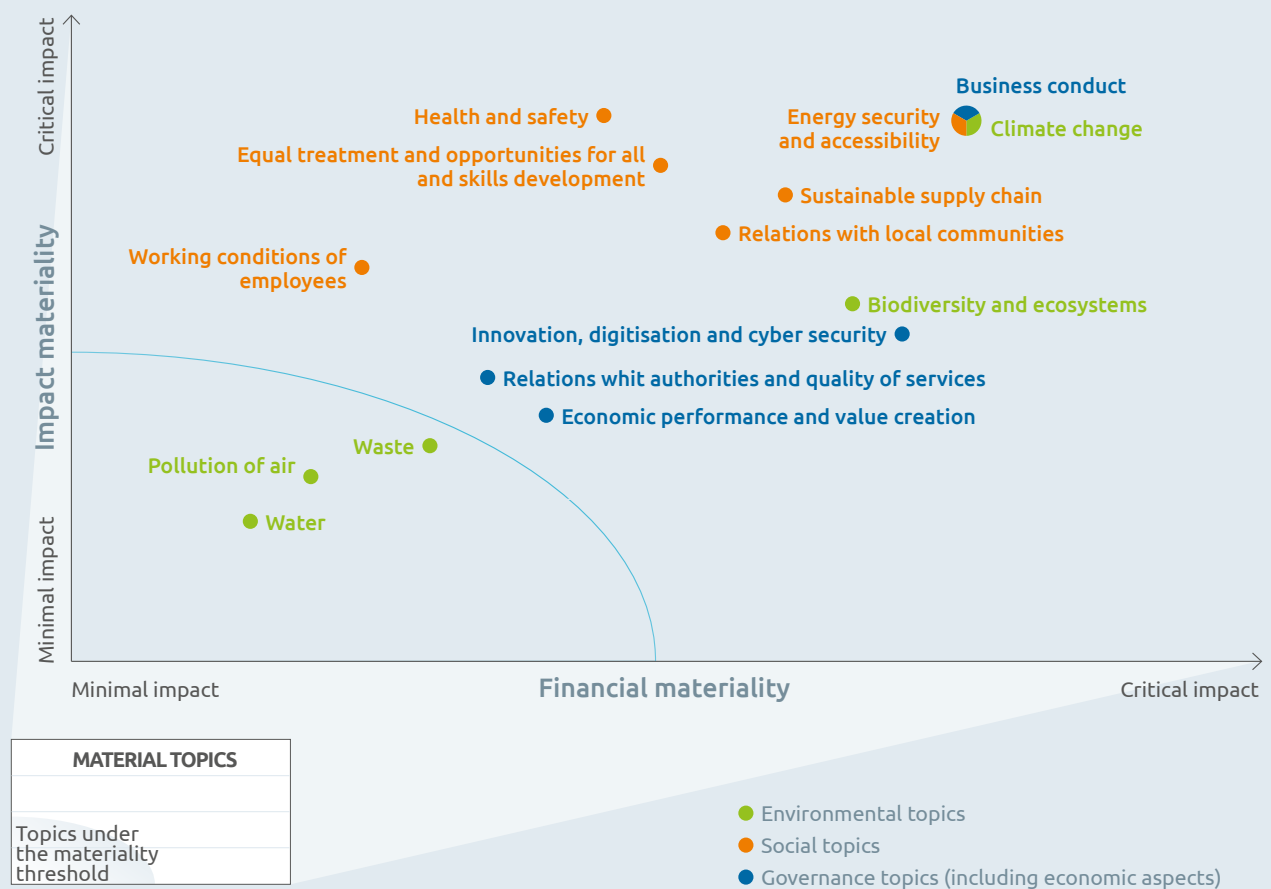
Evolution of the materiality analysis: double materiality

The preliminary application of the double materiality analysis continued for 2023 to meet the CSRD's requirements in advance.

Therefore, starting from the identification of the risks and opportunities mapped in Snam's risk portfolio, **investors, the financial community** and **Top Management** were involved in order to assess their significance in terms of their ability to influence the Group's positioning and value creation

In this way, it was possible to integrate the analysis of impact materiality with that of financial materiality.

The final results of the assessments according to the impact and financial materiality perspectives, represented in the **double materiality matrix**, confirm the consistency of the Group's priority issues with the strategic objectives defined by Snam:



From the matrix, it emerges that the topics prioritised by both perspectives are '**Climate Change**', '**Energy Security and Accessibility**' and '**Business Conduct**'.

According to the impact materiality perspective, **health and safety** is a higher priority based on the significance of the positive and negative impacts Snam generates on its workers.

On the contrary, according to the financial materiality perspective, the topic of '**Innovation, digitalisation and cybersecurity**' is more significant due to the impact that opportunities related to technological innovation and potential cyber attack risks have on Snam's positioning and development.

Finally, even according to the dual perspective, the topics '**Waste**', '**Pollution of air**' and '**Water**' do not appear to be material.



Impacts, risks and opportunities for Snam












Below are the topics and the related impacts, risks and opportunities⁵⁶ under evaluation for the materiality analysis, for which the trend is shown, in terms of relevance with respect to the sorting of topics according to the 2022 impact materiality perspective, the type (current/potential), the time horizons, the source of the impacts, i.e. where they are generated, and the impacted stakeholders

Impact:		Time horizons	Source of the impacts		Stakeholder	
+	=	S = short term	•○• = upstream activities	•○• = direct activities	•○• = downstream activities	Environment
		M = medium term				Authorities and regulators
		L = long term				Shareholders and financiers
-						Customers
						Community
						Local Communities
						Suppliers, business partners and other operators
						Snam workers







IMPACT MATERIALITY								FINANCIAL MATERIALITY	
TOPIC	TREND	IMPACT DESCRIPTION	IMPACT TYPE	CURRENT / POTENTIAL	TIME HORIZON	SOURCE OF IMPACT	IMPACTED STAKEHOLDERS	RISKS	OPPORTUNITIES
Climate change	=	Capture and storage of unavoidable climate-changing emissions through carbon capture and storage (CCS) technologies and offsetting of climate-changing emissions through reforestation activities	+	Potential	L	•○•	Environment Community	Disappointing economic results due to failure to develop markets for the energy transition businesses	Expansion of market for development of energy transition businesses
		Supporting Italy's energy transition through the spread of energy carriers with a low environmental impact (biomethane, hydrogen)	+	Current	L	•○•	Environment Community	Poor economic performance due to reduced gas demand	
		Greenhouse gas emissions generated by Snam's activities or along the value chain	-	Current	L	•○• •○•	Environment Community		
Energy security and accessibility	=	Availability of infrastructure to ensure security of supply and diversification of sources	+	Current	S	•○•	Customers Community	Risk of interruption of services due to exogenous causes, including possible criminal and terrorist, geopolitical and/or natural activities	Increase in expected economic results for the acceleration of authorisation processes and the awarding of tenders and subsidies for the construction of plants to guarantee the energy security of the country system
		Service continuity and reliability through proper maintenance and constant monitoring of the integrity of Snam's infrastructure	+	Current	S	•○• •○•	Local communities Community		
		Interruptions in gas flows for users due to malfunctions in Snam's infrastructure	-	Potential	S	•○• •○•	Customers Community		

56 The risks and opportunities submitted for assessment represent a reworking of those reported in the risk register giving evidence of the main ones.

	IMPACT MATERIALITY							FINANCIAL MATERIALITY	
TOPIC	TREND	IMPACT DESCRIPTION	IMPACT TYPE	CURRENT / POTENTIAL	TIME HORIZON	SOURCE OF IMPACT	IMPACTED STAKEHOLDERS	RISKS	OPPORTUNITIES
Health and safety	▲	Increased health and safety awareness as a result of training and awareness-raising activities provided to Snam employees and contractors	+	Current	S	•●•	Suppliers, business partners and other operators Snam employees	Risk of hazardous events in the performance of activities with potential impacts on the health and safety of Snam employees	
		Accidents, occupational illnesses and/or damage to the psycho-physical health of Snam employees and contractors due to a lack of safety management and monitoring, failures and malfunctions of company structures and assets and incorrect risk assessment	-	Potential	S	•●• •●•	Suppliers, business partners and other operators Snam employees		
Business conduct	▲	Development of a corporate culture based on the principles of ethics and integrity	+	Current	S	•●•	All stakeholders	Penalties for non-compliance with laws and regulations	Greater attractiveness to investors and stakeholders thanks to Snam's sustainability performance in ESG ratings and clear and transparent communication
		Episodes of corruption and misconduct with economic repercussions on markets and companies	-	Potential	S	•●• •●•	All stakeholders		
Equal treatment and opportunities for all and skills development	▲	Development of the skills and professional growth opportunities of Snam employees through continuous and targeted training plans	+	Current	M	•●•	Snam workers	Reputational risk due to inadequate handling of equal treatment issues	Increased appeal for top talent fostered by a corporate culture focused on equal treatment and skills development
		Development of an inclusive working environment that contributes to increasing the motivation of Snam employees	+	Current	M	•●•	Snam workers		
		Cases of discrimination among Snam employees	-	Potential	M	•●•	Snam workers	Delays in carrying out Snam's activities due to the lack of adequately trained personnel to fill critical roles (also emerging for new business)	
		Inadequate employee training and failure to update skills in response to the know-how needs of the energy transition	-	Potential	M	•●•	Snam workers		

TOPIC	IMPACT MATERIALITY							FINANCIAL MATERIALITY	
	TREND	IMPACT DESCRIPTION	IMPACT TYPE	CURRENT / POTENTIAL	TIME HORIZON	SOURCE OF IMPACT	IMPACTED STAKEHOLDERS	RISKS	OPPORTUNITIES
Sustainable supply chain	▼	Support for the development of Snam's suppliers through initiatives to engage them in the path towards the energy transition of the country system, with a "just transition" perspective	+	Current	L	 	Suppliers, business partners and other operators	Difficulties in supply of raw materials and industrial components due to the increase in costs of raw materials	Expansion of the supplier base resulting from Snam's increased appeal to suppliers due to the support offered to their energy transition and decarbonisation path
		Violation of workers' human rights in the supply chain and/or environmental damage caused by Snam's suppliers	-	Potential	S	 	Environment Suppliers, business partners and other operators	Reputational risk related to non-socially responsible practices by Snam's suppliers and/or the selection of suppliers that do not meet the professional, economic-financial and ethical requirements established by Snam	
Relations with local communities	▲	Support and economic development of communities in the area through social initiatives, beneficial activities and sponsorships	+	Current	M		Local Communities	Failure to obtain authorisations to carry out works or interruption of business activities due to opposition by local communities	
		Restriction of access to land and use of resources for communities affected by transport infrastructure activities	-	Current	M		Local Communities		
		Inadequate and unfair compensation of land use	-	Potential	M		Local Communities		
		Conflicts or opposition from communities affected by Snam's projects due to inadequate communication and dialogue with Snam	-	Potential	M		Local Communities		
Working conditions of employees	▲	Snam employees' well-being and work-life balance through appropriate welfare plans	+	Current	S		Snam workers		Sanctions due to violations of workers' human rights
		Incorrect application of applicable labour law regulations with negative effects on employees (collective bargaining, working hours, economic treatment, etc.)	-	Potential	S		Snam workers		
		Decrease in the well-being of Snam employees due to working conditions deemed not in line	-	Potential	S		Snam workers		

TOPIC	TREND	IMPACT MATERIALITY						FINANCIAL MATERIALITY	
		IMPACT DESCRIPTION	IMPACT TYPE	CURRENT / POTENTIAL	TIME HORIZON	SOURCE OF IMPACT	IMPACTED STAKEHOLDERS	RISKS	OPPORTUNITIES
Biodiversity and ecosystems	▼	Protecting the natural ecosystem through urban reforestation and regeneration projects in the areas where Snam operates	+	Current	M		Environment Local communities	Failure to develop infrastructure due to difficulties in obtaining permits because of environmental constraints to protect biodiversity	
		Loss of biodiversity in areas affected by pipeline infrastructure and sites where Snam operates due to inadequate recovery plans	-	Potential	M		Environment Local communities		
Innovation, digitalisation and cybersecurity	▼	Improvement of the service offered through the development of digital technologies and the promotion of research and development activities in the field of innovation and security that enable effective management of infrastructure and resources	+	Potential	M		Customers Environment	Business interruption due to data theft as a result of cyber attacks	Increased expected economic results through the development of projects related to innovation and digitisation
		Loss or publication of sensitive data of employees, customers or partners	-	Potential	S		Customers Suppliers, business partners and other operators Snam employees		
		Deterioration of service due to non-use of state-of-the-art technology with repercussions on assets and infrastructure	-	Potential	M		Customers		
Relations with authorities and quality of services	▼	Increased customer satisfaction through engagement and listening initiatives and the development of customer-centric platforms	+	Current	S		Customers	Suspension of activities due to non-compliance with the requirements defined by the competent authority within the regulated market in which Snam operates	
		Deterioration of relations with the authorities due to Snam's inability to meet their demands	+	Potential	S		Authorities and regulators		
		Reduction in the quality of the service offered due to the inability to meet the required quality standards	-	Potential	S		Authorities and regulators Customers		
Economic performance and value creation	▼	Supporting the economic development of Snam value chain actors through the sustainable economic performance Snam has achieved over time	+	Current	L		Shareholders and financiers Local communities Suppliers, business partners and other operator	Poor economic performance due to critical political, social and security factors in the countries where Snam operates	
		Negative impacts on the country's economic system due to Snam's credit unreliability towards its business partners	-	Potential	M		Local communities Suppliers, business partners, other operators, Community		

TOPIC	IMPACT MATERIALITY							FINANCIAL MATERIALITY	
	TREND	IMPACT DESCRIPTION	IMPACT TYPE	CURRENT / POTENTIAL	TIME HORIZON	SOURCE OF IMPACT	IMPACTED STAKEHOLDERS	RISKS	OPPORTUNITIES
Waste	=	Reduction in the consumption of natural resources through the reuse of waste materials used for biogas and biomethane production and processes aimed at waste recycling and recovery	+	Potential	M	 	Environment		Development of the biogas and biomethane market thanks to a favourable regulatory framework
		Negative environmental impacts due to inadequate management of waste generated by Snam	-	Potential	S		Environment		
Pollution of air	=	Generation of polluting emissions (e.g. NO _x) with impacts on air quality as a result of Snam's industrial activities	-	Current	S		Environment Local communities Community	Penalties for exceeding permitted pollutant emission thresholds	
Water	=	Contribution to water resource scarcity in the territories where Snam operates due to water consumption in company activities (mainly office use and irrigation)	-	Current	S	 	Environment Local communities Community	Limited availability of water to carry out its activities due to the scarcity of water resources or the introduction of restrictions on water withdrawal in the territories in which Snam operates	

 Environmental topics
  Social topics
  Governance topics (including economic aspects)
 n.r.: Not relevant topics for Snam

Internal regulatory system

Snam's corporate activities are based on the principles set out in the United Nations Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises and the Global Compact.

Snam's corporate governance system is organised on three levels: **policies, guidelines** and **rules**.

Through this approach, Snam correctly oversees all issues related to the business, while at the same time guaranteeing proper management and performance of business activities and compliance with the general principles contained in the **Articles of Association, Code of Ethics, Code of Corporate Governance, Model 231 and the Enterprise Risk Management Model (ERM Model)**.

In addition, Snam confirms its commitment to considering sustainability as a guiding element in defining its strategic and operational choices also through the **Ethics and Integrity Agreement** through which the Group defines further principles that must be applied at all levels, ensuring sustainable growth in the medium and long term. Development, continuous updating and management models guarantee the implementation of the measures prescribed by internal regulations.

Documents underpinning the corporate governance system			
Articles of Association	Code of Ethics	Policies	<ul style="list-style-type: none"> ensure proper and adequate supervision of the subject matter are communicated and disseminated within the organisation and among all persons who have relations with Snam, with a view to transparency and collaboration are approved by the Board of Directors and the CEO
Model 231	Corporate Governance Code	Guidelines	<ul style="list-style-type: none"> facilitate the implementation of standards and rules of conduct to be followed in carrying out activities must be respected by all members of corporate bodies, managers, employees, collaborators of Snam companies are communicated to other associate companies in order to promote principles and conduct consistent with those of Snam
ERM Model	Ethical and Integrity Agreement	Rules	<ul style="list-style-type: none"> define the way in which activities are carried out, also with a view to fulfilling compliance obligations set out in the legislation apply to Snam and its subsidiaries within the scope of the management and coordination activities exercised by Snam itself are disseminated to investee companies in order to promote consistent behaviour and information flows

For further details on Snam's main policies and guidelines, see "Annex 2 - Main Snam policies and guidelines" in the Consolidated Non-Financial Statement.



The Policies and Guidelines defined by Snam are presented below, in addition to the management models that aim to create and maintain adequate oversight of issues related to economic performance, tax transparency, innovation and cyber security, relations with authorities, the environment in terms of energy, GHG emissions, biodiversity and ecosystems, pollutant emissions, water resource and waste management, personnel management, including human rights, health and safety, energy security, supply chain local community and good business conduct described in detail in the 'Policies' section of the chapters 'Economic performance and value creation', 'Innovation, digitisation and cyber security', 'Relations with authorities and quality of services', 'Climate change', 'Biodiversity and ecosystems', 'Pollution of air', 'Water', 'Waste', 'Own labour force', 'Sustainable supply chain', 'Relations with local communities', 'Energy security and accessibility to energy' and 'Business Conduct' of the Consolidated Non-Financial Statement.



ECONOMIC PERFORMANCE AND VALUE CREATION

GUIDELINES AND POLICIES

- Policy for managing dialogue with shareholders and other stakeholders
- Sustainable Finance Framework
- Tax Control Framework Guideline - Tax Strategy

MANAGEMENT MODELS

- Participation in the **CFO Coalition for the SDGs** with the aim of expanding the sustainable finance market and promoting the flow of capital into investments that contribute significantly to the achievement of the SDGs
- Participation in the **Corporate Forum for Sustainable Finance** bringing together leading European energy and utility companies
- **Euro Commercial Papers** programme, linked to environmental and social sustainability objectives in line with the sustainable loan (ESG rating of EE+)
- **Bond in Use of proceeds format**
 - **Climate Action Bond**, the proceeds of which were used to finance and, in part, refinance the Eligible Projects of Snam's Climate Action Bond Framework
 - **Transition Bond**, the proceeds of which were used to finance the Eligible Projects of Snam's Transition Bond Framework
 - **EU Taxonomy-Aligned Transition Bond and Exchangeable EU Taxonomy-Aligned Transition Bond, dedicated to financing green projects aligned to the EU taxonomy as defined in the Sustainable Finance Framework published in November 2021**
- **Sustainability-linked bonds (SLB)**, whose economic performance is linked to the achievement of certain sustainability targets
- **Bank loans** in RCF and Term loan format whose economic performance is linked to the achievement of certain ESG targets
- Adoption of the **Tax Control Framework** for assessing, managing and controlling tax risks



INNOVATION, DIGITISATION AND CYBER SECURITY

GUIDELINES AND POLICIES

- Global Security Guidelines
- Privacy Guidelines
- Ethical and Integrity Agreement
- Charter of Principles for Environmental Sustainability

MANAGEMENT MODELS

- **ISO/IEC 270001**-compliant information security management system
- **Cybersecurity Incident Management Model**, overseen by the Security Incident Response Team
- **Risk analysis and technical verification** to identify protection needs arising from technological evolution and possible vulnerabilities
- Application of **Security by Design**, which requires compliance with specific requirements and appropriate checks for each application and infrastructure development



RELATIONS WITH THE AUTHORITIES AND QUALITY OF SERVICES

GUIDELINES AND POLICIES

- Regulatory framework defined by the Regulatory Authority for Energy Networks and Environment (ARERA)

MANAGEMENT MODELS

- Active participation in technical working tables and consultations, set up by the Authorities (national and European) on issues related to the evolution of the regulatory framework.



CLIMATE CHANGE

GUIDELINES AND POLICIES

- HSEEQ Policy
- Asset Management Policy

MANAGEMENT MODELS

- **ISO 14001**-compliant environmental management system
- **ISO 50001**-compliant energy management system
- **ISO 55001**-compliant Environmental Sustainability Asset Management System
- Development and investment in the **Energy transition platform** and creation of dedicated business units
- Adherence to the **Oil & Gas Methane Partnership OGMP 2.0** Protocol, a voluntary initiative launched under **UNEP** (United Nations Environment Programme)
- Subscription to the **Methane Guiding Principles** (MGP)
- Participation in **round tables, research projects, associations and consortia** for the development and study of green gases



BIODIVERSITY AND ECOSYSTEMS

GUIDELINES AND POLICIES

- HSEEQ Policy
- Asset Management Policy
- GNL Italia's Major Accident Prevention Policy
- Stogit's Major Accident Prevention Policy
- Snam FSRU Italia's Major Accident Prevention Policy

MANAGEMENT MODELS

- **ISO 14001**-compliant environmental management system
- Analysis of its activities to define the biodiversity strategy in line with the **Science Based Target for Nature (SBTN)** framework
- **Environmental monitoring projects (PMA)** on the environmental components of project development areas and potentially impacted areas, to verify the renaturalisation process by comparing pre- and post-operam land conditions



AIR, WATER AND WASTE POLLUTION

GUIDELINES AND POLICIES

- HSEEQ Policy
- Asset Management Policy

MANAGEMENT MODELS

- **ISO 14001**-compliant environmental management system
- **ISO 55001**-compliant Environmental Sustainability Asset Management System
- Collaboration with **Tenova** to develop integrated business solutions to significantly reduce NOx emissions in the metal production process



OWN LABOUR FORCE

GUIDELINES AND POLICIES

- HSSEQ Policy
- Diversity and Inclusion Policy
- Diversity and Inclusion Policy: Harassment Policy
- Diversity and Inclusion Policy: Gender Equality
- Diversity and Inclusion Policy: Recruiting @ Snam
- Diversity and Inclusion Policy: Gender Social Transition
- Remuneration Policy
- Human Rights Policy
- Asset Management Policy

MANAGEMENT MODELS

- Health and safety management system compliant with the **ISO 45001 standard** applied to Snam and all Group companies
- Gender equality certification **UNI 125:2022**
- Definition of a **Performance Management** programme
- **Employees Resource Groups**, groups of employees who support Snam's DE&I roadmap by raising awareness of parenting, disability, LGBTQ+, STEM, gender and generations
- Implementation of a two-yearly **Complexity, Experience and Autonomy (C.R.E.A.)** Factor Assessment system involving the entire company population, excluding managers
- Implementation of a **welfare system** able to meet and satisfy the needs of employees
- Creation of the **Inclusion Team** representing corporate diversity
- **Snam4safety**, a project to strengthen the safety culture and awareness of employees, contractors and suppliers
- Creation of **Competence Centres** for Snam staff training
- Creation of **internal faculty** to transfer technical and business knowledge in a 'from Snam to Snam' logic, i.e. between employees
- Creation of **Snam Institute** to enhance skills both within and outside Snam



SUSTAINABLE SUPPLY CHAIN

GUIDELINES AND POLICIES

- Human Rights Policy
- Social Supply Chain Policy
- Ethical and Integrity Agreement

MANAGEMENT MODELS

- **ESG training and awareness-raising modules** for suppliers on environmental, social and governance issues
- Suppliers sign the **Code of Ethics and the Ethics and Integrity Agreement**
- For some critical product groups, access to the qualification process is conditional on the submission of certain certifications such as **ISO 18001** health and safety standard, **ISO 14001** environmental standard and **ISO 9001** quality standard
- Inclusion of **ESG criteria in scoring models** at tender stage



RELATIONS WITH LOCAL COMMUNITIES

GUIDELINES AND POLICIES

- Stakeholder engagement policy
- Human Rights Policy
- Snam policy for the management of philanthropic activities and social initiatives

MANAGEMENT MODELS

- Development of initiatives to involve local communities, also thanks to the support of Fondazione **Snam ETS**, whose areas of intervention concern **energy, food and educational poverty** with initiatives targeted at territories



ENERGY SECURITY AND ACCESSIBILITY

GUIDELINES AND POLICIES

- HSEEQ Policy
- Business Continuity Management Policy
- Asset Management Policy

MANAGEMENT MODELS

- **ISO 22301**-compliant business continuity management system and **business continuity model**
- **ISO 55001**-compliant Environmental Sustainability Asset Management System



BUSINESS CONDUCT

GUIDELINES AND POLICIES

- Corporate Governance and Unbundling Guidelines
- Anti-Corruption Policy
- Anti-corruption guidelines
- Whistleblowing Guidelines
- Climate Lobbying Policy

MANAGEMENT MODELS

- Adoption and application of the principles contained in the Model 231
- Quality management system compliant with **ISO 9001 standard**
- Quality management system for the prevention of corruption compliant with **ISO 37001 standard**
- Implementation of the **Anti-Corruption Compliance Programme**
- Establishment of an **Anti-Corruption Committee** to act as a Compliance Function for the Prevention of Corruption
- Verification of the adequacy of suppliers and counterparties through **Reputational Audits and Compliance Audits**



Economic performance and value creation

Material topics, impacts, risks and opportunities

Economic performance and value creation

IMPACT MATERIALITY	POSITIVE IMPACTS Supporting the economic development of Snam value chain actors through the sustainable economic performance Snam has achieved over time NEGATIVE IMPACTS Negative impacts on the country's economic system due to Snam's credit unreliability towards its business partners
FINANCIAL MATERIALITY	RISKS <ul style="list-style-type: none"> • Poor economic performance due to critical political, social and security factors in the countries where Snam operates • Less access to green finance due to lack of business development aligned to the EU Taxonomy • Risk of changes in the internal and external financial environment that may jeopardise the (financial) income and capital structure • Risk associated with continued ownership of gas storage concessions (financial) • Risk associated with the management of equity investments (financial)

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

Through the **Policy for Managing Dialogue with Shareholders and Other Stakeholders** and the **Sustainable Finance Framework**, Snam ensures adequate monitoring of the issue, ensuring the management of the corresponding impacts, risks and opportunities linked to Snam's economic performance and value creation.



These policies are approved by the Board of Directors and are communicated internally within the organisation, as well as made available online on the website to all stakeholders.

Policy for managing dialogue with shareholders and other stakeholders	governs the management of the Dialogue, as well as the communication between the Board of Directors and the Interested Parties on issues within the Board's competence, observing the following general principles: <ul style="list-style-type: none"> • the principle of transparency of information provided within the framework of the Dialogue, according to which the information provided shall be clear, complete, correct, truthful and not misleading; • the principle of equal treatment of the holders of financial instruments issued by Snam; • compliance with the laws and regulations in force from time to time as well as the internal rules of governance, ensuring in any case the application of the principles of cooperation and transparency with the supervisory authorities and competent administrations. The Policy for Managing Dialogue with Shareholders and Other Stakeholders was adopted in line with the recommendations of the Corporate Governance Code, to which the Company adheres, as well as with the engagement policies adopted by institutional investors, proxy advisors and active managers, and with international best practices. The Snam Board of Directors approved this policy, also taking into account the engagement policies adopted by institutional investors and active managers, on 29 July 2021.
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For more information on policies regarding economic performance and value creation, please refer to Annex 2 - Main Snam Policies and Guidelines and Guidelines of the Non-Financial Statement.

To manage sustainable finance issues, in 2021 Snam adopted a **Sustainable Finance Framework**⁵⁷, building on the previous Climate Action Bond Framework and Transition Bond Framework and developed with a view to defining and clarifying the link between financing choices and the Group's initiatives and investments. Issued in November 2021, through this instrument Snam issued EU Taxonomy-aligned **Transition Bonds** and **Sustainability-Linked Bonds**, as well as bank loans. At the same time, the Sustainable Finance Framework aims to integrate the financial strategy with the objectives and activities defined within the Group's Strategic Plan.

The Framework received a Second Party Opinion from ISS ESG and was drafted following the market best practices established by:

- Sustainability-Linked Bond Principles 2020, drawn up by ICMA ('ICMA SLBPs')
- Sustainability-Linked Bond Principles 2020, drawn up by ICMA ('ICMA SLBPs')
- Green Bond Principles 2021, prepared by the International Capital Market Association (ICMA) ('ICMA GBP')
- Green Loan Principles 2021, drawn up by the Loan Market Association (LMA) ('ICMA GLP')
- Climate Transition Finance Handbook

Furthermore, for the Use of Proceeds section, the Framework was structured in alignment with the European Green Bond Standard ('EU GBS') and the recommendations of the European Commission.

The proceeds from these instruments are used by Snam to finance or refinance eligible projects located in Italy.

Eligible Projects means projects included in the categories of:

- **Network Readiness and Pollution Prevention, Leak Detection and Control**
 - Carbon & Emission Reduction,
 - Retrofit of Gas Transmission Network
- **Green Gases**
 - Advanced Biomethane
 - Hydrogen

Eligible Projects classified in the above categories must meet a set of environmental criteria, approved by Snam's Sustainable Finance Committee and verified by an independent third party that ascertains their compliance with market guidelines/principles and regulations, where applicable.

In accordance with the EU Taxonomy, Eligible Projects must not only contribute to at least one of the EU's environmental objectives, but also not significantly harm ('DNSH') any of the remaining objectives.

For further details on the projects financed under Snam's Sustainable Finance Framework, see the "Actions" section of this chapter.

⁵⁷ The Sustainable Finance Framework can be accessed at the following link:
<https://www.snam.it/it/investor-relations/investire-in-snam/debito-e-credit-rating/sustainable-finance.html>

Sustainable Finance Framework 2024

Recent years have seen significant developments in sustainable finance markets and equally important changes at the macroeconomic and geopolitical level. To reflect the changed environment, in **February 2024, Snam published a new Sustainable Finance Framework**, which will guide the Group's financial strategy in the coming years.

The framework will enable the issuance of **green (use of proceeds)** and **sustainability-linked financial instruments (sustainability-linked format)** in order to reinforce the company's continued commitment to the energy transition.

Use of Proceeds














The green financial instruments mark an evolution in Snam's Use of Proceeds instruments, moving beyond the previous Transition format aligned with the EU Taxonomy, increasing the focus on low-carbon infrastructure and including additional project categories (such as Carbon Capture and Storage - CCS, among others) that are all selected in accordance with the criteria of the EU Taxonomy, as verified by the Second-Party Opinion (SPO) issued under this Framework. In fact, the Use of Proceeds section of the Framework is aligned with the EU Taxonomy Regulation and the Delegated Act on Climate Change Mitigation.

When issuing Use of Proceeds instruments under this Framework, Snam undertakes to follow best market practice, as set out by:

- Green Bond Principles 2021, prepared by the International Capital Market Association (ICMA) ('ICMA GBP');
- Green Loan Principles 2023, prepared by the Loan Market Association (LMA) ('ICMA GLP');
- Climate Transition Finance Handbook 2023.

These proceeds will be used to finance existing and future 'Eligible Green Projects' located in Italy.

In this context, an extension of the categories of green projects was envisaged in order to incorporate every aspect of the updated CapEx Plan, based on the following macro-categories:

Green project categories	Main new projects	SDGs
Green Infrastructure <ul style="list-style-type: none"> • Network for Renewables and Low Carbon Gases • Carbon Capture and Storage (CCS) • Digital Transformation & Technology (DT&T) 	<ul style="list-style-type: none"> • Construction and activation of new pipelines dedicated to the transport of renewable and low-carbon gases (e.g. biomethane, hydrogen) • Investments in CCS infrastructure (e.g. pilot project to capture and store CO₂ emitted by Eni's compressor plant near Ravenna) • Development and use of new information and communication technologies (ICT) to proactively reduce greenhouse gas emissions 	  
Green Gases <ul style="list-style-type: none"> • Biomethane • Hydrogen 		  
Green Buildings	<ul style="list-style-type: none"> • Construction of the new Milan headquarters 	  
Energy Efficiency	<ul style="list-style-type: none"> • Energy efficiency investments for the installation, maintenance and repair of renewable energy technologies (e.g. solar photovoltaic systems and heat pumps) and for the modernisation of buildings 	   

Eligible Green Projects will be selected in line with a set of environmental criteria, monitored by Snam's Sustainable Finance Committee and verified by a Second Party Opinion against market guidelines and principles and/or regulation, where applicable. These selection criteria include contribution to the United Nations Sustainable Development Goals (SDGs) and alignment with the Technical Screening Criteria (TSC) for substantial contribution to mitigation of change, as set out in the Taxonomy of the EU Delegated Acts on Climate, as well as the relevant Do No Significant Harm ("DNSH") and Minimum Safeguards criteria.

Sustainability-Linked Format

Sustainability-linked instruments (Sustainability-Linked Bond "SLB" and Sustainability-Linked Loan "SLL") represent any type of instrument for which the economic performance changes depending on whether or not the issuer achieves pre-defined sustainability performance targets by a certain future date (the Reference Date).








The Sustainability-Linked format section is aligned with the Sustainability-Linked Bond Principles 2023 and the Sustainability-Linked Loan Principles 2023.

In line with its Sustainability Strategy, Snam has selected four KPIs:

Reduction in natural gas emissions	Reduction in greenhouse gas Scope 1 and 2 emissions	Reduction in Scope 3 emissions	Women in executive and management positions
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For more information on emission reduction targets, see the chapter 'Strategy, The Carbon Neutrality and Net Zero Strategy' in the 'General Information' section of the Non-Financial Statement.
For more information on emission reduction targets, see the chapter 'Own Labour Force, Targets' in the 'Social Information' section of the Non-Financial Statement.
For further details on Snam's Sustainable Finance Framework, please refer to the company's website <https://www.snam.it/it/investor-relations/investire-in-snam/debito-e-credit-rating/sustainable-finance.html>

Objectives

SUSTAINABLE FINANCE					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Percentage of ESG funding out of total available funding ¹		60% in 2021	80%	75% by 2023 85% by 2027	
 KPI included in the Sustainability Scorecard	 KPI included in the Carbon Neutrality Strategy	 Target achieved	 Target in progress	 Target not achieved	

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

¹ Calculated as the ratio of total ESG funding (drawn and undrawn) to total available funding. Total financing available includes bonds, bank loans, institutional financing and commercial paper, if outstanding.

Among other KPIs monitored, Snam annually calculates the share of CapEx aligned with the SDGs, which is 61% in 2023, demonstrating the Group's commitment to achieving the Sustainable Development Goals of the UN 2030 Agenda.

Taken together, the targets contribute to the management of the material impacts, risks and opportunities with regard to economic performance and value creation listed in the section "Material topics, impacts, risks and opportunities" of this chapter, and at the same time contribute to the achievement of the objectives outlined in the Sustainable Finance Framework.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Sustainable finance and SDG investments

Consistent with the growing importance that sustainable finance and related instruments are assuming within the financial landscape, starting in 2018, Snam has progressively aligned its financial strategy with the Group's sustainability objectives, in order to strengthen its role in the energy transition, as well as diversify its investor base and make them aware of its ESG initiatives and investments. This commitment was also reflected in the setting of a target to increase the weight of sustainable finance in total funding to 80% by 2026, achieved in 2023 three years early. With the presentation of the 2023-2027 Strategic Plan, the target was raised to 85% of total funding, to be reached by 2027.

Considering the capital market, between 2019 and 2023, Snam issued bond instruments with a **Use of Proceeds** format. The last issue dates back to December 2023, with the second EU Taxonomy-aligned Transition Bond instrument of € 650 million.

Among other sustainable finance instruments used by Snam, a **Sustainability-linked bond** was issued for the first time in January 2022, the issuance of which was associated with a Liability Management exercise, which accelerated the transition from plain vanilla bonds to sustainable finance instruments.

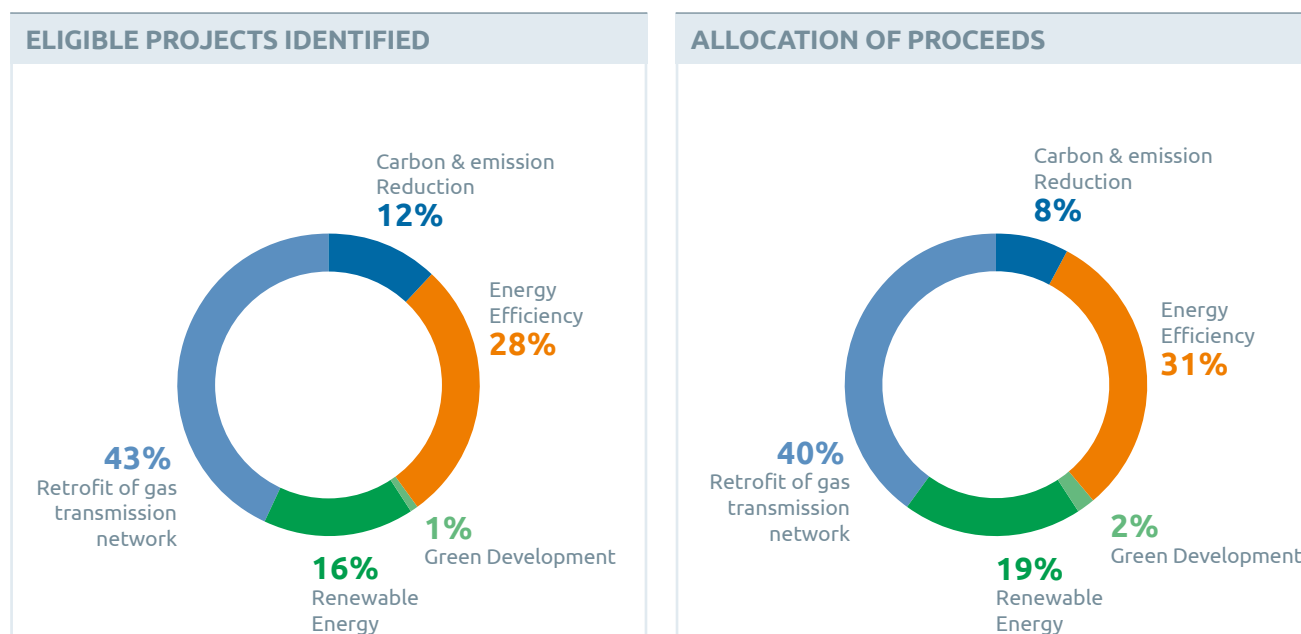
2019	2020-2021	2022	2023
Climate Action Bond 500 million euros , the proceeds of which were used to finance, and in part refinance, the Eligible Projects of Snam's Climate Action Bond Framework.	Four Transition Bonds for 2,350 million euros , the proceeds of which were used to finance the Eligible Projects of Snam's Transition Bond Framework.	Inaugural Sustainability linked bond (SLB) for 1.5 billion euros , whose economic performance is linked to the achievement of certain sustainability targets. EU Taxonomy-Aligned Transition Bond for €300 million , the proceeds of which are earmarked for projects supporting the energy transition.	EU taxonomy-aligned transition bond convertible into Italgas shares for 500 million euros. EU Taxonomy-Aligned Transition Bond for 650 million euros to finance projects supporting the energy transition.

The inaugural Sustainable-Linked Bond (general corporate purpose format) and the EU Taxonomy-Aligned Transition Bonds (Use Of Proceeds format) were issued as part of the **Sustainable Finance Framework**, 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. For these first Bonds, economic performance (step-up coupons) is linked to the achievement of targets linked to specific KPIs, in particular the reduction of natural gas and GHG Scope 1 and Scope 2 emissions aligned with Snam's decarbonisation strategy



In February 2024, Snam published a new Sustainable Finance Framework for the issuance of green and sustainability-linked financial instruments to reinforce the company's continued commitment to the energy transition, and received a Second Party Opinion from ISS.

Through its sustainable finance initiatives, as of 31 December 2023, Snam has financed eligible projects of approximately 3.8 billion euros (vs. 2.5 billion euros as of 2022), equal to approximately 87% of the instruments issued by 2023, of which approximately 40% of the total financed was allocated to the category of Retrofit of gas transmission network projects.



In addition, starting in 2018, Snam has a **Euro Commercial Papers** programme, which, since 2020, has been linked to environmental and social sustainability goals in line with the sustainable loan. The instrument has been assigned an **ESG rating of EE+**, assigned by the ESG rating company Standard Ethics, which will increase in the course of 2022. **The evaluation was confirmed in 2023, at the same time as the programme size was increased to 3.5 billion euros.**

In addition, Snam, between 2021 and 2023, finalised further bank lines in Green loan and KPI-linked format for a total amount of approximately 5.3 billion euros at the end of 2023.

Confirming Snam's commitment to sustainable finance, in 2021 the Group joined the **Nasdaq Sustainable Bond Network**, a sustainable finance platform managed by the Nasdaq, which brings together investors, issuers, investment banks and specialist organisations. In this regard, in order to be able to access this type of instrument, Snam significantly increases its relations with the financial community and socially responsible investors, developing dynamic synergies that guarantee the creation of value over time through constant and transparent reporting on business strategy and performance.

The CFO Coalition for the SDGs

Snam has long been a member of the **United Nations Global Compact (UNGC)**, the world's largest initiative aimed at promoting the creation of a business model based on ten fundamental principles in the areas of human rights, labour, the environment and anti-corruption, and which targets the 17 Sustainable Development Goals of the 2030 Agenda.

In this context, in 2020 Snam was one of the founders of the **UNGC CFO Taskforce** (from 2022 evolved into the CFO Coalition for the SDGs), an initiative launched by the UN with the aim of making the sustainable finance market broader, more efficient and liquid and promoting the flow of capital towards investments that contribute significantly to the achievement of the SDGs.

Snam actively participates in the CFO Coalition for the SDGs and adopts the framework of principles and guidelines defined with the other members involved in order to align its sustainability commitments with credible financial strategies, thereby facilitating the creation of sustainable long-term value.

Snam also undertakes to regularly monitor and communicate its SDG performance against the KPIs introduced by the initiative, also setting specific targets for subsequent years.



In this regard, with regard to the 2023 final balance, the analysis of alignment between the SDGs and investments showed that, thanks to maintenance, modernisation and replacement activities and those related to energy transition businesses, 61% of CapEx is aligned and contributes in particular to the achievement of SDGs 7, 9, 12, 13 and, in a more marginal form, to SDGs 3, 6, 8, 14, 15 and 16. For the Strategic Plan 2023-2027, the aligned percentage is 58%.

SNAM ACTIONS FOR SDGs

Description

SDGs

Increase energy production 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.



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 and zero net emissions by 2050, 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 digitisation of the business, which will enable the company to guarantee increasing security and sustainability of its operations. In addition, to foster greater security and diversification of energy supplies and greater competitiveness in energy prices, in 2023 Snam continued to invest in floating regasification units or FSRUs (Floating Storage and Regasification Units).



Biomethane is the most advanced, readily available and rapidly scalable green gas. Snam, through the work of Bioenerys, intends to take on the role of industrial developer of a national biomethane platform. Plants of more than 80 Mw are expected to be commissioned by 2027, based on both the modernisation of biogas plants and new biomethane plants.



Playing a crucial role in the energy transition and with a long-term vision aligned with the 'Energy to Inspire the World' purpose and European objectives, achieving, among the first in the energy sector, carbon neutrality of its operations by 2040 and net zero emissions on both GHG Scope 1 and Scope 2 emissions, as well as Scope 3 emissions by making a concrete contribution to the decarbonisation of the system through the development of green gases and, in particular, hydrogen and biomethane.



Public Funding

In light of the current regulatory environment in which the Group operates and with a view to pursuing its strategic objectives, Snam is taking the opportunity to take advantage of increased access to financing to economically support some of its projects, which are fundamental to the development of Snam's businesses.

The projects for which the company received public funding during 2023 are listed below.

Projects under NRRP, PNC, REPowerEU

As an enabler of energy transition in favour of businesses and citizens, the Snam Group, also through its subsidiaries, participates in the implementation of projects envisaged by the Italian NRRP on green transition.

Below is a list of Snam Group projects that, as of 2023, are beneficiaries, either individually or with other project partners, of financing from the National Recovery and Resilience Plan (NRRP) and Complementary National Plan (PNC) measures:

Gigafactory	Implemented through a JV (90% De Nora and 10% Snam), it envisages the construction of a 4.0 factory in Cernusco sul Naviglio (MI) for the production of electrolyzers and components for electrolyzers, for the generation of green hydrogen by electrolysis of water, and components for fuel cells. The project has received IPCEI aid approval from the European Commission in the amount of approximately 63 million euros, of which 32.25 million euros has already been granted under the NRRP.
IdrogeMO (H2 Valley Emilia-Romagna)	In partnership with Hera and Herambiente, it envisages the construction of a green hydrogen production plant powered by a dedicated photovoltaic system for use in the local public transport and industrial sectors in the Modena area. The project was awarded a grant of 19.5 million euros by the Emilia-Romagna Region, allocated under the NRRP.
Hydrogen Refuelling Stations	It envisages the realisation of 8 HRS located in Italy and the contribution granted is approximately 15 million euros.
Pignataro Maggiore Microliquefactor	It envisages the construction of a micro-liquefaction plant in Pignataro Maggiore (CE) for the supply, storage and utilisation of Bio-GNL and LNG, suitable to foster the decarbonisation of transport (with particular focus on the maritime sector) in central and southern Italy. The investment is awarded a grant of around 17 million euros.
Panigaglia LNG terminal	It envisages the upgrading of the LNG terminal in Panigaglia (SP) to an LNG and Bio-GNL refuelling point for road tankers for the supply, storage and use of Bio-GNL and LNG, suitable to foster the decarbonisation of transport (with particular focus on the maritime sector) in central and northern Italy. The initiative was awarded a grant of approximately 5.5 million euros.
Biomethane development	Within the measure, Snam, through its subsidiaries in the Bioenergies group, was awarded four projects ⁵⁸ in the first two auction sessions called by the GSE in 2023
Education in Progress	Implemented in cooperation with other partners, it aims to tackle educational poverty in the Municipality 1 of Bari and the total contribution amounts to approximately 250,000 euros.

In addition, Snam leverages two further R&D initiatives in cooperation with various public and private partners at national level (including universities, research institutions and companies). In particular, through the NEST project, with a total contribution at consortium level granted of about 114 million euros, and MOST, with a total contribution at consortium level granted of about 319 million euros, Snam intends to develop new technologies for the production of clean energy and to enable the green and digital transition of the mobility sector from a sustainable perspective.

Finally, Snam is looking with interest at the opportunities arising from the NRRP revision process and the consequent introduction of the REPowerEU chapter and, in particular, at the interventions planned within the gas transmission networks in order to strengthen energy security and reduce dependence on Russian gas.

Projects funded under other programmes

Snam, in collaboration with FNM and A2A, is participating in the project to build a hydrogen valley in Val Camonica, which will support the development of green mobility in Lombardy by replacing the current diesel trains on the non-electrified Brescia-Iseo-Edolo line with new hydrogen-powered trains. The initiative was the recipient of a European grant of 4.5 million euros from the Innovation Fund Small Scale programme.

In addition, through its subsidiary Greenture, the Snam Group is engaged in the creation of a network of LNG refuelling stations aimed at fostering the development of sustainable mobility. The contribution granted is 1.4 million euros from the EFC-Transport.

Finally, Snam is active in several consortia, at national and European level, for the realisation of R&D projects aimed at supporting the energy transition, financed with European funds, such as mainly Horizon Europe, Clean Hydrogen JU and LIFE.

58 Of which two were subsequently withdrawn and put forward for the next auction window (allowing access to higher fees) together with four further projects, making a total of six projects for which the ranking list will be published in May 2024



Ensuring transparency in taxation matters

The management of tax issues, regulated in the "Snam Group Tax Strategy" Guideline, which was approved by the Board of Directors in 2018 and complies with the regulations, entails a high level of transparency, careful risk management and a long-term vision seen in constant collaboration with the Tax Authorities.

The Group's tax strategy is characterised by compliance and conformity with regulations, a high level of transparency, careful risk management and a long-term vision, which is embodied in constant cooperation with the tax authorities.

On the basis of the Tax Strategy and in line with the Code of Ethics, Snam and its subsidiaries are required to apply the principles of fairness, transparency, honesty and integrity, which, specifically, in the tax area, are implemented in the correct discharge of tax obligations and compliance with applicable regulations. The proper fulfilment of tax obligations is ensured by Snam's internal regulations, i.e. the set of procedures and directives that define: roles and responsibilities; analysis and planning functions; operation and control functions; information flow and traceability management methods.

In order to further strengthen its Internal Control and Risk Management System, the Snam Group has adopted the Tax Control Framework (TCF), a system for the detection, assessment, management and control of tax risks through periodic assessments and monitoring. The adoption of the TCF for Snam S.p.A. and Snam Rete Gas S.p.A. was instrumental to the admission, on 2 December 2019, to the collaborative compliance regime laid out by Legislative Decree 128/2015 (referred to as cooperative compliance), which requires eligible entities to maintain high standards of transparency and cooperation with the tax authorities and to guarantee an increased level of certainty on material tax issues.

Adhesion to this regime is dedicated to taxpayers who meet the requirements of the applicable regulations and are equipped with a system for the detection, measurement, management and control of tax risk. Specifically, such adherence presupposes the maintenance of high standards of transparency and collaboration with the Revenue Agency in order to guarantee an adequate level of cooperation and coordination with respect to relevant tax transactions, while representing a sure indicator of the constant application of those principles of correctness, transparency and awareness of the fulfilment of tax obligations set out in the 'Tax Control Framework - Tax Strategy' Guideline.

In 2020, in line with the approach dictated by the "Snam Group Tax Strategy", the tax risk management process has also been extended to Group companies which, although not admitted to the collaborative compliance procedure due to lack of size requirements, have been considered relevant from a risk-based perspective. Currently, tax risk is managed through TCF for nine Group companies⁵⁹.

The tax strategy implemented by the Snam Group is consistent with the activities of the business. Specifically, the Snam Group:

- is against the implementation of operations without economic substance and aggressive tax policies;
- ensures the correct application of the prevention rules for abusive erosion of the tax base;
- imposes a ban on profit shifting to other jurisdictions or entities (CFC, black list dividend, hybrid mismatching);
- pays close attention to developments in tax legislation at national and international level;
- pursues the application of the arm's length principle in intra-group relations according to international best practices recognised by the jurisdictions in which it operates in accordance with OECD requirements. Transactions with related parties not resident in Italy are analysed in the national documentation summarising transfer pricing policies.

⁵⁹ Snam S.p.A., Snam Rete Gas S.p.A., STO.G.IT S.p.A., GNL Italia S.p.A., Infrastrutture Trasporto Gas S.p.A., Greenture S.p.A., Cubogas S.r.l., Bioenerys Agri, TEP Energy Solution S.r.l.

In addition, the Tax Strategy, adopted by the Snam Group, has the following objectives:

1 tax Value , i.e. the effective management of the tax cost associated with business activities	2 control of the level of risks and their impact on reputation , i.e. control of tax risk with a view to protecting the reputation of the Company and the Group	3 tax compliance , i.e. integrity in the management of tax compliance and the determination of tax liability for Group companies
4 shared values , i.e. promoting awareness at all company levels of the importance the company attaches to the values of transparency, honesty, fairness and compliance with regulations	5 shared values , i.e. promoting awareness at all company levels of the importance the company attaches to the values of transparency, honesty, fairness and compliance with regulations	6 resources development , i.e. developing and strengthening the professional skills of the resources involved in any capacity in the tax process



With regard to suppliers, Snam pays great attention to assessing the suitability of potential suppliers and their selection. The qualification and evaluation process is carried out pursuing the principles of transparency, traceability, impartiality and are aimed at promoting free competition and equal treatment of the parties.



The collaborative compliance regime provides for communication and cooperation between the Company and the tax authorities based on mutual trust and entails the possibility of reaching a shared assessment of situations that may generate tax risks before the submission of the relevant declarations, through prior and constant forms of dialogue.

The Tax Risk Manager:

- ensures the prompt communication to the Revenue Agency of the most significant shortcomings that may have been identified, at the same time informing the Head of the Finance, Insurance and Tax Function, the Head of the Tax Function and the Manager in charge;
- ensures prior notification to the Revenue Agency of organisational changes relevant to the operation of the Tax Control Framework. It periodically informs the Revenue Agency of changes of major impact;
- In addition, together with the Head of Snam's Tax Function, it participates in the dialogue with the Revenue Agency and in the various initiatives organised by the Agency and by trade associations, in which discussions are held on application issues concerning the collaborative compliance regime.

Tax Risk Management and Tax Control Framework (TCF)

Snam considers tax compliance to be one of the key aspects in ensuring the ethical and responsible management of the Group. To this end, the Tax Control Framework⁶⁰ carries out periodic assessment and monitoring activities, which are reported to the relevant corporate Functions, the Corporate Administrative and Control Bodies and the Financial Administration.

The TCF was conceived according to an integrated logic, with respect to which the techniques and methodologies provided for by the reference best practices were applied to the specificity of tax risks, ensuring consistency with the Integrated Risk Assurance & Compliance Model. In doing so, the TCF ensures that the tax variable is correctly defined through the adoption of risk/control maps, within which the tax risks, business processes and associated control measures are represented.

The **Tax Compliance Model** provides for two annual reporting streams: the first to the Board of Directors in order to provide information on the results of the monitoring and the tax risk management methods; the second to the Revenue Agency in order to communicate the main activities carried out during the reference year by means of a report.

The Tax Control Framework was prepared in line with the three lines of defence model, illustrated in the chapter 'Governance, The Control System' in the 'General Information' section:

FIRST LEVEL	identification, assessment and monitoring of risks within individual Group processes
SECOND LEVEL	monitoring activities in order to ensure (i) the effectiveness and efficiency of risk management and treatment; (ii) the adequacy and operability of the controls in place to monitor them
THIRD LEVEL	independent assurance activities, entrusted to the Group Internal Audit function, on the adequacy and operation of the first and second level of control

The **Tax Risk Manager** is in charge of managing the overall **tax risk detection, measurement, treatment and control** process. Consistent with the roles and responsibilities defined in the Tax Compliance Model, this person is operationally responsible for the design, implementation and updating of the TCF Model. To ensure compliance with the principle of functional segregation, the Tax Risk Manager's activities are carried out in accordance with Snam's "Tax Control Framework - Tax Strategy" Guideline and in compliance with the indications and operating practices formalised within this Tax Compliance Model.

The Tax Risk Manager:

- promotes, in liaison with the competent functions, the methodological alignment with the other control and monitoring models already operational in the area of competence;
- directly carries out and ensures, in coordination with the other structures in charge of performing second-level controls, the monitoring and testing of the relevant controls to protect against tax risk (Test of Design and Test of Effectiveness);
- prepares at least annually summary reports with the results of the activities carried out in order to allow the Management and Control Bodies of the companies involved in the Tax Risk Management process to perform their supervisory role and to assess the assurance level of the Tax Risk Management process.



Snam considers tax compliance to be one of the key aspects in ensuring the ethical and responsible management of the Group. In this sense, the possibility of reporting any tax-relevant violations through the use of dedicated whistleblowing channels is provided for.

60 The implementation of the TCF, for Snam S.p.A. and Snam Rete Gas S.p.A., was functional to the admission, on 2 December 2019, to the cooperative compliance regime provided for by Legislative Decree 128/2015 (so-called "cooperative compliance").

In particular, the Tax Risk Manager oversees planning activities related to the Tax Control Framework by continuously verifying the need for methodological updates following a continuous improvement approach, with the aim of:

1 ensure the transposition, definition and dissemination of methodologies and tools for the proper functioning of the Tax Risk Management process	2 contribute to ensuring completeness and timeliness in the performance of the activities under the TCF	3 monitor tax regulations and evolving legal requirements in the TCF area
4 carry out in-depth studies to identify best practices	5 promote methodological alignment with other already operational control and monitoring models	6 oversee the identification and measurement of tax risks
7 evaluate opportunities to improve the TCF by incorporating any updates	8 prepare all TCF-related reporting	

With a view to complying with the collaborative compliance regime, which provides for cooperation and communication between the Company and the tax authorities, the Tax Risk Manager is in charge of carrying out a shared assessment of situations that may generate tax risks, of notifying the tax authorities of any significant shortcomings that may have been identified, and of any significant organisational changes. In addition, together with the Head of Snam's Tax Function, it participates in the dialogue with the Revenue Agency and in the various initiatives organised by the Agency and by trade associations, in which discussions are held on application issues concerning the collaborative compliance regime.

Tax Transparency Report

Snam has prepared the Tax Transparency Report, a document prepared on a voluntary basis, divided into specific sections, including:

- **tax strategy** and **tax governance**, which provide an overview of the control environment and principles considered with regard to strategic tax decisions;
- the **link between taxes and ESG objectives**, which provides a comprehensive overview of the role of the tax component in ESG and, in particular, with reference to the Snam Scorecard;
- the **Total Tax Contribution**, which provides an overview of the **contribution of taxes** paid by Snam in Italy and abroad, distinguishing between the Group's Tax Borne and Tax Collected, as well as the key indicators of the Group's Total Tax Contribution.

The Tax Transparency Report can be accessed at the following link: <https://www.snam.it/content/dam/snam/pages-attachments-search/en/documenti/bilanci-annuali/2023/Tax%20Transparency%20Report%20ENG.pdf>



Key performance indicators

Tax management is one of the relevant components of Snam's ESG approach. In particular, within the social component, taxation plays a key role in creating an equitable society and a sound economy (Sustainable development goals: 1. "No Poverty"; 2. 'Reduced Inequalities'; 17. "Partnerships for the Goals"). For these reasons, Snam discloses its financial, economic and tax information to each jurisdiction in which it operates. This 2022 reporting provides an indication of the magnitude of the Group activities and their tax contributions in these jurisdictions. This is shown in the tables below, in the Country by Country representation provided by GRI Standard 207-4.

Country	Description of the main activities of the organisation	Employees (no.)	Revenues from sales to third parties (€)	Revenues from intra-group transactions with other tax jurisdictions (€)	Revenues from intra-group transactions (€)	Tangible assets other than cash and cash equivalents (€) (*)	Tangible assets other than cash and cash equivalents (€)	Corporate income taxes paid on a cash basis Corporate income taxes accrued on profits/losses (€)
Italy	In Italy, Snam is responsible for natural gas transportation, dispatching and storage as well as regasification of liquefied natural gas (LNG). Parallel to its core business, the company is also increasingly investing in energy transition businesses (biomethane, hydrogen and CCS, and energy efficiency).	3,520	3,624,168,159	853,671,667	2,020,529,775	17,438,940,703	483,467,005	-406,589,994
The Netherlands	Subholding activities.	2	52,863,802	0	49,917,586	0	0	0
Ireland	Captive insurance business.	2	2,562,393	9,308,703	1,123,080	0	307,828	140,184
Ireland	Captive insurance business.	2	2,562,393	9,308,703	1,123,080	0	307,828	140,184
		3,524	3,683,870,903	862,980,370	2,071,269,545	17,666,443,866	483,774,833	-406,207,688

Notes:

- Snam does not report any difference between the corporate income tax accrued on profits/losses and the tax due.
- The scope of information and the data reported in this section represent "country-by-country" reporting, pursuant to Art. 1, paragraphs 145 and 146, of Law no. 208 of 28/12/2015. **Entities registered in Italy:** Snam S.p.A., Snam Rete Gas S.p.A., Infrastrutture Trasporto Gas S.p.A., Enura S.p.A., Asset Company 2 S.r.l., GNL Italia S.p.A., Snam FSRU Italia S.r.l., Ravenna LNG Terminal S.r.l., Stogit S.p.A., Greenture S.p.A. (formerly Snam4Mobility S.p.A.), Cubogas S.r.l., BioEnergys S.r.l., BioEnergys Ambiente S.r.l. (formerly Renerwaste S.r.l.), BYS Ambiente Impianti S.r.l. (formerly Ecoprogetto Milano S.r.l.), Ecoprogetto Tortona S.r.l., Renerwaste Lodi S.r.l., BioEnergys Agri S.r.l. (formerly 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., Agricultural Company T4 Energy S.r.l., Agricultural Company Sangiovanni S.r.l., Agricultural Company G.B.E. Gruppo Bio Energie S.r.l., Agricultural Company Zoppola Biogas S.r.l., Biowaste CH4 Toscana S.r.l., Società Agricola Asola Energie Biogas S.r.l., Società Agricola La Valle Green Energy S.r.l., Società Agricola Agrimezzana Biogas S.r.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., BYS Società Agricola impianti S.r.l. (formerly Piacentina Agroenergia Società Agricola S.r.l.), Renovit S.p.A., TEP Energy Solution S.r.l., Renovit Public Solutions S.r.l. (formerly Miec S.p.A.), Tlux S.r.l., Evolve S.r.l., Asset Company 10 S.r.l., Snam International BV, Gasrule Insurance DAC). **Entity registered in the Netherlands:** Snam International B.V.. **Entity registered in Ireland:** Gasrule Insurance DAC. **Entity registered in Australia:** Golar LNG NB13 Corporation.

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Percentage of ESG funding out of total available funding ¹		%	60	70	80

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

¹ Calculated as the ratio of total ESG funding (drawn and undrawn) to total available funding. Total financing available includes bonds, bank loans, institutional financing and commercial paper, if outstanding

Innovation, digitisation and cyber security

Material topics, impacts, risks and opportunities

Innovation, digitisation and cybersecurity

IMPACT MATERIALITY	<p>POSITIVE IMPACTS Improvement of the service offered through the development of digital technologies and the promotion of research and development activities in the field of innovation and security that enable effective management of infrastructure and resources</p> <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> • Loss or publication of sensitive data of employees, customers or partners • Deterioration of service due to non-use of state-of-the-art technology with repercussions on assets and infrastructure
FINANCIAL MATERIALITY	<p>RISK</p> <ul style="list-style-type: none"> • Economic-financial risk as a result of the entry of decarbonisation technologies into the market that would jeopardise the development or sustenance of Snam's core business (e.g. electrification to replace the use of natural gas) • Climate change risks leading to a tightening of the regulatory framework and emerging regulatory framework (strategic) • Risks connected with climate change, which entail the spread of new technologies favouring the use of intermittent energy sources and failure to adapt to new technological standards (strategic) • Climate change risks leading to reduced demand for natural gas (strategic) • Climate change risks with impacts on service continuity and quality (strategic) • Climate change risks involving a reduction in gas demand due to rising temperatures (strategic) • Breakage or damage to pipelines/plants, also as a result of extraordinary events, which could cause malfunction and unplanned service interruption (operational) • Business interruption due to data theft as a result of cyber attacks and cyber threats (operational) <p>OPPORTUNITIES Increased expected economic results through the development of projects related to innovation and digitisation</p>

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.



Policies

In order to prevent, mitigate and correct **impacts**, address **risks** and pursue **opportunities** in the areas of innovation, digitalisation and cybersecurity, Snam has adopted the following policies and guidelines:

Global Security Guidelines	<p>define the principles that Snam adopts in order to prevent security threats and mitigate the impact of potentially damaging events for the Company, through:</p> <ul style="list-style-type: none"> • the uniform and timely application of security guidelines; • the allocation of the necessary resources to ensure the deployment of appropriate measures in the areas of physical, logical and organisational security; • the commitment to considering security risk prevention as an integral part of managerial and business activities; • the spread of security culture, also supporting communication, sensitisation, training and update initiatives for staff and third parties collaborating with the Company. <p>Through the implementation of the Guidelines, Snam is committed to complying with international precepts and best practices, including ISO 31000 - Risk Management, ISO 22301 - Business Continuity and ISO 27001 - Information Security.</p> <p>The document applies to Snam and its subsidiaries subject to management and coordination and is also brought to the attention of other investee companies in order to promote principles and conduct consistent with those expressed by Snam.</p> <p>The Global Security Guidelines were approved in 2018 by the Board of Directors and were updated in early 2024.</p>
Privacy Guidelines	<p>defines corporate roles and obligations to be implemented pursuant to Regulation (EU) 2016/679, guiding Snam employees to ensure that personal data are processed in compliance with the fundamental rights and freedoms of natural persons and in particular the right to personal data protection.</p> <p>The Guidelines apply to Snam and its subsidiaries subject to management and coordination and are also brought to the attention of other investee companies in order to promote principles and conduct consistent with those expressed by Snam.</p>

For more information on policies regarding innovation, digitalisation and cybersecurity, please refer to Annex 2 - Main Snam Policies and Guidelines and Guidelines of the Non-Financial Statement.









Cyber security In order to adequately monitor the issue of cybersecurity, Snam has developed security risk management models, suitable for identifying threats and vulnerabilities and assessing the relative risk, identifying and implementing the most effective mitigation measures. Snam's approach to cybersecurity is integrated and based on a framework certified according to the **ISO/IEC 27001** (Information Security Management Systems) standard.


For further information on management systems, see "Annex 3 - Management Systems" of the Consolidated Non-Financial Statement 2023.



Snam is aware of the relevance and benefits related to the advent of Artificial Intelligence systems in the context of the evolution of technologies and the way human beings can interact with them, bringing value to their work, but is also aware of the risks associated with their not fully conscious use. Therefore, Snam has issued **internal instructions**, addressed to all employees, on the **ethical use of artificial intelligence**, providing for compliance with core issues relating to the protection of confidentiality, the integrity of corporate assets and the protection of the personal data of those concerned. In order to proactively respond to the multiple scenarios arising from these regulations and the related needs, also in terms of information system and data security, it has decided to identify a **Data-AI Officer** with the task of ensuring that only artificial intelligence systems that comply with ethical principles such as equality, transparency, fairness, accountability and justice are adopted, and to ensure risk assessment in coordination with the Enterprise Risk Management Model.

Objectives

TRANSFORMATIVE INNOVATION					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Investment in innovation as a percentage of revenue ¹		3.3% in 2023	3.3%	3% by 2024 3% by 2027	
Number of accelerated start-ups after PoC ²		6 (12 PoC) in 2022	11 (22 PoC)	15 (25 PoC) by 2024 27 (30 PoC) by 2027	
Percentage of digitised and AI-enabled processes out of the total number of IT applications ³		100% and 10% in 2023	100% digitised processes 10% number of IT applications that use or are supported by AI capabilities	100% and 12% by 2024 100% and 20% by 2027	
Percentage of projects covered by the cyber approach of Security by Design ⁴		-	Data available from 2024	100% by 2024 100% by 2027	

 KPI included in the Sustainability Scorecard

 KPI included in the Carbon Neutrality Strategy

 Target achieved

 Target in progress

 Target not achieved

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

- The figure takes into account capital and operating expenditure for transformative innovation, divided into 'Open Explorative Innovation', which is related to R&D projects, venture capital, pilot projects and feasibility studies, and 'Proven Exploitative Innovation', which includes investments in existing innovation projects and SnamTEC. The value of CapEx and OpEx is divided by the total revenues for the year to obtain the percentage of revenue.
- Proof of Concept. The KPI considers the number of accelerated/scaled-up start-ups, after the development of a Proof of Concept, if applicable. The figure is cumulative for the period 2022-2027.
- The KPI includes in 2 numbers the amount of processes identified to be digitised and those using AI: the first number is the percentage of processes already digitised; the second number represents the number of IT applications that use or are supported by AI out of the total number of IT applications.
- Percentage of projects covered by the Security By Design process, compared to the new project initiatives included in the plan at the beginning of the year and whose developments were initiated in accordance with this planning.

The objectives of the Sustainability Scorecard support the Group in achieving the targets in the Global Security Guidelines, in particular those concerning cybersecurity through the application of security guidelines and the allocation of resources to ensure adequate protection and prevention measures in this area. In addition, these targets contribute to the management of the material impacts, risks and opportunities related to innovation and digitisation and cybersecurity listed in the 'Material topics, impacts, risks and opportunities' section of the same chapter.

Furthermore, among other KPIs measured, Snam also monitors the percentage of Italian territory covered by field tests in cyber resilience scenarios, with the goal of reaching 100% by 2024 for the three-year period and maintaining the same value for the following years. In 2023, the KPI was 68%. This figure is calculated on the basis of tests involving several implants and one or more districts, taking into account two factors equally: technology and people. In the first case, Snam's most important plants are taken into account from a control point of view, and are assigned a weight, depending on the type of plant (e.g. storage, compression). From the sum of the weights, the percentage of coverage is obtained. In the case of people, a value is assigned, in the form of weight, to the management of the local network and facilities by the local team. Again, the sum of the assigned values gives the percentage of coverage.



The KPI investigates the ability of core business processes (transport and storage) to operate without the support of the main Dispatching technology, simulating an interruption of activities by the process data control system - the Supervisory Control and Data Acquisition (SCADA) - and the application of procedures to ensure continuity of service, considering also the daily demands of the Dispatching to which the personnel in charge must respond, for example, by providing data on gas measurement and handling.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

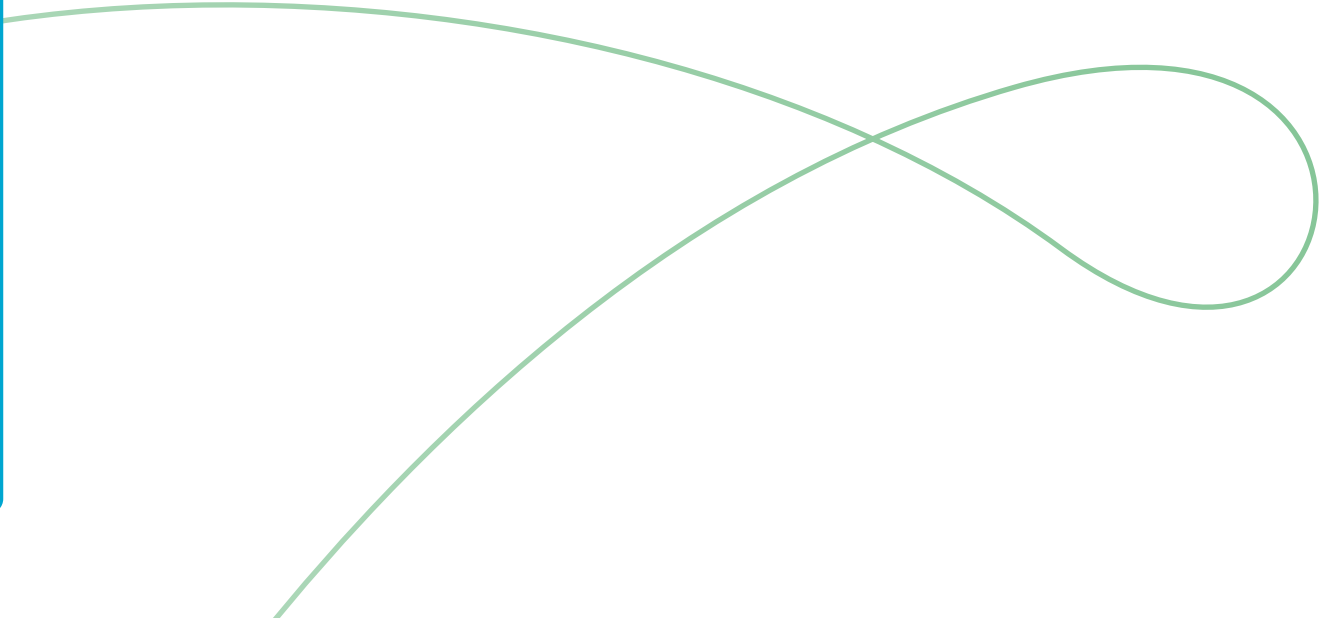
Innovation and digitalisation

Innovation is one of the strategic levers of the Plan to 2027 and the Vision to 2032, which Snam adopts in order to enable the creation of a flexible, modular and multi-molecule infrastructure. To this end, the Group has adopted a dual approach aimed on the one hand at supporting new ideas and technologies through the 'Open Innovation' model in collaboration with start-ups, incubators, and universities, and on the other hand at harnessing scalable and reliable industrial innovations to support the operation of assets. In this context, Snam pursues the **technological development of infrastructures through the digitalisation and optimisation of asset management systems and industrial processes**, with the aim of promoting the acceleration of innovation, transformation and flexibility, as well as **operational excellence** through increased digitalisation, the use of Artificial Intelligence and innovative technologies for the development of decarbonised molecules.

Confirming the importance that Snam attaches to digitalisation and technological innovation processes in order to accelerate the energy transition and manage its business in an increasingly effective, efficient and resilient manner, the Group invests significant resources in this area with the aim of accelerating Snam's capacity for innovation in terms of transforming and managing its assets.

Snam's digital innovation strategy, aimed at seizing the opportunities offered by the evolution of the energy system, focuses on two macro-areas:

- **digitisation of the core business** for technological innovation and digital transformation of the transport, storage and regasification business;
- **digitisation of corporate functions** to achieve digital transformation also among corporate functions supporting the core business.



In accordance with these fields of action, Snam has implemented the following projects and initiatives:

Digitisation of core business	<p>Jarvis Continuation of the digital evolution of the Jarvis platform for business process management, based on two fundamental pillars:</p> <ul style="list-style-type: none"> strengthening the core business through automation, performance improvement and digitisation of new processes; the development of customer service, by offering new services or using new technologies to improve existing services. <p>With regard to the first pillar, the focus will be on regasification processes, on which design work is underway in preparation for their implementation in the coming months. At the same time, in particular in the areas of Balancing and Settlement, Contributions and Invoicing, digitisation activities will be mainly aimed at adapting to the regulatory environment and increasing automation.</p> <p>With reference to the second pillar, several construction sites are active: the increase of mobile functionalities for the Jarvis by Snam app, the pilot release of the new caring functionalities and their extension to all areas of the sales department, the realisation of a prototype API Marketplace, a virtual space where data can be accessed automatically (via API).</p> <p>IoT Foundation Technology enabler to support grid digitisation and energy transition initiatives, with a focus on the implementation of solutions for data acquisition, transport, processing and provision, and aimed at ensuring the monitoring and reliability of the infrastructure. The programme will bring benefits in terms of increased service resilience and business continuity, flexibility, faster deployment of new services, scalability of technology infrastructure and accelerated innovation. The programme focuses on:</p> <ul style="list-style-type: none"> development, automation and optimisation of technology services enabling interoperability of application solutions and data; upgrading of wired/wireless interconnection networks between plant sites and central architectures; development of technologies for acquiring and processing more and more data from plant sites with both distributed (edge) and centralised (data centre and cloud) processing capabilities.
Digitisation of staff functions	<p>Platform supporting Group financial and treasury management Release of the SAP S4HANA platform to support the Group's financial and treasury management, providing for the replacement of old integrated tools with a single platform capable of communicating via host-to-host channel with banking circuits, as well as ensuring centralised control of financial management and related financial instruments used by Snam.</p> <p>Electronic tendering, catalogue purchasing, quality assurance and subcontracting Extension of the functionalities of the Supplier One Platform in order to support transport management and subcontracting processes.</p> <p>Dematerialisation of central archive Launch of the study to design the technological solution to digitise the physical material in the centralised archive, as well as the documentation stored in the individual offices.</p> <p>Digital transformation4Travel Launch of the study for the design and implementation of the new solution to support the Travel Management process, in line with the new technological standards. The main objectives of the project include:</p> <ul style="list-style-type: none"> the introduction of tools to enable the dematerialisation of expense reports; optimisation of the user experience with a view to simplification; the mobility access plan.

In order to digitise its industrial assets and operations, Snam has launched SnamTEC, the programme aimed at innovation and digitisation of the Group, which boasts a total of 50 projects within four macro-areas:

1 Security	2 Asset resilience	3 Process optimisation	4 Activities to improve business sustainability
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Among the many innovations that SnamTEC has introduced, the following stand out:

- **predictive maintenance**, which minimises costs and downtime, contributing to security and continuity of supply;
- the application of **artificial intelligence to the operational management of network assets**, which allows consumption and emissions to be reduced;
- the use of **big data to support decision-making in industrial processes**, making decision-making more factual, faster and more effective.

SNAMTEC'S MAIN PROJECTS AND PROGRAMMES IN 2023

SECURITY	<p>Aerial surveillance of pipelines for network monitoring with satellites and drones Satellite testing continued as part of the aerial surveillance of pipelines; in this area, the experimentation undertaken to test the use of satellite technology was successfully completed in order to improve the ability to identify territorial areas characterised by landslide movements of a particularly slow nature (such that they cannot be detected with the conventional control methods currently used, such as periodic geological reviews by qualified geologists). During 2023, the activities necessary for the gradual introduction of the solution into industrial processes were carried out, as well as the continued introduction of drones to support operators' observation capabilities.</p> <p>T-LAB - SnamTEC Laboratory Laboratory for the testing of new innovative technologies to support Snam's core business, in which experimentation continued on 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. Further field tests were carried out in 2023. 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; Further field tests were also carried out in 2023. Also within the T-Lab is a project for the engineering (with a view to industrialisation) of a hyperspectral chamber for the detection and timely quantification of methane leaks. This project was included by the Authority, with Resolution 590/2023/R/Gas, in the list of those admitted to the bonus tariff mechanism to support innovation as per Resolution 404/22/R/Gas. The project will be launched during 2024.</p> <p>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. In the course of 2023, the system was made operational over the entire network and the alarm reporting process to the dispatching control room was activated.</p>
ASSET RESILIENCE	<p>Asset Control Room Project aimed at improving and innovating asset management and operation thanks to a single data platform, intuitive user interfaces with integrated data (digital twin) and thanks to end-to-end process views that abandon the classical silo logic of traditional information systems and their databases. During the year, additional functionalities were released in production, covering the main asset management and operation processes, in preparation for the release of a first version of the solution in early 2024.</p> <p>Telediagnostics Telediagnostic asset data acquisition and processing project, which currently extends to include the compressor units of 13 booster stations and 8 storage stations, the treatment plants of all the storage stations and 3 gas pipeline sections (Rognano-Cusago, Istrana-Camisano, TAP) and 2 spot sites (Como Monte Olimpino and Piantedo Berbenno). In addition, an Advanced Diagnostics project was started in 2022 to develop and analyse the behaviour of turbochargers from a centralised perspective with diagnostic and predictive tools and calculations, as well as performance indicators to monitor the reliability of the fleet from a functional and environmentally sustainable perspective.</p>

<p>PROCESS OPTIMISATION</p>	<p>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. In 2023, the first test installations with data transmission and verification were completed at the Istrana-Camisano and TAP pilot routes. Smartplant, to which the concepts of the SmartPipeline are extended, is aimed at identifying new digital equipment 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. In 2023, the first pilot installations with data transmission and verification were also completed.</p> <p>Evolution Cartographic Systems The project involves the implementation of new mapping solutions, preparatory to the adoption of the BIM (building information modelling) methodology in the company. In the course of 2023:</p> <ul style="list-style-type: none"> • the first functionalities were implemented to support the digitisation activities of the Snam infrastructure; • construction of the libraries useful for 3D modelling of the assets was completed; • the first version of the collaboration environment has been released, which will enable the exchange of information and deliverables between Snam and external design firms during the implementation process; • the first version of the asset mapping visualisation module was released.
<p>ACTIVITIES TO IMPROVE BUSINESS SUSTAINABILITY</p>	<p>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 CO₂ consumption and emissions. In 2023, the Simulation part and the first step of the Optimisation tool were completed.</p> <p>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 turbocompressors (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 December 2023, with Resolution 590/2023/R/Gas, the Authority published the ranking of projects admitted to the bonus tariff mechanism to support innovation pursuant to Resolution 404/22/R/Gas. The ranking also included the Snam Turbo-expansion Taranto project up to the construction phase.</p> <p>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 2023, an extensive campaign was also carried out at several transport and storage facilities and the Panigaglia LNG terminal to measure methane emissions at individual sites using drone-mounted equipment.</p> <p>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. In December 2023, the Authority published, with Resolution 590/2023/R/Gas, the list of projects admitted to the bonus tariff mechanism to support innovation referred to in Resolution 404/22/R/Gas. The ranking also included the Snam P2H Contursi project up to the construction phase, which, with an amount of €1.3 million, aims to build a Power to Hydrogen pilot plant in an area adjacent to the operating reduction cabin in the municipality of Contursi</p>

SnamTEC activities for the infrastructure of the future

During 2023, 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 H₂ content up to 100%. This was the main focus of activities during the year:

- the design of field tests on the MARS 100 SOLAR turbine (with a capacity of approximately 12 MW) in order to verify the efficiency of its operation with a mixture of hydrogen and methane (H₂ up to 20% 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% H₂;
- the issuing of internal regulations for the construction of new pipelines, the conversion of existing pipelines to accommodate the transport of up to 100% H₂, 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);
- the continuation of the development of the Italian Hydrogen Backbone, a network that will enable the transport of 100% hydrogen from North Africa to meet the needs of the domestic and, to some extent, the European market. Seventy per cent of the infrastructure on Italian soil will consist of networks converted from natural gas to hydrogen.

In addition, across these lines, in 2023, Snam continued with:

- infrastructure investments for the energy transition by participating in tests, research and studies for its realisation;
- studies and research in the area of Carbon Capture and Storage (CCS). In this regard, Snam, supported by the Business Unit Asset Italia (BUAIT) function, supported the feasibility and subsequent construction of the above-ground (plants), underground (reservoirs and wells) and onshore transmission line infrastructures within the 'Ravenna CCS Hub' project, resulting from the collaboration between Snam and Eni.
- the **Snaminnova** programme, with the aim of increasingly integrating sustainability into the company's business model and along its value chain.

Snaminnova and the Open Innovation Hub

After the promising results achieved in 2022, Snam launched the third edition of the **Snaminnova** sustainability initiative in 2023. Through the initiative, whose theme this year was '**Sustainable Togetherness**', two initiatives were launched: the **Centrale delle Idee (idea exchange)**, dedicated to Snam people and the **Call4Partner** aimed at all supply chain players.

Centrale delle Idee	<p>The 'Centrale delle idee' involved 134 Snam employees, who presented more than 140 ideas, including good practices, represented by virtuous behaviours related to sustainability that can be easily adopted in the company, as well as innovative projects and ideas to be developed through an entrepreneurial path. Subsequently, with the help of an Evaluation Committee made up of Snam Group experts, 3 ideas were selected from the collected ideas, which were given access to the development path for the structuring of the idea and the realisation of a business model.</p> <p>At the end of the course, the 'decARTbonization' idea was proclaimed the winner. This project proposes to create a mural with CO₂ Capture paints at a wall of the Biowaste CH4 plant in Foligno and subsequently at schools, associations and foundations.</p>
Call4Partner	<p>The external initiative is aimed at promoting greater awareness of sustainability goals through the identification of projects, initiatives and concrete solutions to be implemented together with partners to achieve decarbonisation targets. In this third edition of Snaminnova, 86 applications were collected from the Snam partner ecosystem, both national and international, of which 66 came from partners who are already suppliers and 20 from new partners who are interested in contributing to this contamination opportunity. Specifically, participants were asked to answer a questionnaire designed to investigate their commitment to sustainability issues, as well as their decarbonisation targets and any actions implemented or being implemented to achieve these goals. In addition, partners were given the opportunity to present innovative ideas or projects to Snam: of the 45 proposals received, through the input of an Evaluation Committee, 3 were further developed and pursued with the aim of assessing possible synergies between the Parties. Finally, with the ultimate goal of creating contamination within the partner ecosystem, a report sharing the call results and best practices was also produced.</p>

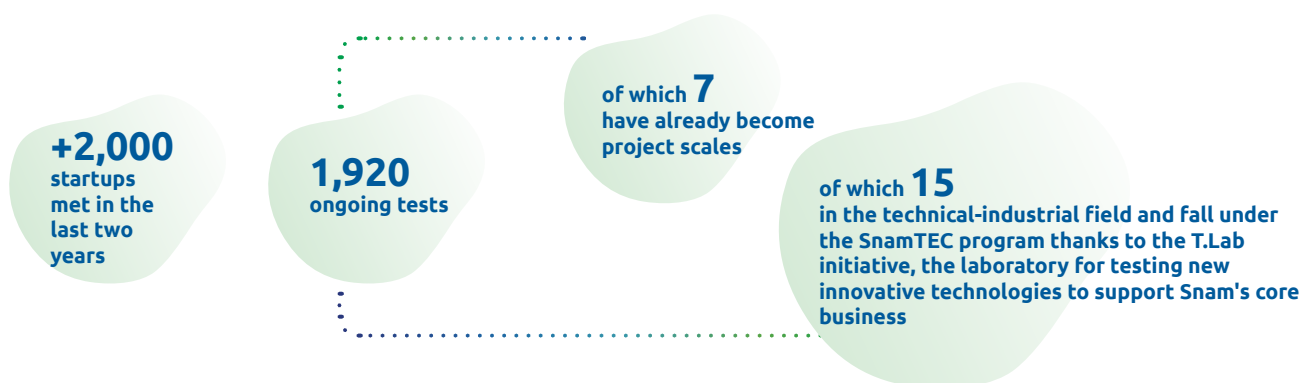


During this third year of launch, Snam has further strengthened its position within the Open Innovation ecosystem through the activation of an antenna service in Israel. Thanks to this outpost on the ground, a direct connection with local players was created, increasing exposure to new technologies and innovation trends. During the year, Snam worked on two specific scouting verticals to look for solutions in the decarbonisation area with a particular focus on hydrogen and energy storage, and in the biomethane area, also through R&D collaborations and the selection of startups through the HyAccelerator incubator.

In addition, through its participation as Corporate Partner in the Faros accelerator on blue economy topics and in the Cassa Depositi e Prestiti funds in the energy and clean tech sectors, the Group confirmed the attention that the topic of open innovation holds for the strategic direction of the Company.

The two Snaminnova initiatives were again attended by **Innovation Ambassadors**, who also took part in the initiatives aimed at fostering the dissemination of the culture of innovation.

The Innovation Ambassadors represent a community of over **50 employees** from **17 different business areas** who this year were involved in **5 training workshops** on innovation topics, as well as in the testing and experimentation of new technologies, including gamification and the metaverse.



The evolution of technological infrastructures supporting the Snam transition

One of the many challenges Snam is facing in its complex digital transformation journey is to transfer a major part of its workloads to the public cloud.



The IT infrastructure has a total of **about 4,700 virtual servers, 800 physical servers, 1,300 database instances and 4,000 PaaS containers**. In addition, there are more than 9,000 mobile company devices in the possession of technicians and employees. Services are currently delivered from three different data centres, two primary owned on-prem and one in the cloud hosted in one of Microsoft's European regions.

To support the growth of the business, and the increasing demand for digital services, it was necessary to design an infrastructure capable of doubling the processing workloads and tripling the amount of available storage by 2026, posing a major and complex 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 European cloud transition of the first 800 virtual machines in 2022, the configuration on the Italian region of the infrastructure will be completed by 2024 with high reliability and very low data access times. It will then continue in the following years (2025 - 2026), gradually migrating even the most strategic workloads to business continuity and repatriating existing workloads to foreign clouds.

Technological infrastructure for employees

On the side of technology infrastructure to support employees, the important progress of the **Digital Workplace 5.0** programme is noted.

The main achievements include the following initiatives:

- **a refresh of Mobile Devices, PCs, Monitors and migration to the Workspace One management platform**, aimed at providing a smart office and a smart mobile experience. The aim is to provide all employees with the new, higher-performance devices, new workstations equipped with an identification number to facilitate the opening of any incidents, a larger 27-inch all-in-one monitor that also serves as a docking station to connect the laptop.
- **a Software update and multi-factor authentication on the company smartphone**, adding a higher level of security for access to collaboration tools (e.g. One Drive, Teams, Outlook, etc).
- **the 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).

Cyber security

The company's rapid evolution process, supported by the continuous development of innovative solutions, is increasingly exposing Snam to the **risk of cybercrime**, a danger that has become increasingly relevant over the years, as confirmed by the Global **Risks Report 2024**, drawn up by the World Economic Forum.



According to the Global Risks Report 2024:

- 39% of respondents believe that the risk of cyber attacks is more likely to be a crisis on a global scale in 2024;
- the risk of cybercrime ranks among the top 10 risks in the coming years.

The growing use of IT systems, including the digitalisation of the network with the help of new technologies (e.g. Internet of Things) is in fact accompanied by an increased exposure to illicit activities of different types of actors with different purposes and modes of action, in particular cyber criminals, cyber hackers and state-sponsored action groups who, thanks to technological developments, have at their disposal increasingly sophisticated tools through which they can make their attack techniques more effective.

Strongly aware that cyber-security threats are destined to evolve in terms of numbers and complexity, Snam continues to allocate increasing resources in the area of **cybersecurity, thus attributing to it a fundamental role aimed at preventing or coping with very heterogeneous events** that may extend from the compromise of individual workstations, to the degradation of entire business processes in the transportation, storage and regasification areas, with potential effects on the expected service delivery capacity.

To meet these needs, with a view to a holistic and integrated model of security risk management, the **Global Security & Cyber Defence** department, identifies reference standards and establishes technical guidelines and methodologies, as well as ensures the design, implementation and management, of activities relating to the following areas:

Physical & Personnel Security	Prevention and reduction of potential security risks to people and physical assets
Information & Cybersecurity	Safeguarding and protecting corporate information assets
Security Intelligence	Processing of information useful for current and future business decisions, for the defence of rights, people, tangible and intangible corporate assets
Investigation & Forensics	Investigation activities, also carried out with the support of qualified professionals, against internal or external threats, also using IT tools Investigation activities, also carried out with the support of qualified professionals, against internal or external threats, also using IT tools

In order to counter the latest cyber threats, Snam has developed the **Cybersecurity Incident Management & Intelligence** model, manned by the **Security Incident Response Team**.

In 2023, the Security Incident Response Team has

- | | | |
|---|---|--|
| 1
worked without interruption, guaranteeing the delivery of its support service on a daily basis, 24 hours a day, 7 days a week | 2
managed 6,737 security events | 3
managed 2,200 Cyber Threat Intelligence alerts |
|---|---|--|

The Cybersecurity Incident Management 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 to deal with situations that could affect the confidentiality, integrity and availability of the information processed and the technologies implemented. In addition, as part of **cyber incident management** activities and in compliance with formal agreements signed between the Parties, Info sharing (i.e., information sharing) is also used with **national and European institutions and peers**, with the aim of increasing the capacity and speed of response to possible security incidents. Such a practice is expected to become increasingly necessary in the future, also in the light of the cyber incident reporting requirements imposed by national security regulations.



Among the main activities carried out by the function, **risk analysis and technical verification** play a key role, allowing the identification of protection needs arising from technological developments and any previously unknown vulnerabilities within business processes. These analyses are followed by **replacement or supplementary solutions**.

During 2023, all activities related to the transposition of the Prime Ministerial Decree 81/2021 and the further fulfilments related to Law Decree 105 of 2019, such as the obligation within 72 hours to notify the CSIRT of security incidents as stipulated in the Determination of 3 January 2023 of the Director of the National Cybersecurity Agency, were completed within the planned timeframe.

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, with a view to safeguarding the continuity of processes related to the provision of essential services to the country system, a series of initiatives were completed in 2023 to:

- **Improve the effectiveness of emergency communications** by identifying the main recipients to be alerted and preparing templates, tailored to the type of crisis to increase communication speed;
- **verify** and, where necessary, **reinforce the resilience of applications supporting the most critical operation processes**, defining appropriate technology isolation strategies

55 projects developed with Security by Design

29 safety tests performed



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

alerting, e.g. by specific emails or messaging, staff about ongoing phishing campaigns

Training

either by including an ad hoc session dedicated to cybersecurity as part of the induction course planned for new hires, or by issuing a multimedia course on basic cybersecurity principles to the entire company population

Awareness-raising

designing, for example, periodic White Phishing campaigns, i.e., simulations of fraudulent email 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 Agreement**, which requires them to be transparent about incidents and how to defend themselves in the event of any critical issues.

2023 SECURITY TRAINING AND AWARENESS-RAISING ACTIVITIES

3 White Phishing campaigns totalling **20,262 emails** sent

launch of a computer security learning course with **1,141 people trained**

39 warning emails sent to users about real phishing campaigns

5 computer incident simulations, 3 of which related to business process resilience



During **2023**, Snam participated in the **Cybersecurity Summit 2023** in Rome, during which critical topics were addressed such as: international risk scenarios and the state of the country's cyber defense; value of the Digital Trust; and opportunities to exploit related to the PNRR.

Relations with authorities and quality of services

Material topics, impacts, risks and opportunities

Relations with authorities and quality of services

IMPACT MATERIALITY	POSITIVE IMPACTS Increased customer satisfaction through engagement and listening initiatives and the development of customer-centric platforms
	NEGATIVE IMPACTS <ul style="list-style-type: none"> Deterioration of relations with the authorities due to Snam's inability to meet their demands Reduction in the quality of the service offered due to the inability to meet the required quality standards
FINANCIAL MATERIALITY	RISCHI <ul style="list-style-type: none"> Suspension of activities due to non-compliance with the requirements defined by the competent authority within the regulated market in which Snam operates Risks linked to the national regulatory framework and in the countries of interest which present penalising parameters, in particular in terms of criteria for determining tariffs (strategic) Risks associated with significant changes in legislation and/or case law (strategic) Risks associated with changes in gas demand in the short to medium term due to rising commodity prices (strategic) Risks of increasing the severity of extreme atmospheric phenomena and tightening of the regulatory framework in favour of new technologies that favour the use of intermittent energy sources with consequent reduction in demand (strategic)

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

In confirmation of the commitment that Snam devotes to monitoring the issue related to relations with authorities and service quality, as well as to managing the related impacts, risks and opportunities mentioned above, Snam ensures the monitoring of resolutions and other measures of the Regulatory Authority for Energy, Networks and the Environment (ARERA) and the proper monitoring of issues of interest, as well as ensuring the appropriate management of impacts, risk prevention and exploitation of opportunities related to the management of relations established with the authority and the quality of service offered to its customers.

For further information on the relations that Snam maintains and develops with ARERA, please refer to the paragraph "Regulatory framework and main developments" in the chapter "Operating performance by business segment" in the Directors' Report.

Objectives

LOCAL COMMUNITIES					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Average annual customer satisfaction with service quality (calculated as an average of the last three years) ¹		7.6 in 2019	8.1	>= 8.1 until 2027	
KPI included in the Sustainability Scorecard	KPI included in the Carbon Neutrality Strategy		Target achieved		Target in progress
					Target not achieved

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

1 Quality perceived by customers measured through an online Customer Satisfaction survey involving shippers and traders working with Snam. The survey asks for an assessment of (i) the quality of services offered in transport, storage and regasification activities; (ii) customer engagement activities and (iii) additional services introduced during the year on a scale of 1 to 10. The KPI is calculated as the average of the responses obtained

Also present in the Sustainability Scorecard, the definition and pursuit of this target enables Snam to ensure quality service over time, as well as contributes to the management of the material impacts, risks and opportunities relating to relations with the authorities and quality of services listed in the "Material topics, impacts, risks and opportunities" section of this chapter.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

Regulation and quality of services

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 operates in three main areas of regulation:

Revenues and tariffs	Third-party access to infrastructure	Quality of service
through the definition of criteria and approval of tariff proposals	following the approval of the contractual provisions contained in the Network and Service Codes	through the formulation of standards and the implementation of controls

Every four years and on the basis of each regulated business, the Authority defines the criteria for tariff regulation that guarantee coverage of operating costs, depreciation and a fair return on net invested capital. To this end, 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 72% 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 TALKING

with the Board and the Technical Offices of the Authority on issues concerning the evolution of the regulatory framework and the trend of regulated services.

RESPONDING

directly or through trade associations, to public consultations held by the Authority in relation to the industry activities in order to define new standards or to review the standards in force.

PARTICIPATING

in technical working tables established by the Authority, on issues relating to the development of the regulatory framework, data collections and surveys 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.

ELABORATING AND PRESENTING

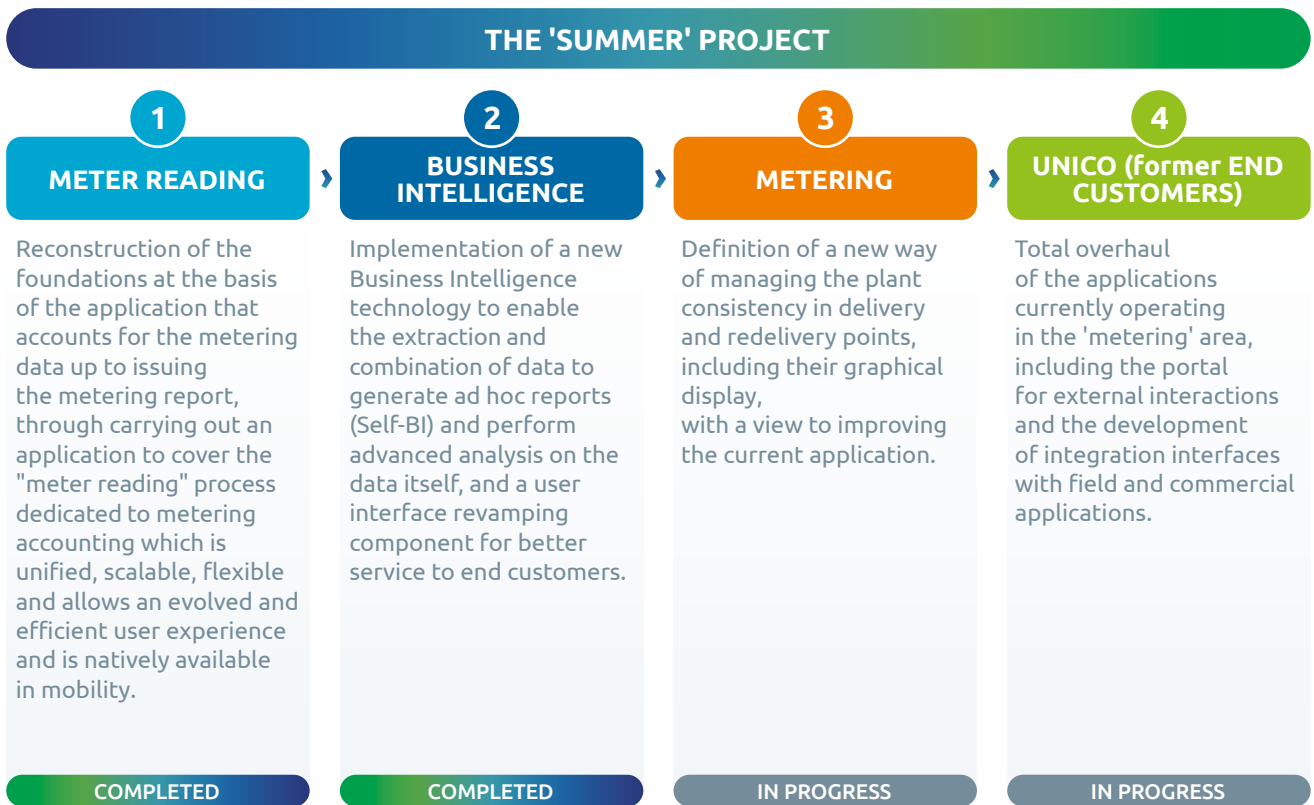
the tariff proposals for transport, storage and regasification activities and the changes to the Transport, Storage and Regasification Network Codes, as well as the proposals for the evolution and development of the regulation of regulated services (both on specific mandate and proactively), subsequently submitted to the Authority for approval.

During the year, Snam, in addition to participating in the introduction of incentive mechanisms for testing pilot projects to optimise the management and innovative use of infrastructure in the natural gas sector, contributed to the evolution of the regulatory system through active participation in the definition of the criteria for the Regulation by Expense and Service Objectives (R.O.S.S.), the criteria for the regulation of tariffs for the 6th period for natural gas transportation and regasification activities and the criteria for the regulation of service quality for the 6th period in natural gas transportation activities, as well as through the reorganisation of metering activities for gas transportation and the directives for the connections of biomethane production plants to the natural gas networks.

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;
- make **the functioning 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.





Balancing the system

Snam Rete Gas is responsible for managing the balancing of the gas system, ensuring both its **physical** and **commercial balancing**.

Physical balancing encompasses the activities by which the Transporter, through its physical dispatching, ensures the safe and efficient movement of gas from the injection points to the withdrawal points at all times.

Commercial balancing, on the other hand, represents the set of operations by means of which each User ensures the equality between its own quantities injected into and withdrawn from the network, as well as including all the activities necessary for the correct accounting and allocation of the gas transported and the system of fees that incentivises Users to maintain the equality between the quantities injected into and withdrawn from the network.

In the event that the Company considers that the actions taken by the Users unbalance the system, and by resorting to non-discriminatory balancing actions, it brings the system back within its operational limits and restores a correct pressure level in the transmission network, in line with the economic and efficient operation of the network itself.

For further details on the functioning of the balancing of the system, please refer to the chapter 'Operating Performance in the Business Sectors, Regulatory Framework and Main Developments'.

Dispatching, which is responsible for the physical balancing of the system, plays a key role in ensuring and guaranteeing the 24/7 reliability of the infrastructure. The operations room monitors and remotely controls transmission, receiving data from about **6,700 plants located along the network** (about 2,000 of which are remote-controlled), and oversees the movement of gas from the entry 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, dispatching carries out planning and conducting operations 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.



During 2023, a new multimedia table was installed in the control room, designed and implemented on an ad hoc basis to meet the needs of room operators. Highlights include the display of high-resolution centre patterns and the introduction of advanced touch screen functionality.

Impacts of the Russian-Ukrainian conflict on the dispatching activity

The geopolitical conflicts 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 2023 injection campaign ended with a higher stock than that of 2022, amounting to approximately 12 billion cubic metres, a result that was also achieved thanks to the overpressure authorisations of the Ripalta and Sergnano concessions. As of 8 May 2023, for the first time, FSRU Piombino fed gas into the SNAM network.

MAIN ACTIVITIES CARRIED OUT BY SNAM RETE GAS FOR GAS METERING				
Metering activities	Meter reading activities	Verification of compliance with the technical regulations	Centralised activities of programming and management	Management of laboratories for gas analysis and metering
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 metering plants owned by third parties physically connected to the network of methane pipelines operated by Snam Rete Gas itself.	Carrying out centralised scheduling and management of odourisation plants and control of related routine and extraordinary maintenance.	Management of laboratories providing gas analyses and metering, also taking care of 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.

Services for customers

Network Codes regulate the activities of the regulated market, governing the procedures for transport, storage, regasification, management, planning, development and maintenance of the national gas network, as well as dispatching and metering activities.

In 2023, the quality of the service provided remained high, with an increase in the number of customers from the transport sector, which increased thanks to the flexibility services that helped to attract more shippers (250 in 2022, 351 in 2023).

With regard to the regasification business, the number of users at the LNG terminals of Panigaglia and FSRU Piombino was 7 in 2023, while storage recorded an increase in the number of shippers from 66 in 2022 to 67 in 2023.

For new connection contracts, on the other hand, there was a significant growth in the number of contracts signed in 2023, with a particular focus on biomethane production plants (24 in 2022, 104 in 2023).

CUSTOMERS IN NUMBERS		
2003	2023	Contracts signed in 2023
30 operators	450 operators (between shippers and traders, including SRG and GSE) of which 351 shippers (7 active on regasification)	141 connection contracts for the construction of new delivery/redelivery points, of the expansion of existing points, of which <ul style="list-style-type: none"> • 104 for the release of biomethane • 7 related to the service of CNG Refuelling Areas

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

- the completion, in coordination with the Integrated Information System Operator, of the start of the process of allocating transmission capacity at interconnections with distribution;
- the integration of short-term capacity product offerings at redelivery points at end customers directly connected to the transmission network;
- the integration of the default service to reduce the System's exposure to defaulters;
- the offer of a counter-flow injection service in storage in order to ensure the maintenance of a high level of storage filling at the end of the delivery campaign;
- the introduction of extraordinary capacity booking sessions to promote faster matching of customer demand and shipper-supplier supply;
- the start of the first allocation of regasification capacity at the new FSRU LNG Terminal in Piombino.



In particular, users of regulated services were able to benefit from the following services:

SERVICES	
TRANSPORTATION	<p>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.</p>
	<p>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 2023. 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 2023-2024.</p>
STORAGE	<p>Flexibility Services At the beginning of November 2022, a new counter-flow storage service was launched, offering users an injection capacity of up to 600 million cubic metres in the November-December period, and with disbursement of the stored quantities carried out in the January-March 2023 quarter. From November 2023, 500 million cubic metres of injection capacity has been made available to users for the same service. This service was offered as part of the usual short-term (daily) capacity booking procedures via the PRISMA platform, resulting in the allocation of a volume of approximately 330 million cubic metres. Participation in the auctions was open to any customer already holding a Storage Contract for the Thermal Year 2023-2024 within the limits of the financial coverage submitted. The additional short-term and long-term storage services decided in 2022 were also reconfirmed for the Thermal Year 2023.</p>
REGASIFICATION	<p>Flexibility Services In 2023, in addition to the regasification terminal at Panigaglia, regasification capacity was made available at the FSRU terminal in Piombino. Access to the regasification service, at the FSRU of Piombino, is allowed to all parties that hold LNG import contracts, have LNG carriers authorised by FSRU Italia and are in possession of adequate credit guarantees. The contribution is made through auction procedures on the IT Platform managed by GME. The procedures for the Panigaglia terminal remain the same as in 2022.</p>

Gas market monitoring

As part of its evaluations of the gas market and services, the Authority mandated Snam as the largest company, for structural aspects and phenomena relating to the functioning of the Gas System, and the Gestore dei Mercati Energetici, for the competitive aspects of the gas market, to support the Regulator's monitoring activities through: (i) the setting up of an integrated database of key data relating to transmission and balancing, storage and regasification services, made available by Snam to the Regulator and fed daily; ii) the provision of indices and reports on a regular basis as part of the operation of balancing and the balance of the system; iii) further specific analyses at the Authority's request. For the management of these activities, conventions, manuals and dedicated technical specifications are shared with the GME and approved by the Authority.

In this context, around **20,800 data flows and periodic reports** were transmitted by Snam to the Authority in 2023, following its instructions, and analyses were conducted in relation to regulated services (transportation, storage and regasification) to support 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.

RELATIONS WITH THE REGULATORY AUTHORITY IN THE FRAMEWORK OF THE GAS MARKET MONITORING IN 2023 (NO.)

	Transportation	Storage	Regasification
Reports/analysis (with reference to all business)	8	3	1
Monitoring conventions, manuals and specifications (with reference to all business)	2	2	2
Reports and data flows	14,694	3,359	2,732

Developments at European level

In the course of 2023, the European Commission concluded the discussion of the Fit for 55 packages, aimed at adapting the entire European regulatory framework to the achievement of a 55% greenhouse gas reduction target by 2030. Among others, in December 2023, the European Commission accepted the update on the Hydrogen and gas markets decarbonisation package, which sets out rules aimed at fostering the decarbonisation of the EU gas market through an easier deployment of renewable and low-carbon gases (including hydrogen), and ensuring energy security for all European citizens.

Other measures and acts relevant to the sector that have been introduced or are being developed at European level include:

NEW REGULATIONS AND DIRECTIVES

EU Methane Emissions Regulation	aimed at reducing methane emissions in the energy sector in Europe and its global supply chains.
Alternative Fuels Infrastructure (AFIR)	to ensure that citizens and businesses have access to an infrastructure network for access to alternative fuels, in addition to specific regulations to reduce emissions in the road, shipping and aviation sectors.
Energy Efficiency Directive	aim to reduce final energy consumption at EU level by 11.7% in 2030.

REVISIONS

Emission Trading System (ETS)	main tool for achieving CO ₂ reduction targets; The revision was accompanied by the introduction of a carbon tax at the EU border, the so-called CBAM (carbon border adjustment mechanism).
Directive on the Promotion of Renewable Energies	to increase the share of renewable energies in overall EU energy consumption to 42.5% by 2030, with an additional indicative supplement of 2.5% to enable the 45% target to be met.
Energy Performance of Buildings Directive	to increase the energy efficiency of buildings.
Taxonomy	common EU-wide classification system of economic activities that can be considered environmentally sustainable.

INITIATIVES AND LEGISLATIVE PROPOSALS

Net Zero Industry Act (NZIA)	aims to increase the EU's production capacity of technologies that support the transition to clean energy and release extremely low, zero or negative greenhouse gas emissions when used.
Industrial Carbon Management Strategy	aims to assess the role that CO ₂ capture, sequestration and re-use (CCUS) technologies can play in the process of decarbonisation by 2050, with a particular focus on the realisation of CO ₂ transport and storage infrastructure.

The main expected developments for gas infrastructures will revolve around the possibility of accommodating larger shares of green gas in a context of increasing cross-sector integration, first and foremost with the electricity sector (sector coupling). In this regard, a key role will be assigned to the conversion of gas infrastructures to include hydrogen, which is also an integral objective of the revision of the TEN-E Regulation on trans-European energy infrastructures, through which the first Projects of Common Interest (PCI) for hydrogen networks will be selected in 2023, including the Italian Hydrogen Backbone proposed by Snam.

In this context, the European Commission also continued the activities related to the plan of initiatives adopted in 2022 to reduce dependence on fuels imported from Russia (initiated with the **REPowerEU plan**), pursued with the dual objective of accelerating decarbonisation and efficiency targets, while ensuring greater diversification and security of European gas supplies.



Snam's contributions in Europe

Responses to Public Consultations	10
Others (Position papers; Statements; Open letters; Recommendations)	5

Consistent with European objectives aimed at ensuring a safe and efficient energy transition, and with a view to becoming a multi-purpose company capable of ensuring adequate levels of diversification and security of supply, Snam has actively participated in the process of revising the European regulatory and legislative framework, making significant contributions to the various consultations and legislative revision 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).



Customer care & engagement

As evidence of the focus on the customer, the development of **Jarvis**, Snam's single commercial platform into which all portals and applications at the service of the customer are gradually merging, continues. Designed with the direct involvement of market operators in a participatory design logic, the new application aims to redefine the user experience for customers, with a view to constantly improving the quality of the service offered by Snam. The developments, realised according to the Agile methodology, provide for a progressive and continuous increase of the platform's functionalities in order to cope with the continuous evolution of business needs.



During 2023, several functionalities were completed in Jarvis, among others, with the intention of enabling management:

- of allocation and settlement processes;
- of maintenance plans on the transport network and related requests to reschedule maintenance work;
- of the new FSRU Terminal in Piombino;
- of new invoicing processes;
- of the recent process of allocating capacity to points interconnected with the distribution network (so-called Citygates) in line with the new regulatory provisions.

In order to strengthen and secure its competitive advantage in the long term, as well as with a view to operating increasingly according to a customer-centric logic, Snam has continued to invest in the implementation and integration of a **Customer Relationship Management (CRM)** system within Jarvis. The complete adoption of a CRM system will bring significant benefits in terms of customer care management, as well as reduction of the average customer response time and number of contacts. In this regard, new initiatives are planned in the coming months to foster support through Jarvis, with the aim of promoting continuous improvement in both service and customer satisfaction.

Developments and releases of **JarvisBySnam**, the **mobile application** that allows customers to manage key business operations via smartphones and tablets, also continue. During 2023, a new version of the app was released containing storage-related functionalities, making it possible for customers to monitor their filling position, check stocks and movements, as well as to make gas transfers in storage, in addition to managing gas exchanges at the Virtual Trading Point via smartphone and tablet. In addition, it is expected that the integration of subsequent updates will gradually introduce new features to the application in order to facilitate customers' usage needs and offer them increasingly functional and innovative services.



Snam's customer engagement activities in 2023 included **four business workshops**, two of which (held in July and November respectively) were organised in-person, always with the possibility of a streaming connection. In addition, **five in-depth topic tables** were organised digitally (three following the July workshop, one in September and one in December) on more operational topics, with the active participation of customers. In order to measure the satisfaction of the initiatives, special questionnaires were administered at the end of each workshop, which showed a high level of appreciation by the customers, with a satisfaction rating of 8.4 out of 10.

The annual customer satisfaction survey

Through the annual customer satisfaction survey, Snam identifies and monitors the degree of customer satisfaction with the service offered. To this end, customers are asked to rate the ability to satisfy requests, the availability of contact persons, the timeliness and comprehensiveness of the answers provided, and the customer engagement activities undertaken.

The survey involved all shippers and traders with whom Snam cooperated during the year, and involved 486 questionnaires. The results showed a good degree of satisfaction, with an average score of 7.6 on a scale of 0 to 10, which stands at 8.1 when measured as an average over the three-year period.

The result of 2023 is positive. The decline that emerges from the comparison with previous years is linked to the changing environment, characterised by frequent regulatory changes and consequent changes in roadmaps due to the need to adapt systems within the timeframe set by regulations.

In addition, the first **one-to-one meetings with customers** were held online in 2023, with the aim of quickly intercepting needs and critical issues, consolidating the relationship and gathering ideas for improvement, always with a view to offering an excellent service. These meetings, given how well they were received, will be repeated during 2024.

Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
RELATIONS WITH THE AUTHORITIES					
Natural gas transport					
Responses to consultation documents and service proposals		no.	7	11	8
Tariff proposals		no.	7	7	6
Data collection		no.	100	185	180
Investigations ¹		no.	0	0	0
Proposals to amend/update codes and contractual documents ²		no.	6	4	3
Proposals to amend/update codes and contractual documents (approved)		no.	8	4	3
Storage of natural gas					
Responses to consultation documents and service proposals		no.	3	2	0
Tariff proposals		no.	2	2	1
Data collection		no.	59	122	57
Proposals to amend/update codes and contractual documents ²		no.	0	1	0
Proposals to amend/update codes and contractual documents (approved)		no.	2	1	0
Regasification of Liquefied Natural Gas					
Responses to consultation documents and service proposals		no.	2	2	1
Tariff proposals		no.	2	3	6
Data collection		no.	20	21	22
Proposals to amend/update codes and contractual documents ²		no.	1	2	6
Proposals to amend/update codes and contractual documents (approved)		no.	1	2	5
QUALITY OF SERVICE					
Natural gas transport					
Active shipper customers		no.	160	250	351
New connection contracts for delivery, redelivery or interconnection points		no.	88	65	141
Contracted transport capacity/Available transport capacity (foreign entry points)		%	50	52	39
Meeting the time schedule for issuing the connection offer		%	100	100	100
Meeting performance times for services subject to specific commercial quality standards		%	100	100	100
Interruptions with adequate notice		%	96	94	95

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Storage of natural gas					
Active shipper customers		no.	81	66	67
Contracted storage capacity/Available storage capacity		%	89.6	94	100
Meeting performance times for services subject to specific commercial quality standards		%	100	100	100
Supervised flow lines		%	100	100	100
Total capacity not made available due to service interruptions/reductions		%	0	0	0
Regasification of Liquefied Natural Gas					
Active shipper customers		no.	2	8	7
Meeting the maximum time limit for the acceptance of monthly delivery scheduling proposals		%	100	100	100
Meeting the maximum period of interruption/reduction of Terminal capacity for maintenance work		%	100	100	100

1 Information transmitted to the Authority during the year with reference to investigations within the industry. Includes exploratory investigations.

2 Also includes proposals still being evaluated by ARERA, including agreements and contractual documents involving operators in the regulated services sector.

KPIs AND TARGETS	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Average annual customer satisfaction with service quality (calculated as an average of the last three years) ¹		no.	8.4	8.4 ²	8.1

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

1 Quality perceived by customers measured through an online Customer Satisfaction survey involving shippers and traders working with Snam (1-10). Assessment: (i) the quality of services offered in transport, storage and regasification activities; (ii) customer engagement activities and (iii) additional services introduced during the year. The KPI is calculated as the average of the responses over the last 3 years.

2 the figure presents the one-off impacts of the implementation of customer service improvement initiatives.



10.2 ENVIRONMENTAL INFORMATION

Climate change

Material issues, impacts, risks and opportunities

Climate change

IMPACT MATERIALITY	<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none"> • Capture and storage of unavoidable climate-changing emissions through carbon capture and storage (CCS) technologies and offsetting of climate-changing emissions through reforestation activities • Supporting Italy's energy transition through the spread of energy carriers with a low environmental impact (biomethane, hydrogen) <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> • Greenhouse gas emissions generated by Snam's activities or along the value chain
FINANCIAL MATERIALITY	<p>RISK</p> <ul style="list-style-type: none"> • Disappointing economic results due to failure to develop markets for the energy transition businesses • Climate change risks leading to a tightening of the regulatory framework and emerging regulatory framework (strategic) • Risks connected with climate change, which entail the spread of new technologies favouring the use of intermittent energy sources and failure to adapt to new technological standards (strategic) • Climate change risks leading to reduced demand for natural gas, with possible consequent disappointing economic results (strategic) • Climate change risks leading to negative perceptions of fossil fuel companies (strategic) <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Expansion of market for development of energy transition businesses

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

In order to ensure adequate management of aspects related to climate change and, specifically, the related impacts, risks and opportunities, Snam has adopted a **Health, Safety, Environment, Energy and Quality Policy (HSEEQ Policy)** and an **Asset Management Policy**.



All of Snam's policies for managing climate change-related impacts, risks and opportunities are approved by the Board of Directors, communicated internally within the organisation and are made available on its website to all stakeholders with a view to greater transparency and collaboration.

HSEEQ Policy	<p>deals with aspects related to climate change mitigation, energy efficiency and the spread of renewable energy, setting out Snam's commitments to:</p> <ul style="list-style-type: none"> • supporting the fight against climate change by implementing operational and management-level actions to continuously reduce emissions generated, promote energy efficiency, use and produce energy from renewable sources and plan further activities that improve environmental performance; • ensuring the transparency of information, training and building staff and stakeholder awareness of the principles expressed in the policies, implementing consultation and communication processes with internal and external stakeholders; • ensuring cooperation with selected suppliers, promoting their development according to the principles of the HSEEQ Policy and purchasing energy-efficient services and products; • carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; • act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices <p>Through the implementation of its HSEEQ Policy, Snam operates in line with the Sustainable Development Goals (SDGs) set out by the UN and the OECD Guidelines for Multinational Enterprises. Snam's HSEEQ policy applies to all its activities, staff, contractors and all persons supervised by the Snam Group; all Snam companies adopt this Policy and – through the Employers and all persons responsible for health, safety, the environment, energy efficiency and quality – implement its principles.</p> <p>The HSEEQ Policy was updated in 2023 after achieving ISO 50001 certification.</p>
Asset Management Policy	<p>ensures that assets are managed effectively, efficiently and sustainably throughout their lifecycle, from their design, construction and testing through to the operation and supervision of natural gas transmission works and facilities. In particular, the policy aims to:</p> <ul style="list-style-type: none"> • ensure the network is upgraded using flexible, state-of-the-art infrastructure to develop solutions that support the energy transition and enable its assets to transport renewable (or green) gases; • promote initiatives for the protection of natural resources by planning, building, operating and decommissioning infrastructure and facilities in an environmentally sensitive manner. <p>The Asset Management Policy, approved by the Chief Executive Officer in 2023, was drafted by taking into account the requirements of the ISO 55001-certified management system.</p> <p>The Policy applies to all assets used by Snam for the transportation of natural gas such as pipelines, booster stations, regulation, reduction, interception, mixing and measurement plants, as well as other ancillary plants necessary for the transportation and dispatching of gas.</p>

For further information on the company's climate change policies, please refer to Annex 2 - Snam's Main Policies and Guidelines of the Non-Financial Statement.

In addition to the policies described, Snam uses an environmental management system as a further safeguard to ensure adequate management of the issue. These management systems are integrated into the company's broader certification framework, based on compliance with legislation and the improvement of the company's environmental performance, and are compliant with **ISO 14001** and **ISO 9001**. These certifications are also a requirement of the selection and qualification processes for suppliers, who must therefore possess management systems compliant with these standards.

In addition, in December 2023, Snam obtained the **ISO 50001** certified management system, a strategic tool to implement and maintain an Energy Management System (EMS) and, through a more efficient and effective use of energy, continuously improve its energy performance.

In the same month, the company also obtained **ISO 55001** certification, a standard that defines the requirements for an efficient, effective and sustainable Asset Management System for the company's assets throughout their life cycle – from the design phases to the construction, testing, operation and supervision of pipelines and plants.

The adoption of a corporate Asset Management System in compliance with this standard is a useful tool for maximising the value of assets. Through this Snam creates shared value with all its stakeholders and ensures constant compliance with legal, regulatory and standards-based requirements.




















Currently, ISO 55001 applies to the Snam Technical and Network Management Functions of Snam Rete Gas (head office Functions and North-Western and North-Eastern Districts and their Centres), and will be progressively extended to other asset-managing Functions.

For further information on management systems, see “Annex 3 - Management Systems” of the Consolidated Non-Financial Statement 2023.



In order to verify the effectiveness of the management systems, an internal team of 19 auditors carries out health, safety and environmental audits: 446 audits were carried out in 2023, a significant increase over the previous year (+224 in 2022) as a result of a general rise in the audit activities of the various companies. Of these, 229 were at the various Group companies (of which 118 were conducted by an external team) and 217 at third parties. Furthermore, in the last four years, Snam has not paid any significant (>\$10,000) HSE (environmental or ecological) fines.

Objectives

GREEN TRANSITION					
KPI		Baseline e baseyear	Performance 2023	Target	Stato vs. target 2023
CO ₂ emissions avoided (ktCO ₂ e) ¹		70 ktCO ₂ e in 2022	102,9 ktCO ₂ e	105 ktCO ₂ by 2024 500 ktCO ₂ by 2027	
Length of certified H2-ready network (km) ²		750 km in 2022	1.513 km	1.900 km by 2024 3.000 km by 2027	
MULTI-MOLECULE INFRASTRUCTURE					
Production of biomethane (Mscm) ³		0.4 Mscm in 2020	24,4 ⁸ Mscm	39 Mscm by 2023 20 Mscm by 2024 160 Mscm by 2027	
Investments related to the Ravenna CCS Project Phases 1 and 2 (million euro) ⁴		€ 20.3 mln in 2022	€65,1 mln	€ 120 mln by 2024 € 370 mln by 2027	
CARBON NEUTRALITY					
Reduction in total natural gas emissions vs. 2015 (%)	 	49.7 mln m ³ in 2015	-56,67%	-48,6% by 2023 -57,5% by 2024 -64,5% by 2027 -70% by 2030 -72% by 2032	
Electricity from renewable sources out of total electricity consumption (%) ⁵		44% in 2019	63%	Among 52% and 55% by 2024 100% by 2027	
Share of total procurement spend on suppliers with a decarbonisation plan (%) ⁶		23% in 2023	23%	25% by 2024 35% by 2027	
Percentage of reduction in Scope 1 and Scope 2 greenhouse gas emissions (vs 2022) (%) ⁵		1,451 ktCO ₂ e in 2022	-10%	-25% by 2027 -40% by 2030 -50% by 2032 Carbon Neutrality by 2040 ⁹ Net Zero by 2050 ⁹	
Percentage of reduction in Scope 3 greenhouse gas emissions vs. 2022 (%) ⁵		1,434 ktCO ₂ e in 2022	-4%	-30% by 2030 -35% by 2032 Net Zero by 2050	

Percentage of natural gas recovered from maintenance activities (%) ⁷	44.3% in 2019	60%	>40% of the average of the last five years until 2026	✓
ENERGY EFFICIENCY IN OPERATIONAL MANAGEMENT				
MWh production of electricity by photovoltaic plants ⁵	829 MWh in 2019	980 MWh	>860 MWh in 2023 >900 MWh by 2026	✓
Trigeneration plants ⁷	359 MWh in 2019	13,665 MWh	Production of 17,000 MWh from trigeneration plants by 2026	⚙️
High-efficiency heat generators	14.5 MW in 2017	101 MW	110 MW by 2025	⚙️
Improving the energy efficiency of buildings ⁵	start of project implementation in 2017	50.000 m ³ of gas and 190 MWh of electricity	Savings of 75,000 m ³ per year of gas and 250 MWh per year of electricity by 2025	⚙️
TRANSITION BUSINESS				
Cumulative number of CNG and LNG stations installed	9 in 2019	n. 91	100 in 2023 156 in 2027	❌
Reduction of CO ₂ eq emissions from energy efficiency measures	3 ktons in 2019	57 kton	72 ktons in 2023 192 ktons by 2026	❌
Available LNG capacity for the SSLNG market	0 ktpa in 2020	0 ktpa	0 ktpa in 2023 250 ktpa by 2026 ⁹	⚙️



KPI included in the Sustainability Scorecard



KPI included in the Carbon Neutrality Strategy



Target achieved



Target in progress



Target not achieved

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

* Renewable Energy Source

- Emissions avoided through the biomethane and energy efficiency businesses. It calculates the CO₂e emissions avoided by Renovit's energy saving measures on residential, industrial, tertiary and public administration buildings and CO₂e avoided by using biomethane produced by Bioenerys instead of fossil gas. The latter contribution is evaluated by multiplying the biomethane volumes (Msc) by its lower heating value (LHV or PCI, GJ/1000 Smc) and the emission factor of natural fossil gas (from Ispra, tCO₂/TJ), indicating the emissions that would have occurred with the use of fossil gas (compared to the use of biomethane).
- Certification of the suitability of existing network materials for the transport of H₂, in accordance with the applicable requirements given in report P0027355-1-H2, defined according to the methodology described in RINA document GUI.16 'Guide for Technology Qualification Processes' dated 15.12.2016 and based on ASME standard B31.12 'Hydrogen Piping and Pipelines' (2019 edition).
- Biomethane production by Bioenerys. The figure corresponds to gross biomethane production (compared to net production used in previous years). The scope of the indicator for 2023 refers to the following companies: Bioenerys Ambiente S.r.l., Bioenerys Agri S.r.l. e Iniziative Biometano (the latter removed from the portfolio as of October 2023).
- Cumulative figure for the period 2023-2027 net of contributions, dilution and goodwill due to Eni. CapEx invested according to i) the business plan agreed between Snam and Eni, referring to the development of the storage facilities of the Ravenna CCS Project during phases 1+2 (experimental phase and industrial phase), and ii) the business plan developed solely by Snam, referring to the development of the onshore transport system of Ravenna CCS via pipeline.
- The target refers to the perimeter of the regulated sector, excluding FSRU for 2023.
- The target refers to the product categories related to the 'Top Emitters' (year by year) for which the decarbonisation plan was provided. The perimeter of the target corresponds to: Snam S.p.A., Snam Rete Gas, GNL Italia, Stogit, Enura, FSRU Italia, Greenture and Cubogas.
- The target refers to the perimeter of the transport sector.
- The final performance for 2023 includes 7.9 MMscm related to biomethane plants (ex-IES Biogas) that were removed from SNAM's perimeter in October 2023 (and will no longer contribute in 2024); therefore using the same perimeter, in 2023 the result would be 16.5 MMscm.
- The target refers to the entire perimeter of the Snam Group.

The targets of the Sustainability Scorecard contribute to the achievement of the HSEEQ Policy objectives, with particular reference to those concerning the reduction of emissions, the use of energy from renewable sources and the spread of green gases and CCS technologies. In addition, the targets help to manage the relevant climate change-related impacts, risks and opportunities listed under 'Relevant issues, impacts, risks and opportunities' in this chapter.

For more information on emission reduction targets, see the chapter 'Strategy, Towards Carbon Neutrality' in the 'General Information' section of the Non-Financial Statement.

Other KPIs monitored include those related to the EU Taxonomy, specifically revenues and CapEx aligned to the Taxonomy. For more information, see the chapter "European Taxonomy for Environmentally Sustainable Activities" in the "Environmental Information" section of the Non-Financial Statement.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

Using energy efficiently

Energy efficiency plays a key role in the decarbonisation process and also acts as an important tool to support economic, social and technological development at a national level due to the lower costs involved and the promotion of more competitive companies.



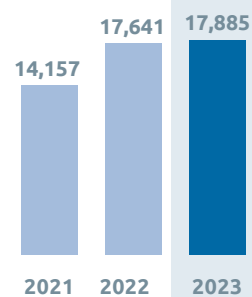
The most significant share of Snam's energy consumption is related to the operation of gas turbines used by compression and storage plants. The energy consumed to allow the turbines to provide the necessary pressure to transport the gas along the national grid and its storage in the reservoirs depends on the amount of gas transported and stored and the distance between the entry point into the grid 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 2023, Snam's total energy consumption amounted to 17,885 TJ (+1.4% vs. 2022), almost entirely attributable to natural gas (95.9%). This was mainly used to operate the gas turbines for the compression plants that provide the necessary pressure to transport gas (boost consumption) and in the storage concessions (storage consumption), which, overall, accounted for 79% of total consumption⁶¹, a slight decrease compared to previous years due to the increase in consumption of new businesses and FSRUs. The remaining part of the energy mix includes electricity (3.4%) and other fuels (diesel, petrol, LPG and heat), which together account for 0.7% of energy consumption.

For more information on the consumption of individual business segments, see 'Appendix 4 - Data and Performance Indicators' in the Consolidated Non-Financial Statement 2023.

In particular, total gas transportation consumption increased by 6% vs. 2022, accounting for 64% of Snam's overall consumption. In addition, there was also a marked reduction in consumption for storage (-27% vs. 2022); such consumption fell to 19% of Snam's total compared to 27% in 2022. With regard to the Panigaglia gas regasification plant, which accounts for 7% of Snam's overall consumption, there was an increase in consumption (+16% compared to 2022), in line with the increase in regasified gas (+16% compared to 2022). Note that a new energy consumption centre was also recorded in 2022: the FSRU vessel accounted for 2% of global consumption, a figure that will increase in the coming years in view of the new energy scenario.

ENERGY CONSUMPTION 2021-2023, TJ



⁶¹ The figure refers to actual consumption for transport and storage normalised by TJ and does not include other, non-relevant consumption (e.g. heaters, electrical, civil protection, etc.).



In order to curb power plant energy consumption, Snam has implemented an integrated power plant management system based on real-time data acquisition and initiated a programme to replace gas turbines with electric motors, which is gradually being put in place.

	Regulated Business	Unregulated business
Energy consumption by individual business segment	Gas transport: 11,386 TJ	Energy transition: they continued to expand their activities in 2023, with consumption accounting for 8% of the total.
	Gas storage: 3,425 TJ	
	Regasification (considering the Panigaglia plant and the new FSRU): 1,608 TJ	



During the year, Snam confirmed its commitment to pursuing a path of progressive decarbonisation by also consuming energy from renewable energy sources. Specifically, in 2023, Snam consumed 401 TJ (111,371 MWh) of energy from renewable sources, of which 395 TJ (109,507 MWh) was electricity and 6 TJ (1,774 MWh) was renewable energy consumed from self-generation, without using fuel.

In response to this consumption, and in addition to the actions described in more detail 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), Snam, in order to contain its energy consumption and reduce its impact on the environment, has launched a number of **energy management** initiatives.

Of the planned energy management activities, the following stand out in particular:

1 the installation of photovoltaic plants at the main premises for the production of green electricity	2 the installation of co-generators fuelled by biogas from the anaerobic digestion of agricultural waste or waste for the production of electricity	3 the acquisition of electricity from certified renewable sources through specific supply contracts	4 the installation of high-efficiency heat generators, in particular at gas reduction and regulation plants
5 the installation of trigeneration plants	6 investments in improving the energy efficiency of buildings	7 implementation of the ISO 50001-certified Energy Management System	

With regard to renewable plants, Snam continued its efforts to convert those still using non-renewable sources; In particular, in 2023, the new sites switching to electricity from renewable sources were the Istrana, Gallese and Tarsia plants.

Renewable-source plants, which also include, as of this year, biogas-fuelled cogeneration plants, recorded strong growth over the previous year following the acquisition by Bioenergy of several plants equipped with cogenerators that produce electricity from biogas derived from agricultural waste. In addition, there was an increase in the number of photovoltaic installations in the gas transport network (3,880 units in 2023, +7.4% compared to 2022).



The increase in installed capacity, from 4.7 MW to 34.9 MW, was mainly due to the cogeneration plants acquired from Bioenerys. Likewise, there was an increase in energy produced, from 2,923 MWh in 2022 to 186,823 MWh in 2023.

It should be noted that Bioenerys will, over the next few years, decommission these cogenerators in favour of upgraded plants with a view to feeding biogas directly into the Snam network; it is therefore expected that there will be a progressive decrease in installed power and energy produced.

3,916
renewable energy plants
(+8.1% vs 2022)

34,864 kw
installed power
in renewable
energy plants

186,823 MWh
energy produced
by renewable energy
plants

RENEWABLE ENERGY PLANTS

Type	no.	2021		no.	2022		no.	2023	
		Total power (KW)	Energy produced (MWh)		Total power (KW)	Energy produced (MWh)		Total power (KW)	Energy produced (MWh)
Wind generators	1 ¹	1.8		1 ¹	1.8		-	-	
Photovoltaic systems	2,829 ¹	1,306	950	3,620	4,698	2,923	3,890	8,890	186,823
Biomass cogeneration plants (green)	-	-		-	-		26	25,974	
Total	2,830	1,308		3,621	4,699		3,916	34,864	

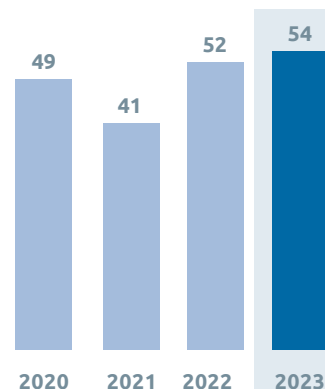
¹ Back-up plants = 3,574, of which 3,573 photovoltaic and 1 wind.

In line with Snam's efforts to pursue decarbonisation, in 2023 the Group also purchased electricity from renewable sources, reaching a share of 94,545 MWh (+27 vs. 2022).

Furthermore, Snam's share of green electricity out of the total increased from 52% in 2022 to 54% in 2023.

The Group's energy efficiency results are in line with targets, and, in regards to the Sustainability Scorecard, as far as annual electricity production from photovoltaic plants in the regulated sector is concerned, Snam has far exceeded its target of 860 MWh by 2023, reaching 980 MWh. In 2023, energy efficiency measures in the Group's buildings led to gas savings of 50,000m³ compared to 40,000 m³ in 2022 and electricity savings of 190 MWh, up from 145 MWh in the previous year. This was in line with achieving the 2025 target (savings of 75,000 m³ per year of gas and 250 MWh per year of electricity).

GREEN ELECTRICITY CONSUMED / TOTAL ELECTRICITY, %



54%

green electricity consumed / total electricity for the entire Snam Group

63%

green electricity consumed / total electricity for the entire Snam Group for the regulated business*

* With the exception of Snam FSRU Italia.

Energy efficiency: achieving 50001 energy certification and carrying out energy audits

In 2023, Snam achieved a significant energy-related milestone by obtaining Energy Management System (EMS) certification according to the **ISO 50001** standard. This certification is a strategic tool to continuously improve energy performance through a more efficient and effective use of energy.

ISO 50001 provides a useful framework for managing energy performance, while helping to reduce environmental impact and meet emission reduction targets. The certification involved several companies, including Snam's corporate arm and GNL Italia, who took part in the whole process, and Bioenerys, Greenture and the Renovit group (TEP, Renovit Public Solutions and Evolve), who took part in the buildings-related part.

In addition to preparing the system documentation, which was integrated into the existing management system, the technical documentation and related **Energy Analyses** were developed in order to assess energy-related aspects of the business. With the acquisition of energy data for each functional area, the corresponding energy models and performance indicators were prepared and appropriate improvement plans developed – an important step towards a more sustainable energy future.

In 2023, Snam also carried out **Energy Audits** for all Group companies, in accordance with the **European Energy Efficiency Directive** and the Italian transposition of the directive via Legislative Decree 102/2014. Snam drew up and uploaded the audits on the ENEA portal, in advance of the deadlines laid down by the regulations. The decision on the sites to subject to Audits was carried out following the clustering approach contained in the MIMiT and ENEA guidelines, which allows companies with sites connected in a network system (e.g. a gas pipeline network, compressor stations, reduction plants, storage concessions, etc.) to view the system itself as a single virtual site and, therefore, to subject the network connecting the various sites to an Energy Audit.

The Energy Audit highlighted the energy performance of the installations so it could be improved.

The activities described above, in addition to representing a legal obligation, will contribute to reducing Snam's carbon footprint, in line with the decarbonisation objectives of its 2040 Carbon Neutrality and 2050 Net Zero strategy.

Company fleet

In 2023, the number of methane-powered cars registered was 766, or 58% of the entire company fleet. Initial activities for the preparation of the tender for renting Snam Group's vehicle fleet were also completed in the same year. At the beginning of 2024, work on finalising the tender for the renewal of approximately 1,700 vehicles will continue.

As far as sustainability aspects are concerned, the tender includes the following requirements:

- all vehicles must be compliant with EURO 6 standards or higher;
- no diesel-powered vehicles will be included;
- vehicles can be petrol or hybrid (PHEV);
- trucks (such as vans), if diesel-powered, must have engines compatible with diesel biofuels according to specification EN 15940 (XTL);
- a full-electric car segment is planned for mobility at HQ.

In addition, a choice of PHEV, plug-in PHEV and BEV engines has been introduced for the operation of the executive fleet.



Climate change and emission reduction ALL-ROUND SUSTAINABILITY

Snam's commitment to preventing climate change is embodied in its Carbon Neutrality and Net Zero strategy, aimed at achieving carbon neutrality by 2040 across the entire Snam group perimeter for Scope 1 and Scope 2 emissions, and net zero emissions by 2050 for all direct and indirect Group emissions. In order to achieve these goals, Snam has an extensive range of industrial initiatives to contain and reduce its greenhouse gas emissions.

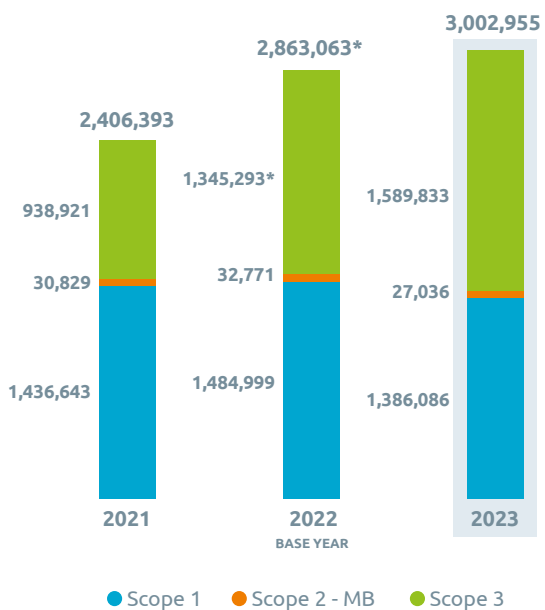
For more information on the Group's decarbonisation strategy, refer to the chapter 'Strategy, Carbon Neutrality and Net Zero Strategy' in the 'General Information' section of the Non-Financial Statement.



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).

To monitor them, it has defined specific objectives with intermediate targets; In addition, ad hoc targets for methane emissions have been added. These are in line with the UNEP (United Nations Environment Programme) recommendations issued by the Oil & Gas Methane Partnership – OGMP 2.0.

GHG EMISSIONS 2021-2023 (TONCO₂eq)



Notes:

- the presentation of the data, previously expressed in ktonCO₂e, this year was expressed in tonCO₂eq.
- the CO₂eq was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) 'Sixth Assessment Report' that assigned methane a Global Warming Potential (GWP) of 29.8.

* The figure has been restated, following the inclusion of Adriatic LNG emissions.

Snam's Scope 1 and 2 emissions amounted to approximately 1,413,122 tonnes of CO₂eq (-7% vs. 2022); Added to these are Scope 3 emissions of 1,589,833 tonnes⁶² of CO₂eq (+18% vs. 2022) including 777,513 tonnes of CO₂eq related to the Supply Chain⁶³ and 639,326 tonnes of CO₂eq related to Associates⁶⁴. The Group's total Scope 1, market-based Scope 2 and Scope 3 GHG emissions are therefore 3,002,955 tonnes CO₂eq (+5% compared to 2022).

With reference solely to the adjusted perimeter⁶⁵ net of FSRUs, in line with the decarbonisation commitment, Scope 1 and market-based Scope 2 emissions were 1,305,339 tonnes CO₂eq. This was a reduction of 10% compared to 2022, the new base year used in the Scope 1 and 2 emission reduction target in the Group's decarbonisation strategy.

62 Snam reports all applicable categories of the GHG Protocol, specifically all those that concern regulated business, i.e.: (i) Supply chain (Category 1. Purchased goods and services; Category 2. Capital goods; Category 4. Upstream transportation and distribution; Category 5. Waste generated in operations; Category 8. Upstream leased assets); (ii) Associate (Category 15. Investments, including SeaCorridor); (iii) Other emissions (Category 3. Fuel-and-energy-related activities; Category 6. Business Travel; Category 7. Employee commuting).

63 Includes these categories: (1) Purchased goods and services; (2) Capital goods; (4) Upstream transportation and distribution; (5) Waste generated in operations; (8) Upstream leased assets.

64 Includes category 15. Investments.

65 The regulated perimeter includes the parent company, Snam S.p.A., the companies in the transportation sector (Snam Rete Gas S.p.A., Infrastrutture Trasporto Gas S.p.A., Asset Company 2 S.r.l.), the companies in the liquefied natural gas regasification sector (GNL Italia S.p.A.), excluding Snam FSRU Italia S.r.l., FSRU Limited and Ravenna LNG Terminal S.r.l., and the companies in the natural gas storage sector (Stogit S.p.A.).

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

- the significant reduction in the share of Scope 1 emissions related to natural gas (and therefore methane) due to the activities implemented, which resulted in a 57% reduction in emissions compared to 2015, in line with decarbonisation targets and ahead of the 2025 UNEP Protocol target;
- the inclusion in the perimeter of two new associates (notably SeaCorridor) that contributed to the overall increase in GHG Scope 3 emissions by 18%. Without these, there would have been a 12% reduction;
- the greater impact of unregulated business⁶⁶ (e.g. increased from 4 to 5% of total Scope 1 emissions);
- the less than proportional reduction in overall Snam Scope 1 and market-based Scope 2 emissions (-7% vs. 2022) compared to energy consumption, which increased slightly (+1%), is due to measures to recover natural gas emissions, energy efficiency and the increasing use of green electricity. Together, these activities avoided the emission of more than **216,000 tonnes of CO₂eq.**

Direct GHG emissions (Scope 1)

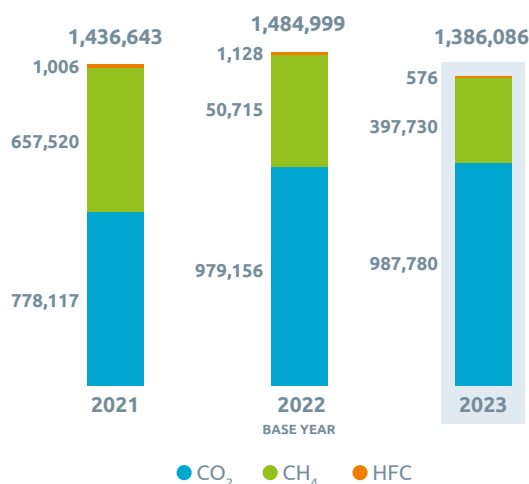
Almost all of Snam's direct GHG Scope 1 emissions relate to methane (CH₄) and carbon dioxide (CO₂), while a small part is attributable to emissions of hydrofluorocarbons (HFCs), the refrigerant gases used in refrigeration plants. Methane emissions result from the release of natural gas into the atmosphere and are generated by the normal operation of the plants, by the connection of new pipelines and their maintenance, or by accidental events occurring with the infrastructure; CO₂ production is directly related to fuel consumption.

In 2023, direct emissions amounted to 1,386,086 tonnes CO₂eq, a reduction of 7% compared to 2022. Snam's overall CO₂ emissions from combustion increased by 1% compared to 2022, reaching 987,780 tonnes of CO₂eq, in line with the increase in energy consumption from 17,641 TJ in 2022 to 17,885 TJ 2023 (+1%) mainly due to the reversal of gas flows, from the Russian to the North African backbone, which entails a greater use of gas turbines in the compression plants that provide the pressure needed to transport the gas. HFC emissions remained marginal at 575.88 tonnes CO₂eq.

Despite the emergence of a number of ongoing emergencies, including the floods that hit Emilia-Romagna in May and the Russian-Ukrainian conflict, Snam continued its ongoing emission reduction activities, including:

- the reduction of emissions of natural gas and thus methane, through gas recompression, hot tapping, LDAR, etc.;
- production and/or purchase of electricity from renewable sources;
- installation of higher-efficiency heat generators;
- installation of LED lighting systems to replace less energy-efficient light fixtures;
- savings from the renovation and efficiency-upgrading of buildings;
- maintaining smartworking among employees.

DIRECT GHG EMISSIONS (SCOPE 1) (TONCO₂eq)



Notes:

- the presentation of data previously expressed in ktonCO₂eq, this year was expressed in tonCO₂eq.
- The CO₂eq was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) 'Sixth Assessment Report' that assigned methane a Global Warming Potential (GWP) of 29.8.

66 The unregulated perimeter includes Greenture S.p.A., Cubogas S.r.l.; Bioenerys S.r.l., Bioenerys Agri S.r.l., Bioenerys Ambiente S.r.l., Renovit S.p.A., TEP Energy Solution S.r.l., Renovit Public Solutions S.p.A. (formerly Mici S.p.A.), Tlux S.r.l., Evolve S.r.l.

Scope 1 – Emissions from the combustion process

Direct emissions from combustion, for most of the Company's plants, fall within the scope of the European Union Emission Trading Scheme (EU ETS).

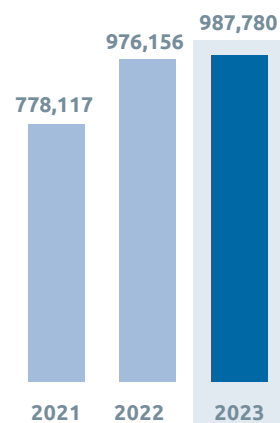


The EU ETS is a European system created to incentivise emission reductions by setting a cap on the total amount of certain greenhouse gases that can be emitted by plants with specific characteristics. If a company emits more than the cap, it is obliged to buy emission allowances from the market. 2022 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.

Snam owns **24 plants subject to the EU ETS**. This is one more than the previous year due to the Piombino regasification plant coming on stream (the others are 13 from the transportation business, eight from storage, one from regasification and one from Renovit). Emissions from these installations amounted to 919,558 tonnes of carbon dioxide, or 66% of total GHG Scope 1 emissions, of which 180,290 tonnes of allowances were allocated for free, while the remaining 737,268 tonnes were purchased from the market.

ASSETS	NUMBER OF PLANTS	NAME OF PLANTS
TRANSPORTATION	13	Gas compression plants in Enna, Gallese, Istrana, Malborghetto, Masera, Melizzano, Messina, Montesano, Poggio Renatico, Tarsia, Terranuova Bracciolini, Minerbio, Sergnano
STORAGE	8	Storage gas compression plants in Cortemaggiore, Fiume Treste, Minerbio, Ripalta, Sabbioncello, Sergnano, Settala, Bordolano
REGASIFICATION	2	Panigaglia and Piombino liquefied natural gas regasification plant
RENOVIT	1	Sappi cogeneration plant

COMBUSTION EMISSIONS (TONCO₂eq)



Notes:

- the presentation of data previously expressed in ktonCO₂eq, this year was expressed in tonCO₂eq.
- The CO₂eq was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) 'Sixth Assessment Report' that assigned methane a Global Warming Potential (GWP) of 29.8.

Scope 1 – Natural gas and methane emissions

Snam's commitment to reducing natural gas and methane emissions applies to all businesses, such as gas transport, storage and regasification, where emissions play a significant role. Signing up to UNEP's OGMP 2.0 protocol has encouraged a series of systematic, lasting and significant actions at Snam's affiliated companies too, given that the reference framework provides for the involvement of both operated and non-operated businesses, starting from a shareholding of more than 5%.

In terms of accounting for methane emissions, Snam has been using an international methodology for around 30 years that was developed in collaboration with GRI - US EPA (Gas Research Institute - US Environmental Protection Agency), supplemented by a series of field measurements carried out by various external companies from the 1990s. Over the past few years, the emission accounting method has been updated by employing an external company to carry out a series of on-site measurement campaigns in accordance with UNI EN 15446 on representative plants and network portions.

In 2023, in accordance with the UN OGMP 2.0 protocol, measurements were carried out to reconcile emission data obtained with traditional bottom-up methods with top-down methods at site level carried out with drones at appropriate facilities in the Italian gas infrastructure.

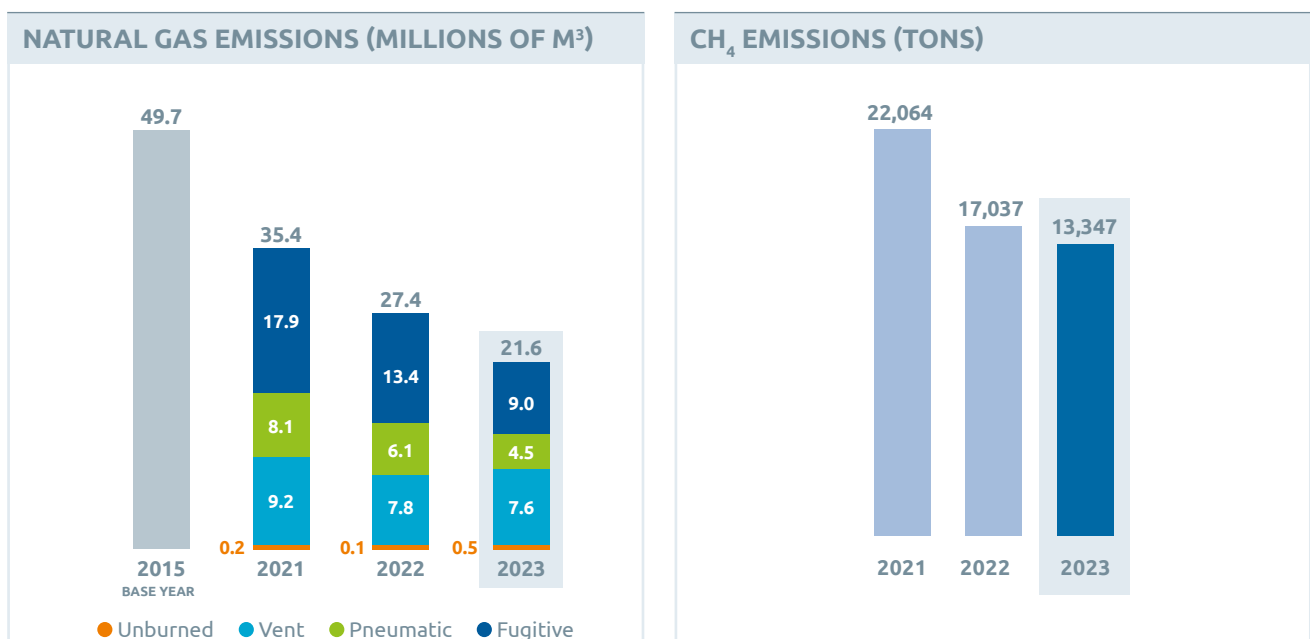


Snam's natural gas emissions are:

- **fugitive** emissions from equipment leakage, processes;
- **vent**, 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.

In 2023, natural gas emissions amounted to 21.6 million m³, a significant reduction compared to 2022 (-21%) and -57% compared to 2015, in line with the new methane emission reduction targets of -64.5% by 2027, -70% by 2030 and -72% by 2032. In particular, unburnt emissions increased significantly from 0.1 million m³ to 0.6 million m³ while vent, pneumatic and fugitive emissions decreased, specifically by -3%, -27% and -33% respectively.

In addition, Snam's activities in the area of natural gas emission reduction resulted in a decrease of methane for gas transportation of -24% and -63%, compared to 2022 and 2015, respectively.



With regard to the target for the recovery of natural gas emissions during maintenance activities, expressed as the average of the last five years, the 2023 value was 60%, up from the 2022 figure of 57%.

Thanks to the implementation of multiple best practices that included in-line gas recompression interventions, interventions with tapping machines (a technology that makes it possible to disconnect methane pipelines in operation for new connections without interrupting service), the implementation of Leak Detection and Repair, and other initiatives to replace emissive components, in 2023 Snam avoided the emission of more than 185,000 tonnes of CO₂eq into the atmosphere.

Best practices for reducing methane emissions

Snam has already been implementing best practices for several years to reduce natural gas – and consequently methane – emissions, in accordance with its Carbon Neutrality and Net Zero strategy. As part of this, in 2023, Snam reduced:

- **methane emissions** through the adoption of more advanced emission estimation methodologies, supported by point measurements in the field, to obtain more reliable and accurate information on the causes and extent of emissions in order to establish more appropriate operational actions.
In order to improve the **emission accounting system**, a measurement campaign of methane emissions at site level was carried out using top-down technology via drone-mounted equipment to reconcile quantified emissions at individual emission source level with this technique. This testing, which will continue over the next few years, was conducted across several compression and storage plants (including varying the operational plant set-ups), as well as in other plants and line points and in the LNG terminal;
- **vent emissions** through the use of mobile gas recompression systems (which, during major works on the transportation network, make it possible to reintroduce gas into the network, avoiding its release into the atmosphere); the use at some compressor stations of a similar fixed gas recovery system; the lowering of discharge pressure during work on the network; and the use of tapping machine technology (which makes it possible to disconnect pipelines in operation for new connections without interrupting service). During 2023, both tapping machine operations (up from 9 in 2022 to 16 in 2023) and in-line gas recompression operations (up from 11 in 2022 to 17 last year) increased. The more intensive use of all these technologies combined **avoided the emission of about 10 mln m³ of gas into the atmosphere in 2023, recovering about 70% of the amount of gas** that would have been emitted without mitigation measures. Snam also continued with an initiative at the LNG terminal involving the modification of the existing compressor to allow the gas to be re-compressed into the network even when the plant is in operation, and installing a back-up compressor. This will be completed in 2024;
- **pneumatic emissions**, by replacing existing models with new low- or zero-emission equipment and, in some power plants, with air-fuelled (instead of gas-powered) actuation systems. In 2023, these emissions were reduced by approximately 2.76 mln m³ due to:
 - the installation of **new high-efficiency thermal power plants** to replace existing heaters (around 300), with the elimination of the associated pneumatic equipment (3 heaters replaced in 2023 and 87 since 2018). This activity is expected to be completed by 2030;
 - the campaign to **replace/remove high-emission control and command devices** on regulating valves in network pressure reduction systems, to be completed within a time frame of five years (2020-2024). In 2023, 60 devices were replaced (327 since activities began), out of the approximately 400 covered by the intervention;
- **fugitive emissions**, which consist of monitoring campaigns of plant components to detect methane leaks and schedule maintenance work. In particular, in 2023 Snam continued:
 - **LDAR activities with its own personnel**. In 2023, this technique was implemented at all major facilities in the transmission network, and continues to be carried out at the booster and storage plants and at the LNG terminal. The activity will continue in the ways to be established in 2024 by the new EU Methane Emissions Regulation;
 - the **replacement of valve vents in plants or the installation of double valves** in pressure reduction plants, completing the programme by retrofitting approximately 180 plants since activities began. A similar activity was started in the pig launch and reception facilities, with 33 plant areas to be upgraded by 2025 (four areas completed in 2023);
 - the project to **replace valves with pneumatic actuators with valves with electric actuators** related to the unit vents and to replace pressure valves on the turbochargers in the booster and storage plants. During 2023, the project was implemented at the Terranuova power plant, thus completing the planned activities at the booster stations, and the Settala power plant with the replacement of pressure valves.

Indirect GHG energy emissions (Scope 2)

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 attributes a zero CO₂eq emission factor to energy consumption from certified renewable sources (e.g. guarantees of origin); the **Location-Based** (LB) approach considers an average CO₂eq emission factor based on the national energy mix.

The company pursued its commitment to increase its use of electricity from renewable sources. The result of this activity was to decrease market-based emissions from 32,771 tonnes of CO₂eq in 2022 to 27,036 tonnes in 2023.

2023 also saw an increase in green electricity produced by the installed photovoltaic panels and cogenerators of the plants acquired from Bioenerys. As a result of these actions, approximately 30,000 tonnes of CO₂eq were avoided.

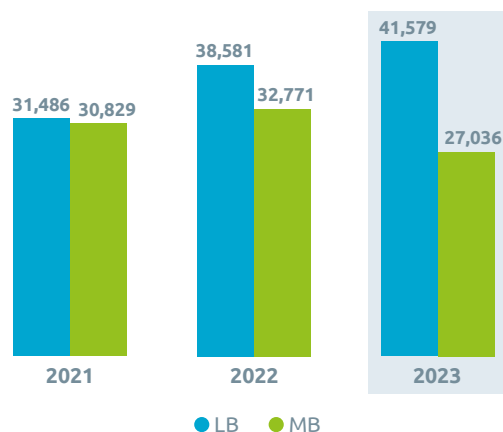
Progress on emission reduction targets – Scope 1 and Scope 2

In its Carbon Neutrality and Net Zero strategy, Snam has outlined a clear decarbonisation pathway for Scope 1 and Scope 2 GHG (greenhouse gas) emissions from the regulated business' activities⁶⁷, setting itself intermediate targets for 2027, 2030 and 2032 compared to 2022 levels. The ultimate goal is to achieve **carbon neutrality by 2040 across the entire Snam group perimeter**, and to reach **net zero emissions in 2050**.

For more information, see the chapter 'Strategy, Carbon Neutrality and Net Zero' in the 'General Information' section of the Non-Financial Statement.

During 2023, Scope 1 and Scope 2 market-based emissions from the regulated perimeter decreased by 10% compared to 2022 levels and by 17% compared to 2018 levels, thereby demonstrating Snam's commitment to decarbonisation.

INDIRECT GHG EMISSIONS FROM ENERGY (TONCO₂EQ)

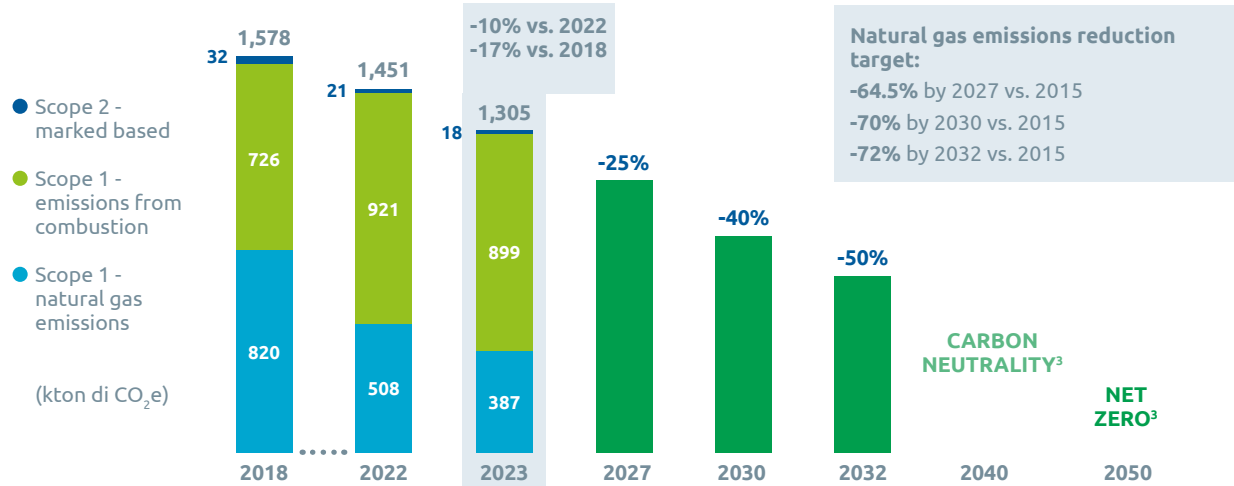


Note:
the presentation of data previously expressed in ktonCO₂eq, this year was expressed in tonCO₂eq.

67 Since 2000, under European regulations on the liberalisation of the energy sector in Europe (main regulations: Directive 2009/73/EC of the European Parliament and the European Council and the preceding 2003/55/EC and 98/30/EC) and Italian regulation (mainly Legislative Decree 164/2000 and subsequent amendments) regulated activities in the gas sector have referred to activities related to transport, storage, regasification and distribution infrastructures and related services. According to national legislation, these activities in Italy are subject to regulation by the Regulatory Authority for Energy Networks and the Environment (established by Law 481/1995 as amended).

See below for progress on the reduction targets, with reference to GHG Scope 1 and market-based Scope 2 emissions and related targets up to 2050. Natural gas emission targets will contribute to achieving these goals.

REGULATED PERIMETER ^{1,2} - SCOPE 1 AND SCOPE 2 EMISSION REDUCTION TARGETS VS. 2022



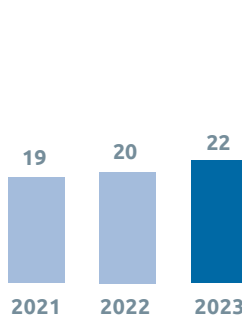
1. The total values of Scope 1 and Scope 2 GHG emissions Market based also considering HFC emissions (2018 = 0; 2022 = 1; 2023 = 0.6)
2. The emissions from the Piombino FSRU will be taken into consideration within the target perimeter starting from 2024, the first year of full activity. In 2023, the Piombino FSRU emitted 28 ktons of CO₂eq (in the period from June to December).
3. On the perimeter of the SNAM Group

Snam has been monitoring three intensity indices for some years; their performance is illustrated below:

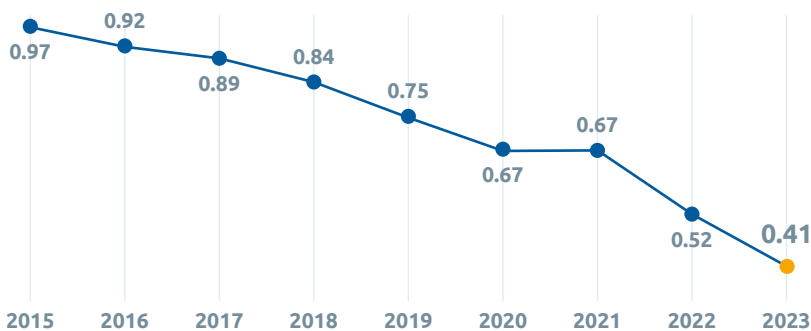
GHG EMISSIONS SCOPE 1 AND SCOPE 2 MARKET BASED PER KM OF NETWORK (TONCO₂eq/KM)



GHG EMISSIONS SCOPE 1 AND SCOPE 2 MARKET BASED ON TRANSPORTED GAS (TONCO₂eq/BN M³)



METHANE EMISSIONS PER KM OF NETWORK (TON CH₄/KM NETWORK)



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, the building that from 2025 will house all the company's personnel now in the San Donato Milanese and Milan sites. The cutting-edge 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 wellbeing 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.

Vasto maintenance centre

In 2023, the revamping of the Vasto Maintenance Centre was completed. The project involved all aspects of the building – from the load-bearing structures to the architectural themes, including the plant engineering. Widespread reinforcement was performed on the buildings to increase resilience in the event of an earthquake. As far as the architectural side is concerned, the layout was completely revised by calibrating the spaces according to current needs and adopting modular systems that allow for easy reconfiguration of spaces for future needs. The building's enclosure was also made fully efficient to minimise energy consumption and, at the same time, ensure that the façades have a more modern appearance through the use of a ventilated wall. Mechanical systems employ innovative technologies for improved comfort and reduced consumption for facilities such as air conditioning and air exchange, both of which use heat recovery. To monitor consumption in general, a BMS (Building Management System) is used, plus LED luminaires and a photovoltaic system on the roof. Thanks to the special features adopted, it was possible to achieve energy class 'A4'.

Other indirect GHG emissions (Scope 3)

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



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

Supply chain

- Category 1. Purchased goods and services;
- Category 2. Capital goods;
- Category 4. Upstream transportation and distribution;
- Category 5. Waste generated in operations;
- Category 8. Upstream leased assets;

Associates

- Category 15. Investments, including SeaCorridor;

Other emissions

- Category 3. Fuel and energy-related activities not included in Scope 1 or 2;
- Category 6. Business Travel;
- Category 7. 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 methodologies and thus refined the data from previous years.

In 2023, GHG Scope 3 emissions amounted to approximately 1,589,833 tonnes CO₂eq, an increase of 18% compared to 2022. The growth is due to the entry into the perimeter of two new associate companies, without which emissions would have decreased by 12%.

Indirect emissions from the supply chain, on the other hand, decreased as the value recorded for ordered goods went from 3.05 billion euros to 2.77 billion euros in 2023 compared to the previous year.

Emissions from associate companies increased significantly from 309,370 to 639,326 tonnes CO₂eq, bringing the share of emissions back in line with 2019 values; The increase was mainly due to the reporting of two more associate companies than in 2023, one of which contributed 63% of the total value reported by associates.

With reference to the regulated perimeter alone, in line with the decarbonisation commitment, Scope 3 emissions amounted to 1,385,253 tonnes CO₂eq, a 4% reduction from the 2022 baseline⁶⁸.

Emissions from the use of transported gas

With the aim of providing maximum transparency in reporting, below are some estimates of emissions resulting from the use of natural gas transported by Snam through its infrastructure.

According to the IEA⁶⁹ these emissions in Italy amounted to 141.3 MtCO₂eq in 2019, 135.4 in 2020, 147.4 in 2021 and 131.4 in 2022. Added to these would be emissions from the use of exported gas, which in 2022 amounted to about 9 MtCO₂eq.

Considering the volumes of natural gas expected as per the Snam-Terna scenarios⁷⁰ and the increase in the volumes of green gas, emissions from the use of gas transported by Snam could be reduced by between 25% and 45% by 2040. This depends on export volumes, since Italy plays a key role in supplying neighbouring countries.

Regarding these emissions, which are about 100 times higher than Snam's Scope 1 & 2 emissions, the company cannot exercise any direct reduction leverage. It is important to emphasise that the company does not own the gas transported, nor is it involved in its sale and does not come into contact with end users. These circumstances support the exclusion of this type of emission from Snam's emission inventory, as it cannot be included in the GHG Protocol's GHG Scope 3 Category 11 "Use of Sold Product".

Moreover, Snam, in operating a regulated business, acts within a regulatory framework that affects its entire business – from tariffs to service quality requirements. Its main function is to ensure the safety and efficiency of the natural gas transportation system. Snam's customers have the right to request transport through its energy infrastructure, regardless of the type of gas (green or fossil), if they meet well-established requirements. Consequently, the company cannot refuse its transportation service and is obliged to provide it in an impartial manner and in accordance with the regulations in force.

Snam, in fact, operates a strategic infrastructure that provides a critical service. As a TSO, it has the task of transporting the necessary energy nationally or regionally. According to EU Directive 72/2009 Snam must ensure: (i) the long-term capacity of the demands on system availability (ii) security of supply through adequate capacity and reliability; (ii) non-discriminatory access to all users.

Although emissions from the use of gas transported by Snam are not directly attributable to it, the company is committed to reducing them through a series of far-reaching initiatives, acting as an enabler of the energy transition, through, for example, investments in hydrogen-ready infrastructure and in energy transition businesses, as described above. These targets relating to the ability to incentivise, promote and act as a catalyst for the multi-molecular infrastructure and green transition can be found in our Sustainability Scorecard:

- Avoided CO₂ emissions (ktCO₂e)
- H2 readiness length of network certified (km)
- Percentage of operational availability of transported gas (%)
- Production of biomethane (Mscm)
- Invest. related to the CCS Ravenna Project Phase 1+2 (€M)

⁶⁸ SeaCorridor's emissions in 2022 were taken into account in the 2022 baseline despite the acquisition completing in January 2023.

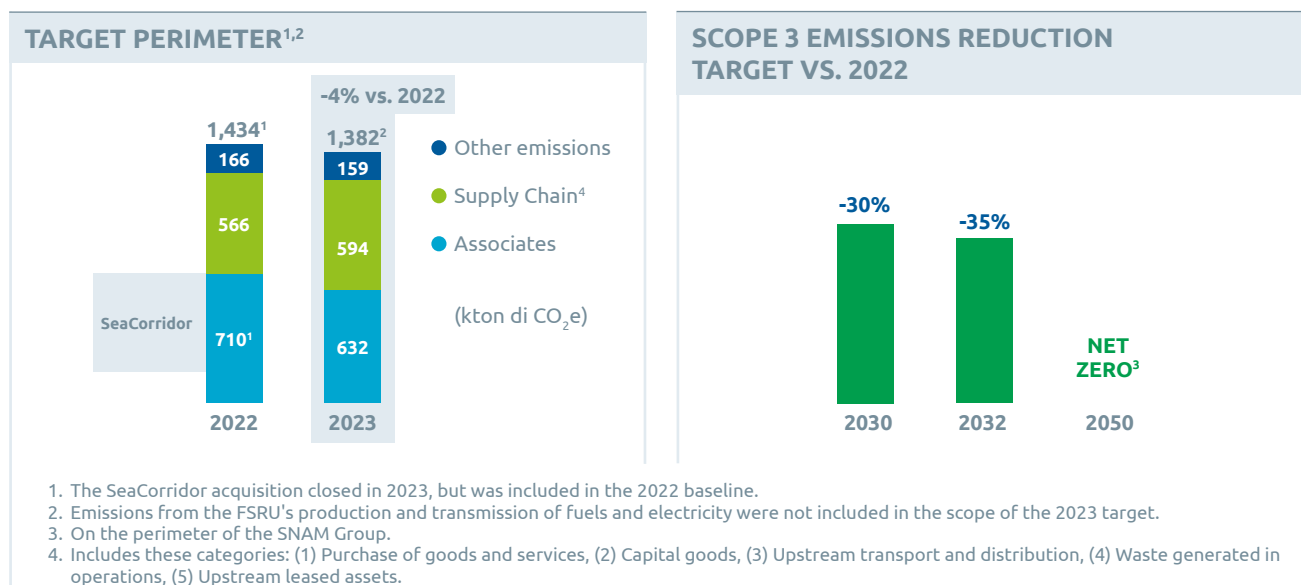
⁶⁹ Greenhouse Gas Emissions From Energy Data Explorer – Data Tools - IEA.

⁷⁰ Reference scenarios for gas transmission network development plans 2023-2032 and 2024-2033.

Progress on emission reduction targets – Scope 3

With reference to GHG Scope 3 emission targets, Snam has defined a new, single target to reduce emissions in absolute terms by 30% and 35%, respectively, by 2030 and 2032 compared to 2022 considering the perimeter of the regulated business, in order to reach net zero emissions by 2050 across the entire Snam Group perimeter.

During 2023, GHG Scope 3 emissions were reduced by 4% compared to 2022 levels. This performance is also due to the effectiveness of Snam's actions involving suppliers and associate companies.



National and international activities: Snam and climate change

Snam has been involved in several major national and international initiatives on climate change for a number of years. A brief account of the activities developed during 2023 is given here.

MARCOGAZ – GIE

The European technical association of the gas industry (Marcogaz) and Gas Infrastructure Europe are two associations that are particularly active on issues related to climate change and methane emissions. In recent years, several documents have been developed that have become international industry benchmarks. Snam has actively participated in establishing these. In 2023, activities included the analysis and monitoring of the forthcoming proposal for European regulation on methane emissions and the definition of a set of Best Available Technologies (BAT) applicable to the gas industry for the containment of methane emissions.

GERG

The European Association for Gas Research in which there is active international cooperation on methane emissions. By adhering to the UNEP OGMP 2.0 framework, European gas companies, including Snam, decided to develop a research project to correlate methane emissions with the top-down and bottom-up methods provided for in international protocols, following the various phases.

In 2023, results obtained from field tests carried out at a real site, a gas compressor station, were analysed by comparing different data reconciliation methods developed with top-down and bottom-up approaches.

CEN

Snam is following the implementation of several industry standards on methane emissions at CEN, the European standards body. During 2023, three working groups were launched with the task of producing regulations of particular relevance to the gas industry relating to the quantification of methane emissions and to LDAR – Leak Detection and Repair, while the third document will relate to venting and flaring.

ITALIAN GAS COMMITTEE (CIG)

Snam is the representative of the Italian Gas Committee (CIG) at CEN for the initiative aimed at implementing sector legislation on methane emissions. Among its various activities, Snam also coordinates a specific working group for the supervision of technical activities of a regulatory nature on the subject of methane emissions.



IGU

Set up by the International Gas Union, Snam participates in the Group of Experts on Methane Emissions (GEME), which is responsible for keeping the various players in the gas chain up to date with the latest news from around the world. In October 2023, Snam, Rystad Energy and IGU presented the Global Gas Report 2023.

METHANE GUIDING PRINCIPLES (MGP)

Snam has signed up to the Methane Guiding Principles (MGP), a partnership between oil and gas operators, across the entire value chain, and non-industrial organisations/research bodies/NGOs. Currently, the 27 companies in the sector participating in MGP are committed to the following guiding principles:

- continuously reducing methane emissions;
- promoting high performance along the value chain;
- improving the accuracy of methane emission data;
- promoting appropriate policies and regulations on methane emissions;
- increasing transparency.

As part of this, a specific group dedicated to midstream operators was launched in 2023. Snam actively contributed to the group, sharing best-practices and experiences on the quantification and reduction of methane emissions.

AIMING FOR ZERO METHANE EMISSIONS INITIATIVE

This initiative, which Snam signed up to in 2023 (the only TSO), aims to achieve 'near zero' methane emissions for directly managed assets by 2030.



Snam's participation in the UN OGMP 2.0 protocol

In 2020, Snam joined the Oil & Gas Methane Partnership Protocol OGMP 2.0, a voluntary initiative launched by UNEP (United Nations Environment Programme) to support energy companies in reducing methane emissions. Several leading international oil & gas companies have joined the initiative. Membership of the framework and active participation in the working groups will also provide unambiguous and shared methodologies for better accounting of natural gas and methane emissions. This initiative is also reflected in the recent proposal for European regulation on the reduction of methane emissions in the energy sector, soon to be issued by the European Commission.

Some of the actions carried out as part of OGMP 2.0 concerned reporting, including the revision of the reporting methodology to include the assessment of uncertainty.

In 2023, Snam drew up its emission accounting in accordance with the reporting models provided for by the protocol, assessing all the different types of methane emissions and the various assets, including compressor stations for gas transportation, the storage concessions and the LNG regasification terminal in Panigaglia, including the plants in the transportation network. In addition, implementation plans were updated, describing the activities to be developed in the coming years. One particular aspect concerned Snam's advocacy role, which involved all of its associate companies, with the aim of finalising the drafting of a specific plan of action, which was subsequently forwarded to the UN within the deadline.

All these activities enabled Snam to once again maintain the **Gold Standard** this year, the highest level required by the UN protocol on methane emissions. This recognition provides governments and the public with the assurance that **Snam manages its emissions responsibly, tracks and monitors its progress with a structured and reliable methodology, and declares emission reduction and containment targets.**

Snam has also voluntarily set a target to reduce natural gas emissions by 55% by 2025 compared to 2015 values, a target it already achieved in 2023, two years ahead of schedule. This target is more ambitious than methane-related targets recommended by both the Oil & Gas Methane Partnership OGMP 2.0 (-45% over 2015 levels) and the Global Methane Pledge (-30% by 2030 compared to 2020 levels), the agreement between the United States and the European Union presented at the 26th United Nations Climate Change Conference (COP26), held in Glasgow in November 2021 (to which 130 countries including Italy signed up).

In 2023, Snam again raised its 2030 methane emission reduction target compared to 2015, raising it from -65% to -70% for its operations business, a target aligned with the OGMP 2.0 recommendations.

Energy transition businesses

Snam intends to consolidate its position in the energy transition business year on year through the presence of dedicated business units and subsidiaries. Through its biomethane, hydrogen, CCS and energy efficiency businesses, the company plays a leading role in the ecological transition and the achievement of carbon neutrality and zero net emissions, not only at Group level but also at a national 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.

Biomethane

Snam, through the work of Bioenerys and leveraging the technical know-how of its subsidiaries IES Biogas and Renerwaste, which became Bioenerys Agri and Bioenerys Ambiente respectively in 2023, is responsible for promoting the development of biomethane infrastructures, as well as the take-up of biomethane throughout the country, thereby fostering value creation and driving the energy transition.



Biogas and biomethane are circular economy models as they are derived from the transformation of farm waste and by-products through anaerobic digestion, reintegrating them into the production cycle.



Biogas is created by anaerobic digestion, a fermentation process in which bacteria decompose organic substances (of animal or plant origin) in the absence of oxygen and at a controlled temperature. Through a refining and purification process of upgrading, biogas can be transformed into biomethane. This cycle is completed with the production of digestate, a biofertiliser that replaces fertilisers from fossil sources and is returned to the soil, improving its fertility and contributing to CO₂ sequestration in the soil itself.

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 80 Mw by 2027, a platform for growth in the circular economy and the industrialisation of agricultural production.

Currently, Snam has 43 plants in its portfolio, of which 36 are operational and seven are under construction or awaiting conversion. Specifically, in the agricultural sector, it is expected that 31 plants will be converted from biogas to biomethane production, or, alternatively, will be built, benefiting from the incentive scheme provided for in the Biomethane Decree, approved in 2022.

Biomethane production stands at 24.4 Mscm, ahead of the target set for 2024, despite the removal of three biomethane production plants in the agricultural sector from the perimeter as of October 2023.

80 MW installed capacity to 2027

24.4 Mscm biomethane production in 2023 of which **16.5 Mscm** from the waste sector and **7.9 Mscm** from the agricultural sector

36 operational plants of which **10** in the waste management area and **26** in the agricultural sector

With a view to promoting and disseminating knowledge, especially about biomethane, Bioenerys actively participates in events, round tables and meetings with national and international associations, organised to highlight the socio-economic and environmental advantages of using green gases, including on the part of the public.



To this end, during the year, Bioenerys took part in all the main events dedicated to both the agricultural and agro-industrial sector and the biomethane from the organic fraction of municipal solid waste (OFMSW) sector.

The Company was also engaged in a series of stakeholder engagement activities concentrated in the territories in which it operates with the dual objective of communicating the value of the Group's activities and, at the same time, improving acceptance of the plants by local communities and public opinion.

As part of its stakeholder engagement strategy, Bioenerys opened the doors of its waste biomethane plants, carrying out **more than 30 visits for schools and universities, corporations, institutions and Snam colleagues**. In this regard, the main initiatives included visits by Snam's Chief Executive Officer to the Anzio and Foligno plants as part of Open Factory and the November 2023 visit to the Anzio plant by members of the Group's Board of Directors.

Bioenerys also continued its successful partnerships with leading industry associations, including:

- **European Biogas Association (EBA)**, a non-profit organisation that promotes the development and sustainable use of biogas,
- **Consorzio Italiano Biogas (CIB)**, the first voluntary grouping of the entire agricultural biogas and biomethane production chain to improve the management of the production process and guide the evolution of the regulatory framework to achieve the 2050 targets on renewable energy and combat climate change,
- **Consorzio Italiano Compostatori (CIC)**, a non-profit organisation dedicated to promoting and enhancing the recycling of the organic fraction of waste in order to pursue the objectives set by the European Union within the Circular Economy Package,
- **European Biomethane Industrial Partnership (BIP)**, to support the achievement of the European target of producing 35 bcm of biomethane by 2030 defined in the REPowerEU Plan.



During 2023, Bioenerys participated in:

- Fiera **AgricolaTECH**, an event exploring sustainability, agro-ecology, the circular economy, soil protection, resources, environment and nature, during which Bioenerys presented a new project that combines the development of renewable gases and digitalisation of stables, promoting synergies between farmers biomethane production plant operators to reduce environmental impact.
- Ecomondo, Europe's leading trade fair for industrial and technological innovation in the circular economy, which in 2023 focused on site and soil conservation and restoration, the water cycle and the Blue Economy, the historical role of waste, as well as bioenergy and agroecology, environmental monitoring and control, innovation and policy.

The company also took part in the CIB Farming Tour, Ecomed, Agribiogas 2023 and the Cremona Trade Fair, as well as hosting the Snam stand at the ANCI Convention in Genoa.

The ARERA (energy regulator) resolution No. 140/2023/r/gas of 4 April 2023 stipulates that Snam shall use the biomethane produced by its subsidiary Bioenerys for self-consumption, without selling it to third parties, until 30 June 2027. After this date Snam shall maintain a passive financial investment in the company and/or access to the biomethane production plant on regulated terms.

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-GNL market is expected to grow significantly from about 200,000 tonnes per year today to about 1.5 million tonnes in 2030.

Greenture's business has been repositioned within the gas infrastructure business in that it is no longer focused solely on the automotive sector, but is now oriented towards the creation of mid-stream LNG infrastructure dedicated to heavy transport, shipping and rail, and off-grid utilities, i.e. small-scale LNG (SSLNG).

In 2023, the deployment of the C-LNG road refuelling station network and the development of small-scale LNG services continued and, to date, 84 refuelling stations, including CNG, LNG and biomethane, are in operation, with a target of 156 by 2027.

In 2023, work also started on the upgrading of the Panigaglia terminal to load road tankers for the distribution of Bio-GNL and LNG in Italy, and the micro-liquefaction plant from the grid in Campania (Caserta). The latter plant, with a capacity of 50 ktpa (small-scale), will be operated by Snam and will also ensure the security of LNG and Bio-GNL supplies to southern Italian regions, shortening the supply chain to end users and serving a rapidly developing market.

Among other activities during the year, Greenture acquired some suitable sites for the development of the first compressed hydrogen stations. In fact, eight hydrogen road refuelling stations are expected to be built by 2026, for which Greenture was awarded the dedicated NRRP tender.

In addition, Cubogas S.r.l., a 100% owned subsidiary of Greenture S.p.A., and active internationally in the design, development and production of compression technology solutions for natural gas, biomethane and H₂, is committed to strengthening the Group's activities in support of the energy transition. To this end, different types of hydrogen compression (reciprocating piston compressor and hydraulic compressor) are being developed and tested in the test area at the Cherasco (CN) site. Specifically, the available equipment and know-how are strategic in that they enable Snam and the entire network of companies involved in the hydrogen chain to support the development of their products and technologies.



Snam is a member of the **Natural & bio Gas Vehicle Association** (NGVA Europe), to promote the use of natural and renewable gas as a transport fuel, and of the **Renewable and Low Carbon Fuels Alliance**, with a focus on decarbonisation policies for maritime transport, under the patronage of the European Commission.

In addition, during the year, Greenture participated in:

- **Oil&NonOil**, one of the most important trade fairs in Italy for operators in the fuel distribution chain;
- **LetEXPO 2023**, the most innovative exhibition on sustainable logistics, transport and all-round services, during which Snam4Mobility announced its rebranding to Greenture.

Hydrogen and CCS

Hydrogen is, in line with the European Union's vision, one of the key sources for achieving carbon neutrality. Armed with this awareness, oil & gas companies aim to play a key role in studying and identifying potential applications, benefiting from the existing European infrastructure network adapted to transport green gas.

As part of this process, Snam created the Decarbonisation Projects function: created in 2022, the function deals with the development and implementation of all decarbonisation projects. In particular, it oversees the definition of strategies, objectives, technological choices and the development of activities in the hydrogen, CCS and renewable energy fields in accordance with the guidelines and strategic directions defined by Snam and in support of decarbonising Italy's energy and production system. Numerous studies, including recent reports by the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency), show that carbon capture and storage (CCS) technologies will also be key tools in ensuring emissions are cut to zero, thereby containing global warming.



Hydrogen and CCS events

In light of these considerations, the contribution of the Decarbonisation Projects function will be crucial in accelerating and developing hydrogen and carbon capture and storage technologies.

Indeed, Snam carries out 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 2023 aimed at fostering the expansion of the entire hydrogen and carbon capture market value chain, including:

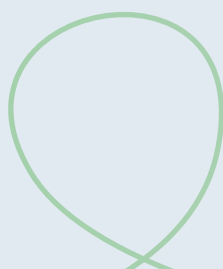
- **European Hydrogen Week**, an industry event organised by Hydrogen Europe held in Brussels and attended by all the major players in the hydrogen value chain. During the European Hydrogen Week, Snam participated in the 'European Hydrogen Backbone' side event;
- **Hydrogen Expo**, Italy's largest exhibition and conference entirely dedicated to the technological sector for the development of the hydrogen supply chain; during the event Snam participated in the conference 'Transport Facing the Challenges of Decarbonisation: Hydrogen as the Ideal Fuel for the Logistics Chain';
- **Hydrogen Forum**, a leading event for operators and companies involved in products and services for the energy sector with a focus on issues related to the hydrogen supply chain, under the patronage of the European Commission;
- **European Gas & Hydrogen Conference**, summit on the latest projects, financing and investments, technologies and regulations needed to achieve the European Commission's 'zero emissions' target;
- **Italian Hydrogen Summit: For an Italian Hydrogen Strategy**, a discussion between institutions, companies, experts, industry operators and stakeholders on the topic of hydrogen, starting from an analysis of the state of the art of the sector to then set out a strategic and shared vision for the future,
- Presentation event of the strategic study '**Proposal for a Zero Carbon Technology Roadmap**', organised by The European House – Ambrosetti,
- **CCUS 2023 Conference: Springboard to Net Zero**, organised by CCSA to provide an overview of the evolution of the CCS market,
- **CCUS Forum** in Denmark, promoted by the European Commission, with a focus on CO₂ capture and storage issues, in which Snam participated with a panel focusing 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 Green Hydrogen Challenge.

From a regulatory and industry association perspective, Snam has actively participated in the main Italian, European and international industry forums to accelerate the implementation of hydrogen and CCUS solutions, including:

Italian Hydrogen and Fuel Cells Association (H2IT)	Snam held the position of Vice-Chairman for the two-year period 2020-2022 and was re-elected to the Board for the 2023-2025 period.
Hydrogen Europe (HE)	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.
Gas for Climate (GFC)	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.
Hydrogen Council (HC)	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.
European Clean Hydrogen Alliance (ECHA)	Alliance established in 2020 to support the large-scale deployment of clean hydrogen technologies by 2030.
European Hydrogen Backbone (EHB) initiative	Initiative involving 33 energy infrastructure operators united by a shared vision of a climate-neutral Europe through a renewable and low-carbon hydrogen market.
Carbon Capture and Storage Association (CCSA)	Leading European association in 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 and UK net-zero targets.

In 2023, Snam participated in the **Ambrosetti Forum in Cernobbio (Como)** with the joint presentation of the strategic study **Carbon Capture and Storage: a Strategic Lever for Decarbonisation and Industrial Competitiveness**".





Hydrogen

Published in 2022, the REPowerEU Plan emphasises the importance of hydrogen as a gas that enables decarbonisation by increasing European targets for local production and importing of renewable hydrogen, which can be achieved mainly through the development of transmission, distribution and storage infrastructure.

In 2023, Europe confirmed the crucial role that hydrogen plays in the process of progressive decarbonisation through adopting revisions as part of Fit-for-55, which provide for

1 establishing the conditions under which hydrogen, hydrogen-based fuels or other energy carriers can be considered renewable fuels of non-biological origin (RFNBOs)

2 the introduction of specific targets related to industry and transport

3 Introduction of incentives to accelerate market development

4 the conclusion of negotiations on the Gas & Hydrogen Package



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 and airports).

In the light of a prospective increase in hydrogen volumes at an Italian and EU level, the Group intends to contribute to the achievement of European and national targets through repurposing hydrogen-ready assets, creating the hydrogen backbone to support Italian market demand and exports and developing centralised hydrogen sites, leveraging blends with electrolyzers in southern Italy.

To this end, Snam intends to deliver the engineering phase of the **South2** Hydrogen Corridor. The project aims to build a hydrogen backbone connecting North Africa, Italy, Austria and Germany and reaching a length of 3,300 km; this will then be extended to neighbouring countries such as Greece and Switzerland. Through this project, included in the PCI list published by the European Commission in November 2023, Snam will act as an enabler for the development of a continental hydrogen market, developing a backbone capable of delivering renewable hydrogen to Italian and European demand clusters at a competitive price.

South2Corridor

The Project focuses on the utilisation of existing midstream infrastructure that can be converted to green hydrogen transport, with the inclusion of new dedicated infrastructure where necessary: the network will be 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.



Viewed in this context, the partnership with De Nora, a leading Italian company in water treatment and alkaline electrolysis technologies, is highly strategic: it will allow Snam to position itself better in technological terms and be more competitive in new hydrogen development projects. An example of this is the Italian Gigafactory, a collaboration between Snam and De Nora to manufacture components for complete electrolyzers. The European Commission has authorised financial support of up to 63 million euros for the venture under the IPCEI Hy2Tech programme, a project of common interest approved by the Commission to support hydrogen technology research and innovation.

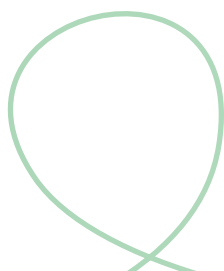
In 2023, Snam also participated in the development of decentralised production systems to facilitate the local decarbonisation of industrial processes, public and private mobility and freight transport. In addition, the Group continued its commitment to creating hydrogen valleys, which consist of the development of hydrogen production and distribution projects within industrial districts.

Underlining the Group's efforts to play an overseeing role on the issue, Snam has qualified for the IPCEI (Important Projects of Common European Interest) with a project to set up a network of hydrogen fuelling stations in Italy by 2030 as part of the **Regional Hubs And Their Links – RHATL wave**. With a view to creating the first hydrogen valleys in Europe, this initiative is aimed at contributing to the development of infrastructure projects through integrating initiatives by different players along the entire value chain.

In this regard, the joint Snam and Hera project for the construction of a green hydrogen production hub in the municipality of Modena has secured 19.5 million euros in funding from the Emilia-Romagna Regional Government, allocated within the Hydrogen Valley framework of the National Recovery and Resilience Plan (NRRPS). The construction of this hub will take place in a disused industrial area that will host a 6 MW photovoltaic park connected to an electrolyser that will produce up to 400 tonnes of hydrogen per year, requiring a total investment of 20.8 million euros. Through the implementation of the **IdrogeMO** project, Hera Group and Snam will make a concrete contribution to the carbon neutrality of the Emilia-Romagna Region. It is expected that part of the hydrogen produced will be capable of supplying local public transport companies with vehicles fuelled by green molecules, and that part of the production can also be allocated to the local industrial sector to decarbonise its processes.

In addition, in the last two years, Snam has submitted to the Ministry for Business and Made in Italy (MiMIT) its **Hydrogen Valley Puglia** project proposal. This represents a commitment to creating a true renewable hydrogen ecosystem in the region, as well as building a pure hydrogen transport infrastructure. The only one of its kind in Italy, it will consist of more than 100 km of gas pipelines largely reconverted from the current gas transport network. The infrastructure, which will connect the Brindisi area with the Taranto area, will enable renewable hydrogen produced by electrolysis plants distributed throughout the region and already presented by the other partners to be fed into the grid.

Lastly, during 2023, Snam submitted the **Hybla project** to the Innovation Fund Large Scale, obtaining an excellent score that led to the project winning the support of the EIB (European Investment Bank), which will provide assistance on the development of the project to improve the technical-economic aspects of the initiative.





 **Partnerships for the development of the hydrogen value chain**



Aware of the crucial role that collaborations and partnerships along the hydrogen supply chain play in Snam's strategic positioning, the Group continued its projects with **SAGAT (Aeroporto di Torino)**, for the construction of the first hydrogen-ready fuel cell in Italy, and **SEA (Aeroporti Milano)**, for the production of green hydrogen on site for applications inside and outside airport operations.



In addition, in order to promote the spread of the expertise of leading companies in the sector and the development of the possible uses of hydrogen, Snam is also continuing its collaboration with **Airbus** and **SAVE**, the operator of Venice's Marco Polo Airport. The initiative, adopted with a view to promoting the use of hydrogen as a sustainable fuel in the airport and air transport sector, covers a wide range of aspects, from the identification of technologies and infrastructures for refuelling aircraft and ground vehicles through to the implementation of pilot projects, with the aim of the entire airport system reaching net zero 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 also carried out important projects in the hard-to-abate sectors. Specifically, the Group is developing two projects aimed at decarbonising the use of **grey hydrogen** and **syngas** (a mixture of hydrogen and carbon monoxide), in some of the most important chemical and refinery plants in Italy, through the use of technologies for the production of green hydrogen and the capture and re-use of CO₂. Finally, in the **steel sector**, Snam has entered into a three-year collaboration with Tenova, a market leader in sustainable technology solutions in the metallurgical industry. The aim of the project is to develop integrated business solutions that significantly reduce CO₂ and NO_x emissions in the metal production process, from smelting to semi-finished products. By undertaking strategic studies and market analyses, the collaboration will enable the implementation of sustainable metal production systems using renewable hydrogen.



In the strong belief that the development of the hydrogen value chain is fundamental to the Group's strategic positioning, Snam continued its commitment to operating two major projects in 2023:

DECARBONISATION RESEARCH CENTRE	<p>The project involved setting up research projects at universities and research centres in Italy and abroad through Snam funding. The first affiliated hubs are listed below, broken down by geographical area:</p> <ul style="list-style-type: none">• Lombardy: Milan Polytechnic Institute• Piedmont: Turin Polytechnic Institute, Italian Institute of Technology, Envipark• 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• Emilia-Romagna: University of Modena and Reggio-Emilia, University of Bologna• United States: University of California Irvine
HYACCELERATOR	<p>The start-up business accelerator dedicated to innovative entrepreneurship, with a focus on hydrogen and decarbonisation technologies, launched its third edition, Decarbonisation Nexus, in February 2024. The initiative is open globally and aims to identify the most promising new technologies along the entire hydrogen value chain and related sectors for decarbonisation, such as alternative fuels produced from carbon dioxide and hydrogen.</p>

In addition, the Group also continued its activities involving 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 for mobility, 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 H ₂ in porous geological reservoirs.
GreenSkills4H2	Contributing to EU targets for renewable hydrogen deployment through an accelerated pathway for upgrading and retraining students and workers across Europe, developing the skills required by the hydrogen supply chain in the medium and long term.
Hy2Market	Bringing together regions across Europe working on different innovations to enhance the production, transport and use of green hydrogen, to achieve a more mature hydrogen value chain across Europe.
THOTH2	Developing and validating new methodologies and protocols to test the metrological performance of existing measuring instruments installed in gas transmission and distribution networks, when used with H ₂ NG mixtures of up to 30% vol and pure hydrogen.
HyP3D	Providing innovative ultra-compact and lightweight SOEL stacks capable of operating at high pressure by converting electricity into compressed hydrogen, facilitating injection into the gas grid (P2G) and on-site generation at Hydrogen Refuelling Stations (HRS).
SHIMMER	Promoting greater integration and safer management of H ₂ injection into multi-gas networks by contributing to increased knowledge and better management of H ₂ NG mixtures in gas transmission and distribution infrastructures at EU level, the risks associated with them and the opportunities they offer.
HyTecHeat	Assessing the possibility of exploiting hybrid technologies for high-temperature heat production (methane/hydrogen burners) in the steel industry, as well as analysing the effects on steel products, refractories and combustion systems.
XSEED	Developing an innovative membrane-free alkaline electrolyser that operates at supercritical water conditions (>374 °C; >220 bar) producing high quality hydrogen at pressures above 200 bar.
PilgrHYm	Verifying the compatibility of metallic materials used in European gas transport infrastructures considering pure hydrogen. A test programme on metal samples taken from European Union gas networks.
H2PowerGT	Developing and providing for the demonstration of a turbomachine capable of flexibly handling up to 100% H ₂ content.
NhyRA	Pre-regulatory research aimed at developing and validating methodologies and protocols for the measurement and quantification of hydrogen emissions from the entire H ₂ chain. The project will produce an inventory of 'H ₂ emissions' to serve as a reference for the scientific and industrial community, as well as potential emission scenarios considering the various elements of the H ₂ chain.
Hydrogen-as-a-service	Promoting the use of hydrogen in hard-to-abate sectors, through SNAM's leasing of containerised electrolysis systems to industrial customers for pilot testing in production plants. An initial demonstration application of the service will be conducted for a test (0.5MW) at a steel plant.
H₂ separation membranes	Developing a pilot plant to test Palladium membranes in an industrial environment for the separation of hydrogen from a blend of natural gas and hydrogen, with a purity of 99.9%. Methane II project will be financed through the ARERA (the energy regulator) Innovation tender (404/2022/R/GAS) with 3.96 million euros.
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)

In order to reach the Net Zero emissions target by 2050, the adoption of carbon capture, utilisation and storage technologies will play a key role, in line with the European Union's target of 50 million tonnes of emissions capture by 2030 for CCS through the Industrial Carbon Management Strategy and the Net Zero Industry Act (NZIA).



The **Industrial Carbon Management Strategy** is a proposal for an EU strategy for carbon capture, transport, trade, permanent storage and utilisation as an essential part of the pathway to climate neutrality by 2050, while the **Net Zero Industry Act** is an initiative to foster strategic net zero technologies that are available and have the potential to be scaled up, such as biomethane, CCS and fuel cells.

Snam is active at an industry association level, participating in various technical and regulatory working groups within **CCSA**, the main UK association for CO₂ capture. It also maintains a European-level view thanks to the recent opening of its office in Brussels for issues related to carbon capture and storage.

In Italy, the Group intends to develop the domestic CCS market by leveraging its know-how acquired in CO₂ transport and storage, as well as by building on its established experience in gas storage through the development of multi-molecule storage solutions (such as natural gas, CO₂, hydrogen) at international level. To this end, Snam is benefiting from collaboration with its investees Storegga and dCarbonX, particularly in regards to the UK and Ireland.

In addition, during 2024, Snam will start activities related to the experimental storage campaign of the CCS project, created as part of the joint venture with Eni, for the first 25,000 tonnes of CO₂ from the Casalborgorsetti (RA) plant and destined for storage in the Porto Corsini Mare Ovest wells. This experimental campaign, estimated to last six months, is in preparation for the subsequent industrial phase, which is scheduled to start in 2026. The industrial phase will culminate in 2030, when the reservoir capacity is expected to increase further, partly in response to market demand. To ensure the transport service required for the development of the industrial phase, Snam will develop an adequate onshore infrastructure by re-using existing pipelines wherever possible. A part of this is the Callisto project, which includes the above-mentioned transport and storage infrastructure.

Callisto, pillar of the Mediterranean CCS Plan

The **CALLISTO (Carbon Liquefaction transportation and STOrage) Mediterranean CO₂** project aims to develop the largest open-access multimodal CO₂ hub in the Mediterranean via dedicated onshore transport infrastructure. Its goal is to enable the decarbonisation of various industrial emitting clusters through carbon capture, aggregation, transport and permanent storage. The purpose of this initiative is to effectively pursue decarbonisation goals while preserving the production levels of energy-intensive industries in the region.

The Callisto project was included in the PCI/PMI list proposal in November 2023 and will play a crucial role in meeting the decarbonisation needs of steel mills, cement factories, ceramic and chemical industries, and of hard-to-abate sectors in general. It will do this through deploying an immediately available, highly efficient and effective technological process that makes it possible to leverage the area's existing infrastructure and skills.

Specifically, the project includes the collection and transport of CO₂ – both onshore, through existing or new above-ground pipelines, and by sea, through the shipment of CO₂ from Italian and French emitters via the CO₂ regasification and liquefaction hubs located in the two countries and transfer to final storage in the Ravenna CCS hub.

This project, which is expected to become operational from 2027, is coordinated by Air Liquide and supported by 18 companies, including Snam and Eni. During the selection process, the project received support from Italy and France, the two member states involved. Moreover, the collaboration between Italy and France in designing a common CCS strategy was confirmed by March 2023's Mediterranean CCS Plan signed by both governments. This presented a plan to support the development of the first CCS project in the Mediterranean basin – the Callisto Mediterranean CO₂ Network Project – and to foster further CCS projects in the Mediterranean region.

In this way, the Callisto project will help reduce emissions by enabling the transport and geological storage of CO₂ captured from industrial emission points to an Eni offshore storage site, the capacity of which is estimated at 500 MT of CO₂ and where the first injections will begin in early 2024. In addition, the planned activities will give rise to new job opportunities, with more than 500 new jobs forecast to be created in the first phase of the project alone, and over 45,000 during the full-scale industrial phase.

Energy efficiency

Energy efficiency measures are considered to be one of the major enabling initiatives in the energy transition and decarbonisation strategy, as they play a key role in combating climate change and promoting sustainable and competitive economies. In this way, efficiency measures optimise the use of energy sources, fostering a reduction in consumption and greater productivity of installations, as well as helping to reduce climate-altering emissions and improve the comfort and usability of spaces, with benefits for the environment and the quality of life as a result of more resilient and sustainable cities.

Consequently, such efficiency measures make it possible, on the one hand, to limit energy and environmental costs for companies, public authorities and citizens and, on the other hand, to create benefits in terms of economic and technological development for companies.

Snam, through its subsidiary **Renovit, a certified B Corp, which became a Benefit Corporation in 2023**, is now one of Italy's leading operators in energy efficiency services in the residential, industrial, tertiary and public administration sectors.



Established in 2021 by Snam and CDP Equity, Renovit offers its customers innovative energy efficiency and renewable energy solutions, investing directly in decarbonisation, digitalisation and distributed energy generation, partly as a result of the available incentives and the promotion of self-consumption. With regard to this last point, Renovit operates in line with its mission to act as a promoter for Italy's energy transition, supporting its customers in the design and implementation of programmes to assess and reduce their environmental impact and in the decarbonisation of business processes and activities.



The Company's interventions are part of the **Net Zero Solution**, an integrated framework that includes services offered by Renovit to support customers in the definition and implementation of programmes to reduce environmental impact and optimise consumption, as well as energy performance, including as part of pathways towards carbon neutrality.

In 2023, Renovit's **work with customers in the various sectors resulted in the avoidance of around 57,000 tonnes of CO₂ emissions, with a plan to achieve a reduction of around 130 ktCO₂ in 2027.**

57,000 tonnes of CO₂ avoided in 2023, comprising	17.5 thousand tonnes of CO₂ from interventions in the industrial sector	0.5 thousand tonnes of CO₂ from interventions in the tertiary sector
31.5 thousand tonnes of CO₂ from interventions in the condominium sector	7.4 thousand tonnes of CO₂ from public administration interventions	0.1 thousand tonnes of CO₂ from forestation operations

Renovit, in line with its mission to act as a promoter of the country's energy transition, supports its customers in the design and implementation of programmes to assess and reduce environmental impact and in the decarbonisation of business processes and activities, thanks in part also to the work of its subsidiaries TEP Energy Solution S.r.l., Evolve S.p.A. and Miecì S.p.A.⁷¹, through which it organises its business across three levels:

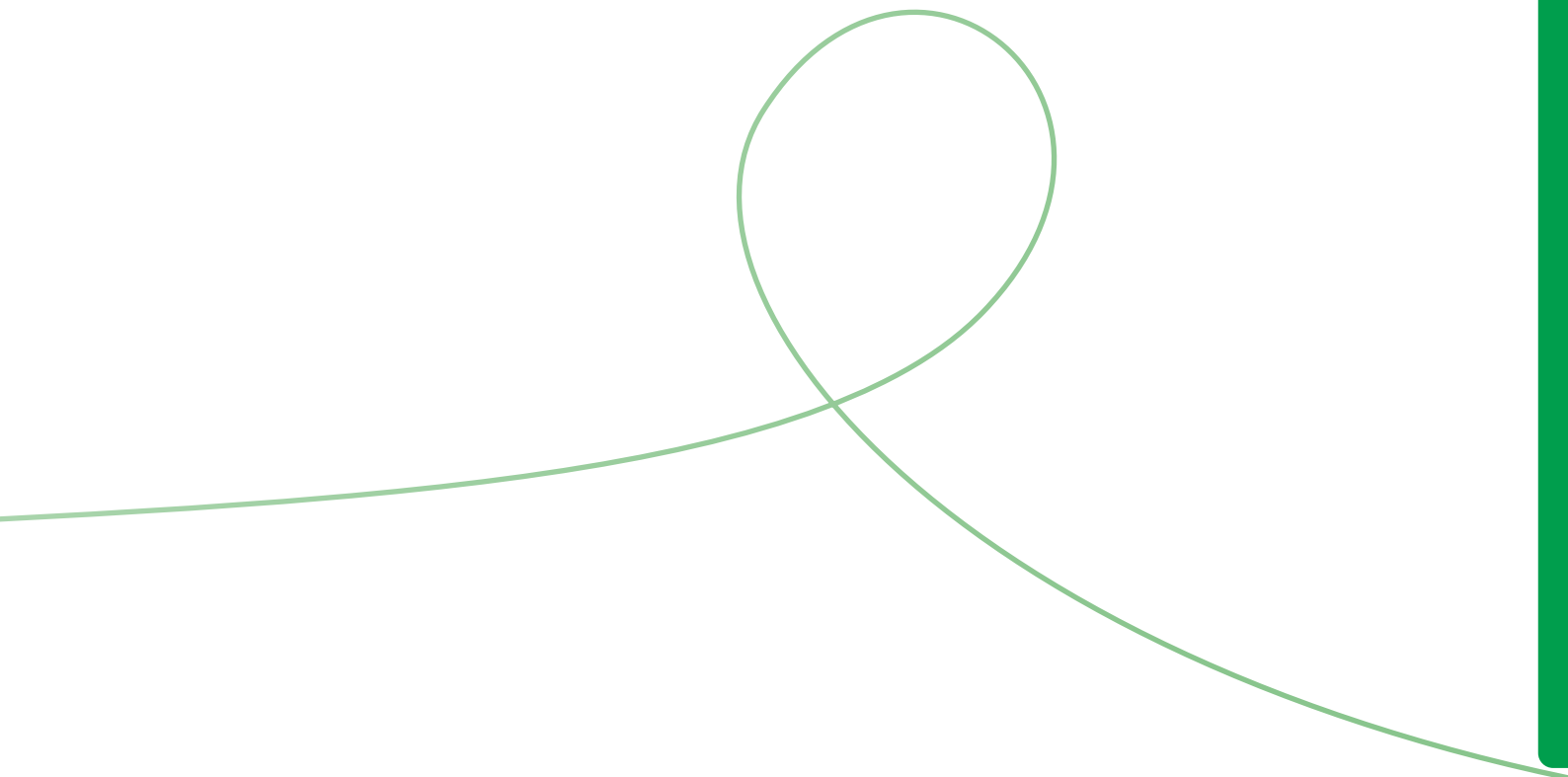
INDUSTRIAL	Targets the energy-intensive industry market , offering energy efficiency and renewable energy development measures , through Energy Performance Contracts with guaranteed results.	2023 RENOVIT RESULTS
RESIDENTIAL AND TERTIARY	Offers to the residential market deep renovation of condominiums through tax deductions (110% and smaller incentives) and Energy Service Contracts. On the tertiary market , it offers energy efficiency measures for Energy Performance Contracts and Energy Service Contracts, targeting large service companies – banks, insurance companies, hotel chains, offices – property asset managers, large retail chains and private healthcare.	Approximately €800m turnover +500 deep renovation sites closed Around 500 Energy Service and Operation and Maintenance Contracts
PUBLIC ADMINISTRATION	In the public sector, it offers redevelopment and management services for integrated energy and technology services for buildings used by local and central public authorities and hospitals. In addition, it operates as a general contractor in the construction and management of infrastructure works, district heating networks, and public lighting and water installations. In the public sector, Renovit operates mainly through the Public Private Partnership Institute , which allows private companies to finance, build and manage infrastructure and provide services for public benefit without any increase in historical spending levels for the authority.	More than 30 plants tested and entered into operation 1 New appointment as a promoter for the delivery of interventions through Public Private Partnerships

71 Renamed Renovit Public Solutions S.p.A in 2023.

In addition to its high positive-impact business activities, Renovit has set out a Manifesto aimed at combating energy poverty, in line with its mission to promote a fair energy transition that leaves no-one behind. To this end, the company has designed a framework that commits to reorienting business choices, as well as implementing practical measures, providing specific skills and experience while involving the broader ecosystem to maximise the impact of its interventions.

RENOVIT'S ACTIONS TO COMBAT ENERGY POVERTY

<p>Energia in Periferia</p>	<p>Renovit, together with the Snam Foundation, as part of the Together to Fight Energy Poverty manifesto promoted by Banco dell'Energia, joined the "Energy in periferia" project, an initiative aimed at combating energy poverty, supporting over 60 families in the municipality of Siena to:</p> <ul style="list-style-type: none"> • pay energy bills; • the financing of electricity and gas; • the implementation of small efficiency measures. <p>These families will be supported with training on energy-saving behaviour and ways to reduce waste.</p>
<p>Renovation of social housing in Venaria Reale</p>	<p>Renovit supported Atc Piemonte Centrale in energy requalification and seismic improvement for the former Gescal housing complex in the Fiordaliso district in Venaria Reale, in the province of Turin, with an intervention involving 10 buildings – a total of 354 flats and an overall investment of over 45 million euros.</p> <p>The intervention will contribute to combating energy poverty and increasing inclusiveness through:</p> <ul style="list-style-type: none"> • reducing energy consumption and related expenditure by more than 60%; • the upgrading of the buildings by two energy classes; • the improvement of living conditions and thermal and acoustic comfort, favouring financially sustainable temperatures and accessibility to living spaces.



Renovit, a Benefit Corporation

Following the achievement of B Corp certification – which recognises companies that operate according to social, environmental, responsibility and transparency standards – in January 2022, and through the adoption of the legal status of Benefit Corporation in 2023, Renovit has further underlined its commitment to making a positive impact on people and the environment.

The adoption of Benefit Corporation status entailed the amendment of the Articles of Association, in particular with the inclusion in its corporate purpose of the positive impact that the company intends to pursue in addition to the profit motive. In doing so, Snam formally confirmed its commitment to pursuing aims that are of common benefit, in addition to the financial objectives of a business, and to operating in a responsible, sustainable and transparent manner with respect to people, local areas, the environment and other stakeholders (Art. 1 Law no. 208/2015, paragraphs 376 to 384).

Specifically, Renovit has set itself the following aims that are of common benefit:

PEOPLE	Creating a fair and inclusive environment that values differences and continuous personal growth, while cultivating the passion and sense of belonging necessary to achieve the goals of the energy transition together.
ENVIRONMENT	Promoting the energy transition of the system through the design and implementation of innovative and affordable solutions to ensure the efficient use of energy resources and supporting the impact reduction and decarbonisation processes of the businesses we work with. Progressively evolve the business and operational model towards a climate-neutral economy , in line with European climate neutrality targets and Italian ecological transition targets.
ECOSYSTEM	Involve the ecosystem in collaborative models and platforms to create a common culture and amplify the impact of interventions.
COMMUNITY	Making its experience and expertise available to local areas, communities and customers to foster a fair energy transition that leaves no one behind.

The adoption of Benefit Corporation status also requires the appointment of an Impact Manager to monitor the results achieved with respect to the common benefit aims, which are also reported in the annual Impact Report. This task was assigned by the Renovit Board of Directors to the Head of Innovation & Sustainability; the first Impact Report will be integrated into the Sustainability Report 2023.

Renovit's increasing focus on these issues also involved creating an **internal Sustainability Committee** at the beginning of 2023. Its function is to make proposals and provide advice on issues of environmental and social impact, with the aim of guiding company strategies, guaranteeing the monitoring of the company's sustainable development projects and the involvement of stakeholders.

In June 2023, in order to report on its commitment, Renovit published its **first Sustainability Report**⁷², structured on a capital modelling basis, i.e. starting from the values that represent the company as part of an environment made up of different elements that are intertwined in an ecosystemic way. Values – natural, human, intellectual, productive, social and relational and financial – are the pillars that guide Renovit's investments and daily commitment with the goal of **creating shared value for all stakeholders**.

The six values represent the core elements that make it possible for Renovit to function and prosper today, and the foundations on which it is building its future impact model.

In 2024, the Company will publish the Sustainability Report 2023, prepared in accordance with the GRI Standards.

72 The Renovit Sustainability Report 2022 can be found at the following link: <https://www.renovit.it/export/sites/renovit/documents/Report-Sostenibilita-Renovit-2022.pdf>.

During the year, Renovit launched numerous initiatives with a view to decarbonisation and energy efficiency; the main ones are listed below:

PUBLIC ADMINISTRATION	<p>Santa Maria alle Scotte University Hospital in Siena Renovit has started the concession of energy and special plant management services at the hospital in Siena, with a 16-year contract that includes plant upgrading and efficiency improvement works amounting to a total investment of 20 million euros.</p> <p>The works carried out will lead to a 30% saving on energy consumption, with a consequent reduction in management, energy and maintenance costs for the hospital and a reduction of almost 5,000 tonnes of CO₂ emitted into the atmosphere, equivalent to the emissions that could be absorbed by 6,700 trees.</p> <p>The project is the most significant energy efficiency and exceptional maintenance project in the healthcare sector to date. It received the Smart Hospital Award at the national Forum Sistema Salute meeting, which rewards companies that have stood out for an intelligent and sustainable approach to managing energy at their facilities.</p> <p>Lastly, as part of the partnership, Renovit supported the hospital in obtaining ISO 50001 Certification (the second in Italy), which attests to its long-term commitment to improving energy efficiency, reducing costs and promoting sustainable practices.</p>
TERTIARY	<p>Energy requalification of the Monte Rosa 91 complex Renovit is participating in the renovation project designed by Renzo Piano Building Workshop of the multifunctional Monte Rosa 91 complex, managed by Axa Investment Managers.</p> <p>Through an Energy Performance Contract for the relamping of the buildings and the upgrading of the thermal power plants with the adoption of a high-efficiency geothermal system, Renovit funded the intervention, committing to guaranteeing the future savings performance while also managing the maintenance of the systems and supporting the customer with an Energy Management service.</p> <p>These activities will lead to an overall saving of more than 20% in consumption, a reduction in emissions of more than 800 tonnes of CO₂ per year (equivalent to the planting of 40,000 trees), and an improvement in the comfort and usability of the working environments.</p>
INDUSTRIAL	<p>Giva group Renovit has signed a contract for the turnkey construction of a 3 MWp photovoltaic plant as part of the sustainable development pathway of the GIVA group, a world leader in the production of steel products.</p> <p>The agreement provides for the construction of a facility consisting of 6,560 solar panels to cover four warehouses at the Forgiatura A. Vienna production site in Cella Dati, in the province of Cremona.</p> <p>The plant will meet about 60% of the site's energy needs, contributing to a reduction in CO₂ emissions of about 250 tonnes per year, equivalent to the planting of more than 12,000 new adult trees.</p> <p>To complement the project, Renovit carried out Energy Audits of the Group's main production sites with the aim of identifying energy efficiency and sustainable innovation measures to mitigate the emission impact of production activities as part of the pathway towards decarbonisation.</p>



During 2023, Renovit participated in:

- **Key Energy 2023**, the international event dedicated to renewable energy, energy efficiency and sustainable mobility. During the event, the company presented its integrated energy efficiency and sustainable innovation solutions developed for the industrial, tertiary, residential and public administration sectors;
- **Ecomondo**, Europe's leading international event for the energy transition and circular economy, at which Renovit presented its business and the services it has created to make companies more efficient, resilient and competitive, supporting them on their journey towards climate neutrality.

Furthermore, in October, Renovit and Bioenergys held a workshop in Genoa on virtuous models between the public and private sectors for investments in energy transition.



Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Emissions					
Emissions of CO ₂ eq – Scope 1 ^{1,2}	305-1	tCO ₂ eq	1,436,643	1,484,999	1,386,086
<i>of which CO₂ from combustion ^{1,2}</i>		tCO ₂ eq	778,117	976,156	987,780
<i>of which CO₂eq from methane ^{2,3}</i>		tCO ₂ eq	657,520	507,715	397,730
<i>of which CO₂eq from vent methane ²</i>		tCO ₂ eq	169,310	144,500	139,200
<i>of which CO₂eq from fugitive methane ²</i>		tCO ₂ eq	333,040	248,540	164,930
<i>of which CO₂eq from pneumatic methane ²</i>		tCO ₂ eq	155,050	112,820	82,240
<i>of which CO₂eq from unburned methane ²</i>		tCO ₂ eq	4,620	1,850	11,360
<i>of which CO₂eq from HFCs ²</i>		tCO ₂ eq	1,006	1,128	576
Natural gas emissions		mln m ³	35	27	22
Total ETS 2 emissions		tCO ₂ eq	731,150	929,325	919,558
ETS emissions out of total CO ₂ eq emissions – Scope 1		%	51	63	66
CO ₂ eq emissions – Scope 2 – Market based ²	305-2	tCO ₂ eq	30,829	32,771	27,036
CO ₂ eq emissions – Scope 2 – Location based ²		tCO ₂ eq	31,486	38,581	41,579
Emissions of CO ₂ eq – Scope 3 ²	305-3	tCO ₂ eq	938,463	1,345,293 ¹⁰	1,589,833
<i>of which category 1. Purchased goods and services ^{2,3}</i>		tCO ₂ eq	109,812	102,728	124,311
<i>of which category 2. Capital goods ^{2,3}</i>		tCO ₂ eq	219,499	739,795	644,761
<i>of which category 3. Fuel and energy-related activities (not included in Scope 1 or Scope 2) ^{2,4}</i>		tCO ₂ eq	141,460	174,895	167,525
<i>of which category 4. Upstream transportation and distribution ^{2,3}</i>		tCO ₂ eq	889	4,106	4,845
<i>of which category 5. Waste generated in operations ^{2,3}</i>		tCO ₂ eq	1,752	3,321	2,687
<i>of which category 6. Business Travel ^{2,5}</i>		tCO ₂ eq	766	1,161	1,538
<i>of which category 7. Employee commuting ^{2,6}</i>		tCO ₂ eq	1,255	1,685	3,931
<i>of which category 8. Upstream leased assets ^{2,3}</i>		tCO ₂ eq	163	1,232	909
<i>of which category 9. Downstream transportation ^{2,7}</i>		tCO ₂ eq	-	-	-
<i>of which category 10. Processing of sold products ^{2,7}</i>		tCO ₂ eq	-	-	-
<i>of which category 11. Use of sold products ^{2,7}</i>		tCO ₂ eq	-	-	-
<i>of which category 12. End-of-life treatment of sold products ^{2,7}</i>		tCO ₂ eq	-	-	-
<i>of which category 13. Downstream leased assets ^{2,7}</i>		tCO ₂ eq	-	-	-
<i>of which category 14. Franchises ^{2,7}</i>		tCO ₂ eq	-	-	-
<i>of which category 15. Investments ^{2,8}</i>		tCO ₂ eq	463,331	316,370 ¹⁰	639,326
Total GHG emissions (Scope 1 + Scope 2 location based + Scope 3) ²		tCO ₂ eq	2,407,050	2,868,872 ¹⁰	3,017,499
Total GHG emissions (Scope 1 + Scope 2 market based + Scope 3) ²		tCO ₂ eq	2,406,393	2,863,063 ¹⁰	3,002,955
Scope 1 + Scope 2 market-based GHG emissions ²		tCO ₂ eq	1,467,479	1,517,770	1,413,122
Scope 1 and Scope 2 GHG emission reduction percentage vs. 2022		%	-	-	-7
Reduction in total natural gas emissions vs. 2015		%	-29	-45	-57
Scope 3 GHG emission reduction percentage vs. 2022		%	-	-	+18

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Energy consumption		TJ	14,157	17,641	17,885
<i>of which natural gas</i>		TJ	13,662	17,010	17,150
<i>of which diesel</i>		TJ	51	76	93
<i>of which petrol</i>		TJ	30	16	21
<i>of which LPG</i>	302-1	TJ	0.2	0.2	0.1
<i>of which thermal energy</i>		TJ	14	13	11
<i>of which electricity</i>		TJ	399	526	610
<i>of which green electricity consumed</i>		TJ	162	272	331
Energy consumption		MWh	3,932,361	4,900,194	4,967,965
<i>of which natural gas</i>		MWh	3,795,056	4,725,083	4,763,805
<i>of which diesel</i>		MWh	14,278	21,139	25,862
<i>of which petrol</i>		MWh	8,250	4,361	5,927
<i>of which LPG</i>		MWh	56	56	37
<i>of which thermal energy</i>		MWh	3,833	3,500	2,989
<i>of which electricity</i>		MWh	110,912	146,083	169,346
<i>of which green electricity consumed</i>		MWh	45,111	75,611	92,006
Use of green electricity		MWh	45,106	75,625	111,371
Electricity from renewable sources out of total electricity consumption		%	41	52	54
GHG emissions intensity					
Scope 1 and 2 MB GHG emissions vs. network length		tCO ₂ eq / km	45	46	43
Scope 1 and 2 MB GHG emissions vs. transported gas		tCO ₂ eq / mld m ³	19	20	22
Total methane emissions vs. network length	305-4	tCH ₄ / km	0.67	0.52	0.41
Total GHG emissions (Scope 1 + Scope 2 location based + Scope 3) vs. net revenue		tCO ₂ / mln €	730	816	704
Total GHG emissions (Scope 1 + Scope 2 market based + Scope 3) vs. net revenue		tCO ₂ / mln €	730	815	700
Transported natural gas emissions/gas injected into the network ⁹		%	0.037	0.024	0.022
Stored natural gas emissions/stored gas ⁹		%	0.044	0.036	0.048
Energy intensity					
Energy consumption/gas transported	302-2	TJ / mld m ³	187	234	279

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter Criteria for Drafting, Introduction and Guide to Reading the Document in the General Information section of the Non-Financial Statement.

- 1 The CO₂eq was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) "Sixth Assessment Report" that assigned methane a Global Warming Potential (GWP) of 29.8.
- 2 The presentation of data on GHG Scope 1, Scope 2 and Scope 3 emissions previously expressed in kton CO₂e, was this year expressed in ton CO₂e.
- 3 The figure was calculated on the basis of supplier orders.
- 4 The figure was calculated on the basis of DEFRA 2022 conversion factors.
- 5 The figure was calculated on the basis of kilometres travelled by rail and air.
- 6 The figure was calculated on the basis of the last commuting survey carried out (2023).
- 7 This category does not currently apply to Snam.
- 8 The figure was calculated from the Scope 1 and 2 emissions data of the subsidiaries, standardised to the GWP adopted by Snam (29.8) and parameterised on the percentage of equity held by Snam.
- 9 The figure includes point, air, fugitive and unburnt emissions.
- 10 The figure has been restated, following the inclusion of Adriatic LNG emissions.



INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Green transition					
CO ₂ emissions avoided ¹		kton CO ₂ e	-	70	103
H2-ready infrastructure		%	99	99	99
Certified H2-ready ² network		km	-	750	1,513
Electricity from renewable sources out of total electricity consumption (%) ³		%	43	57	63
Multi-molecule infrastructure					
Biomethane production ⁴		Mscm	7.3	19.1	24.4
<i>of which from waste sector⁵</i>		Mscm	-	15.2	16.5
<i>of which from the agricultural sector⁵</i>		Mscm	-	3.9	7.9
Investments related to the Ravenna CCS Project Phases 1 and 2 (million euro) ⁶		mln €	-	20	65
Carbon neutrality					
Share of total procurement spend on suppliers with a decarbonisation plan ⁷		%	-	-	23
Percentage of reduction in Scope 1 and Scope 2 greenhouse gas emissions vs 2022 ⁸		%	-	-	-10
Percentage of reduction in Scope 3 greenhouse gas emissions vs. 2022 ⁸		%	-	-	-4
Percentage of natural gas recovered from maintenance activities ⁹		%	52	57	60
Energy efficiency in operational management					
MWh production of electricity by photovoltaic plants ⁸		MWh	950	1,035	980
Trigeneration plants ⁹		MWh	5,480	10,060	13,665
High-efficiency heat generators		MW	94	101	101
Improving the energy efficiency of buildings ⁸		m ³ MWh	30,000 80	40,000 145	50,000 190
Transition business					
Cumulative number of CNG and LNG stations installed		n.	65	85	91
Reduction of CO ₂ eq emissions from energy efficiency measures		kton	10	26	57
Available LNG capacity for the SSLNG market		ktpa	-	-	-
Reducing energy consumption		tonCO ₂ /year	14,409	25,800	57,000
Industrial		tonCO ₂ /year	2,654	6,600	17,500
Tertiary		tonCO ₂ /year	679	300	500
Condominiums		tonCO ₂ /year	6,874	11,700	31,500
Public Administration		tonCO ₂ /year	4,202	7,100	7,400
Forestation ¹⁰		tonCO ₂ /year	-	100	100

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

1 Emissions avoided through the biomethane and energy efficiency businesses. It calculates the CO₂e emissions avoided by Renovit's energy saving measures on residential, industrial, tertiary and public administration buildings and CO₂e avoided by using biomethane produced by Bioenerys instead of fossil gas. The latter contribution is evaluated by multiplying the biomethane volumes (Msc) by its lower heating value (LHV or PCI, GJ/1000 Smc) and the emission factor of natural fossil gas (from Ispra, tCO₂/TJ), indicating the emissions that would have occurred with the use of fossil gas (compared to the use of biomethane). The indicator has been calculated since 2022.

2 Certification of the suitability of existing network materials for the transport of H₂, in accordance with the applicable requirements given in report P0027355-1-H2, defined according to the methodology described in RINA document GUI.16 'Guide for Technology Qualification Processes' dated 15.12.2016 and based on ASME standard B31.12 'Hydrogen Piping and Pipelines' (2019 edition). The figure has been calculated since 2022.

3 The target refers to the perimeter of the regulated sector, excluding FSRU for 2023.

4 Biomethane production by Bioenerys. The figure corresponds to gross biomethane production (compared to net production used in previous years). The scope of the indicator for 2023 refers to the following companies: Bioenerys Ambiente S.r.l., Bioenerys Agri S.r.l. e Iniziative Biometano (the latter removed from the portfolio as of October 2023).

5 The sector breakdown is not available for 2021.

6 Cumulative figure for the period 2023-2027 net of contributions, dilution and goodwill due to Eni. CapEx invested according to i) the business plan agreed between Snam and Eni, referring to the development of the storage facilities of the Ravenna CCS Project during phases 1+2 (experimental phase and industrial phase), and ii) the business plan developed solely by Snam, referring to the development of the onshore transport system of Ravenna CCS via pipeline.

7 The target refers to the product categories related to the 'Top Emitters' (year by year) for which the decarbonisation plan was provided. The perimeter of the target corresponds to: Snam S.P.A., Snam Rete Gas, GNL Italia, Stogit, Enura, FSRU Italia, Greenture and Cubogas. The figure has been calculated since 2023.

8 The target refers to the perimeter of the regulated sector, excluding FSRU for 2023.

9 The target refers to the perimeter of the transport sector.

10 The figure for 2021 is not available.

European Taxonomy for Environmentally Sustainable Activities

The focus on 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 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 at least one of the following environmental goals without causing significant harm to other environmental objectives (Do No Significant Harm – DNSH) and carried out in accordance with the minimum social safeguard guarantees set out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Below are the six objectives of the EU Taxonomy:

1 Climate change mitigation	2 Adaptation to climate change	3 Sustainable use and protection of water and marine resources
4 Transition to a circular economy	5 Pollution prevention and control	6 Protection and restoration of ecosystems and biodiversity

Specifically, in 2021 the European Commission published the **Climate Act** (Delegated EU Regulation of the European Commission of 4 June 2021 no. 2021/2139) to identify the economic activities that contribute to the first two environmental objectives (**climate change mitigation** and **climate change adaptation**). Within the framework of the above two environmental objectives, the framework for **natural gas-related activities for electricity generation**, together with **nuclear power**, was referred to a dedicated Delegated Act (European Commission Delegated EU Regulation no. 2022/1214 of 9 March 2022), which came into force on 1 January 2023.

To complete the regulatory framework on Taxonomy, in 2023 the European Commission finally published the **Environment Act** (European Commission Delegated EU Regulation of 27 June 2023 no. 2023/2486) to identify activities that contribute to the **remaining four objectives** (sustainable use and protection and restoration of water and marine resources, transition to a circular economy, prevention and control of pollution, protection of ecosystems and biodiversity) and **amendments to the Climate Act** (European Commission Delegated EU Regulation of 27 June 2023 no. 2023/2485). These amend Delegated Regulation (EU) no. 2021/2139 with the aim of including more economic activities (e.g. related to manufacturing, water supply, sewerage, waste management and remediation, construction, civil engineering, disaster risk management, information and communication, environmental protection and restoration, and accommodation activities) in the Taxonomy.

These Regulations therefore make it possible to identify environmentally sustainable activities for the Taxonomy and define the relevant technical screening criteria established by the European Commission.



In June 2023, the European Commission formally adopted further Delegated Acts supplementing the previous ones, introducing additional activities on mitigation and adaptation objectives, and defining the list of economic sectors and activities, with related technical screening criteria, on the environmental objectives for the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and reduction of pollution, and the protection and restoration of biodiversity and ecosystems.

Below are the **disclosure requirements** for non-financial companies that are required to publish a Non-Financial Statement:

- As of 2022, for FY 2021, mandatory disclosure of the share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) defined as eligible as set out by the Climate Act;
- As of 2023, for FY 2022, obligation to also report the share of the same KPIs aligned to the Taxonomy with reference to the Climate Act;
- As of 2024, for FY 2023, the share of eligible revenues, CapEx and OpEx with respect to the Environment Act and the amendments to the Climate Act must also be reported;
- As of 2025, for FY 2024, the information to be reported extends to the share of the same KPIs aligned with the Environment Act and the amendments to the Climate Act.

The European Taxonomy applied to Snam

Since the first developments of the European Taxonomy, Snam has welcomed the direction defined by the European Commission, in line with the strategy and investment choices of the Company, aimed at decarbonisation and the creation of a low-carbon economy.

Methodology

Regulation (EU) 2020/852, in Article 10.1, describes activities that contribute substantially to climate change mitigation, and specifically in point g) it mentions among these activities the creation of **energy infrastructure required for enabling the decarbonisation of energy systems**.

The interpretation of this regulation, and the subsequent delegated acts published by the European Commission, allowed Snam to assess the share of eligible activities (**Taxonomy-Eligible** activities) out of those pursued by the Group. All activities associated with the maintenance, development and reconversion of gas transportation networks, activities related to the production and transportation of biomethane and hydrogen, emissions reduction, and energy efficiency are mapped by the Climate Act and therefore considered eligible.

There are no substantial changes in the approach used to interpret taxonomy-aligned activities compared to last year's exercise. The more cautious approach introduced in 2022 for the calculation of the revenue KPI, whereby only a proportion of revenue proportional to the share of green gas (biomethane and hydrogen) transported in the year is considered permissible, was used once again.

Within the Climate Act, gas storage is not addressed: it represents a pillar of the future energy system based on hydrogen and green gases and is one of the activities that make a substantial contribution to the achievement of Net Zero objectives. Snam has completed the preliminary tests for the injection of hydrogen in the storage fields with favourable results, is working for H2 readiness, and is preparing for the conversion to hydrogen of some fields now used for the storage of methane.

More specifically, Storage activity is presented in the Climate Act with different wording to the transport activity mentioned above (see Hydrogen Storage, Article 4.12 of the Climate Act), referring to activities exclusively dedicated to hydrogen storage. For this reason, Snam did not consider its storage activities as Taxonomy-Eligible, despite the fact that most of its investments meet H2- readiness criteria. It is believed that natural gas storage should instead be able to be included in the perimeter of eligible activities, consistently with the functioning of the network and considering that storage is a complementary and necessary activity for network operation. The integration of the two activities is essential for the energy system and the achievement of the decarbonisation objectives. For this reason, we hope that the delegated acts in the next formulations or future Q&A of the Commission clarify the issue. Snam's investment program envisages the gradual conversion of hydrogen fields and, if article 4.12 "Storage of hydrogen", is extended to natural gas storage activities, consistently with the provision of the same Delegated Act on transport, also Snam's storage activities could be considered fully eligible.

Compared to 2022, revenues and investments related to some municipal solid waste and agricultural biomethane plants were excluded because they did not adhere to the specifications defined within the DNSH of criteria 4.8 and 5.7.

Taxonomy-Eligible activities of the Snam group fall within the following articles of the Climate Act:

- **Activity 3.2** Manufacture of equipment for the production and use of hydrogen
- **Activity 4.1** Electricity generation using solar photovoltaic technology
- **Activity 4.8** Production of electricity using bioenergy
- **Activity 4.13** Manufacture of biogas and biofuels for use in transport and of bioliquids
- **Activity 4.14** Transmission and distribution networks for renewable gases
- **Activity 4.15** Distribution of district heating/cooling
- **Activity 4.16** Installation and operation of electric heat pumps
- **Activity 4.19** Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels
- **Activity 4.30** High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels
- **Activity 5.7** Anaerobic digestion of bio-waste
- **Activity 5.9** Material recovery from non-hazardous waste
- **Activity 5.11** Transport of CO₂
- **Activity 5.12** Underground permanent geological storage of CO₂
- **Activity 6.15** Infrastructure enabling low-carbon road transport and public transport
- **Activity 6.5** Transport by motorbikes, cars and light commercial vehicles
- **Activity 7.1** Construction of new buildings
- **Activity 7.2** Renovation of existing buildings
- **Activity 7.3** Installation, maintenance and repair of energy efficiency equipment
- **Activity 8.1** Data processing, hosting and related activities
- **Activity 8.2** Data-driven solutions for GHG emissions reductions
- **Activity 9.3** Professional services related to the energy performance of buildings

The Group's economic indicators, necessary for the calculation of KPIs relating to the Taxonomy-Eligible portion of assets for FY2023, have been calculated using the following methodology⁷³ and on the basis of Snam's individual economic eligible and aligned activities according to the Taxonomy, indicated in Annex 6 of this document:

- **Revenues:** revenues from regulated and unregulated activities, excluding fees covering energy costs (see Note 29 'Operating revenues and income' to the Consolidated Financial Statements);
- **CapEx:** investments in property, plant and equipment and intangible assets, excluding tangible assets recognised in accordance with IFRS16 (see Note 8 'Property, Plant and Equipment' and Note 9 'Intangible Assets and Goodwill' to the Consolidated Financial Statements, plus financial investments for the FSRUs and the new biomethane companies);
- **OpEx:** non-capitalised direct costs related to research and development, building renovation measures, short-term rental, maintenance and repair, as well as any other direct expenditure related to the day-to-day maintenance of property, plant and equipment, either by the company or by third parties to whom tasks are outsourced, that is necessary to ensure the continuous and effective operation of such assets.

Double accounting in the calculation of revenues, CapEx and OpEx is excluded as Snam uses financial data at the activity level and associates each Taxonomy-Eligible and Taxonomy-Aligned activity with the reference article of the Climate Act. For reporting purposes, aggregation is done on the basis of the individual items under which eligible activities fall.

KPIs RELATED TO TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES (1)

		Revenues	CapEX	OpEX
Total Taxonomy-Eligible	€ mln	1,095	1,216	154
Total Snam	€ mln	3,875	2,194	173
Taxonomy-eligible proportion	%	28	55	89

1. The detailed tables refer to the eligibility and alignment of activities with the climate change mitigation objective of the Taxonomy.

73 The definitions in the bulleted list refer to the calculation of the denominators to be used in the formula to obtain the percentages of Taxonomy-aligned and Taxonomy-eligible revenue, CapEx and OpEx.



KPIS RELATED TO TAXONOMY-ALIGNED ECONOMIC ACTIVITIES(1)

		Revenues	CapEX	OpEX
Total Taxonomy-Aligned	€ mln	1,001	626	82
Total Snam	€ mln	3,875	2,194	173
Portion Taxonomy-Aligned	%	26	29	47

1. The detailed tables refer to the eligibility and alignment of activities with the climate change mitigation objective of the Taxonomy.

Revenues were 26% aligned to the EU taxonomy and 28% eligible (up 6% and 7% respectively from 2022). The rise was mainly due to increased revenues from the energy efficiency business (from more than 500 million euros to more than 900 million euros).

CapEx was 29% aligned to the EU taxonomy and 55% eligible (compared to 39% and 63% respectively in 2022). These reductions were mainly due to the increased impact of FSRUs and the exclusion of some biomethane plants.

OpEx was 47% Taxonomy-aligned and 89% Taxonomy-Eligible (up from 37% and 75% respectively in 2022). This increase was mainly due to the effect of operating expenses in research and development of the DECARB function and operating expenses within the energy efficiency business, in line with the increase in revenues of the business.

For the 'Models for key performance indicators (KPIs) of non-financial companies' referred to in Annex Ii of Delegated Regulation (EU) 2021/2178, please refer to Annex 6.

The alignment was carried out by verifying for each asset adherence to the requirements specified in the technical screening criteria and compliance with the minimum safeguards (i.e. DNSH – Do Not Significant Harm), the monetary value attributed to each asset identified as aligned is entered in the numerator and represents a part of the assets in the denominator.

As mentioned above, for the purposes of identifying Taxonomy-Eligible activities, Snam considered gas transportation activities eligible, but not storage activities. It should be noted that unlike Taxonomy-Eligible activities, Taxonomy- Aligned activities are activities that contribute to at least one of the environmental objectives contained in the Climate Act, meet the technical screening criteria of the delegated acts, do not significantly harm any of the other objectives and are carried out in compliance with minimum measures of social safeguards.



As regards the minimum social protection requirements, the topics Human Rights, Corruption, Taxation and Competition were assessed, as identified by the Platform on Sustainable Finance. Snam has adopted solid policies and procedures with the aim of identifying, preventing and monitoring risks and managing the negative impacts relating to the areas described above. In addition, during 2023 Snam was not involved nor was it convicted in this regard.

In addition, Snam has already carried out a preliminary analysis on a voluntary basis with respect to the alignment of its Strategic Plan with the Taxonomy, highlighting that around 4.3 billion euros of investments for the 2023-2027 period will be aligned.

Snam will continue to monitor the publication of any further guidelines by the European Commission to ensure consistency of interpretation of the measures contained in the Climate Act.

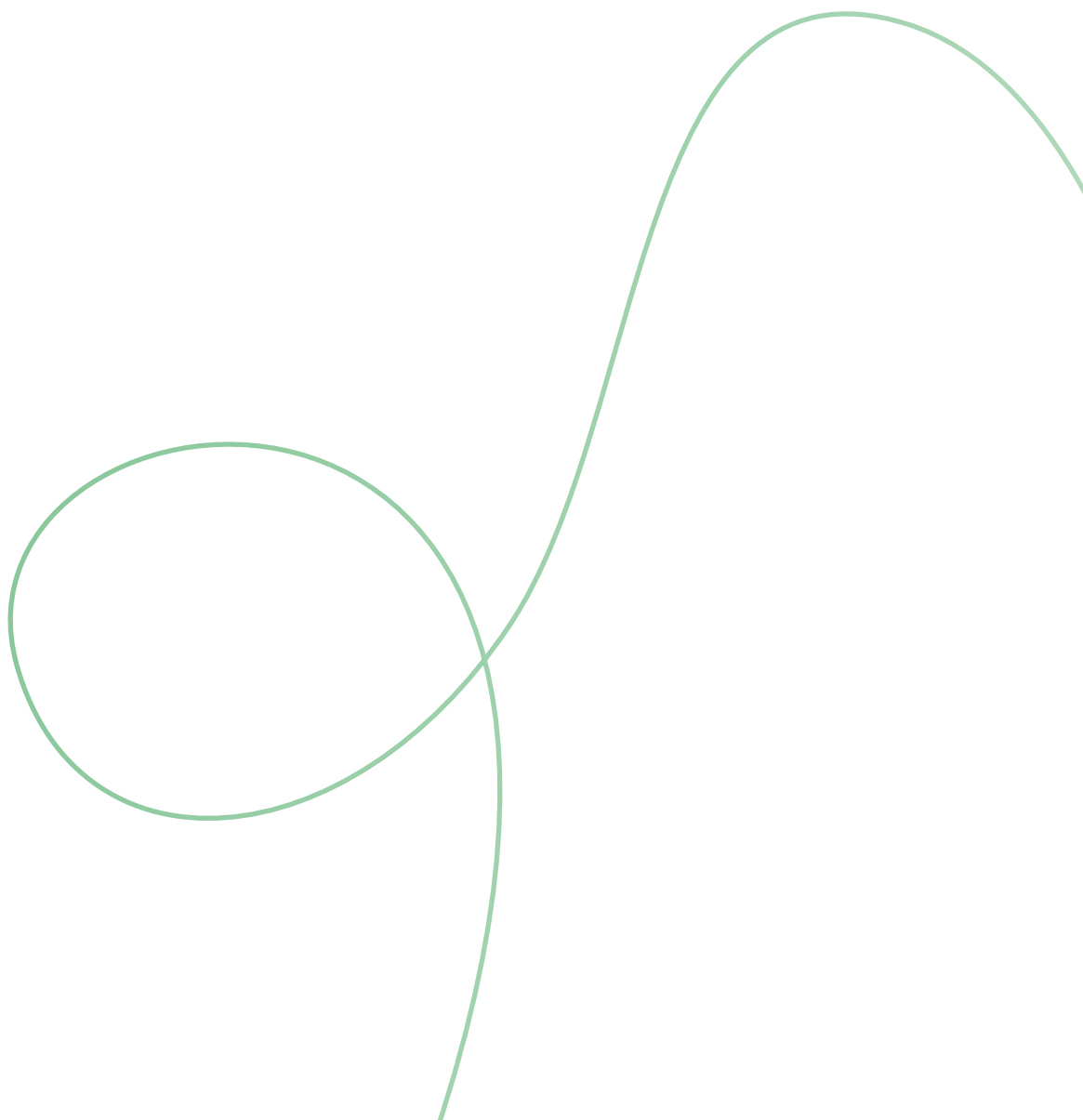
Biodiversity and ecosystems

Material topics, impacts, risks and opportunities

Biodiversity and ecosystems

IMPACT MATERIALITY	POSITIVE IMPACTS Protecting the natural ecosystem through urban reforestation and regeneration projects in the areas where Snam operates NEGATIVE IMPACTS Loss of biodiversity in areas affected by pipeline infrastructure and sites where Snam operates due to inadequate recovery plans
FINANCIAL MATERIALITY	RISK <ul style="list-style-type: none">• Failure to develop infrastructure due to difficulties in obtaining permits because of environmental constraints to protect biodiversity• Risk of breakage or damage to pipelines/plants, also as a result of extraordinary events, which could cause malfunction and unplanned service interruption (operational)• Risks associated with maintaining an adequate reputational profile for suppliers and subcontractors (operational)

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.





Policies

The policies adopted by Snam on **biodiversity and ecosystems**, described below, support the Group in managing the related impacts, risks and opportunities. All policies are disseminated internally within the organisation and online on the website to all stakeholders.

HSEEQ Policy	<p>deals with biodiversity and ecosystem safeguarding aspects concerning operating sites owned, leased or managed in or near a biodiversity-sensitive area, setting out Snam's commitments to:</p> <ul style="list-style-type: none"> ensuring integrated, efficient and sustainable asset life-cycle management, with a focus on environmental protection; promoting the protection of biodiversity and ecosystems, through periodic assessments of the impacts of the activity on the local area and biodiversity, implementing preventive and corrective actions, aimed at achieving the company's objectives and preventing environmental accidents; ensuring environmental protection along the value chain by selecting suppliers and promoting their development according to the principles of this Policy; ensuring the transparency of information, training and building staff and stakeholder awareness of the principles expressed in the policies, implementing consultation and communication processes with internal and external stakeholders; carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices. <p>Through the implementation of its HSEEQ Policy, Snam operates in line with the Sustainable Development Goals (SDGs) set out by the UN and the OECD Guidelines for Multinational Enterprises.</p> <p>Snam's HSEEQ policy, approved by the Board of Directors, applies to all activities, personnel, contractors and all persons subject to supervision by the Snam Group; all Snam companies adopt this Policy and – through the Employers and all persons responsible for health, safety, the environment, energy efficiency and quality – implement its principles.</p>
Asset Management Policy	<p>ensures that natural gas transportation assets are managed effectively, efficiently and sustainably, committing Snam to:</p> <ul style="list-style-type: none"> promoting initiatives for the protection of natural resources by planning, building, operating and decommissioning infrastructure and facilities in an environmentally sensitive manner; ensuring the protection of biodiversity and ecosystems through the careful and timely management of assets throughout their life cycle. <p>The Asset Management Policy, approved by the Chief Executive Officer in 2023, was drafted by taking into account the requirements of the ISO 55001-certified management system.</p> <p>The Policy, approved by the Board of Directors, applies to all assets used by Snam for the transportation of natural gas such as pipelines, booster stations, regulation, reduction, interception, mixing and measurement plants, as well as other ancillary plants necessary for the transportation and dispatching of gas.</p>
GNL Italia's Major Accident Prevention Policy Stogit's Major Accident Prevention Policy Snam FSRU Italia's Major Accident Prevention Policy	<p>the three policies, defined specifically for GNL Italia, Stogit and Snam FSRU Italia, in line with the HSEEQ Policy, are signed by the plant operators, in accordance with the requirements of the Seveso regulations, and define commitments in the area of prevention and control of major accidents and environmental protection, in order to:</p> <ul style="list-style-type: none"> ensure commitment to continuous improvement in the control of major-accident hazards; carry out the safe operation and maintenance of the installation in accordance with the operating rules and procedures contained in the operation and maintenance manuals; inform, train and educate all employees to operate competently by making them aware of the potential risks associated with the activities; train operational staff to handle emergency situations; identify major accident prevention aspects, carry out risk analysis related to the activities undertaken, and consequently implement corrective, preventive and management measures; operate with respect for and protection of the surrounding environment in accordance with current environmental legislation, giving priority to the prevention of major accidents where necessary; follow legislative and regulatory developments in the field of environmental protection by complying with the requirements. <p>Furthermore, through the Policy, the Company is required to inform all workers, including suppliers and contractors called upon to work at one of the GNL Italia or Stogit or Snam FSRU Italia sites, about the specific risks of the activity, and all those who enter the Group's plants about the behaviour, practices and procedures consistent with the principles defined in the Major Accident Prevention Policy, through transparent communication, including towards the competent authorities.</p> <p>Both policies were defined in line with the ISO 14001-certified management system.</p>












For further information on the company's Biodiversity and Ecosystem policies, please refer to Annex 2 – Snam's Main Policies and Guidelines of the Non-Financial Statement.

The **ISO 14001-certified** management system, which the Snam Group put in place in 2000, guides companies in defining practices, including those aimed at protecting territories and safeguarding biodiversity. For further information on management systems, see "Annex 3 - Management Systems" of the Consolidated Non-Financial Statement 2023.



With a view to overseeing the impacts, risks and opportunities relating to biodiversity and ecosystems, Snam is adopting a biodiversity policy, in which the Group's commitments and objectives will be outlined, with particular reference to those aimed at achieving Net Zero Conversion by 2024 and Net Positive Impact by 2027.

Objectives

BIODIVERSITY AND REGENERATION					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Zero Net Conversion ¹				Zero Net Conversion by 2024	
Net Positive Impact ²				Net Positive Impact by 2027	
Percentage of vegetation recovery of natural and semi-natural areas impacted by pipeline construction ³		98.5% in 2021 ⁴	99.9%	99.9% until 2027	
 KPI included in the Sustainability Scorecard	 KPI included in the Carbon Neutrality Strategy	 Target achieved	 Target in progress	 Target not achieved	

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

- The target refers to Zero Net Conversion activities for land use, and in particular to all infrastructure projects, i.e. Snam's direct activities. The target is aligned with the guidelines of the Science Based Target for Nature (SBTN) framework, in force since 2023.
- The target is aligned with the guidelines of the Science Based Target for Nature (SBTN) framework, in force since 2023. The target refers to areas at high risk of biodiversity where 'nature positive' solutions will be adopted through initiatives to restore or protect the landscape. The target includes a minimum of two initiatives for at least one high biodiversity risk area.
- The target refers to the transportation perimeter. The target is calculated by estimating the difference between the ante-operam phase and the execution phase and places special emphasis on the restoration of vegetation along the kilometres of the pipeline route that pass through natural and semi-natural areas.
- The overall performance was 100%, of which 1.5% was due to environmental offsetting.

The Zero Net Conversion objective, referring to the commitment not to change land use by restoring the vegetation on it, also translates into Snam's ambition to have a net zero impact from a deforestation viewpoint.

The biodiversity targets contribute to achieving the objectives contained in the HSEEQ Policy concerning the protection of biodiversity and ecosystems, through periodic assessments of the impacts of Snam's activities in the local areas in which it operates, implementing preventive and corrective actions.

In addition, the targets help to manage the relevant climate biodiversity-related impacts, risks and opportunities listed under 'Relevant issues, impacts, risks and opportunities' in this chapter.

For further information on the target setting and monitoring process, please refer to the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

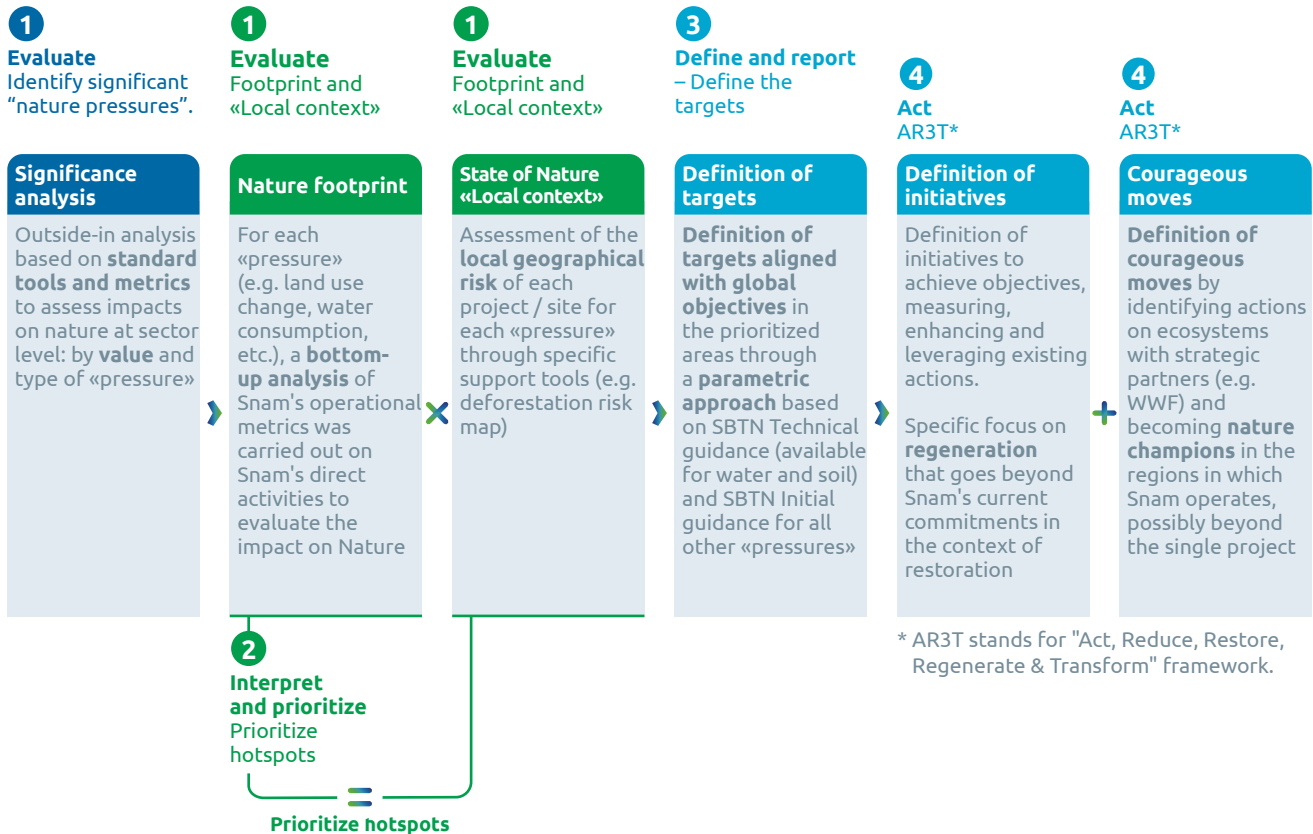


Actions

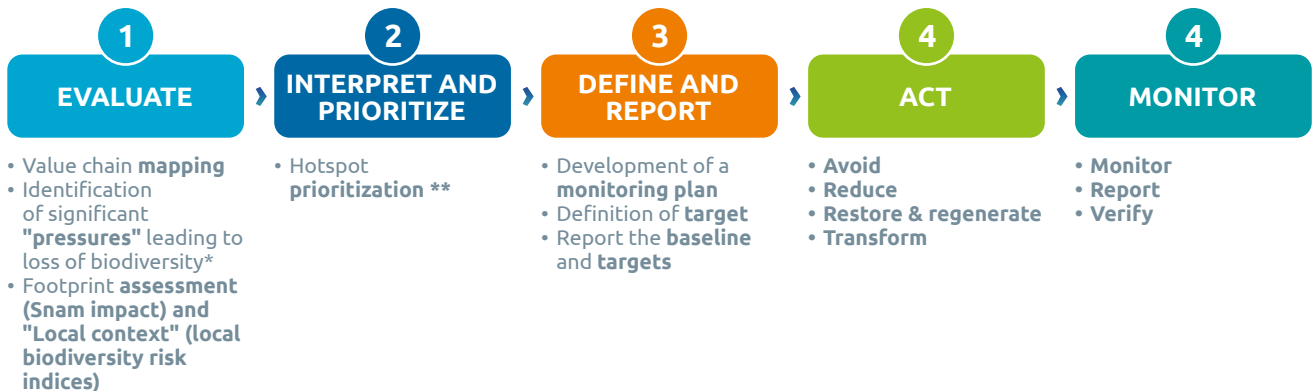
Snam's biodiversity strategy ALL-ROUND SUSTAINABILITY

Snam intends to be one of the first global infrastructures to integrate biodiversity into its strategy using international methodological standards, as this issue is significant in the context of the company's activities.

Therefore, the Group has embarked on a well-defined path to establish its biodiversity strategy and to set targets aligned with the currently available guidelines of the Science Based Target for Nature (SBTN) framework.



PRIORITIZE HOTSPOTS



* 5 main pressures driving overall biodiversity loss: change in land and sea use, direct overexploitation of natural resources, climate change, pollution, spread of invasive species.

** The company's most impactful activities on nature, classified based on crossing footprint and "local context".

Snam has analysed its activities and identified their impacts in detail. In this regard, on the basis of the 'pressure on nature exerted by Snam's activities, it has been possible to calculate the organisation's 'nature footprint', highlighting the material impacts on biodiversity resulting from land use change during infrastructure construction and maintenance work.

With particular reference to land use change, Snam measured the absolute impact of projects in terms of area occupied in km². This was then compared with the local biodiversity risk⁷⁴, using tools such as the Environmental Integrity Index and taking into consideration Snam's activities and the areas adjacent to its operations.



From the analysis of the absolute impact of projects on biodiversity, only four 'Hotspot' projects were identified, i.e. located in locations at high risk for biodiversity according to the SBTN methodology.

Pressure	Biomes		Infrastructure construction	Transport and dispatching	Storage	Off-shore regasification (FSRU)	On-shore regasification
Change in land and sea use	Earth	km ²	1	●	Storage	NO IMPACT	
Pollution	Aria	kg, particulate matter, PM2.5	2	●	●	●	●
	Soil	Tonnes of NO _x	●	●	●	NO IMPACT	●
		Tons of waste	●	●	●	●	●
	Ocean	Tonnes of NO _x	NO IMPACT			●	NO IMPACT
		kg of chlorine				●	
Exploitation of resources	Fresh water	m ³	●	●	●	●	●

● Not relevant ● Low ● Medium ● High ● Very high

1 Infrastructure construction has a significant impact on land use, while other 'pressures' have no material impact along the value chain

2 All activities have no material impact on Nature

Footprint Land use change



Baselining the impact of projects per km² of occupied area

Ecosystem assessment



Assessment of the integrity of terrestrial ecosystems in the areas involved in the activities*

Ecosystem assessment

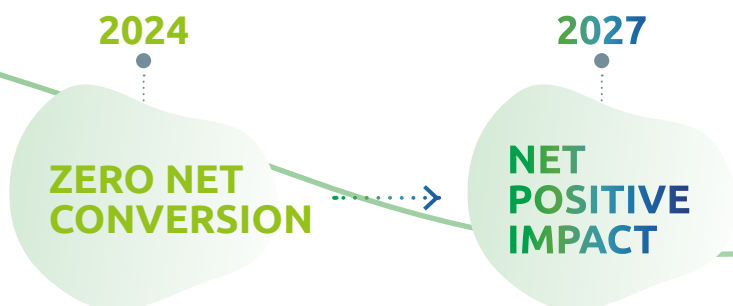


Identification of hotspots with significant impacts within areas of high biodiversity risk

* The use of the EII provides guidance on the integrity of terrestrial ecosystems globally at 1 km² resolution, providing a scientifically robust method to measure, monitor and report on the integrity of terrestrial ecosystems at any geographic scale; from the already degraded environment to the intact environment.

74 The risk of "failure to achieve the sustainability targets in terms of sustainable construction site and 40% of emissions reduction by 2030 (ELCO investment plan)" is integrated in the ERM process.

Based on the results obtained and the analyses carried out, Snam has defined two objectives:



Currently, Snam already operates under a Zero Net Conversion regime, anticipating the achievement of the target in 2024. Indeed, it ensures that impacts to land-use change are minimal (e.g. using trenchless technologies, through careful engineering). Where impacts are unavoidable, natural and semi-natural areas are fully restored to their natural status. This commitment was also formalised in a specific target included in the Sustainability Scorecard.

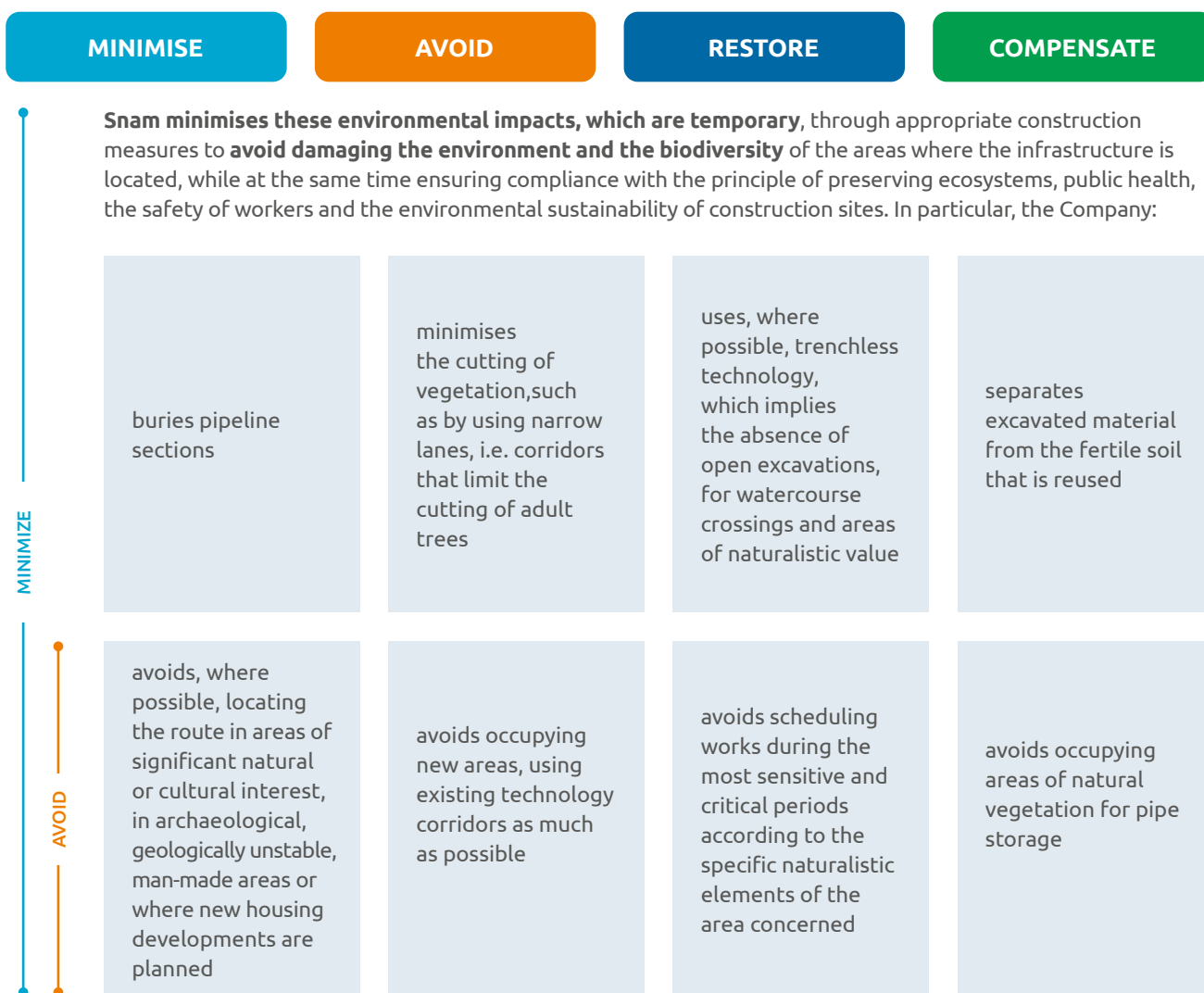
Considering Snam's role in Italy, its impact on the entire peninsula and its relations with communities and local authorities, the Group wants to go beyond its footprint and protect and enrich biodiversity, investing in new technologies to improve ante- and post-operam measurements and assessments, in the conservation of fauna and species in managed areas, and in the safety and monitoring of hydrogeological/flood risk for sites and surrounding areas (including for the benefit of local communities).

Snam will monitor the achievement of the 2024 and 2027 targets through specific actions and initiatives, illustrated below:

Target	SBTN-aligned actions	Perimeter	Key Actions
Zero Net Conversion	Avoid	Entire footprint	<ul style="list-style-type: none"> • Zero Net Conversion already integrated into Snam's operating model with multiple initiatives in place (e.g. minimum impact engineering, Arbolia's support for vegetation restoration) • Improving ante/post-operam evaluation and monitoring with advanced technologies
	Reduce		
	Restore		
Net Positive Impact	Recover	Minimum of two initiatives for at least one high biodiversity risk area	<ul style="list-style-type: none"> • Improving the protection of landscapes and the safety of territories from climate risks (e.g. ensuring hydrogeological safety, riverbank restoration) • Actions identified to contribute to the maintenance and improvement of wildlife and vegetation
	Transform		

Protecting Land and Biodiversity – Actions for Zero Net Conversion

Infrastructure management, in all its phases, is based on an approach that requires the strict application of the four actions linked to 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.



If it cannot avoid crossing them, Snam takes great care with operations near **Sites of Community Interest (SICs), Special Areas of Conservation (SACs)** and **Special Protection Areas (SPAs)**, which together constitute the Natura 2000 Network Sites⁷⁵. In 2023, the extent of Natura 2000 Network Sites subject to infrastructure laying was lower than in the previous year (0.66 km vs 1.9 km) and affected the regions of Emilia-Romagna and Sicily.

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.



In the design of Snam's works, studies are carried out, including by public universities or research institutes, aimed at describing the natural environment or forecasting the environmental effects of projects; this is also done to support authorisation procedures. These studies are subsequently verified in the field through the implementation of accurate environmental monitoring projects, agreed upon in advance with the Environmental Protection Agencies. In particular, with regard to the installation of the regasification ships Golar Tundra (known as Alto Tirreno) moored in the port of Piombino and which will later be relocated to Vado Ligure, and FSRU BW Singapore, moored in Ravenna, Snam has commissioned the University of Genoa to implement a mathematical model to assess the possible effects due to the release of seawater with different characteristics in terms of temperature and chlorine content compared to that detected for regasification, with a view to providing elements for assessing the potential environmental impacts. Field verification of the model's results and therefore of the environmental impacts is underway through the execution of environmental monitoring plans (ante-operam for Ravenna and in progress for Piombino), which involve the biotic and abiotic environmental components.

75 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.



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

For more information on the Decrees and Measures obtained during the year (within MITE's competence), please refer to the section 'Progress of activities related to obtaining permits' in this chapter.

Preventive archaeology and archaeological finds in Emilia-Romagna

Snam designs and implements its works while respecting the environment and landscape in the area of intervention. In this context, the **protection of cultural heritage** is also of fundamental importance, in particular the **preservation of the collective memory**, which does not reside solely in the monumental remains or the archaeological find as such, but also in the stratified deposits that have not yet emerged from the ground.

To this end, during the design phase Snam adopts a **preventive archaeology** approach, to reduce as much as possible the impact of works in areas assumed to be at 'archaeological risk', by previously investigating the affected area through invasive and non-invasive multidisciplinary research. By doing so, Snam avoids as much as possible emergencies dictated by the accidental discovery of stratifications and elements of archaeological and cultural interest during the construction works.

In addition, for each earthmoving activity, Snam ensures the ongoing presence of a specialised archaeologist on site, with the task of supervising activities and intervening in the event of evidence. The importance of the find determines the evaluation, in consultation with the competent Superintendency, of the most suitable design solutions to safeguard stratigraphies of interest. If the construction of the work is incompatible, Snam proceeds with an alternative design or using technologies that do not interfere with the archaeological findings.

In 2023, work on the methane pipeline '**Ravenna - Jesi Refurbishment**' revealed a number of important sites that were extensively excavated under the scientific direction of the **Archaeological, Fine Arts and Landscape Superintendency for the provinces of Ravenna, Forlì-Cesena and Rimini**. Among these, of particular relevance was the Roman country villa identified in Cesenatico, composed of residential and production areas, including a well-preserved cistern. The exceptional find and its state of conservation prompted the Superintendency, in collaboration with Snam and the construction company, to organise the opening of the construction site to make the site accessible to the community in view of it being permanently covered to ensure its preservation.



Image: Remains of a kiln, which helped the find to be interpreted as part of a working country villa

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.

RESTORE

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.

OFFSET

Environmental restoration activities are complemented by **impact offsetting 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 (ARPA).

The EMPs aim to verify the re-naturalisation process on the basis of a comparison of ante- 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**).⁷⁶

The Marine Environment Monitoring Plan

As indicated by the Extraordinary Government Commissioner of the Region of Tuscany⁷⁶, Snam drew up a Marine Environment Monitoring Plan (EMP) related to the operational phase of the Golar Tundra FSRU, which complies with the Ministry of Ecological Transition's (MiTE) Opinion.

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.

In the case of the EMP developed for the Golar Tundra FSRU, Snam monitored the following environmental components:

- **seawater** (temperature and composition);
- **waves** and currents (through buoys and markers);
- **underwater noise** in the Piombino harbour area;
- **seabed** (bathymetric level and laying of biological component);
- **fish fauna** (benthic habitat and fish resources).

Comparing pre- and post-operam land conditions, numerous measurements and sampling were conducted in the Gulf of Follonica to safeguard diversity and valuable marine resources. In addition, during all project phases, Snam carried out analyses on the biological component of the marine system, including Posidonia oceanica meadows and planktonic communities.

For data quality assurance, the surveys were conducted by experienced public bodies and/or institutes or Accredia laboratories according to the UNI CEI EN ISO/IEC 17025:2018 standard.

76 With note AOGRT/AD Prot. 0400629 of 20/10/2022.

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.

Dispatching is the structure in charge of surveying and remote control of Snam's transportation network. The network's methane pipelines are regularly maintained and inspected by specialised personnel, who monitor the pipelines on foot, with vehicles or through overflight activities. Additional experienced personnel are assigned to guard the power plants, storage facilities and related auxiliary installations.

Over the years, the experience and professionalism of the specialised personnel have been complemented by technologies that support them in their work, to guarantee high levels of infrastructure monitoring quality. Among these, Snam uses **In Line Inspection (ILI)** instruments, which, through the use of intelligent pigs equipped with sensors, pass through the pipelines, detecting the presence of any defects, geometric anomalies, corrosion, or minimal axial displacement of the pipelines themselves. ILI technologies also include remote control systems to check the stress state of pipes laid in areas with potential hydrogeological instability.

With a view to constantly improving its ability to observe the infrastructure and to prevent and/or intercept potential dangerous situations for network security, Snam invests in research and development activities to seek out new opportunities, including the use of technological innovations. In this regard, the use of **drones** and **satellite tracking technologies**, as well as the creation of an aviation-based organisational structure are some of the technological innovations implemented in recent years. Concerning the introduction of satellite tracking technology, between 2022 and 2023, field verification activities were completed on a pilot route of approximately 1,400 km, and the evidence it produced gave very satisfactory results. In addition, Snam has laid the foundations for the large-scale industrialisation of the technology, which will be progressively applied to the entire network from 2024 onwards.

The **Leak Detection and Repair (LDAR)** project, developed in-house, continued to establish itself in 2023. This instrument is essential for inspecting and carrying out field surveys in order to prevent, detect and resolve any methane leaks from pipelines.

For **storage facilities**, monitoring is conducted by means of detection systems, including optical detectors, temperature sensitive cables, fuse caps, smoke detectors, sound level meters, pressure transmitters, etc. These systems enable the activation of emergency (ESD) or process (PSD) shutdowns, ensuring the safety of the installations.

NETWORK CONTROL AND INSPECTION

	2021		2022		2023	
	km	% of network total	km	% of network total	km	% of network total
Total inspectable network with intelligent pigs as at 31.12 ¹	13,494	41%	13,494 ²	41%	13,536	41%
Network inspected using smart pigs	1,410	4%	1,602	5%	1,904	6%
Total network subject to line control overflights as at 31.12 ³	20,841	64%	21,379	65%	22,760	69%
Total subject to line leak detection control as at 31.12 ⁴	32,689	100%	32,784	100%	32,893	100%
Controlled network for line leak detection	10,889	33%	11,160	34%	10,596	32%
Network with geological surveys carried out ⁵	5,993	18%	3,894	12%	4,531	14%
Total pipeline network as at 31.12 ⁶	32,689		32,784		32,895	

1 Carried out with multi-year cycles of different frequency depending on the route. The minimum frequency is 1 pass every 8 years, subject to transport conditions.

2 The 2022 figure has been restated.

3 Performed several times a year.

4 Almost totally overflight – performed on three-year cycles.

5 Activity performed on four-year cycles.

6 Network operated by SRG: National Network+Regional Network+ITG Network - source RE.ME.

Progress of permit activities

To develop new settlements, in addition to the technical-economic feasibility criteria, Snam adopts procedures that respond to stringent environmental and safety compatibility assessments.

The assessments of environmental effects involve all phases of the work life cycle, site selection, planning, construction, operation and decommissioning. These evaluations are carried out as part of the Environmental Impact Assessment (EIA) procedure, and in the Integrated Environmental Authorisation (IEA) procedures, at the end of which the administrations in charge, both at central and local level, issue the authorisations required by current legislation.

EIA DECREES OBTAINED IN THE YEAR				
Name	Length (km)	Regions involved	Competence	Decree date
Pipelines				
Sansepolcro-Terranuova Bracciolini Refurbishment	45.621	Tuscany	MASE	22/03/2023
Livorno-Piombino Refurbishment Pip.	84.24	Tuscany	MASE	24/03/2023
Foligno-Gallese Refurbishment	109	Marche/Umbria/Lazio	MASE	21/06/2023
Sansepolcro-Foligno Pip. Ref.	125.345	Tuscany/Umbria	MASE	18/07/2023
PROVISIONS TO VERIFY EIA JURISDICTION OBTAINED DURING THE YEAR				
Name	Power (MW) / Length (km)	Regions involved	Competence	Provision date
Pipelines				
Casalbordino pipeline network refurbishment and related works	15.5	Abruzzo	MASE	25/05/2023
Sardinia Virtual Pipeline Southern Network (ENURA)	18.835	Sardinia	MASE	26/06/2023
Variants for inspecting the Castelpagnano-Caserta pipeline	1.8	Campania	MASE	13/07/2023
Variant to the Pisticci-Sant'Eufemia Pip. Works for MOP 26 bar Sizing	4.468	Calabria	MASE	29/09/2023
Sardinia Virtual Pipeline Network Centre (ENURA)	49.18	Sardinia	MASE	14/11/2023
Cancello-Nola Inspection	12	Campania	MASE	23/11/2023
Lucera Network Refurbishment	21	Puglia	MASE	05/12/2023
Plants				
Vessel reloading project – Plant modifications Existing LNG regasification terminal at Panigaglia in the Mun. of Portovenere (La Spezia)	//	Liguria	MASE	06/02/2023
HPRS10 Reduction Plant and Melizzano-Afragola Pip.	0.22	Campania	MASE	05/05/2023
Settala Gas Storage Plant. ELCO EC3 unit installation (STOGIT)	15	Lombardy	MASE	14/06/2023
Fiume Treste Gas Storage Plant. ELCO EC5 unit installation (STOGIT)	13	Abruzzo	MASE	20/07/2023
Minerbio Gas Storage Plant. ELCO EC8 unit installation (STOGIT)	15	Emilia-Romagna	MASE	14/11/2023
Other				
Cortemaggiore Gas Storage Plant.	//	Emilia-Romagna	MASE	14/04/2023
Connection wells 158 OR and 159 OR (STOGIT)	//	Emilia-Romagna	MASE	14/04/2023



EIA APPLICATIONS SUBMITTED IN THE REFERENCE YEAR TO THE MINISTRY FOR THE ENVIRONMENT AND THE MINISTRY FOR CULTURAL HERITAGE AND ACTIVITIES

Name	Length (km)	Regions involved	Date of presentation
Pipelines			
Matagiola-Masseria Manampola Pip.	40.179	Puglia	29/09/2023
Ref. Derivation for Sestri Levante	29.01	Emilia-Romagna Liguria	16/03/2023
Deviation for Siena	52.006	Tuscany Liguria	27/06/2023
Plants			
FSRU Alto Tirreno	55.5	Liguria	24/06/2023

REQUESTS TO VERIFY EIA JURISDICTION PRESENTED TO THE MINISTRY OF ENVIRONMENT (MATTM)

Name	Power (MW) / Length (km)	Regions involved	Date of presentation
Pipelines			
Downgrading Potenza-Tito Network	//	Basilicata	12/04/2023
Lucera Network Refurbishment	21	Puglia	23/03/2023

EIA EXTENSION APPLICATIONS SUBMITTED IN THE REFERENCE YEAR

Name	Power (MW) / Length (km)	Regions involved	Date of presentation
Plants			
Sernano – P>Pi 105% Project	//	Lombardy	27/04/2023
Ripalta Storage Power Station – P>Pi 110% overpressure and new treatment plant, new 4 wells and connection flowline (STOGIT)	//	Lombardy	21/06/2023
Minerbio Storage Plant – P>Pi 107% overpressure and E-E1/B cluster connection (STOGIT)	//	Emilia-Romagna	10/11/2023

Arbolia

Arbolia is a benefit company set up in 2020 by Snam and Fondazione Cassa Depositi e Prestiti, now wholly owned by Snam, 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 local areas. The company deals with urban forestation 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, thanks to funding from environmentally sensitive companies.

As a benefit company, the Company intends to pursue – in addition to the economic objectives of a business – purposes that have a common benefit, operating in a responsible, sustainable and transparent manner towards people, communities, local areas and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

Arbolia's customers, i.e. the companies that sponsor the creation of the forests and their maintenance for the first years after planting, are both SMEs and large companies; they belong to different industrial sectors, from construction to manufacturing, and from consulting to the IT sector. In total, more than 50 companies have financed one or more Arbolia forestation projects, contributing to the creation of entire forests or to parts of them.

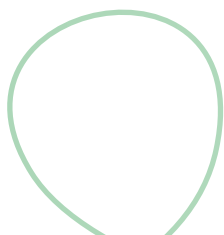
Urban forestation projects

Each of the reforestation projects carried out by Arbolia is unique and designed to last. Each project involves an initial preliminary assessment of the suitability of the area on the basis of the information made available by the granting body. This is followed by a feasibility verification phase carried out on the basis of an analysis of the constraints and of the pedological and morphological characteristics of the area. In the event of a positive outcome, there is a subsequent executive design phase of the planting operation with the careful selection of the plant species most suited to the soil and climatic conditions of the site and with resilient characteristics to ongoing climate changes.

In 2023, six forestation projects were implemented in the following locations: Pompei, Poirino, Treviglio and Caravaggio, Alleghe, Cesena and Padua with the planting of around 16,000 forest plants in total. In 2023, the Company was given greater prominence as sustainability lever for Snam Group companies by repositioning and revising its business model

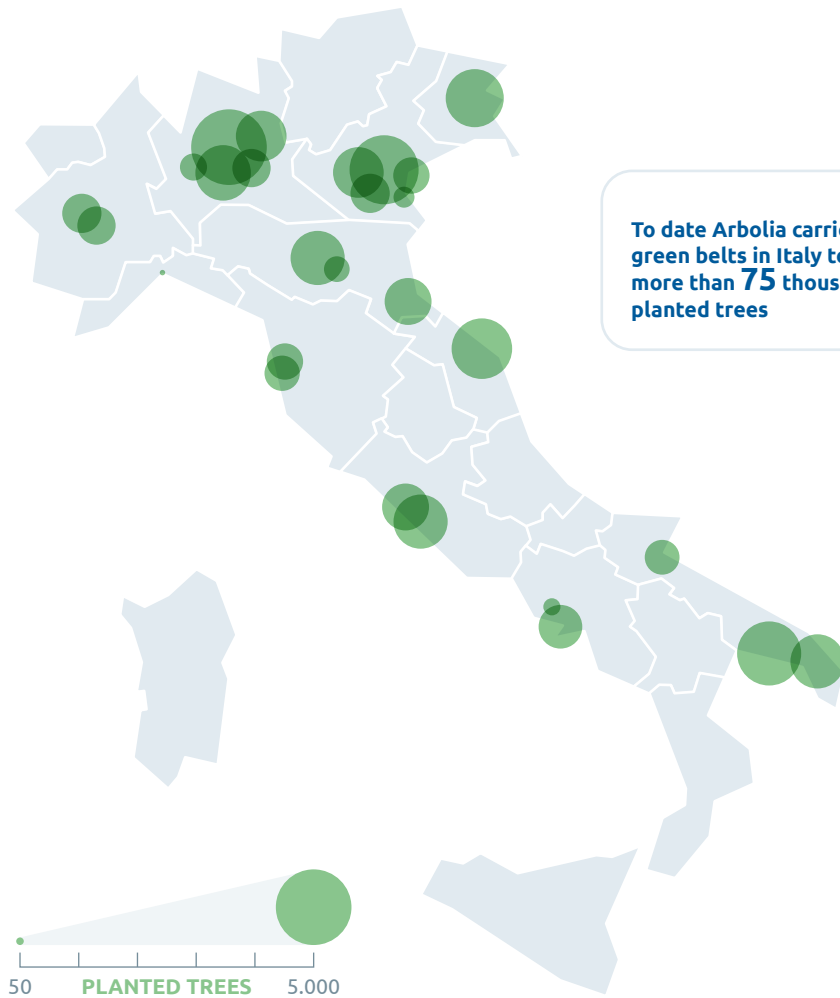
From its inception to the end of 2023, thanks to the financial contribution of more than 50 companies sensitive to environmental issues, Arbolia carried out 34 urban forestation projects in 27 Italian cities, amounting to a total of more than 75,000 trees planted in over ten regions of the country. When fully mature, these forests will absorb around 8,500 tonnes of carbon dioxide (CO₂) over 20 years and up to 36 tonnes of fine particulate matter (PM10) per year, returning around 6,000 tonnes of oxygen (O₂) to the environment over 20 years.

Arbolia's solutions aim to support some of the key Sustainable Development Goals recognised by the UN 2030 Agenda. For example, Goal 13, related to climate protection; as well as Goal 15, related to restoring the earth's ecosystem, and Goal 11, to make our cities more liveable and sustainable.





ARBOLIA'S FIGURES UP TO 2023

34completed
projectsMore than
75,000
trees plantedApproximately
8,500
of CO₂ in 20 yearsApproximately
36
tonnes of PM10
per yearAbout
6,000
tonnes of oxygen
in 20 years

In May 2023, Arbolia and the University of Tuscia held a meeting to present new urban forestation scenarios and calculation models for CO₂ absorption.

The study, for the first time in Italy, was developed using solely national data from forestation projects carried out over the last 20 years and taking into consideration a range of 24 of Italy's most widespread tree species (including field maple, holm oak, hackberry, hornbeam, oak and ash). In order to establish a model as close and suitable as possible to the national context, Arbolia commissioned the University of Tuscia, a leading academic partner in the field, to develop it.

The new calculation tool for CO₂ absorption has already been successfully applied to all urban forest plantations planted by Arbolia in Italy – in 11 regions – over the last two years, enabling their respective ecosystem benefits and contribution to biodiversity to be identified. According to the new model, each individual tree can absorb on average between 5 and 15 kg of CO₂ per year over a period of 20 years and from the time of its planting, depending on the species and location.

Key performance indicators

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:

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Environmental restoration		km	154	195	250
New reforestation ¹		km	6	17	7
Horticultural initiatives ²		km	70	72	68
Environmental monitoring ³		km	946	955	1,125
Transport network affected by Natura 2000 Sites	304-1	km	10	2	0.66

1 New forestation area 115,000 m² (272,000 m² in 2022).

2 Cultivation care means agronomic activities of care and maintenance of the plants planted.

3 Natura 2000 sites are special protection areas/sites of Community interest. The indicator denotes the km of lines laid in these sites in the year. For 2023, the Natura 2000 Network Sites subject to the laying of infrastructure affected the regions of Emilia-Romagna and Sicily.

KPIs AND TARGETS	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Percentage of vegetation recovery of natural and semi-natural areas impacted by pipeline construction ¹		%	98.5 ²	99.9	99.9

1 The target refers to the transportation perimeter. The target is calculated by estimating the difference between the ante-operam phase and the execution phase and places special emphasis on the restoration of vegetation along the kilometres of the pipeline route that pass through natural and semi-natural areas.

2 The overall performance was 100%, of which 1.5% was due to environmental offsetting.



Pollution of air

Topics, impacts, risks and opportunities

Pollution of air

IMPACT MATERIALITY	NEGATIVE IMPACTS Generation of polluting emissions (e.g. NO _x) with impacts on air quality as a result of Snam's industrial activities
FINANCIAL MATERIALITY	RISKS Penalties for exceeding permitted pollutant emission thresholds

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

In the 2023 materiality analysis, the 'Pollution of air' topic was not found to be relevant, however, it is suitably monitored by the Group. In fact, Snam carefully and constantly monitors polluting emissions into the air, particularly those of nitrogen oxides (NO_x), the only ones most relevant to Snam that belong to this type of emission and which are mainly derived from the combustion of natural gas in the turbines of the compression and storage plants. To contain them, Snam has, over the years, replaced conventional turbines with low-emission turbines (DLE).

For further details, see the chapter 'Managing Impacts, Risks and Opportunities' in the 'General Information' section of the Non-Financial Statement.

Policies

Through its **Asset Management Policy**, and the **Health, Safety, Environment, Energy and Quality Policy (HSEEQ Policy)**, approved by the Board of Directors, Snam is committed to adopting an approach aimed at mitigating the negative impacts associated with air pollution through specific prevention activities.

In order to prevent, mitigate and correct the **impacts** and **risks** in the area of air pollution described above, Snam has adopted the following policies and guidelines:

HSEEQ Policy	<p>deals with aspects concerning the mitigation of air pollution effects, defining Snam's commitment to:</p> <ul style="list-style-type: none"> • supporting the fight against climate change by implementing operational and management measures to prevent pollution; • ensuring the transparency of information, training and building staff and stakeholder awareness of the principles expressed in the policies, implementing consultation and communication processes with internal and external stakeholders; • carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; • act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices. <p>Through the implementation of its HSEEQ Policy, Snam operates in line with the Sustainable Development Goals (SDGs) set out by the UN and the OECD Guidelines for Multinational Enterprises.</p> <p>Snam's HSEEQ policy applies to all its activities, staff, contractors and all persons supervised by the Snam Group; all Snam companies adopt this Policy and – through the Employers and all persons responsible for health, safety, the environment, energy efficiency and quality – implement its principles.</p>
Asset Management Policy	<p>in accordance with the requirements of the UNI ISO 55001:2015 standard, Snam ensures the prevention of pollution by adopting technologies and systems throughout the life cycle of assets to promote their careful and accurate management.</p> <p>The Policy applies to all assets used by Snam for the transportation of natural gas such as pipelines, booster stations, regulation, reduction, interception, mixing and measurement plants, as well as other ancillary plants necessary for the transportation and dispatching of gas.</p>

For further information on air pollution policies, please refer to Annex 2 – Snam's Main Policies and Guidelines of the Non-Financial Statement.

In addition to the policies described above, as a further safeguard to ensure adequate management of the issue, Snam uses an environmental management system, integrated into the company's broader framework of certifications, which comply with **ISO 14001** standards. This certification is also required when selecting and qualifying suppliers, who, consequently, must possess management systems that comply with these standards.

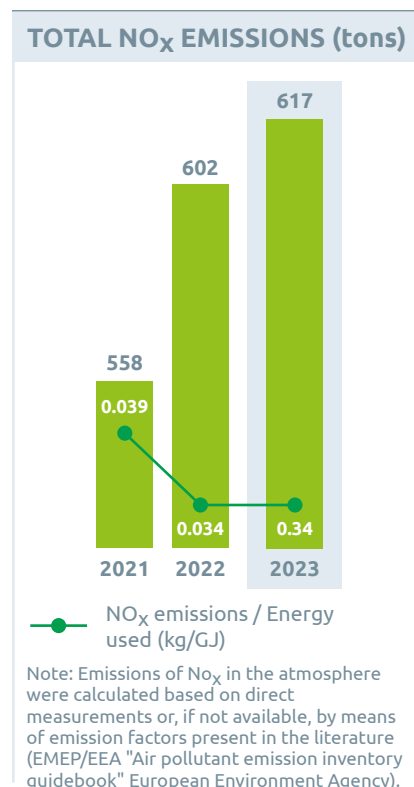
In addition, in December 2023, the company also obtained **ISO 55001** certification.

Actions

Emissions of nitrogen oxides (NO_x)

The only relevant pollutant emissions for the Group are nitrogen oxides (NO_x), mainly from the combustion of natural gas in the turbines of the compressor and storage plants. In 2023, these emissions increased (+2%) from 602 to 617 tonnes, mainly due to Renovit expanding the scope of its business and FSRU becoming operational from the second half of 2023.

The increase was partly offset by Stogit, which saw a reduction in energy consumption due to a smaller amount of stored gas.



Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
NO _x emissions	305-7	t	558	602	617
CO emissions		t	246	301	398
Comb. CO ₂ emissions/energy consumed		kg / GJ	55	55	55
Total NO _x emissions/energy consumed		t / GJ	0.039	0.034	0.034

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.



Water

Topics, impacts, risks and opportunities

Water

IMPACT MATERIALITY	NEGATIVE IMPACTS Contribution to water resource scarcity in the territories where Snam operates due to water consumption in company activities (mainly office use and irrigation)
FINANCIAL MATERIALITY	RISKS Limited availability of water to carry out its activities due to the scarcity of water resources or the introduction of restrictions on water withdrawal in the territories in which Snam operates

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

The topic "Water" was not among the relevant topics in the materiality analysis conducted in 2023. Indeed, the supply and discharges of water connected to Snam's activities represent an environmental aspect of little significance, both in terms of the quantities used and the type of discharges. Fresh water is used in limited quantities and mainly for sanitation and landscaping purposes, while the seawater used in the operations of the LNG Italia regasification plant is completely discharged into the sea in the same volume, with a slightly higher temperature value (within the law).

For further details, see the chapter 'Managing Impacts, Risks and Opportunities' in the 'General Information' section of the Non-Financial Statement.

Policies

With a view to preventing, mitigating and correcting **impacts**, responding to **risks** and pursuing **opportunities** in water resource management, Snam has adopted the following policies and guidelines:

HSEEQ Policy	<p>deals with the mitigation aspects of water consumption, defining Snam's commitments to:</p> <ul style="list-style-type: none"> • support the fight against climate change by implementing activities to promote the efficient use of natural resources and water; • ensure the responsible use of natural resources and implement operational and management actions for the continuous reduction of water consumption; • ensuring the transparency of information, training and building staff and stakeholder awareness of the principles expressed in the policies, implementing consultation and communication processes with internal and external stakeholders; • carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; • act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices. <p>Through the implementation of its HSEEQ Policy, Snam operates in line with the Sustainable Development Goals (SDGs) set out by the UN and the OECD Guidelines for Multinational Enterprises.</p> <p>Snam's HSEEQ policy applies to all its activities, staff, contractors and all persons supervised by the Snam Group.</p> <p>During 2023, the HSEEQ Policy was updated.</p>
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For further information on the company's Water policies, please refer to Annex 2 – Snam's Main Policies and Guidelines of the Non-Financial Statement.

As with waste, Snam relies on the **ISO 14001**-certified management system for the proper management of water resources.

Actions

Water is a very precious resource and constant efforts on the part of all are needed 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.

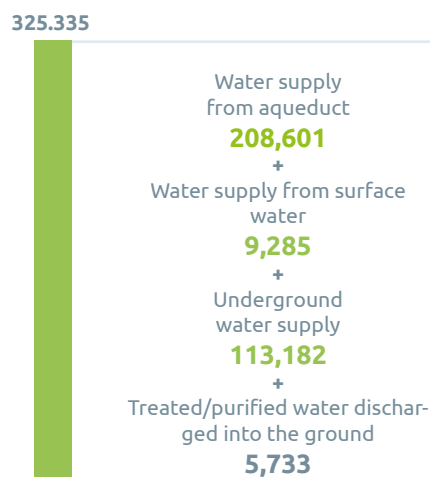
In 2023, the consumption of sea water and fresh water, used in production processes and offices respectively, was approximately 57,317,540 cubic metres, of which 99% was sea water and the remainder fresh water. The significant increase in water supplies with respect to 2022 (5,565,104 m³) is attributable to the commissioning of the Golar Tundra FSRU, moored in the port of Piombino, whose production process involves a significant withdrawal of sea water. In fact, in regasification activities, seawater is withdrawn for the cooling of the auxiliary plants at the Panigaglia LNG plant and for the FSRU, after which it is completely discharged into the sea in the same volume, but at a slightly higher temperature (within legal limits).

The withdrawal of fresh water, mainly used for office activities, fire-fighting systems and the irrigation of green areas, has increased by 8% compared to 2022, while as far as water discharges are concerned, wastewater is mostly conveyed to sewage networks (87% of the total) or discharged into the soil and into bodies of surface water (13% 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.

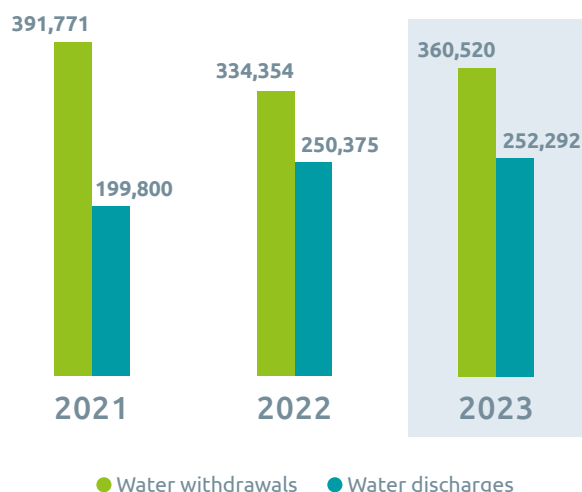
The upstream storage activities⁷⁷ produced approximately 2,901 cubic metres of process water (-55% compared with 2022), all sent to an external purification plant for treatment.

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.

TOTAL CONSUMPTION OF FRESH WATER (M³)



WITHDRAWALS AND DISCHARGES OF FRESH WATER (M³)



Note: the presentation of the data, previously expressed in millions of m³, this year was expressed in m³.

77 Upstream storage activities refer to the treatment of Stogit plants where gas is drawn from the well, producing process water.

Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Fresh water withdrawals	303-3	m ³	391,711	334,354	360,520
of which from aqueduct		m ³	108,258	137,640	208,601
of which groundwater		m ³	136,650	191,664	113,182
of which surface water		m ³	4,741	609	9285
of which other (rainwater recovery, etc.)		m ³	142,062	4,441	29,452
Sea water withdrawals	303-4	m ³	6,048,000	5,230,750	56,957,020
Total water withdrawals (A)		m ³	6,439,711	5,565,104	57,317,540
Fresh water discharges		m ³	199,800	250,375	252,292
of which into sewerage		m ³	112,424	202,404	218,488
of which into ground		m ³	87,376	47,971	33,804
Sea water discharges	303-5	m ³	6,048,000	5,230,750	56,957,020
Total water discharges (B)			6,247,800	5,481,125	57,209,312
Water consumption (A-B)		m ³	191,911	83,979	108,228
Water intensity					
Total water consumption/net revenue		m ³ / mln €	58	24	25

Notes:

- the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter Criteria for Drafting, Introduction and Guide to Reading the Document in the General Information section of the Non-Financial Statement.
- The presentation of the data, previously expressed in millions of m³, was this year expressed in m³.

Waste

Topics, impacts, risks and opportunities

Waste

IMPACT MATERIALITY	POSITIVE IMPACTS Reduction in the consumption of natural resources through the reuse of waste materials used for biogas and biomethane production and processes aimed at waste recycling and recovery
	NEGATIVE IMPACTS Negative environmental impacts due to inadequate management of waste generated by Snam
FINANCIAL MATERIALITY	OPPORTUNITIES Development of the biogas and biomethane market thanks to a favourable regulatory framework

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Following the materiality analysis conducted by Snam in 2023, and in line with previous years, the topic 'Waste' was not found to be among the material topics given that the waste produced by the Company is mostly non-hazardous.

For further details, see the chapter 'Managing Impacts, Risks and Opportunities' in the 'General Information' section of the Non-Financial Statement.

Policies

In order to oversee the issue of waste management, Snam uses its **Health, Safety, Environment, Energy and Quality Policy (HSEEQ Policy)**, through which the Group is committed to adopting an approach aimed at mitigating negative impacts and preventing risks.

With this in mind, Snam has adopted the following policy, approved by the Snam Board of Directors:

HSEEQ Policy	<p>deals with the mitigation aspects of waste management, defining Snam's commitment to:</p> <ul style="list-style-type: none"> • ensure proper waste management, including through the promotion of circular economy practices and through research and development projects; • ensuring the transparency of information, training and building staff and stakeholder awareness of the principles expressed in the policies, implementing consultation and communication processes with internal and external stakeholders; • carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; • act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices. <p>Through the implementation of its HSEEQ Policy, Snam operates in line with the Sustainable Development Goals (SDGs) set out by the UN and the OECD Guidelines for Multinational Enterprises.</p> <p>Snam's HSEEQ policy applies to all its activities, staff, contractors and all persons supervised by the Snam Group; all Snam companies adopt this Policy and – through the Employers and all persons responsible for health, safety, the environment, energy efficiency and quality – implement its principles.</p> <p>The HSEEQ Policy was updated in 2023 after achieving ISO 50001 certification.</p>
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For further information on the company's Waste policies, please refer to Annex 2 – Snam's Main Policies and Guidelines of the Non-Financial Statement.



All of Snam's policies for managing waste impacts, risks and opportunities are approved by the Board of Directors, communicated internally within the organisation and are made available on its website to all stakeholders with a view to greater transparency and collaboration.

The Group intends to minimise waste production and its efficient management by favouring recovery and reuse instead of disposal. As further confirmation of Snam's commitment in this field, the company is **ISO 14001** and **ISO 55001** compliant.

Actions

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 2023, however, **the commitment to ensure the reduction of environmental impacts associated with it remains constant.**

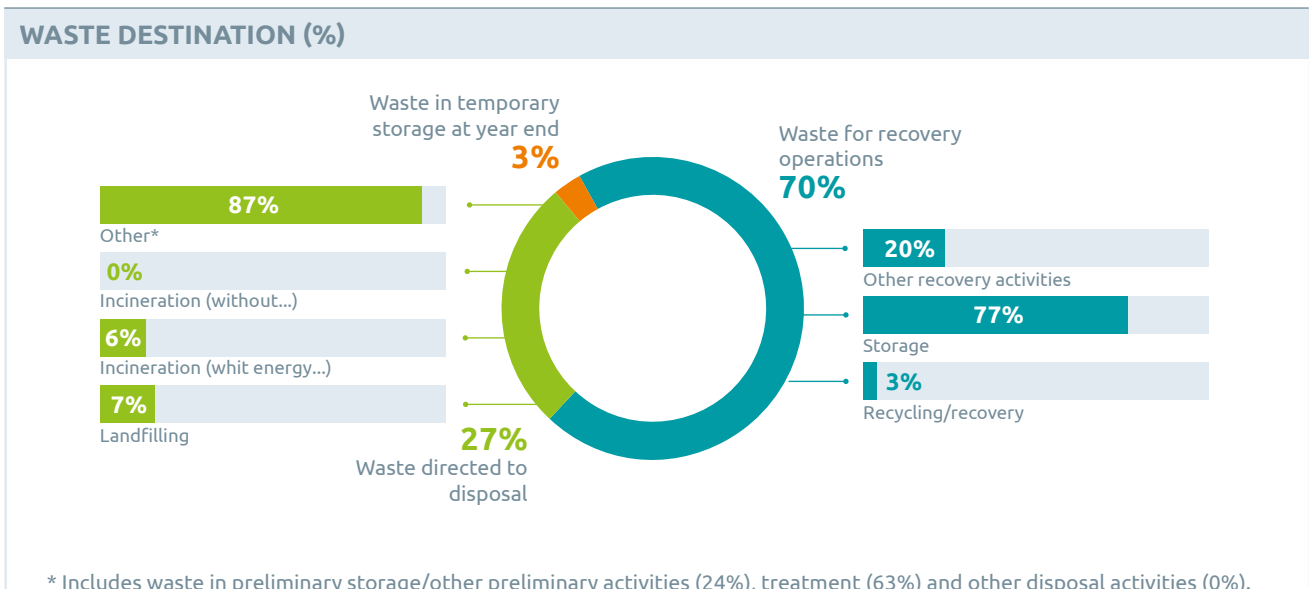
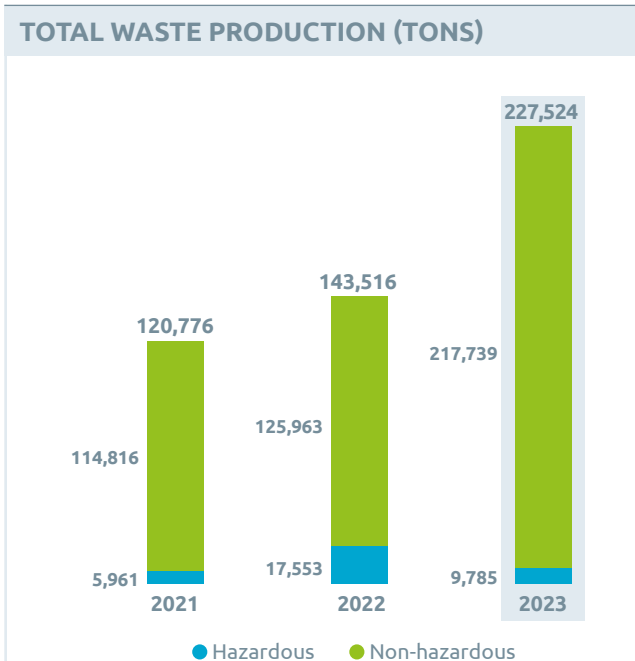
The waste produced by Snam is mainly attributable to two macro-activities, plant maintenance and management

(97%) and well drilling (3%), 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 Bioenerys, 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 2023, total waste production amounted to 227,524 tonnes compared to 143,516 tonnes in 2022 (+58%), most of which was attributable to the activities of Bioenerys (59%) and Renovit Public Solutions (28%).

Of the total waste produced, 96% was non-hazardous. In addition, 98% of waste (or 223,028 tonnes) was not recycled, but 70 per cent of it is sent for recovery, while almost all of the remaining part⁷⁸ is sent for disposal at sites external to Snam.



⁷⁸ A residual portion of the waste produced, 4% 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 2023, the digital dispatch portal was activated for outgoing recorded deliveries/telegrams and regular mail correspondence, and a decrease of 40% in 2023 compared to 2022 was recorded.

With regard to incoming mail, specific actions were taken against suppliers/customers who send courtesy mail, advertising or other communications without good reason; compared to 2022 the volume of ordinary incoming mail decreased by 24%.

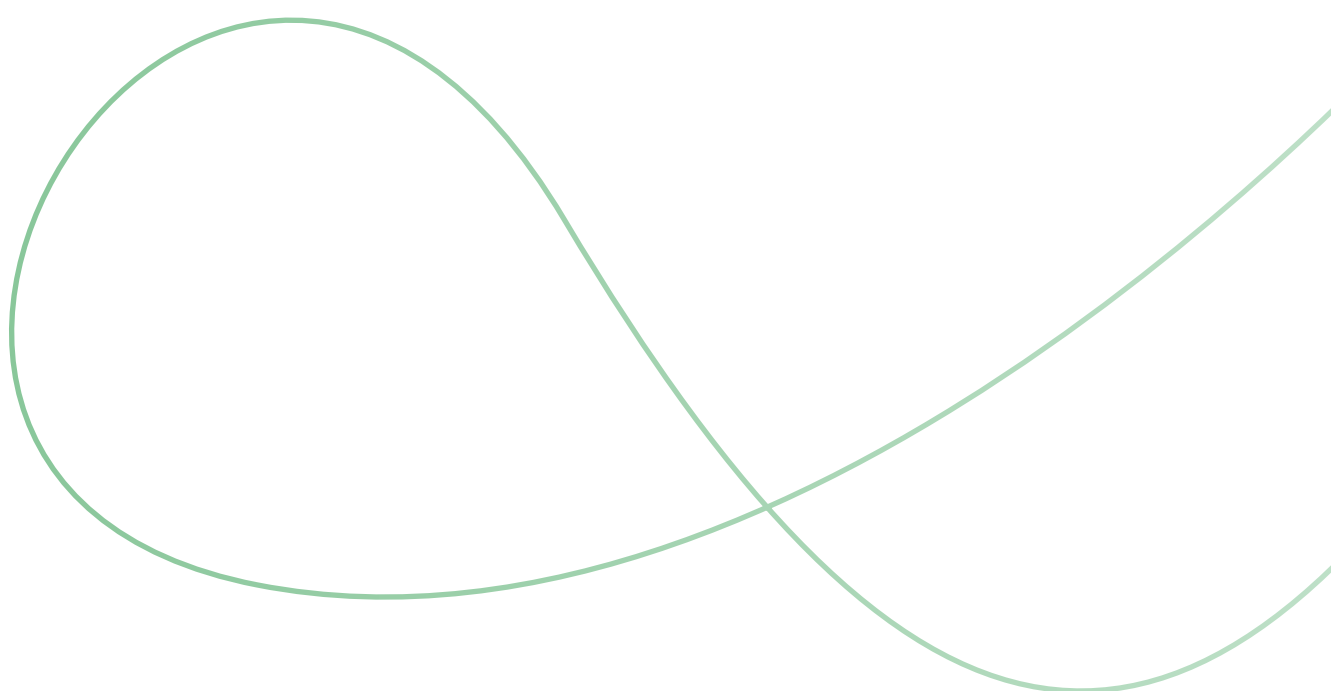
For the consumption of photocopier paper related solely to the SDM Campus and sites, only recycled paper was used, and in 2023 no additional order was placed compared to the 350 boxes (1 box equals a carton of 5 reams) ordered in October 2022; this shows a clear decline in the use of printed material.

Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Total recycled/reused waste	306-4	t	74,700	79,032	159,443 ¹
Total waste disposed of		t	45,735	63,144	60,317
waste sent to landfill		t	2,796	2,391	4,143
incinerated waste (with energy recovery)	306-5	t	11,432	13,346	3,917
incinerated waste (without energy recovery)		t	5,346	664	2
other		t	26,161	46,743	52,255
waste disposed of by unknown method		t	0	0	0

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter Criteria for Drafting, Introduction and Guide to Reading the Document in the General Information section of the Non-Financial Statement.

1. Compared to the total waste data reported in the GRI Content index, this value does not consider waste in temporary storage at the end of the year, for which it is not possible to define the disposal methods.





10.3 SOCIAL INFORMATION

Own labour force

Material topics, impacts, risks and opportunities

Working conditions of employees

IMPACT MATERIALITY	<p>POSITIVE IMPACTS Snam employees' well-being and work-life balance through appropriate welfare plans</p> <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> • Incorrect application of applicable labour law regulations with negative effects on employees (collective bargaining, working hours, economic treatment, etc.) • Decrease in the well-being of Snam employees due to working conditions deemed not in line
FINANCIAL MATERIALITY	<p>RISKS</p> <ul style="list-style-type: none"> • Sanctions due to violations of workers' human rights • Risk of loss of key personnel or inability to attract, train or retain qualified personnel or situations where the ability to implement the long-term business strategy is adversely affected due to significant disputes with employees (employees and staff in key roles)

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Equal treatment and opportunities for all and skills development

IMPACT MATERIALITY	<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none"> • Development of the skills and professional growth opportunities of Snam employees through continuous and targeted training plans • Development of an inclusive working environment that contributes to increasing the motivation of Snam employees <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> • Cases of discrimination among Snam employees • Inadequate employee training and failure to update skills in response to the know-how needs of the energy transition
FINANCIAL MATERIALITY	<p>RISKS</p> <ul style="list-style-type: none"> • Reputational risk due to inadequate handling of equal treatment issues • Delays in carrying out Snam's activities due to the lack of adequately trained personnel to fill critical roles (also emerging for new business) <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Increased appeal for top talent fostered by a corporate culture focused on equal treatment and skills development

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Health and safety

IMPACT MATERIALITY	<p>POSITIVE IMPACTS Increased health and safety awareness as a result of training and awareness-raising activities provided to Snam employees and contractors</p> <p>NEGATIVE IMPACTS Accidents, occupational illnesses and/or damage to the psycho-physical health of Snam employees and contractors due to a lack of safety management and monitoring, failures and malfunctions of company structures and assets and incorrect risk assessment</p>
FINANCIAL MATERIALITY	<p>RISKS</p> <ul style="list-style-type: none"> • Risk of hazardous events in the performance of activities with potential impacts on the health and safety of Snam employees • Risk of violation of rules and regulations in relation to workers' health and safety (Legislative Decree 231/2001) (legal and compliance) • Risk of pipeline/plant ruptures or injuries, including as a result of exogenous events, which may cause malfunction and unplanned service interruption or delays in the progress of infrastructure construction programmes (operational)

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

With a view to overseeing the management of personnel and the health and safety of workers, Snam has several policies in place, ensuring adequate coverage of the aforementioned impacts, risks and opportunities. The policies are approved by the CEO and, in the interests of transparency, are communicated internally within the organisation and are made available on the Snam website to all stakeholders.

HSEEQ Policy	<p>deals with aspects related to the health and safety of people, defining Snam's commitments to:</p> <ul style="list-style-type: none"> • ensure compliance with the protection of workers' health and safety, by implementing all the necessary organisational and procedural solutions to prevent accidents, injuries, occupational diseases and emergency situations, including through constant cooperation with all employers and the figures responsible for health and safety; • minimise asset-related risks, with a focus on the safety of people, by managing the entire life cycle of assets in an integrated, efficient and sustainable manner; • implement operational and management interventions aimed at fostering people's well-being; • ensure transparency of information, training and awareness-raising of staff and stakeholders on the principles expressed in the policies, through consultation and communication processes with internal and external stakeholders; • ensure cooperation with selected suppliers, promoting their development according to the principles of the HSEEQ Policy; • carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; • act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices <p>Through the implementation of its HSEEQ Policy, Snam operates in line with the Sustainable Development Goals (SDGs) set out by the UN and the OECD Guidelines for Multinational Enterprises.</p> <p>Snam's HSEEQ policy applies to all its activities, staff, contractors and all persons supervised by the Snam Group; all Snam companies adopt this Policy and – through the Employers and all persons responsible for health, safety, the environment, energy efficiency and quality – implement its principles.</p>
Asset Management Policy	<p>ensures that assets are managed effectively, efficiently and sustainably throughout their life cycle, defining Snam's guidelines and commitments in terms of worker health and safety during the design, construction, management and decommissioning of assets and in the provision of services, adopting measures to manage and prevent accidents, injuries, occupational diseases and emergency situations.</p> <p>The Asset Management Policy, approved by the Chief Executive Officer in 2023, was drafted by taking into account the requirements of the ISO 55001-certified management system.</p> <p>The Policy applies to all assets used by Snam for the transportation of natural gas such as pipelines, booster stations, regulation, reduction, interception, mixing and measurement plants, as well as other ancillary plants necessary for the transportation and dispatching of gas.</p>



<p>Human Rights Policy</p>	<p>promotes and safeguards respect for human rights, including through ongoing training for Snam people and suppliers, with particular focus on aspects relating to health and safety, integrity and business ethics, inclusion and diversity and sustainability issues, with the aim of ensuring the application of the following principles and behaviours:</p> <ul style="list-style-type: none"> • recognition and protection of freedom of association and the right to collective bargaining; • protection of equal opportunities for professional development and growth, as well as fairness and opportunity for access to the same remuneration, also respecting the provisions of the Remuneration Policy; • repudiation and condemnation of any form of: <ul style="list-style-type: none"> - discrimination based on an individual's ethnicity, nationality, language or religion, political or sexual orientation, gender, social background, age, disability or any other personal, cultural or professional sphere; - harassment, violence, threats, intimidation or sexual, psychological, physical or verbal abuse; - labour exploitation, including forced or child labour and human trafficking; - corruption; • confidentiality and processing of personal data. <p>Snam outlines the founding principles and actions taken to protect human rights in the performance of its activities and, in general, in every context in which it operates, including through its business partners.</p> <p>The Policy applies to Snam and its Subsidiaries and is brought to the attention of other investees, as well as its suppliers, subcontractors and business partners, and to any other person, wherever located, acting in their name and/or on their behalf in any capacity.</p> <p>The Human Rights Policy is drafted in line with the UN Universal Declaration of Human Rights, the Fundamental Conventions of the ILO - International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles enshrined in the UN Global Compact, of which it is a member. In addition, the Policy respects and reflects the principles contained in Snam's Code of Ethics, in which the protection and promotion of human rights are inalienable and inescapable prerogatives of human beings and the foundation for building societies based on the principles of equality, solidarity, repudiation of war and protection of civil and political rights, social, economic and cultural rights and so-called third-generation rights (the right to self-determination, peace, development and environmental protection). Finally, the Human Rights Policy is closely related to the Diversity and Inclusion Policy and its annexes, described below.</p>
<p>Diversity and Inclusion Policy</p> <p>Diversity and Inclusion Policy: Gender Equality</p> <p>Diversity and Inclusion Policy: Recruiting @ Snam</p> <p>Diversity and Inclusion Policy: Harassment Policy</p> <p>Diversity and Inclusion Policy: Gender Social Transition</p>	<p>the Diversity & Inclusion policy, defined in 2019 and enriched in 2020, 2021 and 2023 by four appendices (Gender Equality, Recruiting, Harassment and Social Gender Transition), confirms the Group's further commitment to guaranteeing equal dignity and opportunities to all people regardless of their country of origin, culture and religion, gender, sexual orientation, political opinions and any personal characteristics and styles.</p> <p>With this in mind, Snam undertakes to:</p> <ul style="list-style-type: none"> • spread the culture of diversity and equal opportunities among all employees and collaborators of the Company; • create a welcoming and inclusive working environment, free from discrimination; • ensure fairness at all stages of the employment relationship; • support the professional development and growth of all Snam resources; • guarantee and safeguard the work-life balance. <p>In the Diversity and Inclusion Policy: Gender Equality, guidelines are defined to be implemented through HRO practices and processes for the creation of a gender-equal work environment throughout the entire cycle of people selection, management, training and career development, while the Diversity and Inclusion Policy: Recruiting @ Snam aims to provide a standardised and inclusive methodology of the selection and recruitment process through clear and shared guidelines.</p> <p>With the Diversity and Inclusion Policy: Harassment Policy, Snam outlines its commitment to promoting an organisational context that supports inclusion and the enhancement of diversity where people feel respected, valued and free to express their full potential in a serene and professional working environment, free from all forms of discrimination and harassment, adopting a zero-tolerance policy for any form of harassment in the workplace.</p> <p>With the latest addition to the Diversity and Inclusion Policy, which focuses on Social Gender Transition, Snam recognises the importance of each individual's identity and defines the principles, standards and behaviour to be adopted to support any person at Snam who has embarked on or intends to embark on a gender transition path. In particular, this policy is addressed first and foremost to transgender people who autonomously and self-determinedly affirm their gender identity in the company by communicating the start of the Social Gender Transition, as well as to the Snam people and external stakeholders who engage with the person.</p> <p>The principles contained in the Diversity and Inclusion Policy, including all annexes, are defined in line with the values expressed in Snam's Code of Ethics and within the framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO - International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles enshrined in the United Nations Global Compact.</p>

For more information on the policies relating to Snam's own labour force, please refer to Annex 2 - Main Snam Policies and Guidelines of the Non-Financial Statement.

With a view to further strengthening health and safety and diversity and inclusion safeguards, Snam has adopted a management system certified in accordance with the **UNI ISO 45001** standard "Occupational health and safety management systems", which extends to all employees and contractors working at Snam infrastructures, and **UNI/PdR 125:2022** certification: which recognises gender equality and defines the issues to be addressed to support women's empowerment within corporate growth paths, avoiding stereotypes, discrimination and reorienting corporate culture to make it more inclusive and respectful of women's skills.

In addition, with particular reference to issues related to gender diversity⁷⁹ and the development of an inclusive culture, where the wellbeing of employees and all those who come into contact with the Company is guaranteed, in 2020, Snam published the **Inclusive Language Manifesto**, with the aim of promoting a culture of language that respects all identities, conditions, affiliations, orientations and cultures, fundamental to the development of professional relations based on mutual respect

Objectives

PEOPLE					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Percentage employee engagement index ¹		- in 2022 ²	84%	70-75% by 2023 >80% until 2027	
Percentage of women in executive and management positions ³		19.3 in 2019	25.9%	25% by 2023 26% by 2024 27.5% by 2027	
Percentage of women in the succession plan (first and second line) ⁴		22% in 2019	33%	26% by 2023 27% by 2026	
IpFG ⁵		0.6 in 2022	0.47	< minimum of the last 3 years until 2027	
Gender pay gap (%) ⁶		-	Data available from 2024	+/- 5 by 2027	
Participation in welfare initiatives (%) ⁷		39% in 2020	57.9%	54% by 2023 75% by 2024 80% by 2027	
Hours of training provided to employees (h/capita) ⁸		33.7 in 2022	37	36 by 2024 40 by 2027	
Hours of training provided ⁹		66,385 hours in 2020	418,528 from 2020	320,000 hours by the end of 2023	



KPI included in the Sustainability Scorecard



KPI included in the Carbon Neutrality strategy



Target achieved



Target in progress



Target not achieved

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

- The figure is calculated from the results of the annual employee engagement survey, in which answers are given on a scale of 1 to 5 or 1 to 10, which are then converted to a scale of 0 to 100. The reported value corresponds to the average engagement rate. All Snam employees participate in the survey, with some for employees who resigned shortly after the survey, interns, consultants and temporary workers without a contract of employment with Snam.
- There was no target in 2022.
- Percentage of the gender distribution of the group's executive management, consisting of C-level positions, executive vice presidents (EVPs) and middle management (directors, executives and managers). Perimeter relative to: Snam S.p.A. Snam Rete Gas, Greenture, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, Ies Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP, TEA.
- Perimeter relative to: Snam S.p.A. Snam Rete Gas, Greenture, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, Ies Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP, TEA.
- 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 (IF and IG). The perimeter refers to employees of both regulated and non-regulated businesses and only of regulated businesses for contractors, excluding non-regulated businesses. The scope of analysis will include, if any, companies acquired after 6 months from their acquisition. The target in 2022 was changed from the one defined in 2019 (< the average of the last five years) to align it with the same target set in the Remuneration Policy.
- The methodology for calculating the target is currently being defined. The target refers to equivalent organisational positions.
- The target is calculated as the percentage of employees participating in at least one welfare initiative. All employees are invited to participate in welfare initiatives. As of December 2021 and January 2022, new acquisitions are included in the scope of the target through progressive integration.
- Total number of hours of training provided to Snam group employees divided by the total number of employees in the year, including HSEQ and technical training activities.
- The figure is cumulative for the period 2020-2023.

⁷⁹ See Article 3, paragraph 1, letter d of Legislative Decree no. 254 of 30 December 2016.



The targets included in the Sustainability Scorecard and the other monitored KPIs contribute, among others, to the achievement of the objectives of the HSEEQ Policy, with reference to the health and safety of workers, as well as the objectives contained in the Diversity and Inclusion Policy, including its annexes, with particular attention to gender diversity, equal pay and employee training.

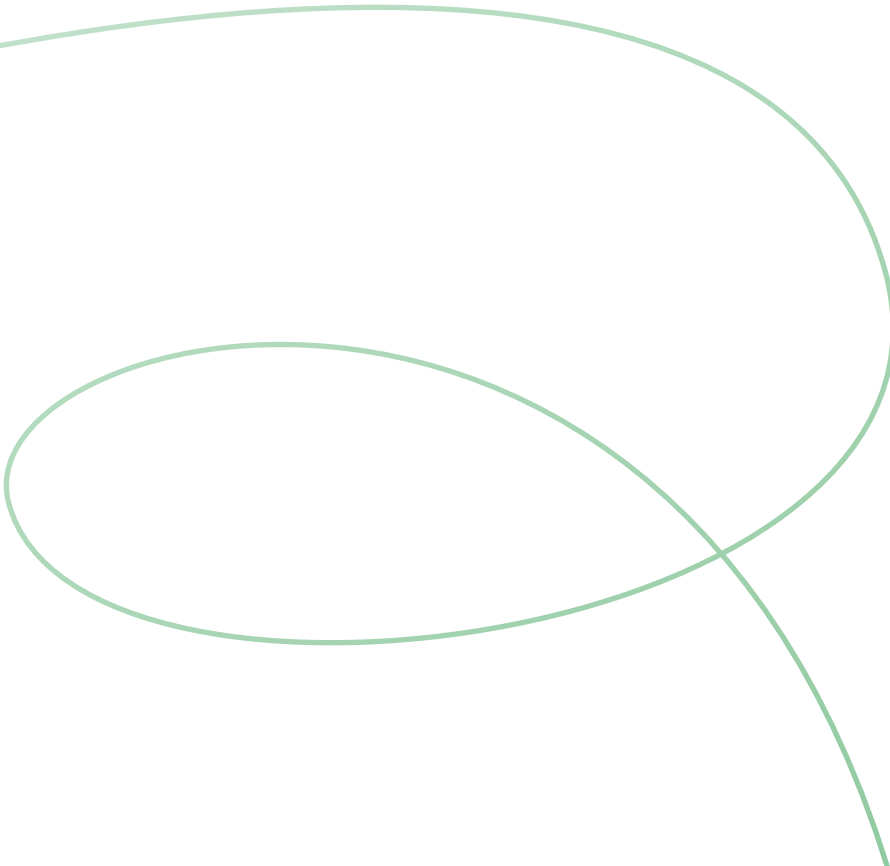
The targets also help reduce the negative impacts on Snam's workforce, while enhancing the positive ones and, at the same time, managing the risks and opportunities, which are described in the 'Relevant issues, impacts, risks and opportunities' section of this chapter.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

Snam's people are a fundamental element in achieving the Group's objectives and success. Therefore, the Company supports its labour force with training and awareness-raising courses to enhance and develop diversified professional figures in relation to the rapidly changing energy context and increase their skills, promoting 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.



Awards and recognitions

Italy's Best Employers

Since 2021, Snam has been one of the companies certified as Italy's Best Employers, the ranking created by Corriere della Sera in collaboration with Statista. In 2024, the Company ranked second in its sector.



Italy's Best Employers for Women 2022-2023

The German Institute for Quality and Finance, in collaboration with Ubermetrics Technologies and the Institute for Economic and Management Research, conducted Italy's Best Employers for Women 2023 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.



STEM Universum (Professional)

Every year, Universum awards a prize to all companies that rank as 'Most Attractive Employers', including those in the STEM field. As evidence of the company's growing commitment to fostering these disciplines, Snam won several awards in the 'Energy' sector during 2023, ranking:

- third place in the Young STEM Professionals category;
- second place in the Young Professionals and Business Students category;
- fifth place in the STEM student category.



TOP OF INDUSTRY ENERGY

SNAM

by STEM students



TOP OF INDUSTRY ENERGY

SNAM

by Professionals
in Business/Commerce



TOP OF INDUSTRY ENERGY

SNAM

by Business/Commerce
Students



TOP OF INDUSTRY ENERGY

SNAM

by STEM students

CARING COMPANY®

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

Bloomberg Gender-Equality Index (GEI) 2023

Snam, for the fourth consecutive year, is among the 418 companies globally included 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 fostering 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 the transparent disclosure of information.



Working conditions of employees

Snam develops its personnel management by growing with its people, in an **inclusive and meritocratic environment**, which **enhances** human resources and provides them with **opportunities for personal and professional development**.

The creation of a **cohesive, open and stimulating working environment** is one of Snam's main prerogatives in personnel management. The Group is therefore committed to promoting the plurality and diversity of its resources, valuing people's backgrounds, opinions and points of view in order to foster new ideas and encourage effective and virtuous behaviour.

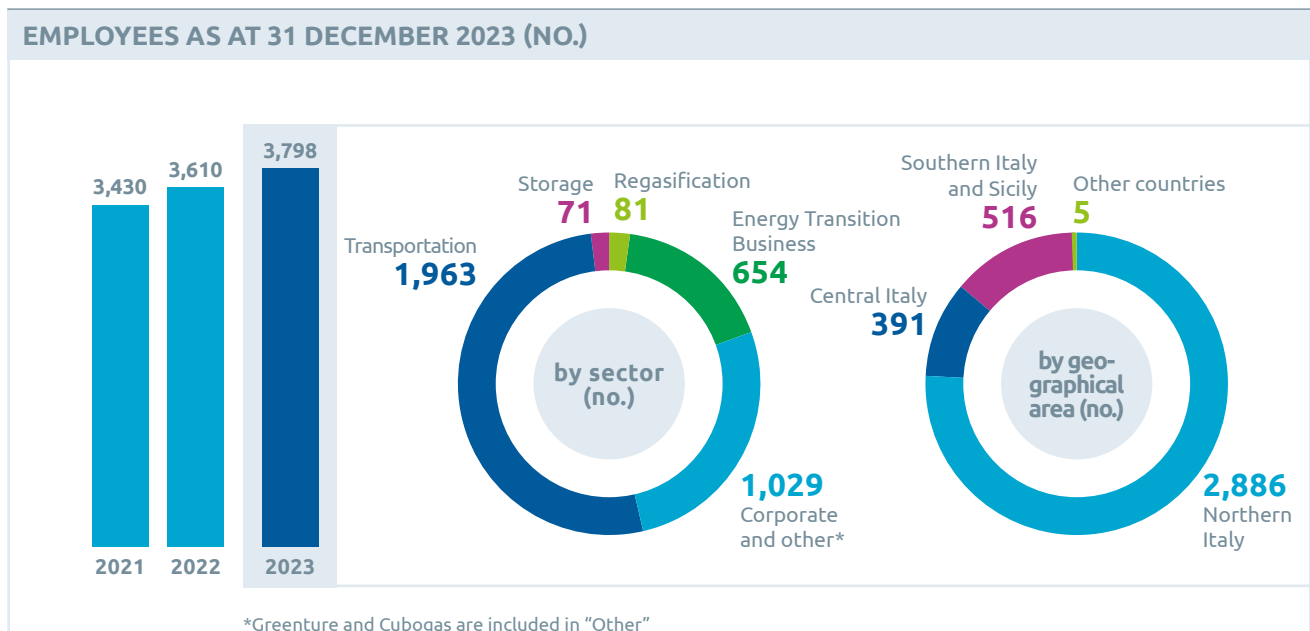
Employment trends

In recent years, the company population has grown significantly, also as a result of the development of energy transition businesses, which have made it necessary to expand its know-how and expertise in these areas.

As at 31 December 2023, Snam's workforce had grown further to 3,798 people, an increase of 5.2% compared to 2022. More than half of the company's population works in the transportation business, 27% works in the Corporate and other business sector and 17% of the employees are employed in the Energy Transition Businesses, with the remainder are split between the storage and regasification businesses.

With respect to the Group's country-wide distribution, 2,886 people are employed in the northern regions of Italy, 391 in the central regions and 516 in the south and Sicily. Moreover, 5 resources are permanently in service abroad.

52% of the employees have a technical diploma and 36% are university graduates (an increase of 2 percentage points compared to 2022).

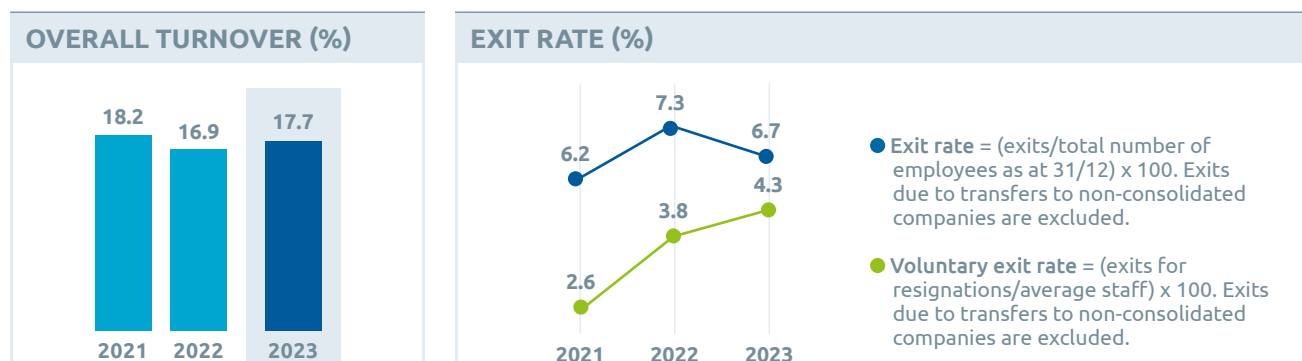


Throughout the year. As a result of the entry of new companies into the Group's perimeter and new hires in the market to strengthen the business, 509 new hires were recorded (+62 compared to 2022), of which 153 in the gas infrastructure business, 218 in the energy transition business, and the remaining 138 are divided between Corporate and Other activities⁸⁰.

Snam also recorded a total of 321 exits (+54 compared to 2021), half of which were due to negative voluntary turnover, against 160 resignations (equal to 4.3%) and 76 exits due to consensual termination of employment.

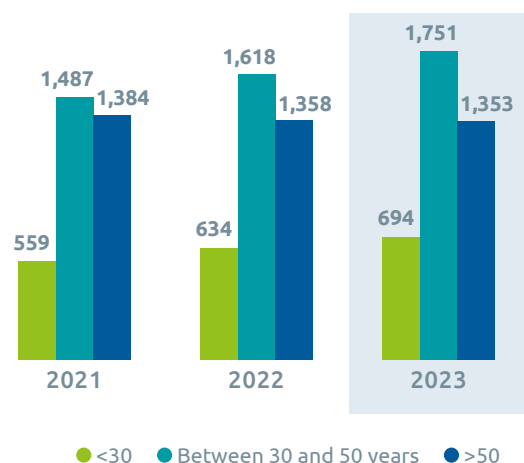
80 Greenture and Cubogas are included in 'Other Activities'.

The overall turnover rate, compared to the trend recorded in 2022, is slightly increasing (17.7% in 2023 vs. 16.9% in 2022), while the exit rate is decreasing, at 6.7% (7.3% in 2022).



Snam intends to generate and maintain stable and ongoing employment relationships for qualified and specialised activities, in line with the Sustainable Development Goals. It is with this in mind that the trend in the corporate population has shown significant growth in recent years, aided by the development of energy transition businesses, which have made it necessary to expand its know-how and expertise in these areas. In this regard, the length of service is about 14.5 years⁸¹ and 93% of the people have signed a permanent contract, there are 43 employees with part-time employment contracts (4 less than the previous year), 244 apprenticeship or insertion contracts (-5% compared to 2022) and 113 workers with temporary employment contracts (+10 compared to 2022). People under 40 years of age (1,744) account for about 46% of the company population, up by about 8% compared to 2022 due to the gradual increase in the number of young people joining the workforce over the past year (+156 new employees under 50 years of age), while those over 50 years of age make up 36% of the population (-2 percentage points compared to 2022).

EMPLOYEES BY AGE GROUP (NO.)

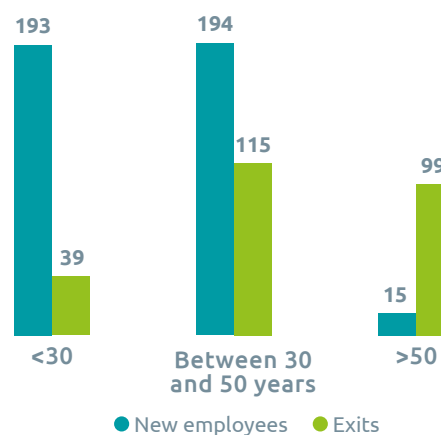


Industrial relations

During 2023, Snam maintained a constant relationship with trade union organisations at both national and local level through 139 meetings.

During the various meetings, Snam illustrated to the trade unions its plans for the evolution of its already consolidated businesses, including those recently launched. On the Operations side, the paths deriving from the **Works Project** and the **Installations Project** were completed, initiatives aimed at optimising the activities of the Works with regard to the management of the gas network and the Installations Management, respectively. An important trade union agreement was also reached regulating the travel of ENGCOs personnel working at the company's sites. At the national level, mention should be made of the achievements in the field of welfare with the signing of the **supplementary company health insurance** agreement and the new agreement on smart working.

ENTRIES AND EXITS BY AGE GROUP IN 2023 (NO.)



Note: the graph does not consider entries from other non-consolidated companies and other entries and exits from other non-consolidated companies or for other reasons.

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



Snam has long introduced mobility procedures for personnel aimed at establishing more favourable treatment for employees than that provided for 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 personnel 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.

Snam guarantees all workers the right to freely express their thoughts, join associations and carry out trade union activities. The dialogue with the social partners⁸² is framed and regulated by the current Protocol for Industrial Relations, signed in 2013. For more information on the dynamics of employee engagement activities, see the chapter 'Managing Impacts, Risks and Opportunities, Stakeholder Relations' in the 'General Information' section of the Non-Financial Statement.

At the end of 2023, the total number of pending litigations amounted to 13 (-1 compared to 2022), of which 2 were for severance pay litigation, 3 for breach of contract and 8 for joint and several liability, while the number of litigations opened during the year was 10, one more than the previous year.

Company welfare

Offering a structured welfare system capable of listening to and satisfying the needs of employees and their families, and contributing to improving the quality of life of each individual is an essential objective for Snam.

Established in 2018, Snam's **Welfare Plan** has continued to evolve, year after year, guaranteeing adequate and satisfactory services to employees.

With this in mind, a dedicated support service, a **welfare assistant**, has been designed and made available to act as a single point of contact and mediator between personal needs and corporate welfare initiatives. It is capable of providing a good user experience, as well as directing staff in choosing the best service according to their needs.

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 (corporate and contractual). After the renewal of the portal, the Welfare offer was further expanded in 2023 with the introduction of a new measure to support healthcare costs.



In 2023, Snam's welfare offer was enriched with a new **supplementary health insurance** service for those who enrolled in the category contractual fund, a free-of-charge measure created with the aim of supporting all Group employees and their families in caring for their well-being and managing the related expenses. From February 2023, supplementary health cover was gradually extended from the population of executives and middle managers to all employees in the contractually stipulated health fund, which includes benefits and assistance for prevention, illness, pregnancy and physiotherapy. For the occasion, Snam defined a communication plan with a webinar for the presentation of the initiative, after which a short video was posted on the company intranet, a printed flyer was distributed in the offices and more than 10 technical meetings were held to explore how the service works, with the participation of the FASIE fund and the supplier.

5 CNL
(Collective
National Labour
Contract)
6 health
contractual funds

23 different
collective
policies based on
the contractual
fund option

1,500
participants to
presentation
webinars

12 health
contractual
funds

+2,600
automatic
and free
subscriptions

+16%
enrollments
to contractual
funds

⁸² See Article 3, paragraph 1, letter d of Legislative Decree no. 254 of 30 December 2016 At the end of 2023, 18% of employees were members of a trade union organisation.



FAMILY AND EDUCATION

AREAS	ACTIVITIES OFFERED
Nursery reimbursements	Reimbursement of child registration fees for employees who use them (max. €2,000/year).
Summer and study camps	Summer stays for children of employees in certain locations of Italy and abroad. In 2023, summer camps were organised for 219 children with activities at the seaside and in the mountains, and in addition to the more established destinations, the destination of Urbino and the foreign campus in Bognor Regis (UK) for 15 to 18 year olds were added. This year, the planning of the initiative involved Snam Foundation in the STEM workshops and through the distribution of a welcome kit containing the book 'Children for the planet'.
SOS famiglia (SOS family)	Listening desk run by professionals to assist the family.
Motherhood, adoption and fostering	Company guide on parenting issues.
Be Parents Master in Parenting	Programme that transforms the parenting experience into a master degree in crosscutting skills that are also essential for professional development, targeting new parents with children of up to 3 years of age. During 2023, the service was upgraded, with a webinar dedicated in particular to new parents and the extension of the service to the companies newly integrated into the Group.
Study support	Subsidies for the purchase of school textbooks, scholarships for employees' children and loans for school expenses.
Scholarships	Snam is making a total of 25 scholarships available to its employees, specifically: <ul style="list-style-type: none"> • 15 for those who graduated from high school with a mark of 90/100 or higher; • 10 for a Bachelor's or Master's degree with a thesis on energy, digital innovation, energy transition themes.
FASEN	CCNL Fund (Energy and Oil) with social assistance purposes (training, economic support, solidarity) for workers and their families, and retirees.

HEALTH AND CARE

AREAS	ACTIVITIES OFFERED
Accidents	Insurance cover for non-occupational accidents.
Supplementary health care	Supplementary policy of the contractual health fund extended to all employees enrolled in the category fund from January 2024.
LILT medical prevention	Prevention protocols at affiliated medical centres.
Healthcare agreement	Healthcare agreements with Centro Cardiologico Monzino, San Raffaele Hospital and the Baviera Clinic in Milan for specialist medical services and check-ups for employees and their families.
Al tuo fianco (At your side)	Support service for managing difficult situations within the family nucleus with activities and services in the form of training, orientation, support and screening through access to a network of selected and qualified providers or to the network of public and private services in the area (services for vulnerable adults/elderly people and their caregivers, support for parents with vulnerable children and/or vulnerable children themselves). This year, the webinars organised to explore specific issues saw the involvement of the ERG care and parenting group.
Salute su misura (Tailor-made health)	A network of agreements with medical facilities throughout the country, with the possibility of benefiting from services at subsidised rates.
CCNL healthcare funds	A supplementary welfare instrument that guarantees adequate and timely health coverage, provided for in each CCNL.

WELL-BEING AND WORK-LIFE BALANCE

AREAS	ACTIVITIES OFFERED
Fitness offers	Offers for sports activities at favourable conditions.
Mobility offers	Purchase of subsidised season tickets for public transport and shuttle service in San Donato Milanese. Agreement with San Donato Milanese municipal car parks.
Mobility Portal	Traffic information, mobility apps.
Food	Quality corporate catering and take-away service for private use.
Working hours	Remote working (so-called smartworking), short Fridays, individual hour account, possibility of working part-time.
Fitprime	Wellness paths for employees and their families divided into three different modules: <ul style="list-style-type: none"> • 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
Financial Services	Access to credit cards and personal loans on favourable terms.



PERSONAL FINANCE AND SAVINGS

AREAS	ACTIVITIES OFFERED
Flexible benefits	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.
730 Service	Online 730 helpdesk 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 (Authorised Fiscal Support Centre) (single or joint declaration), with compliance certified by the CAF.
Microcredit	Loans of up to €5,000 / 36 instalments at low interest rates with leading lending institutions.
Legal and fiscal counselling	Support services for the resolution of doubts in legal and tax matters.
Offers	Dedicated portal on a wide choice of product/service categories with exclusive discounts and the possibility of receiving cashback on the amount spent.
Electronic shopping vouchers	Vouchers assigned in line with the metalworking national collective bargaining agreement (CCNL) for a basket of goods chosen by the employee directly on the portal.
Supplementary pension provision	Supplementary pension funds, also paid through company contributions.

SOCIAL COMMITMENT

AREAS	ACTIVITIES OFFERED
5X1000	Cyclical and constantly updated list of organisations supported by the Snam Foundation, registered in the Revenue Agency lists for the 5x1000 contribution. The categories offered include 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.
Volunteering	Volunteering days and volunteering skills.
Solidarity shopping	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 their geographical area or the CCNL to which they refer.

Snam also supports its resources in the area of parenting, offering 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 the employee's salary instead of 80% as required by law. In addition, in 2021 paternity leave was extended by an additional five days compared to the legal provisions to provide even more support for families.

During 2023, 474 employees took parental leave and 450 returned to work after taking it, with a return-to-work rate⁸³ of 95%. Confirming Snam's focus on new parents, the employee retention⁸⁴ rate is 93%.

⁸³ 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.

⁸⁴ The retention rate is calculated as (total number of employees still employed 12 months after returning to work at the end of parental leave/ total number of employees returning from parental leave in the previous reporting period(s)) * 100

Respect for Human and Workers' Rights

Through the **Code of Ethics**, Snam confirms its commitment to protecting and promoting human rights, nontransferable and indispensable prerogatives of human beings and the foundation for building societies based on the principles of equality, solidarity, repudiation of war and protection of civil rights and political, social, economic and cultural rights and so-called third generation rights (right to self-determination, peace, environmental development and protection).

It is with this in mind that Snam operates within the reference framework of the Universal Declaration of Human Rights of the United Nations, the fundamental Conventions of the ILO - International Labour Organisation - and the OECD Guidelines for Multinational Enterprises.

During 2023, there were two reports of incidents involving discriminatory practices in violation of the company's Code of Ethics, by employees, in particular: (i) one for alleged violations relating to equal opportunities and gender issues; following the analyses carried out, this report was dismissed as no elements emerged to confirm what had been reported and (ii) one, currently being analysed, for alleged discriminatory behaviour with regard to a demotion.

Equal treatment and opportunities for all and skills development

Diversity and inclusion

In order to consolidate its position and strengthen its competitive advantage, Snam is leveraging diversity, while also enjoying benefits in the areas of innovation and people development.

Diversity, in fact, is a fundamental value that optimises and promotes the effectiveness of the activities of the corporate bodies. In this regard, Snam is committed to developing a complementarity of experience and skills, to be combined with gender and age diversity in order to pursue the broadest objective of integrating different professional profiles. With this in mind, as of 2021, Snam's Articles of Association stipulate that at least two-fifths of the members of the Board of Directors, or a different quota - if higher - provided for by the pro tempore provisions in force on the matter, must belong to the less represented gender (Article 13.3 of the Articles of Association).



Currently, the female presence on the Board of Directors accounts for almost half of the total members (four out of nine). In addition, the Board of Statutory Auditors consists of three Standing Auditors, one of whom is a woman, and three Alternate Auditors, two of whom are women. Finally, two of the three Committee Chairmen are female.

Moreover, confirming the Group's commitment, Snam is actively working to ensure that the situation is monitored with regard to the diversity and complementarity of professional profiles, while at the same time strengthening the knowledge base of the members of the administrative and control bodies. This commitment is also reflected in specific training programmes, such as board inductions, which enable members to acquire sector-relevant skills. For more information, see the chapter "Governance, the Snam governance system" in the "General Information" section of the Non-Financial Statement.

As far as age is concerned, the Articles of Association do not define specific limits since diversity is already deemed as being adequately represented. This is confirmed by the average age of the members of the Board of Directors (57 years, with a range spanning from 45 to 73 years) and that of Snam's statutory auditors (59 years⁸⁵, with a range spanning from 47 to 72 years).

For further information on diversity applied in relation to the composition of the administration, management and control bodies pursuant to Article 10 of the Decree, please refer to the section "Snam's diversity policy" in the Report on Corporate Governance and Ownership Structure 2023.

85 The calculation only takes into account the average age of standing auditors.

Not only at the level of the administration and control bodies, but also among the people of Snam and communities in general, with regard to gender diversity⁸⁶, Snam is involved in numerous initiatives aimed at consolidating awareness of this issue, both inside and outside the Company, including membership of numerous associations, participation in and promotion of campaigns, events and programmes that support female inclusion, talent and leadership for the growth of companies and the country.

This focus is reflected in the composition of the workforce: the female corporate population, at year-end, consisted of 670 resources, up from the previous year (+12%), and equal to 18% of the entire corporate population, also as a result of 132 hires during the year, up 65% compared to 2022, of which 122 entered from the market and, in most cases, were women graduates (106), against 59 exits (including 10 transfers to other non-consolidated companies).

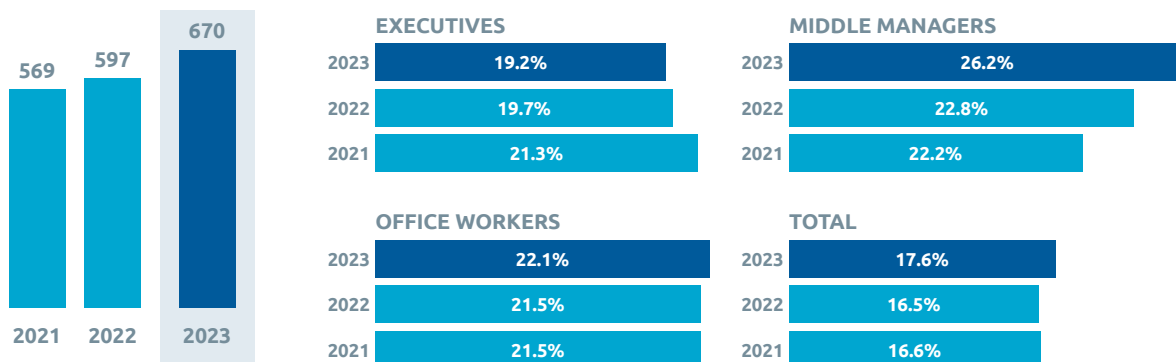


The growth in female staff, which has continued over the years, is also due to Snam's support in promoting the study of the **STEM** (Science, Technology, Engineering and Mathematics) disciplines among young female students. In this context, the Company actively cooperates with schools and universities as valuable levers for spreading a culture of equal opportunities and combating the gender gap, especially in view of the small percentage of female students enrolled in these areas.

Confirming Snam's commitment in this field, there is an active community within the company, the 'STEM' Employee Resource Group, made up of more than 110 members, which proposes and implements initiatives aimed at raising awareness and bringing girls closer to STEM subjects through ad hoc projects.

In addition, the Group also employs 121 differently abled employees (3% of the corporate population) and 78 belonging to protected categories (2% of Snam's workforce), whose development path aims to encourage their inclusion and integration in corporate processes.

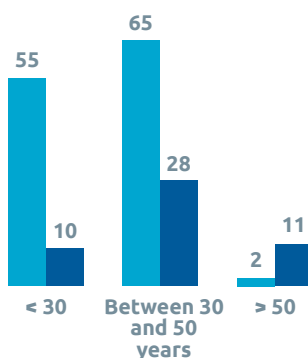
FEMALE PRESENCE (NO; %)



FEMALE ENTRIES AND EXITS BY AGE GROUP IN 2023 (NO.)

132
women hired
in 2023 (+65%
vs. 2022)
of which

122
hired from the
market (59 in
2022)



● New employees
● Exits

Note: the graph does not consider income from other non-consolidated companies and other income and expenditure from other non-consolidated companies or for other reasons.



The importance of diversity for Snam was further concretised when, in April 2023, it obtained the **gender equality certification (UNI/PdR 125:2022)** formalised by the DNV accreditation body, which represents another important step towards equality, an acknowledgment of the work done in recent years to offer the female employees of Snam the opportunity to devote the same energy to their careers as their male colleagues, in a fair and meritocratic context.



In order to obtain certification, Snam set up a **Steering Committee**, consisting of the CEO, Chief People & Organization Officer, Chief Strategy And Technology Officer and Chief Operations Officer. The Committee approved a specific Strategic Plan on gender equity, with corporate targets to be achieved by 2026 and specific actions to achieve the goal.

It involved more than 30 Snam colleagues responsible for the evaluated processes and 45 colleagues who offered their input on the perception of gender balance in the company.

The culture of diversity and equal opportunities at Snam is also promoted and supported thanks to the work of the Diversity, Equity & Inclusion Team, an inter-functional group of about 40 people representative of the many corporate diversities present. With the **#Snam4Diversity, energy that includes** action plan, the team promotes a series of initiatives, including training events aimed at exploring the themes of diversity and inclusion in greater depth.

In 2023, the Inclusion Manifesto was published, an evolution of the previous Inclusive Language Manifesto, which promotes a culture of language that respects all identities, conditions, affiliations, orientations and cultures, defining both the inclusive words and gestures supported and promoted by Snam.

Among the various initiatives spearheaded by the Diversity, Equity & Inclusion Team, **Inclusion Week – "Io ti vedo, io ti riconosco" (I see you, I acknowledge you)** – was celebrated for the third consecutive year. This week-long event, dedicated to diversity and inclusion, was conceived by Snam's Diversity, Equity & Inclusion Team in partnership with external collaborators, with the aim of fostering an inclusive corporate culture. In order to raise awareness of the issue, **6 workshops** were organised with 19 internal speakers and 12 external guests, at the end of which concrete gestures of inclusion were shared to promote an open culture ready to value the uniqueness of each individual. The event reached **more than 800 participants**, giving visibility mainly to the role of co-responsible parenting, female leadership, gender and affective identities, digital education and intergenerational dialogue and invisible disabilities. In particular, a fourth **Employee Resource Group** dedicated to the topic of disability was launched during the event



Since 2020, more than 2,000 colleagues have been involved in the various activities, carrying out 18 initiatives covering 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.



GENDER EQUALITY INITIATIVES

VALORE D	As a Supporting Member, Snam has been a member of Valore D since 2017, an association that 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 2023, Snam participated in 4 training courses, 2 inter-company mentoring courses and about 15 training courses.
INGENIO AL FEMMINILE (FEMALE INGENUITY)	In 2023, Snam answered 'Ingenio al Femminile', a call for proposals from the 'National Council of Engineers' that rewards female students with the best engineering dissertations, with the aim of supporting women who choose STEM study courses.
ROCK YOUR MIND	Also in 2023, Snam participated, as partner, in the Rock your Mind event organised by Employerland, an initiative that combines music and recruiting, mainly targeting girls studying STEM disciplines with the aim of fostering gender equality and helping to forge a culture of diversity and inclusion
ORTYGIA BUSINESS SCHOOL – YEP	Snam, since 2021, has been adhering to the YEP - Young Women Empowerment Programme mentoring programme, 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, with the objective of supporting and sustaining them.
CHARTER FOR EQUAL OPPORTUNITIES AND EQUALITY AT WORK	The Charter for Equal Opportunities and Equality at Work is a declaration of intent, launched by the Sodalitas Foundation, which commits Snam to spreading a corporate culture and adopting inclusive human resources policies.
PARKS	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. Starting in 2020, through the Parks association, Snam has taken an increasingly active role in the development, also at national level, of a culture that values and supports differences with the ambition of creating inclusive work environments for all employees, regardless of their sexual orientation, gender identity and expression.

Until 2022, Snam took part in "InspiringGirls", the international campaign promoted by Valore D with the aim of spreading awareness among girls of their talents, freeing them from gender stereotypes, and in "SHETECH", the non-profit association set up to bridge the gender gap in the world of technology, digital and entrepreneurship through networking, empowerment and training activities.

Snam monitors the gender pay gap 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 recording principles, the latter being the principle used in Section II of the Report on the Remuneration Policy and on the remuneration paid pursuant to current law. On the basis of the cash data, the gender pay gap remains substantially constant in 2023, in line with the trend of recent years, the aggregate figure including qualifications within the scope of the survey is stable at 92%. In particular, the pay differential for middle managers (95%) and white-collar workers (93%) remains stable, while it stands at 86% for Executives against an extraordinary turnover phenomenon in line with the average rates recorded at national level. The accrual data, net of the phenomenon highlighted affecting executives, also show an improving trend in the gender pay-gap in recent years; the data for 2023 will be available after the publication of this document and will therefore be published in the next edition of the document.

With regard to the ratio of the total annual remuneration of the highest-paid person to the median total annual remuneration of all Snam employees, with the exception of the highest-paid person, the figure is 37⁸⁷ in 2023, up from 2022 (14). The ratio of the percentage increase in the annual total compensation of the organisation's highest-paid employee to the median percentage increase in the annual total compensation of all employees (excluding the highest-paid employee) is 45 in 2023.

87 The calculation takes into account the fixed and variable remuneration paid during 2023. In 2022 (the first year of his term of office), the CEO only received fixed remuneration. In 2023, in addition to the fixed remuneration, an annual monetary incentive (AMI) was paid out on performance in the year 2022.

Communication and engagement of Snam people

The active participation of Snam people in company activities is strongly supported by the Company, where internal communication plays a strategic role in creating and spreading value, strengthening the sense of cohesion and belonging to the company and a shared culture on issues such as solidarity, inclusion, diversity and sustainability.

In this scenario, with the aim of fostering the sustainability of people's engagement over time, the **Internal Communication & People Engagement** function leads internal initiatives (involving the Training, D&I, Welfare, Foundation, Open Innovation, External Communication, HR Business Partner teams of the energy transition companies) that propose functional content for the design and dissemination of initiatives and events, including:

- video messages to update employees about Group initiatives and decisions, providing useful information on daily operations and raising awareness about relevant issues;
- training and information webinars;
- workshops and focus groups.

In 2023, the **Easy corporate intranet** recorded 196 news items published, increasingly diversifying the content offering, with 60 videos totalling more than 5,886 views, as well as 44 **Easy Weekly** newsletters sent out, with relaunches on 280 content and news items of most interest to people.

In 2023, there were **more than 14,000** participations in internal initiatives and events, in person or in hybrid format, with the aim of fostering people's engagement on topics of strategic interest. These included an internal event that brought together the entire company population to celebrate the year's achievements, and a busy calendar of meetings to gain insights on the Company's Strategic Plan and business. At the same time, the internal communication channels were continuously fed and consolidated, increasingly understood as a One Company tool for better integration between the different companies and business units.

14,500
participations
to internal initiatives
and events in 2023.



In 2023, all people in the Group had the opportunity to participate in the Snam **Engagement Survey**, the new listening tool to be submitted to the corporate population every two years, with the aim of measuring the degree of employee satisfaction based on their experience in the Company on a scale from totally agree to totally disagree. The results of the survey showed that the Snam People are truly engaged, strongly aligned with the corporate objectives and with a great desire to contribute individually to their achievement. In addition, the quality of the relationships that exist between its people, combined with a sustainable work pressure and a good work-life balance, have proved to be elements of strength for Snam. From the survey, positive feedback also emerged on the flexible working solutions introduced in recent years, especially in terms of work-life balance and as a tool to improve work performance.

The response rate to the questionnaire was very satisfactory, registering a participation rate of 80% and an average engagement rate of 84%, confirming the active participation of Snam people, who provided useful indications for defining an action plan responding to the needs that emerged.

In the 2023 Survey, the following areas were analysed:

AREAS	TOPICS ANALYSED
Sustainable engagement	Personal motivation, sense of belonging, pride
Wellness	Welfare services, work-life balance, well-being within the company
Job satisfaction	Overall satisfaction, in terms of individual contributions and stress level
Work, organisation and efficiency	Work processes and tools
Purpose, guidance and trust	Trust in top management and commitment to Snam's purpose and values
People	Team collaboration and personal relationships
Supervisor	Smart supervisor leadership
Diversity, equity and inclusion	Respect for every person, fair career opportunities for everyone in the Company
Job security, rewards and employability	Compensation, education, job opportunities
Retention	Intention to evaluate bidding opportunities on the market



During the year, there were numerous initiatives that closely engaged employees; the main ones are listed below:

ENGAGEMENT ACTIVITIES	
EDITORIAL FORMATS	Discovering... A series of interviews with the Snam management on key business issues: 3 dates in 2023 with 1,957 participants. The programme will also continue throughout 2024.
WELLNESS	Supplementary health insurance Throughout the year, an ad hoc internal communication campaign was carried out on the new supplementary health insurance service made available by Snam to its people, with news and information webinars reaching the entire company population.
EVENTS FOR PEOPLE	Strategic Plan In January 2023, following the update provided to the markets on Snam's new strategic plan, more than 30 meetings were organised internally, in hybrid mode, involving all the organisational structures, with the aim of informing the corporate population on the Group's strategic priorities.
	Snam in the Family The event dedicated to San Donato Campus employees and their families took place on 30 September and involved the Snam Foundation and the 'STEM' and 'Parents and Beyond' Employee Resource Group communities. During the day, more than 120 children visited their parents' offices and participated in educational activities focusing on environmental and sustainability issues. A highlight was the help and guidance provided by our colleagues from Arbolia to plant different species of plants in the courtyard of Snam's headquarters, thus creating the 'Snam children's forest'.
	Noi GenerAzioni In December, an event was held to celebrate the year's achievements and the value of collaboration between colleagues of different generations, at the end-of-year festivities, in the presence of senior management. The event was held for the first time in person, after the pandemic emergency, and was attended by 750 people, in addition to over 2,300 participating remotely.
COMMUNITY	Social Initiatives Snam has continued to invest in initiatives to promote and enhance the social commitment of its people, through the Snam Foundation. In this regard, competence and relational volunteering programmes continued. For more information, see the chapter 'Relations with Local Communities, Actions' in the 'Social Information' section of the Non-Financial Statement.

Snam's internal communication also continues to rely on the Energie magazine and the Osservatorio Gas and InRete newsletters (a total of 9 in-depth publications on Snam's business). These internal communication tools are complemented by the information circulated by e-mail to workers, which amounted to 120 in 2023, including invitations to internal events or initiatives, questionnaires and insights.

Training and skills development

Snam offers training initiatives for its people with the aim of developing their skills, while ensuring that they are aligned with the working environment in which they operate, which is constantly changing and requires continuous updating, the use of advanced technologies and innovative working procedures.

In fact, in addition to taking on the traditional role of disseminating skills, the training is also intended to make employees aware of and responsible for company objectives and strategies.

To disseminate the knowledge gained internally, Snam uses:

CENTRES OF COMPETENCE	Composed of groups of people transversal to organisational structures, who have consolidated and recognised knowledge and experience in specific thematic areas relevant to the business, the Competence Centres oversee, develop and disseminate corporate know-how and are an internal point of reference for related knowledge
NETWORK AND PLANT EXCELLENCE HUB	Within the Network and Plant Management Departments, there are Excellence HUBs, which, depending on the needs of the business, identify the most appropriate training actions for the population of technicians and, in particular, provide for the design and realisation of programmes and teaching materials. The teaching is entirely entrusted to in-house personnel, which guarantees a high level of transmission of specialised technical know-how.
SNAM INSTITUTE	As innovation accelerator, 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 & Transformation. In addition, the Snam Institute accompanies new recruits through the on-boarding programme

During 2023, **139,614** hours of training were provided, an increase of 15% over 2022, with **25,062** participants recording **37 average hours per employee** (41 average hours for male staff and 19 average hours for female staff). Training activities during the year involved 89% of the company population (specifically 93% of women and 88% of men) in at least one training course.



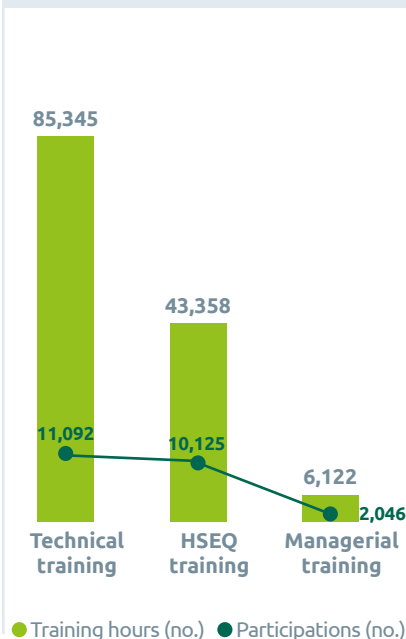
The main training initiatives in 2023 were BMS - Basic Multi Skill and AMS - Advanced Multi Skill, which together accounted for 24,209 hours delivered to blue-collar and white-collar workers and 360 participations, and the Onboarding Programme and Compliance Path, which involved employees at all levels, with a total of 9,461 hours delivered and 3,684 participations.

Snam's training commitment in 2023 saw 43,358 hours dedicated to Health, Safety and Environment topics, a significant increase over the previous year (29,229 hours in 2022) with 10,125 participants (+55% vs. 2022). This increase is mainly due to the cyclical nature of compulsory training and in particular to:

- the installation of AED equipment in all the BUAIT business unit's peripheral locations, which involved training on the subject for all the Emergency Managers involved;
- the gradual adjustment, in line with Decree Law 146/21, of the frequency of refresher training for safety officers, from 5 to 2 years, which entailed the provision of numerous courses, in addition to those that would have expired during the year;
- the new ISO 50001 training course;
- the expiries of the HSEQ training courses, such as Equipment Training, Fire Fighting and First Aid training.

In addition, a great deal of effort was also devoted to employee training programmes on business ethics and anti-corruption, aimed both at fulfilling the Company's legal obligations and at disseminating the culture and ethics of business and legality, by reinforcing awareness of non-compliance. Snam involved all managers and middle managers in a specific training activity on Compliance issues, with the aim of creating a moment of discussion with colleagues who deal with this subject in the company.

KEY TRAINING INITIATIVES 2023





In order to consolidate the cultural transition phase that has led Snam towards an increasingly flexible way of working, and to provide all the tools needed to ensure the usual and prioritised value of relationships and collaboration between people, Snam has created the '**Organising work in the hybrid context**' training course. This initiative trained 600 managers and more than 1,500 Individual Contributors⁸⁸ adhering to remote working through a series of online webinars structured around key topics for people management and remote working.

Snam invests heavily in the development of managerial skills. In fact, it offers its people development paths that vary in terms of seniority, i.e. the qualification of Managers, Middle Managers, White and Blue-collar workers, and topics covered. With this in mind, with reference to 2023, Snam collaborated with external partners by implementing the programmes:

Learn & Grow	Lead & Change	Snam Transitions Talks
targeting a population of new Managers with the objective of strengthening their leadership skills	addressed to Senior managers to train their ability to turn the business and innovation challenges of today's agenda into opportunities	a series of meetings on the major transitions and transformations affecting the Company

Snam then inaugurated the 'SkillUp Program', a multidisciplinary course intended for Individual Contributors under the age of 35 with the aim of encouraging the upskilling of transversal skills, including economic-strategic skills and those related to innovation, effective communication and project management.

In the light of the progressive and continuous integration of sustainability into the company's activities, ad hoc training initiatives on the subject were organised in 2023, with the aim of developing and disseminating a culture of sustainability, through two classroom courses, both held in person: the first, aimed at about 30 colleagues from the Sustainability and Finance teams who had the opportunity to increase their knowledge of the different types of emissions, their management and measurement, and their impact in the Snam world; the second, aimed at 80 employees, including middle managers and executives, who are more involved in ESG issues, with the objective of strengthening awareness and knowledge of sustainability fundamentals, regulatory frameworks and global standards.

In addition, Snam, in line with the Strategic Action Plan in support of the investment and asset management plan, supports the growth of its people's professionalism through the development of the distinctive skills of its gas technicians. In fact, the generational change taking place in the population of both technicians and blue-collar workers, requires a massive effort by the Skill Centres and Excellence HUBs to build and develop the skills necessary to be able to operate safely on gas transportation and storage plants, through specific tailor-made training courses and the use of a large number of in-house teachers. At the same time, special attention is being paid to upskilling activities for all professionals already working on Snam's assets, as well as to the introduction of new technologies for managing work processes.

88 'Individual contributors' are all the employees who do not manage other people, regardless of their job classification level.

Developing technical skills: the main initiatives in 2023

ENGCOs onboarding

As a result of the growth in the investment plan, the Engineering and Construction Department (ENGCOs) expanded its staff by adding several resources with different seniorities. In view of this, the department itself asked for a dedicated plan to be devised and implemented for the new recruits in order to facilitate their swift induction and to make it possible to operate according to the safety and technical standards required by company regulations.

The Competence Centres related to network and plant construction have therefore developed a specific dedicated On Boarding course, characterised by the direct transfer of know-how typical of the design and construction of gas transport infrastructures by experienced colleagues. This interaction fostered the exchange of knowledge about systems and processes and the creation of a network between the various people, which is a fundamental condition for teamwork.

Pronto Intervento, training across the board

Safety of people, assets and continuity of the gas transportation service are a top priority for Snam. Colleagues in the Network and Plant Management Departments guarantee these through procedures and protocols that represent international best practices, but the emergency response service, which is essential for handling emergencies, is no less important.

One of the strengths of Pronto Intervento is the 24-hour on-call service, which, when necessary, summons colleagues operating in the area, redirecting them to the location of a critical situation. In these circumstances, the on-call personnel who intervene are obliged to have attended specific technical courses on emergency management for the transport and storage sector. During the course of the year, Snam's Excellence Hubs updated and re-designed these courses, in which the roles, tasks, responsibilities and figures involved are discussed in depth, as well as the knowledge required and the actions to be taken in the event of emergencies and critical situations

For years, Snam has also been implementing Performance Management, a performance assessment process which will reach its fifth cycle in 2023 with a view to fostering professional development and further career advancement opportunities. Performance Management is a process for assigning and evaluating objectives related to sustainability issues and behavioural aspects consistent with those defined in the corporate strategy, in which all the people who contribute to the company's results on a daily basis are involved. Performance appraisal is 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, both strategic and non-strategic. During the year, the number of employees assessed amounted to 2,901, a slight decrease from 2022 (-0.8%), and equal to 76% of the company population.

To make Performance Management an effective tool, Snam has created an ad hoc learning path consisting of two days of training and half a day of follow-up for each competence. In order to activate as extensive an assessment 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 CREA⁸⁹ assessments were carried out, of which 694 led to a higher CREA level.

89 The C.R.E.A. evaluation process takes place every two years.

Health and safety

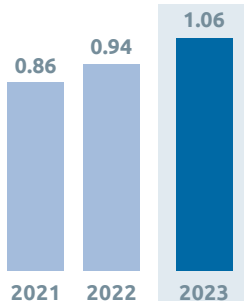
With a view to ensuring safety in the workplace and due to the nature of the operational activities carried out in the field, Snam pays great attention to the issue of protecting the health and safety of its people. To this end, the Group is committed to developing the adoption of good practices in terms of health and safety in the workplace by promoting these prerogatives also throughout the supply chain.

In order to properly monitor the issue of health and safety management, Snam has adopted a management system certified according to the **UNI ISO 45001** standard '**Management systems for occupational health and safety**' and procedures and systems that aim to prevent accidents and illnesses in the workplace and promote the protection and health and safety of workers. The management system covers all the employees and contractors working at Snam's infrastructure. In fact, Snam 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 suppliers can see how the management system works and participate in its implementation and evaluation through various channels to which they have access. 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 receipt by the recipient. Finally, there are cross-company and cascading communication channels that also cover health and safety issues.

FREQUENCY INDEX EMPLOYEES AND CONTRACTOR



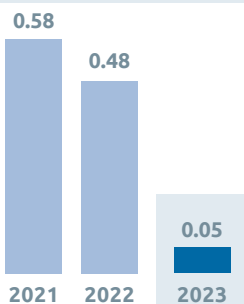
Number of accidents at work resulting in absence of at least one day, per million hours worked.

Although Snam ranks among the existing best practices and directs its efforts towards reducing the Group's accident rates, a total of 21 accidents occurred in 2023 (16 in 2022), partly as a result of the acquisition of new businesses that need time to adapt to Snam Group policies. Specifically, 9 accidents occurred among contractors (13 in 2022) and 12 accidents occurred among Snam Group employees (3 in 2022), of which 6 occurred in the transportation business (3 due to road accidents) and 6 in the Energy Transition Business. However, despite the increase in the number of accidents, considering that none of these was fatal or particularly serious, the severity index is on the downturn compared to last year (0.05 in 2023 vs. 0.48 in 2022).

In addition, Snam employees in 2023 had 10 commuting accidents, as opposed to contractors who recorded 0.

The accident frequency index for employees in 2023 is 2.06, up from 2022 (0.51), while that for contractors is 0.64, down 45% from 2022 (1.17), none of the accidents were recorded as serious.

SEVERITY INDEX EMPLOYEES AND CONTRACTORS



Number of work days lost, related to accidents at work (excluding during commutes) resulting in absence of at least one day, per one thousand of hours worked. A fatal accident is counted as 7,500 days of absence.

In addition, while the severity index for employees increased (from 0.02 to 0.09 in 2023), the contractor category showed a clear improvement, from 0.73 in 2022 to 0.03. Overall, for employees and contractors, the accident frequency index is 1.06, while the severity index is 0.05 (0.48 in 2022).

Over the past decade, Snam has adopted, strengthened and perfected the controls, activities and awareness-raising initiatives to effectively disseminate a safety culture at all levels of the Company, aimed at sharing the fundamental principles of health protection, accident prevention and the pursuit of safety, through the involvement of the entire company population and the contractors.



The constant monitoring of accident phenomena through the analysis and evaluation of specific indicators, supports Snam in adopting intervention measures, implemented promptly in order to correct and eliminate problems and critical issues that may arise.

Ensuring a safe working environment has a positive influence on occupational health and safety. In order to pursue this objective, Snam has continued the activities of the **Snam4Safety Project**, which reinforces the safety culture through:

1

the provision of courses to reinforce Safety Leadership

2

monitoring of recorded 'Safety Observations' and 'Near Miss' data

3

engagement of suppliers through site visits and organisation of workshops

Moreover, Snam has always been committed to promoting actions aimed at preventing accidents or, where unavoidable, minimising the risk factors characteristic of work activities. It is in this direction that, over the last ten years, numerous measures and initiatives have been adopted and better finalised, in order to strengthen the effective dissemination of a culture based on health protection, accident prevention and safety, through the involvement of the entire workforce, as well as of contractors.

These actions are listed in the table below:

MANAGEMENT AREA	ACTIVITY
Reduction of work-related risk factors, also through risk assessment activities	<ul style="list-style-type: none"> Assessment of all risks and consequent drafting of the document required by Legislative Decree no. 81/2008 In-depth analysis of the causes of accidents in order to identify possible interventions to eliminate, mitigate and correct risk factors Application of technical and managerial organisational solutions for equipment, facilities, workplaces, but also operational and behavioural methods Regular safety meetings, where staff are made aware of the causes of possible accidents and of any prevention and protection measures taken
Snam4Safety (improvement and prevention plans)	<ul style="list-style-type: none"> Strengthening and creation of a safety culture and awareness of safety issues among 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 vouchers or credits. More than 1,170 employees were awarded in 2023 In the logic of an ever-increasing culture and awareness of health and safety issues, the Safety Awards/Trophies for staff and operational personnel continued, introducing a reward formula linked to accidents, near misses, worker safety observations and non-conformities detected in health and safety audits. During the year, 250 employees received an award.
Specialised training	<ul style="list-style-type: none"> Technical-professional training in the classroom or online also through on-the-job coaching, favouring in-house teaching by experts, and where appropriate, resorting to collaborations with external institutes and training organisations of excellence In 2023, 43,358 hours of HSEQ training were delivered, totalling 10,125 participations
Supplier engagement	<ul style="list-style-type: none"> Evaluation of suppliers during the qualification phase Control and monitoring through feedback and inspections during the execution of works Periodic annual workshops both to illustrate the Company's strategic plans and to share operational best practices in the areas of safety, environment and transparency "Contractor Safety Trophy" awarded to contractors whose performance is assessed through the collection and analysis of specific indicators (e.g. accident indicators and negative feedback on issues of interest)

With a view to ensuring adequate prevention of major accidents, Snam leverages specific Process Safety Management Systems, also in response to the scope of application of some of the Group's operating sites, which fall under the Seveso Directive of national transposition (Legislative Decree 105/2015). It is in this direction that, on a regular basis, the Group applies hazard identification and risk assessment methodologies, following which preventive measures and corrective action plans are identified and implemented. Specifically, these activities consist of:

- 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 the consequences after an initial event.

Anomaly and emergency management

In light of the role that health protection plays for Snam, the Group has internal procedures that it uses to identify and manage any anomalies with respect to standard operations that might occur during operations. Reported anomalies are subsequently analysed, classified and treated accordingly.

A robust emergency management system is in place at all sites and operational offices, with emergency plans and procedures that are regularly tested and reviewed according to industry practices and in compliance with the guidelines, standards and limits set by national and local agencies and authorities

Health Protection

In order to guarantee the health and safety of its employees, Snam is actively engaged in the continuous monitoring of the risks present in company processes, adopting appropriate preventive and protective measures. To this end, workplace inspections are conducted at regular intervals by the Company Doctor and the Prevention and Protection Service in order to assess working and environmental conditions and identify possible prevention or improvement measures.

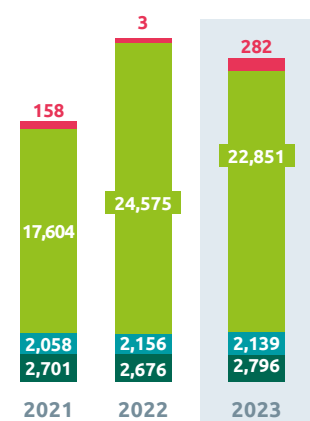
Aware that workers are constantly exposed to specific risks related to their duties, Snam regularly monitors the health of employees through periodic medical examinations conducted by professionals dedicated to this task. The number of workers exposed to health surveillance in 2023 is 3,669.

In addition, to ensure compliance with occupational hygiene regulations, environmental surveys are regularly carried out to monitor microclimatic, biological and physical factors in the workplace. During the three-year reporting period, no cases of occupational diseases were reported among employees.

Finally, Snam employees are not considered to be at high risk of contracting occupational diseases; however, those who are exposed to specific risk factors are subject to periodic health surveillance and are covered by specific health protocols, which may include supplementary specialist visits. Personnel who have to travel to non-European countries are given specific prophylaxis for service requirements.

For more information on Snam's management systems, see 'Annex 3 - Management Systems' to the Consolidated Non-Financial Statement 2023.

HEALTH SURVEILLANCE (NO.)



- Environmental surveys
- Diagnostic examinations
- Periodic medical examinations
- Medical examinations

Key performance indicators

INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Total number of employees		n.	3,430	3,610	3,798
of which women		n.	569	597	670
of which women	2-7	%	17	17	18
of which graduates	405-1	n.	1,129	1,222	1,369
of which diploma holders		n.	1,845	1,933	1,990
of which with other qualifications		n.	456	455	439
Employees by business segment					
Corporate and other ²		n.	1,0343	1,0093	1,029
Transportation		n.	1,843	1,903	1,963
Storage	2-7	n.	66	70	71
Regasification		n.	65	66	81
Energy transition businesses ³		n.	4223	5623	654
Employees by type of contract					
Open-ended contract ⁴		n.	3,161	3,339	3,543
of which women		n.	541	578	642
Apprenticeship or placement contract	2-7	n.	246	257	244
of which women		n.	26	16	27
Fixed-term contract		n.	23	14	11
of which women		n.	2	3	1
Employees by type of employment					
Full-time		n.	3,393	3,563	3,755
of which women	2-7	n.	540	565	636
Part-time		n.	37	47	43
of which women		n.	29	32	34
Employees by geographical area					
North		n.	2,647	2,775	2,886
Central Italy	2-7	n.	277	328	391
Southern Italy and Sicily		n.	502	503	516
Abroad		n.	4	4	5
Average workforce		n.	3,344	3,521	3,702
Average age in employment		years	44	43	43
Average length of service		years	16	15	15
Diversity of governing bodies					
Board Members		n.	9	9	9
of which women	405-1	n.	3	4	4
of which women		%	33	44	44

INDICATOR¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023	
Employees by job classification and gender						
Executives	2-7 405-1	n.	141	132	130	
of which women		n.	30	26	25	
Middle Managers		n.	600	653	682	
of which women		n.	133	149	179	
White-collar workers		n.	1,880	1,957	2,104	
of which women		n.	404	421	464	
Blue-collar workers		n.	809	868	882	
of which women		n.	2	1	2	
Executives out of total employees		%	4	4	3	
of which women out of total executives		%	21	20	19	
Middle Managers out of total employees		%	17	18	18	
of which women out of total middle managers		%	22	23	26	
White-collar workers out of total employees		%	55	54	55	
of which women out of total employees		%	22	22	22	
Blue-collar out of total employees		%	24	24	23	
of which women out of total workers		%	0.2	0.1	0.2	
Employees by gender and age group						
< 30 years	405-1	n.	559	634	694	
of which women		n.	61	63	84	
Between 30 and 50 years		n.	1,487	1,618	1,751	
of which women		n.	363	390	434	
> 50 years		n.	1,384	1,358	1,353	
of which women		n.	145	144	152	
< 30 years		%	16	18	18	
of which women out of total < 30		%	11	10	12	
Between 30 and 50 years		%	43	45	46	
of which women out of total between 30 and 50 years of age		%	24	24	25	
> 50 years		%	40	38	36	
of which women out of total >50		%	10	11	11	
Other diversity indicators						
Employees with disabilities	405-1	%	3	3	3	
of which women		%	1	1	1	
Gender pay gap ^{5,6}						
Gender pay gap on a cash basis ⁷						
Executives	405-2	%	100	89	86	
Middle Managers		%	95	96	95	
White-collar workers		%	93	93	93	
Gender pay gap on an accrual basis ⁸						
Executives		%	105	88		
Middle Managers		%	97	96		
White-collar workers		%	93	94		
Gender pay gap on basic salary ⁹						
Executives		%	105	92	88	
Middle Managers		%	96	95	96	
White-collar workers	%	93	94	94		

INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Total pay ratio annual					
Ratio of the total annual remuneration of the person receiving the highest remuneration to the median total annual remuneration of all employees (excluding this person) ¹⁰	2-21		-	14	37
Ratio of the percentage increase in the total annual remuneration of the person receiving the highest remuneration to the median percentage increase of the			-	- ¹¹	45
Workers who are not employees		n.	4,404	5,703	7,186
Stage	2-8	n.	94	100	72
Workers on temporary employment contracts		n.	53	103	113
Contractors ¹²		n.	4,257	5,500	7,001
New employees			413	447	509
of which women		n.	100	80	132
New employees by age group and gender					
< 30 years	401-1	n.	185	168	193
of which women		n.	31	18	55
Between 30 and 50 years		n.	198	147	194
of which women		n.	61	40	65
> 50 years		n.	17	18	15
of which women		n.	2	1	2
Employed from market		n.	400	333	402
of which graduates		n.	242	178	261
of which diploma holders		n.	134	142	125
of which other holders of other qualifications		n.	24	13	16
of which women		n.	94	59	122
of which men		n.	306	274	280
Other new employees (non-consolidated companies, acquisitions, tenders, etc.)		n.	13	114	107
of which women		n.	6	21	10
Hire rate¹³		%	12	9	11
Hire rate by age group					
< 30 years ¹⁴	401-1	%	33	27	28
Between 30 and 50 years ¹⁴		%	13	9	11
> 50 years ¹⁴		%	1	1	1
Hire rate by gender					
Male hire rate ¹⁵		%	11	9	9
Female hire rate ¹⁵		%	17	10	18
Graduates hired		%	61	53	65
Exits		n.	226	267	321
of which women		n.	36	48	59
Exits by age group and gender		n.			
< 30 years	401-1	n.	24	41	39
of which women		n.	7	8	10
Between 30 and 50 years		n.	70	106	115
of which women		n.	14	32	28
> 50 years		n.	117	115	99
of which women		n.	11	8	11
Other exits (to other companies, for other reasons)		n.	15	5	68
of which women		n.	4	1	10

INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Exit rate¹⁶		%	6	7	7
Voluntary exit rate ¹⁷		%	3	4	4
of which women ¹⁸		%	3	7	7
Overall staff turnover ¹⁹		%	18	17	18
Exit rate by age group					
< 30 years ²⁰		%	4	7	6
Between 30 and 50 years ²⁰		%	5	7	7
> 50 years ²⁰		%	9	8	7
Exit rate by gender					
Exit rate men ²¹		%	6	7	7
Exit rate women ²²		%	6	8	7
Exit rate by job classification (men)					
Executives					
Overall turnover rate ²²		%	7	27	15
Voluntary negative turnover rate ²³		%	1	19	6
Negative turnover rate ²⁴		%	7	7	9
Middle Managers					
Overall turnover rate ²²		%	0,2	13	13
Voluntary negative turnover rate ²³		%	4	7	5
Negative turnover rate ²⁴		%	7	4	8
White-collar workers					
Overall turnover rate ²²		%	6	17	18
Voluntary negative turnover rate ²³	401-1	%	3	6	4
Negative turnover rate ²⁴		%	6	3	7
Blue-collar workers					
Overall turnover rate ²²		%	3	16	14
Voluntary negative turnover rate ²³		%	2	7	3
Negative turnover rate ²⁴		%	7	2	6
Exit rate by job classification (women)					
Executives					
Overall turnover rate ²²		%	7	29	20
Voluntary negative turnover rate ²³		%	4	25	16
Negative turnover rate ²⁴		%	4	11	16
Middle Managers					
Overall turnover rate ²²		%	10	11	20
Voluntary negative turnover rate ²³		%	3	7	5
Negative turnover rate ²⁴		%	3	7	5
White-collar workers					
Overall turnover rate ²²		%	13	20	30
Voluntary negative turnover rate ²⁰³		%	4	8	7
Negative turnover rate ²⁴		%	7	6	9
Blue-collar workers					
Overall turnover rate ²²		%	0	0	92
Voluntary negative turnover rate ²³		%	0	0	0
Negative turnover rate ²⁴		%	0	0	0



INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Parental leave					
Employees who were entitled to parental leave²⁵		n.	3,430	3,610	3,798
Men		n.	2,861	3,013	3,128
Women		n.	569	597	670
Employees who took parental leave²⁶		n.	133	188	474
Men		n.	84	73	269
Women		n.	49	115	205
Employees who returned to work during the reporting period after taking parental leave²⁶		n.	130	183	450
Men		n.	81	72	252
Women		n.	49	111	198
Employees who returned to work after taking parental leave and who are still employed by the organisation in the 12 months following their return²⁶	401-3	n.	125	183	170
Men		n.	78	72	67
Women		n.	47	111	103
Return-to-work rate²⁷		%	98	97	95
Men		%	96	99	94
Women		%	100	97	97
Retention rate²⁸		%	101	141	93
Men		%	107	89	93
Women		%	92	227	93
Employees evaluated in Performance Management		n.	2,853	2,925	2,901
of which women		n.	468	464	481
Total employees evaluated in performance management by gender and job classification					
Executives		n.	126	117	102
of which women		n.	29	24	24
Middle Managers		n.	552	602	576
of which women		n.	125	135	139
White-collar workers		n.	1,564	1,587	1,650
of which women		n.	313	304	317
Blue-collar workers		n.	611	619	573
of which women	404-3	n.	1	1	1
Total employees evaluated in performance management by gender and job classification		%	83	81	76
of which women		%	82	78	72
Executives		%	89	89	78
of which women		%	97	92	96
Middle Managers		%	92	92	84
of which women		%	94	91	78
White-collar workers		%	83	81	78
of which women		%	78	72	68
Blue-collar workers		%	76	71	65
of which women		%	50	100	50

INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Assigned sustainability topic targets²⁹		n.	1,068	2,418	3,399
Executives		n.	134	138	137
Middle Managers		n.	388	714	998
Other personnel		n.	546	1,566	2,264
Targets achieved on sustainability issues²⁹		%	91	74	99
Executives		%	94	85	99
Middle Managers		%	91	90	100
Other personnel		%	90	66	99
Labour litigation					
Total pending litigations as at 31.12		n.	18	14	13
Opened in the reference year		n.	16	9	10
Closed in the reference year		n.	14	13	11
Training					
Total hours		n.	89,375	121,573	139,614
Executives		n.	2,034	1,968	2,512
Middle Managers		n.	8,749	12,498	16,146
White-collar workers		n.	27,584	43,365	62,447
Blue-collar workers		n.	51,008	63,741	58,509
Average hours per employee		n.	26	34	37
Average hours by gender					
Average hours men		n.	29	37	41
Average hours women		n.	12	16	19
Average hours by job classification					
Average hours executives	404-1	n.	14	15	19
Average hours middle managers		n.	15	19	24
Average hours white-collar workers		n.	15	22	30
Average hours blue-collar workers		n.	63	73	66
Participants		n.	15,108	16,999	25,062
Key training initiatives					
Technical training		n.	53,648	83,236	85,345
of which participations		n.	4,750	7,647	11,092
Health, Safety, Environment and Quality Training		n.	22,526	29,229	43,358
of which participations		n.	4,089	6,546	10,125
Managerial training		n.	6,715	2,571	6,122
of which participations		n.	3,262	993	2,046

INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Employee accidents	403-9	n.	11	3	12
of which fatal		n.	0	0	0
of which with serious consequences ³⁰		n.	1	0	0
of which for road accidents		n.	0	0	3
of which due to a professional accident (maintenance, inspection, checks)		n.	6	3	5
of which due to a general accident (slipping, collision, tripping)		n.	5	0	4
Employee accident indices					
Accident frequency index		Accidents divided by hours worked by 10 ⁶	2,11	0,51	2,06
Frequency index for serious accidents at work (excluding fatalities)			0,19	0	0
Frequency index for deaths due to accidents at work			0	0	0
Severity index ^{31, 32}		Lost working days divided by hours worked by 10 ³	0,12	0,02	0,09
Employee hours worked³²		n.	5,208,036	5,849,330	5,821,852
Contractor accidents		n.	1	13	9
of which fatal		n.	1	1	0
of which with serious consequences ³⁰			0	0	0
Contractor hours worked³²		n.	8,683,637	11,087,896	14,002,367
Contractor accident indices					
Accident frequency index		Accidents divided by hours worked by 10 ⁶	0.12	1.17	0.64
Frequency index of accidents with serious consequences (excluding deaths) contractors			0	0	0
Frequency index of work-related fatalities contractors			0.12	0.09	0
Severity index ^{31, 32}		Lost working days divided by hours worked by 10 ³	0.86	0.73	0.03
Total accidents		n.	12	16	21
of which fatal		n.	1	1	0
of which with serious consequences		n.	1	0	0
Employee and Contractor Accident Indices					
Employee and contractor accident frequency index ³²		Accidents divided by hours worked by 10 ⁶	0.86	0.94	1.06
Employee and Contractor Accident Severity Index ^{31, 32}		Lost working days for 10 ³ hours worked	0.58	0.48	0.05
Recognised cases of professional illnesses for employees³³	403-10	n.	0	0	0
Days lost due to accidents and fatalities due to accidents at work (non-commuting) - employees		n.	618	114	498
Days lost due to accidents and fatalities due to accidents at work (non-commuting) - contractors		n.	7,500	8,090	466
Health surveillance					
Medical examinations	403-3		2,701	2,676	2,796
Periodic medical examinations			2,058	2,156	2,139
Diagnostic examinations		n.	17,604	24,575	22,851
Environmental surveys			158	3	282
Total HSEQ audits performed			363	224	446

INDICATOR ¹	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Workers under periodic health surveillance					
Total workers at risk	403-3	n.	3,321	3,174	3,686
Workers at risk who sit at a computer station (VDT)		n.	2,417	2,369	2,754
Workers at risk due to responsibility in an emergency		n.	602	29	641
Workers at risk from chemical agents		n.	104	614	605
Workers at risk from moving heavy loads ³⁴		n.	642	666	710
Workers at risk due to night work		n.	106	113	104
Workers at risk due to noise pollution		n.	101	105	116
Workers at risk due to combination of several risks		n.	35	46	1.555
Workers at risk because of work in confined spaces		n.	198	194	174
Workers at risk due to artificial optical radiation (ROA)		n.	-	10	260
Workers at risk for other reasons (IE, abroad, TOX, welding insp.)		n.	103	352	276

- 1 Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.
- 2 In 'Other', Greenture and Cubogas are shared.
- 3 The Energy Transition sector includes resources dedicated to decarbonisation projects. The corresponding values for 2021 and 2022 have been restated.
- 4 The figure also includes part-time contracts.
- 5 The reporting perimeter takes into consideration the employees in the workforce at 31/12 without considering those without available remuneration information (i.e. those hired after the payslip closing date or working in not consolidated companies).
- 6 For the "Blue-collars workers" category, data have not been indicated for privacy reasons given the low numerical representation of the female gender in this category.
- 7 The representation of the gender pay gap is calculated on the amount of remuneration paid in the year. The figures for 2023 refer to the following companies: Snam S.p.A., Snam Rete Gas, Gnl Italia, Stoccaggi Gas Italia S.p.A., Gasrule Ltd, Enura, Cubogas S.r.l., Renovit S.p.A., TEP Energy Solutions S.r.l., Evolve S.p.A., Renerwaste Lodi, Snam International B.V., Renerwaste Cupello S.r.l., Ecoprogetto Tortona S.r.l., Ecoprogetto Milano S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Anzio S.r.l., Biowaste CH4 Genova S.r.l., Biowaste CH4 Toscana S.r.l., Snam Fsrui Italia, Greenture, Bioenerys Agri S.r.l., Bioenerys Ambiente S.r.l., Bioenerys S.r.l., CH4 Energy S.r.l., Biowaste CH4 Legnano S.r.l., Enersi' S.r.l., Renovit Public Solutions, Bietifin S.r.l..
- 8 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 data for 2023 will be available after the publication of this document and will therefore be published in the next edition of the document. The figures for 2022 refer to the following companies: Snam S.p.A., Snam Rete Gas, Gnl Italia, Stoccaggi Gas Italia S.p.A., Gasrule Ltd, Enura, Cubogas S.r.l., Renovit S.p.A., TEP Energy Solutions S.r.l., Evolve Spa, Renerwaste Lodi, Snam International B.V., Renerwaste Cupello S.r.l., Ecoprogetto Tortona S.r.l., Ecoprogetto Milano S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Anzio S.r.l., Biowaste CH4 Genova S.r.l., Biowaste CH4 Toscana S.r.l., Enersi' S.r.l., Iniziative Biometano, Snam 4 Mobility, les Biogas Srl, Snam 4 Environment, Renerwaste S.r.l., Mici Spa.
- 9 The figures for 2023 refer to the following companies: Snam S.p.A., Snam Rete Gas, Gnl Italia, Stoccaggi Gas Italia S.p.A., Gasrule Ltd, Enura, Cubogas S.r.l., Renovit S.p.A., Tep Energy Solutions S.r.l., Evolve Spa, Renerwaste Lodi, Snam International B.V., Renerwaste Cupello S.r.l., Ecoprogetto Tortona S.r.l., Ecoprogetto Milano S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Anzio S.r.l., Biowaste CH4 Genova S.r.l., Biowaste Ch4 Toscana S.r.l., Snam Fsrui Italia, Greenture, Bioenerys Agri Srl, Bioenerys Ambiente Srl, Bioenerys S.R.L., Ch4 Energy Srl, Biowaste Ch4 Legnano S.r.l., Enersi' S.r.l., Renovit Public Solutions, Bietifin S.r.l..
- 10 The calculation considers the fixed remuneration paid from April to December 2022 to the CEO and General Manager appointed on 27 April 2022. The ratio between the total annual remuneration paid in 2022 to the Chief Executive Officer and General Manager in office until 27 April 2022 and the median total annual remuneration of all employees (excluding the highest-paid) is 80. The calculation takes into account the fixed and variable remuneration paid from January to April 2022. The calculation for 2023 The calculation takes into account the fixed and variable remuneration paid during 2023.
- 11 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 Standards 2021, so the 2021 data is not available.
- 12 The figure for the number of contractors is estimated on the basis of the figure recorded for hours worked.
- 13 Total hire rate = (number of new employees from market/average staff) x 100.
- 14 Hire rate by age group = (number of new employees from market in the age group/the total number of employees in the corresponding age group as at 31.12) x 100.
- 15 Hire rate by gender = (number of new employees from market by gender/total number of employees by gender as at 31/12) x 100.
- 16 Exit rate = (exits/total number of employees as at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.
- 17 Voluntary exit rate = (exits for resignations/average staff) x 100.
- 18 Voluntary exit rate by gender = (exits due to resignations by gender/average staff by gender) x 100.
- 19 Overall turnover = (number of new employees from market + exits)/average staff per service) x 100. Exits due to transfers to non-consolidated companies are excluded.
- 20 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.
- 21 Exit rate by gender = (exits from market by gender/total number of employees by gender at 31/12) x 100. Exits due to transfers to non-consolidated companies are excluded.
- 22 Overall turnover rate by gender and job classification = ((new employees from the market by gender and job classification + exits by gender and job classification) / average staff per gender and job classification) x 100. Exits due to transfers to non-consolidated companies are excluded.
- 23 Voluntary negative turnover rate by gender and job classification = (exits due to resignations by gender and job classification/average staff by gender and job classification) x 100.
- 24 Negative turnover rate by gender and job classification = (total exits by gender and job classification/average staff by gender and job classification) x 100. Exits due to transfers to non-consolidated companies are excluded.
- 25 The number of employees entitled to parental leave corresponds to the total number of Snam employees.
- 26 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.
- 27 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) x 100
- 28 Retention rate = (total number of employees still employed 12 months after returning to work at the end of parental leave/ total number of employees returning from parental leave in the previous reporting period(s)) x 100.
- 29 The blue-collar category has annual targets linked to the skills model.
- 30 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 or her pre-accident state of health within 6 months (excludes fatal accidents).
- 31 Number of lost working days (calendar days), related to non-commuting accidents with at least one day's absence, per thousand hours worked. The data are calculated including the contribution of fatal accidents, for each of which 7,500 days of absence were taken into account.
- 32 With regard to hours worked, the hours for the month of December have been estimated as they are not available.
- 33 The employees are not subject to risks that could lead to professional illness. Regarding the contractors, considering that the sanitary surveillance of employees is an employer duty of the contractor company, the data collection for professional illnesses of the contractor's personnel is not applicable.
- 34 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).

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Reports received for episodes related to discriminatory practices	406-1	n.	/	2	2
of which reports pending		n.	/	0	1
of which reports with corrective actions being implemented		n.	/	/	0
of which completed with corrective actions implemented		n.	/	2	0
of which reports dismissed as unfounded		n.	/	/	1

INDICATOR	UNITS OF MEASUREMENT	2021	2022	2023
Percentage employee engagement index ¹	%	-	-	84
Percentage of women in executive and management positions ²	%	22	23	26
Percentage of women in the succession plan (first and second line) ³	%	25	26	33
IpFG ⁴		0.65	0.60	0.47
Gender pay gap (%) ⁵	%	-	-	-
Participation in welfare initiatives ⁶	%	50	727	58
Hours of training provided to employees ⁸	h/capita	26	34	37
Hours of training provided ⁹	hours	157,341	278,914	418,528

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter Criteria for Drafting, Introduction and Guide to Reading the Document in the General Information section of the Non-Financial Statement.

1 In 2021 and 2022, there was no target. The figure is calculated from the results of the annual employee engagement survey, in which answers are given on a scale of 1 to 5 or 1 to 10, which are then converted to a scale of 0 to 100. All Snam employees participate in the survey, with some for employees who resigned shortly after the survey, interns, consultants and temporary workers without a contract of employment with Snam.

2 Percentage of the gender distribution of the group's executive management, consisting of C-level positions, executive vice presidents (EVPs) and middle management (directors, executives and managers). Perimeter related to Snam S.p.A. Snam Rete Gas, Greenture, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, les Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP.

3 Perimeter relative to: Snam S.p.A. Snam Rete Gas, Greenture, Snam Gas & Energy Services, Snam International B.V., GNL Italia, Stogit, Cubogas, Enura, Gasrule, les Biogas S.r.l., Renerwaste Lodi, Renerwaste, TEP, TEA.

4 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 (IF and IG). The perimeter refers to employees of both regulated and non-regulated businesses and only of regulated businesses for contractors, excluding non-regulated businesses. The scope of analysis will include, if any, companies acquired after 6 months from their acquisition. The target in 2022 was changed from the one defined in 2019 (< the average of the last five years) to align it with the same target set in the Remuneration Policy.

5 The methodology for calculating the target is currently being defined. The target refers to equivalent organisational positions.

6 The target is calculated as the percentage of employees participating in at least one welfare initiative. All employees are invited to participate in welfare initiatives. As of December 2021 and January 2022, new acquisitions are included in the scope of the target through progressive integration.

7 The figure presents the one-off impacts of the initiative to convert welfare credit into fuel vouchers.

8 Total number of hours of training provided to Snam group employees divided by the total number of employees in the year, including HSEQ and technical training activities.

9 The figure is cumulative for the period 2020-2023.

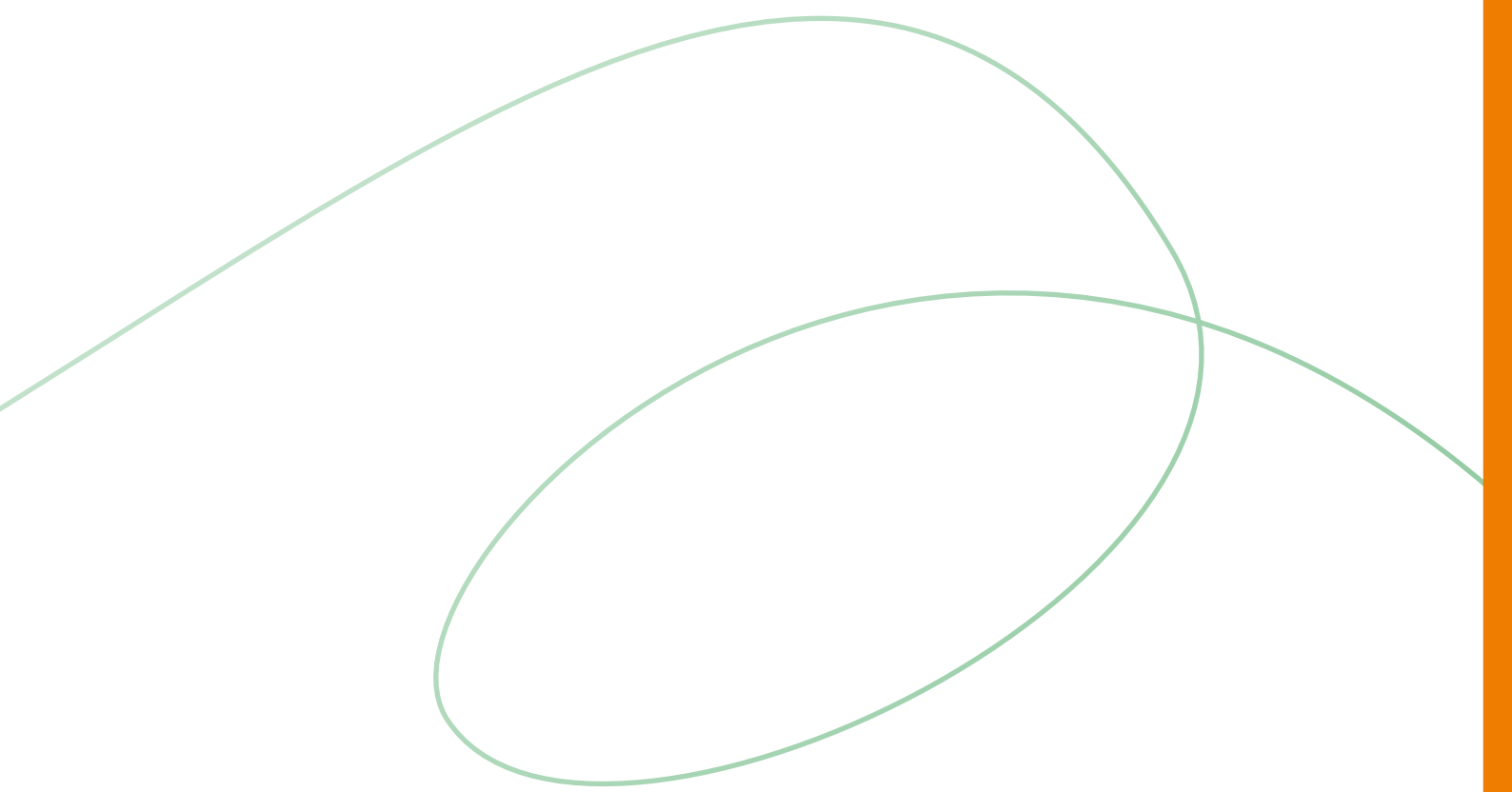
Sustainable supply chain

Material topics, impacts, risks and opportunities

Sustainable supply chain

IMPACT MATERIALITY	POSITIVE IMPACTS Support for the development of Snam's suppliers through initiatives to engage them in the path towards the energy transition of the country system, with a "just transition" perspective NEGATIVE IMPACTS Violation of workers' human rights in the supply chain and/or environmental damage caused by Snam's suppliers
FINANCIAL MATERIALITY	RISKS <ul style="list-style-type: none">• Difficulties in sourcing raw materials and industrial components due to rising raw material costs• Reputational risk associated with non-socially responsible practices by Snam's suppliers and/or the selection of suppliers that do not meet the professional, economic, financial and ethical requirements established by Snam• Sanctions due to violations of workers' human rights (operational) OPPORTUNITIES Expansion of the supplier base resulting from Snam's increased appeal to suppliers due to the support offered to their energy transition and decarbonisation path

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.





Policies

In conducting its business, Snam inspires and observes the principles of loyalty, fairness and transparency, promotes the dissemination of a culture of legality among its main suppliers, repudiates corrupt practices and collusive behaviour, and is actively committed to fighting corruption. Adherence to the aforementioned principles and the adoption of conduct in line with them is an essential prerequisite for an economic operator to be able to access the Group's business.

In order to ensure adequate oversight of the issue of sustainable supply chain management, Snam has adopted the **Human Rights Policy** and the **Social Supply Chain Policy**, through which it manages the impacts, risks and opportunities in the area of the sustainable supply chain. Approved by the Board of Directors, these policies are communicated internally within the Company, as well as made available online on the website to all stakeholders.

<p>Human Rights Policy</p>	<p>outlines the founding principles and actions taken to protect human rights in the performance of its activities and, in general, in every context in which Snam operates, including through its business partners. This policy confirms the Group's commitment to ensuring that its suppliers and business partners safeguard the wellbeing of the person, both as an individual and as part of social formations, based on the following principles and management guidelines, which are considered indispensable prerequisites for conducting business:</p> <ul style="list-style-type: none"> • continuous training for Snam people and suppliers, with particular attention to aspects relating to health and safety, integrity and business ethics, inclusion and diversity and sustainability issues; • ensuring appropriate standards of conduct for directors, auditors, management, Snam employees, as well as suppliers and subcontractors and all those who work to achieve Snam's objectives; • recognition and protection of freedom of association and the right to collective bargaining; • repudiation of any form of corruption; • protection of equal opportunities for professional development and growth, through the promotion of a culture based on meritocracy and respect for people throughout the entire cycle of people selection, management, training and career development; • fairness and access to equal pay for all its employees, regardless of gender; • prevention, repudiation and condemnation of all forms of discrimination based on an individual's ethnicity, nationality, language or religion, political or sexual orientation, gender, social background, age, disability or any other personal, cultural or professional sphere. With this in mind, Snam encourages and promotes inclusion and diversity in all company divisions; • prevention, repudiation and condemnation of all forms of harassment, violence, threats, intimidation or sexual, psychological, physical or verbal abuse referring to the personal and cultural diversity of the individual, or attitudes attributable to persecutory practices; • prevention, repudiation and condemnation of all forms of labour exploitation, including forced or child labour and human trafficking, ensuring that no one is forced into any form of physical or psychological coercion or punishment; <p>In order to achieve and promote the well-being of the individual and respect for human rights, in carrying out its activities, Snam pursues and disseminates a policy aimed at the concrete implementation of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO - International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles enshrined in the United Nations Global Compact, of which it is a member.</p> <p>This policy applies to Snam and its subsidiaries and is brought to the attention of other subsidiaries in order to promote principles and conduct consistent with those expressed herein. Snam also undertakes to disseminate the values contained in this policy among all Snam personnel, its suppliers, subcontractors and business partners, as well as any other person, wherever located, who acts in any capacity in the name of and/or on behalf of Snam.</p>
<p>Social Supply Chain Policy</p>	<p>with a view to pursuing inclusive and sustainable economic growth within the value chain, it defines the pursuit of the following objectives:</p> <ul style="list-style-type: none"> • recognising the role that business organisations play in labour and social inclusion policies with reference to the social economy and the third sector, in order to foster the employment of the weakest and most disadvantaged groups; • identifying areas of activity consistent with the social aims of third sector organisations, also on the basis of their roots in the territories in which the Company operates, • promoting possible collaboration opportunities, through networks and consortia of social enterprises; • encouraging the inclusion of social enterprises as subcontractors also through the introduction of bonus mechanisms in tender evaluation criteria; • encouraging its suppliers to define policies providing for the inclusion of social enterprises and cooperatives within their supply chain, with the main aim of fostering social, solidarity and professional integration, and subject to adherence to the principles of transparency, fairness and loyalty and the adoption of conduct always inspired by the parameters of legality. <p>As part of this model, Snam is committed to promoting awareness and dissemination of the SDG goals promoted by the UN, and to conducting company activities in a way that contributes to their achievement.</p>

For more information on the sustainable supply chain policies, please refer to Annex 2 - Snam's Main Policies and Guidelines of the Non-Financial Statement.

By adopting the Code of Ethics, Snam also confirms its focus on the issue of protecting and promoting human rights, committing itself to seeking suitable professional skills and sharing the principles and contents of the Code among suppliers and external collaborators. To this end, Snam promotes the building of lasting relationships with a common sharing of values for sustainable development and the progressive improvement of performance also through dialogue and comparison. In contracting, procurement and, in general, the supply of goods and/or services and external collaboration relationships (including consultants, agents, etc.), Snam persons are obliged to:

- include in contracts the confirmation that they have read the Code and the express obligation to abide by the principles contained therein;
- observe and demand compliance with the contractual terms and conditions;
- promptly report possible violations of the Code to their superior, and to the Supervisor;
- bring relevant problems arising with a supplier or external collaborator to the attention of the competent Snam structure, so that it can assess the consequences also at Snam level in the event of unlawful conduct being ascertained, promote the adoption of contractual and procedural tools and remedies, as well as appropriate action to protect Snam.

In addition, Snam's suppliers are also required to sign the Ethics and Integrity Pact, whose principles must be shared in order to:

- obtain and/or maintain the qualification;
- ensure inclusion in the Snam Vendor List;
- ensure the awarding and/or maintenance of contracts;
- ensuring the signing and/or maintenance of subcontracts and/or sub-subcontracts by the Snam Group.

The signing of this Ethics and Integrity Pact fosters the forging of a relationship of trust between the Company and its suppliers, aimed at raising the latter's awareness towards the adoption of virtuous behaviour, with a view to achieving continuous improvement..












In response to the uncertainties of the new geopolitical context, Snam's supply chain has proved resilient, solid and capable of adequately coping with the unforeseen events related to today's international landscape. To cope with these instabilities, the management models used for procurement have also proved to be functional, in that they are appropriately flexible in terms of timing and supplier engagement.

By adopting a business model based on responsible supply chain management, Snam defines and maintains stable and long-lasting relationships, capable of creating and strengthening an advantage for both parties. In particular, Snam's suppliers and business partners are necessarily required to adopt the main environmental, health and safety and quality standards, in accordance with **ISO 14001, ISO 45001 and ISO 9001**, as well as the principles contained in Snam's Human Rights Policy and Code of Ethics.

Starting in 2024, Snam has initiated a process to define a Supplier Code of Conduct in order to create a specific document for the proper management of supplier relations.

Objectives

CARBON NEUTRALITY					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Introduction of ESG criteria in scoring model (percentage of expenditure) ¹		34% in 2022	35%	30% by 2023 35% in 2024 65% in 2027	
RESPONSIBLE SUPPLIERS					
Reduction of the amount of plastic in packaging for industrial supplies		-60% by 2020	-100%	-100% by 2023 ²	
Percentage of the number of local suppliers (SMEs in Italy) assigned contracts with respect to the total number of contracted suppliers ³		67% by 2022	73%	50% by 2023 65% by 2026	
 KPI included in the Sustainability Scorecard	 KPI included in the Carbon Neutrality Strategy	 Target achieved	 Target in progress	 Target not achieved	

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

¹ The perimeter refers to: Snam S.p.A., Snam Rete Gas, Gnl Italia, Stogit, Enura, FSRU Italia, Greenture and Cubogas.

² Value referring to centralised warehouses.

³ The figure presents the one-off impacts in relation to the stipulation of small contracts (for SMEs).

The Sustainability Scorecard target, as well as the other KPIs monitored, contribute to the pursuit of Snam's corporate objectives and the commitments contained in the Code of Ethics.

Furthermore, these targets support the management of relevant impacts, risks and opportunities related to workers in the value chain, listed in the section "Relevant issues, impacts, risks and opportunities" in this chapter.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

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.

Innovative supply chain management: the 2023 awards

The Procurement Awards 2023

Snam won awards in the categories 'Innovation in Procurement', 'Inter-functional Team Purchasing' and 'Best Negotiation Practices'

Circular Procurement Awards 2023

Snam won an award in the 'Environmental Protection' category by Business International, of the Fiera Milano Group, for its transport portal project, which promotes the dematerialisation of transport documents and the scheduling of discharges

Excellence Award 2023

The Group received the Gold Award in the 'Under 30' and 'Third Party Risk Management' categories from Adaci, the Italian Association of Purchasing and Supply Management

Collaboration between Snam and suppliers continued in 2023 within the scope of:

- **innovation** applied to procurement processes;
- maintaining a **change-oriented vision** to anticipate future needs;
- the **valorisation of suppliers' skills** for the creation of value to be shared along the supply chain;
- the ability to **modulate flexibility** in response to market needs, optimise processes and reduce operating time with an improvement in the level of service offered.

Similarly, the reorganisation of the supplier base in the context of **Supply Chain 4.0** continued, with the integration of data and material flows to achieve even safer, faster and more flexible performances, consolidate its core business and successfully manage business-related activities for the energy transition.

In particular, thanks to the automation of processes, document dematerialisation, the use of large databases and digital transformation, especially in communication with suppliers, not only have the operational procurement cycles for goods, works and services improved, but there has been greater efficiency, traceability and transparency of operations.

In 2023, the **Transport Document Dematerialisation** process started in 2022, was consolidated in the warehouse and logistics area, which led to the digitalisation of transport documents (DDT) and the identification tagging of the delivery packages. In 2023, this initiative led to reductions in both the environmental impact, by eliminating 8,000 sheets of paper, and the economic impact, with annual savings of around €24,000.

The ability to use **big data**, gaining insights into the related qualitative assessments, is the added value of the Supply Chain 4.0 project, for which Snam prepared itself in good time, investing in the training and specialisation of its supply chain management personnel.



In 2023, Snam's **Supply Chain Academy**, with the support of Snam Institute, doubled the number of training hours, providing **more than 2,080 hours to 137 people in the Supply Chain department**, who took part in thematic workshops on the activities of the various Snam departments, Welcome on Board courses for new hires, visits and physical meetings at Snam sites (Dispatching and Northern District) and internal coaching activities. Staff were also involved in specific courses according to their function, including: conflict of interest management, sustainable procurement, procurement regulations, contract templates, purchasing office performance evaluation and effective report writing, budget reading, economic and financial evaluation of suppliers, market analysis, procurement plan exercise.

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.

As of the beginning of 2023, thanks to efficient requirements planning, agreements were made with contracted tubular material suppliers including for the transport and unloading with stacking of material directly at SRG's site areas instead of at the Centralised Warehouse. This reduced the number of trips and consequently the emissions into the atmosphere. This management strategy also reduces material handling activities by adopting safety-efficient strategies.

These agreements concerned in particular four different pipe diameters in the range from DN 200 to DN 1050 and six different destinations, totalling about 157 km of pipe whose transport was optimised.

Similarly, since September 2023, a similar project has been running in the peripheral warehouses of the districts of the GEST directorate with regard to stocks of small-diameter pipes (DN 25 to DN 300). The aim of such planning is to meet the needs of small quantities of material (usually dedicated to maintenance and minor network modifications) more quickly. The adoption of this new management method has made it possible to limit transport from the centralised warehouse (located in Lombardy) to the peripheral warehouses (located throughout Italy), while reducing emissions.

In the Codogno warehouse, design activities were also completed for the refurbishment of the pipe stock, which includes a new high-performance flooring and the use of new equipment that improves the safety of pipe storage and handling, as well as the timing, and also reduces the consumption of wood used to form the stacks. It is expected to be completed between the first quarter of 2024 and 2025.



The same warehouse was also the subject of the 'Relamping' project, which involved replacing all the lighting fixtures with LED lamps in all the warehouse buildings, thus reducing energy consumption for lighting by around 60%.



Despite the continuing instability dictated by the geopolitical context, Snam's supply chain has continued to prove **resilient, solid and capable of adequately coping with the uncertain scenario**, mainly determined by the Russian-Ukrainian conflict. In line with this, the management models used for procurement also proved functional, showing to be appropriately flexible in terms of timing and supplier engagement.



Digital solutions to improve work efficiency together with suppliers

Supplier One Platform

Supplier One Platform is an integral part of the digital innovation path linked to the supply chain promoted by Snam and aims to introduce new technological solutions and working tools for procurement processes.

By digitising and renewing existing systems and processes through the use of new real-time tracking systems for electronic tenders, catalogue purchases and subcontracting activities, Snam has reconfigured relations throughout the supply chain, optimising interactions with suppliers, reducing interaction times and increasing the frequency of information exchange.

Furthermore, the activation of the new **Edith platform** has significantly contributed to the innovation of materials management activities, with particular reference to strategic aspects concerning quality assurance of the service rendered, specifically the inspection and traceability of materials.

Digital Master Plan

Among the main innovations for 2023, Snam has digitised its procurement planning by implementing the **Digital Master Plan**, a process automation system that helps improve the user experience, the level of accuracy of requirements gathering, the optimisation of engagement times for requesting functions, and the improvement of communication flows and tools with internal and external stakeholders.

The supply chain approach to climate change

Snam directly involves its suppliers in the fight against climate change, organising training meetings and supporting them on the path to decarbonisation, providing its know-how and experience in defining sustainability priorities, applying best practices, identifying the most valid monitoring measures to be implemented, and promoting the spread of innovative and low-emission energy efficiency solutions.

Supplier engagement activities are 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.

In addition, suppliers are encouraged to define an appropriate **corporate governance**, in order to make actions such as the fight against climate-changing emissions and the general approach to the adoption of sustainability criteria in supply chain management effective and efficient.



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.

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, in 2023, two rounds of meetings were organised with the main suppliers in the DT&T sector, during which feedback and suggestions on ESG issues were shared; in particular, Snam made available to the analysed supplier, the comparison with suppliers belonging to the same product category present in OpenES, with the aim of improving their performance and sharing best practices. In addition, an agenda of further meetings including training activities, technical webinars and working groups was planned.

Reducing emissions together with suppliers

In order to achieve 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.

For more information, see the chapter 'Strategy, Carbon Neutrality and Net Zero Strategy' in the 'General Information' section of the Non-Financial Statement.




In March 2023, Snam involved a panel of suppliers in a process of sharing and discussing initiatives and strategies for reducing emissions and achieving the transition with the workshop '**Road to the Decarbonisation**'. Part of the actions that emerged from the workshop and stemming from several suppliers were channelled into a single project line, the **Cantiere Sostenibile or Sustainable Yard**. In this context, 8 pilot sites were developed by the end of 2023. These are based on the use of bio-fuels (diesel and hydro-treated vegetable oil), electrification of equipment, e.g. with the introduction of electric trucks, water re-use and waste recovery.



In addition to this, Snam actively supports suppliers in the early stages of their emission reduction journey through webinars focused on climate change and GHG emissions and one-to-one interviews, through which it offers solutions and provides suppliers with benchmarks of best practices in this area. In particular, Snam offers ESG education, a sustainability training course that allows suppliers to leverage Snam's already established expertise, collected in short training videos, which have been published on a monthly basis since April 2023, to improve their impact on the environment and society.

SNAM'S ESG EDUCATION VIDEOS

1 Evolution of the concept of sustainability and ESG	2 Snam's ESG strategy	3 GHG emissions
4 Environmental impacts on biodiversity	5 Energy efficiency	6 Waste management in the Circular Economy paradigm
7 Anti-corruption, business integrity and human rights	8 Safety at Work	9 Diversity, Equity and Inclusion

 The importance of integrating sustainability into the supply chain and raising awareness of these issues among the entire supplier base was reflected in the **Snam Supplier Convention**, held later in the year, entitled '**Safety, Sustainability and Efficiency. Together we can**' and in the workshops organised for the occasion, which focused on decarbonisation, digitisation and creating partnerships for the transition.


The Snam Suppliers Convention was one of the main events of the year, bringing together more than **150 suppliers** and providing a unique opportunity to strengthen common goals and align efforts towards shared objectives



During the convention, the '**Call4Partner - Sustainable supply chain**' was presented, an initiative launched on 15 May 2023 and ending on 14 July 2023, the result of the collaboration between Snam's **Open Innovation Hub** and the company's **Supply Chain and Sustainability** units.

The Call aims to promote greater awareness of sustainability goals by analysing how the partner ecosystem is working on concrete initiatives and solutions to achieve the decarbonisation targets and jointly contribute to a more sustainable supply chain.

Suppliers in communities for sustainability

 Snam's suppliers belong to and actively participate 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
--	--	--	--

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 2023, there were 1,320 Snam suppliers registered on the platform (100 more suppliers than at the end of 2022), of which 350 were large companies and 980 small and medium-sized enterprises (SMEs). After an assessment of the coverage of suppliers on commodity groups in both private and public regimes registered in Open-es, it emerged that more than 75% of suppliers in private commodity groups, are already present on the platform, therefore, Snam intends to include registration on the platform as one of the requirements of the accreditation process for new self-bids and internal requests.

1,300
suppliers registered
in Open-es
(+100 vs. 2022)
of which

350 large
companies and
350 SMEs

SER – Supplier Engagement Rating and CDP – Supplier Engagement Rating

Snam has again been awarded an **A** in the **Supplier Engagement Rating (SER)**, the assessment provided by CDP on the quality and effectiveness of the engagement that companies put in place with their suppliers. The assessment is based on the company's answers in some areas of the CDP Climate Change questionnaire.

Also in 2023, 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. Over the past year, the Company has further expanded the scope of its analysis, involving more suppliers (almost 30% more than in 2022) in the transmission of data, including the most significant ones in terms of procurement and those most strategic for the business: 243 suppliers were invited to complete the questionnaire, and 134 of these responded (55%).

55% response
rate to the CDP
SER questionnaire

Salesforce Supplier Engagement - Sustainability and Carbon Accounting Portal at Snam

In 2023, the 'Salesforce Supplier Engagement' programme was launched, a further step not only towards the reduction of supply chain emissions, but also towards the digitisation of data. The programme, implemented through the **Salesforce Net Zero Cloud** platform, included the launch of **Snam's Sustainability and Carbon Accounting Portal**: a collaborative solution that aims to improve data collection for Snam's indirect emissions estimation by collecting information on suppliers' Scope 1 and 2 GHG emissions, together with a series of additional data related to sustainability issues.



Chief Chief Procurement Officer Project

Based on an initiative of the Supply Chain management, in cooperation with the **ABC Consortium**, the **CPO Project (Community of Chief Procurement Officers)**, aimed at SMEs, was launched in 2023.

The project has a twofold objective:

1

- stimulating CPOs to improve the performance of the entire supply chain through:
- sustainable development, considering the necessary integration of sustainability in business
- the safety and quality of supplies, based on the culture of compliance and on supply chain loyalty
- support for innovation through the sharing of best practices

2

creating a community to foster direct relations between all CPOs, the creation, dissemination and sharing of recommendations, guidelines and expertise

54 SMEs
participating in
the CPO

Project equal
to **30%**
of the SME
procurement
for the period
2021-2023

As part of the project, 2 training sessions were carried out during the year:

- **Sustainable Supply Chain**, during which the following topics were covered: fundamentals of sustainability and sustainable development; regulatory developments (Corporate Sustainability Reporting Directive - CSRD and Corporate Sustainability Due Diligence Directive - CSDD) and overview of governance, environmental, social, product and process certifications of interest (outlines on ISO14001, ISO50001, SA8000, ISO14067 and ISO14064) and
- **Discipline of Contracts**, during which the following topics were covered: contract types, general and special purchasing conditions, implications of safety at work, privacy legislation, safety at work, joint and several liability and fiscal responsibility, subcontracting and its operational criticalities, the 'drivers', i.e. the enabling factors for companies, the necessary change in business processes and the ISO 20400 Guidelines on Sustainable Procurement.

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 (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.



In 2023, goods, works and services worth a total value of 2,785 million euros were purchased, of which more than 878 million euros went to small and medium-sized enterprises (SMEs): 73% of these were in the public sector and 27% in the private sector. In addition, during the year, the percentage spent on local suppliers (SMEs in Italy) out of the total spent on procurement was 33%.

The procurements of the top 15 suppliers amount to approximately 1,669 million euros, which corresponds to about 60% of the total procurements. During the year, contracts were registered with 773 suppliers, of which 511 were categorised as SMEs, and 1,584 procurement contracts (and their reviews) were concluded, of which 59% were in favour of SMEs. In fact, the latter represent one of the main players in the Italian economy and, thanks to their flexibility, adaptability and widespread presence throughout the country, they are particularly 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, the most important are 211 (criticality levels A and B⁹⁰), which were awarded contracts amounting to a procured value of approximately €1,985 million (or 71% of the total procured value). The most significant raw material of those purchased is steel, with about 52,000 tonnes procured in 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 promoting the energy transition business aimed at achieving the decarbonisation targets, namely **Renovit** and **Bioenerys**. The 2023 procurement value of these companies totalled around €663 million.

Socio-economic effects of Snam's procurement

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 from Italian companies or work carried out in Italy in 2023 was approximately **2,635 million euros**. These expenditures stimulated the production of final and intermediate goods and services in directly by the Group's suppliers, indirectly by the suppliers of the suppliers, and consequentially 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.

This production value amounted to approximately **6,902 million euros**. The increase in production generated some **2,651 million euros** in added value and supported **39,727 Annual Work Units**⁹¹.

This means that for every million euros of Snam's acquisitions, the Italian economic system has seen its gross production increase by **2.62 million euros** and generate a **national added value of 1.01 million euros**, supporting approximately **15.1 Annual Work Units**.



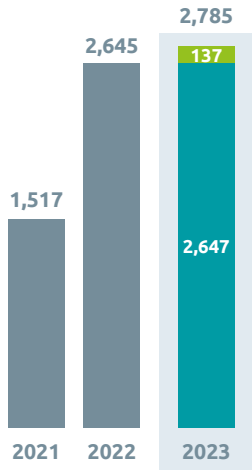
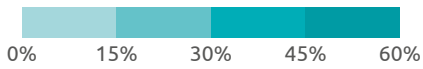
⁹⁰ Suppliers with criticality levels A and B are considered Tier-1. Among the non-Tier-1 suppliers, there are no critical suppliers.

⁹¹ 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

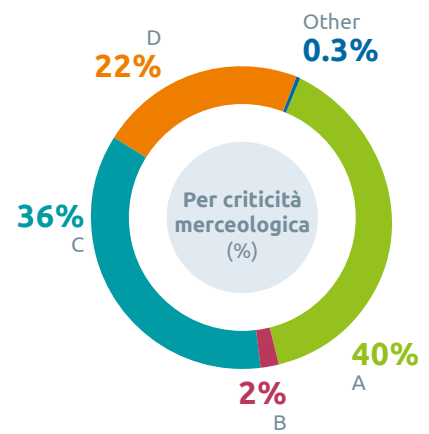
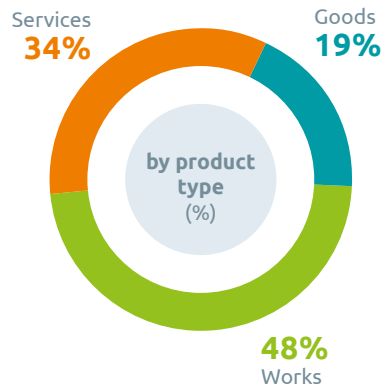
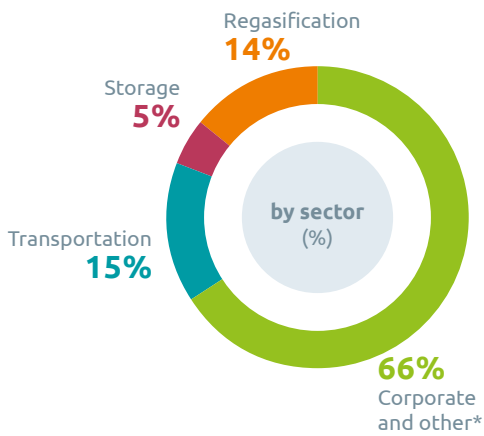
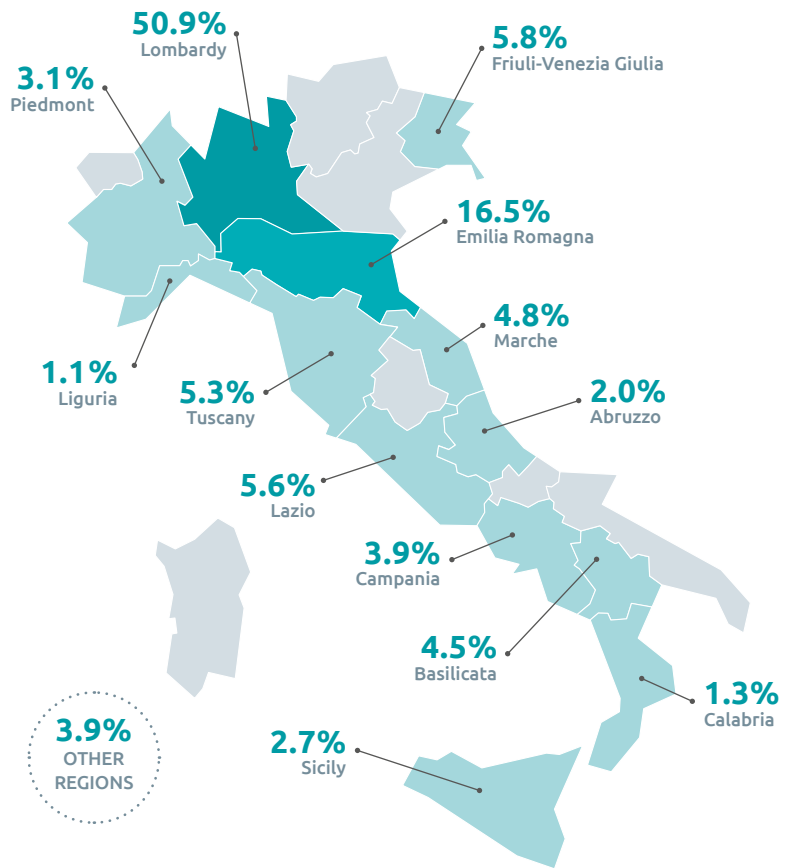


Italy Procured 2023

(mln €, %)



● Italy ● Europe ● Outside Europe



*Greenture and Cubogas are included in "Other"

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 respect health and safety requirements • absence of forced labour and child exploitation 	<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)

In addition, Snam takes into account and evaluates, for each product category and depending on the type of supplier - particularly significant suppliers - the risks associated with the sector to which they belong (i.e. sector-specific risks), as well as the country-specific risks.



The consideration of **ESG factors** is of significant strategic importance for the ethical conduct of procurement management, as well as 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)⁹². Snam's purchasing practices take into account, are consistent and aligned with the provisions of the Code of Ethics and the Ethics and Integrity Pact. If substantial changes occur in these documents, the purchasing practices are updated accordingly.

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. Likewise, suppliers must be aware of and commit to comply with the Anti-Corruption Laws, the **Anti-Corruption Guideline** and the **Anti-Corruption Policy**.

92 With the aim of defining specific criteria for sustainable supply chain management, Snam has launched a project to draw up a Supplier Code of Conduct.

In addition, with regard to anti-corruption, all suppliers and subcontractors are subject to reputational checks. In 2023, 2,304 reputational checks were conducted on suppliers and contractors. Snam has implemented a new process aimed at learning more about its suppliers, not only from a reputational point of view, but also from a broader compliance point of view. It then introduced the new category of “Compliance Audits”, which involve analyses of the financial soundness of suppliers as well as their suitability and adequacy, both from a technical and HSEQ point of view.

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. In the event of non-compliance with health and safety, environmental, quality performance and punctuality requirements, a dedicated team evaluates individual cases and then determines what action to take, which may even, in some cases, exclude the supplier from the Vendor List. In such an event, the supplier is notified of the measure together with a specified time period within which it must take all the necessary corrective actions. This time period varies from 2 months to one year, depending on the case.

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. In this way, the right balance of the number of suppliers in the Vendor List is ensured, according to criteria that follow the evolution of procurement needs over time. In 2023, 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 those already available. At the same time, the number of suppliers operating in energy transition activities was increased.

In accordance with the **Social Supply Chain Policy**, during the supplier selection and qualification phases, Snam promotes the involvement of entities belonging to the **Third Sector**, such as cooperatives, associations and non-profit enterprises, aligned with the UN sustainable development goals (SDGs).

At the end of 2023, there were 83 suppliers belonging to the Third Sector in the Supplier Register, who were assigned services worth €1,609,000, mainly in the fields of engineering support services and consulting in technical and specialised fields. In addition, some 40,000 euro in sponsorships were paid out.



The focus on and involvement with Third Sector suppliers is reflected in the Group's publicly stated objective: to strive towards a business model based on lasting, inclusive, ethical and sustainable economic growth to ensure full and productive employment, decent work for all and an open dialogue with stakeholders committed to protecting the most vulnerable members of society, communities and territories. The ultimate goal of this is to incentivise the supply chain to adopt similar behaviour in turn, thus generating a multiplier effect.

An example of this is the involvement in 2023 of the supplier Auticon S.r.l., an IT consultancy company that exclusively employs resources on the autism spectrum, which was entrusted with a Security Intelligence assignment to preventively and promptly identify cyber threats that could cause potential reputational damage to the Snam brand and its relevant stakeholders.

Supplier register population as at 31.12.23

211

qualified suppliers belonging to more important and strategic product categories (categories A and B)

2,704

total qualified suppliers

780

suppliers involved in qualification renewal and newly qualified

The new supplier performance monitoring process

Supplier performance monitoring and the related audits, inspection visits and evaluation processes are the main tools designed to protect the integrity of supply chain sustainability and ensure that expected quality and efficiency standards 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.

The audit activities are planned through specific criteria that allow the identification of a significant sample of companies that will be covered by the audits. In addition, every year, as part of the Supplier Monitoring process activities, Snam verifies the maintenance of HSEQ requirements met during accreditation/qualification.

Supplier evaluation and monitoring

Assessments at the qualification stage are based on international standards in cases where the product categories for which the supplier applies for qualification require ISO 9001, 14001 and 45001 certification.

Monitoring is carried out on the basis of company rules and includes the following activities:

1

desk assessments through the provision of a self-assessment questionnaire distributed to suppliers and systematic verification of the evidence received

2

on-site assessments carried out by Snam's HSEQ function and testing unit⁹³ (so-called 2nd party supplier on-site assessment)

3

on-site assessments carried out by independent third-party organisations with which Snam cooperates in relation to critical goods (so-called 3rd party supplier on-site assessment)

4

preparation of a **corrective and improvement action plan** shared with suppliers



During 2023, 1,373 pieces of feedback were collected, referring to the performance of 184 suppliers, 527 contracts were analysed and, in line with the promotion of sustainable behaviour along the supply chain, 4,828 checks (+9% compared to 2022) were carried out on the contributory regularity of 2,112 suppliers and subcontractors (+12% compared to 2022), with the number of irregularities halved compared to 2022: 0.7% of cases, confirming the responsible path taken by suppliers.

93 Snam's testing unit carries out quality assurance activities at suppliers producing critical goods.

To evaluate supplier performance over time, Snam also uses a Rating Index (RI) which takes into consideration the compliance with technical contractual requirements (Quality), health-safety-environment (HSE) requirements, the agreed delivery times (Level of service), and related to the relationship with the customer for the entire duration of the contract (Conduct). This assessment is periodically sent to suppliers in the form of an analytical appraisal, so that a constructive discussion can take place.

If a supplier fails to comply with the agreed standards, including technical and organisational requirements, or in case of a negative assessment of its performance and/or safety procedures or those of its subcontractors, or failure to comply with the provisions on the regularity of contributions and the rules contained in the Code of Ethics, Snam may limit, suspend or even revoke its qualification.



A total of 39 measures were issued in 2023, an increase compared to 2022 (14 measures), confirming Snam's monitoring of the supply chain, together with the promotion of improvement actions and virtuous behaviour.



The Supplier Web 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, the Supplier Portal was redesigned in 2023, improving operational efficiency. The new Supplier Portal, in fact, provides a special reserved area for each registered supplier, containing information directly concerning him, and an online help desk service.

The portal has thus become a multifunctional space, an active sharing and communication channel dedicated to key supply chain projects and a promoter of safety and the ESG strategy.

The restyling of the Portal allowed the information to be reorganised in order to:

- 1 inform** all suppliers about Snam's supply chain organisation, strategy, initiatives and changing needs
- 2 guide the user** through the different steps of the key Supply Chain processes, with a special focus on the application process
- 3 communicate** 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 update suppliers** on events, awards, projects, notices, and other useful news
- 5 improve the navigation** between the information in the different sections

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 the 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 discrimination of any kind and the repudiation of any form of corruption.



In 2023, all the suppliers were analysed and assessed in the area of human rights, and no cases of violation were found, so no mitigation plans or corrective actions were necessary.

In addition to compliance with the Human Rights Policy and the standards of conduct outlined in Snam's Code of Ethics, the General Contract Specifications outline additional general provisions aimed at regulating the activities covered by each contract stipulated by Snam with contractors (it includes precise references to the health and safety of workers in the workplace, pay, social security and welfare treatment of contractor personnel, etc.).

Key performance indicators

SUPPLIERS ANALYSED ON SUSTAINABILITY ISSUES^{1, 2}

	Number n.			Working practices % ⁽³⁾			Environmental criteria %			Human rights % ⁽⁴⁾		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Goods												
Qualified suppliers	821	940	1.035	37%	31%	21%	34%	24%	21%	100%	100%	100%
of which with criticality class A and B	96	99	99	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	257	248	302	29%	31%	18%	24%	17%	18%	100%	100%	100%
of which with criticality class A and B	6	21	18	100%	100%	100%	100%	100%	100%	100%	100%	100%
Works												
Qualified suppliers	375	417	438	88%	100%	41%	57%	46%	41%	100%	100%	100%
of which with criticality class A and B	80	81	76	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	111	102	132	94%	100%	30%	47%	39%	30%	100%	100%	100%
of which with criticality class A and B	22	21	22	100%	100%	100%	100%	100%	100%	100%	100%	100%
Services												
Qualified suppliers	1,655	1,863	1,949	27%	25%	17%	24%	19%	17%	100%	100%	100%
of which with criticality class A and B	49	44	44	100%	100%	100%	100%	100%	100%	100%	100%	100%
Suppliers qualified during the year	496	469	532	24%	22%	14%	18%	13%	14%	100%	100%	100%
of which with criticality class A and B	8	6	19	100%	100%	100%	100%	100%	100%	100%	100%	100%
Non-EU international projects												
Qualified suppliers	13	12	9	85%	83%	0%	85%	83%	0	100%	100%	100%
of which with criticality class A and B	0	0	0	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.
Suppliers qualified during the year	6	0	1	83%	n.a.	0%	83%	n.a.	0	100%	n.a.	100%
of which with criticality class A and B	0	0	0	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.

¹ The figures include the following companies, which are included in the consolidated group perimeter in 2023: Snam S.p.A., Snam Rete Gas S.p.A., Stogit S.p.A., GNL Italia S.p.A., Enura S.p.A., Bioenergies, Renerwaste S.r.l., Greenture S.p.A., Cubogas S.r.l., IES Biogas S.r.l.

² A supplier may hold several qualifications, even for different product types.

³ Health and safety aspects.

⁴ Ethical aspects (regularity of social security contributions/DURC, law 231, child labour, forced labour, etc.).

SUPPLIERS PERFORMANCE EVALUATION (%)¹

	2021	2022	2023
Excellent	41	37	25
Good	27	32	31
Adequate	25	23	31
Insufficient	3	4	7
Poor	4	5	5

¹ The figures include the following companies, which are included in the consolidated group perimeter in 2023: Snam S.p.a., Snam Rete Gas S.p.a., Stogit S.p.a., GNL Italia S.p.a., Enura S.p.a., Snam 4 Environment S.r.l., Renerwaste S.r.l., Snam 4 Mobility S.p.a., Cubogas S.r.l., IES Biogas S.r.l.

KPIs AND TARGETS	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Introduction of ESG criteria in scoring model (percentage of expenditure) ¹		%	-	34	35
Reduction of the amount of plastic in packaging for industrial supplies ²		%	96	100	100
Percentage of the number of local suppliers (SMEs in Italy) assigned contracts with respect to the total number of contracted suppliers		%	-	67 ³	73

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

- ¹ The perimeter refers to: Snam S.p.A., Snam Rete Gas, Gnl Italia, Stogit, Enura, FSRU Italia, Greenture and Cubogas.
- ² Value referring to centralised warehouses.
- ³ The figure presents the one-off impacts in relation to the stipulation of small contracts (for SMEs).

Relations with local communities

Material topics, impacts, risks and opportunities

Relations with local communities

IMPACT MATERIALITY	<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none"> • Support and economic development of communities in the area through social initiatives, beneficial activities and sponsorships <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> • Restriction of access to land and use of resources for communities affected by transport infrastructure activities • Inadequate and unfair land use offsetting • Conflicts or opposition from communities affected by Snam's projects due to inadequate communication and dialogue with the Company
FINANCIAL MATERIALITY	<p>RISKS</p> <ul style="list-style-type: none"> • Failure to obtain authorisations to carry out works or interruption of business activities due to opposition by local communities • Risk associated with maintaining an adequate reputational profile for suppliers and subcontractors (operational) • Risk associated with the acquisition of equity investments (operational)

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

Snam, aware of its social responsibility towards all of its stakeholders, adopts a business development model based on sustainable growth and the promotion of the well-being and quality of life of the people who work or collaborate with the Group, as well as the economic and social development, and continuous dialogue with all stakeholders in the communities and territories in which the company operates. With a view to managing the impacts, risks and opportunities associated with its relations with local communities, the Group has a **Stakeholder Engagement Policy**, a **Human Rights Policy** and a **Snam Philanthropic Activity and Social Initiative Management Policy**.

These policies are approved by Snam's Board of Directors and, in addition to being communicated internally within the organisation, are published online on the company website.

Stakeholder engagement policy	<p>based on the different stakeholder categories identified, it defines diversified and flexible forms of dialogue and involvement (e.g. webinars, focus groups, polls, etc.), adapted to the different characteristics and needs of each stakeholder with the aim of:</p> <ul style="list-style-type: none"> • establishing an ongoing and constructive dialogue with Snam's main stakeholder group on sustainability strategies, taking into account any stakeholder requests and identifying areas for improvement and possible synergies; • defining the company's material topics in the ESG area; • contributing to the maintenance of the corporate reputation; • contributing to the identification of opportunities and risks. <p>The policy is communicated to stakeholders with a view to respecting the principle of transparency and cooperation, and is available to the public and anyone who requests it. In addition, stakeholders can contact the Group to establish a dialogue through the channels provided by Snam and view the results of the engagement activities through the Group's main communication channels.</p>
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Human Rights Policy	<p>promotes and protects respect for human rights, including through continuous training for Snam people, with particular attention to aspects relating to health and safety, integrity and business ethics, inclusion and diversity and sustainability issues, in order to ensure the application of the following principles and behaviour:</p> <ul style="list-style-type: none">• repudiation and condemnation of any form of:<ul style="list-style-type: none">- discrimination based on an individual's ethnicity, nationality, language or religion, political or sexual orientation, gender, social background, age, disability or any other personal, cultural or professional sphere;- harassment, violence, threats, intimidation or sexual, psychological, physical or verbal abuse;- labour exploitation, including forced or child labour and human trafficking;- corruption;• confidentiality and processing of personal data. <p>In carrying out its activities and, in general, in every context in which it operates, Snam defines the founding principles and actions aimed at protecting Human Rights.</p> <p>The Human Rights Policy extends to Snam and its subsidiaries and is brought to the attention of other subsidiaries as well as to its suppliers, subcontractors and business partners and to any other person acting, in any capacity, in their name and/or on their behalf.</p> <p>The Policy is drafted in accordance with the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO - International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles enshrined in the UN Global Compact, of which it is a member. In addition, the Policy respects and reflects the principles related to respecting and promoting human rights, contained in Snam's Code of Ethics.</p>
Snam policy for the management of philanthropic activities and social initiatives	<p>manages philanthropic activities and social initiatives that include donations and sponsorships to raise awareness about the Company and its strategic growth plans, the ability to create culture and added value for the community, while respecting traditions, in a logic of continuous improvement over time and of sustainability, and the ability to create economic value in ways that simultaneously generate value for the Company, its stakeholders and the territory in which it operates:</p> <ul style="list-style-type: none">• responding to the needs expressed by the context in which it operates;• promoting social, cultural and environmental interventions according to criteria of transparency, fairness and impartiality towards all those with whom it deals;• confirming its commitment to the values of dialogue, collaboration and environmental care. <p>As a company operating in a regulated market, with specific technical and economic constraints, Snam is inspired by the London Benchmarking Group model, the main international benchmark that helps redefine community contributions from pure philanthropy to strategic investments with a return for the community and the company.</p> <p>The Philanthropic Activity and Social Initiative Management Policy, drafted in line with the Code of Ethics, the Sustainable Development Model, its growth plans and the strategic approach on Shared Value, protects and promotes human rights as the inalienable and inescapable prerogatives of human beings and the foundation for building societies based on the principles of equality, solidarity, repudiation of war and protection of civil and political rights, social, economic and cultural rights and so-called third-generation rights (the right to self-determination, peace, development and environmental protection).</p>

For further information on the policies on managing relations with local communities, please refer to Annex 2 - Main Snam policies and guidelines of the Non-Financial Statement.

Objectives

LOCAL COMMUNITIES					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Percentage of benefits to local communities compared with regulated revenues ¹		1% in 2022	0.4%	1% in 2024 1% in 2027	
Value released to local communities (million euro) ²		€1,502 million in 2022	€1,451 million	>€1,000 million until 2027	
Number of hours dedicated by employees to Snam Foundation activities supporting local communities		4,400 hours in 2019	5,970 hours	4,800 hours by 2023 5,500 hours by 2026	

KPI included in the Sustainability Scorecard
 KPI included in the Carbon Neutrality Strategy
 Target achieved
 Target in progress
 Target not achieved

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

- The target refers to the perimeter of the regulated sector. Based on the 'Distributed Added Value' methodology already in use, the formula sums up (i) direct donations, sponsorships and compensation (from the income statement), (ii) contributions to Arbolia and the Snam Foundation; (iii) contributions to Italian start-ups and (iv) compensation and mitigation (CapEx), divided on the sum for regulated revenues. With reference to the item "Offsets and mitigations (CapEx)", the SRG and STOGIT items "Environmental Offsetting Charges" and "Greening" are included. The figure as at 2023 is to be considered partial. Starting in 2024, Snam will undertake to track all these items and have as accurate a figure as possible.
- Based on the 'Distributed Added Value' methodology already in use, the formula sums up the following items (i) direct donations, sponsorships and compensation (profit and loss account); (ii) contributions to Arbolia and the Snam Foundation; (iii) contributions to Italian start-ups; (iv) compensation and mitigation (CapEx); (v) Dividends of Italian retail investors; (vi) Salaries; (vii) Suppliers of Italian SMEs and (viii) Local taxes (including TARI, IMU and IRAP).

The setting of the targets in the Sustainability Scorecard for benefits to local communities contributes to the achievement of the objectives set out in Snam's Philanthropic Activity and Social Initiative Management Policy, as well as to the targets set out in the Sustainable Development Policy for the creation of shared value. In addition, the pursuit of these objectives contributes to the management of relevant impacts, risks and opportunities, which are listed under 'Relevant issues, impacts, risks and opportunities' in this chapter.

Actions

Relations with the territory

Snam is present throughout Italy with its infrastructures and maintains a constant dialogue with territories and stakeholders, acknowledging their requests and promoting the development of economic and cultural activities of various kinds, and the care and protection of the landscape and environmental heritage. In this context, the company seeks a **licence to operate** while contributing to the **growth of the country** and, in a **just transition** perspective, to the **development of the social system**.

In line with these objectives and in confirmation of its commitment to social issues, Snam strengthens and develops its relational networks in the local area with the support of **Fondazione Snam**. Established in 2017, the Foundation's purpose is to develop, promote and disseminate innovative, effective and supportive practices capable of fostering civil, cultural and economic development in priority areas of public interest by connecting the business and social sectors.

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

Snam employee volunteering

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

In 2023, 5,970 hours were dedicated to the initiatives implemented by the Foundation, exceeding the annual target of 4,800 hours, an important result also made possible by the widespread adhesion to the payroll giving campaign in support of the people affected by the floods in Emilia-Romagna.



The **payroll giving and match giving** campaign, held from 19 May to 8 June 2023, supported the flood emergency in Emilia-Romagna. Snam and the Foundation responded with both economic support and the involvement of their People.

The Snam people donated the amount of one or more hours of their work, and this amount was subsequently more than doubled (x 2.5) by the Snam Foundation, for a **total donation of €100,000**.

A further **€5,000** was added to this figure through a **fundraising** event organised by employees and former employees of the Distretto Centro Orientale of Bologna. Here too, the amount was doubled by the Snam Foundation, for a **total of 10,000 euro**, donated to the Agency for Territorial Security and Civil Protection of Emilia-Romagna.

Within the context of the voluntary activities carried out by Group employees in 2023, the main ones concerned:

'E-LAB' (Empowerment Lab) Skill Volunteering	<p>100 volunteers joined the 'E-Lab' mentorship programme for social enterprises and cooperatives.</p> <p>Thirty-two courses were implemented for supported Third Sector organisations in seven Italian regions to strengthen their business plan, administrative and financial management, communication and commercial skills, human resources planning and management, and internal organisation structuring.</p>
'Donate to learn'	<p>81 volunteers took part in the initiative, involving students from 75 schools in 16 Italian regions with four training courses (STEM subjects, environment and energy, healthy and sustainable food, digital) in partnership with various Third Sector organisations.</p> <p>The initiative also included the donation to participating schools of 1,111 digital devices refurbished by partner Fondazione Italiana Accenture.</p>
'Together For Others'	<p>508 volunteers, including Snam people, Snam retirees and suppliers, took part in the half-day initiative to combat food waste, which reached around 30,000 people in need.</p> <p>The colleagues were involved in numerous activities with 22 Third Sector partners in 11 different cities, helping to serve 8,000 meals, distribute about 22,000 food parcels and collect and sort more than 100,000 kg of surplus food.</p>

Snam serving schools

In 2023, the activities designed to serve schools continued with **Young Energy**, now in its sixth 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. 415 students from 8 technical institutes around the country took part in the course, which lasts from January to May. They listened to lectures by Snam People in the classroom and participated in project work activities as well as company visits. In addition, Young Energy provides fifth grade students with the opportunity to participate in selection paths to become part of the Snam world.

8 schools involved

415 students reached

Snam also took part in **Tirrenno Scuola@2030**, an integrated communication, training and information project aimed at the 3rd, 4th and 5th year classes of high schools. Tirreno Scuola@2030 also involves public and private partners (companies, foundations, institutions), creating a virtuous synergy between the schools and the most representative companies in the participating region through the creation of a system of relations and activities. The aim is to provide students with elements of analysis and knowledge that will help them approach the world of work and/or post-diploma training with a critical spirit and a greater awareness of the social, economic and cultural reality in which they live and in which they will be called upon to play key roles.

Snam joined the project as a partner company and involved two employees who talked about their experiences at Snam and its businesses at two schools in Tuscany.



Scuola@2030 is the first structured school-to-work alternation project in Italy in the field of publishing and has been approved by the Regional School Office and included in the Miur planning schedule.

The high school classes were involved by participation in a series of activities carried out in physical, digital and paper form:

- **Physical mode:** meetings and initiatives focusing on the most widely felt topics, from the energy transition to safety, from road safety education to training and especially on information and career guidance;
- **Digital mode:** online meetings and initiatives described by the students and collected within a web portal run by students on the Il Tirreno website;
- **Paper-based mode:** The various activities carried out are narrated by the children and collected in the newspaper in a weekly insert. The newspaper is then distributed daily in participating schools.



Licence To Operate

Snam, as an entity that carries out activities in the public interest, requires **specific authorisations from the Public Administration** when building the relevant infrastructures. This consequently initiates an authorisation process that provides for forms of communication addressed to municipalities, farmers' professional organisations and local communities affected by the energy infrastructures.

Before the authorisation procedures start, 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.).



The projects are appropriately analysed and evaluated in terms of environmental, economic and social impacts, e.g. through Social Impact Assessment tools and methodologies. During the year, **more than 150 meetings were held**, of which **more than 60 at the central level and about 90 at the local level**, concerning the territories affected by Snam's activities and infrastructure.

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, this 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 the property for reasons of public interest, subject to payment of fair 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 the communities concerned, are invited to express their opinions/comments. Snam then organises specific meetings with the farmers' professional organisations and the mayors to illustrate the aim 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 offsetting processes**, which consist of the payment of an **easement indemnity**.

In addition to the easement indemnity, Snam also grants indemnity to those entitled to compensation for damage to crops that suffer interference 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 makes available web content with in-depth information on infrastructures and projects of particular importance, including Snam for Lombardy⁹⁴, Snam for Minerbio⁹⁵, Snam for Cortemaggiore⁹⁶ and the one created to present the projects related to the floating regasifiers (FSRU) affecting the communities of Piombino, Ravenna and Vado Ligure⁹⁷.

179
mayors met to
illustrate the
implemented
projects

12
meetings with
local farmers'
associations

1
meeting
with local
associations

⁹⁴ The 'Snam for Lombardy' site is accessible at the following link: https://www.snam.it/it/snam_per_lombardia/.

⁹⁵ The 'Snam for Minerbio' site is accessible at the following link: https://www.snam.it/it/snam_per_minerbio/.

⁹⁶ The 'Snam for Cortemaggiore' site is accessible at the following link: https://www.snam.it/it/snam_per_cortemaggiore/.

⁹⁷ The FSRU Italy website can be accessed at the following link: <https://fsrualia.it/>.

Maintaining a constant dialogue with territories and stakeholders is among Snam's prerogatives for maintaining a good reputation, in addition to its licence to operate. During the year, Snam held several meetings with local communities, in particular:

Presentation of the 'Metamorphosis' photography book

In October 2023, the photographic volume 'Metamorphosis' by Brescian artist Carlo Valsecchi was presented in the presence of the local institutions and the management of Snam and GNL Italia. It is an immersive journey through the Panigaglia terminal, the first plant built in Italy for the reception and regasification of LNG.

Open Day at the Minerbio storage plant

In February 2023, local institutions, citizens and families from the Minerbio community were able to visit the storage facility in person, learning more about the activities related to a sector that is particularly significant for the country's energy security.

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.



Fondazione Snam ETS has a strong orientation towards just transition, which is reflected in the organisation's purpose and mission;

PURPOSE

Working with and for the territory in support of a just transition

MISSION

Promoting a Just Transition, with an extended meaning that aims not only to prepare communities for the diversification of the economy related to the long-term energy transition, but also to help mitigate the effects of today's rising cost of living

Starting in 2022, the Snam Foundation has reformulated its areas of intervention, focusing its commitment on **energy, food and educational poverty** issues with initiatives targeted at the areas in which they are developed, fully responding to the needs of the areas covered by the initiatives. 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.

In particular, the Foundation works to help people reduce energy consumption and, together with them, promote the energy requalification of social buildings, prevent early school leaving and support young people's access to the professions of the future, collaborating directly with schools and in close contact with students, to counter food waste and encourage the most vulnerable groups to adopt sustainable food styles.

In 2023, the Snam Foundation's intervention in the territories was further refined, emphasising the importance of adopting an educational approach aimed at strengthening the capacities of all those involved, to be integrated into each initiative.



SNAM FOUNDATION PROJECTS IN 2023

NEW GEOGRAPHICAL AREAS   	INCLUSIVE ENERGY 
<p>Objective. Develop several projects (Guardians of the Coast, Energy in the Suburbs, Support and Food Education in Piombino, Restart Italy) on the topics of energy, food and educational poverty, especially in the territories where Snam is present.</p> <p>Partners. Costa Crociere Foundation (Guardiani delle Coste); Fondazione Banco dell'Energia Ente Filantropico, Arciconfraternita di Misericordia (Energy in the Suburbs); San Vincenzo De Paoli Odv, (Support and food education in Piombino), Opes-Lcef Foundation (Restart Italy).</p> <p>People reached. The following were involved</p> <ul style="list-style-type: none"> • 229 students and 359 teachers with the 'Guardians of the Coast' project • 157 people in 'Energy in the Suburbs' • 160 families and around 450 people in the 'Food Support and Education in Piombino' project <p>In addition, 2 social enterprises were supported through the Restart Italy project, reaching around 65 people.</p> <p>Project description.</p> <ul style="list-style-type: none"> • Environmental education activities with a focus on the energy transition. • Initiatives to combat energy poverty through training activities designed to raise awareness of more sustainable consumption and behaviour, and financial support for efficiency measures and the payment of bills. • Activities to combat food poverty with food education activities and donations of food parcels. • Support activities for cooperative and social enterprises. 	<p>Objective. Supporting the community to combat energy poverty.</p> <p>Partners. Compagnia di San Paolo Foundation, Municipality of Milan, Caritas Ambrosiana Foundation, Caritas Diocesana Archdiocese of Cagliari, Legambiente Modena e Cagliari, 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 Association.</p> <p>People reached. 619 people from fragile backgrounds.</p> <p>Project description.</p> <ul style="list-style-type: none"> • Consume less to live better, scale up. The project, completed in 2023, provided for the creation of support desks on energy poverty in Medesano and Fornovo di Taro. In addition, meetings were held with citizens and 31 families were supported with courses on energy education. • ECOSOM Project (Cooperative and Sustainable Energy for Mountain Villages). Completed in 2023, the project involved the local community and vulnerable people in the municipality of Rittana (CN) to establish a Renewable Energy Community (REC). • Energy for all. Two awareness-raising meetings were organised in Cagliari, which were attended by 60 representatives of institutions, university professors and researchers, representatives of professional bodies and associations, private citizens and 25 young people from the Universal Civil Service. One meeting was held in Modena to further strengthen the network of relations on the topic of energy poverty with the participation of civil society organisations from other Italian regions. A total of 50 in-person and 245 online participants were registered. • Inclusive Milan. The project, completed in 2023, involved setting up a helpdesk to support families in combating energy poverty.
ENERGIA IN CORTE 	FORESTAMI 
<p>Objective. Tackling energy poverty through training activities and economic support for small efficiency measures and bill payment.</p> <p>Partners. Cooperative DAR=Casa and Municipality of Milan</p> <p>People reached. 197 people</p> <p>Project description. During the project, a public training meeting on energy and bill reading was organised together with the Municipality of Milan and Amat Milano and one with the beneficiaries to present the initiative and the training course. In addition, 2 DAR=Casa operators were trained and the criteria for allocating contributions to families were defined.</p>	<p>Objective. Support for the Milan City Council initiative to plant 3 million trees by 2030 to increase territorial resilience and counteract the effects of climate change and global warming.</p> <p>Partners. Metropolitan City of Milan, Municipality of Milan, Lombardy Region, Parco Nord Milano, Parco Agricolo Sud Milan, ERSAF, Fondazione di Comunità Milano.</p> <p>Project description. Planting reduces energy consumption from air conditioning by up to 30% if trees are correctly positioned around the buildings. In 2023, 17,058 trees were planted.</p>

<p>CORVETTO ADOTTAMI   </p> <p>Objective. Contribute to the redevelopment and social development of the Corvetto district of Milan through three intervention areas: Educational, Energy and Food Poverty.</p> <p>Partners. Fondazione Cariplo, Municipality of Milan and local associations such as La Strada, Cooperativa Martinengo, Co-Cooking Lab Impresa Sociale, Fondazione Comunità di Milano, Mission Bambini, Selva Urbana APS, Comitato inquilini Molise and Calvaire and schools and universities such as Istituto Comprensivo Tommaso Grossi (inGROSSlamoci Association), Politecnico di Milano, Università degli Studi di Milano Bicocca</p> <p>People reached. Inhabitants of the Corvetto neighbourhood: about 568 people including children, young people and families.</p> <p>Project description.</p> <ul style="list-style-type: none"> Prevention of early school leaving through after-school activities and summer camps. Tappeto Volante (Flying Carpet), 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. Redevelopment of schoolyards. Innovative models for combating food poverty. 	<p>THE SCHOOL I WOULD LIKE </p> <p>Objective. Experimenting with methodological and thematic innovations for schools, for the realisation of an innovative and sustainable school and preventing the risk of early school leaving and the emergence of forms of hardship among the most vulnerable students.</p> <p>Partners. CIAI - Centro Italiano Aiuti per l'Infanzia Comunità Sant'Egidio; Maestra Liana Association</p> <p>People reached. Around 1,294 children and families.</p> <p>Project description.</p> <ul style="list-style-type: none"> Creation of a STEM teaching kit to carry out science experiments. Realisation of tutoring sessions on STEM subjects for girls Prevention of the risk of early school leaving and isolation of children in vulnerable conditions. Implementation of summer camps and continuation of activities aimed at preventing the emergence of forms of discomfort and malaise among the most vulnerable students.
<p>EDUCATIONAL POVERTY ROME </p> <p>Objective. 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.</p> <p>People reached. 194 children and young people.</p> <p>Project description.</p> <ul style="list-style-type: none"> 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 years old with particular situations of social and material vulnerability, offering them the possibility to take part in educational and recreational activities. 	<p>WELFARE CHE IMPRESA </p> <p>Objective. Support young entrepreneurs and their projects to generate social and employment impact particularly on social and environmental issues.</p> <p>Partners. Italian Accenture Foundation, Bracco Foundation, Conad Foundation, Peppino Vismara Foundation and Intesa San Paolo.</p> <p>Project description. The competition led to the selection of 12 finalists who benefited from a 144-hour mentorship course promoted by the co-financing partners. The Foundation supported the project of the Palermo social enterprise 'Il Mediterraneo 24' that trains young people in communication and digital reporting skills and, at the same time, involves the most fragile neighbourhoods of Palermo in a new narrative, in particular in three peripheral areas to implement community journalism aimed at combating educational poverty. In the initiative, students from three schools will also be involved in training courses in journalism and digital communication.</p>
<p>TREASURES - SOLIDARITY LANDS IN INCLUSIVE NETWORKS </p> <p>Objective. Spread solidarity practices related to agriculture and the protection and enhancement of the territory, including vulnerable people. Redevelop Snam's unused land for the launch of social and regenerative agriculture projects</p> <p>Partners. 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>RAGAZZE IN PRIMA LINEA </p> <p>Objective. Encourage women to take up the Stem professions by incentivising girls to pursue targeted study paths and promote a culture of gender equality.</p> <p>Partners. Accademia Musicale Chigiana.</p> <p>People reached. 5 disadvantaged girls.</p> <p>Project description. Funding of 5 scholarships for girls to attend the Accademia Musicale Chigiana.</p>
<p>MOTIVO DONNA </p> <p>Objective. Experiment with a sustainable and replicable social enterprise model capable of triggering virtuous processes of resilience and social growth.</p> <p>Partners. Ganassini Institute, Guri I Zi, Idee Migranti Onlus.</p> <p>People reached. Four vulnerable women from disadvantaged backgrounds.</p> <p>Project description. Development of a women's textile microenterprise that generates a work 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, provided free of charge. The Foundation provided support for the development of the business plan and the start-up of the production activities by covering part of the costs for a period of three years.</p>	<p>Legend</p> <ul style="list-style-type: none">  Project linked to combating energy poverty  Project linked to combating educational poverty  Project linked to combating food poverty  Other



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

The project is one of the winners of a call for proposals from the European Commission's '**Programme for the Environment and Climate Action - Life**'. With a budget of approximately €1.7 million and a duration of 36 months, it will focus on fostering energy upgrading processes:

- supporting public administration, local communities and social housing operators in identifying areas for energy efficiency efforts;
- promoting actions to raise awareness and improve the energy behaviour of the most fragile sections of the population;
- developing collective purchasing schemes.

During 2023, a mapping of the ecosystem with respect to the pilot site was carried out and a workshop was held to share social guidelines and meetings with some stakeholders.

For further information on Snam Foundation projects, please refer to the Snam Foundation Social Report⁹⁸.

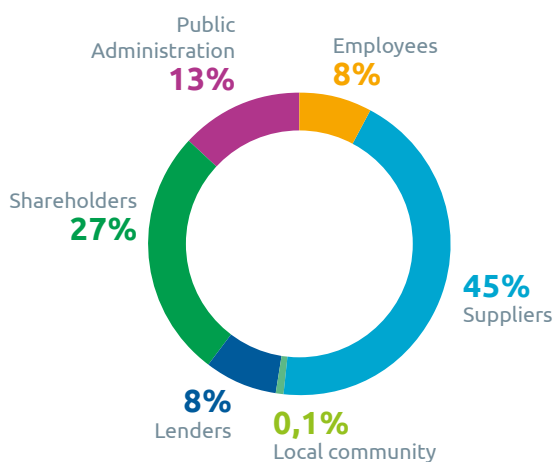
Added Value

For Snam, sustainability and value creation are concepts linked by a strong connection. Operating, contributing to the growth of the economic, social and environmental context of reference, in fact, allows the creation of wealth both for the Company and for its stakeholders, measured in terms of the Added Value produced and distributed.

Snam calculates Added Value based on the standard prepared by the Study Group for the Social Report (Gbs) and the GRI Standards.

In 2023, the overall gross value added generated by the Company amounted to €4,625 million, an increase of €1,261 million, or 37.5%, compared to 2022 (€3,364 million⁹⁹), as a result of the growth in regulated revenues related to the realisation of investments and the significant contribution of the energy efficiency business. This compared to a 2022 significantly impacted by the effects of the Russia-Ukraine conflict on the valuation of Snam's stake in TAG, owner of the gas pipeline that transports Russian gas to Italy, through Austria, via Ukraine, Slovakia and to the Tarvisio entry point.

ADDED VALUE DISTRIBUTED BY STAKEHOLDER CATEGORY (%)*



* The % refer to the distribution to other stakeholders without considering the value distributed within the Snam Group

23.4% of the gross global Added Value produced was reinvested within the Group and was employed for the amortisation of Group assets in the measure of 85.7% (100% in 2022). With regard to the main stakeholders, 2023 shows an increase in the value distributed to funding bodies compared to 2022 (5.9%; +1.4 percentage points compared to 2022), as a result of the changed interest rate scenario over the past 12 months, which led to an increase in market rates. The value distributed to shareholders through the distribution of dividends records an increasing incidence compared to 2022 (20.5%; -7.0% compared to 2022), against a rising unit dividend (+2.5% compared to 2022), in line with the dividend policy announced to the market.

⁹⁸ The Snam Foundation Social Report can be found at the following link: <https://www.fondazionesnam.it/it/chi-siamo/#firstSlide>.

⁹⁹ The added value produced in 2023 includes the effects of any write-downs made on current and non-current assets. The value for 2022 has been restated accordingly.

With reference to employees, an incidence of 6.1% (7.7% in 2022) on the Distributed Added Value is recorded through direct remuneration, consisting of wages, salaries and employee severance indemnities, and indirect remuneration, consisting of social security contributions and costs for services relating to personnel (canteen services, welfare), a growth also due to recruitments from the market to strengthen the energy transition business. The value allocated to the public administration through direct and indirect taxes accrued in the period was 9.6% (12.8% in 2022), compared to the lower taxable gain in 2023. Finally, an amount of €5 million was allocated to local communities (0.1% of the value generated), and is represented by donations and sponsorships (€3 million) and environmental offsets made in accordance with the law (€2 million).

Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Added Value produced (A) ¹	201-1	mln €	3,604	3,364	4,625
Distributed Added Value (B)		mln €	2,516	2,787	3,545
Employees ²		mln €	231	259	278
Suppliers		mln €	794	1,018 ³	1,594
Local community		mln €	8	5	5
Donations and sponsorships ⁴ and Statutory environmental offsetting		mln €	126	151	274
Lenders (Bond-holders and Banks)		mln €	862	922	946
Shareholders ⁵		mln €	495	432	446
Public Administration		mln €	474	416	432
Direct taxes		mln €	21	16	14
Indirect taxes		mln €	1,088	577	1,082

Added Value retained by the Company (A) - (B)

Note: the added value produced in 2023 includes the effects of any write-downs made on current and non-current assets. The values for 2021 and 2022 have been restated accordingly.

1 The figure excludes asset write-downs.

2 The figure includes staff-related service costs.

3 The 2022 figure has been restated.

4 Donations and sponsorships also include those given to Fondazione Snam.

5 The 2023 figure refers to the dividend proposed by the Board of Directors subject to the approval of the Shareholders' Meeting of 7 May 2024.

KPIs AND TARGETS	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Percentage of benefits to local communities compared with regulated revenues ¹		%	-	1	0,4
Value released to local communities (million euro) ²		mln €	-	1,438	1,451
Number of hours dedicated by employees to Snam Foundation activities supporting local communities		h	4,562	6,147 ³	5,970

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter Criteria for Drafting, Introduction and Guide to Reading the Document in the General Information section of the Non-Financial Statement.

1 The target refers to the perimeter of the regulated sector. Based on the 'Distributed Added Value' methodology already in use, the formula sums up (i) direct donations, sponsorships and offsets (from the income statement), (ii) contributions to Arbolia and the Snam Foundation, (iii) contributions to Italian start-ups, and (iv) offsets and mitigations (CapEx), divided over the sum for regulated revenues. With reference to the item "Offsets and mitigations (CapEx)", the SRG and STOGIT items "Environmental Offsetting Charges" and "Greening" are included. The figure as at 2023 is to be considered partial. Starting in 2024, Snam will undertake to track all these items and have as accurate a figure as possible.

2 Based on the 'Distributed Added Value' methodology already in use, the formula sums the following items (i) direct donations, sponsorships and offsets (profit and loss account), (ii) contributions to Arbolia and the Snam Foundation, (iii) contributions to Italian start-ups, (iv) offsets and mitigations (CapEx), (v) Dividends from Italian retail investors, (vi) Salaries, (vii) Suppliers of Italian SMEs and (viii) Local taxes (including TARI, IMU and IRAP, regional trade income tax).

3 The figure presents the one-off impacts of the payroll giving initiative for Ukraine.



Energy security and accessibility

Material topics, impacts, risks and opportunities

Energy security and accessibility

IMPACT MATERIALITY	<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none"> • Availability of infrastructure to ensure security of supply and diversification of sources • Service continuity and reliability through proper maintenance and constant monitoring of the integrity of Snam's infrastructure <p>NEGATIVE IMPACTS</p> <p>Interruptions in gas flows for users due to malfunctions in Snam's infrastructure</p>
FINANCIAL MATERIALITY	<p>RISKS</p> <ul style="list-style-type: none"> • Risk of interruption of services due to exogenous causes, including possible criminal and terrorist, geopolitical and/or natural activities • Risks linked to the national regulatory framework and in the countries of interest which present penalising parameters, in particular in terms of criteria for determining tariffs (strategic) • Risks related to political, social and economic instability in natural gas supply countries (strategic) • Risks of increasing the severity of extreme atmospheric phenomena and tightening of the regulatory framework in favour of new technologies that favour the use of intermittent energy sources with consequent reduction in demand (strategic) • Risk associated with maintaining an adequate reputational profile for suppliers and subcontractors (operational) • Risk associated with the acquisition of equity investments (operational) • Risk of breakdown, injury or malfunction, including as a result of exogenous events or cyber threats, which may cause an unforeseen interruption in service or delays in the progress of infrastructure implementation programmes (operational) <p>OPPORTUNITIES</p> <p>Increase in expected economic results for the acceleration of authorisation processes and the awarding of tenders and subsidies for the construction of plants to guarantee the energy security of the country system</p>

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

In order to ensure adequate management of aspects related to energy security and accessibility, and to guarantee adequate prevention of the related impacts and risks, Snam has adopted the **Health, Safety, Environment, Energy and Quality Policy (HSEEQ Policy)**, the **Business Continuity Management Policy** and the **Asset Management Policy**. Approved by the Board of Directors and the Chief Executive Officer, these policies, in addition to being disclosed internally within the organisation, are available to the public and to anyone who requests them, through their publication on the website.








HSEEQ Policy	<p>deals with aspects related to the promotion of energy security and accessibility, defining Snam's commitments to:</p> <ul style="list-style-type: none"> • ensure the provision of services, implementing, to this end, all necessary organisational and procedural solutions, also with a view to preventing emergency situations; • optimise business processes with a view to achieving the highest level of effectiveness and efficiency in the quality of services and guarantee the full right of customers to access and use the services; • ensuring the transparency of information, training and building staff and stakeholder awareness of the principles expressed in the policies, implementing consultation and communication processes with internal and external stakeholders; • carry out environmental performance monitoring and control activities to assess the results and effectiveness of the Policy, review objectives and programmes; • act in compliance with laws and administrative requirements and in line with the Code of Ethics and Model 231 and with national and international best practices. <p>By adopting the HSEEQ Policy, Snam acts in line with the Sustainable Development Goals (SDGs) set by the UN and the Guidelines defined by the OECD for multinational companies.</p> <p>Snam's HSEEQ policy extends to all activities, personnel, contractors and all persons subject to supervision by the Snam Group; all Snam companies adopt this Policy and – through the Employers and all persons responsible for health, safety, the environment, energy efficiency and quality – implement its principles.</p> <p>The HSEEQ Policy was updated in the course of 2023, following the achievement of ISO 50001 certification.</p>
Business Continuity Management Policy	<p>with the objective of guaranteeing a predefined minimum level of service, the Policy certifies the ability to continue to operate its business in the face of events of such severity that the normal operation of its critical processes is compromised. To this end, Snam undertakes to:</p> <ul style="list-style-type: none"> • develop, maintain and improve the business continuity management system over time to meet the changing needs of the business and business processes; • ensure the adoption and maintenance of a process for identifying potential threats and their impacts on the services provided, defining a system capable of strengthening resilience, the ability to restore and react in response to a possible crisis; • establish objectives and strategies to ensure the continuity of critical services, guaranteeing adequate resources to achieve the set targets; • identify organisational structures dedicated to overseeing the implementation and management of the business continuity process, identifying their roles and responsibilities; • define an effective communication process when crisis situations occur; • develop awareness-raising and training programmes to ensure the proper management of the business continuity system on an ongoing basis. <p>The Policy has been adopted and implemented in accordance with international principles and best practices to ensure business continuity and promotes the acquisition of certifications of compliance with relevant international standards.</p>
Asset Management Policy	<p>ensures the effective, efficient and sustainable management of assets throughout their lifecycle, from design, construction, testing, operation and supervision of natural gas transmission works and facilities. In particular, the policy aims to:</p> <ul style="list-style-type: none"> • implement and improve procedures to manage risks related to its business and undertakes to develop, maintain and improve a management system that ensures continuity in the exercise of its activities, guaranteeing the minimum service limits of critical processes also following events or emergency situations that could compromise its regular operations. <p>The Policy, drafted taking into account the requirements of the management system certified according to ISO 55001, was approved by the Chief Executive Officer in 2023.</p> <p>The Asset Management Policy applies to all assets used by Snam for the transportation of natural gas such as pipelines, booster stations, regulation, reduction, interception, mixing and metering plants, as well as other auxiliary plants necessary for the transportation and dispatching of gas.</p>

For more information on "Energy security and accessibility" policies, please refer to Annex 2 - Main Snam policies and guidelines of the Non-Financial Statement.

In aggiunta alle politiche sopra descritte, Snam garantisce il presidio del tema avvalendosi di un approccio basato su un framework certificato in accordance with the **ISO 22301** (Business Continuity Management Systems) security and resilience standard. In addition, in December 2023, Snam also obtained **ISO 55001** certification, a tool for maximising the value of assets, through which Snam creates shared value with all stakeholders and ensures constant compliance with legal, standard-based and regulatory requirements. This standard, which defines the requirements for an efficient, effective and sustainable Asset Management System for the Company's assets throughout their life cycle, applies to the Snam Technical and Network Management Functions of Snam Rete Gas (Head Office Functions and North-Western and North-Eastern Districts and their Centres), to be subsequently and progressively extended to the other Functions that manage assets.

Moreover, from the perspective of a holistic and integrated security risk management model, the **Global Security & Cyber Defence** department identifies the reference standards and establishes the technical guidelines and methodologies, as well as ensures the design, implementation and management, of the activities relating to Business Continuity & Crisis Management, which define the actions and initiatives that the various corporate entities involved are required to implement to guarantee the company's operations also in the face of emergencies and crises.

Objectives

MULTI-MOLECULE INFRASTRUCTURE					
KPI		Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Percentage of operational availability of transported gas ¹		99.9% in 2020	>99.9%	99.9% until 2027	
 KPI included in the Sustainability Scorecard	 KPI included in the Carbon Neutrality Strategy	 Target achieved	 Target in progress	 Target not achieved	

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

¹ The target was renamed. In previous years it was "Percentage level of reliability of gas supply". The perimeter of the target refers to Snam Rete Gas. The target is calculated as: (Volume of gas injected into the transmission network - Allocated transportation capacity made unavailable) / Volume of gas injected into the transmission network.

The target that monitors the percentage of gas supply reliability levels supports Snam in achieving the objectives set out in all the Policies aimed at ensuring adequate management of aspects related to energy security and accessibility (Sustainable Development Policy, HSEEQ Policy, Business Continuity Management Policy and Asset Management Policy), as well as ensuring adequate prevention of relevant impacts and risks, listed in the section "Relevant issues, impacts, risks and opportunities" of this chapter.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

With a view to promoting greater security and diversification of energy supplies, Snam has invested in floating regasification units or FSRUs (Floating Storage and Regasification Units) since 2022.



FSRUs are vessels located close to a port area, either at the quayside or offshore, which receive liquefied natural gas (LNG) in order to store, regasify and then feed it into the national gas transportation network.

Snam purchased and installed, within the port of Piombino, the FSRU called Golar Tundra, which entered into commercial operation in July 2023. Furthermore, in December 2023, the Company finalised agreements for the acquisition of a second FSRU vessel, named BW Singapore, which will be installed at an offshore platform off Ravenna by the end of 2024.



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 gas 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, so avoiding and minimising the environmental impacts. Both projects are part of the initiatives related to the construction of new regasification capacity regulated by Article 5 of Decree-Law No. 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, which officially entered into operation following the conclusion of all commercial technical verifications in July 2023 with the arrival of the first LNG carrier and the first LNG cargo, will remain moored in the port of Piombino for the first three years. Located in the east quay of the port's north dock, it will receive LNG from LNG carriers once a week. The docking, mooring and unmooring operations - carried out in cooperation with the maritime authorities - last about two hours and take place at night in order to minimise any possible interference with other economic activities, including ferry and cruise ship traffic.</p> <p>In the second half of 2026, the regasification vessel in Piombino is scheduled to be relocated. The most functional and consistent choice turned out to be off Vado Ligure (Charlie zone), in the province of Savona, about 4 km from the coast, where the FSRU would remain for 17 years. The choice of Liguria was dictated not only by the need to have a regasifier in the central-northern area of the country, where there is a greater consumption of gas, but above all by the presence of seabed and meteorological conditions suitable for the safe mooring of an offshore terminal and the proximity to the national gas transportation network.</p>	<p>In December 2023, Snam acquired 100% of the company FSRU I Limited, which owns FSRU BW Singapore. Built in 2015, this FSRU will be able to store liquefied gas, regasify it and transfer it to a new pipeline connected to the connection point with the National Gas Pipeline Network located about 42 km from the mooring point, in turn located about 8.5 km off the coast of Ravenna, off Punta Marina, at the Petra offshore platform, which will be suitably adapted, modernised and expanded.</p> <p>The completion date is expected by the end of 2024, after which the FSRU destined for the Ravenna site is scheduled to come into operation.</p>
Dimensions	293 metres long and 40 metres wide	293 metres long and 43 metres wide
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 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. 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.</p> <p>In any case, with regard to the FSRU Piombino Terminal, an Environmental Monitoring Plan has been adopted, as agreed with the relevant Authorities, which provides for constant post-operam checks and controls to ascertain and confirm the absence of impacts on the territory and the environment.</p> <p>Similarly, with regard to the Ravenna FSRU Terminal, an ad-hoc Environmental Monitoring Plan has been adopted and is currently being carried out for the current phase.</p> <p>Both FSRU projects are subject to the Integrated Environmental Authorisation (AIA) procedure in order to regulate their emissions and discharges and to ensure the compatibility of the activity with the territory.</p> <p>With particular reference to the FSRU project offshore Ravenna, Snam also obtained the Single Environmental Authorisation (AUA) for the Wobbe Index regulation plant¹⁰⁰ located in the Punta Marina area, about 2 km from the landfall of the gas pipeline coming from the sea.</p> <p>This plant will be landscaped and environmentally integrated with its surroundings through the creation of an environmental mitigation strip of approximately 96 hectares that will be reforested to create a new green nucleus, benefiting the community and contributing to the reduction of CO₂ and particulate matter in Ravenna.</p> <p>With regard to the relocation of the FSRU Golar Tundra off the coast of Vado Ligure, the authorisation procedures for the Environmental Impact Assessment (EIA) and the Integrated Environmental Authorisation (IEA) are underway, pursuant to Legislative Decree 152/2006 and the Single Authorisation for construction and operation pursuant to Article 5, paragraphs 5 and 14-bis of Legislative Decree no. 50/2022 and Article 46 of Legislative Decree 159/2007.</p>	

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



Aware of the importance of involving its stakeholders and local communities with respect to the installation and commissioning of the new regasification vessel, Snam ran a series of roadshows and conferences aimed at communicating and conveying the main positive effects related to FSRUs in terms of security of supply.

In particular, Snam organised a press conference in Piombino, following the arrival and docking of the first LNG carrier Kalymnos.

In addition, the Group participated in numerous national and international events, including:

MAIN EVENTS IN 2023	Italian LNG Summit – Rome	Rivier LNG – London	Anci - Association of Italian Municipalities Genoa
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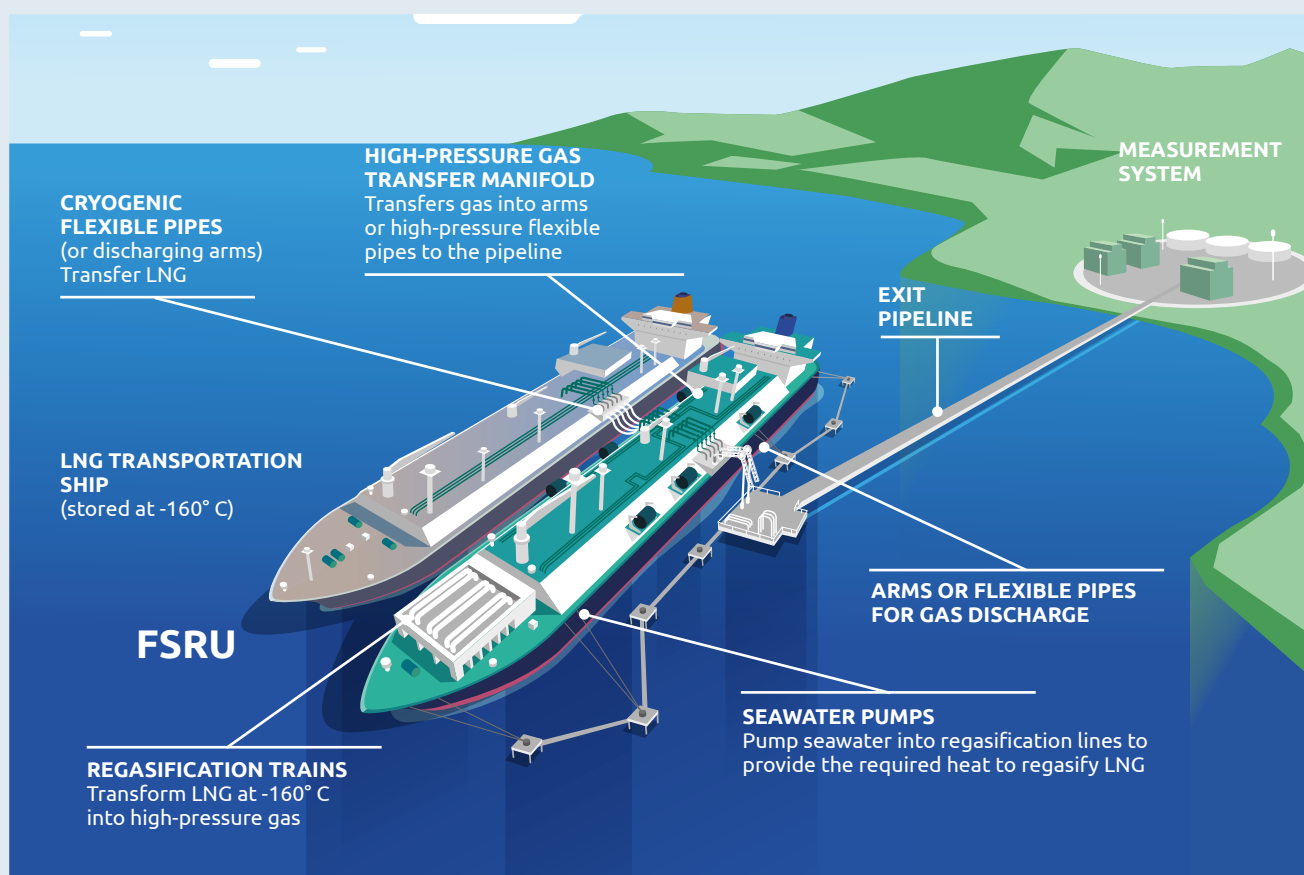
LNG and FSRUs: driving energy independence

LNG is a flexible and effective alternative with which to contribute to energy independence and energy security, because it has a volume about 600 times smaller in its gaseous state and can be transported by LNG carriers, even from distant fields, and, after being returned to its gaseous form, can be fed into the gas transport network.

Regasification plants can be located on land or on regasification vessels, FSRUs, which are much more flexible than fixed terminals, which take a long time to install, as well as being easily moved as needed.

In the current global context dictated by the energy crisis, FSRUs are the most appropriate and effective response to the urgent need to increase import capacity in the shortest possible time, offering significant benefits and opportunities:

BENEFITS	<p>Thanks to the operation of the new regasifiers, liquefied natural gas (LNG) will be able to cover about one third of Italy's annual needs.</p> <p>The use of LNG and the new regasifiers will in fact contribute to the increase and diversification of supply sources, the management of variable flows with the needs of households and businesses, and the reduction of energy costs.</p>
OPPORTUNITIES	<p>Snam prepares and adopts all necessary measures to protect and enhance the territory in which it operates.</p> <p>In accordance with the requirements of the authorities in the authorisation process, environmental monitoring activities are planned on an ongoing basis.</p> <p>In fact, although FSRUs have relatively simple characteristics, functional to the regasification operation of a liquid gas, without having specific combustions or reactions, they are subject to the most stringent prevention and safety measures, as a further guarantee of the people and territories concerned, in accordance with the relevant national regulations.</p>



How does the regasification process work with FSRUs?

Once in the vicinity of the FSRU, the LNG carrier transfers the liquid gas into the terminal's tanks. The transfer takes place via steel discharge arms installed on the FSRU. The arms extend and engage with the flanges of the LNG carrier. The liquid gas is then decanted into tanks and stored.

Subsequently, depending on market needs, the LNG is regasified by introducing the liquid methane into a heat exchanger through which a warmer liquid flows, usually seawater, whose natural temperature is sufficient to return the gas to its gaseous state. So LNG and seawater exchange energy (LNG gives off cold, seawater gives off heat), although they never come into contact with each other.

The ambient-temperature gas obtained from the regasification process is then compressed and fed into a pipeline from the FSRU to the National Distribution Network.

Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Active shipper customers		n.	2	8	7
Meeting the maximum time limit for the acceptance of monthly delivery scheduling proposals		%	100	100	100
Meeting the maximum period of interruption/reduction of Terminal capacity for maintenance work		%	100	100	100

KPIs AND TARGETS	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Percentage of operational availability of transported gas ¹		%	99.9	99.9	99.9%

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

¹ The target was renamed. In previous years it was "Percentage level of reliability of gas supply". The perimeter of the target refers to Snam Rete Gas. The target is calculated as: (Volume of gas injected into the transmission network - Allocated transportation capacity made unavailable) / Volume of gas injected into the transmission network.

10.4 INFORMATION ON GOVERNANCE

Business conduct

Material issues, impacts, risks and opportunities

Business conduct

IMPACT MATERIALITY	POSITIVE IMPACTS Development of a corporate culture based on the principles of ethics and integrity NEGATIVE IMPACTS Episodes of corruption and misconduct with economic repercussions on markets and companies
FINANCIAL MATERIALITY	RISKS <ul style="list-style-type: none"> • Penalties for non-compliance with laws and regulations • Risk of possible violation of rules and regulations, with particular reference to Legislative Decree 231/2001 (legal and compliance) • Risk related to inadequate reputational profile for suppliers and subcontractors (legal and compliance) • Risk of failure to align corporate governance and/or the internal control and risk system with legislation and/or best practices (legal and compliance) • Legal Action by the supplier/third-party Authority on the correctness of the tender procedure (public context-Procurement Code) (operational) OPPORTUNITIES Greater attractiveness to investors and stakeholders thanks to Snam's sustainability performance in ESG ratings and clear and transparent communication

For further information, see the chapter "Managing Impacts, Risks and Opportunities" in the "General Information" section of the Non-Financial Statement.

Policies

In order to ensure adequate adherence to the principles of proper business conduct, and, in particular, the related impacts, risks and opportunities, Snam has adopted the following guidelines and policies:

Corporate Governance and Unbundling Guidelines	<p>consolida e razionalizza l'insieme delle normative vigenti, linee guida e regole interne in materia consolidates and rationalises the set of current legislation, guidelines and internal rules on governance, through which the management and coordination of the Snam Group is carried out, establishing:</p> <ul style="list-style-type: none"> • the principles, contents, tools and operating methods of Snam's strategic direction activity towards Subsidiaries, consistent with its corporate governance system and the characteristics of its organisational structure; • criteria, roles and responsibilities for the purposes of granting, exercising and revoking delegated powers and powers of representation to persons operating within and in the interest of Snam and its Subsidiaries; • roles, responsibilities and procedures for the process of conferring, managing and revoking appointments to the party in charge of the statutory audit of Snam and its Subsidiaries. <p>The corporate governance system adopted by Snam is aligned with the principles contained in the Corporate Governance Code, the recommendations formulated by Consob on the subject and, in general, with applicable legislation and best practices that can be identified nationally and internationally. Particular attention is also paid to Unbundling legislation compliance, taking into account the specific nature of the activities carried out by Snam and its subsidiaries subject to regulation by ARERA.</p> <p>The document applies to Snam and its subsidiaries subject to management and coordination and is also brought to the attention of other investee companies in order to promote principles and conduct consistent with those expressed by Snam.</p> <p>Corporate governance guidelines were approved in 2022 by the Board of Directors.</p>
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Anti-Corruption Policy	<p>approved on 18 January 2023 by the Board of Directors, the Policy expresses Snam's Top Management's commitment to the prevention of corruption, applying a "zero tolerance" approach to all corrupt practices in relations with public and private stakeholders, and undertakes to ensure actions and conduct based exclusively on criteria of transparency, fairness and moral integrity that prevent any attempt at corruption.</p> <p>The Anti-Corruption Policy has been determined in line with Snam's vision, the values contained in the Code of Ethics and the management system certified according to ISO 37001:2016.</p> <p>In order to ensure the proper and effective implementation of the Anti-Corruption Management System adopted, Snam has also established an Anti-Corruption Committee, which has been assigned the tasks, responsibilities and authority of the Compliance Function for the Prevention of Corruption required by the UNI ISO 37001:2016 standard, while ensuring the autonomy and independence necessary for the proper performance of the task.</p> <p>Snam encourages all parties involved in the application of the Anti-Corruption Management System, both internal and external to the Company, to report any fact and/or behaviour, including omissions, of which they have become aware as a result of their relationship with the Company and which has even indirect or potential corrupting connotations.</p>
Anti-Corruption Guidelines	<p>Inspired by the principles of ethics, transparency, fairness and professionalism already referred to in the Code of Ethics, the Guideline outlines the general elements and rules of conduct to be followed in carrying out Snam's activities, prohibited conduct and the safeguards identified by Snam to protect against anti-corruption risk, with the aim of continually improving Snam people's sensitivity in recognising corruption and any other type of fraud.</p> <p>Specifically, the Anti-Corruption Guideline represents a commitment for Snam to:</p> <ul style="list-style-type: none"> • avoid corruption in all its forms; • develop incisive policies and concrete anti-corruption programmes; • cooperate with governments, UN agencies and civil society to contribute to a more transparent global economy. <p>Furthermore, the Guideline also acts to protect the Group's reputation, with particular attention to the selection of suppliers and business associates¹⁰¹.</p> <p>The document applies to Snam and its subsidiaries subject to management and coordination and is also brought to the attention of other investee companies in order to promote principles and conduct consistent with those expressed by Snam.</p> <p>The Anti-Corruption Guideline, approved in 2022 by the Board of Directors and updated in 2023, implements the provisions of the tenth principle of the Global Compact and is an integral part of Snam's Anti-Corruption Compliance Programme, described in more detail in this chapter.</p>
Whistleblowing Guideline	<p>manages and regulates the process of receipt, analysis and processing of Reports sent or transmitted by anyone, even in confidential or anonymous form, as well as the related protection regime, with the aim of:</p> <ul style="list-style-type: none"> • promoting and maintaining an adequate internal control system; • disseminating a compliance culture at all levels; • ensuring maintenance of the necessary conditions of independence and due professional objectivity, competence and diligence by the Internal Audit function; • maintaining a climate of mutual respect for each other's dignity, honour and reputation; • ensuring the protection, both in terms of confidentiality and protection from retaliation, of persons who expose themselves by reporting, complaints or public disclosure; • fighting and preventing corruption, as well as maladministration in the public and private sectors, by contributing to the emergence and prevention of risks and situations detrimental to the public administration or the entity to which it belongs and, by extension, to the collective public interest. <p>The document meets the requirements of the provisions of Legislative Decree 24/2023 and is drawn up in accordance with the Code of Ethics with the 231 Model and the Anti-Corruption Guideline of Snam. Furthermore, in line with the Guidelines defined by the National Anti-Corruption Authority (ANAC) adopted in July 2023, Snam ensures "the manifestation of freedom of expression and information, including the right to receive and communicate information and the freedom and pluralism of the media".</p> <p>The management of reports and the related data processing are carried out by Snam and its subsidiaries in full compliance with the provisions of European Regulation No. 679/2016 (GDPR) and the national legislation adopted on privacy, also ensuring confidentiality requirements.</p> <p>This Guideline applies to Snam S.p.A. and its subsidiaries as part of the management and coordination activity performed by Snam itself and reports received by Snam and/or its subsidiaries, whether operating in Italy and/or abroad. In addition, it is brought to the attention of other investee companies in order to promote principles and conduct consistent with those expressed by Snam.</p> <p>On the occasion of the update of the Whistleblowing Guideline, approved by the Board of Directors in October 2023, Snam made a specific channel available on the website of each Group company¹⁰², in addition to the communication channels already provided previously.</p>

¹⁰¹ We refer to participated companies or associates as business associates

¹⁰² Snam's reporting system is accessible at the following link: <https://whistleblowing-grupposnam.integrityline.com/>.

Tax Control Framework Guideline - Tax Strategy

Approved by the Board of Directors in 2018 and compliant with the legislation, the Guideline entails a high level of transparency, careful risk management and a long-term vision defined in constant cooperation with the tax authorities. It contains the objectives of Snam's tax strategy, described below:

- Tax Value, in order to efficiently manage the 'tax cost' associated with its business activities;
- Risks and Reputation, to control and manage tax risks and protect the company's reputation through appropriate policies, procedures, organisational solutions and communication tools;
- Tax compliance, in order to ensure integrity in tax compliance and the correct assessment of taxes, in compliance with the timing and requirements associated with the same, minimising disputes with tax authorities;
- Sharing values, with a view to promoting awareness at all levels of the company of the importance attached by the company to the values of transparency, honesty, fairness and compliance with legislation;
- Relations with the tax authorities, in order to establish relations with the latter that are characterised by good faith and transparency;
- Resource development, to develop and strengthen the personal and professional skills of the resources involved in the tax process and management of the associated risks.

For further information on the company's "Conduct Policies", please refer to Annex 2 - Snam's Main Policies and Guidelines of the Non-Financial Statement.

With the aim of further making concrete and formalising its commitment to combating corruption, Snam has adopted and effectively implemented a Management System for the Prevention of Corruption in accordance with **UNI ISO 37001:2016 ("Anti-Corruption Management System")** represented by Snam's "Anti-Corruption Compliance Programme", the pillars of which are the Code of Ethics, the Anti-Corruption Guideline, the Organisation, Management and Control Model adopted pursuant to Legislative Decree 231/2001 ("Model 231"), the Compliance Programme for the Prevention of Offences and the Integrated Risk Assurance & Compliance model.

With the adoption of the ISO 37001 management system, Snam has established 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.



In April 2023, the certification audit activities by DNV were concluded, as a result of which a management system consistent with regulatory requirements was found to be in place and management **awareness** of and **involvement** in the issues in question was identified. The ISO 37001 certification, issued without deficiencies, testifies to the **maturity** and **effectiveness** of the Corruption Prevention Management System adopted by Snam for more than a decade.

Lastly, among the tools that Snam uses to monitor transparency and the fight against corruption, the digitisation 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.

Snam's commitments in terms of lobbying and relations with associations, which are characterised by transparency, loyalty and fairness, are also reflected in its business conduct. In this regard, in 2023, Snam adopted a Climate Lobbying policy (Snam's climate policy positioning through Stakeholders' Associations and Coalitions), which describes the principles underlying the Group's climate strategy, its advocacy position and its membership of associations.

The Climate Lobbying policy applies to the entire Snam Group, excluding corporate affiliates or other jurisdictions, and has been drafted in line with the principles contained in the Snam Code of Ethics, the certified anti-corruption management system and Model 231.



The key factors driving Snam's climate advocacy are aligned with the Group's strategy in terms of:

- alignment with the goals of the Paris Agreement to achieve Net Zero by 2050;
- investment in a multi-molecule, renewable and low-carbon gas infrastructure along the entire value chain as a key factor for the energy transition;
- development of green gases;
- energy efficiency and deployment of low and zero carbon technologies;
- support for transparency in reporting on climate-related aspects.

OBJECTIVES

KPI	Baseline and baseyear	Performance 2023	Target	Status vs. target 2023
Percentage of third parties subjected to the procurement process on which reputational checks were carried out ¹	100% in 2019	100%	100% until 2027	



KPI included in the Sustainability Scorecard



KPI included in the Carbon Neutrality Strategy



Target achieved



Target in progress



Target not achieved

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

¹ Snam S.P.A. Snam Rete Gas, Greenture, GNL Italia, Stogit, Cubogas, Enura, Gasrule, Bioenerys. In general, it includes all third parties that are subject to a procurement process according to the company's internal regulations. The KPI takes into account Snam suppliers undergoing safety analysis and compliance due diligence.

The target that monitors the percentage of suppliers subject to reputational checks allows the Group to adequately monitor the management of the impacts, risks and opportunities related to the correct management of the business, which are set out in the section 'Relevant issues, impacts, risks and opportunities' of this chapter. Moreover, this objective enables Snam to pursue the targets defined in particular in the Anti-Corruption Policy.

Other KPIs monitored include those related to the percentage of time the board devotes to ESG issues in strategic meetings and induction sessions. For further information, see the chapter 'Governance' in the 'General Information' section of the Non-Financial Statement.

For more information on the Sustainability Scorecard targets, see the chapter 'Strategy, The Sustainability Scorecard' in the 'General Information' section of the Non-Financial Statement.

Actions

In addition to the tools put in place and described in the 'Policies' section of this chapter, the activity of digitising the information flow of data to the National Anti-Corruption Authority is of fundamental importance as it allows the elimination of all manual compilation procedures, refining the traceability, transparency and security of all operations.

In addition, Snam has adopted the Anti-Corruption Compliance Programme, through which it identifies and assesses corruption risks inherent in the exercise of its business activities in order to prevent the violation of the related regulations, both internal and external.

ANTI-CORRUPTION COMPLIANCE PROGRAMME HIGHLIGHTS

Zero Tolerance Policy towards any form of corruption	Annual monitoring with management involvement
Specific rules and controls in relation to activities identified as potentially 'at risk' and activities concerning the effective implementation of anti-corruption compliance	Clearly distinguished permitted and prohibited conduct
Example of "absolute excellence" awarded by Transparency International following the 'Assessment on Transparency in Reporting on Anti-Corruption'	Attention to relations with public officials, suppliers and subcontractors and, in general, with all business associates
Specific training started in 2016 and extended to all new recruits	6,165 reputational audits on counterparties in 2023 (of which 2,304 on suppliers and subcontractors)
Anti-Corruption Committee (ISO 37001)	Compliance & Business Integrity
Review of the Corruption Prevention Management System (ISO 37001)	

This programme includes the Model 231 aimed at preventing the predicate crimes of administrative liability of the company for crimes, including corruption offences, and, in line with international guidance and best practice, adopts the following tools¹⁰³:

TOP LEVEL COMMITMENT Top management commitment to fight corruption

Principles and rules, operational tools and preventive measures	Compliance & Business Integrity (Dedicated Anti-Corruption Function)	Anti-Corruption Committee acting as Compliance Function for the Prevention of Corruption	Whistleblowing Guidelines (Adequate Whistleblowing System)	Accounting Rules and Controls	Training and information and penalty system (disciplinary and contractual)	Periodic risk assessment and monitoring
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**ANTI-CORRUPTION POLICY
ANTI-CORRUPTION GUIDELINES**

¹⁰³ In this regard, the Code of Ethics stipulates, inter alia, that Snam repudiates corruption of any kind (in any form whatsoever with reference to any public or private party) and that corrupt practices, illegitimate favours, collusive behaviour, and solicitation, directly and/or through third parties of personal and career advantages for oneself or others, are prohibited without exception.

In line with previous years, with a view to raising the awareness of the corporate population on issues of business ethics, legality and anti-corruption, a training cycle has been ensured for 2023 as well, which will contribute to increasing the awareness of employees in recognising, preventing, suppressing and reporting possible cases of corruption in the various business contexts.



In 2023, all members of the Board of Directors were informed and trained on anti-corruption policies and procedures, while 100% of employees were informed and 24% (or 911 people) were trained on the subject. In the area of anti-corruption training, Snam provided 966 hours of anti-corruption, Code of Ethics and Model 231 training in the same year.

In addition to the training activity organised by the HR function in e-learning mode, Snam has also planned ad hoc training on anti-corruption issues, which will take the form of 9 training meetings in 2023 involving about 482 people, including managers, middle managers and new recruits.

MILESTONES IN THE FIGHT AGAINST CORRUPTION			
2014	2017	2019	2020
Snam starts its cooperation with Transparency International Italia as a member of the Business Integrity Forum (BIF) . The collaboration aims to develop a partnership within the Global Corporate Supporters Forum .	Snam joins the Business at OECD Committee .	<p>Snam is the first Italian company to join the Leadership as Vice-Chair within the Anticorruption Committee.</p> <p>In addition, it is presented as a 'Tangible example' of a company that, through concrete actions, has distinguished itself in the fight against corruption at the B20 Summit under the Japanese Presidency.</p> <p>Lastly, the Company was involved in the Partnering Against Corruption Institute (PACI) initiatives set up by the World Economic Forum</p>	Snam becomes a permanent member of the Corporate Governance Committee of the (Business at OECD) BIAC .

With particular attention to the selection of suppliers and business associates, the Anti-Bribery Policy and Guidelines also act to protect the Group's reputation. In fact, in the area 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, envisages three levels of action to be taken against them:

ANTI-CORRUPTION DUE DILIGENCE	Before entering into any type of relationship with a Business Associate, the Function concerned must request Due Diligence.
ETHICAL AND INTEGRITY AGREEMENT	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.
CONTRACTUAL CLAUSES	The contractual clauses commit Business Associates to respect the principles of the Code of Ethics, Anti-Corruption Policy, 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 the context of contractual documentation relating to M&A transactions: (i) 85% of business associates¹⁰⁴ have signed declarations in which they undertake to comply with the Snam Group's Anti-Corruption Guidelines, Code of Ethics and Model 231, and (ii) in any case, 100% of business associates issue compliance declarations and guarantees (Rep&War Compliance) through which these business associates guarantee, inter alia, compliance with applicable anti-corruption regulations.


Snam has paid constant attention to relations with counterparties, by means of specific reputational audits that guarantee periodic and effective monitoring of the entire supply chain. In this regard, consistent with previous years, the Group also conducted reputational audits on its counterparties in 2023. In particular, 6,165 audits were carried out during the year, including 2,304 compliance audits on suppliers and subcontractors (with reputational, economic-financial, technical and HSEQ analysis), as a result of which the Multifunctional Team, also thanks to the support of the preliminary investigation activities carried out by the Technical Secretariat, ordered 104 measures, 45 of which were negative. The remaining 3,861 audits refer to reputational audits and anti-corruption due diligence carried out on behalf of other group companies and are broken down as follows: Energy Efficiency 1,934, Biomethane 519, Decarbonization Projects 256, Greenture 119, Arbolia 30, Business Development 30, Global Solution 12, Snam Foundation 94 and Other 814.



AUDITS ON SUPPLIERS AND SUBCONTRACTORS	
Breakdown by type	
Suppliers	1,955
Subcontractors	349
Measures taken ¹	
Denials/revocations of qualification	32
Clearances/positive outcomes ²	59


¹ In addition to the listed measures, there are five more measures, which include: 3 alert extensions and 2 suspension extensions.

² Of which 53 qualification clearances and 6 subcontracting clearances.



 During 2023, Snam continued to be active in multilateral activities, participating in various institutional events and contributing to numerous working groups, including:

	<p>Business at OECD (BIAC)</p> <ul style="list-style-type: none"> • OECD "Racing to Zero - Education and Digitisation as Enablers in Fighting Corruption" - and the related side event of the OECD Anti-Corruption and Integrity Forum -, an annual conference held in Paris on 24-25 May, during which the General Counsel spoke on the topic of the role of education in Snam in the fight against corruption, both with respect to the corporate population and with respect to suppliers and third parties; • preparation of the BIAC paper (also through participation in the Anti-Corruption Committee) for the "Education for the Fight Against Corruption" project, sharing its consolidated experience in the field of offence prevention and business integrity, including the creation of the Snam City e-game (included among the use cases collected in the document) aimed at disseminating and strengthening the Culture of Compliance and Business Ethics as an integral part of corporate values. • Since 2020, Snam has also been a member of BIAC committees in the various Policy Groups deemed relevant according to the subject area involved (Corporate Governance and Responsible Business Conduct and, from 2023, also Economic Policy and Regulation). The purpose of this participation is to promote dialogue with the institutions involved, also with a view to sharing best practices, and to monitor the constant and continuous updating of the documents and topics covered. In particular, during 2023 Snam participated in the work of the following committees: • Corporate Governance Committee, within which it followed the revision process of the OECD Guidelines for Multinational Enterprises; • Responsible Business Conduct Committee, in the framework of which it followed the update of the 'Revised G20/OECD Principles of Corporate Governance' document; • Governance and Regulatory Policy Committee, where it participated in the preparation of the Recommendation on Principles for Transparency and Integrity in Lobbying and Influence; • Anti-Corruption Committee in which Snam, also in view of its role, played a leading role in a series of initiatives ascribable to the more general project conducted at BIAC on the role of education in the fight against corruption (through its contribution to the preparation of the paper and by acting as a role model also thanks to the sharing of the e-game among the use cases) and the implementation of the Zero Corruption Manifesto and related campaign. <p>Other OECD events:</p> <ul style="list-style-type: none"> • Compliance without borders, an innovative programme developed under the chairmanship of the B20 in Argentina and indicated as best practice in subsequent B20s. As part of this initiative, Snam helped to identify the perimeter of interest on which the detailed activity will be developed in 2024; • Infrastructure Anti-Corruption Toolbox, a tool launched at the OECD Ministerial Council Meeting in 2021 by U.S. Secretary of State Antony Blinken and aimed at 'preventing, detecting and reporting corruption'. • Business Integrity Forum of Transparency International Italia • Participation of the Compliance & Business Integrity function in the BIF National Event round table entitled 'Ethics & Compliance' held in November 2023 • In January 2024, the Compliance & Business Integrity function participated in the presentation of the 2023 edition of Transparency International's Corruption Perception Index, a measurement of the perception of corruption in the public sector and politics.
	<p>Business Integrity Forum of Transparency International Italia</p> <ul style="list-style-type: none"> • Participation of the Compliance & Business Integrity function in the BIF National Event round table entitled 'Ethics & Compliance' held in November 2023 • In January 2024, the Compliance & Business Integrity function participated in the presentation of the 2023 edition of Transparency International's Corruption Perception Index, a measurement of the perception of corruption in the public sector and politics.

 In addition, Snam is registered, at the national level, in the Transparency Register established by the Ministry of Business and Made in Italy (MiMIT) and, at the European level, in the Transparency Register of the European Parliament and the Commission¹⁰⁵, and also adheres to the relevant Code of Conduct governing relations with EU institutions.

¹⁰⁵ Snam is registered in the EU Transparency Register under the identification number: 284336314886-25.

Report management: Whistleblowing

In relation to Model 231 and, in particular, as part of the whistleblowing management process, Snam works to ensure that all interested parties are encouraged to follow its directives, from application of the Anti-Corruption Management System, both internal and external to the Company, to report any fact and/or behaviour, including omissions, of which they have become aware as a result of their relationship with the Company and which has, even indirectly or potentially, corrupting connotations. With this in mind, Snam is committed to promoting awareness of and compliance with the provisions of the Whistleblowing Guideline, through which the Group regulates the process of receiving, collecting, analysing, verifying and reporting reports, including anonymous ones, received by Snam and Subsidiaries. Specifically, the Guideline:

1

allows personnel inside and outside the Company to **report**, in good faith or on the basis of reasonable belief, and in any case **even anonymously, attempted, alleged and actual acts of corruption**, as well as **any violations, shortcomings or improvements** to Snam's Anti-Corruption Management System

2

provides for the application of appropriate **sanctions** against those who violate the whistleblower protection measures, as well as against those who maliciously or grossly negligently make reports that turn out to be unfounded

3

protects the confidentiality of the whistleblower's identity, prohibiting retaliation against those who make reports in good faith and thus protecting these persons.

For the purposes of sending reports, Snam has made specific communication channels available both for the Group itself and for all Subsidiaries, the management of which is entrusted to an Ombudsman, an external body responsible for receiving and analysing all reports received, guaranteeing the application of criteria of maximum confidentiality to protect the reputation of the persons reported, as well as the effectiveness of investigations. The investigation of the reports is carried out in an integrated and coordinated manner, involving the Internal Audit Function and, to the extent of its responsibility, the Compliance & Business Integrity Function.

The training of the functions involved in Whistleblowing management (Internal Audit and Compliance) involves continuous study of the subject and those involved have obtained ISO 37001 Lead auditor certification.





Key performance indicators

INDICATOR	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Established cases of corruption	205-3	n.	0	0	0
for which employees were dismissed or disciplined for reasons of corruption		n.	0	0	0
for which contracts with business partners were terminated or not renewed due to corruption-related violations		n.	0	0	0
Amount of fines imposed for violations of laws against active and passive corruption		€	0	0	0
Legal cases in the public domain concerning corruption brought against Snam or its employees during the reporting period		€	0	0	0
Reports received on corruption and under investigation		n.	3	0	1 ¹
Reports received in previous years on corruption and under investigation		n.	0	0	0
Reports received on corruption and dismissed as unfounded		n.	0	0	2 ¹
Reports received on corruption and dismissed with managerial interventions ²		n.	0	2	0
Reports received in previous years on corruption and dismissed as unfounded		n.	1	1	0
Reports received in previous years on corruption and dismissed with managerial interventions		n.	0	2	0
Significant instances of non-compliance with laws and regulations during the reporting period²		n.	0	0	0
of which cases with non-monetary sanctions (exclusion from tenders, market or similar)		n.	0	0	0
Total number of fines for significant cases of non-compliance with laws and regulations that were paid during the reporting period³		n.	1	0	0
of which cases occurring during the reporting period	2-27	n.	0	0	0
of which cases occurring in periods prior to the reporting period		n.	1	0	0
Monetary value of fines for significant cases of non-compliance with laws and regulations that were paid during the reporting period²		mln €	1.9	0	0
of which cases occurring during the reporting period		mln €	0	0	0
of which cases occurring in periods prior to the reporting period		mln €	1	0	0

Note: data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter "Criteria for Drafting, Introduction and Guide to Reading the Document" in the "General Information" section of the Non-Financial Statement.

1. Reports not strictly related to corruption issues, but nevertheless with a relevant profile.
2. "Managerial interventions" also means organisational/procedural interventions relating to actions to improve the Internal Control and Risk Management System (ICRMS).
3. "Significant cases" are defined as cases with a financial impact exceeding 1 million euros.

KPIs AND TARGETS	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
Percentage of third parties subjected to the procurement process on which reputational checks were carried out ¹		%	100	100	100

- 1 The perimeter refers to: Snam S.P.A. Snam Rete Gas, Greenture, GNL Italia, Stogit, Cubogas, Enura, Gasrule, Bioenerys. In general, it includes all third parties that are subject to a procurement process according to the company's internal regulations. The KPI takes into account Snam suppliers undergoing safety analysis and compliance due diligence.





10.5 ANNEXES

Annex 1 - Definition of Snam's topics

Snam's topics and their definitions are listed below. For further information on the correlation between Snam's topics and the topics, sub-topics and sub-sub-topics contained in Application Requirement 16 of the European Sustainability Reporting Standards (ESRS), please refer to the "Table of correspondence between ESRS topics and Snam's topics" on p. 482.

SNAM TOPICS	DEFINITION
Climate change	Promote decarbonisation strategies to combat climate change in order to reduce Snam's and the country's greenhouse gas emissions and contribute to the achievement of carbon neutrality targets, including through the integration of the new businesses of biomethane, hydrogen, sustainable mobility and energy efficiency. Develop energy efficiency initiatives at Group sites and increase the use and production of energy from renewable sources.
Pollution of air	Effectively monitor air pollutant gas emissions from the Group's activities (mainly due to NO _x emissions) and promote initiatives to reduce and contain them. GHG emissions are excluded that fall under the Climate Change topic.
Water	Optimise water consumption and management in the Group's activities and adopt circular policies and practices that stimulate responsible water use and promote water reuse.
Biodiversity and ecosystems	Safeguard the landscape heritage of the areas where the Group's plants or sites are located and promote the protection of biodiversity while carrying out activities.
Waste	Promote efficient waste management, with a view to circularity, promoting the recovery of materials used during the Group's production and infrastructure activities.
Working conditions of employees	Promote stable employment by ensuring a healthy and sustainable working environment, while preserving workers' rights and fostering job continuity, including generational continuity, with a view to just transition. Ensure the work-life balance of employees, including by offering a welfare plan that meets their needs.
Health and safety	Adopt management practices and systems to safeguard the health and safety of employees and all those involved in the company's activities (e.g. suppliers), while also protecting their mental and physical health.
Equal treatment and opportunities for all and skills development	Ensure an inclusive work environment that encourages respect and the value of everyone's diversity, promotes gender and pay equality and repudiates all forms of discrimination, harassment and violence. Create professional development paths and transition programmes to develop the technical, managerial and organisational skills of all employees.
Sustainable supply chain	Encourage the development of social responsibility practices among suppliers, ensuring respect for human rights throughout the value chain, including through training and awareness-raising activities, in order to improve reliability and safety, encourage the reduction of emissions and stimulate the development of innovative approaches to green business development and the circular economy.
Relations with local communities	Involve local communities, developing project activities that can effectively respond to stakeholder expectations and that strengthen Snam's acceptability and integration in the local area, adequately compensating for land use in the construction of infrastructure.
Business conduct	Carrying out activities with loyalty and fairness in compliance with the law, regulations, and corporate prescriptions and provisions, adopting measures aimed at combating corruption, through the promotion of a culture of legality, and preserving the corporate image, also through comprehensive and transparent communication to all stakeholders. Ensure a responsible approach to tax strategy and sound corporate governance, ensuring effective management of remuneration issues and balanced participation in the main corporate governance bodies.
Energy security and accessibility	Ensure service continuity through a reliable and resilient infrastructure, properly monitored and upgraded. Work with the authorities to ensure energy supply and fair access to energy while investing in alternative energy sources.



SNAM TOPICS	DEFINITION
Innovation, digitalization and cyber security	Develop new technologies aimed at making business management more efficient and reducing environmental impacts (e.g. optimised infrastructure management). Manage cyber security with particular reference to potential cyber attacks.
Economic performance and value creation	Foster the creation of shared medium- to long-term value for all stakeholders, through operational and financial efficiency and economically sustainable management of the business. Ensure the integration of sustainability issues in investment processes to support sustainable finance initiatives that create a positive impact for investors and the community.
Relations with authorities and quality of services	Promote constructive and transparent relations with authorities and institutions in order to develop satisfactory and reliable services for customers.

● Environmental topics ● Social topics ● Governance topics (including economics aspects)



Annex 2 – Main Snam policies and guidelines

The table below lists the main Snam policies and guidelines approved by the Board of Directors and the CEO, who is the signatory. These policies and guidelines apply to the entire Group, unless otherwise indicated, and are communicated to all those who come into contact with Snam's activities or sites and made available online at www.snam.it.

TOPIC	POLICIES AND GUIDELINES	OBJECTIVES AND CONTENT
Environment	Health and Safety, Environment, Energy and Quality Policy (HSEEQ Policy)	Snam is committed to the protection and continuous improvement of people's health and safety, environmental protection, energy performance and public safety, as central and indispensable foundations for sustainable development and the creation of value, adopting management systems for this purpose that comply with the best international legislation and practices.
	GNL Italia's Accident Prevention Policy (available in Italian)	Ensure Snam's commitment to the prevention and control of major accidents, to safeguard workers, the population and the environment, guaranteeing the safe operation and maintenance of plants; this through the adoption and maintenance of a Safety Management System in Snam plants subject to Seveso regulations, in this case GNL Italia, Stogit and FSRU Italia.
	Stogit's Accident Prevention Policy (available in Italian)	
	Snam FSRU Italia's Accident Prevention Policy (available in Italian)	
People	Diversity and Inclusion Policy	Promote diversity and plurality as values that contribute to creating an open and stimulating work environment, ensuring perspectives and points of view that foster innovative ideas and effective and virtuous behaviour, and ensuring equal dignity and opportunities for all people regardless of their country of origin, culture and religion, gender, sexual orientation, political opinions and any other personal characteristics and styles. The policy is drafted in line with the values of the Code of Ethics, the UN Universal Declaration of Human Rights, the ILO (International Labour Organisation) Fundamental Conventions, the OECD Guidelines for Multinational Enterprises and the principles enshrined in the UN Global Compact.
	Diversity and Inclusion Policy: Harassment Policy	Promote a serene and professional working environment, free from all forms of discrimination and harassment, where people feel respected, valued and free to express their full potential, with a company policy of zero tolerance for any form of harassment in the workplace. The document is an integral part of the Diversity and Inclusion Policy and is an appendix to it.
	Diversity and Inclusion Policy: Gender Equality	Contribute to the creation of a more balanced and heterogeneous leadership pipeline, fairly valuing the contributions of both genders in decision-making processes within the organisation, and create a culture of gender equality to ensure excellent performance based on talent and long-term sustainability. The document is an integral part of the Diversity and Inclusion Policy and is an appendix to it.
	Diversity and Inclusion Policy: Recruiting @ Snam	Create a standardised and inclusive methodology of the selection and recruitment process through clear, shared, consistent, fair and merit-based guidelines. The document is an integral part of the Diversity and Inclusion Policy and is an appendix to it.
	Diversity and Inclusion Policy: Gender Social Transition	The Gender Social Transition Policy complements the Diversity and Inclusion Policy and aims to support transgender Snam people in their journey to affirm the gender they feel is their own. The policy ensures that the person's needs are fully respected and specifically identifies how Snam provides support, how communication is managed and how the team in charge is activated. By introducing the Policy, Snam reaffirms the importance of sharing the value of inclusion in all its forms, recognising everyone's responsibility to adopt words and behaviour that generate a positive impact on the people around them. The document is an integral part of the Diversity and Inclusion Policy and is an appendix to it.



TOPIC	POLICIES AND GUIDELINES	OBJECTIVES AND CONTENT
Community	Stakeholder Engagement Policy	Ensure consistent application at all levels of the company's stakeholder engagement strategy, which is based on a mutually beneficial approach, based on constant and proactive communication, and involving all categories of the company's stakeholders, who are identified periodically in order to adequately manage their expectations, needs and specific and local realities.
	Snam policy for the Management of Philanthropic Activities and Social Initiatives	The policy is drawn up in line with Snam's business and sustainable development model, the Code of Ethics and the Shared Value strategic approach.
Human Rights	Human Rights Policy	Outline the founding principles and actions taken to protect Human Rights in the performance of corporate activities and in general, in any context in which the Company operates, including through its business partners. The principles, as indispensable requirements for the conduct of business, concretely implement the UN Universal Declaration of Human Rights, the ILO (International Labour Organisation) Fundamental.



TOPIC	POLICIES AND GUIDELINES	OBJECTIVES AND CONTENT
Fiscal transparency and prevention of active and passive corruption	Anti-Corruption Policy	Counter all corrupt practices in relations with public and private stakeholders, with a zero-tolerance approach, by defining a strategic framework for setting, reviewing and achieving objectives for the prevention of all kinds and forms of corruption. Ensure compliance with the principles and provisions of the Management System for the Prevention of Corruption pursuant to UNI ISO 37001:2016, as well as with its Code of Ethics and the Anti-Corruption Guideline, paying the utmost attention so that a similar commitment is also ensured by the Company's counterparties, including through awareness-raising, information and training initiatives for employees and all stakeholders. Prosecute conduct that does not comply with this Policy and in general with the Anti-Corruption Management System, with the application of appropriate sanctions in accordance with the Anti-Corruption Guideline and the Disciplinary System forming part of the Model 231.
	Anti-corruption Guidelines	Outline the general principles and rules of conduct to be followed when carrying out Snam's activities, the prohibited conduct and the safeguards identified by Snam to protect against corruption risk, drawn up in compliance with the tenth principle of the Global Compact ⁷⁴ . Sensitise Snam employees with a view to continuous improvement in identifying corrupt phenomena and any other type of fraud, and in taking an active part in preventing, suppressing and reporting possible violations of anti-corruption regulations, drawing inspiration from the principles of ethics, transparency, fairness and professionalism.
	Tax Control Framework Guideline - Tax Strategy Guideline	Outline the objectives that Snam, together with its subsidiaries, must pursue on an ongoing basis, while maintaining an adequate control of tax risk and supporting the Tax Strategy.
	Enterprise Risk Management Guidelines	Promote and disseminate ethical values oriented towards a culture of correct and transparent risk management, ensuring proactive, effective and efficient risk management in all corporate processes, as well as consistency with strategies, group objectives and the corporate governance system. Risks and opportunities are effectively identified, assessed, managed, monitored and communicated through transparent reporting. All company activities are conducted with a view to risk prevention, in compliance with the law, the Code of Ethics, company regulations and national and international best practices, through the promotion of continuous improvement according to the evolution of strategies, the external and internal context, and the interests of its internal and external stakeholders.
	Antitrust Guidelines	Define the standards and rules of conduct that must be complied with to ensure Snam's compliance with the principles dictated by antitrust legislation. Foster the development of a business culture of competition protection to minimise the risk of antitrust violations.
	Market Abuse Guidelines	Identify, manage and communicate inside information, updating and monitoring the list of persons who have access to relevant information and those who have access to inside information. Protect investors, in order to prevent situations of information asymmetry and to prevent certain parties from using non-public information to carry out speculative transactions on the markets. Protect the Company from any liability that it may incur as a result of conduct by persons associated with it. Promote communication and training activities addressed to employees to ensure the correct application of the Guideline.

TOPIC	POLICIES AND GUIDELINES	OBJECTIVES AND CONTENT
Governance	Corporate Governance and Unbundling Guidelines	Consolidate and rationalise the set of current regulations, guidelines and internal rules on governance, through which Snam Group management and coordination activities are carried out, clarifying their interpretation and simplifying their implementation. Ensure full compliance with applicable legal, regulatory and self-regulatory provisions. Achieve a more effective monitoring of risks in order to maximise shareholder value and attention to stakeholders in the areas in which Snam operates, in compliance with current legislation in the reference legal systems.
	Guideline on Directors' and Statutory Auditors' Interests and Related Party Transactions	Ensure the transparency and substantive and procedural correctness of transactions with Related Parties and Persons of Interest of Snam directors and statutory auditors in full compliance with Consob provisions.
	Integrated Risk Assurance & Compliance Guidelines	Integrate, within the ICRMS, the so-called 2nd level models relating to the areas of Enterprise, Risk Management, Model 231, on Corporate Information Control System (CICS), Tax Control Framework (TCF), Privacy, Antitrust, Anticorruption, Health, Safety, Environment & Quality (HSEQ), and Security. Promote and support regulatory compliance and the prevention of possible wrongdoing in the course of conducting business activities, through the adoption and effective implementation of an integrated compliance programme (Compliance Programme for the Prevention of Offences, hereinafter CPPI). Define the content of the CPPI aligned with best practice standards, in full compliance with the Code of Ethics that defines the values, principles of behaviour and guiding principles on which the entire ICRMS is based, which Snam recognises, accepts, shares and adopts internally and externally.
Other	Global Security Guidelines	Prevent security risks and reduce the impact of events that could potentially generate negative effects for the Company.
	Policy for managing dialogue with shareholders and other stakeholders	Regulate the standard procedures for Dialogue, as well as the Dialogue between the Board of Directors and Stakeholders on issues within the Board's responsibility, in line with the recommendations of the New Corporate Governance Code (which the Company has adopted), with the engagement policies adopted by institutional investors, proxy advisors and active managers, and with international best practices.
	Business Continuity Management Policy	Outline the commitments and actions that demonstrate the ability to continue to conduct business in the face of the occurrence of events of such severity as to compromise the normal operation of its critical processes, with the aim of guaranteeing a predefined minimum service level.
	Asset management Policy	Ensure that all natural gas transportation assets are managed effectively, efficiently and sustainably throughout their lifecycle, from design management, construction, testing, operation to supervision of the natural gas transportation works and systems, ensuring that the Company meets the needs of all stakeholders, customers and consumers, and ensuring ongoing compliance with legal and regulatory requirements.
	Privacy Guidelines	Define the corporate roles and obligations to be implemented with regard to the protection of personal data pursuant to Regulation (EU) 2016/679 and direct all Snam employees to ensure that the processing of personal data is carried out in compliance with the fundamental rights and freedoms of natural persons and, in particular, the right to protection of personal data. The Guideline lists the rights of data subjects, illustrates Snam's Privacy Management System and the operating procedures for processing personal data.



Annex 3 – Management systems

In 2023, Snam continued its efforts to expand and maintain management systems that cover specific issues such as occupational health and safety, the environment and the quality of services provided. It is in this direction that, during the year, Snam implemented all the necessary activities to extend management system certifications to the new companies entering the consolidation scope, as well as to maintain and update existing certifications.

CERTIFICATION	SCOPE OF APPLICATION	COMPANY	YEAR OF FIRST CERTIFICATION
ISO 50001 Energy management systems	Company	Snam	2023
	Company	GNL Italia	
	Company	Greenture	
	Company	Bioenergys	
	Company	Renovit	
	Company	TEP	
	Company	Evolve ¹	
	Company	Renovit Public Solutions (formerly Mieci) ¹	
ISO 22301 Business continuity	Natural gas transportation dispatching activities	Snam Rete Gas	2015
	Business continuity management for the design, development, centralised management of process and remote control systems for natural gas transportation dispatching	Snam	2018
ISO 27001 Information Security	Information security management for the design, development, centralised management of process and remote control systems for natural gas transportation dispatching	Snam	2014
ISO 9001 Quality	Company	Evolve ¹	2003
	Design and provision of natural gas measurement and metering service	Stogit	2008
	Company	TEP	2010
	Company	Renovit Public Solutions (formerly Mieci) ¹	2011
	Company	Snam	2016
	Company	Snam Rete Gas	
	Company	GNL Italia	2020
	Company	ITG	2018
	Company	Greenture	
	Company	Cubogas	2021
	Company	Bioenergys	
	Company	Renovit	2021
	Company	Bioenergys Agri ²	2022
	Company	Bioenergys Ambiente ²	2023

CERTIFICATION	SCOPE OF APPLICATION	COMPANY	YEAR OF FIRST CERTIFICATION
ISO 14001 Environment	Company	GNL Italia	2000
	Company	Stogit	2002
	Company	ITG	2010
	Company	Snam Rete Gas	2013
	Company	Evolve ¹	
	Company	Renovit Public Solutions (formerly Miecì) ¹	2014
	Company	Snam	2015
	Company	Greenture	2018
	Company	Cubogas	
	Company	Bioenergys	2021
	Company	Renovit	
	Company	TEP	
	Company	Bioenergys Ambiente ²	2023
ISO 45001 Occupational Health and Safety	Company	ITG	2009
	Company	Snam Rete Gas	2010
	Company	Snam	2012
	Company	GNL Italia	2012
	Company	Stogit	2012
	Company	Greenture	2018
	Company	Cubogas	2018
	Company	Bioenergys	2021
	Company	Evolve ¹	
	Company	Renovit Public Solutions (formerly Miecì) ¹	
	Company	Renovit	2022
	Company	TEP	
	Company	Bioenergys Agri ²	
	Company	Bioenergys Ambiente ²	2023
ISO 17025 Competence of testing and calibration laboratories	Calibration Laboratory (LAT 155 Natural gas mixtures)	Snam Rete Gas	2002
	Testing laboratory (LAB 764 Piped gaseous flows)		2007
UNI 11352 Energy management for companies providing energy services	Provision of energy services, including the financing of improvement work and the purchase of energy carriers	Evolve ¹	2012
	Provision of energy services, including the financing of improvement work and the purchase of energy carriers	TEP	2013
	Provision of energy services, including the financing of improvement work and the purchase of energy carriers	Renovit Public Solutions (formerly Miecì) ¹	2018
SA 8000 Social Responsibility	Company	Evolve ¹	2018
	Company	Renovit Public Solutions (formerly Miecì) ¹	2021
SOA Certificate of qualification for the execution of public works	Company	Evolve ¹	2007
	Company	Renovit Public Solutions (formerly Miecì) ¹	2016

1 Controlled by Renovit.

2 Controlled by Bioenergys S.r.l..



Below is the percentage of employees and companies covered by management systems certified according to ISO 45001, ISO 14001 and ISO 9001. The tables also show the percentage of companies covered by audits on the same management systems:

% employees covered by ISO 45001	99.50%	% Companies covered by ISO 45001	73.53%	% Companies covered by ISO 45001 audits	73.53%
% employees covered by ISO 14001	97.42%	% Companies covered by ISO 14001	70.59%	% Companies covered by ISO 14001 audits	70.59%
% employees covered by ISO 9001	99.50%	% Companies covered by ISO 9001	73.53%	% Companies covered by ISO 9001 audits	73.53%

Annex 4 – Data and performance indicators

INDICATORS BY SECTOR OF ACTIVITY	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
NATURAL GAS TRANSPORTATION ¹					
Energy consumption	302-1	TJ	9,565	10,727	11,386
Energy consumption		MWh	2,656,944	2,979,722	3,162,737
GHG emissions					
GHG Scope emissions 1 ^{2,3}	305-1	t CO ₂ eq	1,056,310	946,743	904,807
GHG emissions Scope 2 MB ³	305-2	t CO ₂ eq	12,206	9,294	7,702
GHG emissions Scope 2 LB ³		t CO ₂ eq	10,280	10,333	11,364
Natural gas emissions	305-1	10 ⁶ m ³	28	18	14
Natural gas emissions/gas injected into the network ⁴	305-4	%	0.037	0.024	0.022
Natural gas avoided		10 ⁶ m ³	9	10	10
NO _x emissions	305-7	t	428	407	388
Transportation energy consumption (total fuel gas) / compressed gas		%	0.27	0.25	0.31
Emissioni di CO ₂ totali / gas compresso ⁵	302-3	kg/10 ⁶ m ³	5,568	5,053	6,306
Emissioni di gas naturale / km di rete		m ³ /km	682	444	429
Total NO _x emissions / compressed gas ⁵		kg/10 ⁶ m ³	4.5	3.4	3.8
Average gas travel in Italy transportation network		km	522	563	672
Health and safety					
Employee accidents	403-9	no.	3	0	6
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	0	0	0
Contractor accidents		no.	1	2	1
of which fatal		no.	1	1	0
of which with serious consequences ⁶		no.	0	0	0
Employee Frequency Index ⁷		-	0.94	0	1.9
Employee Severity Index ⁸		-	0.09	0.003	0
Contractor Frequency Index ⁷		-	0.14	0.32	0.12
Contractor Severity Index ⁸		-	1.03	1.24	0
NATURAL GAS STORAGE ⁹					
Energy consumption	302-1	TJ	3,924	4,961	3,425
Energy consumption		MWh	1,090,000	1,378,056	951,405
GHG emissions					
GHG Scope emissions 1 ^{2,3}	305-1	t CO ₂ eq	312,267	364,691	276,156
GHG emissions Scope 2 MB ³	305-2	t CO ₂ eq	11,308	11,071	10,085
GHG emissions Scope 2 LB ³		t CO ₂ eq	10,147	10,158	8,604
Natural gas emissions	305-1	10 ⁶ m ³	5	6	5
NO _x emissions	305-7	t	96	112	83
Emissions of stored natural gas / stored gas	305-4	%	0.044	0.036	0.048
Stored NO _x /gas emissions		kg/10 ⁶ m ³	11	6	8
Health and safety					
Employee accidents	403-9	no.	0	0	0
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	0	0	0
Contractor accidents		no.	0	4	0
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	0	0	0
Employee Frequency Index ⁷		-	0	0	0
Employee Severity Index ⁸		-	0	0	0
Contractor Frequency Index ⁷		-	0	4.18	0
Contractor Severity Index ⁸		-	0	0.28	

INDICATORS BY SECTOR OF ACTIVITY	GRI STANDARD	UNITS OF MEASUREMENT	2021	2022	2023
REGASIFICATION OF LIQUEFIED NATURAL GAS ¹⁰					
Energy consumption	302-1	TJ	546	1,108	1,608
Energy consumption		Mwh	151,667	307,778	446,555
GHG Scope emissions 1 ^{2,3}	305-1	t CO ₂ eq	65,280	117,749	133,423
GHG emissions Scope 2 MB ³	305-2	t CO ₂ eq	10	9	10
GHG emissions Scope 2 LB ³		t CO ₂ eq	5,444	7,885	9,922
Natural gas emissions	305-1	10 ⁶ m ³	2	3	3
NO _x emissions	305-7	t	31	60	91
Health and safety					
Employee accidents	403-9	no.	1	0	0
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	0	0	0
Contractor accidents		no.	0	0	1
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	0	0	0
Employee Frequency Index ⁷		-	9.2	0	0
Employee Severity Index ⁸		-	0.47	0	0
Contractor Frequency Index ⁷		-	0	0	4.5
Contractor Severity Index ⁸		-	0	0	0
ENERGY TRANSITION BUSINESS ¹¹					
Energy consumption	302-1	TJ	83	1,081	1,433
Energy consumption		MWh	23,056	300,278	398,101
GHG Scope emissions 1 ^{2,3}	305-1	t CO ₂ eq	1,858	54,861	70,604
GHG emissions Scope 2 MB ³	305-2	t CO ₂ eq	5,949	11,674	8,559
GHG emissions Scope 2 LB ³		t CO ₂ eq	3,995	8,763	10,282
Natural gas emissions	305-1	10 ⁶ m ³	0	0	0
NO _x emissions	305-7	t	2	23	55
Health and safety					
Employee accidents	403-9	no.	2	3	6
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	2	0	0
Contractor accidents		no.	0	7	7
of which fatal		no.	0	0	0
of which with serious consequences ⁶		no.	0	0	0
Employee Frequency Index ⁷		-	3.52	3.3	8.15
Employee Severity Index ⁸		-	0.48	0.11	0
Contractor Frequency Index ⁷		-	0	2	1.7
Contractor Severity Index ⁸		-	0	0.04	0

Note: the data refer to the entire Snam Group, unless otherwise indicated. For further information on the perimeter, see the chapter Criteria for Drafting, Introduction and Guide to Reading the Document in the General Information section of the Non-Financial Statement.

1 Snam Rete Gas S.p.A., Infrastrutture Trasporto Gas S.p.A., Enura S.p.A., Asset Company 2 S.r.l.

2 The CO₂eq was assessed in accordance with the instructions of the most recent Intergovernmental Panel on Climate Change (IPCC) "Sixth Assessment Report" that assigned methane a Global Warming Potential (GWP) of 29.8.

3 The presentation of data on GHG Scope 1, Scope 2 and Scope 3 emissions previously expressed in kton CO₂e, was this year expressed in ton CO₂e.

4 The figure includes point, air, fugitive and unburnt emissions.

5 The 2021 figures have been restated.

6 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 or her pre-accident state of health within 6 months (excludes fatal accidents).

7 Number of accidents at work resulting in absence of at least one day, per million hours worked.

8 Number of lost working days (calendar days), related to non-commuting accidents with at least one day's absence, per thousand hours worked. The data are calculated including the contribution of fatal accidents, for each of which 7,500 days of absence were taken into account

9 Stogit S.p.A..

10 GNL Italia S.p.A., Snam FSRU Italia S.r.l..

11 Bioenerys S.r.l., Bioenerys Ambiente, Renovit S.p.A., TEP Energy Solution S.r.l., Miec S.p.A., Tlax S.r.l., Evolve S.r.l..

Annex 5 – Main Partnerships





Annex 6 – Models For Key Performance Indicators (KPIs) of Non-Financial Companies

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

2023 Financial Year	2023		Criteria for substantial contribution							DNSH ("do no significant harm") criteria (h)									
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text	€M	%		Yes; No; N/EL (b) (c)	Yes; No; N/EL (b) (c)	Yes; No; N/EL (b) (c)	Yes; No; N/EL (b) (c)	Yes; No; N/EL (b) (c)	Yes; No; N/EL (b) (c)	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			28%																
A.1 Environmentally sustainable activities (Taxonomy-aligned) (d)																			
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	8	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%		
Renovation of existing buildings	CCM 7.2	790	20%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	14%		T
Construction of new buildings	CCM 7.1	0	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%		
Electricity generation from bioenergy	CCM 4.8	38	1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	2%		
Anaerobic digestion of bio-waste	CCM 5.7	67	2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1%		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	0	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	A	
Underground permanent geological storage of CO ₂	CCM 5.12	1	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	A	
Electricity generation using solar photovoltaic technology	CCM 4.1	12	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	7	0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	A	
Professional services related to energy performance of buildings	CCM 9.3	78	2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	2%	A	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.001	26%							Yes	Yes	Yes	Yes	Yes	Yes	Yes	20%		
Of which enabling		85	2%							Yes	Yes	Yes	Yes	Yes	Yes	Yes	2%	A	
Of which transitional		790	20%							Yes	Yes	Yes	Yes	Yes	Yes	Yes	14%		T

2023 Financial Year	2023			Criteria for substantial contribution						DNSH ("do no significant harm") criteria (h)											
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (e) (g)																					
		€M	%	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)												
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Renovation of existing buildings	CCM 7.2	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
District heating/cooling distribution	CCM 4.15	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Installation and operation of electric heat pumps	CCM 4.16	7	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Electricity generation from bioenergy	CCM 4.8	46	1.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Anaerobic digestion of bio-waste	CCM 5.7	8	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	32	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Professional services related to energy performance of buildings	CCM 9.3	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels	CCM 4.19	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		94	2.4%																	1%	
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		1.095	28.3%	0%	0%	0%	0%	0%	0%											21%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities		2.779	72%																		
TOTAL		3.874	100%																		



- (a) The code constitutes the abbreviation of the objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
- Climate Change Mitigation: CCM
 - Adaptation to Climate Change: CCA
 - Water and Marine Resources: WTR
 - Circular Economy: CE
 - Prevention and Reduction of Pollution: PPC
 - Biodiversity and Ecosystems: BIO

- (b) Yes - Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
No - Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL - Not eligible; Taxonomy-non-eligible activity for the relevant environmental objective

- (c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	26%	28%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

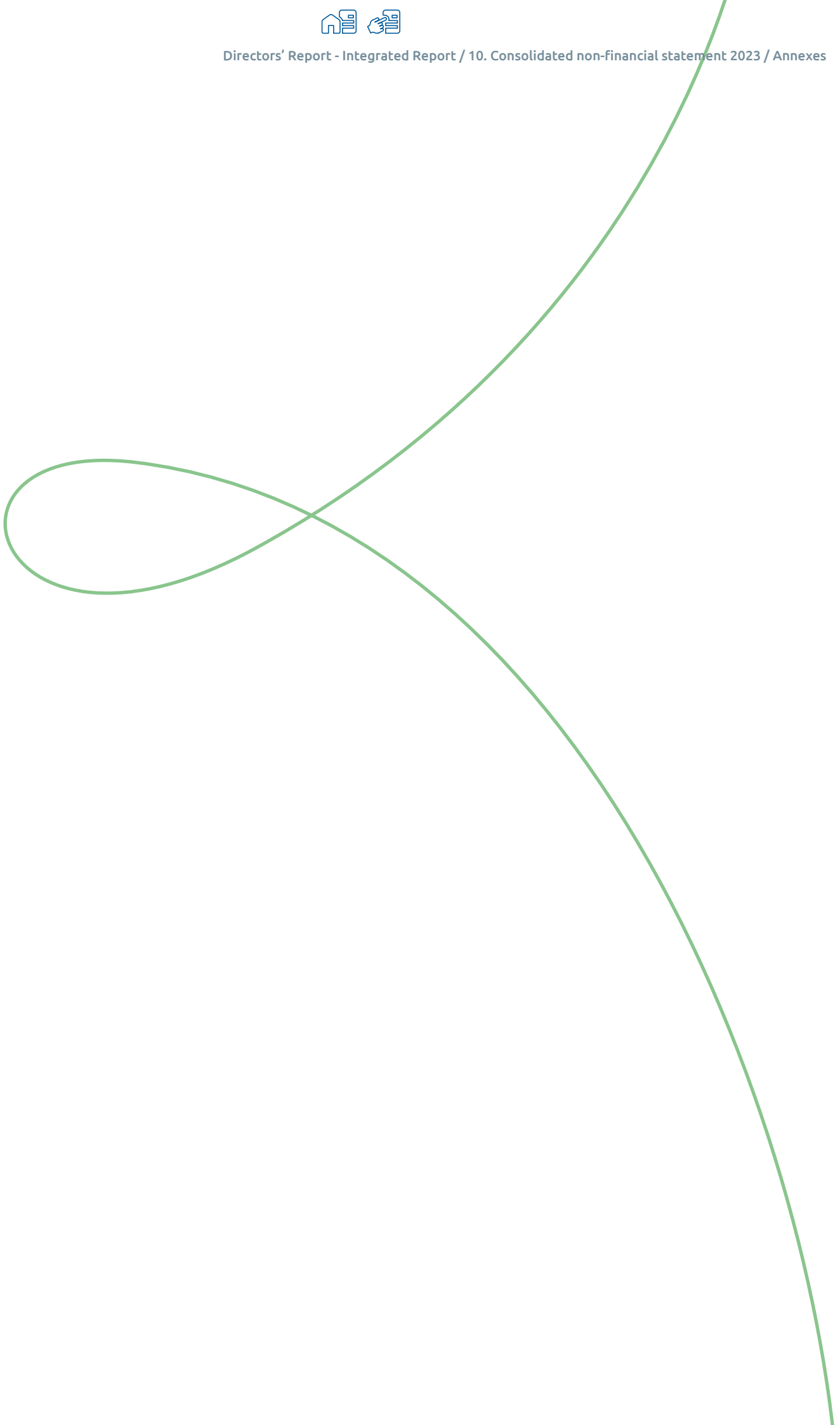
- (d) The same activity may align with only one or more environmental objectives for which it is eligible.

- (e) The same activity may be eligible and not aligned with the relevant environmental objectives.

- (f) EL - Taxonomy-eligible activity for the relevant objective; N/EL - Taxonomy-non-eligible activity for the relevant objective.

- (g) Activities are reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.

- (h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings.
Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: (a) for substantial contribution – Y/N and N/EL codes instead of EL and N/EL; and (b) for DNSH – Y/N codes.



[illegible]

2023 Financial Year	2023			Criteria for substantial contribution						DNSH ("do no significant harm") criteria (h)															
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (e) (g)																									
		€M	%	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)																
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	488	22%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											20%					
Renovation of existing buildings	CCM 7.2	18	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1%					
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1%					
IT - Data processing, hosting and related activities	CCM 8.1	6	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1%					
Data-driven solutions for GHG emissions reductions	CCM 8.2	20	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											2%					
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	46	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%					
Anaerobic digestion of bio-waste and material recovery from waste	CCM 5.7	2	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%					
District heating/cooling distribution	CCM 4.15	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%					
Installation and operation of electric heat pumps	CCM 4.16	3	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%					
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	6	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%					
Professional services related to energy performance of buildings	CCM 9.3	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%					
Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels	CCM 4.19	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1%					
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		591	27%																					24%	
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		1,216	55%	0%	0%	0%	0%	0%	0%											63%					
B.TAXONOMY-NON-ELIGIBLE ACTIVITIES																									
CapEx of Taxonomy-non-eligible		978	45%																						
TOTAL		2,194	100%																						



- (a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
- Climate Change Mitigation: CCM
 - Adaptation to Climate Change: CCA
 - Water and Marine Resources: WTR
 - Circular Economy: CE
 - Prevention and Reduction of Pollution: PPC
 - Biodiversity and Ecosystems: BIO

- (b) Yes - The activity is eligible and aligned with the taxonomy with respect to the relevant environmental objective
No - The activity is eligible for taxonomy but is not aligned with the taxonomy with respect to the relevant environmental objective
N/AM - Ineligible; the activity is not eligible for taxonomy for the relevant objective

- (c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	29%	55%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

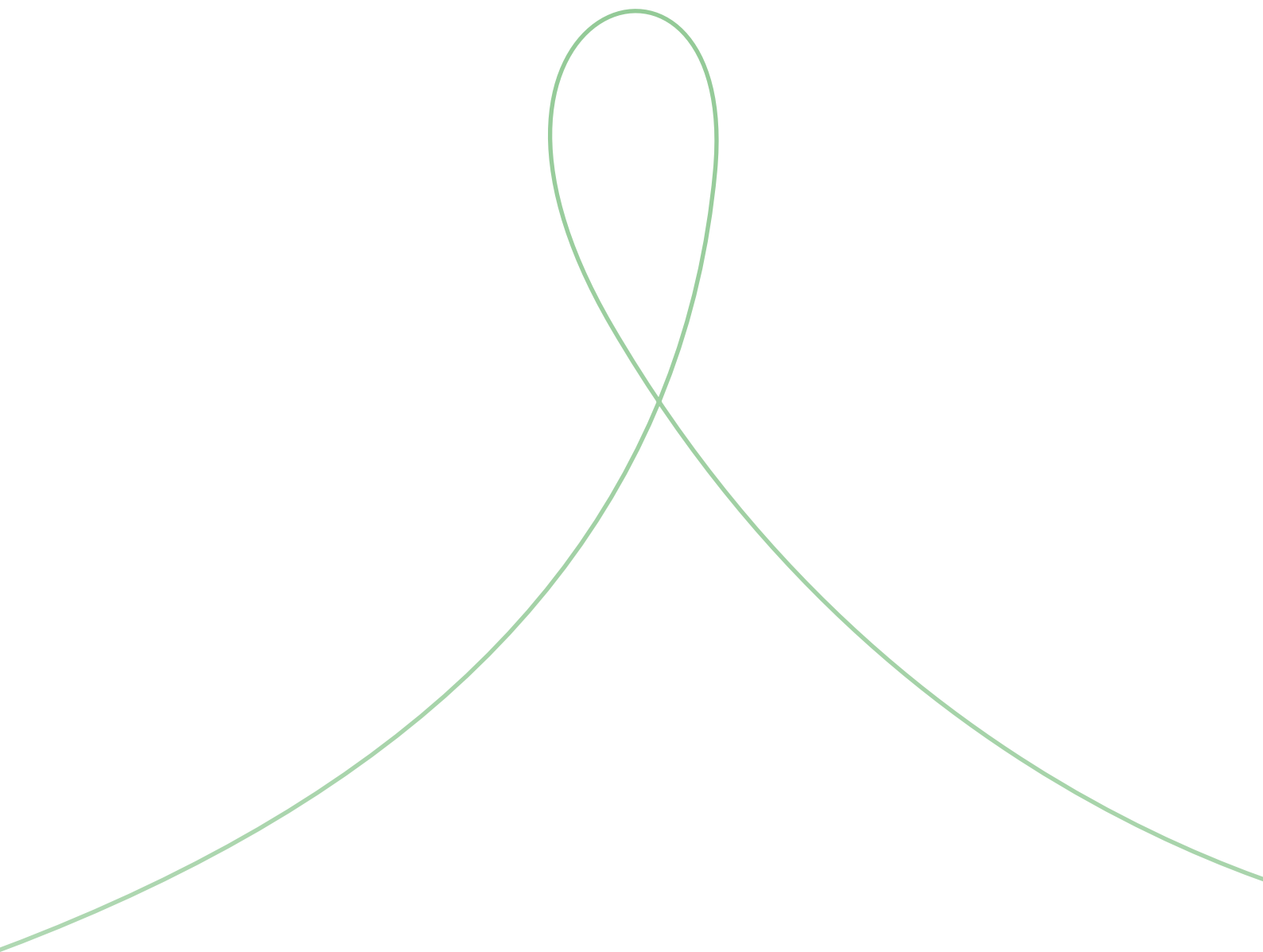
- (d) The same activity may align with only one or more environmental objectives for which it is eligible.

- (e) The same activity may be eligible and not aligned with the relevant environmental objectives.

- (f) EL - Taxonomy-eligible activity for the relevant objective; N/EL - Taxonomy-non-eligible activity for the relevant objective.

- (g) Activities are reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.

- (h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings.
Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: (a) for substantial contribution – Y/N and N/EL codes instead of EL and N/EL; and (b) for DNSH – Y/N codes.



[illegible]

[illegible]



(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- climate change mitigation: CCM
- adaptation to climate change: CCA
- water and marine resources: WTR
- circular economy: CE
- prevention and reduction of pollution: PPC
- biodiversity and ecosystems: BIO

(b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
 N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	47%	89%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

(*) The same activity may align with only one or more environmental objectives for which it is eligible.

(d) The same activity may be eligible and not aligned with the relevant environmental objectives

(e) EL – Taxonomy-eligible activity for the relevant objective; N/EL – Taxonomy-non-eligible activity for the relevant objective.

(f) Activities are reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template

(g) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings.

Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: (a) for substantial contribution – Y/N and N/EL codes instead of EL and N/EL; and (b) for DNSH – Y/N codes.

Annex XII - Turnover

Template 1 - Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Yes; No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with a minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		Yes; No
4.	The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of combined heat/cool and power generation facilities using gaseous fossil gaseous.	Yes
6.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cooling using fossil gaseous fuels.	No

Template 2 - Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,001	26%	1,001	26%	0	0%
8.	Total applicable KPI	3,874	100%	3,874	100%	0	0%



Template 3 - Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is presented monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,001	100%	1,001	100%	0	0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,001	100%	1,001	100%	0	0%

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (the information is presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	32	1%	32	1%	0	0%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	62	2%	62	2%	0	0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	3,874	100%	3,874	100%	0	0%

Template 5 - Taxonomy non-eligible economic activities

Row	Economic activities	Amount	Percentage
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	0	0%

Annex XII - CapEx

Template 1 - Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Yes; No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with a minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas activities		Yes; No
4.	The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of combined heat/cool and power generation facilities using gaseous fossil gaseous.	Yes
6.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cooling using fossil gaseous fuels.	No

Template 2 - Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	626	29%	626	29%	0	0%
8.	Total applicable KPI	2,194	100%	2,194	100%	0	0%

Template 3 - Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is presented monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	626	100%	626	100%	0	0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	626	100%	626	100%	0	0%

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (the information is presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6	0%	6	0%	0	0%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	591	27%	591	27%	0	0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	2,194	100%	2,194	100%	0	0%

Template 5 - Taxonomy non-eligible economic activities

Row	Economic activities	Amount	Percentage
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	0	0%

Annex XII - OpEx

Template 1 - Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Yes; No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with a minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		Yes; No
4.	The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of combined heat/cool and power generation facilities using gaseous fossil gaseous.	Yes
6.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cooling using fossil gaseous fuels.	No

Template 2 - Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	82	47%	82	47%	0	0%
8.	Total applicable KPI	173	100%	173	100%	0	0%

Template 3 - Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is presented monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	82	100%	82	100%	0	0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	82	100%	82	100%	0	0%

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (the information is presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	29	17%	29	17%	0	0%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	43	25%	43	25%	0	0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	173	100%	173	100%	0	0%

Template 5 - Taxonomy non-eligible economic activities

Row	Economic activities	Amount	Percentage
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	0	0%

Table Linking topics of GRI 11: Oil & Gas Sector and Snam's Relevant Topics

Material Topics Gri 11: Oil and Gas Sector 2021		Snam main relevant topic
11.1	GHG emissions	Climate change
11.2	Climate adaptation, resilience and transition	Climate change
11.3	Air emissions	Pollution of air (not a relevant topic)
11.4	Biodiversity	Biodiversity and ecosystems
11.5	Waste	Waste (not a relevant topic)
11.6	Water and effluents	Water (not a relevant topic)
11.7	Closure and rehabilitation	Working conditions of employees
11.8	Asset integrity and incident event management	Energy security and accessibility
11.9	Occupational health and safety	Health and safety
11.10	Employment practices	Working conditions of employees
11.11	Non-discrimination and equal opportunity	Equal treatment and opportunities for all and skills development
11.12	Forced labor and modern slavery	Sustainable supply chain
11.13	Freedom of association and collective bargaining	Sustainable supply chain
11.14	Economic impacts	Economic performance and value creation
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 behaviour	Relations with authorities and quality of services
11.20	Anti-corruption	Business conduct
11.21	Payments to governments	Business conduct
11.22	Public policy	-
-	-	Innovation, digitalisation and cyber security



GRI Content Index

Legend: AR = Annual Financial Report; NFS = Non-Financial Statement;
CGR = Corporate Governance and Ownership Structure Report; RR = Remuneration Report

Statement of use	Snam has reported in accordance with the GRI standards for the period 01/01/2023 - 31/12/2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 11: Oil & Gas Sector Standards 2021

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GENERAL INFORMATION					
GRI 2: General Disclosures 2021	2-1 Organisational details	AR "Snam Profile - Snam's presence in Italy and in the international infrastructure system" AR "Performance in 2023 - Snam shareholders as of 31 December 2023"		Snam S.p.A. Snam's head office is in San Donato Milanese (MI) https://www.snam.it/en/we-snam/about-us/geographical-presence.html	
	2-2 Entities included in the organization's sustainability reporting	AR "Snam Profile - Group structure as of 31 December 2023" NFS "General Information - Introduction and guide to reading the document"		There are no differences in the scope of consolidation between the Consolidated Non-Financial Statement and the Annual Financial Report.	
	2-3 Reporting period, frequency and contact point	NFS "General Information - Introduction and guide to reading the document"		The NFS is published annually. Reference for questions regarding the report or its contents: Matteo Tanteri, matteo.tanteri@snam.it	
	2-4 Restatements of information			Any changes from the previous NFS have been precisely indicated in the text.	
	2-5 External assurance	NFS "General Information - Introduction and guide to reading the document" NFS "Independent auditors' report"			
	2-6 Activities, value chain and other business relationships	AR "Snam Profile" NFS "General Information - Introduction and guide to reading the document" NFS "Social Information - Sustainable Supply Chain"			

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 2: General Disclosures 2021	2-7 Employees	NFS "Social Information - Own workforce; Actions; Working conditions of employees" NFS "Social Information - Own workforce; Key performance indicators"		The total number of employees by employment contract broken 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	NFS "Social Information - Own workforce; Key performance indicators"		Snam's non-employee workers are mainly personnel with internship contracts (72 internships activated in 2023, of which 43 were still active at 31 December 2023), temporary workers (113 in 2023) and, for the most part, contract workers (7,001 in 2023, estimated value based on the figure of hours worked collected).	
	2-9 Governance structure and composition	NFS "General Information - Governance; Snam's Governance System" CGR "The Snam Board of Directors"			
	2-10 Nomination and selection of the highest governance body	NFS "General Information - Governance" CGR "The Snam Board of Directors"			
	2-11 Chair of the highest governance body	NFS "General Information - Governance" CGR "The Snam Board of Directors"			
	2-12 Role of the highest governance body in overseeing the management of impacts	AR "Risk and uncertainty factors" NFS "General Information - Governance; Snam's Governance System" NFS "General Information - Governance; Control system" NFS "General Information - Managing impacts, risks and opportunities" NFS "General Information - Managing impacts, risks and opportunities; Stakeholder relations" CGR "Induction programme for directors and auditors"			
	2-13 Delegation of responsibility for managing impacts	NFS "General Information - Governance; Snam's Governance System" CGR "The Snam Board of Directors"			



GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	NFS "General Information - Introduction and guide to reading the document" NFS "General Information - Governance; Snam's Governance System"			
	2-15 Conflicts of Interest	CGR "Shareholder Agreements"			
	2-16 Communication of critical concerns	NFS "General Information - Governance; Control system" NFS "Governance Information - Business conduct" CGR "Snam Regulatory System"		https://www.snam.it/en/governance/internal-control-and-compliance/whistleblowing.html	
	2-17 Collective knowledge of the highest governance body	NFS "General Information - Governance; Snam's Governance System" CGR "Induction programme for directors and auditors"			
	2-18 Evaluation of the performance of the highest governance body	NFS "General Information - Governance; Snam's Governance System" CGR "The Snam Board of Directors"			
	2-19 Remuneration policies	RR "2024 Remuneration Policy Guidelines"			
	2-20 Process to determine remuneration	CGR "The Shareholders' Meeting and Shareholders' Rights" RR "Governance of the Remuneration Process" RR "2024 Remuneration Policy Guidelines"			
	2-21 Annual total compensation ratio	NFS "Social Information– Own workforce; Actions; Equal treatment and opportunities for all and skills development" NFS "Social Information– Own workforce; Key performance indicators"			
	2-22 Statement on sustainable development strategy	AR "Letter to stakeholders" AR "Snam Profile - Between Purpose and Ambition"			

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 2: General Disclosures 2021	2-23 Policy commitments	AR "Business Model and Strategic Plan"			
		NFS "General Information - Governance"			
		NFS "General Information - Governance; Control system"			
		NFS "General Information - Strategy"			
		NFS "General Information - Managing impacts, risks and opportunities"			
		NFS "General Information - Internal Regulatory System"			
		NFS "General Information - Economic Performance and Value Creation; Ensuring transparency in taxation matters"			
		NFS "Environmental Information - Biodiversity and Ecosystems; Actions; Progress of permit activities"			
		NFS "Annex 2 - Main Snam policies and guidelines"			
	2-24 Embedding of policy commitments	NFS "General Information - Internal Regulatory System"			
		NFS "Annex 2 - Main Snam policies and guidelines"			
	2-25 Processes to remediate negative impacts	NFS "Social Information - Relations with local communities"			
	2-26 Mechanisms for seeking advice and raising concerns	NFS "Governance Information - Business conduct; Actions; Report management: Whistleblowing"		https://www.snam.it/en/governance/internal-control-and-compliance/whistleblowing.html	
	2-27 Compliance with laws and regulations	NFS "Environmental Information - Climate Change; Policies"			
		NFS "Governance Information - Business conduct; Key performance indicators"			
	2-28 Membership associations			https://www.snam.it/content/dam/snam/pages-attachments/it/governance/documents/Associazioni.pdf	
	2-29 Approach to stakeholder engagement	NFS "General Information - Managing impacts, risks and opportunities; Stakeholder relations"			

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements			100%. The following contracts apply to Snam Group non-managerial personnel: Energy and Oil Contract, Engineering - Industrial Companies Contract, CONFCOMMERCIO Tertiary and Distribution and Services Collective Bargaining Agreement, Engineering - CONFAPI Small and Medium Industry. Contract. For managerial staff, the following contracts apply: Contract for Managers of companies producing goods and services.	
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	NFS "General Information - Managing impacts, risks and opportunities; Material topics for Snam"			
	3-2 List of material topics	NFS "General Information - Managing impacts, risks and opportunities; Material topics for Snam" NFS "Annex 1 – Definition of Snam's topics"			
CLIMATE CHANGE					
GRI 3: Material Topics 2021	3-3 Management of material topics	AR "Risk and uncertainty factors"			
		NFS "General Information - Managing impacts, risks and opportunities; Climate Change Risk Management; The ERM model for managing risks and opportunities"			11.1.1 11.2.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	NFS "Environmental Information - Climate Change"			
		NFS "Environmental Information - Climate Change; Actions; Using Energy Efficiently"		Source of conversion factors: Ispra 2023, International System of Units.	11.1.2
	302-2 Energy consumption outside of the organization		Information not available.		11.1.3
	302-3 Energy intensity	NFS "Environmental Information - Climate Change; Key performance indicators"			11.1.4

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NFS "Environmental Information - Climate Change; Actions; Climate change and Emission Reduction; Direct GHG emissions (Scope 1)" NFS "Environmental Information - Climate Change; Key performance indicators"		Source of conversion factors: Ispra 2023, DEFRA 2023	11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	NFS "Environmental Information - Climate Change; Actions; Climate change and Emission Reduction; Indirect GHG Energy Emissions (Scope 2)" NFS "Environmental Information - Climate Change; Key performance indicators"		Source of emission factors: for Scope 2 Market Based European Residual mix 2022 emissions (source AIB - Association of Issuing Bodies 2023). It is should be noted that the emission factor considered for the calculation of Scope 2 emissions is that for the year 2022. For Scope 2 emissions Location Based ISPRA 2023. It is should be noted that the emission factor considered for the calculation of Scope 2 emissions is that for the year 2021.	11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	NFS "Environmental Information - Climate Change; Actions; Climate change and Emission Reduction; Other indirect GHG emissions (Scope 3)" NFS "Environmental Information - Climate Change; Key performance indicators"		Source of emission factors: DEFRA 2021 (for WTT- overseas electricity (generation), DEFRA 2022 (T&D- overseas electricity (generation) and WTT- fuels) and Trucost dataset.	11.1.7
	305-4 GHG emissions intensity	NFS "Environmental Information - Climate Change; Key performance indicators"			11.1.8
	305-5 Reduction of GHG emissions	NFS "Environmental Information - Climate Change; Actions; Climate change and emission reduction" NFS "Environmental Information - Climate Change; Key performance indicators"			11.2.3
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	NFS "General Information - Managing impacts, risks and opportunities; Climate Change Risk Management; The ERM model for managing risks and opportunities"			11.2.2

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
AIR POLLUTION					
GRI 3: Material Topics 2021	GRI 3: Material Topics 2021	NFS "Environmental Information - Pollution of air"			11.3.1
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)			Negligible quantity.	
	305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions	NFS "Environmental Information - Pollution of air; Actions" NFS "Environmental Information - Pollution of air; Key performance indicators" NFS "Annex 4 – Data and performance indicators"			11.3.2
BIODIVERSITY AND ECOSYSTEMS					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Environmental Information - Biodiversity and Ecosystems"			11.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NFS "Environmental Information - Biodiversity and Ecosystems; Actions" NFS "Environmental Information - Biodiversity and Ecosystems; Key performance indicators"			11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	NFS "Environmental Information - Biodiversity and Ecosystems"			11.4.3
	304-3 Habitats protected or restored	NFS "Environmental Information - Biodiversity and Ecosystems; Actions"			11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	NFS "Environmental Information - Biodiversity and Ecosystems; Actions"			11.4.5

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
WASTE					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Environmental Information - Waste"			11.5.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste- related impacts	NFS "Environmental Information - Waste"			11.5.2
	306-2 Management of significant waste- related impacts	NFS "Environmental Information - Waste"			11.5.3
	306-3 Waste generated	NFS "Environmental Information - Waste; Actions"		Total waste generated in 2023: 227,524t	11.5.4
		NFS "Environmental Information - Waste; Key performance indicators"		Hazardous: 9,785t Non-hazardous: 217,739t	
	306-4 Waste diverted from disposal	NFS "Environmental Information - Waste; Actions"		Waste diverted from disposal: 167,207t Hazardous: Preparation for reuse: 0t Recycling: 0t Other recovery operations: 5,136t	11.5.5
		NFS "Environmental Information - Waste; Key performance indicators"		Temporary storage at year end: 18t Non-hazardous: Preparation for reuse: 0t Recycling: 4,496t Other recovery operations: 149,811t Temporary storage at year end: 7,746t	
	306-5 Waste directed to disposal	NFS "Environmental Information - Waste; Actions"		Waste directed to disposal: 60,317t Hazardous: Incineration (with energy recovery): 0t Incineration (without energy recovery): 0t Landfilling: 0t Other disposal operations: 4,631t	11.5.6
		NFS "Environmental Information - Waste; Key performance indicators"		Non-hazardous: Incineration (with energy recovery): 3,917t Incineration (without energy recovery): 2t Landfilling: 4,143t Other disposal operations: 47,624t	



GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
WATER					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Environmental Information - Water"			11.6.1
GRI 303: Water and water discharges 2018	303-1 Interactions with water as a shared resource	NFS "Environmental Information - Water; Actions"			11.6.2
	303-2 Management of water discharge-related impacts	NFS "Environmental Information - Water"			11.6.3
	303-3 Water withdrawal	NFS "Environmental Information - Water; Actions" NFS "Environmental Information - Water; Key performance indicators"		The Group does not have any plants in water stressed areas.	11.6.4
	303-4 Water discharge	NFS "Environmental Information - Water; Actions" NFS "Environmental Information - Water; Key performance indicators"		The Group does not have any plants in water stressed areas.	11.6.5
	303-5 Water consumption	NFS "Environmental Information - Water; Actions" NFS "Environmental Information - Water; Key performance indicators"			11.6.6
ENERGY SECURITY AND ACCESSIBILITY					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "General Information - Strategy; The context" NFS "Social Information - Energy Security and Accessibility"			11.8.1
GRI 306: Water Discharges and Waste 2016	306-3 Significant spills			No significant spills occurred during 2023.	11.8.2
HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Social Information – Own workforce" NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	NFS "Annex 3 - Management systems"			
		NFS "Social Information - Own workforce; Policies" NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.2
	403-2 Hazard identification, risk assessment and incident investigation	NFS "Annex 3 - Management systems" NFS "Social Information - Own workforce; Policies" NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.3

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	NFS "Social Information - Own workforce; Actions; Health and safety" NFS "Social Information - Own workforce; Actions; Working conditions of employees; Industrial relations"		Worker representation is also ensured by law (ref. TU Legislative Decree 81/2008) and by national contracts.	11.9.5
	403-5 Worker training on occupational health and safety	NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development" NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.6
		NFS "Social Information - Own workforce; Key performance indicators"			
	403-6 Promotion of worker health	NFS "Social Information - Own workforce; Policies" NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFS "Social Information - Own workforce; Policies" NFS "Social Information - Own workforce; Actions; Health and safety"			11.9.8
	403-8 Workers covered by an occupational health and safety management system	NFS "Social Information - Own workforce; Actions; Health and safety" NFS "Annex 3 - Management systems"		As of 31/12/2023, the percentage of employees covered by an occupational health and safety management system was 99.5%.	11.9.9

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	NFS "Social Information – Own workforce; Key performance indicators" NFS "Social Information - Own workforce; Actions; Health and safety"		<p>All the injuries involving employees and contractors in 2023 occurred in Italy (for employees: 7 in the North, 4 in the Centre and 1 in the South while for contractors: 7 in the North, 1 in the Centre and 1 in the South). The injuries involved only male staff. There were no fatal accidents for employees and contractors.</p> <p>There were no high-consequence work-related injuries (a category that does not include fatal accidents) for either employees or contractors. The recordable accident rate, which coincides with total accidents, is 2.06 for employees and 0.64 for contractors. The rates are calculated as the ratio of the number of accidents of the related type to the number of hours worked in the related category, multiplied by 1,000,000. The hours worked by employees and contractors taken into account for the calculation are approximately 5.8 and 14 million hours, respectively. With regard to hours worked, the hours for the month of December have been estimated as they are not available.</p>	11.9.10
	403-10 Work-related ill health	NFS "Social Information - Own workforce; Actions; Health and safety"		Contractors, like employees, are not exposed to risks that will generate occupational diseases over time. Moreover, considering the fact that health surveillance protocols are implemented for contractors by the employer of the contracting companies, the collection of data on the occupational diseases of contractors is not applicable.	11.9.11

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
WORKING CONDITIONS OF EMPLOYEES					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Social Information – Own workforce"			11.7.1
		NFS "Social Information - Own workforce; Actions; Working conditions of employees"			11.10.1
GRI 201: Economic Performance	201-3 Defined benefit plan obligations and other retirement plans			Snam has fulfilled its social security obligations under the law and the applicable labour contracts in 2023. The active supplementary pension funds are, for non- management personnel, Fondenergia, Cometa, Fon. Te and Fondapi, and for managers, PREVINDAI and FOPDIRE.	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	NFS "Social Information – Own workforce; Actions; Working conditions of employees" NFS "Social Information – Own workforce; Key performance indicators"		The data by geographic area are not significant, as almost all employees are located in Italy.	11.10.2
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part- time employees	NFS "Social Information - Own workforce; Actions; Company welfare"		There are no differences in access to company benefits.	11.10.3
	401-3 Parental leave	NFS "Social Information - Own workforce; Actions; Working conditions of employees; Company welfare"			11.10.4
		NFS "Social Information - Own workforce; Key performance indicators"			11.11.3
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	NFS "Social Information - Own workforce; Actions; Working conditions of employees; Industrial relations"		The notice period is that provided for by law and/or the collective bargaining agreement applied.	11.10.5 11.7.2
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL AND SKILLS DEVELOPMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "General Information - Governance;" NFS "Social Information – Own workforce; Equal treatment and opportunities for all and skills development"			11.11.1
GRI 202: Market Presence 2016	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 11.14.3

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 404: Training 2016	404-1 Average hours of training per year per employee	NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Training and skills development"			11.10.6 11.11.4
		NFS "Social Information - Own workforce; Key performance indicators"			
	404-2 Programs for upgrading employee skills and transition assistance programs	NFS "Social Information - Own workforce; Actions; Working conditions of employees; Industrial relations" NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Training and skills development"			11.7.3 11.10.7
	404-3 Percentage of employees receiving regular performance and career development reviews	NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Training and skills development" NFS "Social Information - Own workforce; Key performance indicators"			
GRI 405: Diversity and Inclusion 2016	405-1 Diversity of governance bodies and employees	NFS "General Information - Governance; Snam's Governance System" NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development" NFS "Social Information - Own workforce; Key performance indicators"		In line with 2022, in 2023, 2 board members belong to the 30-50 age group and 7 to the >50 age group. Employees under the age of 30: 0 managers, 5 middle managers, 399 white-collar workers, 290 blue-collar workers. Employees aged between 30 and 50: 70 managers, 421 middle managers, 999 white-collar workers, 261 blue-collar workers. Employees over the age of 50: 60 managers, 256 middle managers, 706 white-collar workers, 331 blue-collar workers.	11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	NFS "Social Information— Own workforce; Actions; Equal treatment and opportunities for all and skills development" NFS "Social Information— Own workforce; Key performance indicators"		With reference to the gender pay gap for the "blue collar workers" category, data have not been indicated 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

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			During 2023, 2 reports of discrimination cases were recorded, 1 of which was under investigation and 1 dismissed as unfounded.	11.11.7
SUSTAINABLE SUPPLY CHAIN					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Social Information - Sustainable Supply Chain"			11.12.1 11.13.1
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	NFS "Social Information - Sustainable Supply Chain; Actions"			11.13.2
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labor	NFS "Social Information - Sustainable Supply Chain; Policies" NFS "Social Information - Sustainable Supply Chain; Actions"			11.12.2
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	NFS "General Information - Strategy; Sustainability Strategy; Sustainability Scorecard"	Information on new suppliers assessed according to social criteria is not available. Snam reports the KPI related to the "Introduction of ESG criteria in scoring model" in the Sustainability Scorecard with reference to all suppliers. In addition, Snam indicates the qualified suppliers assessed on sustainability issues over the three-year reporting period (in 'Key performance indicators' of the 'Sustainable supply chain' chapter)		11.10.8 11.12.3
		NFS "Social Information - Sustainable Supply Chain; Actions"			
		NFS "Social Information - Sustainable Supply Chain; Key performance indicators"			
	414-2 Negative social impacts in the supply chain and actions taken	NFS "Social Information - Sustainable Supply Chain; Material topics, impacts, risks and opportunities" NFS "Social Information - Sustainable Supply Chain; Actions"			11.10.9

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
ECONOMIC PERFORMANCE AND VALUE CREATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "General Information - Economic Performance and Value Creation" NFS "Social Information - Relations with local communities"			11.14.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	NFS "Social Information - Relations with local communities; Actions; Added Value" NFS "Social Information - Relations with local communities; Key performance indicators"	EVG&D is not reported separately at country, region and market level because it is not applicable.		11.14.2 11.21.2
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	AR "Snam Profile" AR "Business Model and Strategic Plan; Energy infrastructure for a sustainable future: 2023-2027 Strategic Plan"			11.14.4
	203-2 Indirect Economic Impacts	NFS "Social Information - Relations with local communities; Actions"			11.14.5
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	NFS "Social Information - Sustainable Supply Chain; Actions; The procurement of goods, works and services in the energy transition"			11.14.6
RELATIONS WITH LOCAL COMMUNITIES					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "Social Information - Relations with local communities"			11.15.1 11.16.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	NFS "Social Information - Relations with local communities; Actions" NFS "Environmental Information - Biodiversity and Ecosystems"			11.15.2
	413-2 Operations with significant potential and actual negative impacts on local communities	NFS "Environmental information" NFS "Social Information - Energy Security and Accessibility; Actions" NFS "Social Information - Relations with local communities; Actions"			11.15.3
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	NFS "Environmental Information - Biodiversity and Ecosystems; Protecting land and biodiversity"			11.3.3

GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
BUSINESS CONDUCT					
GRI 3: Material Topics 2021	3-3 Management of material topics	AR "Risk and uncertainty factors"			
		NFS "General Information - Governance"			
		NFS "General Information - Managing impacts, risks and opportunities, Risks and Opportunities; The ERM model for managing risks and opportunities"			11.20.1 11.21.1
		NFS "Governance Information - Business conduct"			
GRI 205: Anti- corruption 2016	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 on anti- corruption policies and procedures	NFS "Governance Information - Business conduct; Actions" NFS "Governance Information - Business conduct; Key performance indicators"		All members of the Board of Directors were informed and trained on anti-corruption policies and procedures, while 100% of employees were informed and 24% (or 911 people) were trained on the subject.	11.20.3
	205-3 Confirmed incidents of corruption and actions taken			In 2023, no cases of corruption occurred.	11.20.4
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government			Not applicable.	11.21.3
GRI 207: Taxes 2019	207-1 Approach to taxation	NFS "General Information - Economic Performance and Value Creation; Ensuring transparency in taxation matters"			11.21.4
	207-2 Tax governance, control and risk management	NFS "General Information - Economic Performance and Value Creation; Ensuring transparency in taxation matters"			11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	NFS "General Information - Economic Performance and Value Creation; Ensuring transparency in taxation matters"			11.21.6
	207-4 Country-by- country reporting	NFS "General Information - Economic Performance and Value Creation; Key performance indicators"			11.21.7



GRI standards/ other source	Disclosure	Reference documents and paragraphs	Omissions	Notes	GRI 11 Ref. no.
RELATIONS WITH AUTHORITIES AND QUALITY OF SERVICES					
GRI 3: Material Topics 2021	3-3 Management of material topics	AR "Operating performance in business segments" NFS "General Information - Relations with Authorities and Quality of Services"			11.19.1
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices			There were no cases of anticompetitive, anti-trust and monopolistic behaviour in 2023.	11.19.2

Snam's material topics not associated with GRI Topic Standard indicators

GRI standards/ other source	Disclosure	Reference document and paragraph	Omissions	Notes	GRI Sector Standard RIF.NO.
INNOVATION, DIGITALISATION AND CYBER SECURITY					
GRI 3: Material Topics 2021	3-3 Management of material topics	NFS "General Information - Innovation, digitalisation and cyber security"			

GRI 11 TOPICS: OIL AND GAS SECTOR 2021 CONSIDERED NOT RELEVANT

Topic	Motivation
Rights of indigenous peoples	Not applicable. Given the geographical context in which Snam operates, the topic is not material.
Conflict and security	Not applicable. Given the geographical context in which Snam operates, the topic is not material.
Public policy	Not applicable. Snam does not make contributions to political parties.

10.6 INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
Snam S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5, paragraph 2 of the CONSOB Regulation n. 20267/2018, we have carried out an assurance engagement on the Consolidated Non-Financial Statement of Snam S.p.A. and its subsidiaries (hereinafter the "Group" or the "Snam Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 14, 2024 (hereinafter "NFS"), as detailed below:

- a) Limited assurance engagement on the information reported in the NFS other than those specified in the following point b) (hereinafter also "Limited assurance engagement");
- b) Reasonable assurance engagement on a selection of indicators (hereinafter also "Selection of Indicators") presented within the scope of the NFS, identified in paragraph "Introduction and guide to reading the document" of the NFS itself and reported in point B ("Reasonable assurance engagement on a selection of indicators") of the following paragraph "Auditor's responsibility" of this report (hereinafter also "Information subject to reasonable assurance").

Our engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Taxonomy for Environmentally Sustainable Activities".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) 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.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

A. Limited assurance engagement

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the information subject to limited assurance with the Decree and 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 NFS 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 information subject to limited assurance are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information under limited assurance, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

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Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the information subject to limited assurance, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information subject to limited assurance included in the NFS with those included in the consolidated financial statements of the Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information subject to limited assurance contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report.

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information subject to limited assurance included in the NFS.

In particular, we carried out interviews and discussions with the management of Snam S.p.A. and with 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 NFS.

In addition, for material information subject to limited assurance, taking into consideration the Group's activities and characteristics:

- at parent company and subsidiaries level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, 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.



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- for entities, Snam S.p.A., Snam Rete Gas S.p.A. and Stogit S.p.A., which we selected based on their activities, 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 their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

B. Reasonable assurance engagement on a selection of indicators

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the information subject to reasonable assurance with the Decree and 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 reasonable assurance engagements. The standard requires that we plan and perform the engagement to obtain reasonable assurance whether the NFS is free from material misstatement. Our engagement has involved performing procedures to obtain evidence about the amounts and disclosures subject to reasonable assurance. The procedures performed depend on the auditor’s judgment, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of information subject to reasonable assurance in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

Below is the information subject to reasonable assurance:

- Indicator GRI 305-1 Direct (Scope 1) GHG emissions;
- Indicator GRI 305-2 Energy indirect (Scope 2) GHG emissions.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion

In relation to the attestation required by Article 3, paragraph 10 of the Decree, issued in accordance with Article 5, paragraph 2 of the Regulation, as outlined in the first paragraph of this report, we hereby present our conclusion on the compliance of the information contained in the DNF with the requirements of Articles 3 and 4 of the Decree and the GRI Standards.

A. Limited assurance engagement

Based on the work performed, nothing has come to our attention that causes us to believe that information subject to limited assurance presented in the NFS of the Snam Group as of December 31, 2023 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.



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B. Reasonable assurance engagement on a selection of indicators

In our opinion, the information subject to reasonable assurance presented in the NFS of the Snam Group as of December 31, 2023, identified in paragraph *"Introduction and guide to reading the document"* of the NFS itself and reported in paragraph B (*"Comprehensive examination of the information subject to reasonable assurance"*) of this report, has been prepared in all material respects, in compliance with the requirements of Articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph *"European Taxonomy for Environmentally Sustainable Activities"*.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
April 4th, 2024

This report has been translated into the English language solely for the convenience of international readers.



10.7 CORRESPONDENCE TABLES

Table of correspondence between ESRS topics and Snam's topics

Snam's topics are listed below, in correlation with the topics, sub-topics and sub-sub-topics contained in Application Requirement 16 of the European Sustainability Reporting Standards. The table shows the applicable topics, sub-topics and sub-sub-topics for Snam, distinguished from those that are not applicable, which are shown in grey. For more information on the ESRS standards already reported in the document, please refer to the "GRI-ESRS Correspondence Table" on p. 486. For more information on the definitions of Snam's topics, please refer to Annex 1 "Definition of Snam's topics" of the 2023 Non-Financial Statement.

ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS E1	Climate change	Climate change adaptation	
		Climate change mitigation	
		Energy	
ESRS E2	Pollution	Pollution of air	
		Pollution of water	
		Pollution of soil	
		Pollution of living organisms and food resources	
		Substances of concern	
		Substances of very high concern	
		Microplastics	
ESRS E3	Water and marine resources	Water	Water consumption
			Water withdrawals
			Water discharges
		Marine resources	Water discharges into the oceans Extraction and use of marine resources
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change
			Land-use change, fresh water-use change and sea-use change
			Direct exploitation
			Invasive alien species
		Impact on the state of species	Pollution
			Other
		Impacts on the extent and condition of ecosystems	Species population size
			Species global extinction risk
			Land degradation Desertification Soil sealing
		Impacts and dependencies on ecosystem services	



ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS E5	Circular economy	Resources inflows, including resource use	
		Resource outflows related to products and services	
		Waste	
ESRS S1	Own workforce	Working conditions	Safe employment
			Working hours
			Adequate wages
			Social dialogue
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
		Equal treatment and opportunities for all	Collective bargaining, including rate of workers covered by collective agreements
			Work-life balance
			Health and safety
			Gender equality and equal pay for work of equal value
			Training and skills development
		Other work-related rights	Employment and inclusion of persons with disabilities
			Measures against violence and harassment in the workplace
			Diversity
			Child labour
			Forced labour
			Adequate housing
			Privacy



ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS S2	Workers in the value chain	Working conditions	Safe employment
			Working hours
			Adequate wages
			Social dialogue
			Freedom of association, including the existence of works councils
			Collective bargaining
			Work-life balance
			Health and safety
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
			Training and skills development
Employment and inclusion of persons with disabilities			
Measures against violence and harassment in the workplace			
Other work-related rights	Diversity		
	Child labour		
	Forced labour		
	Adequate housing		
	Water and sanitation		
ESRS S3	Affected communities	Communities' economic, social and cultural rights	Privacy
			Adequate housing
			Adequate food
			Water and sanitation
			Local related impacts
		Communities' civil and political rights	Security-related impacts
			Freedom of expression
			Freedom of assembly
		Rights of indigenous peoples	Impacts on human rights defenders
			Free, prior and informed consent
Self-determination			
Cultural rights			



ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy
			Freedom of expression
			Access to (quality) information
		Personal safety of consumers and/or end users	Health and safety
			Security of a person
			Protection of children
ESRS G1	Business conduct	Social inclusion of consumers and/or end users	Non-discrimination
			Access to products and services
			Responsible marketing practices
		Corporate culture	
		Protection of whistleblowers	
		Animal welfare	
		Political engagement	
		Management of relations with suppliers, including payment practices	
		Corruption and bribery	Prevention and detection including training Incidents



ESRS-GRI Correspondence Table

The table below shows the correspondence between the GRI Standards and the ESRS (European Sustainability Reporting Standards) already reported by Snam.

ESRS TOPIC	ESRS DISCLOSURE	GRI DISCLOSURE OR, WHERE NOT AVAILABLE, REFERENCE PARAGRAPH
ESRS 2 GENERAL INFORMATION	BP-1 - General criteria for preparation of sustainability statements	2-2 Entities included in the organization's sustainability reporting
	BP-2 - Disclosure in relation to specific circumstances	2-4 Restatements of information
		2-22 Statement on sustainable development strategy
	GOV-1 - The role of the administrative, management and supervisory bodies	2-9 Governance structure and composition
		2-13 Delegation of responsibility for managing impacts
		2-14 Role of the highest governance body in sustainability reporting
		2-17 Collective knowledge of the highest governance body
	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2-12 Role of the highest governance body in overseeing the management of impacts
		2-16 Communication of critical concerns
	GOV-3 - Integration of sustainability-related performance in incentive schemes	2-19 Remuneration policies
		2-20 Process to determine remuneration
	GOV-5 - Risk management and internal controls over sustainability reporting	NFS "General Information - Introduction and guide to reading the document"
	SBM-1 - Strategy, business model and value chain	201-1 Direct economic value generated and distributed
		2-6 Activities, value chain and other business relationships
	SBM-2 - Interests and views of stakeholders	2-29 Approach to stakeholder engagement
	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	3-3 Management of material topics
	IRO-1 - Description of processes to identify and assess material impacts, risks and opportunities	3-1 Process to determine material topics
	IRO-2 - Disclosure requirements of ESRS covered by the undertaking's sustainability statement	3-2 List of material topics
	MDR-P - Policies adopted to manage material sustainability matters	2-23 Policy commitments
		2-24 Embedding policy commitments
	MDR-A - Actions and resources in relation to material sustainability issues	3-3 Management of material topics
		3-3 Management of material topics

ESRS TOPIC	ESRS DISCLOSURE	GRI DISCLOSURE OR, WHERE NOT AVAILABLE, REFERENCE PARAGRAPH
ESRS 2 GENERAL INFORMATION	MDR-M - Metrics in relation to material sustainability matters	NFS "General Information - Economic Performance and Value Creation; Key performance indicators"
		NFS, "General Information, Innovation, digitalisation and cyber security; Key performance indicators"
		NFS "General Information - Relations with Authorities and Quality of Services; Key performance indicators"
		NFS "General Information - Climate Change; Key performance indicators"
		NFS "General Information - Biodiversity and Ecosystems; Key performance indicators"
		NFS "General Information - Own workforce; Key performance indicators"
		NFS "General Information - Sustainable Supply Chain; Key performance indicators"
		NFS "General Information - Relations with Local Communities; Key performance indicators"
		NFS "General Information - Energy Security and Accessibility; Key performance indicators"
	MDR-T - Tracking effectiveness of policies and actions through targets	NFS "General Information - Conduct of the company; Key performance indicators"
ESRS E1 CLIMATE CHANGE	ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes	3-3 Management of material topics
	E1-1 - Transition Plan for Climate Change Mitigation	2-19 Remuneration policies
	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	NFS "General Information - Strategy; Carbon Neutrality and Net Zero strategy"
	ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities	3-3 Management of material topics
	E1-2 - Policies related to climate change mitigation and adaptation	3-1 Process to determine material topics
	E1-3 - Actions and resources in relation to climate change policies	3-3 Management of material topics
	E1-4 - Targets related to climate change mitigation and adaptation	3-3 Management of material topics
	E1-5 - Energy consumption and mix	NFS "General Information - Strategy; Carbon Neutrality and Net Zero strategy"
	E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	NFS "General Information - Strategy; Sustainability Scorecard"
		302- 1 Energy consumption within the organization
		305-1 Direct (Scope 1) GHG emissions
		305-2 Energy indirect (Scope 2) GHG emissions
	E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	305-3 Other indirect (Scope 3) indirect GHG emissions
		305-4 GHG emissions intensity
		201-2 Financial implications and other risks and opportunities due to climate change



ESRS TOPIC	ESRS DISCLOSURE	GRI DISCLOSURE OR, WHERE NOT AVAILABLE, REFERENCE PARAGRAPH
ESRS E2 POLLUTION	ESRS 2 IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	3-1 Process to determine material topics
	E2-1 - Policies related to pollution	3-3 Management of material topics
	E2-2 - Actions and resources related to pollution	3-3 Management of material topics
	E2-4 - Pollution of air, water and soil	305-6 Emissions of ozone-depleting substances (ODS) 305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions
ESRS E3 WATER AND MARINE RESOURCES	ESRS 2 IRO-1 - Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	3-1 Process to determine material topics
	E3-1 - Policies related to water and marine resources	3-3 Management of material topics
	E3-2 - Actions and resources related to water and marine resources	3-3 Management of material topics
	E3-4 - Water consumption	303-3 Water withdrawal
		303-4 Water discharge
		303-5 Water consumption
ESRS E4 BIODIVERSITY AND ECOSYSTEMS	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	3-3 Management of material topics
	ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	3-1 Process to determine material topics
	E4-2 - Policies related to biodiversity and ecosystems	3-3 Management of material topics
	E4-3 - Actions and resources related to biodiversity and ecosystems	3-3 Management of material topics
	E4-4 - Targets related to biodiversity and ecosystems	NFS "General Information - Strategy; Sustainability Scorecard"
	E4-5 - Impact metrics related to biodiversity and ecosystems change	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
		304-2 Significant impacts of activities, products and services on biodiversity
		304-3 Habitats protected or restored
ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY	ESRS 2 IRO-1 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	3-1 Process to determine material topics
	E5-1 - Policies related to resource use and circular economy	3-3 Management of material topics
	E5-2 - Actions and resources related to resource use and circular economy	3-3 Management of material topics
	E5-5 - Resource outflows	306-3 Waste generated
		306-4 Waste diverted from disposal
		306-5 Waste directed to disposal

ESRS TOPIC	ESRS DISCLOSURE	GRI DISCLOSURE OR, WHERE NOT AVAILABLE, REFERENCE PARAGRAPH
ESRS S1 OWN WORKFORCE	ESRS 2 SBM-2 - Interests and views of stakeholders	2-29 Approach to stakeholder engagement
	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	3-3 Management of material topics
	S1-1 - Policies related to own workforce	3-3 Management of material topics
	S1-2 - Processes for engaging with own workers and workers' representatives about impacts	2-29 Approach to stakeholder engagement
	S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns	2-25 Processes to remediate negative impacts
	S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	3-3 Management of material topics
	S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	NFS "General Information - Strategy; Sustainability Scorecard"
	S1-6 - Characteristics of the undertaking's employees	2-7 Employees
		401-1 New employee hires and employee turnover
	S1-7 - Characteristics of non-employee workers in the undertaking's own workforce	2-8 Workers who are not employees
	S1-8 - Collective bargaining coverage and social dialogue	2-30 Collective bargaining agreements
	S1-9 - Diversity metrics	405-1 Diversity of governance bodies and employees
	S1-11 - Social protection	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
	S1-12 - Persons with disabilities	405-1 Diversity of governance bodies and employees
	S1-13 - Training and skills development metrics	404-1 Average hours of training per year per employee
		404-2 Programs for upgrading employee skills and transition assistance programs
	S1-14 - Health and safety metrics	403-8 Workers covered by an occupational health and safety management system
		403-9 Work-related injuries
		403-10 Work-related ill health
	S1-15 - Work-life balance metrics	401-3 Parental leave
	S1-16 - Compensation metrics (pay gap and total compensation)	2-21 Annual total compensation ratio
		405-2 Ratio of basic salary and remuneration of women to men
	S1-17 - Incidents, complaints and severe human rights impacts	406-1 Incidents of discrimination and corrective actions taken



ESRS TOPIC	ESRS DISCLOSURE	GRI DISCLOSURE OR, WHERE NOT AVAILABLE, REFERENCE PARAGRAPH
ESRS S2 WORKERS IN THE VALUE CHAIN	ESRS 2 SBM-2 - Interests and views of stakeholder	2-29 Approach to stakeholder engagement
	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	3-3 Management of material topics
	S2-1 - Policies related to value chain workers	3-3 Management of material topics
	S2-2 - Processes for engaging with value chain workers about impacts	3-1 Process to determine material topics
	S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns	2-25 Processes to remediate negative impacts
	S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	3-1 Process to determine material topics
	S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	NFS "General Information - Strategy; Sustainability Scorecard"
ESRS S3 AFFECTED COMMUNITIES	ESRS 2 SBM-2 - Interests and views of stakeholders	2-29 Approach to stakeholder engagement
	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	3-3 Management of material topics
	S3-1 - Policies related to affected communities	3-3 Management of material topics
	S3-2 - Processes for engaging with affected communities about impacts	3-1 Process to determine material topics
	S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns	2-25 Processes to remediate negative impacts
	S3-4 - Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	3-1 Process to determine material topics
	S3-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunitie	NFS "General Information - Strategy; Sustainability Scorecard"
ESRS G1 BUSINESS CONDUCT	ESRS 2 GOV-1 - The role of the administrative, supervisory and management bodies	2-9 Governance structure and composition
		2-13 Delegation of responsibility for managing impacts
		2-14 Role of the highest governance body in sustainability reporting
		2-17 Collective knowledge of the highest governance body
	ESRS 2 IRO-1 - Description of processes to identify and assess material impacts, risks and opportunities	3-1 Process to determine material topics
	G1-1 - Business conduct policies and corporate culture	2-16 Communication of critical concerns
		2-23 Policy commitments
		2-24 Embedding
		2-26 Mechanisms for seeking advice and raising concerns
	G1-2 - Management of relationships with suppliers	414-1 New suppliers that were screened using social criteria
		414-2 Negative social impacts in the supply chain and actions taken
	G1-3 - Prevention and detection of corruption and bribery	205-2 Communication and training on anti-corruption policies and procedures
	G1-4 - Confirmed incidents of corruption or bribery	205-3 Confirmed incidents of corruption and actions taken
		2-27 Compliance with laws and regulations

PAI Correspondence Table

Legend: AR = Annual Financial Report; NFS = Consolidated Non-Financial Statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Indicator of negative effects on sustainability	Metrics		Disclosure
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions	1. GHG emissions	GHG Scope 1 emissions	GHG Scope 1 emissions: 1,386 ktCO ₂ eq GHG Scope 2 emissions - Market based: 27 ktCO ₂ eq GHG Scope 2 emissions - Location based: 42 ktCO ₂ eq GHG Scope 3 emissions: 1,590 ktCO ₂ eq <i>Sources:</i> • NFS “Environmental Information - Climate Change; Key performance indicators”
		GHG Scope 2 emissions	
		GHG Scope 3 emissions	
		Total GHG emissions	
	2. Carbon footprint	Carbon footprint	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".
	3. GHG intensity of companies receiving investments	GHG intensity of companies receiving investments	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".
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Indicator not directly applicable for Snam.
	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	figure can be calculated on the basis of the following data: Energy produced by renewable energy plants: 186,823 MWh Total energy consumption: 17,885 TJ; of which electricity: 610 TJ; of which green electricity consumed: 331TJ <i>Sources:</i> • NFS “Environmental Information - Climate Change; Key performance indicators”
	6. Energy consumption intensity by high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, by high impact climate sector	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 consumption and production of non-renewable energy".
Biodiversity	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	The figure can be calculated on the basis of the following data: Transport network affected by Natura 2000 Sites: 0.66 km <i>Sources:</i> • NFS “Environmental Information - Biodiversity and Ecosystems; Key performance indicators”
Water	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 current applicable legislation and internal company procedures.
Waste	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: Total waste produced: 227,524 tonnes; of which 9,785 tonnes of hazardous waste <i>Sources:</i> • NFS “Environmental Information - Waste; Key performance indicators”



Indicator of negative effects on sustainability	Metrics	Disclosure
INDICATORS FOR SOCIAL AND EMPLOYEE ISSUES, RESPECT FOR HUMAN RIGHTS AND ACTIVE AND PASSIVE ANTI-CORRUPTION MATTERS		
Social and employee Issues Indicators	10. Violations of the United Nations Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	<p>Share of investments in investee companies that have been involved in violations of the United Nations Global Compact principles or OECD Guidelines for Multinational Enterprises</p> <p>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.</p> <p><i>Sources</i></p> <ul style="list-style-type: none"> NFS "General Information - Governance;" NFS "Social Information - Own workforce; Key performance indicators"
	11. Lack of compliance procedures and mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	<p>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</p> <p>For more details, please refer to the information indicated for indicator "10. Violations of the principles of the UN Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises"</p>
	12. Unadjusted gender pay gap	<p>Gender pay gap on a cash basis: Managers 86; Middle Managers 95; White-collar workers: 93 Gender pay gap on an accrual basis: Managers 88; Middle Managers 96; White-collar workers: 94 Gender pay gap on basic salary: managers 88; Middle Managers 96; White-collar workers: 94</p> <p><i>Sources:</i></p> <ul style="list-style-type: none"> NFS "Social Information - Own workforce; Key performance indicators" <p><i>Notes:</i></p> <ul style="list-style-type: none"> For the "blue-collar workers" category, data have not been indicated for privacy reasons given the low numerical representation of the female gender in this category. The representation of the gender pay gap is calculated on the amount of remuneration paid in the year. 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 data for 2023 will be available after the publication of this document and will therefore be published in the next edition of the document.
	13. Board gender diversity	<p>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</p> <p>Women on the Board of Directors: 44% Men on the Board of Directors: 56%</p> <p><i>Sources:</i></p> <ul style="list-style-type: none"> NFS "General Information - Governance; Snam's Governance System"
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p> <p>Indicator not applicable to Snam.</p>

WEF Correspondence Table

Legend: RF = Relazione Finanziaria Annuale; DNF = Dichiarazione Non Finanziaria; RR = Relazione sulla Remunerazione

Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
Governance principles	Behavioural ethical purpose	Determining the purpose	The stated purpose of the company, as an expression of the means by which a company proposes solutions to economic, environmental and social problems. The corporate purpose should create value for all stakeholders, including shareholders.	AR "Snam Profile - Between Purpose and Ambition"	
		Purpose-driven management	How the corporate purpose is integrated into corporate strategy, policies and objectives.	AR "Snam Profile - Between Purpose and Ambition" NFS "General Information - Governance;"	
	Quality of the governing body	Governing body composition	Composition of the highest governing body and its committees by: skills related to economic, environmental and social issues; executive or non-executive; independence; position in the governing body; number of other significant positions and commitments of each individual and the nature of the commitments; Gender; membership of under-represented social groups; stakeholder representation.	NFS "General Information - Governance; Snam's Governance System" CGR "The Snam Board of Directors"	
		Remuneration	1. How performance criteria in remuneration policies relate to the objectives of the highest governing body and management on economic, environmental and social issues, as they relate to the stated corporate purpose, strategy and long-term value. 2. Remuneration policies for the highest governing body and senior management for the following types of remuneration: a. Fixed remuneration and variable remuneration, including performance-based remuneration, share-based remuneration, bonuses and deferred or vested shares b. Sign-up bonuses or recruitment incentive payments c. Termination payments d. Clawback e. Pension benefits, including the difference between benefit schemes and contribution rates for the highest governing body, managers and all other employees	RR "Remuneration Policy Guidelines"	
		Stakeholder engagement	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	NFS "General Information - Management of Impacts, Risks and Opportunities; Stakeholder relations" NFS "General Information - Management of Impacts, Risks and Opportunities; Material topics for Snam"	

Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
Governance principles	Ethical behaviour	Anti-corruption	<p>1. Total percentage of members of the governing body, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, by region.</p> <p>a. Total number and nature of corruption incidents detected during the current year, but relating to previous years; and</p> <p>b) Total number and nature of corruption incidents detected during the current year, relating to this year.</p> <p>2. Discussion of initiatives and stakeholder involvement to improve the wider operating environment and culture in order to combat corruption.</p>	NFS "Governance Information - Business conduct"	All members of the Board of Directors were informed and trained on anti-corruption policies and procedures, while 100% of employees were informed and 24% (or 911 people) were trained on the subject. In 2023, no cases of corruption were ascertained.
		Protected ethical boards and reporting mechanisms	<p>A description of internal and external mechanisms for:</p> <p>1. Seeking advice on ethical and legal behaviour and organisational integrity; and</p> <p>2. Reporting unethical or unlawful behaviour and lack of organisational integrity</p>	NFS "General Information - Governance; Control system"	Snam website page: Whistleblowing
		Monetary losses from unethical behaviour	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti trust, anti competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA" (in "Notes to the consolidated financial statements")	
	Risk and opportunity oversight	Integrating risk and opportunity into business processes	Information on business risk factors and opportunities that clearly identifies the main material risks and opportunities that the company faces specifically (as opposed to generic industry risks), the company's appetite for these risks, how these risks and opportunities have shifted over time, and the response to those changes. These opportunities and risks should integrate economic, environmental and social issues, including climate change and data management.	AR "Risk and uncertainty factors"	
				<p>NFS "General Information - Economic Performance and Value Creation"</p> <p>NFS "General Information - Innovation, digitalisation and cyber security"</p> <p>NFS "General Information - Relations with Authorities and Quality of Services"</p> <p>NFS "Environmental information"</p> <p>NFS "Social Information"</p> <p>NFS "Governance Information"</p> <p>NFS "General Information - Management of Impacts, Risks and Opportunities; The ERM model for managing risks and opportunities"</p>	

Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
Planet	Climate change	Greenhouse gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, fluorinated gases, etc.), indicate in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions.	NFS "Environmental Information - Climate Change; Actions; Climate change and emission reduction" NFS "Environmental Information - Climate Change; Key performance indicators"	
		TCFD implementation	Fully implement the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Indicate whether you have set, or are committed to setting, targets for greenhouse gas emissions that are in line with the objectives of the Paris Agreement: limit global warming well below 2 °C compared to pre-industrial levels and continue efforts to limit warming to 1.5 °C - and achieve net zero emissions before 2050.	NFS "General Information - Governance; Introduction and guide to reading the document" NFS "General Information - Governance; Snam's Governance System" NFS "General Information - Strategy; Sustainability Strategy; Carbon Neutrality and Net Zero strategy" NFS "General Information - Management of Impacts, Risks and Opportunities; The ERM model for managing risks and opportunities" NFS "General Information - Economic Performance and Value Creation; Key performance indicators" NFS, "General Information, Innovation, digitalisation and cyber security; Key performance indicators" NFS "General Information - Relations with Authorities and Quality of Services; Key performance indicators" NFS "General Information - Climate Change; Key performance indicators" NFS "General Information - Biodiversity and Ecosystems; Key performance indicators" NFS "General Information - Own workforce; Key performance indicators" NFS "General Information - Sustainable Supply Chain; Key performance indicators" NFS "General Information - Relations with Local Communities; Key performance indicators" NFS "General Information - Energy Security and Accessibility; Key performance indicators" NFS "General Information - Conduct of the company; Key performance indicators"	
	Natural leaks	Land use and ecological sensitivity	Indicate the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBAs).	NFS "Environmental Information - Biodiversity and Ecosystems; Key performance indicators"	
	Freshwater availability	Water consumption and withdrawal in water stressed areas	Indicate for activities, where significant: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to the WRI Water Risk Atlas tool.	NFS "Environmental Information - Water; Actions" NFS "Environmental Information - Water; Key performance indicators"	The Group does not have any plants in water stressed areas.
	Estimate and indicate the same information for the entire value chain (upstream and downstream), where appropriate	Air pollution	Indicate where material along the value chain: nitrogen oxides (NO _x), sulphur oxides (SO _x), particulate matter and other significant emissions into the atmosphere.	NFS "Environmental Information - Air Pollution; Actions" NFS "Annex 4 – Data and performance indicators"	



Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
People		Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other diversity indicators (e.g. ethnicity).	NFS "General Information - Governance; Snam's Governance System"	
				NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Diversity and inclusion"	
				NFS "Social Information - Own workforce; Key performance indicators"	
	Dignity and equity	Pay equality (%)	Ratio of basic salary to remuneration for each employee category for significant locations of operation by priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Diversity and inclusion"	
				NFS "Social Information - Own workforce; Key performance indicators"	
		Wage level (%)	1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the CEO's total annual remuneration to the median of the total annual remuneration of all his/her employees, except the CEO.	NFS "GRI Content index"	
				AR "Section II - Remuneration paid in 2022"	
		Pay gap (%; #)	1. Mean pay gap of basic salary and remuneration of full time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non BAME) at company level or by significant operational location. 2. Ratio of the total annual remuneration for the organisation's highest paid individual in each country of significant operations to the median total annual remuneration for all employees (excluding the highest paid individual) in the same country.	NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Diversity and inclusion"	
				NFS "Social Information - Own workforce; Key performance indicators"	
		Risk of incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a. type of operation (e.g. production plant) and type of supplier; and a. Countries or geographical areas with activities and suppliers considered at risk	NFS "Social Information - Sustainable Supply Chain; Actions"	
		Incidents of discrimination and harassment (#) and the total amount of monetary losses (\$)	Number of incidents of discrimination and harassment, status of incidents and actions taken and total amount of monetary losses as a result of legal proceedings associated with: a. violations of the law; and b. discrimination at work.	DNF "GRI Content index"	

Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
People	Health and well-being	Health and safety (%)	<p>1. The number and rate of fatalities as a result of occupational accidents; high-risk occupational accidents (excluding fatalities); recordable occupational accidents; main types of occupational accidents; and the number of hours worked.</p> <p>2. An explanation of how the organisation facilitates workers' access to non-professional medical and health services and the scope of access provided for employees and workers.</p>	<p>NFS "Social Information - Own workforce; Actions; Health and safety"</p> <p>NFS "Social Information - Own workforce; Key performance indicators"</p>	<p>All the injuries involving employees and contractors in 2023 occurred in Italy (for employees: 7 in the North, 4 in the Centre and 1 in the South while for contractors: 7 in the North, 1 in the Centre and 1 in the South). The injuries involved only male staff. There were no fatal accidents for employees and contractors. There were no high-consequence work-related injuries (a category that does not include fatal accidents) for either employees or contractors. The recordable accident rate, which coincides with total accidents, is 2.06 for employees and 0.64 for contractors. The rates are calculated as the ratio of the number of accidents of the related type to the number of hours worked in the related category, multiplied by 1,000,000. The hours worked by employees and contractors taken into account for the calculation are approximately 5.8 and 14 million hours, respectively. With regard to hours worked, the hours for the month of December have been estimated as they are not available. Contractors, like employees, are not exposed to risks that will generate occupational diseases over time. Moreover, considering the fact that health surveillance protocols are implemented for contractors by the employer of the contracting companies, the collection of data on the occupational diseases of contractors is not applicable.</p>
	Skills for the future	Training delivered	<p>Average hours of training per person that the organisation's employees undertook during the reporting period, by gender and employee category (total number of training hours provided to employees divided by the number of employees).</p>	<p>NFS "Social Information - Own workforce; Actions; Equal treatment and opportunities for all and skills development; Training and skills development"</p> <p>NFS "Social Information - Own workforce; Key performance indicators"</p>	<p>In 2023, 89% of the corporate population was involved in training activities. Specifically, 93% of women and 88% of men were involved in at least one training course. During 2023, Snam invested 590 euros per employee in training and development.</p>
	Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Employee well-being (#, %)	<p>1. The number of deaths due to occupational diseases, recordable occupational accidents and the main types of occupational diseases for all employees and workers.</p> <p>a. Percentage of employees participating in 'best practice' health and well-being programmes and</p> <p>b. Absenteeism rate (AR) of all employees."</p>	<p>NFS "Social Information - Own workforce; Actions; Health and safety"</p> <p>NFS "Social Information - Own workforce; Key performance indicators"</p>	



Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
Prosperity	Employment and wealth creation	Absolute number and rate of employment	<ol style="list-style-type: none"> 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other diversity indicators and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other diversity indicators and region. 	<p>NFS "Social Information - Own workforce; Actions; Working conditions of employees"</p> <p>NFS "Social Information - Own workforce; Key performance indicators"</p>	The breakdown of the data by country are not indicated as it is not applicable (almost all employees are located in Italy).
		Economic contribution	<ol style="list-style-type: none"> 1. Direct economic value generated and distributed (EVG&D), on an accrual basis, covering the basic components of the organisation's global operations, ideally broken down by: <ol style="list-style-type: none"> a. Revenues b. Operating costs c. Employee salaries and benefits d. Payments to capital suppliers e. Payments to the government f. Community investment 2. Financial assistance received from the government. total monetary value of financial assistance received by the organisation from any government during the reporting period. 	<p>NFS "Social Information - Relations with local communities; Actions; Added Value"</p> <p>NFS "Social Information - Relations with local communities; Key performance indicators"</p>	
		Financial investment contribution	<ol style="list-style-type: none"> 1. Total capital expenditure (Capex) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share repurchases plus dividend payments, supported by a narrative to describe the company's strategy for returning capital to shareholders. 	AR "Operating performance in business segments"	
		Infrastructure investments and services supported	<p>Qualitative disclosure to describe the following components:</p> <ol style="list-style-type: none"> 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in kind or pro bono engagements. 	AR "Business Model and Strategic Plan; Energy infrastructure for a sustainable future: 2023-2027 Strategic Plan"	
		Significant indirect economic impacts	<ol style="list-style-type: none"> 1. Examples of identified significant indirect economic impacts of the organisation, including positive and negative impacts. 2. Significance of indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, political agendas). 	NFS "Social Information - Relations with local communities; Actions"	



Pillar	Thematic category	Indicator	Description	Reference document and paragraph	Notes
Prosperity	Innovation of better products and services	Total R&D expenditure (€)	Total research and development costs.	AR "Operating performance in business segments"	
	Community and social vitality	Total tax paid	The total global tax payable by the company, including corporate income taxes, property tax, nonrefundable VAT and other sales taxes, payroll taxes paid by the employer and other taxes that are costs to the company, by tax category.	NFS "Social Information - Relations with local communities"	
		Additional tax paid	The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes remitted by the company on behalf of customers or employees, by tax category.	NFS "General Information - Economic Performance and Value Creation"	
		Total taxes paid by country for significant locations	Total taxes paid and, if reported, additional taxes paid, by country for significant locations.		

SASB Correspondence Table

Legend: AR = Annual Financial Report; NFS = Consolidated Non-Financial Statement

Dimensione	Thematic category	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Environmental	GHG emissions	EM-MD-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions limiting regulations	NFS "Environmental Information - Climate Change; Actions; Climate change and emission reduction"	
				NFS "Environmental Information - Climate Change; Actions; Climate change and Emission Reduction; Direct GHG emissions (Scope 1)"	
				NFS "Environmental Information - Climate Change; Key performance indicators"	
	Air quality	EM-MD-120a.1	Emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs) and (4) particulate matter (PM10)	NFS "General Information - Strategy; Sustainability Strategy; Carbon Neutrality and Net Zero strategy"	
				NFS "Environmental Information - Climate Change; Actions; Climate change and emission reduction"	
				NFS "Environmental Information - Climate Change; Actions; Climate change and Emission Reduction; Direct GHG emissions (Scope 1)"	
	Ecological impacts	EM-MD-160a.1	Description of environmental management policies and practices for active operations	NFS "Environmental Information - Air Pollution, Actions"	
				NFS "Environmental Information - Air Pollution, Key Performance Indicators"	
				NFS "Annex 4 – Data and performance indicators"	
	Ecological impacts	EM-MD-160a.3	Impacted land area, percentage of impacted area restored	NFS "Environmental information"	
				NFS "Environmental Information - Biodiversity and Ecosystems; Actions"	
				NFS "Environmental Information - Biodiversity and Ecosystems; Key performance indicators"	

Dimensione	Thematic category	Disclosure	Description	Reference document and paragraph	Notes / Omissions
Environmental		EM-MD-160a.4	Number and aggregate volume of hydrocarbon leaks, volume in the Arctic, volume in ecologically sensitive areas, and volume recovered		The indicator is not applicable for Snam.
	Competitive behaviour	EM-MD-520a.1	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	AR "Criminal and tax disputes and proceedings with the regulatory authority ARERA" (in "Notes to the consolidated financial statements")	
	Critical Incident Risk Management	EM-MD-540a.1	Numero di incidenti registrabili sui gasdotti, percentuale significativa	RF "Contenziosi penali, fiscali e procedimenti con l'autorità di regolazione ARERA" (in "Note al bilancio consolidato")	
		EM-MD-540a.2	Percentage of pipelines with (1) natural gas and (2) hazardous liquids inspected	NFS "Environmental Information - Biodiversity and Ecosystems; Actions; Protecting land and biodiversity"	6% of the natural gas transportation network inspected with smart pigs; 60% inspected by helicopter flyover; 32% inspected with leak detection technique and 14% with geological monitoring
		EM-MD-540a.3	Number of (1) accidental releases and (2) non-accidental releases (NARS) from rail transportation		The indicator is not applicable for Snam.
		EM-MD-540a.4	Presentation of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles	AR "Annex 3 - Management systems"	



TCFD Correspondence Table

Legend: AR = Annual Financial Report; NFS = Consolidated Non-Financial Statement

TCFD Recommendations	Disclosure
GOVERNANCE State the organisation's governance model in relation to climate change risks and opportunities	
a) Describe the Board's oversight of climate-related risks and opportunities	NFS "General Information - Governance; Snam's Governance System"
b) Describe the role of management in assessing and managing climate change risks and opportunities	NFS "General Information - Governance" NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities"
STRATEGY State the current or potential impacts of climate change risks and opportunities on the organisation's business, strategy and financial planning	
a) Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term	NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities" NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities; Climate Change Risk Management"
b) Describe the impact of climate change risks and opportunities on the organisation's business, strategy and financial planning	NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities" NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities; Climate Change Risk Management"
c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	NFS "'General Information - Strategy; The context" NFS "'General Information - Strategy; The role of gas; Snam's scenarios" NFS "'General Information - Strategy; Sustainability Strategy; Carbon Neutrality and Net Zero strategy" NFS "General Information - Management of Impacts, Risks and Opportunities; The ERM model for managing risks and opportunities" NFS "'Environmental Information - Climate Change; Actions"

TCFD Recommendations	Disclosure
RISK MANAGEMENT State how the organisation identifies, assesses and manages climate change risks	
a) State how the organisation identifies, assesses and manages climate change risks	NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities"
b) Describe the company's processes for managing climate-change risks	NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities"
c) Describe how the processes of identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	NFS "General Information - Management of Impacts, Risks and Opportunities The ERM model for managing risks and opportunities"
METRICS AND TARGETS State the metrics and targets used by the organisation to assess and manage relevant climate change risks and opportunities	
a) State the metrics used by the organisation to assess climate change risks and opportunities in line with its risk management strategy and process	NFS "'General Information - Strategy; Sustainability Strategy; Carbon Neutrality and Net Zero strategy" NFS "Environmental information"
b) State Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	NFS "'General Information - Strategy; Sustainability Strategy; Carbon Neutrality and Net Zero strategy" NFS "Environmental information"
c) State Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	NFS "'General Information - Strategy; Sustainability Strategy; Carbon Neutrality and Net Zero strategy" NFS "Environmental information"



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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

31.12.2022				31.12.2023	
(million euros)	Notes	Total	of which with related parties	Total	of which with related parties
ASSETS					
Property, plant and equipment	(8)	17,859		18,941	
Intangible assets and goodwill	(9)	1,321		1,449	
Investments accounted for using the equity method	(10)	2,313		3,019	
Other non-current financial assets	(11)	172	109	161	93
Non-current inventories - Compulsory inventories	(12)	363		363	
Deferred tax assets	(19)	331		375	
Other non-current assets	(13)	178	1	281	1
Total non-current assets		22,537		24,589	
Current inventories	(12)	3,202		2,810	
Cash and cash equivalents	(14)	1,757		1,382	
Trade and other receivables	(15)	4,624	995	4,505	659
Current income tax assets	(16)	50		15	
Other current financial assets	(11)	3		2	
Other current assets	(13)	136	1	222	
Total current assets		9,772		8,936	
Assets held for sale		84			
TOTAL ASSETS		32,393		33,525	

		31.12.2022		31.12.2023	
(million euros)	Notes	Total	of which with related parties	Total	of which with related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Non-current financial liabilities	(17)	11,157	200	11,740	500
Provisions for risks and charges	(18)	574		663	
Deferred tax liabilities	(19)	51		59	
Liabilities for employee benefits	(20)	27		28	
Other non-current liabilities	(21)	1,502	1	1,211	
Total non-current liabilities		13,311		13,701	
Current financial liabilities	(17)	2,523	1	4,912	4
Trade payables and other payables	(22)	8,129	538	6,466	619
Current income tax liabilities	(16)	21		53	
Other current liabilities	(21)	868	1	713	1
Total current liabilities		11,541		12,144	
Liabilities directly associated with assets held for sale		17			
TOTAL LIABILITIES		24,869		25,845	
Share capital	(23.1)	2,736		2,736	
Treasury shares	(23.2)	(33)		(30)	
Share premium reserve	(23.3)	611		611	
Reserves	(23.4)	30		(10)	
Retained earnings	(23.5)	4,124		4,328	
Snam Shareholders' equity		7,468		7,635	
Non-controlling interests		56		45	
TOTAL SHAREHOLDERS' EQUITY	(23)	7,524		7,680	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		32,393		33,525	

INCOME STATEMENT

		31.12.2022		31.12.2023	
(million euros)	Notes	Total	of which with related parties	Total	of which with related parties
Revenues	(29.1)	3,496	1,721	4,244	2,129
Other operating income	(29.2)	19	2	44	1
Total operating revenues and income		3,515		4,288	
Costs for purchase of raw materials, consumables and finished goods	(30.1)	(655)	(160)	(1,137)	(142)
Costs for services	(30.2)	(246)	(56)	(287)	(142)
Personnel costs	(30.3)	(237)	3	(248)	5
Other operating costs and expenses	(30.4)	(159)	(3)	(219)	(3)
Total operating costs and expenses		(1,297)		(1,891)	
Depreciation, amortization and impairment losses	(31)	(890)		(1,126)	
EBIT		1,328		1,271	
Financial income		37	17	93	8
Financial expenses		(177)	(1)	(314)	(18)
Total net financial expenses	(32)	(140)		(221)	
Share of profit or loss of investments accounted for using the equity method		144		410	
Other income (expenses) from equity investments		(282)		74	
Total net income from equity investments	(33)	(138)		484	
PROFIT BEFORE TAXES		1,050		1,534	
Income taxes	(34)	(378)		(389)	
PROFIT FOR THE YEAR		672		1,145	
- Held by Snam shareholders		671		1,135	
- Non-controlling interests		1		10	
Earnings per share (amounts in euros per share)	(35)				
- basic		0.201		0.338	
- diluted		0.201		0.338	

COMPREHENSIVE INCOME STATEMENT			
(million euros)	Note	2022	2023
PROFIT FOR THE YEAR		672	1,145
OTHER COMPONENTS OF COMPREHENSIVE INCOME	(34.2)		
Cash flow hedge – effective portion of the change in fair value		19	10
Investments accounted for using the equity method - share of other components of comprehensive income (*)		129	(49)
Tax effect		(4)	(3)
<i>Total components which are or could be reclassified in profit for the year, net of tax effect</i>		144	(42)
Restatement of defined benefit liabilities for employees		8	(2)
Investments accounted for using the equity method - share of other components of comprehensive income		1	(1)
Equity investments accounted for at FVTOCI ("fair value through other comprehensive income")		(44)	(3)
Tax effect		(1)	
<i>Total components which will not be reclassified in profit for the year, net of tax effect</i>		(36)	(6)
TOTAL OTHER COMPONENTS IN THE COMPREHENSIVE INCOME STATEMENT, NET OF TAX EFFECT		108	(48)
TOTAL COMPREHENSIVE INCOME STATEMENT		780	1,097
Total comprehensive income statement:		780	1,097
- held by Snam shareholders		779	1,087
- non-controlling interests		1	10

(*) The value refers to the change in fair value of derivative hedges and the change in investments in related companies.



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity pertaining to Snam's shareholders														
(million euros)	Notes	Share capital	Treasury shares	Share premium	Legal reserve	Reserves				Retained earnings				TOTAL NON-CONTROLLING INTERESTS
						Cash flow hedge reserve	Reserve for defined benefit plans for employees	Fair value reserve for equity investments	Reserve for business combinations under common control	Other reserves	Profits from previous years	Interim dividend	Profit for the year	
BALANCE AT 31 DECEMBER 2021 (a)		2,736	(354)	611	547	(54)	(11)	32	(674)	100	3,117	(343)	1,496	7,240
- Net profit for the year 2022													671	671
- Other components of comprehensive income, net of tax effect						15	7	(44)		130			108	108
Total comprehensive income statement for the year 2021 (b)						15	7	(44)		130			671	779
- Adjustment of interim dividend for the year 2021												(2)	(2)	(2)
- Dividend for the year 2021 (€0.2620 per share), net of interim dividend (€0.1048 per share)												345	(872)	(527)
- Allocation of residual profit for the year 2021											624	(624)		
- Interim dividend 2022 (€0.1100 per share)												(369)	(369)	(369)
- Share-based payments										6			6	6
- Allocation of treasury shares for share incentive plan			6							(7)	1			
- Bond conversion			318							(17)	80		381	381
- Share buybacks			(3)										(3)	(3)
Total transactions with shareholders (c)			321							(18)	705	(26)	(1,496)	(514)
- Acquisition of controlling interests with non-controlling interests (d)														15
- Other changes (e)														3
BALANCE AT 31 DECEMBER 2022 (f=a+b+c+d+e)	(23)	2,736	(33)	611	547	(39)	(4)	(12)	(674)	212	3,822	(369)	671	7,524

(million euros)		Shareholders' equity pertaining to Snam's shareholders														
		Notes	Share capital	Treasury shares	Share premium	Legal reserve	Reserves					Retained earnings				
							Cash flow hedge reserve	Reserve for defined benefit plans for employees	Fair value reserve for equity investments	Reserve for business combinations under common control	Other reserves	Profits from previous years	Interim dividend	Profit for the year	TOTAL	NON-CONTROLLING INTERESTS
BALANCE AT 31 DECEMBER 2022 (f=a+b+c+d+e)	(23)	2,736	(33)	611	547	(39)	(4)	(12)	(674)	212	3,822	(369)	671	7,468	56	7,524
- Net profit for the year 2023													1,135	1,135	10	1,145
- Other components of comprehensive income, net of tax effect						7	(2)	(3)		(50)				(48)		(48)
Total comprehensive income statement for the year 2023 (b)						7	(2)	(3)		(50)			1,135	1,087	10	1,097
- Dividend for the year 2022 (€0.2751 per share), net of interim dividend (€0.11 per share)	(23.6)										(251)	369	(671)	(553)		(553)
- Interim dividend 2023 (€0.1128 per share)	(23.6)											(378)		(378)		(378)
- Share-based payments										5				5		5
- Allocation of treasury shares for share incentive plan	(23.6)		6							(6)						
- Share buybacks	(23.6)		(3)											(3)		(3)
Total transactions with shareholders (h)			3							(1)	(251)	(9)	(671)	(929)		(929)
- Acquisition of controlling interests with non-controlling interests															(15)	(15)
- Acquisition of non-controlling interests without change of control															(6)	(6)
- Other changes										9				9		9
Total other changes (i)										9				9	(21)	(12)
BALANCE AT 31 DECEMBER 2023 (l=f+g+h+i)	(23)	2,736	(30)	611	547	(32)	(6)	(15)	(674)	170	3,571	(378)	1,135	7,635	45	7,680

(million euros)

CASH FLOW STATEMENT

(million euros)	Notes	2022	2023
PROFIT FOR THE YEAR		672	1,145
<i>Adjustments reconciling profit for the year to cash flows from operating activities:</i>			
- Depreciation, amortisation and impairment losses	(31)	890	1,126
of which			
- Net impairment of tangible and intangible assets		25	201
- Net write-downs of equity investments		334	
- Share of profit or loss of investments accounted for using the equity method	(33)	(144)	(410)
- Dividends			(5)
- Capital gains on disposal of equity investments and other income from equity investments		(79)	(76)
- Net capital losses/(capital gains) on asset sales		24	10
- Interest income		(38)	(90)
- Interest expense		144	258
- Income taxes	(34)	378	389
- Other changes		6	5
<i>Change in net working capital:</i>			
- Inventories		(3,064)	401
- Trade receivables		(1,549)	(413)
- Trade payables		151	(584)
- Provisions for risks and charges		5	31
- Other assets and liabilities		6,865	(1,672)
Cash flow from net working capital		2,408	(2,237)
Change in liabilities for employee benefits		(1)	(1)
Dividends collected		108	205
Interest collected		12	35
Interest paid		(123)	(217)
Income taxes paid net of tax receivables reimbursed		(482)	(272)
CASH INFLOW FROM OPERATING ACTIVITIES		4,109	(135)
- of which with related parties	(37.3)	1,138	1,961

(million euros)	Notes	2022	2023
<i>Investments:</i>			
- Property, plant and equipment (*)		(1,142)	(1,543)
- Intangible assets		(180)	(253)
- Acquisition of subsidiaries and business units, net of cash and equivalents acquired		(458)	(402)
- Long-term financial receivables		(1)	0
- Equity investments (including equity investments accounted for at FVTOCI classified in the item non-current financial assets)		(18)	(432)
- Change in payables and receivables relating to investments		65	120
<i>Cash flow from investments</i>		<i>(1,734)</i>	<i>(2,510)</i>
<i>Divestments:</i>			
- Property, plant and equipment		6	1
- Intangible assets		1	
- Equity investments (including equity investments accounted for at FVTOCI classified in the item non-current financial assets)		161	251
- Long-term financial receivables		198	27
<i>Cash flow from divestments</i>		<i>366</i>	<i>279</i>
CASH FLOWS FROM INVESTING ACTIVITIES		(1,368)	(2,231)
<i>- of which with related parties</i>	<i>(37,3)</i>	<i>140</i>	<i>(559)</i>
Assumption of long-term financial payables		2,269	2,560
Repayment of long-term financial payables		(1,821)	(1,290)
Increase (decrease) short-term financial payables		(1,888)	1,669
Repayment of financial payables for leased assets		(8)	(13)
Share buybacks		(3)	(3)
Dividends distributed	(24,6)	(866)	(933)
Capital increase subsidiaries - non-controlling interests		3	
Change in cash and cash equivalents relating to assets held for sale and directly associated liabilities		(7)	1
CASH FLOWS FROM FINANCING ACTIVITIES		(2,321)	1,991
<i>- of which with related parties</i>	<i>(37,3)</i>	<i>200</i>	<i>300</i>
NET CASH FLOW FOR THE PERIOD		420	(375)
Cash and cash equivalents at the beginning of the year	(14)	1,337	1,757
Cash and cash equivalents at the end of the year	(14)	1,757	1,382
CHANGE IN CASH AND CASH EQUIVALENTS		420	(375)

(*) For the purposes of the Cash Flow Statement only, the flow includes: (i) the change in inventories of piping and related ancillary materials used in plant construction activities, referring to the natural gas transportation segment (8 million euros and 44 million euros, respectively, for 2022 and 2023); (ii) subsidies on works for interference with third parties, so called compensation (25 million euros and 22 million euros, respectively, for 2022 and 2023).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) COMPANY INFORMATION

The Snam Group, which comprises Snam S.p.A., the Italian parent company, and its subsidiaries (collectively known as “Snam”, the “Snam Group”, the “Group” or the “group”), is a leading integrated group in the regulated gas industry, specializing in transportation, regasification, and storage. It is a significant player in the industry, particularly in terms of its regulatory asset base (RAB).

In addition to Italy, through its international subsidiaries, Snam also operates infrastructure in Austria, Tunisia, Egypt, the United Arab Emirates, France, Greece and the United Kingdom. Snam invests in innovation and in development of new energy transition businesses, from biomethane and energy efficiency. It also seeks to enable and promote the development of hydrogen to move forward the decarbonization of the energy sector and industry.

Snam S.p.A. is a joint-stock company incorporated under Italian law and listed on the Milan Stock Exchange, with registered offices at San Donato Milanese (Milan) - Italy, in Piazza Santa Barbara 7. As required by Article 2428, paragraph five of the Italian Civil Code, it is noted that Snam does not have branch offices.

With a resolution of 1 August 2019, the Board of Directors of CDP S.p.A., which, through its subsidiary CDP Reti S.p.A., holds a 31.4% stake in Snam S.p.A., reclassified the investment relationship in the company, which already qualifies as de facto control under IFRS 10 - Consolidated financial statements from 2014, as a de facto control pursuant to Article 2359, paragraph 1, no. 2) of the Italian Civil Code and Article 93 of the TUF.

CDP S.p.A. has neither formalized nor exercised management and coordination activities over Snam S.p.A..

2) BASIS OF PREPARATION, MACROECONOMIC BACKGROUND AND EFFECTS OF CLIMATE CHANGE-RELATED MATTERS

2.1 Basis of presentation

These consolidated financial statements:

- a) have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Article 9 of Legislative Decree 38/2005;
- b) have been prepared based on a going-concern basis, utilizing the historical cost method, taking into account any necessary value adjustments, barring those items that are required to be measured at fair value, in compliance with IFRS, as outlined in the measurement criteria; given the nature of Snam’s core operations, the strong finance of the Group, there are no factors that necessitate a detailed examination regarding the validity of the going concern assumption;
- c) have been approved and authorized for publication by the Board of Directors of Snam S.p.A. in its meeting of 13 March 2024, and have been audited by Deloitte & Touche S.p.A.;
- d) are denominated in euros; given their magnitude, the figures in the financial statements and corresponding notes are expressed in millions of euros, unless stated otherwise.

2.2 Macroeconomic context

Over the course of the year, the dynamics already observed since the last quarter of 2022 gradually consolidated, bringing an end to the prolonged phase of growth in energy goods prices, which began in the third quarter of 2021.

The extraordinary European investment plan for the protection of energy security and the diversification of gas supply sources, also favoured by the mild weather conditions of the last winter season, contributed decisively to the continuation of the downward trend in energy commodity prices.

Since March 2023, on the Amsterdam spot market (TTF), the price of natural gas has remained consistently below €55 per MWh, with minimum peaks in the region of €30 per MWh, as well as in the summer months between the end of the year and the first few weeks of 2024. Gas prices, although substantially decreasing, still remain higher than before 2022, thus affecting the competitiveness of European and national companies.

This dynamic, together with the restrictive monetary policies adopted, had a decisive effect in countering inflation in the EU. In particular, in Italy, inflation fell from over 8% in 2022 to 5.7% in 2023, still at very high levels compared to the targets expected by the European Central Bank (≈2%), but with prospects for a further decrease during 2024 and 2025.

Inflation began to show the first positive signs as early on as the fourth quarter of 2023, hinting at a possible stabilisation of the cycle of interest rate increases by central banks in the not too distant future; consequently, at its last two meetings of the year (in October and December 2023, respectively), the ECB interrupted the cycle of six consecutive increases decided upon in the first nine months of the year (which raised the benchmark rate from 2.5% to 4.5%), confirming the interest rates already in place and fuelling expectations of the start of a new market phase characterised by less restrictive monetary policies of central banks.

The world economy continued to grow during 2023, although slowing down compared to 2022; the most up-to-date estimates put world GDP growth in 2023 at 3% compared to 3.5% in 2022, well below the historical average (2000-19) of 3.8%. In Italy, a weak GDP growth of around 0.9% is estimated for 2023, with growth forecasts for the 2024 and 2025 of 0.6% and 1.1% respectively.

Although there are some encouraging signs, there remain persistent uncertainties and challenges to economic growth, both in Italy and Europe, linked to present geopolitical tensions, amplified by the conflict that erupted in the Middle East following the terrorist attacks in Israel and the general slowdown in economic activity globally.

The continuation of the Russia-Ukraine conflict, which has been ongoing for almost 24 months, and the possible widening of the Middle East front, could jeopardise or delay the progressive normalisation of the world economy; in particular, significant effects on international trade, Italian import-export and supply chains could occur in the event of further and repeated attacks on commercial vessels crossing the Red Sea, a transit route for 12% of world goods and 40% of Italian trade by sea.

In this scenario, the Group managed to operate seamlessly and successfully implement planned investments. With reference to the indirect consequences deriving from the current macroeconomic context, the succession of significant increases in benchmark rates by the main central banks has led to a generalised increase in the cost of debt,

which, in the case of Snam, rose from an average value of 1.1% at 31 December 2022 to an average value of 2% at 31 December 2023.

2.2.1 Gas infrastructure

In the Transport, Regasification and Storage business, operations and investments continued uninterrupted during 2023. In particular, the acquisition of the entire capital of FSRU I Limited, owner of FSRU BW Singapore, was completed in December 2023; the acquisition, made as part of the broader-ranging programme to diversify gas supply sources, will allow the country to benefit from an additional LNG import point. Furthermore, we note the entry into operation of the FSRU plant in Piombino during 2023.

2.2.2 Foreign and Italian subsidiaries

With reference to the Snam group's foreign subsidiaries, the trend already recorded in 2022 is confirmed, i.e. the almost complete interruption of Russian gas supplies: TAG (a company under joint control) and GCA (associate company) are the most exposed to such supplies. In particular, TAG recorded a significant reduction in gas flows from Russia in 2023, with a consequent reduction in the volumes imported from the Tarvisio entry point (from around 14 standard cubic metres in 2022 to around 3 standard cubic metres in 2023). Reduced supplies and a regulatory framework that exposes the company to volume risk (not guaranteeing a full recovery of the delta between actual and recognised revenues) have generated uncertainties over expected returns. At the moment, both TSOs are actively working with the relevant Austrian authorities to establish the regulatory framework that will be in effect from 2025. This is in response to the changed conditions under which the company is presently operating, with the main focus on eliminating volume risk.

With regard to GCA, the company is less exposed to uncertain returns, as it can still benefit from long-term transportation capacity contracts with gradual maturities up to 2031.

With reference to the situation in the Middle East, the conflict in the Gaza Strip does not have a direct impact on Snam's assets and the operation of the pipeline linking Israel and Egypt (EMG).

No further effects on the group's remaining activities are reported.

2.3 Climate change related matters

Evidence of the impact of climate change on different industrial sectors has increased considerably in recent years. Many economic sectors will be adversely affected by permanent changes in temperature, precipitation, sea level and more generally by the magnitude and frequency of extreme climate events.

In the energy sector, variations in average and extreme temperatures could lead to an increase in energy demand in summer periods and a decrease in demand in winter periods; the final balance will, of course, depend on geographical, socio-economic and technological factors. On the supply side, climate change could adversely affect the energy production infrastructure in some geographical areas.

In general, climate risks are systemic risks, which cascade throughout society. The World Economic Forum, in its annual 'Global Risks report', published in January 2024, considered extreme climate events to be among the greatest dangers to humanity, both in the short term (2 years) and in the long term (10 years).

The fight against climate change for an increasingly decarbonised economy is the main challenge facing the world today.

2.3.1 Managing climate change risks and opportunities in Snam

The energy and climate scenarios that form the backdrop to Snam's activities involve a series of risks and opportunities that must be identified, assessed and managed effectively and promptly. The assessment of the factors that may affect the business is, in fact, an essential condition to be able to continue to operate in the long term in a sustainable manner, namely directing strategies and monitoring changes in the boundary conditions of the same.

The risks and opportunities identified by Snam are taken into account in the definition of corporate strategy, with particular reference to objectives in the area of energy transition and decarbonisation and the reduction of greenhouse gas and methane emissions.

As part of the integrated management of corporate risks, Snam adopts an Enterprise Risk Management Model (hereinafter ERM) within which the risks associated with climate change are also identified and managed, assessed taking into account the following time horizons:

- **Short term (≤ 1 year):** in the short term, Snam creates value by pursuing its business in the manner established by the rules and procedures, with particular focus on risk management and operational efficiency. The main point of reference is the annual budget.
- **Medium term (≤ 5 years):** in the medium term, the ability to carry out investment programmes, thereby

ensuring a flow of resources and that favourable economic conditions are maintained, is also important. The main point of reference is the **Strategic Plan, which covers a period of up to five years**.

- **Long term (> 5 years):** in the long-term, it is vital that the investment decisions and strategic choices made have interpreted trends in the best way possible. The main point of reference is the **Ten-year transportation network development plan** submitted to the Authority, which covers a period of 10 years.

Snam's ERM model envisages assessment cycles, the results of which are shared with the Leadership Team, the Control and Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and the Supervisory Board. On an annual basis, the Board of Directors, together with the ESG Committee and Energy Transition Scenarios, is also updated on these topics in order to integrate climate change topics into the planning and definition of strategies for the management of ESG topics relevant to the Group.

The risks are explained in the Management Report, in the chapter 'Risk Factors and Uncertainty', and in the Consolidated Non-Financial Statement, in the chapter 'General Information, Management of Impacts, Risks and Opportunities', where a detailed analysis of climate change risks has been carried out.

2.3.2 Climate change related risks

During 2023, Snam introduced a specific Climate Change Risk Management (CCRM) framework into the ERM Model to integrate and identify in more detail the risks and opportunities related to climate change and, consequently, improve the management of the uncertainty that characterizes and strengthens the resilience of the Group. The framework allows you to systematize climate risk analyzes (i.e. climate risk) through a structured approach integrated with ERM analyses.

The methodology used in the definition of Climate Change Risk Management is aligned with the main international references, including: Task Force on Climate Related Financial Disclosure - TCFD, European Taxonomy, Corporate Sustainability Reporting Directive (CSRD) and IPCC, integrated with other complementary references (e.g. International Energy Agency), for climate and socioeconomic scenarios and forecast climate data for long-term risk assessment.

The CCRM framework considers two categories of risks: physical risks, directly due to weather-climatic variations, and transition risks, linked to society's socio-economic reaction to climate change.

Physical risks are divided into:

- acute risks, related to the increase in the severity of extreme weather phenomena, which may cause material damage to the infrastructure, with impacts on the continuity and quality of the service;
- chronic risks, which are more predictable and which Snam associates mainly with the increase in temperature with a consequent lower demand for gas..

Transition risks divided into:

- compliance risk, in terms of the tightening of the reference and emerging regulatory framework to accelerate the reduction of pollutant and climate changing emissions;
- market risk, in terms of increased penetration of renewable energies to the detriment of natural gas, alternative uses of gas and the development of new businesses (biomethane, etc.) and/or the CNG market, as well as the behaviour of consumers, financiers and investors, who are increasingly oriented towards sustainable products;
- technological risks, in terms of diffusion of new technologies fostering the use of intermittent energy sources and the need to adapt to new technological standards.

2.3.3 Actions undertaken by Snam: from the development of new businesses, directly associated with the commitment to energy transition, to interventions on regulated infrastructures.

With regard to physical risks, Snam continually monitors the integrity of its infrastructure and plants, as well as the state of health and conservation of the areas in which they are located, constantly updating the processes and systems used in order to identify, with increasing notice, any critical issues through the introduction of new technologies that can also reduce the environmental impact of the activities themselves.

These actions allow the Group to limit its exposure to risks associated with chronic natural events. In addition, in order to remedy unforeseeable extreme natural events, Snam has adopted innovative intervention strategies and action plans aimed at ensuring immediate safety and the restoration of activities in the shortest possible time.

Snam also has specific insurance contracts in place to cover some of these risks, in line with industry best practices.

With regard to transition risks, in recent years Snam has begun repurposing and modernising its infrastructure, consolidating the development of energy transition businesses, linked to the use of green and decarbonised gas, investing in innovation and digitalisation, and entering into a large number of partnerships. On the strength of these consolidated capacities, Snam has progressively integrated the energy transition businesses

with those of the regulated sector, to the point of making them synergic and interconnected, with the aim of creating a **multi-molecule pan-European infrastructure** - modular, flexible and innovative - and capable of transporting and storing different types of gas, that ensures **energy security** at national and European level, guaranteeing diversified supplies over the long term.

With reference to the risk connected to the demand for gas, it should be noted that based on the tariff system currently applied by ARERA to the transport, storage and regasification activity of natural gas, revenue hedging mechanisms are envisaged.

In January 2024, the new 2023-2027 Strategic Plan and the medium-/long-term Vision for 2023-2032, also considering developments up to 2040, were presented, with which Snam underlined its contribution to supporting the great transformation underway in the energy sector, leveraging on the enabling role of infrastructure to achieve a fully decarbonised economy through a plan of increasing investments. The Strategic Plan envisages investments totalling €11.5 billion¹ over the next four years (a 15% increase over the previous Plan), which mainly include infrastructure maintenance, modernisation and development activities, as well as the development of green gases, especially biomethane and hydrogen, and CCS technologies, to which €1.2 billion will be dedicated (a 20% increase over the 2022-2026 Plan). A fundamentally important role in achieving the objectives, business and otherwise, set out in the Plan is reserved for the two strategic enabling levers, in which Snam will invest €400 million: sustainability, including the decarbonisation strategy, and innovation.

The pillars of Snam's Carbon Neutrality and Net Zero strategy and discussed in more detail in the chapter "Strategy, Carbon Neutrality and Net Zero" in the "General Information" section of the 2023 Non-Financial Statement.

Specifically, Snam plans to reduce Scope 1 and Scope 2 greenhouse gas emissions referred to the regulated business by 25% by 2027, by 40% by 2030 and by 50% by 2032 (vs. 2022), to achieve carbon neutrality by 2040 and Net Zero by 2050, throughout the Snam Group. The Company also set a target on natural gas emissions of -64.5% by 2027, -70% by 2030 and -72% 2032 (both vs. 2015). Developed according to the generic SBTi (Science-Based Targets initiative) methodology, the targets are in line with the goal of limiting global warming to within 1.5°C set in the Paris Agreement.

With reference to GHG Scope 3 emission targets, Snam has defined a new, single target to reduce emissions in absolute terms by 30% and 35% by 2030 and 2032 respectively, compared to 2022, considering the perimeter of the regulated business. The Scope 3 targets, according to SBTi's generic methodology, are aligned

¹ Net of public funding of approximately €900 million.



with the global warming containment targets between 1.5°C and well below 2°C set in the Paris Agreement.

Finally, with the new Strategic Plan, Snam has given itself a new, ambitious target: **net zero emissions by 2050 for all** direct and indirect emissions of the Group, to be understood as a 90% reduction in emissions and the remaining 10% through off-setting projects.

For these reasons, also considering the specific business and segments in which it operates, Snam believes that, at present, the Group has a limited exposure to the impact that possible climate risks could have on the valuation of non-current assets and other assets, including receivables, recognised in the financial statements.

Similarly, due to the systematic monitoring of its assets and the areas on which they insist, Snam is able to identify in advance possible situations that could generate potential liabilities related to climate risks.

3) ACCOUNTING POLICIES AND INTERPRETATIONS APPLICABLE FROM THE FINANCIAL YEAR 2023

For the financial year ended 31 December 2023, the Group applied accounting policies in line with those of the previous year, with the exception of the accounting standards and interpretations which came into force in the year starting on 1 January 2023, which are described below.

Commission Regulation (EU) 2021/2036, issued by the European Commission on 19 November 2021, has endorsed the regulatory provisions contained in the following document:

- Introduction to **IFRS 17 'Insurance Contracts'**, issued by the IASB on 18 May 2017. The document applies to all insurance contracts and defines the principles of recognition, measurement, presentation and disclosure, replacing IFRS 4. The first-time application of these changes did not have a material impact on the financial statements, also in light of the policy choices and exemptions allowed by the standard with reference to insurance contracts issued to subsidiaries, associates and joint ventures.

Commission Regulation (EU) 2022/1491, issued by the European Commission on 8 September 2022, has endorsed the regulatory provisions contained in the following document:

- **"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information"** published by the IASB on 9 December 2021. The amendment introduces a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and is therefore aimed at improving

the usefulness of comparative information for users of financial statements.

Commission Regulation (EU) No 2022/1392, issued by the European Commission on 11 August 2022, has endorsed the regulatory provisions contained in the following document:

- **"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"**, amendment published by the IASB on 7 May 2021. The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations.

Commission Regulation (EU) No 2022/357, issued by the European Commission on 2 March 2022, has endorsed the regulatory provisions contained in the following documents:

- **Amendments related to (i) "Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2" and (ii) "Definition of Accounting Estimates Amendments to IAS 8"**, published by the IASB on 12 February 2021. The amendments are intended to improve the disclosure of accounting policies by replacing the requirement to disclose 'significant accounting policies' with 'disclosure of accounting policies'. The amendments are also intended to provide more useful information to investors and other users of financial statements as well as to help companies distinguish between changes in accounting estimates, changes in accounting policies and prior-year errors.

With Commission Regulation (EU) 2023/2468, issued by the European Commission on 8 November 2023, the regulatory provisions contained in the following documents were approved:

- **"Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules"**. The amendment is intended to address the implications of the forthcoming implementation of the OECD Pillar Two rules on income tax accounting. In particular, the purpose of the amendment is to provide timely guidance to the companies involved, in order to avoid the development, in practice, of interpretations that differ from the provisions of IAS 12; in this regard, the IASB has provisionally decided to amend IAS 12 by introducing a temporary exception to the obligation to account for deferred taxes arising from the implementation of the Pillar Two rules. Secondly, the amendment is intended to improve the information provided to users of financial statements before and after the entry into force of the Pillar Two legislation.

The adoption of these amendments did not have effects on the Group's consolidated financial statements.

4) FINANCIAL STATEMENTS

With reference to the financial statements, it should be noted that:

- the items in the Statement of financial position are classified by distinguishing assets and liabilities on a current/noncurrent basis²;
- the Income Statement has been presented separately from the Comprehensive Income Statement and classifies costs by type, since this is deemed to be the best way of representing the Group's operations and is in line with the established practice of companies operating in international markets;
- the Cash Flow Statement has been prepared using the indirect method.

Moreover, pursuant to Consob resolution No. 15519 of 28 July 2006, any income and expense from non-recurring operations is shown separately in the income statement.

With regard to the same Consob resolution, the balances of receivables/payables and transactions with related parties, described in more detail in Note 37 – “Related-party transactions”, are shown separately in the financial statements.

5) SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies adopted to for the preparation of the consolidated financial statements are described below.

5.1 Consolidation criteria

Subsidiaries, joint ventures, associates and other significant equity investments are indicated separately in the appendix “Equity investments of Snam S.p.A. as at 31 December 2023”, which is an integral part of these notes. The same annex shows the changes in the scope of consolidation at 31 December 2023 compared to 31 December 2022. For further details on the acquisition of controlling interests, please refer to the section ‘Business Combinations’.

All the financial statements of the companies included in the scope of consolidation are expressed in euro, adjusted, where necessary, to make them consistent with the accounting policies applied by the Parent Company.

Fully consolidated subsidiaries

The Group defines another entity as a subsidiary when it:

- has the power to make decisions concerning the investee entity;
- is entitled to receive a share of or is exposed to the variable profits and losses of the investee entity;
- is able to exercise power over the investee entity in such a way as to affect the amount of its economic returns.

Figures relating to subsidiaries are included in the consolidated financial statements, based on uniform accounting policies, from the date on which the Company assumes direct or indirect control over them until the date on which said control ceases to exist. The assets, liabilities, income and expenses of consolidated companies are fully incorporated line-by-line in the consolidated Financial Statements (full consolidation method).

Unrealised gains from transactions between consolidated companies are derecognised, as are receivables, payables, income, expenses, guarantees, commitments and risks between consolidated companies. The portion pertaining to the Group of unrealised gains with companies valued using the equity method is derecognised. In both cases, intragroup losses are not derecognised because they are considered to represent the impairment loss on the transferred asset.

Changes in equity investments held directly or indirectly by the Company in subsidiaries that do not result in a change in the qualification of the investment as a subsidiary are recorded directly in equity as transactions with shareholders. The book value of the equity attributable to Parent company shareholders and non-controlling interests are adjusted to reflect the change in the equity investment ownership. The difference between the book value of minority interests and the fair value of the consideration paid or received is recorded directly under equity attributable to Parent company shareholders.

Otherwise, the selling of interests entailing loss of control requires the posting to the income statement of: (i) any capital gains or losses calculated as the difference between the consideration received and the corresponding portion of shareholders' equity transferred; (ii) the effect of the alignment to the fair value of any residual equity investment maintained; (iii) any amounts posted to other components in the comprehensive income statement relating to the former subsidiary that will be reclassified to the income statement. The fair value of any equity investment maintained at the date of loss of control represents the new reference value for the successive valuation of the equity investment according to the applicable valuation criteria.

2 Assets and liabilities are classified as current if: (i) their realisation/ settlement is part of the normal operating cycle of the company or in the 12 months after the financial year-end; (ii) they consist of the cash and cash equivalents without restrictions that would limit usage thereof in the 12 months following the closure of the year; or (iii) they are held mainly for trading.



Associates and joint ventures accounted for using the equity method

An associate is an investee in which the Group has significant influence, i.e., the power to participate in determining the financial and operating policies of the associate company, without, however, having control or joint control³; over it. The investor is presumed to have significant influence (unless the contrary can be proven) if it owns, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.

A joint venture is a joint arrangement in which the parties that hold joint control have rights to the net assets subject to the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle.

Equity investments in associates and joint ventures are measured using the equity method, whereby the investments are initially recognised at cost and subsequently adjusted to take account of:

- (i) the investor's share in the economic results of the investee after the acquisition date;
- (ii) the investor's share of the other components in the comprehensive income statement of the investee.

Dividends distributed by the investee are recognised net of the book value of the equity investment. For the purposes of applying the equity method, the adjustments provided for the consolidation process are taken into account (see also the previous point on fully consolidated subsidiaries).

In the case of an associate relationship (or joint control) the cost of the investment is measured, in subsequent stages, as the sum of the fair values of the previously held interests and the fair value of the consideration transferred at the date the investment qualifies as an associate (or as jointly controlled). The effect of the revaluation of the book value of equity interests held prior to the assumption of the connection (or joint control) is recognised in profit or loss, including any components recognised in other comprehensive income. The sale of the investment that results in loss of joint control or significant influence over the investee determines the recognition of the following in the income statement: any capital gains or losses calculated as the difference between the consideration received and the corresponding fraction of the book value of the investment sold; (ii) the effect of the alignment to the fair value of any residual equity investment maintained; (iii) any amounts posted to other components in the comprehensive income statement relating to the investee entity that will be reclassified to the income statement. The value of any equity investment maintained, aligned with the relative fair value at the date of loss of joint control or significant influence, represents the new reference value for the successive valuation according to the applicable valuation criteria.

If there is objective evidence of impairment, the Group performs an impairment test by comparing the book value with the relative recoverable value, recording this difference in the income statement under 'Share of profit or loss of investments accounted for using the equity method'. In the event that the Group's share of the loss exceeds the book value of the investment, the latter is written off and any excess is recognised in a special provision, if the investor is obliged to fulfil legal or implicit obligations of the investee company or otherwise cover its losses. When the reasons for the impairment losses no longer apply, equity investments are revalued up to the amount of the impairment losses entered, with the effect posted to the income statement under the above item.

The parent company's share of any losses of the investee company, greater than the investment's book value, is recognised in a special provision to the extent that the parent company is committed to fulfilling its legal or implied obligations to the investee, or, in any event, to covering its losses.

Business combinations

Business combinations are transactions with which the group acquires control of a business. To determine whether a particular set of acquired assets and activities meets the definition of a "business", the Group examines whether that set comprises, at least, a production factor and a substantial process and whether it has the ability to generate production.

Business combinations are accounted for by applying the acquisition method, whereby the consideration transferred at the date of acquisition of control is equal to the fair value of the assets transferred, the liabilities incurred or taken on, and any equity instruments issued.

The consideration transferred also includes the current value of any deferred fixed payments and the fair value of any contingent considerations (e.g. earn-outs). If the contingent consideration meets the definition of an equity instrument, it is classified as shareholders' equity and is not measured thereafter. Other contingent considerations are recognised as liabilities and are measured at fair value at each financial year-end; changes in fair value are recognised in the income statement.

Costs directly attributable to the transaction, other than those related to the issue of debt or equity instruments, are recognised in the income statement when they are incurred.

³ Joint control is the sharing, on a contractual basis, of control of an arrangement, which exists only when the unanimous consent of all parties sharing control is required for decisions on relevant activities.

The shareholders' equity of these associate companies is determined by attributing to each asset and liability its fair value at the date of acquisition of control. If positive, any difference from the consideration transferred is posted to the asset item "Goodwill"; if negative, it is posted instead to the income statement.

Where total control is not acquired, the share of equity attributable to minority interests is determined based on the share of the current values attributed to assets and liabilities at the date of acquisition of control, net of any goodwill (the "partial goodwill method"). Alternatively, the full amount of the goodwill generated by the acquisition is recognised, therefore also taking into account the portion attributable to minority interests (the "full goodwill method"). In this case, non-controlling interests are expressed at their total fair value, including the attributable share of goodwill. The choice of how to determine goodwill (Partial goodwill method or full goodwill method) is based on each individual business combination transaction.

If control is assumed in successive stages, the consideration transferred is determined by adding together the fair value of the equity investment previously held in the acquired company and the amount paid to acquire the additional equity investment. The difference between the fair value of the previously held equity investment (redetermined at the time of acquisition of control) and the relative book value is posted to the income statement. Upon acquisition of control, any components previously recognised under other components in the comprehensive income statement are posted to the income statement or to another item of shareholders' equity, if no provisions are made for classification in the income statement.

When the values of the assets and liabilities of the acquired entity are determined provisionally in the financial year in which the business combination is concluded, the figures recorded are adjusted, with retroactive effect, no later than 12 months after the acquisition date, to take into account new information about facts and circumstances in existence at the acquisition date.

Business combinations involving entities under joint control

Business combinations involving companies that are definitively controlled by the same company or companies before and after the transaction, and where such control is not temporary, are classed as "Business combinations of entities under common control", whose accounting is not specifically disclosed in IFRS. In the absence of a reference accounting standard, the selection of an accounting standard for such transactions, for which a significant influence on future cash flows cannot be established, is guided by the principle of prudence, which leads to the application of the criterion of continuity of values of the net assets acquired. The assets are measured

at the book values from the financial statements of the companies being acquired (or the vendor company) before the transaction or, alternatively, at the values from the consolidated financial statements of the common ultimate parent.

With regard to the sale of business, the treatment of the difference between the contractually defined consideration and the carrying amounts of the transferred business is differentiated depending on the entities involved in the transfer.

With regard to contributions involving businesses under common control, on the other hand, irrespective of the pre-existing investment relationship, the transferee entity recognises the transferred business at its historical carrying value, increasing its own equity by an equal amount; the transferring entity shall recognise the investment in the transferee entity at an amount equal to the increase in the latter's shareholders' equity. This accounting treatment refers to the proposal by Assirevi in the Preliminary Guidelines on IFRS (OPI No. 1 Revised) - "Accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements" issued in October 2016.

Accounting treatment of put options written on the shares of subsidiaries

Therefore, if the Group does not have the unconditional right to avoid delivery of cash or other financial instruments when a put option on shares in subsidiaries is exercised, a financial liability equal to the current value of the option exercise price is recognised and subsequent changes in the financial liability are recognised in the income statement. The same accounting treatment is applicable when, in addition to a put option, there is also the simultaneous presence of a symmetrical call option, the so-called "symmetrical put and call options related to non-controlling interest".

Snam considers that shares subject to put options (or symmetrical put and call options) have already been acquired by the Group, in cases where the economic benefits and risks associated with the actual ownership of the shares do not remain with the minority shareholders; therefore, in such circumstances, it does not recognise minority interests in the consolidated financial statements.

5.2 Property, plant and equipment

Recognition and measurement of owned assets

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. When a significant period of time is needed before the asset is ready for use, financial expenses incurred during the asset preparation period are also capitalised in the cost of the asset.

If there are current obligations for the decommissioning and removal of assets and restoration of the sites, the book value includes the estimated (discounted) costs to be incurred at the time that the structures are decommissioned, recognised as a contra-entry to a specific provision. The accounting treatment for revisions in these cost estimates, the passage of time and the discount rate are indicated in the Note 5.9 "Provisions for risks and charges, contingent liabilities and contingent assets".

Subsequent costs of improvements, upgrades and transformations to/of property, plant and equipment are capitalised when it is likely that they will increase the future economic benefits expected. Costs are also capitalised when related to items purchased for security or environmental reasons which, although not directly improving the future economic benefits of existing assets, are necessary to carry out the company's operations.

Property, plant and equipment includes:

- (i) with regard to natural gas transportation, the value relating to the quantities of natural gas injected to bring natural gas pipelines into service. The valuation is carried out using the weighted average purchase price method. Specifically, the component of this quantity that can no longer be extracted (the "initial line pack") is depreciated over the useful life of the plant to which it refers. On the contrary, the commercial component, which is eventually transferable to the market or can be put to alternative uses (the so-called "Operating line pack"), is not subject to depreciation, since by its nature it cannot depreciate;
- (ii) in the context of natural gas storage, the part of the gas injected into the storage wells as cushion gas.

Recognition and measurement of leased assets

A contract is or contains a lease if it gives an entity the right to control the use of an identified asset for a certain period of time in exchange for a fee. For all leases with a term of more than 12 months and relating to assets that do not have a low value⁴, an asset is recognised in the balance sheet on the effective date, i.e. when the asset is made available for use (i) within the item property, plant and equipment, which is representative of the right to use the asset, and (ii) a financial liability is recognised, which is representative of the obligation to make the payments under the contract.

In determining the duration of the lease, the group considers the non-cancellable period of the contract and, when it believes there is reasonable certainty, also the additional periods for the exercise of renewal options or the non-exercise of early termination options provided in the contract.

Liabilities for leases are recognised initially at an amount equal to the current value of the following lease payments not yet made at the lease commencement date:

- (i) fixed (or substantially fixed) payments, net of any incentives to be received;
- (ii) variable payments that depend on trends in rates or indices;
- (iii) estimated future payments for any residual value guarantees, for the exercise of the purchase option and for any penalties related to the early termination of the contract, if the group considers the exercise of such options to be reasonably certain.

The current value of the payments is calculated using a discount rate equal to the group's marginal borrowing rate taking into account the frequency and duration of payments under the lease agreement.

Subsequent to initial recognition, the lease liability is measured at amortised cost and is redetermined, against the book value of the right-of-use asset, when there is a change in the lease payments due as a result of:

- (i) contract renegotiations;
- (ii) changes in rates or indices; or
- (iii) changes in measurement made regarding the exercise of contractually-provided options (e.g. purchase of the leased asset or the extension or early termination of the contract).

The right-of-use asset is initially recognised at cost, determined as the sum of the following components:

- (i) the initial amount of the finance lease liability;
- (ii) the initial direct costs incurred by the lessee;
- (iii) any payments made on or before the lease commencement date, net of any incentives received by the lessor; and
- (iv) the best estimate of the costs that the group expects to incur for the decommissioning and removal of the asset as well as the eventual reclamation of the site (i.e. the costs to restore the asset to its contractual condition).

After the initial recognition, the right-of-use asset is adjusted to take account of:

- (i) depreciation and amortisation expense;
- (ii) the related effects and any restatements of the financial lease liability and
- (iii) the related effects and any restatements of the financial lease liability.

⁴ The Group considers low-value goods to be all goods whose value is €25,000 or less.

Depreciation of property, plant and equipment

Starting when the asset is available and ready for use, owned and leased property, plant and equipment is systematically depreciated on a straight-line basis over its useful life, defined as the period of time in which it is expected that the company may use the asset. The amount to be depreciated is the book value, reduced by the projected net realisable value at the end of the asset's useful life, if this is significant and can be reasonably determined.

The table below shows the annual depreciation rates used for the year in question, broken down into homogeneous categories, together with the relevant period of application⁵:

Annual economic-technical depreciation rate (%)	
Land	not depreciated
Buildings	2 or higher depending on the residual useful life
Plant and machinery – Transportation	
- Gas pipelines	2 or higher depending on the residual useful life
- Compression plants	5 or higher depending on the residual useful life
- Gas reduction and regulation plants	5 or higher depending on the residual useful life
- Radio links	25
- Monitoring and control instruments and systems	10 or higher depending on the residual useful life
Plant and machinery – Storage	
- Pipelines	2
- Treatment plants	4
- Compression stations	5
- Storage wells	1.66
- Monitoring and control instruments and systems	10 or higher depending on the residual useful life
Plant and machinery – regasification	
- Regasification plants	4 or higher depending on the residual useful life
- Tanks and oil pipelines	4 or higher depending on the residual useful life
Plant and machinery - Biogas/Biomethane	
- Biogas/biomethane plants	6-7 or depending on the remaining useful life
Plant and machinery - Energy efficiency	
- Energy efficiency plants	7-10
Other assets	
Centralised IT infrastructures	20
Other plant and equipment	2.5-12.5
Measuring equipment	5-10
Industrial and Commercial Equipment	10-35
Other assets	10-33 or depending on the remaining useful life
Rights of use for leased assets	< between the economic-technical life and contract duration

When an item recorded under property, plant and equipment consists of several significant components with different useful lives, a component approach is adopted, whereby each individual component depreciates separately.

5 The application rate or internal could be higher depending on the residual life following business combination acquisitions and/or transactions.



5.3 Intangible assets and goodwill

Recognition and measurement of intangible assets and goodwill

Intangible assets are those non monetary assets without identifiable physical form, are controlled by the group and are capable of generating future economic benefits. They are recognised at cost net of amortisation and any accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is measured at cost less impairment losses.

Technical development costs are capitalised as intangible assets when: (i) the cost attributable to the intangible asset can be reliably determined; (ii) there is an intention, the availability of financial resources and the technical ability to make the asset available for use or sale; and (iii) it can be shown that the asset is capable of producing future economic benefits.

Alternatively, costs for the acquisition of new knowledge or discoveries, investigations into products or alternative processes, new techniques or models, or the design and construction of prototypes, or incurred for other scientific research or technological developments, which do not meet the conditions for capitalisation are considered current costs and charged to the income statement for the period in which they are incurred.

The book value of the storage concessions represents the reserves of natural gas in the fields (so-called cushion gas), which does not undergo depreciation, as:

- (i) the volume of this gas is not changed by the storage activity;
- (ii) the economic value of the gas that can be recovered at the end of the concession, in accordance with the provisions of the Ministerial Decree of 3 November 2005 "Criteria for determining an adequate consideration for the remuneration of assets allocated to a concessionaire for the storage of natural gas" of the Ministry of Productive Activities (MAP), is not less than the value recorded in the financial statements.

Amortisation of intangible assets with a finite useful life

Intangible assets with a finite useful life are amortised systematically over their useful life, which is understood to be the period of time in which it is expected that the company may use the asset.

The table below shows the annual depreciation rates used for the year in question, broken down into homogeneous categories, together with the relevant period of application:

	Annual economic-technical depreciation rate (%)
Storage concessions	not depreciated: the residual value is greater than the book value
Information systems	20-33
Other intangible assets	20 or depending on the duration of the contract

5.4 Public and private grants

Capital grants given by public authorities are recognised when there is reasonable certainty that the conditions imposed by the granting government agencies for their allocation will be met, and they are recognised as a reduction to the purchase or production cost of their related assets. Similarly, capital grants received from private entities are recognised in accordance with the same regulatory provisions.

Operating grants are recognised in the income statement on an accruals basis, consistent with the relative costs incurred.

5.5 Impairment of non-financial assets

Impairment of property, plant and equipment and intangible assets with a finite useful life

At least once a year, non-financial, tangible and intangible assets with a finite useful life are analysed to uncover any indicators of impairment.

When there are indications that an impairment loss may exist or when events occur leading to the assumption of impairment of property, plant and equipment or intangible assets with a finite useful life, their recoverability is tested by comparing the book value with the related recoverable value, which is the fair value, net of disposal costs (see paragraph 5.8 “Significant accounting policies - Measurement at fair value”), or the value in use, whichever is greater.

The valuation is made on a per-asset basis or for the smallest identifiable set of assets that, through ongoing use, generates cash inflows largely independent of those of other assets or groups of assets (Cash Generating Unit - CGU).

The recoverable amount, in the value in use configuration, is determined by discounting projected cash flows resulting from the use of the asset and, if they are significant and can be reasonably determined, from its sale at the end of its useful life, net of any disposal costs.

This methodology is applied for the Biomethane Agri, Biomethane Waste, Greenture and ITG CGUs, as well as for the Energy Efficiency CGU grouping.

With reference to the Transportation (Snam Rete Gas), Regasification (Snam FSRU Piombino and LNG) and Storage (Stogit) CGUs, the recoverable value was defined as corresponding to the estimated value of the Net Invested Capital recognised to these assets, for tariff purposes (RAB - Regulatory Asset Base) by ARERA, the energy regulator, net of the lump-sum components⁶, the Employee Severance Indemnity (TFR) and contributions received.

Expected cash flows are determined on the basis of reasonable and documentable assumptions representing the best estimate of the future economic conditions of the business or group of businesses, with greater weight given to external indications. Discounting is done at a rate reflecting current market conditions for the time value of money and specific risks of the asset not reflected in the estimated cash flows.

If the book value of the asset or CGU is greater than its recoverable amount, an impairment loss is recognised in

the income statement; a CGU's impairment losses are first recognised as a reduction in the book value of any goodwill (see next point “Impairment of goodwill and intangible assets not yet available for use”) allocated to it and then as a reduction in the book value of the other assets of the CGU, in proportion to their respective book values. The book value of each Cash Generating Unit (or grouping of CGUs), consistently with the prevailing valuation practice, is equal to the respective Net Invested Capital recorded at the level of Snam's consolidated financial statements at the reference date for carrying out the impairment test.

If the conditions for a previously effected impairment no longer apply, the book value of the asset (except for goodwill) is restored with recognition in the income statement (recovery of value), within the limits of the net book value that the asset in question would have had if the impairment had not been carried out and any related amortisation had been carried out.

If certain specific assets owned by the Group are affected by unfavourable conditions of an operational or economic nature, such that their ability to contribute to the realisation of cash flows is impaired, they may be subject to an independent recoverability analysis and, if necessary, written down.

Impairment of goodwill and intangible assets not yet available for use

The recoverability of the book value of goodwill and intangible assets not yet available for use is tested at least annually, and in any case when events occur leading to an assumption of impairment.

Pursuant to the provisions of IFRS 3, in the context of business combinations, the acquirer, at the acquisition date, recognises all assets, liabilities and identifiable contingent liabilities under the acquisition at their fair values and any residual difference with respect to the acquisition cost, if positive, is recognised under Goodwill; if negative, it is recognised in the income statement.

For the purpose of impairment testing, goodwill is allocated, as of the acquisition date, to each Cash Generating Unit, or grouping of CGUs, that is expected to benefit from the synergies of the combination.

After its initial recognition, goodwill is not amortised but is instead subject to a recoverability test at least annually by determining the recoverable value of the CGU or group of CGUs to which it is allocated (following the procedures described in the note “Impairment of tangible and intangible assets of finite useful life”); this is then compared to the book value of the CGU itself (or group of CGUs). The book value of each Cash Generating Unit (or grouping of CGUs), consistently with the prevailing valuation practice, is equal to the respective Net Invested Capital recorded at the level of Snam's consolidated financial statements at the reference date for carrying out the impairment test.

⁶ The RAB is the basis for determining the service charges and, therefore, the cash flows generated by the activities. The value of the RAB is defined using the revalued historical cost method for Fixed Assets, and on a lump-sum basis for Working Capital, employee severance indemnity and, with reference to the storage sector, the provision for site decommissioning and restoration.



When the book value of the CGU (or group of CGUs), including the goodwill attributed to it, exceeds the recoverable value, the difference is subject to impairment, which is attributed by priority to the goodwill up to its amount; any surplus in the impairment with respect to the goodwill is attributed pro rata to the book value of the assets constituting the CGU (or group of CGUs). Goodwill write-downs are not reversed, even if the reasons for the write-down no longer apply in subsequent years.

Reduction in value of equity investments

In the presence of indications of impairment, or when events occur that lead to a presumed reduction in the value of investments, their recoverability is verified by comparing the book value with the relative recoverable value, represented by the greater of the fair value, net of disposal costs (see section 5.8 'Fair Value Measurements'), and the value in use, determined through the application of the Dividend Discount Model (DDM) or the Discounted Cash Flow⁷ (DCF) method (the present value of expected cash flows is determined as indicated in the previous section 'Impairment of property, plant and equipment and intangible assets with a finite useful life'). The application of the Dividend Discount Model (DDM) provides that the recoverable value, in the configuration of the value in use, is determined by discounting the expected dividend flows on the basis of the forecast plans of the investee companies drawn up according to reasonable and documentable assumptions, discounted at the cost of the capital (K_e) which includes any specific risks not reflected in the estimated cash flows.

5.6 Inventories

Inventories, including compulsory inventories, are recorded at the lower of purchase or production cost and net realizable value, which is the amount that the entity expects to receive from their sale in the normal course of business, net of the estimated costs for the completion and the realisation of the sale.

The cost of natural gas inventories is determined using the weighted average cost method.

It should be noted that any transactions involving strategic gas, which are subject to prior authorisation by the Italian Ministry of Enterprises and Made in Italy (MiMIT), entail a withdrawal and subsequent replenishment of the quantities of gas from the strategic reserve, not resulting in any movement of the stock⁸.

5.7 Financial instruments

Non-derivative financial assets - cash and cash equivalents

Cash and cash equivalents include cash amounts, on demand deposits, and other short-term financial assets with a term of less than three months, which are readily convertible into cash and for which the risk of a change in value is negligible. They are recorded at nominal value, corresponding to the fair value.

Non-derivative financial assets - receivables and debt securities

Debt securities held by the group consist mainly of trade receivables, financial receivables and other receivables.

Initial recognition is at fair value, except for trade receivables without a significant

financial component, the initial recognition value of which is the transaction price as defined by IFRS 15.

Subsequent to initial recognition, financial assets represented by debt securities are measured on the basis of both the following:

- the business model identified for the management of financial assets (so-called "Business Model");
- the characteristics relating to the contractual cash flows of the financial asset, i.e., whether the cash flows generated by the financial asset consist solely of principal payments and accrued interest on the amount of principal to be repaid (so-called "Solely Payments of Principal and Interest" or SPPI).

Debt securities represented by trade and financial receivables are held for the purpose of collecting their contractual cash flows (so-called "Hold To Collect Business Model"). Therefore, if, on the basis of the type of instrument and contractual characteristics, these financial assets generate contractual cash flows representing only principal and interest payments, they are subsequently measured at amortised cost. Instead, financial assets whose cash flows do not meet SPPI requirements are classified and measured at fair value through profit or loss (so-called FVTPL).

⁷ If the Discounted Cash Flow (DCF) method is used, the results are adjusted for the respective net financial positions.

⁸ Or the risk, the timing or the amount of the future cash flows of the entity are not intended to change following these transactions (IFRS 15.9d)

In contrast, receivables from invoice rebates to customers in the energy efficiency business (so-called "Ecobonus" and "Superbonus" credits) - and which are converted into tax credits - if held with the objective of realizing cash flows through sale (so-called "Other" Business Model) are measured at fair value with the effects recognised in profit or loss (so-called FVTPL).

The rationale behind the determination of fair value is explained in Note 5.8 "Significant accounting policies" - "Fair value measurement," respectively.

According to the amortised cost method the initial book value is then adjusted to account for repayments of principal, any impairments for credit losses and the amortisation of the difference between the repayment amount and the initial book value.

Amortisation is carried out using the effective internal interest rate, which represents the rate that would make the present value of projected cash flows and the initial recognition value equal at the time of the initial recording.

Financial assets measured at amortised cost are presented in the statement of financial position net of the related provision for impairment.

In order to measure expected losses (so-called "Expected Credit Losses" or "ECL"), trade receivables are measured using the so-called "simplified approach" provided for by IFRS 9, or - due to the absence of a significant financial component - by estimating expected losses over the life of the receivable (so-called 'ECL lifetime').

The assessment of the recoverability of trade receivables is made on both an individual and collective basis depending on the type of asset and counterparty and also whether there is reasonable and demonstrable information available to make an assessment at the individual instrument level.

In particular, for trade receivables arising from regulated activities - which represent the main part of trade receivables - the measurement of expected losses enhances the hedging and guarantee mechanisms established by the Authority, the Codes, and existing contractual agreements that are capable of significantly reducing the risks arising from possible customer default. For more details, see Note 27.3 'Financial Risk Management' - 'Credit Risk'.

For trade receivables related to unregulated activities, the group applies a specific definition of default, determined by taking into account the characteristics of the operating segments to which the subsidiaries belong as well as the riskiness of the receivables and customers being assessed. Therefore, beyond the time limit of default, trade receivables are assumed to be impaired (i.e. credit-impaired).

In particular, expected losses are generally determined on the basis of the product between:

- (i) the amount of exposure to the counterparty at the time of default (so-called 'Exposure At Default' or 'EAD');
- (ii) the probability that the counterparty will default on its payment obligations (so-called 'Probability of Default' or 'PD');
- (iii) the estimate, in percentage terms, of the amount of credit that will not be recovered in the event of default (so-called 'Loss Given Default' or 'LGD').

With regard to the ECL parameters listed above, the group considers the following assumptions:

- (i) PD is determined according to the type of counterparty on the basis of:
 - qualified external providers (e.g. for listed companies);
 - regional ratings (e.g. for public administration) by leading rating agencies;
 - average default rate calculated for groups of customers broken down by common credit risk (so-called 'cluster') considering historical data over a period of at least 24 months;
- (ii) the LGD is obtained on the basis of market standards that assess the recovery rate of the exposure depending on the region and sector of the counterparty (e.g. corporate, government and retail);
- (iii) the EAD is determined to be equal to the face value of the claim at the valuation date, less any related mitigating factor, including any amounts pledged as collateral.

In the case of credit exposures in litigation and where detailed information is available on the recoverability of the exposure, analytical assessments are performed in order to better reflect the actual riskiness of the position in the determination of expected losses. The exposures for which credit recovery actions have been activated through legal/ court proceedings are defined as litigation.

Impairment of trade receivable and other receivables is recognised in the income statement, net of any write-backs, under the item "Other operating expenses".

Transferred financial assets are derecognised from the balance sheet assets when the contractual rights to obtain the cash flows associated with the financial instrument expire, or all risks and rewards associated with the transferred receivable are transferred to a third party in accordance with the guidance on derecognition of financial assets set forth in IFRS 9.



Non-derivative financial assets - minority investments

Financial assets representing minority investments, as they are not held for trading purposes, are measured at fair value alternatively with recognition of the effects: (i) in the income statement (so-called fair value measurement recognized in the income statement or FVTPL) or in the equity reserve that holds the other components of comprehensive income, without provision for their reclassification to the income statement in the event of realization (so-called fair value measurement recognized in the statement of comprehensive income or FVTOCI).

This classification can be made on a security-by-security basis, only upon initial recognition, and is irrevocable.

Dividends, from profits or profit reserves, from these equity investments are recognised in the income statement under 'Income (expenses) from equity investments'. Valuation at cost of a minority investment is permitted in the limited cases where cost represents an adequate estimate of fair value.

Financial liabilities

Financial liabilities, unlike derivative instruments, including financial payables, trade payables and other payables, are initially recorded at fair value less any transaction-related costs; they are subsequently recognised at amortised cost using the effective interest rate for discounting purposes, as demonstrated in the previous point "Non-derivative financial assets - debt securities".

Financial liabilities are derecognized upon extinguishment or upon fulfilment, cancellation or maturity of the contractual obligation.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when there is a currently legally enforceable right to set-off and the intention either to settle the relationship on a net basis (i.e. to realise the asset and settle the liability simultaneously).

Financial derivatives and hedge accounting

Financial derivatives, including embedded derivatives, are assets and liabilities recognised at fair value. Under the scope of the strategy and objectives defined for risk management, the qualification of transactions as hedging requires: (i) the verification of the existence of an economic relationship between the object hedged and the hedging instrument for the purpose of offsetting the changes in value and ensuring this offsetting capacity is not invalidated by the level of counterparty credit risk; (ii) the definition of a hedge ratio consistent with the risk management objectives, under the scope of the risk management strategy defined, where necessary activating

the appropriate rebalancing actions. The amendments of the risk management objectives, the disappearance of the conditions indicated previously for the qualification of transactions as hedging or the activation of rebalancing operations cause the total or partial prospective discontinuation of the hedge.

In order to qualify a transaction as a hedge, at the start of the hedge a formal document is prepared that illustrates the strategies and objectives of the risk management and identifies the hedging instrument, the instrument hedged, the nature of the risk hedged and the methods through which the evaluation of whether the hedge relationship satisfies the hedge effectiveness requirements takes place.

When hedging derivatives hedge the risk of changes in the fair value of the hedged instruments ("fair value hedge"; e.g. hedge of the risk of fluctuations in the fair value of fixed-rate assets/liabilities), the derivatives are recognised at fair value with attribution of the effects on the income statement; by the same token, the hedged instruments are adjusted to reflect in the income statement the changes in fair value associated with the hedged risk, regardless of the provision of a different valuation criterion generally applicable to the instrument type.

The group subscribes to derivative instruments to cover the risk of changes in cash flows (cash flow hedges) as a result of fluctuations in interest rate or commodities prices (hedge on commodity). Changes in the fair value of hedging derivatives considered effective are initially recognised in the shareholders' equity reserve relating to other components in the comprehensive income statement and are subsequently reclassified to profit or loss in line with the economic effects produced by the hedged transaction. In the case of hedging future transactions that involve the recording of a non-financial asset or liability, the cumulative variations of the fair value of the hedge derivatives, recognised in shareholders' equity, are recognised in the adjustment of the book value of the non-financial asset/liability subject to hedging (basis adjustment).

The ineffective portion of the hedge and the changes in the fair value of derivatives that do not meet the qualifying conditions for hedging are recognised in the income statement.

Treasury shares

Treasury shares, including those held to service share-based payment plans (share incentive plans), are measured at cost and entered as a reduction of shareholders' equity. The economic effects arising from any subsequent sales are recognised in shareholders' equity.

Distribution of dividends

The distribution of dividends to the Company's shareholders entails the recording of a payable in the financial statements for the period in which distribution was approved by the Company's shareholders or, in the case of interim dividends, by the Board of Directors.

5.8 Fair value measurement

The fair value is the amount that may be received for the sale of an asset or that may be paid for the transfer of a liability in a regular transaction between market operators as at the valuation date (i.e. exit price).

The fair value of an asset or liability is determined by adopting the valuations that market operators would use to determine the price of the asset or liability. A fair value measurement also assumes that the asset or liability would be traded on the main market or, failing that, on the most advantageous market to which the Company has access.

The fair value of a non-financial asset is determined by considering the capacity of market operators to generate economic benefits by putting the asset to its maximum and best use or by selling it to another market participant capable of using it in such a way as to maximise its value. The maximum and best use of an asset is determined from the perspective of market operators, also hypothesising that the company intends to put it to a different use; the current use by the company of a non-financial asset is assumed to be the maximum and best use of this asset, unless the market or other factors suggest that a different use by market operators would maximise its value.

The fair-value measurement of a financial or nonfinancial liability, or of an equity instrument, takes into account the quoted price for the transfer of an identical or similar liability or equity instrument; if this quoted price is not available, the valuation of a corresponding asset held by a market operator as at the valuation date is taken into account. The fair value of financial instruments considers the credit risk of the counterparty for financial assets (through a "Credit Valuation Adjustment" - CVA) and the entity's own risk of default for financial liabilities (through a "Debit Valuation Adjustment" - DVA).

When determining fair value, a hierarchy is set out consisting of criteria based on the origin, type and quality of the information used in the calculation. This classification aims to establish a hierarchy in terms of the reliability of the fair value, giving precedence to the use of parameters that can be observed on the market and that reflect the assumptions that market participants would use when valuing the asset/liability. The fair value hierarchy includes the following levels:

- level 1: listed prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;

- level 2: inputs, other than the quoted prices included in Level 1, that can be directly or indirectly observed for the assets or liabilities to be valued;
- level 3: inputs for assets or liabilities that are not based on observable market data.

In the absence of available market quotations, the fair value is determined by using valuation techniques suitable for each individual case that maximise the use of significant observable inputs, whilst minimising the use of non-observable inputs.

5.9 Provision for risks and charges, contingent liabilities and contingent assets

Provisions for risks and charges concern costs and charges of a certain nature which are certain or likely to be incurred, but for which the amount or date of occurrence cannot be determined at the end of the year.

The provisions are recognised when: (i) the existence of a current legal or implied obligation arising from a past event is probable; (ii) it is probable that the fulfilment of the obligation will involve a cost; (iii) the amount of the obligation can be reliably determined. Provisions are recognised at the value representing the best estimate of the amount that the organisation would rationally pay to settle the obligation or to transfer it to a third party at the end of the reporting period; provisions relating to onerous contracts are recognised at the lower of the cost of fulfilling the obligation, net of the expected economic benefits arising from the contract, and the cost of terminating the contract.

When the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the provision is calculated by discounting the anticipated cash flows in consideration of the risks associated with the obligation at the Company's average debt rate; the increase in the provision due to the passing of time is posted to the income statement under "Financial income (expense)".

When the liability is related to items of property, plant and equipment (e.g. decommissioning and site restoration), the provision is recognised as a contra-entry to the related asset, and charged to the income statement through depreciation.

The costs that the company expects to incur to initiate restructuring programmes are recognised in the period in which the programme is formally defined, and the parties concerned have a valid expectation that the restructuring will take place.

Provisions are periodically updated to reflect changes in cost estimates, realisation times and the discount rate; revisions in provision estimates are allocated to the same item of the income statement where the provision was

previously reported or, when the liability is related to property, plant and equipment (e.g. decommissioning and site restoration), as a contra-entry to the related asset, up to the book value; any surplus is posted to the income statement.

The notes to the financial statements describe contingent liabilities represented by: (i) possible (but not probable) obligations resulting from past events, the existence of which will be confirmed only if one or more future uncertain events occur which are partially or fully outside the Company's control; (ii) current obligations resulting from past events, the amount of which cannot be reliably estimated, or the fulfilment of which is not likely to involve costs.

Contingent assets, or possible assets that result from past events and whose existence will only be confirmed when one or more uncertain future events, not totally under the control of the business, occur or do not occur, are not recognised unless obtaining the related benefits is virtually certain. If obtaining the benefits is probable, the contingent assets are illustrated in the notes to the financial statements.

5.10 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale if their book value will be recovered mainly by their sale rather than through continued use. This condition is regarded as fulfilled when the sale is highly probable and the asset or discontinued operations are available for immediate sale in their current condition. When there is a plan to sell a subsidiary that results in the loss of control, all of the assets and liabilities of that investee are classified as held for sale, regardless of whether a non-controlling interest is retained after the sale. Verification of compliance with the conditions for classifying an item as intended for sale entails management making subjective assessments by making reasonable and realistic assumptions based on available information.

Immediately prior to classification as held for sale, the assets and liabilities included in a disposal group are measured in accordance with the accounting standards applicable to them. Subsequently, non-current assets held for sale are not amortised or depreciated and are measured at the lower of book value and related fair value, less any sales costs (see section 5.8 "Accounting policies - Fair-value measurements" above).

The classification of investments accounted for using the equity method as held for sale implies the suspension of the application of this valuation criterion. Any negative difference between the book value of the non-current assets and their fair value less selling costs is posted to the income statement as an impairment loss; any subsequent recoveries in value are recognised up to the amount of the

previously recognised impairment losses, including those recognised prior to the asset being classified as held for sale.

Non-current assets and disposal group-related assets and liabilities held for sale are recognised in the statement of financial position separately from the group's other assets and liabilities.

Non-current assets and disposal groups, classified as held for sale, constitute a discontinued operation if, alternatively:

- (i) they represent a significant autonomous business unit or a significant geographical area of operations;
- (ii) they are part of a plan to dispose of a significant autonomous business unit or a significant geographical area of operations; or
- (iii) they relate to a subsidiary acquired exclusively to be sold.

The economic results of discontinued operations, as well as any capital gains/losses realised on the disposal, are recorded separately in the Income Statement under a special item, net of related tax effects, including for the comparative periods.

When events occur that no longer permit non-current assets or disposal groups to be classified as held for sale, they are reclassified to the respective items in the statement of financial position and recognised at the lower of the following: the book value at the date of classification as held for sale; and (ii) the recoverable amount at the reclassification date.

5.11 Revenues

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual commitment to transfer goods and/or services to a customer; (iii) calculation of the transaction's price; (iv) allocation of the transaction price to the performance obligations identified based on the stand alone sales price of each of the goods or services; (v) measurement of the revenue when the performance obligation is met, i.e. at the time of the transfer to the customer of the goods or services promised; the transfer is considered to be completed when the customer obtains control of the goods or service, which can take place over time or at a point in time.

Revenues are measured for the amount equal to the fair value of the consideration which the business believes it has the right to in exchange for the goods and/or services promised to the customer, with the exception of amounts collected on behalf of third-parties. If there is a variable consideration, the business estimates the amount of the consideration it shall have the right to

in exchange for the transfer of goods and/or services promised to the customer; in particular, the amount of the consideration may vary in the presence of discounts, refunds, incentives, price concessions, performance bonuses, penalties or if the price itself depends on the occurrence or non-occurrence of certain future events.

Regulated revenues from the Snam Group's revenues refer to services related to natural gas transportation, dispatching and storage activities and liquefied natural gas regasification, which are recognised in the financial statements over the period in which the service is rendered, and to 'unregulated' services.

The recognition of revenues for regulated services is conditioned and influenced by the regulatory framework defined by ARERA, the energy regulator, therefore the economic conditions of the services provided are defined through regulatory schemes and not on a negotiation basis. The revenues recognised in the income statement coincide with those recognised by the regulator (so-called 'revenue cap').

As regards the transportation business segment, the difference between the revenue recognised by the regulator (so-called "revenue cap") and that actually accrued is recorded, if positive, in the item of the statement of financial position "Trade payables and other payables" and, if negative, in the item "Trade and other receivables", as it will be subject to cash settlement with the Energy and Environmental Services Fund (CSEA).

In the Regasification and Storage segments any difference between the revenue recognised by the regulator and the accrued revenue is recognised in the balance sheet item "Trade and other receivables", if positive, and in the item "Trade payables and other payables", if negative, inasmuch as it will be subject to cash settlement with the Energy and Environmental Services Fund (CSEA).

With specific reference to the principle of neutrality defined by applicable regulations, transactions carried out on the balancing market generate neither costs nor revenue, as they are mere pass-through items. Any (positive or negative) differences from the usage of different prices for the transactions above will be neutralized by recognizing an asset or liability for CSEA, given that these differences are equalized by the latter.

Unregulated revenues mainly concern: (i) fees for the construction of biogas and biomethane plants; (ii) technical-specialist services to non-consolidated foreign companies; (iii) provision of services relating to energy efficiency projects; (iv) the sale of automotive compressors - CNG. The recognition of these revenues occurs over the period of provision of the service.

With reference to the energy efficiency business, the Renovit Group deals, in particular, with the redevelopment and recovery activities of residential building stock ("Deep Renovation"), allowing customers to access the tax deductions permitted by the relevant legislation, such as the CD. Superbonus, as well as the so-called minor bonuses (i.e. Sismabonus, Ecobonus, etc.). Revenues are recognized over the contractual period (over-time), i.e. when control of the good and/or service is transferred to the end customer, for an amount equal to the amount that the Group expects to receive for this operation.

5.12 Employee benefits

Short-term employee benefits

Short-term benefits for employee are recognised as a cost at the time when the service is rendered. The Group recognises a liability, classified under "Trade payables and other payables" for the amount due to be paid when it has a current legal or constructive obligation to make such payments.

Post-employment benefits

Post-employment benefits are defined according to programmes, including non-formalised programmes, which, depending on their characteristics, are classed as "defined-benefit" or "defined-contribution" plans.

• Defined benefit plans

The liability associated with defined-benefit plans is determined by estimating the present value of the future benefits accrued by the employees during the current year and in previous years, and by calculating the fair value of any assets servicing the plan. The present value of the obligations is determined based on actuarial assumptions and is recognised on an accruals basis consistent with the employment period necessary to obtain the benefits.

Actuarial gains and losses relating to defined-benefit plans arising from changes in actuarial assumptions or experience adjustments are recognised in the comprehensive income statement in the period in which they occurred, and are not subsequently recognised in the income statement. When a plan is changed, reduced or extinguished, the relative effects are recognised in the income statement.

Net financial expense represents the change that the net liability undergoes during the year due to the passing of time. Net interest is determined by applying to the liabilities, net of any plan assets, the discount rate used for the discounting used for the liabilities. The net financial expense of defined-benefit plans is recognised in "Financial expense (income)".



• Defined contribution plans

In defined-contribution plans, the Company's obligation is calculated, limited to the payment of state contributions or to equity or a legally separate entity (fund), based on contributions due.

The costs associated with defined-benefit contributions are recognised in the income statement as and when they are incurred.

Other long-term benefits

Obligations relating to other long-term benefits are calculated using actuarial assumptions; the effects arising from the amendments to the actuarial assumptions or from the adjustments made based on past experience are recognised entirely in the income statement.

Benefits due for the termination of employment

Employee termination benefits are recognised as an expense when the Group is committed without recourse to offering such benefits or when the Group recognises restructuring costs, whichever is earlier.

Share-based payments (share-based incentive plan)

Employee benefits, consistent with the substantial nature of remuneration, include the cost of share-based incentive plans. The cost of the incentive is determined with reference to the fair value of the instruments granted and the forecast of the number of shares that will actually be granted; the portion pertaining to the financial year is determined pro rata temporis over the vesting period, i.e., the period between the grant date and the assignment date. The fair value of the shares underlying the incentive plan is calculated at the grant date taking into account the forecasts with regard to reaching the performance parameters associated with market conditions and is not adjusted in future financial years; when obtaining the benefit is also connected to conditions other than market conditions, the estimate relating to these conditions is reflected by adjusting the number of shares during the vesting period that are expected to effectively be allocated.

5.13 Accounting for environmental certificates - Emission trading systems

The European Emission Trading System, established to manage and trade emission allowances, sets an upper limit for greenhouse gas emissions produced over the course of a year, for which a certain number of emission allowances are issued free of charge by the competent national authorities. In the course of the year, depending on the actual greenhouse gas emissions produced, each company has the option to sell or the obligation to acquire emission allowances on the market for a consideration.

Allowances purchased for a consideration to offset emissions released into the atmosphere during the year are recognised in the income statement; any quotas purchased in excess of requirements are recognised under "Other current assets", while any quotas allocated free of charge, not used in the year of allocation, are not recognised in the balance sheet as they are used for the following year's requirements.

In the case of any deficit emission allowances for which no market purchase has been made at the end of the reporting period, the cost and the corresponding liability are recognised at the end of the financial year at market value.

5.14 Foreign currency transactions

The criteria adopted by Snam to convert transactions in currencies other than the functional currency (the Euro) are summarised below:

- revenue and costs relating to transactions in currencies other than the functional currency are recognised at the exchange rate in effect on the day when the transaction was carried out;
- monetary assets and liabilities in currencies other than the functional currency are converted into Euro by applying the exchange rate in effect on the reporting date, allocating the effect to the income statement;
- non-monetary assets and liabilities in currencies other than the functional currency which are measured at cost are recognised at the initially recorded exchange rate; when the measurement is made at fair value or recoverable or realisable value, the exchange rate used is that in effect on the measurement date.

5.15 Income taxes

Current income taxes are calculated on the basis of estimated taxable income. Tax payables and receivables for current taxes are recognised at the value expected to be paid/recovered to/ from the tax authorities by applying the tax rates and regulations in force or substantially approved at the end of the reporting period. As far as corporate income tax (IRES) is concerned, Snam has opted for the national tax consolidation scheme, which 28 subsidiaries formally participate in. The expected liability is recognised under 'Current tax liabilities'.

The regulations governing Snam Group companies' participation in the national tax consolidation scheme require:

- subsidiaries with positive taxable income to pay the amount due to Snam. The taxable income of the subsidiary, used to determine the tax, is adjusted to account for the recovery of negative components that would have been non-deductible without the consolidation scheme (e.g. interest expense), the so-called ACE (aid for economic growth) effect and any negative taxable income relating to the subsidiary's equity investments in consolidated companies;
- subsidiaries with negative taxable income, if and insofar as they have prospective profitability which, without the national tax consolidation scheme, would have enabled them to recognise deferred tax assets related to the negative taxable income on the separate financial statements, receive from their shareholders – in the event that these are companies with a positive taxable income or a negative taxable income with prospective profitability – or from Snam in other cases, compensation amounting to the lower of the tax saving realised by the Group and the aforementioned deferred tax assets.

Regional production tax (IRAP) is recognised under the item "Current tax liabilities" - "Current tax assets".

Deferred taxes are calculated on the timing differences between the values of the assets and liabilities entered in the balance sheet and the corresponding values recognized for tax purposes, based on the prevailing tax regulations and rates applicable in financial years in which the temporary difference will be cancelled, approved or essentially approved at the end of the relevant reporting period. Deferred tax assets are recognised when their recovery is considered probable; specifically, the recoverability of deferred tax assets is considered probable when taxable income is expected to be available in the period in which the temporary difference is cancelled, allowing for the activation of the tax deduction. Similarly, unused tax credits and deferred tax assets on tax losses are recognised within the limits of their recoverability; with reference to deferred tax assets, their recoverability is verified at least annually.

If there are uncertainties over the application of tax regulations: (i) in cases where it is deemed probable that the tax authorities will accept the uncertain tax treatment, the income taxes (current and/or deferred) to be recognised in the financial statements according to the tax treatment applied or which it is expected to apply during the tax return are calculated; (ii) in cases where it is not deemed probable that the tax authorities will accept the uncertain tax treatment, this uncertainty is reflected in calculating the (current and/or deferred) income taxes to be recognised in the financial statements.

Deferred tax assets and deferred tax liabilities are classified under non-current assets and liabilities and are offset at individual company level if they refer to taxes which can be offset and/or at the level of the consolidating company in the presence of the taxation regime set out in the national consolidation scheme. The balance of the offsetting, if it results in an asset, is recognised under the item "Deferred tax assets"; if it results in a liability, it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current and deferred taxes are also posted to equity.

Global Minimum Tax (Pillar II)

Council Directive (EU) 2022/2523 - on the basis of the paper 'Tax Challenges Arising from the Digitalisation of the Economy- Global Anti-Base Erosion Model Rules (Pillar Two)' issued by the OECD on 14 December 2021 - introduced a minimum effective taxation regime for domestic and multinational groups at the rate of 15% for each jurisdiction in which they are located, providing for the application of a top-up tax in cases where the effective tax rate per country, with the adjustments provided for in the application rules, is lower than the 15% minimum taxation. This legislation was transposed into domestic law by Italian Legislative Decree 209 of 27 December 2023 ('Pillar II' or 'global minimum tax') with effect from the 2024 tax year.

In this regard, the Snam Group, in coordination with the parent company CDP, participated in a specific project in 2023, with the support of a leading advisor, concerning the: (i) mapping of entities relevant to Pillar II; (ii) collection of information necessary for the purposes of determining the Transitional Country-by-Country safe harbour; (iii) collection of information relevant to the calculation of Globe Income and Adjusted Covered Taxes, necessary for the calculation of the minimum tax rate of 15%; (iv) the preparation of the Gap Analysis. This activity was carried out with reference to the 2022 tax year.

On 23 May 2023, the IASB published an amendment entitled **"Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules"**. The document, whose adoption process by the EU ended on 8 November 2023, introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides for specific disclosure requirements for entities affected by the related International Tax Reform. The document provides, in particular, for the immediate application of the temporary exception, while the disclosure requirements will only be applicable to annual financial statements commencing on or after 1 January 2023.

As a result of the work done so far in connection with the year 2022, based on currently available information, an estimated supplementary tax is expected to be insignificant.



5.16 Segment reporting (operating segments)

Disclosure on business segments has been prepared pursuant to IFRS 8 – “Operating Segments”: consequently, the identification of the operating segments and the information presented are defined on the basis of the internal reporting used by the Company’s management to allocate resources to the different segments and to analyse the respective performances.

An operating segment is defined by IFRS 8 as the component of an entity: (i) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity); (ii) that has operating results which are regularly reviewed by the entity’s most senior decision-makers for the purpose of making decisions about resources to be allocated to the segment and assessing its performance; (iii) for which separate financial information is available.

With reference to the 2023 financial year, the business segments subject to reporting under IFRS 8 are: (i) the Transportation segment, relating to natural gas transportation activities; (ii) the Regasification segment, relating to Liquefied Natural Gas regasification activities; (iii) the Storage segment, relating to natural gas storage activities; (iv) the Energy transition segment, relating to energy efficiency, biogas/ biomethane business and hydrogen start-up projects.

Activities related to the unregulated mobility and liquefaction business do not constitute a separately reported operating segment.

6) ASSUMPTIONS AND UNCERTAINTIES IN ESTIMATES

The application of generally accepted accounting principles for the preparation of financial statements involves management making accounting estimates based on complex and/or subjective judgements, estimates based on past experience and assumptions regarded as reasonable and realistic on the basis of the information known at the time of the estimate. The use of these accounting estimates affects the carrying value of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period, as well as the amount of revenues and costs in the reporting period. Actual results may differ from those estimated due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. Details are given below about the critical accounting estimates involved in the process of preparing the financial statements and interim reports, since they involve a high degree of recourse to subjective judgements, assumptions and estimates regarding matters that are by nature uncertain. Changes in the conditions forming the basis of the judgements, assumptions and estimates used could have a significant impact on subsequent results.

6.1 Impairment of non-financial assets

Non-financial assets are impaired when events or changes in circumstances give cause to believe that the book value is not recoverable. The events that can lead to an impairment of assets include changes in business plans, changes in market prices or a reduced use of plants. The decision on whether to apply impairment and the quantification of any such impairment depend on the Company’s management assessment of complex and highly uncertain factors, such as future price trends, the impact of inflation and technological improvements on production costs, production profiles and conditions of supply and demand. The impairment is determined by comparing the carrying amount with the relevant recoverable amount, represented by the higher of fair value, net of disposal costs, and value in use determined by discounting the expected cash flows from the use of the asset, i.e. represented by the RAB in the context of regulated businesses. Expected cash flows are quantified in light of the information available at the time of the estimate on the basis of subjective judgments about the development of future variables, such as prices, costs, demand growth rates, and production profiles, and are discounted using a rate that takes into account the risk inherent in the activity concerned. The rationale behind the impairment test carried out by management in relation to property, plant and equipment, intangible assets, goodwill and investments accounted for using the equity method is illustrated in Notes 8 'Property, Plant and Equipment', 9 'Intangible assets and goodwill' and 10 'Investments accounted for using the equity method', respectively.

6.2 Impairment of financial assets

At each reporting date, assessments are made of the recoverability of financial assets in order to determine the value of expected credit losses (ECL).

In particular, the valuation of trade receivables is carried out using the simplified approach established by IFRS 9, which involves estimating the ECL over the life of the receivable.

For trade receivables related to regulated activities, the valuation takes into account the hedging and guarantee mechanisms established by the Authority, the Codes as well as existing contractual agreements with customers.

Impairment for trade receivables arising from unsettled assets is generally based on the expected credit loss model and is performed through the use of both qualified external providers and by means of analysis - performed for uniform categories of counterparties - on observed historical data with respect to the recoverability of the receivable.

In general, for certain categories of credits characterised by peculiar risk elements (e.g. litigation or credit recovery

practices through legal/judicial proceedings and certain credits relating to incentives linked to the superbonus, ecobonus and sismabonus), specific assessments are carried out on individual credit positions.

The rationale behind the expected credit loss model is explained in Note 5.7 "Significant Accounting Policies - Financial Instruments - Non-Derivative Financial Assets - Receivables and Debt Securities", respectively.

6.3 Provision for risks and charges

Provision for decommissioning and site restoration

The Snam Group incurs significant liabilities associated with obligations to remove and decommission plants or parts of plants. Estimating future decommissioning and restoration costs is a complex process and requires the assessment and judgement of the Company's management in placing a value on the liabilities that will be incurred many years in the future for compliance with decommissioning and restoration obligations, which often cannot be fully defined by laws, administrative regulations or contractual clauses. In addition, these obligations are affected by constant changes in technology and in decommissioning and restoration costs, as well as the constant growth of political and public awareness regarding matters of health and protection of the environment.

The critical nature of the accounting estimates for decommissioning and restoration costs also depends on the technique used to account for these costs, the present value of which is initially capitalised together with the cost of the asset to which they relate as a contra-entry to the provision for risks. Thereafter, the value of the provision for risks is updated to reflect the passing of time and any changes in the estimate as a result of changes in expected cash flows, the timing of their realisation and the discount rates applied.

The calculation of the discount rate to be used both in the initial valuation of the cost and in subsequent valuations is the result of a complex process which involves subjective judgements on the part of the Company's management.

Environmental liabilities

The Snam Group is subject, in relation to its activities, to numerous laws and regulations on environmental protection at European, national, regional and local level, including the laws which implement international conventions and protocols relating to the activities carried out. With reference to this legislation, when it is probable that the existence and amount of a large liability can be reliably estimated, provisions are made for the associated costs.

The group does not currently believe that the financial statements will suffer particularly significant adverse effects due to non-compliance with environmental regulations, also considering actions already undertaken, but it cannot be ruled out with certainty that Snam may incur further, possibly significant costs or liabilities, since current knowledge says it is impossible to predict the effects of future developments, also taking into account the following aspects: (i) the possible emergence of contamination; (ii) the outcome of the refurbishment in progress and to be followed and the other possible effects arising from the application of the laws in force; (iii) the possible effects of new laws and regulations for environmental protection; (iv) the effects of any technological innovations for environmental reclamation; (v) the possibility of disputes and the difficulty of determining the possible consequences, also in relation to the liability of other parties and to possible compensation payments.

Provisions for legal and tax disputes

The estimation of the group's provisions for these purposes is the result of a complex process involving subjective judgements by Company management.

6.4 Investments and business combinations

Verification of the existence of control, joint control, considerable influence over another entity as well as, in the case of joint operations, verification of the existence of enforceable rights and obligations requires Corporate Management to exercise professional judgement taking into consideration the characteristics of the corporate structure and agreements between the parties as well as other facts and circumstances that are relevant for the purpose of this check. Similar considerations also apply in cases of a planned change in status following a loss of control, joint control or connection with the possible need to activate the classification as "assets held for sale/discontinued operation".

The reporting of business combination transactions involves the allocation to the assets and liabilities of the acquired company of the difference between the acquisition cost and the net book value. For the majority of assets and liabilities, the difference is allocated by recognising the assets and liabilities at their fair value. The unallocated portion, if positive, is recognised as goodwill; if negative, it is allocated to the income statement. In the allocation process, the Snam Group draws on the available information and, for the most significant business combinations, on external valuations.



6.5 Employee benefits

Defined-benefit plans are valued on the basis of uncertain events and actuarial assumptions which include, inter alia, the discount rates, the expected returns on the assets servicing the plans (where they exist), the level of future remuneration, mortality rates, the retirement age and future trends in the healthcare expenses covered.

The main assumptions used to quantify defined-benefit plans are determined as follows: (i) the discount and inflation rates representing the base rates at which the obligation to employees might actually be fulfilled are based on the rates which mature on high-quality bonds and on inflation expectations; (ii) the level of future remuneration is determined on the basis of elements such as inflation expectations, productivity, career advancement and seniority; (iii) the future cost of healthcare services is determined on the basis of elements such as present and past trends in healthcare costs, including assumptions regarding the inflationary growth of costs, and changes in the health of the participating employees; (iv) the demographic assumptions reflect the best estimates of trends in variables such as mortality, turnover, invalidity and others in relation to the population of the participating employees.

Differences in the value of net liabilities (assets) in employee benefit plans, arising due to changes in the actuarial assumptions used and the difference between the actuarial assumptions previously adopted and actual events, occur routinely and are called actuarial gains and losses. Actuarial gains and losses relating to defined benefit plans are recognised in the comprehensive income statement. Actuarial assumptions are also used to determine obligations relating to other long-term benefits; to this end, the effects arising from changes to the actuarial assumptions or the characteristics of the benefit are fully recognised in the income statement.

6.6 Fair value

Calculating the fair value of financial and non-financial instruments is a structured process featuring the use of complex evaluation methodologies and techniques that involve collecting up to date information from the reference markets and/or using internal input data.

Similar to other estimates, calculating the fair value, albeit based on the best information available and on the adoption of adequate evaluation methodologies and techniques, it intrinsically features random elements and the exercising of professional judgement and could create forecasts with different values from those that will effectively be realised.

6.7 Classification and measurement of investments made for the development and maintenance of proprietary infrastructures

The Snam Group makes significant investments for the development and maintenance of its own infrastructures. Assessing the recoverability of the investments currently underway and the distinction of the costs as improvements, upgrades and transformations that increase the infrastructure and the expenses for ordinary maintenance and repairs which restore but do not increase the performance of the assets, includes valuation elements. These assessments are formulated on the basis of objective criteria that the Group has developed to facilitate an application consistent with its accounting policies.

7) ACCOUNTING STANDARDS PUBLISHED BY THE IASB BUT NOT YET IN FORCE

New accounting standards or amendments to current accounting standards published by the IASB that have an effective date after 31 December 2023 are illustrated below. The new accounting standards or amendments to the current accounting standards shown below are divided between documents that have been endorsed and those that have not yet been endorsed by the European Commission.

7.1 Accounting standards published by the IASB and endorsed by the European Commission but not yet in force

- With Regulation (EU) 2023/2579, issued by the European Commission on 20 November 2023, the regulatory provisions contained in the document **"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"** were endorsed. The document aims to clarify how subsequent valuations by an entity in the context of a sale and leaseback transaction should take place. The amendments enter into force on 1 January 2024.
- With Regulation (EU) 2023/2822, issued by the European Commission on 19 December 2023, the regulatory provisions contained in the documents **"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"** and **"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"** were endorsed. The documents are intended to clarify how to classify payables and other short-term or long-term liabilities. The amendments enter into force on 1 January 2024.

The Group is analysing the standards and interpretations indicated, where applicable, in order to assess the effects of their application on the financial statements; however, the directors do not expect a significant effect on the Group's consolidated financial statements resulting from their adoption.

7.2 Accounting standards and interpretations published by the IASB and not yet endorsed by the European Commission

Alla data di riferimento del presente documento, gli organi competenti dell'Unione europea non hanno ancora concluso il processo di omologazione necessario per l'adozione degli emendamenti sotto descritti.

- In data 25 maggio 2023 lo IASB ha pubblicato un emendamento denominato **"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"**. La modifica ha lo scopo di aggiungere requisiti di informativa e indicazioni, richiedendo alle società di fornire informazioni qualitative e quantitative sugli accordi finanziari con i fornitori. Le modifiche entrano in vigore dall'1 gennaio 2024, salvo eventuali successivi differimenti stabiliti in sede di omologazione da parte della Commissione europea.
- In data 15 agosto 2023 lo IASB ha pubblicato un emendamento denominato **"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"**. La modifica ha lo scopo di chiarire cosa debba fare una società per misurare una transazione in una valuta estera per la quale non sia disponibile il tasso di cambio. In particolare, vengono definite le circostanze in cui la società debba stimare un tasso di cambio spot e le modalità con cui possa farlo. Le modifiche entrano in vigore dall'1 gennaio 2025 salvo eventuali successivi differimenti stabiliti in sede di omologazione da parte della Commissione europea, è comunque consentita un'applicazione anticipata.

Al momento il Gruppo sta valutando i possibili effetti derivanti dall'introduzione degli emendamenti indicati.



8) PROPERTY, PLANT AND EQUIPMENT

(million euros)	31.12.2022						Total
	Land	Buildings	Plant and equipment	Industrial and Commercial Equipment	Other assets	Assets under construction and advances	
Cost at 31.12.2021	181	555	25,429	150	256	1,340	27,911
Investments	5		35	11	1	1,119	1,171
Divestments	(1)	(4)	(60)	(8)	(1)	(7)	(81)
Change in the scope of consolidation	17	7	193	2	5	383	607
Changes in rights of use for leased assets	8	3	2		1		14
Other changes	(1)	9	764	11	67	(1,146)	(296)
Cost at 31.12.2022	209	570	26,363	166	329	1,689	29,326
- of which rights of use for leased assets	20	31	2		4		57
Accumulated depreciation at 31.12.2021	(3)	(162)	(10,236)	(81)	(107)		(10,589)
Depreciation		(12)	(665)	(16)	(46)		(739)
Divestments		2	38	6			46
Change in the scope of consolidation		(2)	(55)	(1)	(1)		(59)
Other changes			5		3		8
Amortisation of rights of use for leased assets	(2)	(5)			(1)		(8)
Accumulated depreciation at 31.12.2022	(5)	(179)	(10,913)	(92)	(152)		(11,341)
- of which rights of use for leased assets	(6)	(15)			(2)		(23)
Provision for impairment losses at 31.12.2021	(1)	(3)	(34)			(80)	(118)
Impairment		(4)	(2)	(1)		(5)	(12)
Divestments		2	3				5
Rights of use for leased assets		(1)					(1)
Provision for impairment losses at 31.12.2022	(1)	(6)	(33)	(1)		(85)	(126)
- of which rights of use for leased assets		(1)					(1)
NET BOOK VALUE AS AT 31.12.2021	177	390	15,159	69	149	1,260	17,204
NET BOOK VALUE AS AT 31.12.2022	203	385	15,417	73	177	1,604	17,859

(million euros)	31.12.2023						
	Land	Buildings	Plant and equipment	Industrial and Commercial Equipment	Other assets	Assets under construction and advances	Total
Cost at 31.12.2022	209	570	26,363	166	329	1,689	29,326
Investments	12	2	45	8		1,454	1,521
Divestments			(9)	(1)		(1)	(11)
Change in the scope of consolidation	5	4	56			402	467
Other changes	1	16	1,222	2	34	(1,263)	12
Changes in rights of use for leased assets	12	6	(9)		2		11
Cost at 31.12.2023	239	598	27,668	175	365	2,281	31,326
- of which rights of use for leased assets	34	37	2		4		77
Accumulated depreciation at 31.12.2022	(5)	(179)	(10,913)	(92)	(152)		(11,341)
Depreciation		(13)	(694)	(17)	(53)		(777)
Change in the scope of consolidation		(2)	(22)				(24)
Other changes		3	23	4			30
Amortisation of rights of use for leased assets	(3)	(5)			(1)		(9)
Accumulated depreciation at 31.12.2023	(8)	(196)	(11,606)	(105)	(206)		(12,121)
- of which rights of use for leased assets	(8)	(20)			(3)		(31)
Provision for impairment losses at 31.12.2022	(1)	(6)	(33)	(1)		(85)	(126)
Impairment	(2)		(126)	(1)		(9)	(138)
Other changes						1	1
Rights of use for leased assets		(1)					(1)
Provision for impairment losses at 31.12.2023	(3)	(7)	(159)	(2)		(93)	(264)
- of which rights of use for leased assets		(2)					(2)
NET BOOK VALUE AS AT 31.12.2022	203	385	15,417	73	177	1,604	17,859
NET BOOK VALUE AS AT 31.12.2023	228	395	15,903	68	159	2,188	18,941

Property, plant and equipment (€18,941 million) mainly relates to transport infrastructure (€14,462 million).

Investments⁹ (€1,521 million) mainly refer to the transport sector (€983 million), chiefly relating to works aimed at maintaining safety and quality levels of plants as well as investments in the development of new transport capacity.

During the year, Snam capitalised financial expenses for €21 million (€25 million in 2022).

9 Investments by business segment are presented in the chapter 'Business Segment Performance' of the Annual Report.

The change in the scope of consolidation (€443 million) refers mainly to the assets recognised in connection with the acquisition of: (i) 100% of the capital of FSRU I Limited, owner of the ship FSRU BW Singapore; (ii) 100% of the share capital of 10 companies operating in the biogas/biomethane business.

Divestments (€11 million) mainly relate to assets in the transport sector.

Depreciation (€786 million) refers to economic-technical depreciation determined on the basis of the useful life of assets, i.e. their residual possibility of use by the company.

Impairment losses (€138 million) relate to write-downs of assets mainly concerning the Biomethane Waste CGU¹⁰ (€122 million).

The value of plant and equipment includes an estimate of the discounted costs that will be incurred for the removal of structures and site restoration (€142 million, net of accumulated depreciation), mainly related to the storage (€80 million) and natural gas transportation (€40 million) segments.

Other changes (€43 million) mainly relate to: (i) the upward revision of estimated site decommissioning and restoration costs, mainly related to the storage sector, against the reduction of expected discount rates (€48 million in total); (ii) the change in inventories of piping and related ancillary materials used in plant construction activities, referring to the natural gas transportation segment (€44 million); (ii) subsidies on works for interference with third parties (so-called "compensation", €-22 million).

Contractual commitments for the acquisition of property, plant and equipment, as well as for the provision of services related thereto, are indicated in Note 26 'Guarantees and Commitments'.

No collateral is pledged on property, plant or equipment.

10 For further details, see Note 9.2 'Impairment test'.

8.1 Plant, property and equipment by business segment

Property, plant and equipment by business segment are analysed as follows:

(million euros)	31.12.2022	31.12.2023
Historical cost	29,325	31,326
Transportation	23,881	24,872
Storage	4,291	4,520
Regasification	628	1,268
Energy Transition	467	601
Other segments	35	38
Amounts not allocated to segments	23	27
Accumulated depreciation and provision for impairment losses	(11,466)	(12,385)
Transportation	(9,805)	(10,410)
Storage	(1,442)	(1,546)
Regasification	(96)	(121)
Energy Transition	(99)	(278)
Other segments	(12)	(12)
Amounts not allocated to segments	(12)	(18)
NET BOOK VALUE	17,859	18,941
Transportation	14,076	14,462
Storage	2,849	2,974
Regasification	532	1,147
Energy Transition	368	323
Other segments	23	26
Amounts not allocated to segments	11	9



9) INTANGIBLE ASSETS AND GOODWILL

(million euros)	31.12.2022					
	Finite useful life				Indefinite useful life	
	Industrial patent and intellectual property rights	Concessions, licences, trade marks and similar rights	Other Intangible Assets	Assets under construction and advances	Goodwill	Total
Cost at 31.12.2021	990	824	84	75	60	2,033
Investments	4	4	1	171		180
Divestments		(15)	(1)			(16)
Change in the scope of consolidation		58	27		40	125
Impairment	(2)				(7)	(9)
Other changes	135	4	(25)	(139)	3	(22)
Cost at 31.12.2022	1,127	875	86	107	96	2,291
Accumulated depreciation at 31.12.2021	(723)	(118)	(25)			(866)
Depreciation	(101)	(9)	(10)			(120)
Divestments		15				15
Other changes	3					3
Accumulated depreciation at 31.12.2022	(821)	(112)	(35)			(968)
Provision for impairment losses at 31.12.2021						
Impairment	(2)					(2)
Provision for impairment losses at 31.12.2022	(2)					(2)
NET BOOK VALUE AS AT 31.12.2021	267	706	59	75	60	1,167
NET BOOK VALUE AS AT 31.12.2022	304	763	51	107	96	1,321

(million euros)	31.12.2023					
	Finite useful life				Indefinite useful life	
	Industrial patent and intellectual property rights	Concessions, licences, trade marks and similar rights	Other Intangible Assets	Assets under construction and advances	Goodwill	Total
Cost at 31.12.2022	1,127	875	86	107	96	2,291
Investments	1	4	2	246		253
Change in the scope of consolidation		52			24	76
Impairment			(2)		(40)	(42)
Other changes	76	4	11	(185)		(94)
Cost at 31.12.2023	1,204	935	97	168	80	2,484
Accumulated depreciation at 31.12.2022	(821)	(112)	(35)			(968)
Depreciation	(116)	(11)	(12)			(139)
Other changes	94	1				95
Accumulated depreciation at 31.12.2023	(843)	(122)	(47)			(1,012)
Provision for impairment losses at 31.12.2022	(2)					(2)
Impairment	(1)	(9)	(7)	(3)		(20)
Other changes	(1)					(1)
Provision for impairment losses at 31.12.2023	(4)	(9)	(7)	(3)		(23)
NET BOOK VALUE AS AT 31.12.2022	304	763	51	107	96	1,321
NET BOOK VALUE AS AT 31.12.2023	357	804	43	165	80	1,449

Industrial patent and intellectual property rights (€357 million) mainly relate to information systems and applications to support operations.

Concessions, licences, trademarks and similar rights (€804 million) mainly refer to concessions for natural gas storage activities (€661 million) and, in particular, the Settala (€229 million), Sergnano (€127 million) and Fiume Treste (€91 million) concessions. The value of storage concessions is represented by the reserves of natural gas in reservoirs (so-called 'Cushion Gas'¹¹). The change in the scope of consolidation (€52 million) essentially relates to the valuation of authorisations and concessions for operating activities, carried out under the PPA, for companies operating in the biogas/biomethane business.

Other intangible assets (€43 million) mainly include the fair value assigned, in previous years, under the Purchase Price Allocation (PPA), as governed by IFRS 3 'Business Combinations', relating in particular to the order backlog pertaining to the energy efficiency business (approximately €38 million). Amortisation is based on the average duration of the contracts.

Goodwill (€80 million) decreased due to the write-down of the Biomethane Waste CGU (€40 million), partially offset by the increase due to acquisitions made during the year (€24 million).

For more information on business combinations undertaken during 2023, see Note 24 'Business Combinations'.

11 Cushion gas is not subject to amortisation.

Investments (€253 million), mainly in the natural gas transport sector (€156 million)¹², relate to information system development projects.

The change in the scope of consolidation (€76 million) refers to the assets recognised for the acquisition of 100% of the share capital of 10 companies operating in the biogas/biomethane business.

Impairment losses (€62 million), in addition to the goodwill impairment reported above, mainly include impairment losses on assets pertaining to the Biomethane Waste CGU¹³.

Amortisation and depreciation (€139 million) refer to economic-technical amortisation determined on the basis of the useful life (finite useful life) of intangible assets, i.e. on the basis of their remaining use by the company.

Contractual commitments for the purchase of intangible assets as well as for the provision of services related to their realisation are described in Note 26 'Guarantees and commitments'.

9.1 Intangible assets by business segment

Intangible assets by business segment are analysed as follows:

(million euros)	31.12.2022	31.12.2023
Historical cost	2,291	2,486
Transportation	1,030	1,110
Storage	876	891
Regasification	13	17
Energy Transition	252	305
Other segments	10	9
Amounts not allocated to segments	110	152
Accumulated depreciation and provision for impairment losses	(970)	(1,037)
Transportation	(673)	(696)
Storage	(173)	(181)
Regasification	(7)	(8)
Energy Transition	(37)	(76)
Other segments	(10)	(8)
Amounts not allocated to segments	(70)	(66)
NET BOOK VALUE	1,321	1,449
Transportation	357	414
Storage	703	710
Regasification	6	9
Energy Transition	215	229
Other segments		1
Amounts not allocated to segments	40	86

¹² Investments by business segment are presented in the chapter 'Business Segment Performance' of the Annual Report.

¹³ For further details, see Note 9.2 'Impairment test'.

9.2 Impairment test

As required by the relevant accounting standard (IAS 36), impairment testing is performed at least annually for all CGUs (or groups of CGUs) to which goodwill has been allocated, as well as for CGUs (or groups of CGUs) with intangible assets that have an indefinite useful lives and intangible assets not yet available for use. For all remaining CGUs (or groupings of CGUs), impairment testing is performed only in the presence of impairment indicators.

The macroeconomic landscape over the past year has also been characterized by a substantial inflationary trend. In response to this, major central banks, including the ECB, have implemented significant and recurrent raises of their respective benchmark interest rates.

The markets, in which these phenomena took place (including the Eurozone), are a snapshot of 2023, characterised by the presence of widespread signs of external impairment indicators¹⁴. Therefore, at 31 December 2023, in addition to the disclosure in Note 10 "Equity Investments", the test was performed for all the main CGUs and groupings of CGUs, in particular:

- for gas infrastructure, for the Snam Rete Gas, ITG, LNG, FSRU Piombino and Stogit CGUs; limited to the ITG CGU, goodwill of €27 million was allocated;
- for the sustainable mobility business, consisting of petrol stations, and micro-liquefaction plants, for the Greenture CGU;
- for the Biomethane Agri CGU¹⁵, consisting of agricultural biomass treatment plants for the production of biomethane and related services, goodwill of €35 million was allocated;
- for the Biomethane Waste CGU¹⁶, consisting of the FORSU treatment plants with reference to which, at 31 December 2023, there was no outstanding goodwill allocated against the impairment charges made;
- for the energy efficiency business, by the Energy Efficiency CGU grouping, consisting of the TEP Energy Solution, Renovit Public Solutions and Evolve CGUs, as well as the sub-holding Renovit, to which goodwill totalling €19 million was allocated; this is due to the strong vertical integration between the companies in the management of know-how and technologies, which allows for the creation of important synergies in presenting a unified offer to the market.

With the exception of disclosure in Note 10 "Investments", the impairment test was performed on the basis of a similar CGU set-up compared to last year.

The recoverable amount of the Greenture CGU was determined, as the value in use, based on the cash flows of the company's plans using the Discounted Cash Flow (DCF) Method. In consideration of the business development phase, and in view of the planned investment plan, the cash flows were determined considering a longer horizon than the forecast data of the 2024-2027 Plan, in order to be able to consider all the effects that may significantly affect these flows. For the discounting of cash flows, the Weighted Average Cost of Capital (WACC) was used. The Terminal Value was calculated using the perpetuity method, applying a growth rate substantially in line with market evidence for the expected long-term inflation rate for the reference area, based on values provided by the International Monetary Fund (IMF).

With reference to the biomethane business, the recoverable value of the two CGUs identified, Biomethane Agri CGU and Biomethane Waste CGU, was determined, as the value in use, based on the Discounted Cash Flow (DCF) Method, using the 2024-2027 Plan approved by the Board. For both CGUs, the cash flows were determined considering a longer time horizon than the forecast data of the 2024-2027 Plan approved by the Board, in order to be able to consider all the effects that may significantly affect the cash flows. For the discounting of cash flows, the Weighted Average Cost of Capital (WACC) was used. The terminal value was calculated using the perpetuity method, applying a growth rate no higher than the market evidence for the expected inflation rate in the long term, based on values provided by the IMF.

¹⁴ Pursuant to paragraph 12 of IAS 36.

¹⁵ The Biomethane Agri CGU at 31 December 2023 consisted of 32 companies. With respect to the perimeter of the CGU at 31.12.2022, for the purposes of the Consolidated Financial Statements at 31.12.2023, this perimeter does not include Società Agricola Ariano Biometano S.r.l., due to the sale finalised in October 2023, while it includes the 8 companies acquired during 2023: 1) Agriwatt Castel Goffredo Società Agricola a r.l., 2) Soragna Agroenergie Società Agricola S.r.l., 3) Zibello Agroenergie Società Agricola S.r.l., 4) Bietifin S.r.l., 5) Moglia Energia Società Agricola a r.l., 6) MST S.r.l., 7) Società Agricola Agrimetano Ro S.r.l., 8) Società Agricola Pozzonovo S.r.l.

¹⁶ The Biomethane Waste CGU also includes the two companies of the Waste business acquired in 2023 - CH4 Energy S.r.l. and Biowaste CH4 Legnano S.r.l.

With regard to the Energy Efficiency business, the recoverable amount of the Energy Efficiency CGU grouping was determined, as the value in use, based on the Discounted Cash Flow (DCF) Method. The cash flows were determined considering a broader time horizon than the forecast data of the 2024-2027 Plan approved by the Board, in order to be able to consider all the effects that may significantly affect cash flows. For the discounting of cash flows, the Weighted Average Cost of Capital (WACC) was used. The terminal value was calculated using the perpetuity method, applying a growth rate in line with market evidence for the expected inflation rate in the long term, based on values provided by the IMF.

With reference to the Transportation (Snam Rete Gas), Regasification (FSRU Piombino and LNG) and Storage (Stogit) CGUs, the recoverable value was defined as corresponding to the estimated value of the Net Invested Capital recognised to these assets for tariff purposes (RAB - Regulatory Asset Base) by ARERA, the energy regulator, including fixed assets valued using the revalued historical cost method, lump-sum net working capital, net of adjustment items, including employee severance indemnity, the provision for decommissioning where applicable, and grants received. The RAB is also the basis for determining the service charges and, therefore, the cash flows generated by the activities.

With regard to the ITG CGU, the recoverable amount of this CGU was determined, as the value in use, based on the Discounted Cash Flow (DCF) Method, using the 2024-2027 Plan approved by the Board. The Terminal Value, consistent with the practice in the energy infrastructure sector, was estimated as the disposal value at the end of the plan time horizon, assuming the recognition of a premium in line with the market evidence examined at 31 December 2023.

For CGUs where the value in use is determined through the Discounted Cash Flow method, the reference discount rate is the Weighted Average Cost of Capital (WACC), corresponding to the weighted average cost of capital, determined, consistently with applicable doctrine and prevailing methodological practices, based on the following main assumptions:

- Risk Free Rate: the 10-year sovereign bond, issued by the reference country in which the assets belonging to the CGU (or the CGU grouping) operate, is used to determine the risk-free rate;
- Equity Risk Premium: the equity risk premium is determined by Snam on the basis of the main authoritative external industry sources;
- Beta Unlevered: this is calculated as the average figure taken from the panel of identified comparable companies specifically selected for each CGU;
- D/E: the debt-to-equity ratio is determined as an average parameter taken from the panel of comparable companies referred to each CGU, except where, in the absence of current or planned financial payables, zero leverage is used;

- Beta Levered: this is calculated from the Beta Unlevered using Hamada's formula, which takes into account the tax effect, and the average D/E of the panel of comparable companies considered;
- Reference Rate for the cost of debt: this is calculated as the average of the swap rates of 10-year euro-denominated instruments;
- Credit Spread: this is determined as the average parameter taken from the panel of comparable companies specifically selected for each CGU.

Additional risks are also applied (Specific Risk Premium) aimed at reflecting, where applicable, within each discount rate, specific considerations related to aspects characterising a CGU (or grouping of CGUs) such as, for example, business risks or risks related to the stage of development of the activities performed.

The Snam methodology requires these values to be updated annually. At 31 December 2023, the WACCs estimated by the Snam group and used in the impairment tests were between 5.5% and 12.3% (between 5.57% and 8.97% for the year 2022).

For all CGUs and groupings of CGUs, the recoverable value as depicted above was higher than their net book value, including related goodwill, except for the Biomethane Waste CGU.

In particular, as of 31 December 2023, the forecasts relating to the business of managing OFMSW treatment plants were affected by the combined effect of the following phenomena: (i) the market dynamics of OFMSW which negatively impacted the forecast of the contribution tariffs developed by the Company, as well as (ii) the increase in operating costs, mainly including waste disposal costs.

A comparison between the recoverable amount and the book value of the Biomethane Waste CGU showed a difference in value of €135 million, which led to the full write-down of goodwill, amounting to approximately €40 million, as well as of a part of property, plant and equipment and intangible assets for the remaining amount of around €95 million.

As required by IAS 36, the CGUs subject to impairment testing, whose recoverable value was determined by discounting the expected cash flows from the use of the asset (as well as from its sale at the end of its useful life in some cases), were subjected to a sensitivity analysis of the recoverable value, in the worst-case scenario that envisages a 0.5 percentage point increase in the discount rate applied during the impairment test. This sensitivity analysis did not highlight significant negative differences in value.

10) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(million euros)	31.12.2022	31.12.2023
SeaCorridor S.r.l.		648
Teréga Holding S.A.S.	398	430
Trans Austria Gasleitung GmbH (TAG)	274	228
AS Gasinfrastruktur Beteiligung GmbH	93	112
OLT - Offshore LNG Toscana S.p.A.	32	33
Others		1
Total equity investments in companies under joint control	797	1,452
Trans Adriatic Pipeline A.G. (TAP)	450	404
Industrie De Nora S.p.A.	402	376
Italgas S.p.A.	285	313
Senfluga Energy Infrastructure Holdings S.A.	168	207
Galaxy Pipeline Assets HoldCo Limited	70	131
Interconnector Limited	84	68
East Mediterranean Gas Company	45	49
dCarbonX Limited	7	15
Others		3
Total equity investments in associates	1,511	1,566
Others	5	1
Total equity investments in subsidiaries	5	1
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	2,313	3,019



The change during the year is shown in the table below.

(million euros)	Equity investments in companies under joint control	Equity investments in associates	Equity investments in subsidiaries (*)	Total
Balance at 01.01.2022	1,063	1,488	9	2,560
Acquisitions and subscriptions		5		5
Disposals and redemptions		(86)		(86)
Dividends received	(15)	(92)		(107)
<i>Effect of accounting using the equity method</i>				
- Amount recognized through profit and loss	107	37		144
- Amount recognized through comprehensive income	16	114		130
Writebacks/(Write-downs)	(365)	31	(2)	(336)
Other changes	(9)	14	(2)	3
Balance at 31.12.2022	797	1,511	5	2,313
Acquisitions and subscriptions	411	10		421
Disposals and redemptions	(87)	(83)		(170)
Dividends received	(23)	(176)		(199)
<i>Effect of accounting using the equity method</i>				
- Amount recognized through profit and loss	83	328	(1)	410
- Amount recognized through comprehensive income	(12)	(38)		(50)
Other changes	283	14	(3)	294
Balance at 31.12.2023	1,452	1,566	1	3,019

(*) Equity investments refer to unconsolidated subsidiaries valued using the equity method.

Purchases and subscriptions (€421 million) mainly relate to the acquisition from Eni of a 49.9% stake in SeaCorridor S.r.l. (€410 million), a company that holds stakes in the companies operating the TTPC and TMPC pipelines.

Disposals and redemptions (€170 million) mainly relate to the sale of shares in Industrie De Nora S.p.A. (€68 million), a transaction after which Snam holds 21.59% of the company's share capital (25.79% prior to the sale) and the repayment of capital reserves by SeaCorridor S.r.l. (€87 million).

The dividends received (€199 million) mainly refer to the company under joint control Teréga (€15 million) and the associated companies TAP (€72 million), Italgas (€35 million), Galaxy Pipeline Assets HoldCo (€29 million) and Interconnector Limited (€27 million).

The effect of accounting using the equity method recognised in the income statement (€410 million) relates to the portion of the companies' net results for the period, resulting from positive results totalling €458 million and negative results totalling €48 million.

The effect of accounting using the equity method recognised in the statement of comprehensive income (- €50 million) is mainly attributable to the change in the fair value of hedging derivatives of the companies Teréga and OLT under joint control and the associated companies TAP and Senfluga.

Other changes (€294 million) mainly refer to the estimated earn-outs provided for under contractual agreements signed for the acquisition of equity investments.

The macroeconomic landscape over the past year has been characterized by a substantial inflationary trend. In response to this, major central banks, including the ECB, have implemented significant and recurrent raises of their respective benchmark interest rates. Therefore at 31 December 2023, Snam conducted impairment tests on all the primary Cash Generating Units (CGUs), represented by the equity investments held in companies under joint control and associated companies. This was done to verify their recoverability by comparing their book value with their recoverable value, which is represented by the higher of the two between fair value and value in use. The scope of the CGUs represented by the equity investments held in companies under joint control and associates is unchanged from 31 December 2022, with the exception of the SeaCorridor CGU, which is present in relation to the acquisition of 49.9% of the company's capital, completed by Snam in January 2023.

In particular, for carrying out the impairment test, the recoverable value of the equity investments was determined in the configuration of value in use on the basis of the Dividend Discount Model (DDM) or Discounted Cash Flow (DCF) methodology, with the exception of equity in Italgas S.p.A. and Industrie De Nora S.p.A., associated companies, for which the recoverable value was determined on the basis of market quotations at the closing date of the financial year.

All tests did not lead to the detection of write-downs/ recoveries of value.

At 31 December 2023, the Snam group estimated discount rates used in the preparation of impairment tests ranging from 5.96% and 9.14% for the CGUs measured using the DDM (between 5.75% and 8.24% for the year 2022), and between 5.5% and 12.3% for CGUs measured using the DCF method (between 4.97% and 8.44% for the year 2022).

With reference to the equity investments held in the Austrian companies TAG and GCA, the current scenario is still characterised by significant uncertainties related not only to the duration and outcome of the Russia-Ukraine conflict, but also to the process of defining the new regulatory framework applicable from 2025.

With regard to the stake held by Snam S.p.A. (84.47%) in TAG, the company owning the pipeline that transports Russian gas to Italy, through Austria, via Ukraine, Slovakia and up to the entry point in Tarvisio, the trend already recorded in 2022, i.e. a significant reduction in Russian gas supplies, was confirmed. During 2023, less significant impacts were reported with regard to GCA, also due to existing long-term transport capacity contracts with gradual expiry dates up to 2031; during the year, the company used its interconnection points with Germany to ensure the security of supply in Austria and, at the same time, to guarantee reaching the filling target for domestic storage.

As a result of the changed context indicated above, also for the purposes of the Consolidated Financial Statements at 31 December 2022, Snam wrote-down the investments held in the Austrian companies TAG¹⁷ and GCA¹⁸, for €340 million and €25 million, respectively.

At present, both investee companies are actively continuing their interaction with the Austrian Regulatory Authority, which started in 2023, regarding the definition of the new regulatory framework, which is expected to be finalised by the end of the first half of 2024; although the regulator has been open to eliminating so-called volume risk, there is still a high degree of uncertainty regarding the rules and parameters under which companies will be remunerated from 2025 onwards. In this scenario, the forecasts used to estimate the recoverable amount at 31 December 2023 were prepared.

As a result, Snam, as soon as the new regulatory framework is finalised, with the consequent elimination of the uncertainty surrounding the companies' future remuneration levels, will update its assessments of the recoverable value of the investments held in the Austrian companies.

Regarding equity investments, no collateral has been provided except as described in relation to the stake in TAP¹⁹.

Consolidated companies, companies jointly controlled with other shareholders, associated companies and other significant equity investments are separately listed in the Annex to the notes to the consolidated financial statements "Snam S.p.A. equity investments at 31 December 2023", which is an integral part of these notes.

In accordance with the requirements of IFRS 12 "Disclosure of Interests in Other Entities", the following is a summary of the financial data of companies under joint control and associated companies for the years ended 31 December 2022 and 31 December 2023.

- 17 Given the significant uncertainties present, the recoverable amount of the investment in TAG, at 31 December 2022, was determined based on a multi-scenario approach, attributing a probability of occurrence to each of the scenarios considered and multiplying the value in use emerging from each of the scenarios considered by the probability of occurrence attributed to them.
- 18 The write-down concerned the investment held by Snam in AS Gasinfrastruktur Beteiligung GmbH (a company through which it indirectly holds an interest in GCA - Gas Connect Austria).
- 19 For further information, please refer to Note 26.1.1 "Guarantee provided on behalf of the associate TAP".



10.1 Equity investments in companies under joint control

The economic and financial data for each company under joint control deemed significant, referring to the IFRS-compliant financial statement values of the investee companies²⁰, are reported below:

(million euros)	31.12.2022		
	Teréga Holding S.A.S.	Trans Austria Gasleitung GmbH	AS Gasinfrastruktur Beteiligung GmbH
Current assets	72	124	2
- of which cash and cash equivalents	72	53	2
Non-current assets	3,051	1,095	571
Total assets	3,123	1,219	573
Current liabilities	(135)	(135)	(3)
- of which current financial liabilities	(121)	(32)	(3)
Non-current liabilities	(2,008)	(396)	(276)
- of which non-current financial liabilities	(1,704)	(261)	(33)
Total liabilities	(2,143)	(531)	(279)
TOTAL NET ASSETS	980	688	294
<i>Equity investment held by Snam Group % (*)</i>	<i>40.50%</i>	<i>89.22%</i>	<i>40.00%</i>
Total net assets attributable to the Snam Group	397	614	118
Goodwill and other adjustments of the Snam Group	1		
Reductions/increases in value		(340)	(25)
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	398	274	93
Operating revenues and income	468	447	
Other operating costs and expenses	(170)	(286)	
Depreciation and impairment losses	(109)	(63)	
Operating profit	189	98	
Financial income			1
Financial expenses	(32)	(10)	(7)
Share of profit or loss of investments accounted for using the equity method			(4)
Income taxes	(39)	(23)	
PROFIT FOR THE YEAR	118	65	(10)
Other components of comprehensive income			
TOTAL COMPREHENSIVE INCOME STATEMENT	118	65	(10)
<i>Equity investment held by Snam Group % (*)</i>	<i>40.50%</i>	<i>89.22%</i>	<i>40.00%</i>
Total comprehensive income held by Snam	48	58	(4)
SHARE OF TOTAL PROFIT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	48	58	(4)

(*) The shareholding in Trans Austria Gasleitung GmbH is accounted for according to the percentage of economic rights held.

20 It should be noted that, unless otherwise indicated, the financial statement values of companies under joint control, reported at 100%, have been supplemented to reflect the adjustments made by the parent company in application of the equity method valuation criterion. These figures refer to preliminary and/or approved reporting packages.

(million euros)	31.12.2023			
	Teréga Holding S.A.S.	Trans Austria Gasleitung GmbH	AS Gasinfrastruktur Beteiligung GmbH	SeaCorridor S.r.l.
Current assets	207	82	161	164
- of which cash and cash equivalents	98	22	14	104
Non-current assets	3,094	1,024	392	547
Total assets	3,301	1,106	553	711
Current liabilities	(140)	(82)	(3)	(54)
- of which current financial liabilities	(21)	(3)	(3)	
Non-current liabilities	(2,100)	(387)	(271)	(16)
- of which non-current financial liabilities	(1,790)	(246)	(27)	
Total liabilities	(2,254)	(469)	(274)	(70)
TOTAL NET ASSETS	1,061	637	279	641
<i>Equity investment held by Snam Group % (*)</i>	<i>40.50%</i>	<i>89.22%</i>	<i>40.00%</i>	<i>49.90%</i>
Total net assets attributable to the Snam Group	430	568	112	320
Goodwill and other adjustments of the Snam Group				328
Reductions/increases in value		(340)		
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	430	228	112	648
Operating revenues and income	474	410		456
Other operating costs and expenses	(175)	(407)		(41)
Depreciation and impairment losses	(111)	(64)		(23)
Operating profit	188	(61)		392
Financial income		1	6	9
Financial expenses	(29)	(7)	(8)	(12)
Share of profit or loss of investments accounted for using the equity method			50	38
Income taxes	(41)	16		(303)
PROFIT FOR THE YEAR	118	(51)	48	124
Other components of comprehensive income	(11)			
TOTAL COMPREHENSIVE INCOME STATEMENT	107	(51)	48	124
<i>Equity investment held by Snam Group % (*)</i>	<i>40.50%</i>	<i>89.22%</i>	<i>40.00%</i>	<i>49.90%</i>
Total comprehensive income held by Snam	43	(46)	19	62
Other Snam Group adjustments				(8)
SHARE OF TOTAL PROFIT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	43	(46)	19	54

(*) The shareholding in Trans Austria Gasleitung GmbH is accounted for according to the percentage of economic rights held.



Teréga Holding S.A.S.

Teréga Holding S.A.S. is a company operating under French law which controls Teréga S.A. and Teréga Solutions S.A.S., through Teréga S.A.S., wholly owned by Teréga Holding S.A.S.

Teréga S.A. is engaged in the transportation and storage of natural gas in the South West of France. Natural gas transportation and storage activities in France are subject to regulation.

Teréga Solutions S.A.S. is a company engaged in non-regulated activities, with a focus on developing solutions that facilitate the transition to renewable energy: biomethane, hydrogen, multi-energy and digital.

As of 31 December 2023, Teréga Holding S.A.S. was owned by Snam S.p.A. (40.5%), Raffles Infra Holdings Limited (GIC) (31.5%), Ouestgaz S.A.S. (EDF) (18%), Prévoyance Dialogue du Crédit Agricole SA (9%) and Crédit Agricole Assurances Retraite SA (1%).

Teréga Holding S.A.S.'s Consolidated Financial Statements include Teréga Holding S.A.S., Teréga S.A.S., Teréga S.A. and Teréga Solutions S.A.S.

Corporate governance regulations stipulate that decisions on certain matters of significant interest to the company require the affirmative vote of both Snam and GIC shareholders.

The interest payment to shareholders on the nominal value of the €470 million convertible debenture loan (of which Snam has subscribed €190 million) can be deferred at the discretion of the issuer, Teréga S.A.S.

Trans Austria Gasleitung GmbH (TAG)

Trans Austria Gasleitung GmbH (TAG) is a company governed by Austrian law, specializing in the transportation of natural gas. It owns the gas pipeline that connects the Slovakian-Austrian border to the Tarvisio entry point in Italy.

Natural gas transportation in Austria is a regulated activity.

At 31 December 2023, Snam S.p.A. held 84.47% of the share capital, entitling it to 89.22% of the economic rights. The remainder of the share capital (15.53%) is held by Gas Connect Austria GmbH (GCA).

The contractual agreements established between Snam, TAG and GCA also dictate that, in certain specific circumstances, if TAG is unable to self-finance, the other companies are obliged to provide financial support in accordance with the proportion of equity investment held by each shareholder.

Corporate governance regulations stipulate that decisions regarding certain significant activities must be unanimously agreed upon by all members of the Supervisory Board. This board comprises representatives from Snam and GCA, as well as employee representatives, as mandated by Austrian law.

AS Gasinfrastruktur Beteiligung GmbH

AS Gasinfrastruktur Beteiligung GmbH is an Austrian firm jointly controlled by Snam S.p.A. and the Allianz Group, holding stakes of 40% and 60% respectively.

The company fully owns the Austrian firm, AS Gasinfrastruktur GmbH, which itself holds a 49% stake in Gas Connect Austria GmbH (GCA). The majority control of GCA, at 51%, is held by Verbund.

The corporate governance regulations of AS Gasinfrastruktur Beteiligung GmbH dictate that decisions at the management level must be made by a simple majority, requiring the affirmative vote of a Managing Director from both Snam and Allianz.

SeaCorridor S.r.l.

SeaCorridor, is the Italian joint venture established on 10 January 2023 by Snam S.p.A and Eni, which hold 49.9% and 50.1% of the share capital respectively.

At 31 December 2023, Eni and Snam exercised joint control over SeaCorridor, based on the principles of equal governance.

The operation has made it possible to synergistically value respective competences on a strategic route for the security of natural gas supply in Italy, favouring potential development initiatives in the hydrogen value chain also thanks to the natural resources of North Africa.

The company manages the two groups of international gas pipelines that connect Algeria to Italy, in particular:

- the trans-Tunisian onshore gas pipeline which extends from the border between Algeria and Tunisia to the Tunisian coast with reference to which TTPC (a company 100% controlled by SeaCorridor) holds the exclusive transport rights under contracts originally signed with the Tunisian state in 1977 and renewed from time to time);
- the offshore gas pipeline that crosses the Sicily Channel connecting the Tunisian coast to Italy, whose ownership is held by TMPC (a company jointly controlled by SeaCorridor - which holds 50% - and the Algerian state oil company Sonatrach).

10.2 Equity investments in associates

The economic and financial data for equity investments in associates deemed significant, referring to the IFRS-compliant financial statement values of the investee companies²¹, are shown below:

(million euros)	31.12.2022				
	Trans Adriatic Pipeline A.G. (TAP)	Italgas S.p.A.	Senfluga Energy Infrastructure Holding S.A.	Interconnector Limited	Galaxy Pipeline Assets HoldCo Limited
Current assets	892	1,862	358	267	198
Non-current assets	4,615	9,138	904	154	7,208
Total assets	5,507	11,000	1,262	421	7,406
Current liabilities	(546)	(1,421)	(256)	(152)	(47)
Non-current liabilities	(3,168)	(7,176)	(435)	(172)	(6,827)
Total liabilities	(3,714)	(8,597)	(691)	(324)	(6,874)
TOTAL NET ASSETS	1,793	2,403	571	97	532
- attributable to third parties		282	259	1	
- attributable to the shareholders of the investee	1,793	2,121	312	96	532
Equity investment held by Snam Group % (*)	20%	13.49%	54%	23.68%	12.327%
Total net assets attributable to the Snam Group	359	285	168	23	66
Goodwill and other adjustments of the Snam Group	91			86	5
Reductions/increases in value				(25)	
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	450	285	168	84	71
Revenues	874	2,279	324	197	
Operating profit	653	1,117	121	104	(3)
NET RESULT	298	436	82	83	(1,203)
Other components of comprehensive income	399	52	21		174
TOTAL COMPREHENSIVE INCOME STATEMENT	697	488	103	83	(1,029)
- attributable to third parties		27	33		
- attributable to the shareholders of the investee	697	461	70	83	(1,029)
TOTAL COMPREHENSIVE INCOME OF THE GROUP	697	488	103	83	(1,029)
Equity investment held by Snam Group % (*)	20%	13.49%	54%	23.68%	12.327%
Total comprehensive income of the Snam Group	139	61	38	20	(127)
Other Snam Group adjustments				(6)	
SHARE OF TOTAL PROFIT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	139	61	38	14	(127)

21 It should be noted that the financial statement values of associated companies, reported at 100%, have been adjusted to reflect the adjustments made by the parent company in application of the equity method valuation criterion. These figures refer to preliminary and/or approved reporting packages.

(million euros)	31.12.2023					
	Trans Adriatic Pipeline A.G. (TAP)	Italgas S.p.A.	Senfluga Energy Infrastructure Holding S.A.	Interconnector Limited	Galaxy Pipeline Assets HoldCo Limited	Industrie De Nora S.p.A. (*)
Current assets	643	1,243	403	226	193	688
Non-current assets	4,314	9,903	1,064	132	7,131	609
Total assets	4,957	11,146	1,467	358	7,324	1,297
Current liabilities	(489)	(1,807)	(242)	(81)	(44)	(162)
Non-current liabilities	(2,905)	(6,700)	(558)	(239)	(6,254)	(230)
Total liabilities	(3,394)	(8,507)	(800)	(320)	(6,298)	(392)
TOTAL NET ASSETS	1,563	2,639	667	38	1,026	905
- attributable to third parties		319	284	1		6
- attributable to the shareholders of the investee	1,563	2,320	383	37	1,026	899
Equity investment held by Snam Group % (*)	20%	13.473%	54%	23.68%	12.327%	21.59%
Total net assets attributable to the Snam Group	313	313	207	9	126	194
Goodwill and other adjustments of the Snam Group	91			84	5	182
Reductions/increases in value				(25)		
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	404	313	207	68	131	376
Revenues	837	2,637	589	151		658
Operating profit	501	681	212	76		97
NET RESULT	329	464	152	55	776	199
Other components of comprehensive income	(122)	(16)	(13)		(42)	(16)
TOTAL COMPREHENSIVE INCOME STATEMENT	207	448	139	55	734	183
- attributable to third parties		27	52			1
- attributable to the shareholders of the investee	207	421	87	55	734	182
TOTAL COMPREHENSIVE INCOME OF THE GROUP	207	448	139	55	734	183
Equity investment held by Snam Group % (*)	20%	13.473%	54%	23.68%	12.327%	21.59%
Total comprehensive income of the Snam Group	41	57	47	13	90	39
Other Snam Group adjustments				(2)		
SHARE OF TOTAL PROFIT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	41	57	47	11	90	39

(*) The relevant economic-financial figures refer to the reporting package at 30 September 2023. The adjustment of the financial statement values at 31 December 2023 will be implemented during 2024.

Trans Adriatic Pipeline A.G. (TAP)

Trans Adriatic Pipeline A.G. Trans Adriatic Pipeline A.G. (TAP) is a Swiss company established with the purpose of designing, developing, constructing, and operating a gas pipeline from the Greek-Turkish border to Italy, specifically to the entry point in San Foca-Melendugno, traversing through Greece and Albania. The construction of the pipeline has been successfully completed, and the asset has been commercially operational since 15 November 2020.

At 31 December 2023, TAP was owned by Snam International B.V. (20%), by AzTAP GmbH (20%), by BP Pipelines TAP Limited (20%), by Fluxys Europe B.V. (20%) and by Enagás Internacional S.L.U. (20%).

Under the existing corporate governance regulations, none of TAP's shareholders have the ability to exert control over the company, even jointly.

Italgas S.p.A.

Italgas S.p.A. is an Italian company that controls 100% of Italgas Reti S.p.A., 67.22% of Geoside S.r.l., 100% of Bludigit S.p.A., 90% of Italgas Newco S.r.l. and 100% of Nepta S.p.A., companies active in the distribution of natural gas throughout Italy, energy efficiency, IT services and water service management in five municipalities in Campania.

At 31 December 2023, Italgas S.p.A. was owned by Snam (13.47%) and by C.D.P. Reti S.r.l. (25.99%), while the remainder was held by third-party shareholders.

On 7 November 2016, the effective date of the unbundling from Snam S.p.A. of the natural gas distribution business, the shareholders' agreement signed on 20 October 2016 between the Company, CDP Reti S.p.A. and CDP Gas S.r.l., concerning all the shares held by each of them in Italgas S.p.A., became effective. Transfers of Snam's equity interest in Italgas S.p.A. are subject to CDP Reti's discretionary approval and pre-emption, as well as to the third-party takeover obligation. In addition, Snam may not increase its equity investment. The agreement is for three years and is automatically renewable for subsequent three-year periods, unless terminated; Should Snam choose not to renew, CDP Reti will have the option to purchase Snam's equity investment in Italgas at its fair market value.

On 31 March 2023, Snam and CDP Reti signed an amending shareholders' agreement²². As an exception to the provisions concerning limitations on the transfer of the Snam shareholding, for the entire duration of the validity of the agreement, Snam may transfer to third parties up to a maximum of 54,616,646 Italgas shares representing no more than 6.75% of the entire share capital of Italgas (the "released shares") through one or more transfers (the "permitted partial transfers").

Therefore, should Snam transfer all or part of the released shares through one or more permitted partial transfers: (i) CDP Reti shall not be entitled to exercise the right of pre-emption; (ii) approval (including discretionary approval) or consent of CDP Reti will not be required to effect the permitted partial transfers; (iii) the transferees of the released shares will not be obliged to adhere to the pact and the purchase option agreement.

Senfluga Energy Infrastructure Holdings S.A.

Senfluga Energy Infrastructure Holdings S.A. is a company under Greek law owned by Snam S.p.A. (54%), by Enagás Internacional S.L.U. (18%), by Fluxys Europe B.V. (18%) and by DAMCO Energy S.A. (10%), which owns a 66% stake in Hellenic Gas Transmission System Operator S.A. (DESFA), the Greek national operator in the natural gas infrastructure sector.

DESFA owns and operates a regulated high-pressure transportation network spanning approximately 1,500 km, in addition to a regasification terminal at Revithoussa. Since January 2022, DESFA has held 20% of Gastrade S.A., a company that is developing the FSRU in Alexandroupoli. Greece, a significant junction for diversifying procurement and establishing new natural gas routes in Europe, holds additional potential for development as a South-East European hub.

Under the existing corporate governance regulations, Snam does not have exclusive control over Senfluga (and, by extension, over DESFA), while Senfluga maintains exclusive control over DESFA.

Galaxy Pipeline Assets Holdco Limited

Galaxy Pipeline Assets Holdco Limited ("HoldCo") holds 100% of Galaxy Pipeline Assets Bidco Limited ("BidCo"), which in turn holds a 47.7% stake in ADNOC Gas Pipeline Assets LLC ("AssetCo"). Snam holds a 12.327% interest in the international consortium, consisting of GIP III Galaxy HoldCo II Limited (GIP), Infracore Investment Holdings Limited, Raffles Infra Holdings Limited, NH Galaxy Pipeline Holdco Limited, Galaxy Pipeline Assets Topco Limited.

AssetCo, a subsidiary of ADNOC (Abu Dhabi National Oil Company), maintains a twenty-year lease on ADNOC's strategic assets associated with gas and LNG transportation within the United Arab Emirates; the management and use of these assets are held by ADNOC for the same twenty-year term.

Snam is the sole industrial participant in the consortium, signifying a significant investment opportunity in a strategic infrastructure within the Gulf region.

The governance regulations stipulate that decisions on certain matters of significant interest to the company must be made by a supermajority vote or unanimously.

22 It should be noted that on 1 May 2017, CDP Gas S.r.l. was merged by incorporation into CDP S.p.A.



Interconnector Limited

Interconnector Limited is a company governed by English law, owning the bidirectional pipeline that connects the United Kingdom with Belgium and the broader European region.

At 31 December 2023, Interconnector Limited was an investee company of Snam International B.V. (23.68%) and Fluxys UK Ltd (76.32%).

Interconnector Limited directly owns 48% of the Dutch firm, Interconnector Zeebrugge Terminal B.V. (which is, in turn, 25% owned by Snam International BV), and holds an additional 1% indirectly through Interconnector Leasing Company Ltd.

The governance structure of Interconnector Limited is designed to, in certain instances, provide veto rights to Snam International B.V. This is intended to safeguard their investment and oversee certain decisions of significant importance to Snam International B.V.

Industrie De Nora S.p.A.

Industrie De Nora, established in 1923 in Italy, is a worldwide provider of pioneering technologies and solutions for water treatment. The Company holds substantial potential for growth, owing to its exposure to two major trends within the energy transition segment - the production of green hydrogen and water treatment.

At 30 June 2022, the company was listed on Euronext Milan, a regulated market that is organized and managed by Borsa Italiana S.p.A.

At 31 December 2023, Snam S.p.A. owned 21.59% of the share capital in Industrie De Nora, held through Asset Company 10 S.r.l.

10.3 Equity investments in companies under joint control and associated companies that are individually insignificant

In addition to the investments in the previously mentioned companies, the carrying values of the equity investments in a company under joint control and in two individually insignificant associated companies, which are accounted for using the equity method, are as follows:

(million euros)	2023
Aggregate value of jointly controlled equity investments which are individually insignificant	97
Snam Group's share of profit/(loss) for the year	12
Share of other components in the comprehensive income statement attributable to the Snam Group	(7)
TOTAL SHARE OF COMPREHENSIVE INCOME STATEMENT ATTRIBUTABLE TO THE SNAM GROUP	5

11) OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

(million euros)	31.12.2022			31.12.2023		
	Current	Non-current	Total	Current	Non-current	Total
Long-term financial receivables	2	116	118		102	102
Minority investments accounted for at FVTOCI		52	52		50	50
Short-term financial receivables						
- short-term over 90 days	1		1	2		2
Securities and fund units		2	2		7	7
Other		2	2		2	2
TOTAL OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS	3	172	175	2	161	163

Long-term financial receivables amounted to €102 million, recording a decrease of €16 million compared to 31 December 2022, mainly due to the partial repayment by OLT of the principal of the existing shareholder loan.

Minority equity investments valued at FVTOCI (€50 million) essentially relate to the valuation of the shares held by Snam in the capital of: (i) Terminale GNL Adriatico S.r.l. (7.3% share) for €24 million (€27 million at 31 December 2022); (ii) Storegga Limited (5.02% share) for €14 million (€10 million at 31 December 2022); (iii) ITM Power PLC (2.072% share) for €9 million (€13 million at 31 December 2022).

The changes that occurred during the year, with reference to investments valued at FVTOCI, are analysed as follows:

(million euros)	
Value at 31.12.2022	52
Acquisitions and subscriptions	4
Change in fair value recognised in other comprehensive income	(3)
Disposals and redemptions	(4)
Other changes	1
Value at 31.12.2023	50



12) CURRENT AND NON-CURRENT INVENTORIES AND THIRD-PARTY NATURAL GAS IN STORAGE

(million euros)	31.12.2022			31.12.2023		
	Gross value	Provision for impairment losses	Net value	Gross value	Provision for impairment losses	Net value
Raw materials, consumables and finished goods	848	(15)	833	787	(15)	772
Finished products and goods	2,403	(34)	2,369	2,072	(34)	2,038
Total current inventories	3,251	(49)	3,202	2,859	(49)	2,810
Total non-current inventories - Compulsory inventories	363		363	363		363
TOTAL CURRENT AND NON-CURRENT INVENTORIES	3,614	(49)	3,565	3,222	(49)	3,173

Current inventories (€2,810 million, net of the provision for impairment losses) include purchases that are made to implement the following Authority resolutions: (i) resolution 165/2022/R/Gas, which provided for the procurement by Snam Rete Gas of volumes to cover system gas and gas for technical consumption of the storages (approximately 0.4 billion cubic metres for a total value of €524 million at 31 December 2023); (ii) resolutions 274/2022/R/Gas and 3/2023/R/Gas, which defined the provisions for the last resort filling service (approximately 1.4 billion cubic metres for a total value of €2,010 million at 31 December 2023).

The value of the inventories of gas purchased against these resolutions is offset, for the same amount, by financial statement liabilities²³.

The provision for impairment losses mainly relates to the write-down (€30 million), made in 2014, of 0.4 billion cubic metres of natural gas used in storage activities for strategic gas unduly withdrawn by some service users during 2010 and 2011²⁴.

Non-current inventories consist of the minimum quantities of natural gas that storage companies are obliged to hold pursuant to Presidential Decree 22 of 31 January 2001 (so-called 'compulsory stocks').

The quantities of gas in storage, corresponding to approximately 4.5 billion standard cubic metres of natural gas, are determined annually by Ministry of Business and Made in Italy (ex the Ministry of Economic Development)²⁵.

No collateral is pledged on inventories. There are no inventories pledged as security for liabilities, nor are any inventories carried at net realisable value.

12.1 Third-party natural gas in storage

Risks for third-party assets held in storage, amounting to €3,302 million (€9,574 million at 31 December 2022), relate to approximately 7.5 billion cubic metres of natural gas stored in storage facilities by customers benefiting from the service. The amount was determined by valuing the stored gas quantities at the assumed unit repurchase cost of approximately €0.44 per standard cubic metre (€ 1.32 per standard cubic metre at 31 December 2022).

23 For gas inventories, liabilities of equal amounts were recognised, representing the Company's obligation to the regulator on the use of gas (resolution 165/2022/R/gas, €524m) and on the retrocession of the amounts obtained from the sale of the relative quantities of gas (resolution 274/2022/R/Gas, €2,062m, including €52m relating to the amounts deriving from sales made at the end of the year and not yet returned to CSEA).

24 For more information on the developments of ongoing legal proceedings, please refer to Note 27.3.2 'Recovery of claims against storage system users'.

25 On 3 March 2023, the Ministry of the Environment and Energy Security confirmed the total volume of strategic storage for the contract year 2023-2024 (1 April 2023 - 31 March 2024) at 4.62 billion cubic metres, or approximately 48,846 Giga Watt-hours - GWh, unchanged from the thermal year 2022-2023 (1 April 2022 - 31 March 2023).

13) OTHER CURRENT AND NON-CURRENT ASSETS

(million euros)	31.12.2022			31.12.2023		
	Current	Non-current	Total	Current	Non-current	Total
VAT credits	23		23	31		31
Deferred charges	13	9	22	15	15	30
Assets arising from contracts with customers	22		22	28		28
Regulatory assets	42	74	116	14	4	18
Security deposits		14	14		18	18
Market value of cash flow hedge derivatives	2	2	4	4		4
Other tax credits	17	72	89	129	243	372
- of which: <i>Ecobonus/Sismabonus Credits</i>	13	72	85	102	243	345
Other	17	7	24	1	1	2
TOTAL OTHER CURRENT AND NON-CURRENT ASSETS	136	178	314	222	281	503

Assets arising from the mark-to-market valuation of financial derivatives for cash flow hedges refer to: (i) 4 Interest Rate Swap (IRS) derivative contracts, used to hedge the risk of interest rate fluctuations against a debenture loan and variable-rate bank loans (€3 million). Through derivative contracts, variable-rate liabilities are converted into fixed-rate liabilities from the effective date of the contract; (ii) 2 Over The Counter (OTC) commodity derivative contracts, used to hedge the risk of fluctuations in the price of natural gas and electricity (€1 million), related to the biomethane business.

The fair value of hedging derivative contracts, as well as the classification between current and non-current assets/liabilities, were determined on the basis of valuation models commonly used in the financial sector and on market parameters at the end of the period.

Information on the risks that are hedged by financial derivatives and the policies adopted by the company to hedge against those risks can be found in Note 27.5 'Financial Risk Management - Fair Value of Financial Instruments'.

Deferred charges (€30 million) mainly relate to up-front fees and substitute tax on revolving credit lines (€ 17 million).

Security deposits (€18 million) are paid in support of operating activities and mainly relate to the natural gas transportation sector.

Assets from contracts with customers (€28 million) relate to contract work in progress on biogas plants.

Other tax credits include Ecobonus/Sismabonus credits relating to energy efficiency projects (€345 million). The Snam Group, given its large fiscal capacity, plans to use these credits within the time frame provided for by current legislation.



14) CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €1,382 million (€1,757 million at 31 December 2022) mainly refer to the Parent Company's current accounts and bank deposits in euro with financial institutions (€1,209 million), which represent the use of liquidity held for the Group's financial needs, and cash received from subsidiaries (a total of €173 million).

The average yield on cash investments is approximately 3.4% and the investments are not subject to constraints on their use.

For an overall analysis of the financial situation and the main cash flows for the year, please refer to the Statement of Cash Flows.

15) TRADE AND OTHER RECEIVABLES

(million euros)	31.12.2022	31.12.2023
Trade receivables, including the provision for bad debts	4,344	4,519
Provision for bad debts	(100)	(160)
Total trade receivables	4,244	4,359
Other receivables		
- Other receivables from the Energy and Environmental Services Fund (CSEA)	260	78
- Advances to suppliers	50	39
- IRES receivables for national tax consolidation from the former parent company	10	3
- Receivables for contributions from individuals	50	2
- Other	10	24
Total other receivables	380	146
TOTAL TRADE AND OTHER RECEIVABLES	4,624	4,505

Trade receivables (€4,359 million, net of the provision for bad debt) are mainly related to the transportation segment (€2,738 million, referring mainly to receivables from users for additional components and the default service totalling €2,003 million and receivables from gas system balancing activities amounting to €106 million), energy transition (€1,381 million) and natural gas storage (€195 million).

Trade receivables include customer receivables related to energy efficiency projects (€1,208 million) pending conversion into Super-Ecobonus tax credits. The Snam Group, given its large fiscal capacity, plans to use these credits within the time frame provided for by current legislation.

Trade receivables include receivables related to the storage sector, including the credit for VAT invoiced to users in previous years for the use of strategic gas withdrawn and not restored (€77 million, unchanged from 31 December 2022)²⁶.

The fair value measurement of trade and other receivables, with the exception of credits originating from the provision of energy efficiency services included in the so-called superbonus, ecobonus/sismabonus and minor bonuses, does not produce significant effects considering the short period of time between the origination of the receivable and its maturity and the contractual terms.

26 For further details, see Note 27.3.2 "Recovery of receivables from storage system users".

The provision for bad debt (€160 million) mainly relates to: (i) receivables arising from the balancing service, in relation to resolution 608/2015/R/gas by which the Authority had ordered the partial recognition, for the gas balancing manager (Snam Rete Gas), of uncollected receivables relating to the period from 1 December 2011 to 23 October 2012 (€70 million, including related interest)²⁷; (ii) trade receivables related to the energy efficiency business, against a significant increase (+73%) in customer receivables, mainly attributable to the redevelopment and recovery of residential buildings (€59 million), in order to reflect the risk that some credits deriving from the superbonus are not transformed into tax credits..

Other receivables from CSEA mainly refer to receivables for the interruptibility service (€57 million) and output-based incentives (€12 million) of Snam Rete Gas.

There are no receivables in currencies other than the euro.

Receivables from related parties are indicated in Note 37 'Transactions with related parties'.

Specific information on credit risk is provided in Note 27.3 'Financial risk management - Credit risk'.

16) CURRENT AND NON-CURRENT INCOME TAX ASSETS/LIABILITIES

(million euros)	31.12.2022	31.12.2023
- Receivables from the tax authorities for IRES (corporation tax)	47	7
- Receivables from the tax authorities for IRAP (regional trade income tax)	3	8
TOTAL CURRENT INCOME TAX ASSETS	50	15
- Payables to the tax authorities for IRES (corporation tax)	(5)	(43)
- Payables to the tax authorities for IRAP (regional trade income tax)	(2)	(9)
- Other tax liabilities	(14)	(1)
TOTAL CURRENT INCOME TAX LIABILITIES	(21)	(53)

Current income tax liabilities (€53 million) mainly refer to the liability for current taxes accrued in 2023, relating to Snam S.p.A. and its subsidiaries, net of advances paid.

In relation to activities of a fiscal nature, it should be noted that, since the Group constantly invests in Research and Development and Technological Innovation activities, subsequent to the end of the current financial year, the calculations relating to the tax credit accrued on an accrual basis pursuant to Law no. 160/2019, paragraphs 198-207, as amended by Law no. 178/2020 and Law no. 234/2021, will be finalised, and the preparation of the documentation supporting this credit (so-called documentary expenses) will be completed. At the time of preparation of this document, no estimate of the amount of this tax credit was available.

Taxes for the year are illustrated in Note 34 'Income Taxes', to which reference is made.

27 Pursuant to the provisions of resolution 608/2015/R/gas, the Company set aside a provision for bad debts of approximately €125 million, of which €35 million was then released following the Council of State ruling of 5 March 2020. During the financial year 2021, €20 million was written off due to the conclusion of bankruptcy proceedings concerning a user. At 31 December 2023, the value of the provision for bad debt amounted to €70 million (the same as at 31 December 2022) and related to balancing receivables owing to the Company from certain customers with whom bankruptcy proceedings are in progress.



17) CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

(million euros)	31.12.2022						31.12.2023					
	Current financial liabilities		Non-current financial liabilities				Current financial liabilities		Non-current financial liabilities			
	Short-term liabilities	Short-term portion	Long-term portion due within 5 years	Long-term portion due after 5 years	Total long-term portion	Total debt	Short-term liabilities	Short-term portion	Long-term portion due within 5 years	Long-term portion due after 5 years	Total long-term portion	Total debt
Debenture loans		757	4,527	4,173	8,700	9,457	1,217	4,439	4,220	8,659	9,876	
Bank loans	150	479	1,335	896	2,231	2,860	250	753	1,756	790	2,546	3,549
Euro Commercial Paper - ECP	1,128					1,128	2,679					2,679
Other lenders	2		200		200	202	2	3	500		500	505
Financial payables for leased assets		7	18	8	26	33		8	22	13	35	43
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	1,280	1,243	6,080	5,077	11,157	13,680	2,931	1,981	6,717	5,023	11,740	16,652

17.1 Short-term financial liabilities

Short-term financial liabilities, amounting to €2,931 million, essentially relate to the issue of short-term 'unsecured' securities (Euro Commercial Paper) issued on the money market and placed with institutional investors (€2,679 million) and the use of uncommitted variable-rate bank credit lines (€250 million).

The weighted average interest rate on short-term financial liabilities is 3.86% (0.06% for the financial year 2022).

There are no short-term financial liabilities denominated in currencies other than the euro.

17.2 Long-term financial liabilities and short-term portion of long-term financial liabilities

Long-term financial liabilities, including the short-term portion of long-term liabilities, amounted to a total of €13,721 million and consisted of debenture loans (€9,876 million), bank loans (€3,299 million), term loans to the parent company Cassa Depositi e Prestiti (€503 million) and financial payables for leased assets (€43 million).



An analysis of the debenture loans, indicating the year of issue, currency, average interest rate and maturity, is shown in the following table.

(million euros)	Nominal Value 31.12.2022	Nominal Value 31.12.2023	Rate (%)	Issue (year)	Maturity (year)	Balance at 31.12.2022	Balance at 31.12.2023
Euro Medium Term Notes (EMTN)							
Bond 3.25% (a)	365	365	3.250	2014	2024	375	376
Bond 1.50% (a) (b)	155		1.500	2014	2023	157	
Bond 1.375% (a)	140		1.375	2015	2023	137	
Bond 0.875%	1,250	1,250	0.875	2016	2026	1,248	1,249
Bond 1.250% (a)	267	267	1.250	2017	2025	269	270
Floating Bond (c)	106	106	0.836	2017	2024	106	107
Bond 1.375% (a)	553	553	1.375	2017	2027	552	552
Bond 1.000% (a) (d)	423		1.000	2018	2023	425	
1.250% Bond (Climate Action Bond)	500	500	1.250	2019	2025	500	501
Bond 1.625%	250	250	1.625	2019	2030	252	252
Bond 0%	700	700	0	2019	2024	699	700
Bond 1%	600	600	1.000	2019	2034	592	593
Bond 0.75% (Transition bond)	500	500	0.750	2020	2030	499	500
Bond 0% (Transition bond)	600	600	0	2020	2028	597	598
Bond 0% (Transition bond)	500	500	0	2021	2025	500	500
Bond 0.75% (Transition bond) - TAP (e)	250	250	0.750	2021	2030	258	257
Bond 0.625% (Transition bond)	500	500	0.625	2021	2031	495	496
Bond 0.75% (Dual tranche Sustainability-Linked Bond)	850	850	0.750	2022	2029	846	847
Bond 1.25% (Dual tranche Sustainability-Linked Bond)	650	650	1.250	2022	2034	651	651
Bond 3.375% (Taxonomy-Aligned Transition Bond)	300	300	3.375	2022	2026	299	299
Bond 4% (EU Taxonomy-Aligned Transition Bond)		650	4.000	2023	2029		644
Total Euro Medium Term Notes (EMTN)	9,459	9,391				9,457	9,392
Bond 3.250% (EU taxonomy-aligned convertible transition bond)		500	3.250	2023	2028		484
TOTAL DEBENTURE LOANS	9,459	9,891				9,457	9,876

(a) Liability Management 2022 debenture loans.

(b) Debenture loan re-opened in January 2015 for an incremental amount of €250 million with interest rate and maturity similar to the original placement.

(c) Floating rate debenture loan, converted to a fixed rate through an Interest Rate Swap (IRS) hedging derivative contract.

(d) Debenture loan re-opened in November 2018 for an incremental amount of €300 million with interest rate and maturity similar to the original placement.

(e) True-up debenture loan.

There are no long-term bank loans denominated in currencies other than the euro.

The weighted average interest rate on drawn bank loans (excluding EIB loans) is 2.36% (0.36% for the financial year 2022).

The average maturity on long-term financial liabilities is 5.0 years (5.4 years for financial year 2022).

There are no breaches of clauses related to the financing contracts.

Snam also has undrawn committed credit lines totalling €6.2 billion.



Financial covenants and negative pledge contractual clauses

At 31 December 2023, Snam had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions.

Some of these agreements require, inter alia, compliance with commitments typical of international practice, some of which are subject to specific materiality thresholds, such as: (i) negative pledge commitments under which Snam and its subsidiaries are subject to limitations on the creation of security interests or other liens over all or part of their respective assets, shares or commodities; (ii) pari passu and change of control clauses; (iii) limitations on certain extraordinary transactions that the company and its subsidiaries may carry out; (iv) limits on the indebtedness of subsidiaries.

Failure to comply with these covenants, as well as the occurrence of other events, such as cross-default events, may result in a default by Snam and, possibly, may cause the related loan to become due in advance. Exclusively for the EIB loans, the lender has the option to request additional guarantees if Snam's rating is lower than BBB (Standard & Poor's/Fitch) or lower than Baa2 (Moody's), with at least two of the three rating agencies.

The occurrence of one or more of the aforementioned scenarios could have negative effects on Snam Group's results, financial position and cash flow, resulting in additional costs and/or liquidity issues.

At 31 December 2023, financial payables subject to these restrictive clauses amounted to approximately €3.8 billion.

Bonds issued by Snam at 31 December 2023, with a nominal value of approximately €9.9 billion, mainly referred to securities issued under the Euro Medium Term Notes programme. The covenants established for the programme's securities are typical of international market practice and consist of, inter alia, negative pledge and pari passu clauses. Specifically, under the negative pledge clause, Snam and its material subsidiaries are subject to limitations to pledging or maintaining encumbrances on all or part of their assets or proceeds to guarantee present or future debt, unless this is explicitly permitted.

17.3 Analysis of net financial debt

An analysis of net financial debt with evidence of related party transactions is shown in the table below:

(million euros)	31.12.2022	31.12.2023
A. + B. Cash and cash equivalents	1,757	1,382
C. Other current financial assets		
D. Liquidity (A + B + C)	1,757	1,382
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	1,280	2,931
F. Current portion of non-current financial debt (*)	1,243	1,981
G. Current financial debt (E + F)	2,523	4,912
<i>of which with related parties</i>	<i>1</i>	<i>4</i>
H. Net current financial debt (G - D)	766	3,530
I. Non-current financial debt (excluding current portion and debt instruments) (*)	2,457	3,081
J. Debt instruments	8,700	8,659
K. Trade and other non-current payables		
L. Non-current financial debt (I + J + K)	11,157	11,740
<i>of which with related parties</i>	<i>200</i>	<i>500</i>
M. Total financial debt (H + L)	11,923	15,270

(*) They include financial payables for leased assets recognised in accordance with IFRS 16 'Leases', of which €35 million are long-term and €8 million are short-term portions of long-term financial liabilities.

17.4 Reconciliation of net financial debt

In accordance with the provisions of IAS 7 'Statement of Cash Flows', the monetary and non-monetary changes in liabilities arising from financing activities and in the assets comprising net financial debt are shown below.

(million euros)	31.12.2022	Changes in cash flows	Changes without impacts on cash flows			31.12.2023
			IFRS 16 impact	Change in scope of consolidation	Other changes	
Cash and cash equivalents	1,757	(380)		4	1	1,382
Liquidity and financial receivables	1,757	(380)		4	1	1,382
Short-term financial payables	1,280	1,669		(18)		2,931
Long-term financial payables (*)	12,367	1,270		7	34	13,678
Financial payables for leased assets	33	(13)	19	4		43
Gross financial debt	13,680	2,926	19	(7)	34	16,652
Net financial debt	11,923	3,306	19	(11)	33	15,270

(*) Includes the long-term portions of long-term financial payables.

18) PROVISIONS FOR RISKS AND CHARGES

(million euros)	31.12.2022							
	Opening balance	Provisions	Increase for the passing of time	Uses		Change in scope of consolidation	Other changes	Closing balance
				for costs	for surplus			
Provision for decommissioning and site restoration	713		12	(7)		8	(228)	498
Provision for legal disputes	16	14			(9)			21
Provision for tax litigation	4	8			(1)			11
Other funds	49	13		(18)				44
TOTAL PROVISIONS FOR RISKS AND CHARGES	782	35	12	(25)	(10)	8	(228)	574

(million euros)	31.12.2023							
	Opening balance	Provisions	Increase for the passing of time	Uses		Change in scope of consolidation	Other changes	Closing balance
				for costs	for surplus			
Provision for decommissioning and site restoration	498		18	(2)		1	50	565
Provision for legal disputes	21	4		(1)	(4)			20
Provision for tax litigation	11	7						18
Other funds	44	27		(11)				60
TOTAL PROVISIONS FOR RISKS AND CHARGES	574	38	18	(14)	(4)	1	50	663



The provision for decommissioning and site restoration (€565 million) includes the estimated, discounted costs that will be incurred for the removal of structures and site restoration, referring mainly to the storage (€455 million) and natural gas transportation²⁸ (€79 million) sectors. The discounting was carried out using the rate corresponding to the yields of Euro Area Corporate Bonds with an 'AA' rating. The rate determined in this way is between 3% and 3.3%.

The final maturity in chronological order for disbursements related to the decommissioning and restoration of storage sector sites refers to the Bordolano concession, in the year 2041.

Other changes (€50 million) mainly refer to the effects of the reduction in expected discount rates, mainly related to the natural gas storage and transportation sector.

Other provisions for risks and charges (€60 million) mainly relate to: (i) the estimated charges that the Group's insurance company, Gasrule Insurance DAC, expects to incur for insured claims (€24 million); (ii) the provision for estimated probable tax liabilities (€7 million); (iii) the redundancy fund (€6 million).

The sensitivity²⁹ on the discount rate represents the change in the value of the liability that is obtained with the year-end valuation data, by varying the discount rate, subject to the other assumptions.

(million euros)	Variation discount rate	
	10% reduction	10% increase
Change in provision for decommissioning and site restoration at 31.12.2023	28	(26)

19) DEFERRED TAX LIABILITIES/ASSETS

(million euros)	31.12.2022	31.12.2023
Deferred tax liabilities, before offsetting	128	141
Offsetting with deferred tax assets	(77)	(82)
DEFERRED TAX LIABILITIES	51	59
Deferred tax assets, before offsetting	(408)	(457)
Offsettable deferred tax liabilities	77	82
DEFERRED TAX ASSETS	(331)	(375)

28 The costs refer to the estimated costs for the removal of the connection works to the Livorno LNG regasification terminal - OLT Offshore LNG Toscana.

29 For sensitivity purposes, only provisions for risks and charges with a significant accretion discount were considered.

Deferred tax liabilities and assets, before offsetting, are analysed below according to the nature of the most significant temporary differences:

(million euros)	31.12.2022					Closing balance	of which: IRES, corporation tax	of which: IRAP, regional trade income tax
	Opening balance	Changes recognised in the income statement	Impacts recognised in equity	Other changes	Change in scope of consolidation			
Depreciation and amortisation carried out for tax purposes only	58					58	58	
Decommissioning and site restoration	119			(119)				
Revaluations of property, plant and equipment	34	(3)		(5)	20	46	44	2
Capitalisation of financial expenses	6					6	5	1
Write-down of excess receivables	3					3	3	
Other temporary differences	10	2		(1)	4	15	13	2
Deferred tax liabilities, before offsetting	230	(1)		(125)	24	128	123	5
Decommissioning and site restoration	(200)	(1)		119		(82)	(70)	(12)
Non-deductible depreciation and amortisation	(203)	(32)				(235)	(233)	(2)
Provisions for risks and charges and other non-deductible provisions	(41)	1				(40)	(39)	(1)
Non-repayable and contractual grants	(18)	1				(17)	(15)	(2)
Employee benefits	(6)		2			(4)	(4)	
Other temporary differences	(29)	(6)	5	3	(3)	(30)	(24)	(6)
Deferred tax assets, before offsetting	(497)	(37)	7	122	(3)	(408)	(385)	(23)

(million euros)	31.12.2023					Closing balance	of which: IRES, corporation tax	of which: IRAP, regional trade income tax
	Opening balance	Changes recognised in the income statement	Impacts recognised in equity	Other changes	Change in scope of consolidation			
Depreciation and amortisation carried out for tax purposes only	58					58	58	
Revaluations of property, plant and equipment	46	(4)			3	45	43	2
Capitalisation of financial expenses	6					6	5	1
Write-down of excess receivables	3					3	3	
Other temporary differences	15	2		1	11	29	26	3
Deferred tax liabilities, before offsetting	128	(2)		1	14	141	135	6
Decommissioning and site restoration	(82)	(5)				(87)	(74)	(13)
Non-deductible depreciation and amortisation	(235)	(32)				(267)	(265)	(2)
Provisions for risks and charges and other non-deductible provisions	(40)	(12)				(52)	(52)	
Non-repayable and contractual grants	(17)					(17)	(15)	(2)
Employee benefits	(4)	(1)				(5)	(5)	
Other temporary differences	(30)		2		(1)	(29)	(18)	(11)
Deferred tax assets, before offsetting	(408)	(50)	2		(1)	(457)	(429)	(28)

20) LIABILITIES FOR EMPLOYEE BENEFITS

(million euros)	31.12.2022	31.12.2023
Employee severance indemnity (TFR)	20	21
Supplementary Healthcare Fund for Executives of Eni Companies (FISDE)	4	4
Other liabilities - employee benefits related to seniority bonuses	3	3
TOTAL LIABILITIES FOR EMPLOYEE BENEFITS	27	28

Liabilities for employee benefits, amounting to €28 million, were in line with the previous year.

Employee severance indemnity, governed by Article 2120 of the Italian Civil Code, includes the estimated obligation, determined on the basis of actuarial techniques, related to the amount to be paid to employees upon termination of employment. The indemnity, which is paid in the form of a lump sum, is equal to the sum of allowances calculated on the salary items paid in respect of the employment relationship and revalued up to the time of its termination. Due to legislative changes introduced as of 1 January 2007, for companies with more than 50 employees, a significant portion of the accrued severance indemnity is classified as a defined contribution plan, as the company's obligation is represented solely by the payment of contributions to pension funds, i.e., INPS. The liability relating to post-employment benefits prior to 1 January 2007 continues to represent a defined benefit plan to be measured using actuarial techniques.

FISDE includes the estimated costs, determined on an actuarial basis, related to the contributions to be paid for the benefit of serving³⁰ and retired executives.

FISDE provides supplementary healthcare benefits to Eni Group executives³¹ and retired executives whose last employment relationship was with the Eni Group in an executive capacity. FISDE is financed by the payment: (i) of contributions from member companies; (ii) of contributions from Members for themselves and their families; (iii) from ad hoc contributions for specific benefits. The amount of the liability and the cost of care are determined by taking as a reference for the estimated health care costs paid by the fund the contribution that the company pays to pensioners.

The Isopensione fund concerns the employer's costs arising from the application of the implementation agreement, in relation to the pension advance for employees, governed by Article 4, paragraphs 1-7 of Law no. 92/2012 (the so-called 'Fornero Law').

Seniority bonuses are benefits given upon reaching a minimum period of service in the company and are paid in kind in the form of goods and/or services.

³⁰ For serving executives, contributions are calculated from the year in which the employee retires and refer to the years of service already rendered.

³¹ The fund provides the same benefits to Snam Group executives.

The composition of and changes in liabilities for employee benefits, measured using actuarial techniques, are as follows:

(million euros)	31.12.2022				31.12.2023			
	Employee severance indemnity	FISDE	Other liabilities	Total	Employee severance indemnity	FISDE	Other liabilities	Total
LIABILITIES FOR EMPLOYEE BENEFITS AT THE BEGINNING OF THE YEAR	26	7	3	36	20	4	3	27
Costs related to current services (recognised under 'personnel costs')	1			1	1			1
Interest cost (recognised under financial expenses)					1			1
Actuarial (gains)/losses from past experience adjustments (recognised in other comprehensive income)					2			2
Actuarial (gains)/losses from changes in financial assumptions (recognised in other comprehensive income)	(5)	(3)		(8)				
Benefits paid	(2)			(2)	(3)			(3)
LIABILITIES FOR EMPLOYEE BENEFITS AT THE END OF THE YEAR	20	4	3	27	21	4	3	28

The table below shows the main actuarial assumptions used to value the liabilities at the end of the year and to determine the cost for the following year.

(million euros)	31.12.2022			31.12.2023		
	Employee severance indemnity	FISDE	Other liabilities	Employee severance indemnity	FISDE	Other liabilities
Discount rate (%)	4.0	4.0	4.0	3.4	3.4	3.4
Inflation rate (%) (*)	2.5	2.5	2.5	2.0	2.0	2.0

(*) With regard to other liabilities, the rate refers only to seniority bonuses.

The discount rate adopted was determined by taking into account bond yields of leading companies (Euro area corporate bonds and AA ratings).

The employee benefit plans recognised by Snam are subject, in particular, to interest rate risk, as a change in the discount rate could lead to a significant change in the liability.

The effects of a reasonably possible change in the discount rate at the end of the financial year are illustrated below. It should also be noted that any changes in mortality do not have a significant effect on the liability. The sensitivity on the discount rate represents the change in value of the liability that is obtained with the year-end valuation data, by varying the discount rate by a certain number of basis points, subject to other assumptions.

(million euros)	Variation in the discount rate	
Effect on net obligation at 31.12.2023	0.5% reduction	0.5% increase
Change in employee severance indemnity at 31.12.2023	1	(1)
Change in liabilities for FISDE at 31.12.2023	1	(1)



The maturity profile of employee benefit plan obligations is shown in the table below:

(million euros)	31.12.2022				31.12.2023			
	Employee severance indemnity	FISDE	Other liabilities	Total	Employee severance indemnity	FISDE	Other liabilities	Total
Within the next year	1			1	3			3
Within five years	5			5	8			8
Over five and up to ten years	11	1	1	13	7	1	1	9
Over ten years	3	3	2	8	3	3	2	8
TOTAL LIABILITIES FOR EMPLOYEE BENEFITS	20	4	3	27	21	4	3	28

The weighted average duration of employee benefit plan obligations is shown below:

(million euros)	31.12.2022			31.12.2023		
	Employee severance indemnity	FISDE	Other liabilities	Employee severance indemnity	FISDE	Other liabilities
Weighted average duration (years)	8	19	10	7	19	11

21) OTHER CURRENT AND NON-CURRENT LIABILITIES

(million euros)	31.12.2022			31.12.2023		
	Current	Non-current	Total	Current	Non-current	Total
Security deposits		1,382	1,382		1,040	1,040
Fuel gas	718	2	720	532	100	632
Regulatory liabilities	104	112	216	99	50	149
Other taxes	29		29	65		65
Market value of non-hedging financial derivatives					14	14
- IRPEF withholdings for employees	8		8	7		7
Liabilities for connection contributions		6	6		7	7
Other	9		9	10		10
TOTAL OTHER CURRENT AND NON-CURRENT LIABILITIES	868	1,502	2,370	713	1,211	1,924

Security deposits (€1,040 million) refer to payments received as guarantees, mainly from users of the balancing service, pursuant to resolution ARG/gas 45/11.

The item "Fuel gas" (€632 million), mainly attributable to the transportation segment (€524 million), principally refers to the liability recognised for the volumes of gas to be used for the operation of the system, in compliance with the provisions of resolution 165/2022/R/Gas "Urgent provisions for the allocation of storage capacity pursuant to Decree No. 138 of the Ministry of Ecological Transition, now the Ministry of the Environment and Energy Security of 1 April 2022".

Regulatory liabilities (€149 million) mainly relate to the transport sector (€105 million) for penalties charged to users who exceeded their committed capacity, to be returned to the system through tariff adjustments.

The market value of non-hedging financial derivatives (€14 million) relates to the embedded option component of the debenture loan convertible into Italgas S.p.A. ordinary shares.

22) TRADE AND OTHER PAYABLES

(million euros)	31.12.2022	31.12.2023
Trade payables for the purchase of goods and services	1,546	987
Total trade payables	1,546	987
Other payables		
Payables to the Cassa per i Servizi Energetici e Ambientali (CSEA)	5,571	4,037
- Payables for investment activities	519	938
- Interim dividend	369	378
- Payables to personnel	45	45
- Payables to social security institutions	25	25
- Others	54	56
Total other payables	6,583	5,479
TOTAL TRADE AND OTHER PAYABLES	8,129	6,466

Trade payables for the purchase of goods and services (€987 million) are mainly related to the transportation sector (€488 million, of which €169 million from balancing activities) and the energy transition sector (€350 million).

Liabilities for investment activities (€938 million) mainly relate to the transmission (€462 million) and natural gas storage (€93 million) sectors and also include estimated liabilities for contractually agreed earn-outs.

Payables to CSEA (€4,037 million) mainly refer to: (i) payables related to the retrocession of amounts obtained from the sale of gas volumes purchased for the last resort filling service in compliance with resolutions 274/2022/R/Gas and 3/2023/R/Gas (€2,062 million); (ii) payables for additional tariff components (€1,637 million); (iii) payables related to purchase and sale transactions carried out by the gas balancing manager (€247 million).

The interim dividend (€378 million) refers to the payable to shareholders for the 2023 interim dividend of €0.1128 per share, which was resolved on 8 November 2023. The interim payment was made starting from 24 January 2024.

Payables to related parties are illustrated in Note 37 'Transactions with related parties'.



23) EQUITY

(million euros)	31.12.2022	31.12.2023
Share capital	2,736	2,736
Treasury shares	(33)	(30)
Share premium reserve	611	611
Legal reserve	547	547
Cash flow hedge reserve	(39)	(32)
Reserve for defined benefit plans for employees	(4)	(6)
Fair value reserve for equity investments	(12)	(15)
Reserve for business combinations under common control	(674)	(674)
Other reserves	212	170
Total reserves	30	(10)
Profits from previous years	3,822	3,571
Interim dividend	(369)	(378)
Profit for the year	671	1,135
Total retained earnings	4,124	4,328
<i>Equity of the parent company</i>	<i>7,468</i>	<i>7,635</i>
<i>Minority interests</i>	<i>56</i>	<i>45</i>
TOTAL SHAREHOLDERS' EQUITY	7,524	7,680

23.1 Share capital

The share capital at 31 December 2023 consisted of 3,360,857,809 shares without nominal value (unchanged from 31 December 2022), with a total value of €2,735,670,475.56 (unchanged from 31 December 2022).

23.2 Treasury shares

The negative reserve for the purchase of treasury shares includes the purchase cost of 7,244,579 treasury shares at 31 December 2023 (8,101,437 treasury shares, equal to 0.24% of the share capital, at 31 December 2022, equal to 0.22% of the share capital), for a book value of €30 million (€33 million at 31 December 2022). The market value of treasury shares at 31 December 2023 amounts to approximately €34 million³².

32 Calculated by multiplying the number of treasury shares by the period-end official price of €4.655 per share.

In compliance with the provisions of Article 2428 of the Italian Civil Code, the treasury shares held by the Company at 31 December 2023 are analysed in the table below:

		Number of shares	Average cost (euro)	Total cost (million euros)	Share Capital (%)
Treasury shares at 31 December 2021		88,556,228	3.999	354	2.63
Movements 2022					
- Shares allocated for conversion of the Convertible Bond	(-)	79,444,888	3.998	318	
- Shares granted free of charge under the 2019 stock incentive plan	(-)	1,760,307	4.000	7	
- Purchases 2022 (sell to cover)	(+)	750,404	4.908	4	
Treasury shares at 31 December 2022		8,101,437	4.076	33	0.24
Movements 2023					
- Shares granted free of charge under the 2020 stock incentive plan	(-)	1,468,158			
- Purchases 2023 (sell to cover)	(+)	611,300			
Treasury shares at 31 December 2023		7,244,579	4.133	30	0.22

The reduction in the number of treasury shares compared to 31 December 2022 is attributable to the free assignment of 1,468,158 shares to Snam executives under the 2020 Share-based Incentive Plan, the vesting period of which expired in July 2023, and to the concurrent purchase, by the assignee executives, of 611,300 shares to cover the amount of taxes owed by the assignees.

The Ordinary Shareholders' Meeting of Snam, held on 4 May 2023, authorised, after revoking the resolution to authorise the purchase of treasury shares taken by the Ordinary Shareholders' Meeting on 27 April 2022, for the portion remaining unexecuted, the purchase of treasury shares, to be made on one or more occasions through one or more primary intermediaries appointed by Snam S.p.A., for a maximum duration of 18 months from the date of the Shareholders' Meeting, with a maximum disbursement of €500 million and up to a maximum of 4.5% of the share capital subscribed and released.



23.3 Share premium reserve

The share premium reserve at 31 December 2023 amounted to €611 million (the same as at 31 December 2022).

23.4 Reserves

Legal reserve

The legal reserve at 31 December 2023 amounted to €547 million (the same as at 31 December 2022) and had already reached one fifth of the share capital, as required by Article 2430 of the Italian Civil Code.

Cash flow hedge reserve

The cash flow hedge reserve (-€32 million, -€39 million at 31 December 2022, net of related tax effects) refers to the fair value measurement of hedging derivatives.

Changes in the reserve during the year are analysed below:

(million euros)	Gross reserve	Tax effect	Net reserve
BALANCE AT 01.01.2022	(70)	16	(54)
Changes in the financial year 2022	19	(4)	15
BALANCE AT 31.12.2022	(51)	12	(39)
Changes in the financial year 2023	10	(3)	7
BALANCE AT 31.12.2023	(41)	9	(32)

Reserve for defined benefit plans for employees

The reserve for defined employee benefit plans at 31 December 2023 (-€6 million; €-4 million at 31 December 2022) includes actuarial losses, net of the related tax effect, recognised in other comprehensive income, in accordance with IAS 19.

Fair value reserve for equity investments

The fair value reserve for equity investments at 31 December 2023 (-€15 million; -€12 million at 31 December 2022) includes the change in fair value of minority interests for which, upon initial recognition, Snam opted for measurement at FVTOCI ("fair value through other comprehensive income"). For more details, see Note 11 'Other current and non-current financial assets'.

Reserve for business combinations under common control

The reserve for business combinations under common control (€-674 million; likewise at 31 December 2022), recognised as part of a business combination under common control (BCUCC) carried out in 2009 with the former parent company Eni, relates to the value arising from the difference between the purchase cost of the investment in Stogit and the related equity attributable to the group at the date the transaction was completed.

Other reserves

Other reserves of €170 million (€212 million at 31 December 2022) mainly refer to the portions of other comprehensive income of investments accounted for using the equity method, in particular, to changes in the fair value of hedging derivatives.

23.5 Retained earnings

Retained earnings (€4,328 million) include:

- profits from previous years, amounting to €3,571 million (€3,822 million at 31 December 2022); the reduction of €251 million, compared to 31 December 2022, is due to the use of part of the retained earnings reserve for the distribution of the 2022 dividend;
- the advance payment of €378 million, equal to €0.1128 per share, approved on 8 November 2023 by the Board of Directors pursuant to Article 2433-bis, paragraph 5, of the Italian Civil Code. The interim payment was made on 24 January 2024, with ex-dividend date on 22 January 2024 and record date on 23 January 2024;
- profit for the financial year 2023, amounting to €1,135 million.

23.6 Dividends declared and distributed and dividends to be distributed

On 4 May 2023, the Ordinary Shareholders' Meeting of Snam S.p.A. resolved to distribute an interim dividend of €0.1651 per share, payable as of 21 June 2023 with ex-dividend date on 19 June 2023 and record date on 20 June 2023 (€553 million). The dividend for the financial year 2022 is therefore determined between an interim dividend of €0.1100 per share (€369 million), already distributed in January 2023, and the balance of €0.2751 per share.

The Board of Directors, in its meeting of 13 March 2024, proposed to the Shareholders' Meeting convened for 7 May 2024, the distribution of a dividend of €0.1692 per share, which will be payable as of 26 June 2024 with ex-dividend date on 24 June 2024 and record date on 25 June 2024. The dividend for the financial year 2023 is therefore determined between an interim dividend of €0.1128 per share (€378 million), already distributed in January 2024, and the balance of €0.2820 per share.

24) BUSINESS COMBINATIONS

Information on business combination transactions carried out during 2023, recognised in accordance with the provisions of IFRS 3 'Business Combinations' for which, as the definition of a Business Combination (BC) is applicable, Purchase Price Allocation (PPA) activities were performed, is presented below.

Acquisitions completed during 2023 that fall within the definition of 'Business Combinations' under IFRS 3

During 2023, control was acquired of 10 companies operating in the biogas/biomethane business. Consistent with the definition of the Group's CGUs, eight companies were included within the Biomethane Agri CGU³³ and two companies within the Biomethane Waste CGU³⁴.

For the purposes of the Annual Report 2023, the company made a preliminary allocation of the purchase price; the process of identifying the fair value of the assets and liabilities acquired will be completed in the following period, within 12 months of each respective acquisition date.

The acquisitions pertaining to the Biomethane Agri CGU were completed for a total consideration of €32 million, including the estimated earn-outs provided for in the contract. The preliminary allocation of the acquisition price resulted in the recognition of goodwill equal to €13 million and the recognition of €14 million allocated to intangible assets (attributable to the fair value of the authorisations of the plants held by the companies subject to acquisition), in addition to related deferred taxes of €4 million.

With reference to the acquisitions pertaining to the Biomethane Waste CGU, for a total consideration of €67 million including the estimated earn-outs contractually provided for, the preliminary allocation of the acquisition price resulted in goodwill of €11 million and the recognition of €32 million allocated to intangible assets and property, plant and equipment, in addition to related deferred taxes of €9 million.

33 The following companies were acquired: 1) Agriwatt Castel Goffredo Società Agricola a r.l., 2) Soragna Agroenergie Società Agricola S.r.l., 3) Zibello Agroenergie Società Agricola S.r.l., 4) Bietifin S.r.l., 5) Moglia Energia Società Agricola a r.l., 6) MST S.r.l., 7) Società Agricola Agrimetano Ro S.r.l., 8) Società Agricola Pozzonovo S.r.l..

34 The following companies were acquired: 1) CH4 Energy S.r.l., 2) Biowaste CH4 Legnano S.r.l.



25) NON-CONTROLLING INTERESTS OF SUBSIDIARIES

The economic and financial disclosures required by IFRS 12 for subsidiaries with significant non-controlling interests, with reference to the financial years ended 31 December 2022 and 31 December 2023, are presented below.

(million euros)	31.12.2022							Total
	Renovit S.p.A.	Evolve S.p.A.	Renovit Public Solutions S.p.A. (formerly Mieci S.p.A.)	TEP Energy Solution S.r.l.	Iniziativa Biometano S.p.A.	Other companies individually not relevant(*)	Intragroup eliminations consolidation adjustments	
Total assets	98	236	68	627	35			
Total liabilities	(21)	(211)	(39)	(604)	(4)			
TOTAL NET ASSETS	77	25	29	23	31			
Non-controlling interests %	39.95%	39.95%	39.95%	39.95%	49%			
- attributable to third parties	31	10	11	9	15	5	(25)	56
Net result	(1)	13		3	(1)			
OCI								
TOTAL COMPREHENSIVE INCOME	(1)	13	0	3	(1)			
Non-controlling interests %	39.95%	39.95%	39.95%	39.95%	49%			
- attributable to third parties		5		1	(1)		(4)	1

(*) It refers to nine companies.

(million euros)	31.12.2023							Total
	Renovit S.p.A.	Evolve S.p.A.	Renovit Public Solutions S.p.A. (formerly Mieci S.p.A.)	TEP Energy Solution S.r.l.	Other companies individually not relevant(*)	Intragroup eliminations consolidation adjustments		
Total assets	101	624	219	911				
Total liabilities	(26)	(576)	(176)	(901)				
TOTAL NET ASSETS	75	48	43	10				
Non-controlling interests %	39.95%	39.95%	39.95%	39.95%				
- attributable to third parties	30	19	17	4	4	(29)		45
Net result	(3)	23	14	(12)				
OCI								
TOTAL COMPREHENSIVE INCOME	(3)	23	14	(12)				
Non-controlling interests %	39.95%	39.95%	39.95%	39.95%				
- attributable to third parties	(1)	9	6	(5)		1		10

(*) It refers to two companies.

The main changes with respect to 31 December 2022 concern the development of companies related to the energy efficiency business, partly absorbed by the sale of Iniziativa Biometano S.p.A., a company 51% owned by Snam through its wholly-owned subsidiary Bioenergys S.r.l., finalised in October 2023.

26) GUARANTEES AND COMMITMENTS

The Group's guarantees and commitments are indicated below:

(million euros)	31.12.2022	31.12.2023
GUARANTEES GIVEN ON BEHALF OF COMPANIES UNDER JOINT CONTROL AND ASSOCIATED COMPANIES	1,230	1,129
of which:		
- associated company TAP	1,129	1,129
- company under joint control TAG	89	
- other associated companies	12	
GUARANTEES GIVEN ON BEHALF OF SUBSIDIARIES	632	371
TOTAL GUARANTEES	1,862	1,500
GROUP COMMITMENTS FOR THE PURCHASE OF GOODS AND SERVICES (*)	2,058	2,407
COMMITMENTS FOR THE SUBSCRIPTION OF INVESTMENT FUND UNITS	41	40
COMMITMENTS FOR THE SUBSCRIPTION OF SHARES	6	28
TOTAL COMMITMENTS	2,105	2,475

(*) The value includes legally binding orders at the reporting date.

26.1 Guarantees given on behalf of companies under joint control and associated companies

26.1.1 Guarantee provided on behalf of the associated company TAP

At present and until the repayment of the loan, a mechanism is in place to support the repayment of TAP's outstanding debt ('Debt Payment Undertaking') which would be activated, unlike the first-demand guarantee, released with reaching the 'Financial Completion Date' on 31 March 2021, upon the occurrence of specific and determined conditions linked to exceptional events of an extraordinary nature. The maximum pro-rata amount for Snam of the guarantee is €1,129 million.

The financial documentation signed in the context of the Project Financing concluded for TAP also provides for certain limitations for shareholders that are typical for transactions of this type, including: (i) a limitation on the possibility of freely disposing of shares in TAP according to certain timelines; (ii) the pledge of the shares held by Snam in TAP in favour of the lenders for the entire duration of the loan.

26.2 Guarantees given on behalf of subsidiaries

Guarantees given on behalf of subsidiaries (€371 million; €632 million at 31 December 2022) mainly relate to:

- (i) guarantees provided in favour of the Revenue Agency mainly on behalf of the subsidiaries Stogit, GNL, Greenture and Bioenerys Agri (€154 million);
- (ii) indemnities issued in favour of third parties as a performance bond (€76 million);
- (iii) the Parent Company Guarantee provided in the interest of Snam FSRU Italia S.r.l. issued with the signing of the Development Agreement for the engineering, procurement, modifications, installation and commissioning of the FSRU "BW Singapore", in favour of the contractor BW Fleet Management AS (€32 million).

26.3 Impegni del gruppo per l'acquisto di beni e servizi

Commitments for the purchase of goods and services (€2,407 million; €2,058 million at 31 December 2022) mainly relate to commitments undertaken with suppliers for the purchase of plant, property and equipment, and the provision of services related to investments in progress.

26.4 Commitments to subscribe to investment fund units and shares

Commitments to subscribe to investment fund units (€40 million; €41 million at 31 December 2022) concern: (i) Snam S.p.A.'s residual commitment to the Clean H2 Infra Fund (HY24) (€28 million), as part of the investment programme that the fund proposes to carry out over a total of six years from the final closing date (13 December 2023); (ii) commitments to the CDP Corporate Partners I - Energy Tech Fund (€12 million), as part of the investment programme that the fund proposes to carry out over a total of five years from the first closing date (18 May 2022). Such funds may be called up, even partially and in several tranches, upon the identification by the Fund of potential eligible investments pursuant to the Fund's Regulation.

Commitments for the subscription of shares (€28 million; €6 million at 31 December 2022) essentially refer to the agreements signed by Snam International B.V. as part of the transaction that led the latter to hold an equity investment in dCarbonX.

26.5 Other commitments and related risks not valued

Other commitments and related risks not valued mainly refer to commitments undertaken at the time of closing equity purchase transactions, intended to operate also after the date of execution of such transactions.

At 31 December 2023, the commitment was still in place related to the contract for the purchase from Eni of Stogit, for commitments related to the occurrence of future events, such as: (i) the possible different valuation of the gas owned by Stogit, compared to the valuation recognised by ARERA, the energy regulator, that could arise in certain contractually defined circumstances; (ii) the possible transfer of storage capacity that should become freely available on a negotiated basis and no longer regulated, or the transfer of concessions, among those held by Stogit, at the time of the transfer of the shares that may be dedicated primarily to storage activities no longer subject to regulation.

27) FINANCIAL RISK MANAGEMENT

27.1 Introduction

In the area of business risks, the main financial risks identified, monitored and, to the extent specified below, managed by Snam are as follows:

- the risk arising from exposure to interest rate fluctuations;
- the credit risk arising from the possibility of default by a counterparty;
- liquidity risk arising from a lack of financial resources to meet short-term commitments.

In relation to the risk of exposure to changes in exchange rates, due to the cases currently in place, the Snam group's exposure is currently limited with reference to transactional risk, while exposure to translation risk remains with reference to certain foreign subsidiaries that prepare their financial statements in currencies other than the euro. At present, it has been decided not to adopt specific hedging policies for these exposures. In this regard, it should be noted that the effects of exchange rate differences arising from the translation into the presentation currency (euro) of the functional currencies of these companies are recognised in the Statement of Comprehensive Income.

With regard to the risk arising from fluctuations in commodity prices, Snam's objective is to protect the value of cash flows from unfavourable movements in the risk component to which it has exposure, by trading derivative instruments in order to mitigate this price risk.

Financial risk management and control is overseen centrally by Snam and is aimed at defining and monitoring financial structure objectives and corresponding risk limits, in order to preserve financial sustainability and rating. Snam therefore develops strategies and Key Risk Indicators (KRI) for optimising and controlling the risk profile, taking into account the context in which it operates, the Risk Appetite Framework and the overall value system produced by the Group's businesses.

The following is a description of Snam's policies and principles for the management and control of financial risks, in accordance with the approach required by IFRS 7 - Financial Instruments: additional disclosures.

27.2 Risk of changes in interest rates

The risk of changes in interest rates relates to fluctuations in interest rates that affect the market value of the company's financial assets and liabilities, the level of net financial expenses, and, specifically, the level of revenues recognised in respect of regulated businesses.

Snam's objective is to optimise interest rate risk in pursuit of the objectives defined and approved in the Strategic Plan.

The Snam Group adopts a centralised operating organisational model. In accordance with this model, Snam's structures ensure that needs are covered through access to financial markets and the deployment of funds, in line with approved objectives, guaranteeing that the risk profile is maintained within defined limits.

At 31 December 2023, the Snam Group had used external financial resources in the form of debenture loans and bilateral and syndicated loan agreements with banks and other lenders, in the form of financial debt and bank credit lines at interest rates indexed to market benchmark rates, and in particular the Europe Interbank Offered Rate (Euribor), and at fixed rates. The exposure to the risk of changes in interest rates at 31 December 2023, taking into account the hedging transactions put in place, was about 30% of the group's total exposure (20% at 31 December 2022). At 31 December 2023, Snam had Interest Rate Swap (IRS) derivative contracts in place with a notional amount totalling €487 million. Hedges against interest rate changes refer to: (i) a variable-rate debenture loan maturing in 2024 (€106 million); (ii) variable-rate bank loans with maturities between 2032 and 2035 (a total of €381 million).

Although the Snam Group has an active risk management policy, consistent with the revenue recognition mechanism, an increase in interest rates on unhedged variable-rate debt could have a negative impact on the Snam Group's business and financial position. Despite considering the limited exposure to changes in interest rates, which is limited to 30% of the Group's total exposure and is fully attributable to the Euribor rate, a possible change in the method of calculating the latter and the related "fallback" clauses that may be formulated, could entail the need for the Snam Group to adjust the financial contracts that may be impacted by the aforementioned change and/or the management of forward-looking cash flows.

The following table shows the impact on equity and the net result for the year ended 31 December 2023 of a hypothetical positive and negative change of 10 basis points (bps) in interest rates actually applied during the year:

(million euros)	31.12.2023	
	Income statement result	
	Interest +10 bps	Interest -10 bps
Non-hedged variable-rate loans		
Effect of interest rate change	(3)	3
Impacts before tax effect	(3)	3
Tax effect	1	(1)
IMPACT NET OF TAX EFFECT	(2)	2

The effects on other components of comprehensive income, resulting from the above hypothetical change in variable-rate loans converted through IRS into fixed-rate loans, were less than €1 million.



27.3 Credit risk

Credit risk represents the company's exposure to potential losses arising from the failure of counterparties to meet their obligations. The non-payment or delayed payment of amounts due could adversely affect Snam's economic results and financial equilibrium. With regard to the risk of counterparty default in contracts of a commercial nature, credit management is entrusted to the responsibility of the business units and to Snam's centralised functions for activities related to credit recovery and any litigation management.

For trade receivables, provisions for bad debts reflect the value of expected losses over the life of the receivable and are determined on a collective basis according to the expected credit loss model, in line with the requirements of the relevant accounting standards, or on the basis of individual and analytical assessments for credit exposures that present specific risk elements (e.g., litigation or in the presence of detailed information available on the recoverability of the exposure). For further details, please refer to Note 5 'Significant Accounting Policies' - 'Non-derivative financial assets - receivables and debt securities'.

As far as regulated activities are concerned Snam provides its business services to 450 operators in the gas sector, taking into account that the top 10 operators account for about 64% of the entire market (Eni, Enel Global Trading and Edison in the top three places). The rules for customer access to the services offered are laid down by the Authority and are set out in the Codes, i.e. in documents that establish, for each type of service, the rules governing the rights and obligations of the parties involved in the process of selling and providing the services themselves, and that define contractual clauses which significantly reduce the risks of non-compliance by customers. The Codes provide for the granting of guarantees to cover the obligations undertaken. In certain cases, if the customer has a credit rating issued by leading international bodies, the furnishing of these guarantees may be mitigated. The regulatory framework has also provided for specific clauses in order to guarantee the neutrality of the entity in charge of the Balancing activity, which has been carried out since 1 December 2011 by Snam Rete Gas in its capacity as a major transportation company. In particular, the current balancing regulation requires Snam, on the basis of economic merit criteria, to operate mainly by buying and selling via the GME balancing platform, in order to guarantee the resources necessary for the safe and efficient movement of gas from the entry points to the withdrawal points, to ensure the constant balance of the network. For regulated assets, the model for determining expected losses considers the guarantee and hedging mechanisms described above.

Within the activities relating to the energy efficiency business, the credit risk is strongly mitigated by the use of incentive tools (Ecobonus-Sismabonus-Superbonus) (however influenced by the risk of managing the obligations relating to "Superbonus" and "Minor Bonus") which guarantee financial coverage of significant portions of the amounts of the interventions.

Snam's maximum exposure to credit risk at 31 December 2023 is represented by the book value of the financial assets shown in the financial statements, commented on in Note 15 'Trade and other receivables'.

The breakdown of trade and other receivables by seniority is shown below, with an indication of the gross value and the value net of the provision for bad debt:

(million euros)	31.12.2022			31.12.2023		
	Trade receivables (*)	Other receivables	Total	Trade receivables (*)	Other receivables	Total
Receivables not past due	3,686	380	4,066	3,624	146	3,770
Receivables past due	558		558	735		735
- 0 to 3 months	345		345	189		189
- 3 to 6 months	60		60	19		19
- 6 to 12 months	23		23	315		315
- over 12 months	130		130	212		212
Total trade and other receivables	4,244	380	4,624	4,359	146	4,505

* The exposure is net of past due and impaired loans amounting to €160 million (€100 million at 31 December 2022).

The net book value of trade receivables due at 31 December 2023 and not written down, amounting to €735 million, mainly refers to trade receivables of companies operating in regulated businesses; in particular the item refers to: (i) the transportation segment (€589 million), mainly for receivables from users related to default service items. For these receivables, the hedging mechanisms provided for in the current regulatory framework are in place; (ii) the storage sector (€77 million), in particular VAT invoiced to users for the use of strategic gas unduly withdrawn and not restored by them within the deadlines established by the Storage Code during the 2010 and 2011 financial years. As provided for by regulations in force, VAT variation notes may be issued at the end of insolvency proceedings and enforcement procedures that have remained unsuccessful.

The following is a description of debt collection activities involving certain users of the transmission and balancing system as well as the storage system.

27.3.1 Recovery of receivables from certain users of the transmission and balancing system

The balancing service ensures the security of the network and the proper allocation of costs among market players. Balancing has a dual meaning: physical and commercial. The physical balancing of the system is the set of operations by which Snam Rete Gas, through its Dispatching Department, controls the flow parameters (flow rates and pressures) in real time in order to guarantee the safe and efficient movement of gas from the injection points to the withdrawal points at all times. Commercial balancing is the set of activities necessary for the correct scheduling, accounting and allocation of the gas transported, as well as the system of fees that incentivises users to maintain equality between the quantities injected into and withdrawn from the network.

Pursuant to the current balancing regime, introduced by resolution ARG/gas 45/11, which entered into force on 1 December 2011, Snam Rete Gas, in its capacity as Balancing Manager, is required to procure the quantities of gas necessary to balance the system and offered on the market by the Users, through a dedicated platform of Gestore dei Mercati Energetici (GME) and, consequently, provides for the economic regulation of individual unbalanced positions through purchases and sales of gas on the basis of a reference unit price (the so-called principle of economic merit). The Company is also obliged to recover sums used from non-payers to settle their unbalanced positions.

Unpaid receivables for the period between 1 December 2011 and 23 October 2012

The regulatory framework initially established by the Authority with resolution ARG/gas 155/11 obliged users to provide specific guarantees to cover their exposure and, where Snam Rete Gas had acted diligently and failed to recover the costs connected with the provision of the service, these costs would be recovered through a specific fee determined by the Authority.

With its subsequent resolution 351/2012/R/gas³⁵, the Authority provided for the application of the CVBL variable unit fee to cover uncollected amounts owing, arranging for the costs to be recovered to be paid in instalments over a minimum of 36 months with a maximum monthly amount of €6 million.

The Authority subsequently started a fact-finding investigation into the manner in which the balancing service was provided for the period between 1 December 2011 and 23 October 2012³⁶. The investigation was closed by the Authority's resolution 144/2013/E/gas of 5 April 2013. On the same date, the Authority: (i) initiated the procedure for the determination of the share of costs resulting from uncollected credits, to be paid to the gas balancing manager, for the period from 1 December 2011 to 23 October 2012; (ii) initiated six sanctions proceedings aimed at establishing violations in the area of natural gas balancing services.

With reference to the investigation mentioned in point (i) above, resolution 608/2015/R/gas closing the proceeding was issued, whereby the Authority decided not to recognise a portion of the uncollected amounts owing in relation to specific cases that were the subject of the investigation, without prejudice to Snam Rete Gas's right to retain the receivables relating to the economic balancing items, which may have already been recovered. The Company challenged resolution 608/2015/R/gas before the Regional Administrative Court of Milan, which partially upheld the appeal filed by the Company with ruling no. 942/2017, which in turn was partially challenged by the Company and the Authority. The ruling was then confirmed by the Council of State ruling no. 1630/2020.

35 The aforementioned resolution was annulled by the ruling of the Regional Administrative Court of Milan no. 1587/2014, in relation to the obligation for Users to pay the CVBL fee of €0.001/Sm³ as from 1 October 2012. With the subsequent resolution 372/2014/R/gas, the coefficient was redetermined as the same amount of 0.001 €/Sm³.

36 The time span covered by the fact-finding investigation initially limited to the period from 1 December 2011 to 31 May 2012 was subsequently extended to 23 October 2012.

During the above-mentioned period under investigation, Snam Rete Gas, after having terminated the transportation contracts of the six users involved in the above-mentioned sanctions proceedings, as they were in arrears or in any case in breach of the obligations envisaged in the sector regulation and the Network Code regarding balancing, commenced debt collection actions in respect of the economic items of the balancing and transportation service.

The competent Judicial Authorities issued eleven provisionally enforceable injunctions, six of which relate to receivables attributable to the balancing service and five to receivables for the transportation service³⁷, for which Snam Rete Gas has commenced enforcement proceedings that have led to the recovery of negligible amounts with respect to the overall debt position of the Users, also in consideration of the bankruptcy proceedings that have been commenced by all the Users in question.

In particular, at present:

- five users have been declared bankrupt. In relation to all five Users, Snam Rete Gas obtained proof of claim in the bankruptcy proceedings for the entire claimed amount, plus interest. As part of one of the aforementioned proceedings, a proposal for composition was filed and approved by the majority of the creditors; the bankruptcy proceedings, following the final distribution, were closed. A second procedure was also recently closed after approval and execution of the final distribution;
- one User submitted an application for admission to a creditor arrangement procedure and the Judicial Authority issued the order approving the arrangement³⁸.

Unpaid receivables after 23 October 2012

In 2013, two additional transportation contracts were terminated and Snam Rete Gas took legal action, obtaining three injunctions for payment, two of which related to receivables attributable to the balancing service and one to the transportation service. Both Users filed objections and the related lawsuits were declared discharged, resulting in the consolidation of the titles acquired by Snam Rete Gas. The enforcement proceedings initiated led to the recovery of negligible amounts with respect to the overall debt position of the Users, who were subsequently declared bankrupt. Snam Rete Gas duly filed its claim in the respective insolvency proceedings. The insolvency proceedings were both concluded with the recovery of minimal amounts in relation to the bankrupt entity's total debt.

³⁷ Some of the aforementioned injunctions were opposed by the users concerned. In particular, three users, in addition to requesting that the provisional enforceability be suspended and that the injunctions be revoked and/or declared null and void, voidable and/or in any event of no effect, have brought counterclaims seeking an order that Snam Rete Gas pay compensation for the damages they allegedly suffered. The opposition proceedings brought by them were declared discharged with the consequent lapse of the counterclaim and res judicata of the injunctions.

³⁸ A complaint was lodged against the approved decision before the Court of Appeal of Turin, and - given the confirmatory order adopted by the same Court - an appeal was lodged before the Supreme Court of Cassation.

In 2014, a further transportation contract was terminated and Snam Rete Gas initiated credit recovery actions, obtaining two provisionally enforceable injunctions, one of which related to receivables attributable to the balancing service and one to the transportation service. The User, moreover, was declared bankrupt and Snam Rete Gas's proof of claim in the bankruptcy proceedings was admitted for the entire amount claimed, plus interest.

Finally, in 2015, a further transportation contract was terminated and Snam Rete Gas initiated the related debt collection actions, obtaining two provisionally enforceable injunctions against the User, one relating to receivables attributable to the balancing service and one to the transportation service. Recently, the User was declared bankrupt and Snam Rete Gas duly filed its claims in the bankruptcy proceedings. In view of the bankrupt entity's insolvency, the bankruptcy proceedings came to an end.

Snam Rete Gas, as already acknowledged in the provisionally enforceable injunctions issued by the Judicial Authority, has behaved correctly and in compliance with the provisions of the transportation contract, the Network Code and in general applicable legislation.

Lastly, it should be noted that the Public Prosecutor's Office at the Court of Milan ordered, on 12 February 2016 during preliminary investigations, the preventive seizure as a matter of urgency of movable and immovable property belonging to companies and persons traceable in various ways to five of the above-mentioned Users, and in May 2017 closed the investigation, charging the suspects with conspiracy to commit aggravated fraud against Snam Rete Gas. At the preliminary hearing, set for 19 December 2018, the Judge admitted Snam Rete Gas as civil plaintiff. The Court granted the preliminary requests and declared the trial open.

The criminal proceedings ended with a conviction, on 15 February 2023, against the defendants Mr. Giuli and Mr. Moretti, both sentenced respectively to 9 years and 5 years and 6 months of imprisonment, as well as to the payment (as compensation for damages) of a provisional sum of €8 million in favour of Snam Rete Gas, in addition to the reimbursement of legal costs. An appeal was lodged against the sentence, in the interest of Snam Rete Gas, on 28 June 2023, limited to the civil terms. Notification of the date of the hearing before the Court of Appeal of Milan is pending.

These criminal proceedings arose as a result of the criminal complaint (and subsequent supplementary acts) that Snam Rete Gas had filed, as the injured party, in October 2012 for the crimes of forgery and aggravated fraud.

27.3.2 Recovery of receivables from storage system users

Withdrawals from strategic storage carried out by three Users, invoiced by Stogit and not restored by the User within the terms set out in the Storage Code

Following withdrawals from strategic storage by a User in 2010, Stogit initiated debt collection actions, obtaining an injunction with provisional enforceability confirmed in the summons filed by the counterparty. Appropriate enforcement actions were consequently initiated.

In relation to withdrawals and the failure to restore strategic gas also in the first few months of 2011, Stogit requested and obtained a second provisionally enforceable injunction for the additional amounts accrued.

In addition, emergency proceedings were initiated for all unduly withdrawn gas to be restored, which ended with the conviction of the debtor, who also had their subsequent application for injunctive relief rejected.

In 2012, the aforementioned User and two other Users (who also defaulted with Stogit) were admitted to the creditor arrangement procedure, in which Stogit duly settled their claims.

Moreover, following sub-proceedings to revoke the arrangement, the Court of Asti declared the bankruptcy of two of the aforementioned Users. In both cases, Stogit promptly applied for proof of claim in the bankruptcy proceedings and its claims were admitted.

On the other hand, the arrangement procedure concerning the third User is continuing, for which approval has been obtained and against which a claim has been filed by one of the creditors. The Turin Court of Appeal gave confirmation and, the appeal is currently pending before the Court of Cassation.

Withdrawals from strategic storage carried out by a User, invoiced by Stogit and not restored by the User within the terms set out in the Storage Code, attributable to the thermal years 2010-2011 and 2011-2012

Stogit brought an action before the Civil Court of Milan for the purpose of obtaining a provisionally enforceable order of payment injunction pursuant to Article 186 ter against a User.

At present, even after partial amounts of gas had been restored after the court action had been taken, approximately 23.6 million Sm³ still have to be returned to Stogit.

Stogit then took appropriate enforcement actions.

The Court of Rome then declared the user bankrupt and Stogit filed its claim, which was admitted to the bankruptcy proceedings.

Withdrawals from strategic storage made by a User, invoiced by Stogit and not restored by the User within the terms set out in the Storage Code, attributable to the months of October and November 2011

Stogit brought an action before the Civil Court of Milan, seeking to obtain the issue of a provisionally enforceable order of payment injunction against undue withdrawals, in respect of which approximately 56.0 million Sm³ still had to be repaid to Stogit.

While the proceedings were pending, the Court of Rome declared the User bankrupt. Consequently, the Civil Court of Milan declared the end of the legal action and Stogit therefore filed its claim, which was admitted to the bankruptcy proceedings, in which the final distribution of assets was made and, consequently, in 2020, the proceedings were closed with no amounts paid in favour of the Company.

27.4 Liquidity risk

Liquidity risk represents the risk that, due to the inability to raise new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company is unable to meet its payment commitments, thus causing an impact on the economic result in the event that the company is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that puts the company's business at risk.

Snam's Risk Management objective is to put in place, within the framework of the Strategic Plan, a financial structure that is consistent with business objectives and guarantees an adequate level of liquidity for the Group, minimising the related opportunity cost and maintaining a balance in terms of duration and debt composition.

Snam's goal is therefore to maintain a balanced debt structure, in terms of the composition between debenture loans and bank receivables and the availability of undrawn committed bank credit lines, in keeping with the business profile and regulatory context in which Snam operates.

In addition, the financial market is characterised by a steady growth in sources of financing for companies that are able to improve the environmental impact of their investments. Investor interest is linked to and conditional on the ability of the companies themselves to achieve certain goals in terms of environmental sustainability.

With a view to the correct management of liquidity risk, the diversification of funding sources, including the use of sustainable finance instruments, is therefore crucial to guaranteeing companies broad access to financial markets at competitive costs, with consequent positive effects on their financial position and performance.

Likewise, for Snam, the failure to achieve certain KPIs in the ESG area, within the Group's general objective of making its business more sustainable in the medium to long term, could lead to higher financing costs or the failure to access certain sources of financing.

Mitigating this risk also involves Snam's extreme focus on ESG issues, traditionally a significant and structured part of the company's strategy. Consistent with this approach, since 2018, Snam has increasingly used sustainable finance instruments, reaching the target of 80% of total 'committed' sources in 2023 three years early. With the presentation of the 2023-27 Strategic Plan, the target was raised to 85% of total funding, to be reached by 2027.

Specifically, in 2023, Snam issued on the bond market (i) in September, its first EU Taxonomy-Aligned Transition Bond convertible into existing Italgas ordinary shares and maturing in 2028 for a nominal amount of €500 million, and (ii) in November, its second EU Taxonomy-Aligned Transition Bond for €650 million to finance energy transition projects and, in particular, the Eligible Projects defined in Snam's Sustainable Finance Framework published in November 2021. During the year, Snam also finalised with major relationship banks (i) bank loans for €1.4 billion, in a Green loan and KPI-linked format (ii) a KPI-linked Revolving Credit Facility (RCF) with a pool of banks for a total amount of €1.8 billion, backed by a SupportItalia guarantee issued by SACE covering 80% of the amount. Lastly, in November 2023, Snam renewed its Euro Commercial Paper programme, increased from €2.5 billion to €3.5 billion and associated with environmental and social sustainability objectives in line with the sustainable loan, obtaining for the instrument an initial ESG rating of EE assigned by the ESG rating company Standard Ethics, increased to EE+ during 2022 and confirmed in November 2023.

In this regard, it should be noted that: (i) in February 2024, a new Sustainable Finance Framework was published for the issue of green and sustainability-linked financial instruments to reinforce the company's continued commitment to the energy transition; (ii) Snam received a Second Party Opinion from ISS; (iii) based on the new framework, a €1.5 billion sustainable loan was issued in February 2024, in dual tranches with the first €500 million Snam Green Bond and a €1 billion Sustainability-Linked Bond (SLB).

Lastly, at 31 December 2023, Snam had unused committed long-term credit lines worth approximately €6.2 billion, of which: (i) pooled credit lines of €5.0 billion; (ii) Revolving Credit Facilities (RCF) for a total of 1.2 billion. At 31 December 2023, Snam had a Euro Medium Term Notes (EMTN) programme in place for a maximum total nominal value of 13 billion, of which €9.4 billion drawn, and a Euro Commercial Paper Programme (ECP) for a maximum total nominal value of €9.4 billion, of which €2.7 billion drawn at 31 December 2023.

Snam's cash and cash equivalents mainly refer to current accounts and bank deposits that are readily collectable.

The Group's main long-term financial debts contain covenants typical of international practice concerning, inter alia, negative pledge and pari passu clauses. Failure to comply with these clauses, as well as the occurrence of other events, such as cross-default events, may result in Snam's default and, possibly, may cause the related loan to become due in advance, leading to additional costs and/or liquidity problems. Commitments do not include covenants requiring compliance with economic and/or financial ratios.

Among the factors that define the risk perceived by the market, creditworthiness, assigned to Snam by rating agencies, plays a decisive role since it influences the ability to access sources of financing and the related economic conditions. A worsening of this creditworthiness could, therefore, limit access to the capital market and/or increase the cost of financing sources, with consequent negative effects on the Group's financial position and performance.

Snam's long-term rating is equal to: (i) Baa2 with a stable outlook, confirmed on 9 February 2024 by Moody's Investor Services; (ii) BBB+ with a stable outlook, confirmed on 27 February 2024 by Standard & Poor's Global Rating ('S&P'); (iii) BBB+ with a stable outlook, confirmed on 28 March 2024 by Fitch Ratings ('Fitch'). Snam's long-term rating by Moody's, Fitch and Standard & Poor's is a notch higher than that of Italian sovereign debt. Based on the methodology adopted by Moody's and S&P, a one notch downgrade of the Italian Republic's current rating would trigger a likely corresponding downward adjustment of Snam's current rating. In this regard, it should be noted that on 17 November 2023 Moody's confirmed the rating of the Italian Republic, improving the outlook to stable from negative; this action led to the revision of Snam's outlook from negative to stable on 21 November 2023. The next rating agency reviews for the Italian Republic are scheduled for 19 April 2024 for S&P, 3 May 2024 for Fitch, and 31 May 2024 for Moody's.

Although the Snam Group has relationships with diversified counterparties with a high credit standing, based on a policy of managing and continuously monitoring their active credit risk, the default of an active counterparty or the difficulty of selling off assets on the market could have a negative impact on the Snam Group's financial position and performance.

The following table shows the amounts of contractually due payments related to financial debts and liabilities for leased assets, including interest payments, and liabilities for derivative instruments:

(million euros)	Book value at 31.12.2022	Contractual cash flows						
		Total flows	2023	2024	2025	2026	2027	After
Bank loans	2,860	2,851	618	721	237	152	227	896
Debenture loans (*)	9,457	9,459	718	1,171	1,267	1,550	553	4,200
Euro Commercial Paper - ECP	1,128	1,130	1,130					
Interest on loans	803	803	147	132	111	96	70	247
Financial payables for leased assets	33	33	7	6	5	5	2	8
Other lenders	202	202	2				200	
Trade payables and other payables	8,129	8,129	8,129					
TOTAL CONTRACTUAL FLOWS OF FINANCIAL LIABILITIES	22,612	22,607	10,751	2,030	1,620	1,803	1,052	5,351

(*) Future payments include the cash flow generated by hedging derivative contracts.

(million euros)	Book value at 31.12.2023	Contractual cash flows						
		Total flows	2024	2025	2026	2027	2028	After
Bank loans	3,549	3,527	980	486	916	241	113	791
Debenture loans (*)	9,876	9,891	1,172	1,267	1,550	552	1,100	4,250
Euro Commercial Paper - ECP	2,679	2,681	2,681					
Interest on loans	1,034	1,034	247	202	171	116	91	207
Financial payables for leased assets	43	43	9	8	6	4	3	13
Other lenders	505	502	2			500		
Trade payables and other payables	6,466	6,466	6,422	43	1			
TOTAL CONTRACTUAL FLOWS OF FINANCIAL LIABILITIES	23,118	24,144	11,513	2,006	2,644	1,413	1,307	5,261

(*) Future payments include the cash flow generated by hedging derivative contracts.

With reference to the timing of payments in respect of trade and other payables, please refer to Note 22 'Trade and other payables'.



27.5 Fair value of financial instruments

accordance with IFRS 13, according to the fair value hierarchy defined according to the significance of the inputs used in the valuation process. In particular, depending on the characteristics of the inputs used for valuation, the fair value hierarchy has the following levels:

- a) **Level 1:** quoted prices (unmodified) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) **Level 2:** inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
- c) **Level 3:** inputs are unobservable inputs.

In connection with the above, assets and liabilities measured at fair value at 31 December 2023 are classified as follows:

(million euros)	Notes	Fair Value				Fair Value			
		Balance at 31.12.2022	Level 1	Level 2	Level 3	Balance at 31.12.2023	Level 1	Level 2	Level 3
Minority investments accounted for at FVTOCI	(11)	52	13		39	50	9		41
Contingent consideration (earn-out) (a)		25			25	282			282
Securities and fund units	(11)	2		2		7		7	
Assets for hedging derivatives	(13)	4		4		4		4	
- rates		4		4		3		3	
- commodities						1		1	
Liabilities for non-hedging financial derivatives	(21)					(14)		(14)	

(a) This item is classified in Note 22 'Trade and Other Payables - Investment Payables'.

Minority equity investments valued at FVTOCI (€50 million) essentially refer to the companies Adriatic LNG and Storegga Limited, classified as Level 3, and the company ITM Power, classified as Level 1.

Contingent considerations (€282 million), classified as Level 3, refer to the estimated earn-outs contractually agreed upon in the context of transactions to acquire equity investments.

Securities and fund units (€7 million), classified as level 2, relate to units in the Clean H2 Infra Fund (HY24) and CDP Corporate Partners I - Energy Tech Fund.

Financial derivative assets for hedging purposes (€4 million), classified as level 2, refer to derivative contracts used to hedge the risk of fluctuations in interest rates and commodity prices.

Financial derivative liabilities for non-hedging purposes (€14 million), classified as level 2, refer to the optional component embedded in the debenture loan convertible into Italgas S.p.A. ordinary shares.

During 2023, there were no transfers between the different levels of the fair value hierarchy.

27.6 Financial assets and financial liabilities not measured at fair value

The table below shows, for each class of assets and liabilities not measured at fair value in the Statement of Financial Position, but for which fair value must be disclosed, the fair value at the end of the period in which the valuation was made³⁹:

(million euros)	Balance at 31.12.2022	Fair value at 31.12.2023	Level 1	Level 2	Level 3	Balance at 31.12.2023	Fair value at 31.12.2023	Level 1	Level 2	Level 3
Long-term financial receivables (a)	102	95		95		82	83		83	
Debenture loans (b)	(9,351)	(8,089)	(8,089)			(9,769)	(8,977)	(8,977)		
- fixed rate	(9,351)	(8,089)	(8,089)			(9,769)	(8,977)	(8,977)		
Bank loans (b)	(1,460)	(1,369)		(1,369)		(1,326)	(1,251)		(1,251)	
- fixed rate	(1,460)	(1,369)		(1,369)		(1,326)	(1,251)		(1,251)	

a) For further details, please refer to Note 11 'Other current and non-current financial assets'.

b) For further details, see Note 17 'Current and non-current financial liabilities'.

27.7 Other information on financial instruments

The value at which financial instruments are recognised and their economic and equity effects are analysed as follows:

(million euros)	Notes	Income (expenses) recognised in			Income (expenses) recognised in		
		Balance at 31.12.2022	Profit and loss account	Other components of comprehensive income	Balance at 31.12.2023	Profit and loss account	Other components of comprehensive income
Trade and other receivables	(15)	4,624	(17)		4,505	(61)	
Ecobonus/Sismabonus Credits	(13)	85	1		345	13	
Financial receivables measured at amortised cost (a)	(11)	118	17		102	8	
Minority investments accounted for at FVTOCI	(11)	52		(44)	50	5	(3)
Hedging derivatives measured at fair value (b)	(13)	4		20	4		10
Non-hedging derivatives measured at fair value (a)	(21)				(14)	2	
Current and non-current financial liabilities measured at amortised cost (a)	(17)	(13,680)	(175)		(16,552)	(295)	
Trade and other payables (c)	(22)	(8,129)	(30)		(6,466)	(17)	

(a) The economic effects were recognised under 'Net financial expenses'.

(b) The effects on the income statement relate to the ineffective portion, if any. The differentials related to the hedging portion were recognised to net the economic effects of the related hedged instrument.

(c) The economic effects, relating to the fair value measurement of contractually agreed earn-outs, were recognised under 'Net financial expenses'. In 2022, they were mainly recognised under 'Net income from equity investments'.

39 Please note that we have excluded from the table assets and liabilities natively at variable interest rates and financial liabilities for leased assets.



28) CRIMINAL AND TAX LITIGATION AND PROCEEDINGS WITH THE REGULATORY AUTHORITY ARERA

Snam is a party in civil, administrative and criminal proceedings and in legal actions related to the normal course of its business. Based on the information currently available, taking into account the existing risks, Snam believes that no material adverse effects will result from these proceedings and actions.

In addition to the information given in Note 18 'Provisions for risks and charges', a summary of the most significant proceedings is given below; unless otherwise indicated, no provision has been made for the disputes described below because the Company believes that an unfavourable outcome of the proceedings is unlikely, or because the amount of the provision cannot be reliably estimated.

At 31 December 2023, risks for damages and disputes relating to litigation in progress, but where the risk of losing the case is not considered probable, amounted to €61 million (€42 million at 31 December 2022).

28.1 Criminal litigation

Snam Rete Gas S.p.A. - Pineto event

On 6 March 2015, in Mutignano, a landslide hit the San Benedetto Del Tronto-Chieti section of the Ravenna-Chieti gas pipeline for about ten metres, causing it to rupture and the consequent leakage of gas, with a subsequent fire due to the simultaneous fall of an electricity pylon.

In relation to the event, the Public Prosecutor's Office at the Court of Teramo immediately opened an investigation, hypothesising the crime of unintentional negligent disaster and negligent forest fire. At the outcome of the investigation, the Public Prosecutor's Office requested the indictment of Snam Rete Gas technicians and technical managers. The Judge for the Preliminary Hearing of the Court of Teramo, at the outcome of the preliminary hearing, issued the decree ordering the trial on 03 October 2018. At the first pre-trial hearing on 10 January 2019, the Presiding Judge ordered the transfer of the proceedings to a single judge functionally competent in relation to the offences charged against the defendants. On 17 September 2020, the first pre-trial hearing took place, at which all parties formulated their requests for evidence. In the many subsequent hearings, which lasted from 2019 to 2023, there was the examination and cross-examination of the witnesses and technical experts of the Prosecution, as well as the examination and cross-examination of the technical experts appointed by the defendants' defence. At the end of the pre-trial hearing, in November 2023, the indictment of the Public Prosecutor took place, and in January 2024, the defence arguments of the defendants were made. At the hearing on 06 February 2024, the judge acquitted all defendants 'because the fact does not exist'. The deadline for filing the grounds of the judgment was set at 90 days.

28.2 Proceedings with ARERA (the energy regulator)

Snam Rete Gas S.p.A. - Investigation to ascertain violations regarding natural gas metering vis-à-vis Snam Rete Gas S.p.A. and request for information

With resolution VIS 97/11, notified on 15 November 2011, ARERA initiated a proceeding to ascertain the existence of violations in the field of natural gas metering, in relation to alleged anomalies in the measurement of gas with reference to 45 plants; with resolution 431/2012/S/Gas, the proceedings were joined with other proceedings, concerning the same facts alleged against the Company, initiated against the distribution company concerned.

Snam Rete Gas submitted a commitment proposal in relation to the contested conduct which, by way of resolution 332/2015/S/gas, ARERA declared inadmissible, deeming that it was not suitable for restoring the balance of interests prior to the contested violations or for eliminating any immediate and direct consequences of the violations.

At the end of the preliminary investigation, on 20 October 2017, ARERA notified Snam Rete Gas of the findings in which the objections formulated in the decision to initiate the procedure were confirmed. The Company requested the allocation of time limits to conduct its defence and, to this end, was summoned for the hearing before the panel of the Authority held on 1 March 2018, when a defence brief was filed. At the outcome of the proceedings, the Authority, while accepting part of the Company's arguments considered relevant in terms of the quantification of the penalty, by resolution 206/2018/S/gas of 5 April 2018, imposed an administrative fine on Snam Rete Gas of €880,000. The Company, while paying the fine, challenged resolution 206/2018/S/gas before the Regional Administrative Court of Milan. The Regional Administrative Court, in ruling no. 2141/2022, upheld the Company's appeal. ARERA appealed against this ruling before the Council of State. A hearing on the merits was held at the beginning of March 2023. The Council of State, in ruling no. 3977/2023: (i) accepted the objection raised by ARERA with regard to the existence of the acts interrupting the five-year limitation period, but (ii) after first noting that the Authority did not deem it necessary to establish in a general and preventive manner a time limit for the duration of the sanctions proceedings with the approval of the relative Regulation pursuant to resolution 243/2012/E/Com and that the same Authority had disregarded the self-determined time limit for the duration of the sanctions proceedings against Snam Rete Gas pursuant to resolution 27 October 2011 - VIS 97/11 (225 days), it ruled that it did not have to depart from its own orientation formed over time concerning the peremptory (and not regulative) nature of the term of duration of ARERA's sanctioning proceedings, with the effect of rendering illegitimate the sanction where imposed beyond that term (as occurred in the case in

question) and (iii) as a result, upheld for a different reason and with a different justification the judgment under appeal (i.e. the annulment of resolution no. 206/2018/S/Gas).

Snam Rete Gas S.p.A. - Resolution 250/2015/R/gas, published on 1 June 2015 concerning: the “Adoption of measures on the odorization of gas for domestic and similar uses by end customers directly connected to natural gas transmission networks” and subsequent amendments and implementations

With resolution 250/2015/R/gas, following a ruling by the Regional Administrative Court of Milan, ARERA, the energy regulator, amended Article 5 of Resolution 602/2013/R/gas concerning the obligation of transmission companies to odorise end customers directly connected to the transmission network who, taking into account the categories of use indicated in the Integrated Gas Settlement Act (TISG), use the redelivered gas not merely in a technological way. In this regard, ARERA stipulated that the transmission companies should complete the implementation of the adaptation plans by 31 January 2017, after carrying out a six-monthly census of the redelivery points concerned (by 31 July 2015) and transmitting to ARERA (by 30 November 2015) the adaptation plan with the description of the technical solution identified. Snam Rete Gas challenged the above-mentioned resolution on the grounds that the deadline for implementing the Plan could only be determined following the census.

Having completed the census, during the transmission of the adjustment plan and subsequent updates, Snam Rete Gas once again referred to the Authority the unreasonableness of the aforementioned deadline, which instead ARERA decided to confirm with resolution 484/2016/E/gas. Consequently, Snam Rete Gas, as part of the appeal with which it had challenged resolution 250/2015/R/gas, filed an appeal for additional grounds against resolution 484/2016/E/gas requesting the suspension of the challenged resolutions.

The request for suspension was granted by the Council of State. On the merits, following the hearing held on 16 January 2019, with ruling 869 of 17 April 2019, the Regional Administrative Court of Milan upheld the appeal filed by Snam Rete Gas, declaring the unlawfulness of the deadline set by the Authority as manifestly unreasonable insofar as it did not take into account the complexity of the activities to be carried out by the transporter and the need for the cooperation of the end customers on whom the onus was, to ensure the use of gas in safe conditions for the workers concerned.

It should be noted that, by Ministerial Decree of 18 May 2018, the Ministry for Economic Development set the onus on end customers directly connected to the natural gas transportation network to ensure the use of gas in safe conditions where they use, partially, gas for domestic or similar uses, even if combined with technological uses. As

a result of the activities functional to the implementation of the Decree, end customers have certified that they guarantee the safe use of gas in accordance with the Decree.

Within the framework of the Consultation Document (DCO 203/2019/R/Gas) preparatory to the revision of the regulation on the quality of the transmission service, ARERA expressed its intention: (i) to confirm the regulatory framework set forth in the aforementioned resolution 250/2015/R/Gas without providing a deadline by which the plan must be implemented; and (ii) to promote a regulatory amendment to coordinate the regulation with the above-mentioned Ministerial Decree. Following up on what had been anticipated in the DCO, with resolution 554/2019/R/gas, the Authority confirmed the previous regulatory regime (obligation to odorize gas of the transporter), thus once again proposing coordination with the obligations imposed by the Decree. Therefore, pending a possible regulatory change, Snam Rete Gas has challenged resolution 554/2019/R/gas before the Regional Administrative Court of Milan, G.R. no. 497/2020. The date of the hearing still has to be set. The contested regulatory framework was further confirmed in resolution No. 589/2023/R/gas, with which, as a result of the consultation process set forth in DCO 451/2023/R/Gas, ARERA adopted the regulatory criteria for the quality of the natural gas transportation service for the sixth regulatory period (2024-2027).

28.3 Tax disputes

Snam Rete Gas S.p.A. - Local property and municipal taxes - Municipalities in Northern Italy

Some municipalities in Northern Italy served Snam Rete Gas with 17 notices of assessment for local taxes, for the years 2016, 2017 and 2018, which followed requests for information for cadastral purposes pursuant to Article 1, paragraph 693, of Law no. 147/2013. The company has made a provision for risks and charges.

Stogit S.p.A. - Local property tax

The municipality of Bordolano investigated the position of property tax in relation to the building areas owned by the Company in the territory of the same municipality for the years 2012 to 2015. The amounts assessed by the Municipality with the notices of assessment relating to the tax years 2012, 2013 and 2014 - as redetermined by the Lombardy Regional Tax Commission - were paid by the Company during 2020, pending the relevant judgments.

With reference to the notice of assessment issued by the municipality in 2015, the Company paid the notice.

With reference to the subsequent years 2016 - 2017 - 2018, the Company has already adjusted its payments to the higher value assessed by the Municipality.



Stogit S.p.A. – Hyper-amortisation

Starting in 2018, Stogit benefited from the so-called hyper-amortisation on investments made in some compressor stations within the Bordolano concession. Initially, the Revenue Agency (Circular No. 4/E of 2017) had clarified that the legal/formal criteria relating to the general accrual rules provided for in Article 109(1) and (2) of the Consolidated Law on Income Taxes were relevant for the purpose of identifying the time when investments are made.

More recently, the Inland Revenue has provided new elements, giving relevance to the moment when the transfer of ownership took place.

In light of the above, Stogit promptly checked whether the new clarifications contained therein could have any repercussions with regard to the hyper-amortisation allowance for plants. This analysis showed that the benefit relative to the hyper-amortisation may potentially be challenged by the tax authorities. The company has made a provision for risks and charges.

Snam S.p.A. - Questionnaire Q00017/2020 on VAT

On 13 February 2020, the Italian Revenue Agency served Snam (hereinafter the "Company") with a VAT questionnaire requesting the reasons for the voluntary correction of tax errors made in 2016 with reference to the years 2012, 2013, 2014 and 2015. In particular, in 2016, the Company submitted supplementary tax returns relating to the years 2012 to 2014 to acknowledge the performance - as from 2012 - of a new activity of granting loans and that in relation to this activity the Company intended to use the optional separation of activities pursuant to Article 36, paragraph 3, of Presidential Decree no. 633/1972 for VAT purposes. On the other hand, as far as 2015 is concerned, the relevant annual tax return was submitted within the ordinary time limits and the voluntary correction of errors was applied (related to the keeping of separate accounts) that had affected the correct monthly payments.

Following a preliminary enquiry, on 21 December 2020, the Revenue Agency served a notice requesting the Company to appear for a cross-examination concerning the years 2012-2013-2014-2015, to better verify whether it had actually behaved 'ex ante' in this regard.

In order to avoid long and complex litigation, the Company settled the agreed amounts on 25 March 2021 and 30 November 2022, following acceptance of the assessment.

28.4 Other proceedings

Snam Rete Gas S.p.A. - Regulation criteria for natural gas transportation and dispatching tariffs for the 2010-2013 period

With ruling no. 2888/2015, the Council of State rejected the appeal made by ARERA for the reform of the ruling of the Regional Administrative Court of Milan no. 995/2013, which had annulled the provisions contained in resolutions ARG/gas/184/09, 192/09, 198/09 and 218/10 concerning natural gas transportation and dispatching tariffs for the period 2010 - 2013, relating, in particular, to the commodity/capacity allocation, the reform of the entry/exit model, and the gas for consumption by compressor stations (self-consumption).

With resolution 428/2015/C/gas, ARERA resolved to file an appeal for revocation against the aforementioned ruling on the grounds of error of fact. This appeal that was subsequently withdrawn on 29 March 2018 due to the supervening lack of interest in continuing the proceedings. At the same time, the Authority complied with the aforementioned rulings with resolution 550/2016/R/gas in which, having reformed the self-consumption regulation, it justifiably confirmed the remaining tariff criteria also in light of the consultations carried out.

Given the confirmatory nature of the aforementioned resolution, the transportation user that had challenged the ARERA orders appealed for compliance with the aforementioned rulings and for resolution 550/2016/R/gas to be declared null and void. With ruling no. 494/2017, the Regional Administrative Court of Milan partially upheld the appeal with specific reference to the issue of the commodity/capacity allocation, considering that the contested Authority had complied in an inaccurate and partial manner with ruling 995/2013 and that, therefore, the Authority should proceed with a supplementary assessment of the effects of the choices made.

Ruling 494/2017 was appealed by the user filing the appeal, and also cross-appealed by ARERA. With ruling no. 1840/2018 of 23 March 2018, the Council of State, in partial acceptance of the Authority's cross-appeal, dismissed the action of invalidity for breach of judgment filed by the User in the first instance and ordered the conversion of the proceedings into an ordinary annulment judgment. The proceedings were consequently resumed before the Regional Administrative Court of Milan, G.R. no. 2919/2016 and no. 1041/2018, and at present we are waiting for the hearing date to be set.

It should also be noted that in its recent ruling no. 301 of 1 February 2021, the Regional Administrative Court of Milan partially annulled, on partially similar grounds, ARERA resolution 575/2017/R/gas relating to the 2018-2019 transitional regulatory period. In particular, the censures of the 90:10 capacity/commodity ratio were upheld. Moreover, the Regional Administrative Court held that the aforementioned resolution should be annulled insofar

as it provided for the determination of the unit costs of transport on the basis of calculations of gas flows (so-called flows and counter-flows). The ruling was appealed by the Authority before the Council of State, G.R.no. 4007/2021, which rejected ARERA's appeal with ruling no. 7386 of 27 July 2023.

The Regional Administrative Court, in ruling no. 219/2022, upheld a similar appeal in relation to the tariff regime for the 2014-2017 thermal years set forth in ARERA resolution no. 514/2013/R/gas, which was confirmed on appeal in ruling no. 8523 of 5 October 2022. In relation to the aforementioned ruling, ARERA initiated proceedings to comply with it by means of resolution 70/2023/R/gas of 28 February 2023, which was followed by the presentation of DCO No. 424/2023/R/gas in which the Authority's guidelines on the aforementioned ruling no. 8523/2022, as well as the subsequent ruling no. 7386/2023, on the subject of the criteria for regulating natural gas transportation service tariffs for the 2014-2017 and 2018-2019 regulatory periods, were indicated.

Lastly, it should be noted that, with rulings nos. 440/2020 and 33/2021 of the Regional Administrative Court of Milan, the aforementioned resolution 575/2017/R/gas and resolution 114/2019/R/gas (2020-2023 tariff criteria) were partially annulled insofar as they do not provide for a degressive tariff in favour of large gas consumers in implementation of specific primary legislation. Both rulings were appealed by the Authority. The hearing the appeals before the Council of State took place in April 2022, followed by rulings nos. 6096/2022 and 6098/2022 rejecting the respective appeals of the Authority.

In all the aforementioned cases, the disputed profiles do not affect recognised transport company revenues.

The orders of the Council of State were implemented by resolution 410/2023/R/Gas of 19 September 2023 on 'Measures for the economic efficiency of the transmission tariff for customers with higher natural gas consumption'. This resolution was also the subject of an appeal in the context of compliance actions brought by the original applicants, who complained that the order adopted by ARERA did not comply with the final judgement. The appeals do not affect the position of Snam Rete Gas, which, therefore, has no interest in entering an appearance in the relevant proceedings.

Stogit S.p.A. - Appeals Coordination Environmentalists Committee

With Presidential Decree of 16 September 2019, the binding opinion published by the Council of State on 27 June 2019, in which the appeals lodged by the Coordinamento Comitato Ambientalisti (Environmentalists Committee Coordination), along with others were upheld, was implemented. This Presidential Decree states that: (i) due to the failure to file the documentation of the Environmental Impact Assessment (EIA) in the municipalities of Azzanello and Verolavecchia, the decree

on the EIA issued in 2009 for the construction of the new Bordolano storage plant, subject to the prescriptions contained therein, is annulled only for the part in which it expressed a favourable opinion on environmental compatibility; (ii) therefore the decree of the Ministry of Economic Development of 28 December 2011 (approval of the variation of the work programme of the "Bordolano Stoccaggio" concession) and (iii) the orders of the Ministry of the Environment (protocol 18804 of 8 August 2013 and protocol 14583 of 16 May 2014), on the subject of the EIA, are annulled, without prejudice to the continued validity of the prescriptions contained therein, for the protection of public safety and security, which are in no way affected by the annulment ruling. The Council of State also established the reopening of the EIA and the Ministry of the Environment promptly reopened the terms of the EIA (with note DVA U28389 of 29 October 2019) limited only to the municipalities of Azzanello and Verolavecchia; of these, only the municipality of Verolavecchia submitted comments, which were supplemented by those of other parties. The proceedings are currently pending before the Technical Commission for EIA and Stogit has provided all technical clarifications to the comments submitted. It should be added that the Ministry for Economic Development, in note U.0025890 of 22 November 2019, issued an order pursuant to Article 29, paragraph 3 of Legislative Decree 152/2006, whereby the continuation of storage activities at the Bordolano plant was allowed pending the completion of the EIA. There are grounds to believe that there is a remote risk that the EIA will not be confirmed; however, also in light of the time elapsed, the possibility that the EIA will be confirmed by the Ministry of the Environment with the addition of prescriptive conditions which Stogit will have to comply with can be assessed as probable.

Appeal by the Environmentalist Forum and Appeal by WWF Italia - Associazione Salviamo l'Orso Marsicano ODV against the integrated environmental authorisation for the new Sulmona power station

The Environmentalist Forum, which claims to be an environmental defence association, lodged an appeal on 2 June 2021 with the Regional Administrative Court of Lazio for the annulment of Decree no. 000086 of 11 March 2021 of the Ministry of Ecological Transition, concerning the "Issue of the integrated environmental authorisation (IEA)" for the operation of the gas compression station of the company Snam Rete Gas located in Sulmona (Aquila) (ID 7015/9997), as well as all the prior, consequential or in any case connected acts.

The applicant claims that its reasons are based on: (i) seismic risk to which the Snam Rete Gas works would be subjected; (ii) failure to investigate emissions and to take into account their effects on animals and plants in the area concerned; (iii) failure to prepare the Strategic Environmental Assessment (SEA) as a prerequisite for the granting of the IEA; (iv) shortcomings in the preliminary procedure leading to the granting of the IEA. No interim application was made. A hearing on the merits was held at the end of January 2023.

The Regional Administrative Court, in its ruling no. 3668 of 6 March 2023, dismissed the appeal. The ruling was filed and the deadline for appealing against it expired in the first ten days of April 2023; since no appeal was filed, the position in question was definitively closed.

With an appeal to the President of the Republic dated 6 August 2021, the Italian Association for the World Wildlife Fund of Nature Wwf Italia Onlus and the association Salviamo l'orso Bruno Marsicano_ODV also requested the annulment of the Decree of the Ministry of Ecological Transition no. 0000086 of 11.03.2021 constituting the IEA of the new Sulmona power plant. The reasons given are: (i) the ineffectiveness of the EIA, which would have ceased in 2016; (ii) excess power in having ignored the observations of the Municipality of Sulmona and the Maiella National Park, the Abruzzo National Park and the Monte Genzana - Alto Gizio Regional Nature Reserve; (iii) failing to adequately consider seismic risk; (iv) failing to consider comments from the public; (v) infringement of the law and misuse of powers due to a lack of a preliminary investigation in relation to emissions into the atmosphere and impact on the climate; (vi) violation of Directive 42/2001/EC for failure to carry out a Strategic Environmental Assessment. Following Snam Rete Gas's opposition, the appeal was resumed before the Regional Administrative Court of Lazio by the appellants on 3 November 2021. The Regional Administrative Court, after the hearing on the merits held at the end of May 2023, pronounced ruling no. 9253/2023, whereby, fully adhering to the objection raised by Snam Rete Gas, it rejected the appeal, declaring it inadmissible. The ruling was filed and the deadline for appealing against it expired in the first few days of September 2023; since no appeal was filed, the position in question was definitively closed.

Snam Rete Gas S.p.A. - Action brought by Assogasmetano, Assopetroli-Assoenergia, Federmetano vs. ARERA as well as Snam Rete Gas and Società Gasdotti Italia (GR 2337/2023 Regional Administrative Court of Milan) concerning the reorganisation of the metering service on the gas transportation network

Assogasmetano, Assopetroli-Assoenergia, Federmetano (representing companies operating in the automotive sector) filed an appeal against ARERA and against Snam Rete Gas and Società Gasdotti Italia for the annulment, subject to precautionary suspension of "resolution 433/2023/R/gas of 28 September 2023 entitled Approval of the proposed updates to the Network Code of Snam Rete Gas SpA and Società Gasdotti Italia SpA and amendments to the RMTG" as well as for the annulment of all further related measures including resolution 512/2021/R/Gas, which provided for the regulation of the reorganisation of the metering service on the gas transportation network. In particular, the applicants have contested: (i) the application of certain fees associated with non-compliance with minimum functional requirements laid down in the regulation, the fulfilment of which, according to the applicants, is impossible de facto; as well as (ii) the obligation (sanctioned by the closure of the redelivery

point) to sign the so-called metering agreement that would commit them to comply with the aforementioned requirements. At the outcome of the Council Chambers of 6 December 2023, the Regional Administrative Court of Milan, with order no. 1136 published on 11 December 2023, rejected the interim application for relief of the trade associations, deeming the periculum in mora to be non-existent, also anticipating some considerations on the fumus bonis iuris, albeit on the basis of the elements acquired on a precautionary basis. The Regional Administrative Court of Milan has, in fact, pointed out: (i) a possible lack of uniformity of the interests of the individual members from which the claimants would derive a lack of legal powers; (ii) a possible lateness of the appeal, given that resolution 433/2023/R/gas amended only certain aspects of resolution 512/2021/R/gas, whereas the appellants' objections appear to have a more general scope. The date of the hearing on the merits still has to be set. In the meantime, with an appeal filed on 29 December 2023, Assogasmetano, Assopetroli-Assoenergia, Federmetano lodged a precautionary appeal for the reform of order no. 1136 of 11 November 2023. The precautionary appeal was registered under G.R. 10143/2023 and the Council Chambers was set for 23 January 2024. In its order no. 245 of 24 January 2024, the Council of State rejected the precautionary appeal, finding that the periculum in mora was non-existent and the objections on the lateness of the appeal in relation to resolution 512/2021/R/gas were not justified.

Snam S.p.A. - Appeal brought by the Region of Sardinia for the annulment of the Prime Minister's Decree of 29 March 2022, concerning the "Identification of the works and infrastructure necessary to phase out the use of coal in Sardinia and the decarbonisation of the island's industrial sectors", and of ARERA resolution 279/2022/R/Com, concerning the start of the procedure for the implementation of the Prime Minister's Decree of 29 March 2022

On 27 July 2022, the Region of Sardinia filed an appeal to the Regional Administrative Court for Lazio - Rome ("TAR Roma") against the Prime Minister's Office, the Ministry of Ecological Transition, the Ministry of Enterprise and Made in Italy, the Ministry of Sustainable Infrastructure and Mobility, Snam, ARERA and RSE S.p.A. for the annulment, subject to the issue of precautionary measures, of the Prime Minister's Decree for Sardinia (Official Gazette of 30.5.2022) of 29 March 2022, concerning the "Identification of the works and infrastructures necessary to phase out the use of coal in Sardinia and the decarbonisation of the industrial sectors on the Island" and of the resolution ARERA 279/2022/R/Com concerning the initiation of the procedure for the implementation of the Prime Minister's Decree of 29.3.2022. The Regional Administrative Court of Rome, following the hearing of 14 September 2022, rejected the appeal of the Region of Sardinia in its entirety by ruling no. 12149 of 26 September 2022.

On 26 October 2022, the Region of Sardinia filed before the Council of State an appeal, G.R. no. 8145/2022,

requesting the annulment and/or reform, subject to suspension, of the aforementioned ruling no. 12149. The Council of State, in order no. 5322/2022, granted the petition, finding that the precautionary requirements were favourable and could be adequately protected by the prompt settlement of the case on the merits, thus setting the hearing for 23 February 2023. In the meantime, the Municipality of Portoscuso filed its own action ad adiuvandum supporting the Region's arguments. At the beginning of February 2023, the Region of Sardinia, in agreement with the State Authorities referred to in the lawsuit with the patronage of the Attorney General's Office, notified the Council of State that a renewed process of joint dialogue had been initiated between all the public entities in various capacities involved in the proceedings connected with the adoption and execution of the contested measures. Upon the Region's motion for postponement, to which the appearing parties agreed, the hearing was adjourned to 16 November 2023. At that hearing, the Council of State, noting the request for adjournment due to pending institutional negotiations, ordered the adjournment to a date to be determined. In order for the hearing on the merits to be set, input from the Region of Sardinia will be required (e.g., a new application to set a hearing or an application for withdrawal) and an update on the aforementioned negotiations is therefore pending.

GNL Italia S.p.A. - Appeal against the Province of La Spezia and the Municipality of Porto Venere for the annulment of the provisions contained in the IEA order for the Panigaglia plant requiring compliance with limit values that are not in line with current legislation on noise (TAR Lazio-Roma, G.R. 12796/2023)

GNL filed the appeal before the Regional Administrative Court of Lazio-Rome ("TAR Roma") to annul *in parte qua* (i) the Order of the Province of La Spezia, no. 618 of 26 June 2023, concerning the "Issue of the Integrate Environmental Authorisation pursuant to Legislative Decree 152/2006 to the Copany GNL Italia S.p.A. for the installation known as the GNL Italia plant, located in the Municipality of Portovenere Località Panigaglia", (ii) the note of the Province of La Spezia, Environment-Town Planning-Planning Service file no. 19341 of 9 August 2023 concerning the "Note GNL File GNL/7092 of 21 July 2023 - Response" and, where necessary, (iii) the Resolutions of the Council of the Municipality of Porto Venere no. 12 and no. 13 of 29 April 2016 concerning, respectively, the "Classification of the acoustics of the municipal territory - adoption" and "Municipal regulations for the protection from noise pollution". The appeal was filed on 27 September 2023 and was filed within the time limit, with the assignment of G.R. no. 12796/2023. The date of the hearing on the merits still has to be set. In the meantime, following the reopening of the Conference of Services on the issue of noise, the Province of La Spezia, with Decision no. 1101 of 17 November 2023, amended the IEA order, but not in a manner satisfactory to GNL, which therefore challenged the latter provision by way of additional grounds within the deadline of 15 January 2024.

Snam FSRU Italia S.r.l. - Municipality of Piombino vs. the Special Governance Commissioner and others, as well as Snam Rete Gas S.p.A., Snam FSRU Italia S.r.l. and Snam S.p.A. (TAR Lazio - Rome, G.R. 14940/2022)

The Municipality of Piombino - in an appeal filed on 24 November 2022 to 36 respondents and other interested parties, including Snam Rete Gas, Snam FSRU Italia and Snam, and filed on 2 December 2022 - requested the annulment, subject to precautionary suspension, of the commissioner's order no. 140 of 25 October 2022 concerning the issue of the Single Authorisation for the construction of the work known as FSRU Piombino, of the connected infrastructures and of the relative connection to the national gas pipeline network.

The Region of Tuscany and the Extraordinary Commissioner of the Government, the Ministry of the Environment and Energy Security (MASE), the Ministry of the Interior, the Ministry of Infrastructure and Transport (MIT), the Ministry of Enterprise and Made in Italy (MiMIT) and the Prime Minister's Office, as well as Snam Rete Gas, Snam FSRU Italia and Snam, have entered an appearance. The trade union Unione Sindacale di Base and the associations Greenpeace Italia and WWF Italia also intervened ad adiuvandum.

On 21 December 2022, the Regional Administrative Court of Rome rejected the interim application for relief filed by the Municipality of Piombino and set the hearing on the merits for 08 March 2023. In the course of the aforementioned hearing: (i) on 04 January 2023, the Municipality filed 1 appeal on additional grounds, challenging the Commissioner's Order no. 167 of 09 December 2022, setting forth an extension of 100 days for the submission of the supplementary project for the relocation of the FSRU to an offshore site and the related divestment of the FSRU from the port of Piombino; (ii) on 14 February 2023, the Municipality filed 2 additional grounds of appeal, contesting the legality of the IEA procedure.

At the hearing on 08 March 2023, the TAR postponed the hearing because: (i) the notification of the 2nd appeal for additional grounds was not made in compliance with the minimum time limits for the defence and (ii) the Municipality announced the appeal of the future EIA order.

On 14 April 2023, the Municipality filed the third appeal on additional grounds, requesting the annulment of order no. 18 of 17 March 2023 by which the Extraordinary Commissioner for the Piombino regasification plant granted a further extension of 120 days for the submission of the project relating to the offshore phase, and of the further documents relating to the project.

On 26 May 2023, the Municipality filed the fourth appeal on additional grounds, seeking annulment: (i) of the minutes of the meeting of 27 April 2023 on the granting of the EIA to Snam FSRU Italia; (ii) as well as the MASE decree no. 145 of 03 May 2023 concerning the EIA and all the documents annexed thereto and the order of the District Maritime Office of Piombino no. 67 of 03 May 2023 concerning the "approval of the regulation of the activities of the FSRU Piombino terminal" and its annex.



In view of the hearing set for 05 July 2023, the parties filed documents, briefs and rejoinders respectively. At the hearing, the Municipality announced the filing of the fifth appeal on additional grounds and the Regional Administrative Court of Lazio therefore adjourned the case until 20 December 2023.

In its fifth appeal on additional grounds, filed on 26 July 2023, the Municipality sought the annulment of the final opinion of the CTR (Regional Technical Committee) by which the final safety report was adopted. On 25 September 2023, the Municipality of Piombino filed the 6th appeal for additional grounds for the annulment of Order no. 57 of 27 July 2023 and the annexes thereto, concerning the amendment of the commissioner's order no. 140/2022 for the design optimisation concerning the plant related to the Wobbe Index. In view of the hearing set for 20 December 2023, the parties filed documents, briefs and rejoinders. At the outcome of that hearing, with ruling no. 1279, published on 23 January 2024, the Regional Administrative Court rejected the appeal brought by the Municipality of Piombino and all the additional grounds and declared the intervention of the USB trade union inadmissible. Finally, it ordered both the Municipality and all intervening parties WWF, Greenpeace and USB to pay the costs.

29) OPERATING REVENUES AND INCOME

(million euros)	2022	2023
Revenues	3,496	4,244
Other operating income	19	44
TOTAL OPERATING REVENUES AND INCOME	3,515	4,288

The group's revenues and other operating income are mainly generated in Italy. An analysis of revenue by business segment is provided in Note 36 'Information by business segment'.

Revenues to related parties are illustrated in Note 37 'Transactions with related parties'.

Revenues include energy cost fees⁴⁰, which amount to €413 million (€198 million in 2022). Net of these fees, which are offset by costs, revenues and other operating income amount to €3,875 million.

29.1 Revenues

(million euros)	2022	2023
Natural Gas Transportation segment	2,208	2,480
Natural Gas Storage segment	516	553
Liquefied natural gas (LNG) regasification segment	42	77
Energy Transition segment	693	1,092
Other segments	23	42
Other revenues not allocated to segments	14	
TOTAL REVENUES	3,496	4,244

⁴⁰ On the basis of what is established by the regulatory framework in force for the fifth regulatory period, starting from 1 January 2020, the energy costs relating to the costs for the purchase of fuel gas, previously subject to contribution in kind by the shippers and the charges for the purchase of CO₂ emission rights, are covered in revenues through the variable fee applied to users. Energy costs are recorded on the basis of the prices in the tariff proposal and the related revenues to cover these costs are recognized consistently with the cost recording methods. The regulatory recognition criteria for energy costs guarantee substantial neutrality at both an economic and financial level.

29.1.1 Natural gas transportation segment revenues

Revenues are mainly related to service fees for natural gas transportation activities and mainly concern Eni S.p.A. (€1,192 million; 1,087 million in 2022) and Enel Trade S.p.A. (€719 million; €528 million in 2022).

Group revenues are shown net of tariff components, mainly referring to the transportation sector, which are in addition to the tariff and intended to cover general gas system charges (€4,048 million, €2,651 million in 2022), the amounts of which are paid by Snam to Cassa per i Servizi Energetici e Ambientali (CSEA). The main components are related to:

- the CRVST fee (totalling €1,658 million in 2023; €1,006 million 2022), introduced by resolution no. 782/2017/R/GAS, to cover the charges arising from the new 'settlement gas' rules, to be applied to the quantities of gas redelivered to the Transportation Service User at the redelivery points feeding the distribution networks;
- the variable CRV^{OS} fee, introduced in 2011 by the Authority's Resolution ARG/gas No. 29/11, to cover the charges arising from the application of the revenue guarantee factor for the storage service and the charges incurred by Gestore Servizi Energetici (GSE) for the provision of the measures referred to in Articles 9 and 10 of Legislative Decree 130/10 (for a total amount of €1,258 million in 2023; €962 million in 2022).

During 2023, Snam provided transport services for 351 users.

29.1.2 Revenues from the natural gas storage segment

Revenues are mainly related to service fees for modulation storage activities (€428 million); €385 million in 2022) and strategic storage (€73 million; €80 million in 2022).

During 2023, Snam provided natural gas storage services for 67 operators.

29.1.3 Liquefied natural gas (LNG) regasification

Revenues mainly refer to fees for the regasification service and the increase is mainly attributable to the recognition of revenues related to higher regasified volumes in 2023 and revenues related to the start of operations at the Piombino regasification plant.

29.1.4 Energy Transition segment revenues

Revenues related to the Energy Transition segment include: (i) revenues related to energy efficiency projects (€ 935 million; €578 million in 2022), mainly relating to redevelopment and recovery activities of residential building stock (Deep Renovation) and the provision of services (energy service) developed mainly through the management of orders/contracts signed with private entities;; (ii) fees for the construction and operation of biogas and biomethane plants (€157 million; €115 million in 2022).

29.1.5 Other segments

Revenues include the sale of automotive - CNG compressors (€14 million).



29.2 Other operating income

Other operating income of €44 million mainly related to the transport sector (€20 million).

30) OPERATING COSTS AND EXPENSES

(million euros)	2022	2023
Costs for purchase of raw materials, consumables and finished goods	655	1,137
Costs for services	246	287
Personnel costs	237	248
Other operating costs and expenses	159	219
TOTAL OPERATING COSTS AND EXPENSES	1,297	1,891

The reasons for the most significant changes are explained in the Interim Management Report in the 'Comment on Financial Results'.

The group's operating costs and expenses are mainly incurred in Italy.

Operating costs and expenses incurred with related parties are disclosed in Note 37 'Transactions with related parties'.

30.1 Costs for purchase of raw materials, consumables and finished goods

(million euros)	2022	2023
Costs for purchase of raw materials, consumables and finished goods	3,909	1,450
Change in inventories of raw materials, consumables and finished goods	(3,198)	(256)
Total costs incurred during the year	711	1,194
Share of capitalised costs for internal work	(56)	(57)
TOTAL COSTS FOR PURCHASE OF RAW MATERIALS, CONSUMABLES AND FINISHED GOODS	655	1,137

The item Costs for the purchase of raw materials, consumables and finished goods is mainly attributable to the energy efficiency business (€662 million), for the purchase of materials forenergy efficiency measures in the residential, tertiary and public administration sectors, and to the transport sector (€389 million), for the purchase of natural gas.

30.2 Costs for services

(million euros)	2022	2023
Construction, design and construction management	81	267
IT Services	94	109
Technical, legal, administrative and professional services	81	73
Routine maintenance services	37	51
Supply of electricity, heat, water, etc.	57	36
Personnel-related services	22	30
Environmental services	22	25
Telecommunication services	11	14
Insurance	11	12
Materials processing at third parties	3	10
Advertising	7	8
Use of the provision for decommissioning and site restoration	(8)	(2)
Other services	27	55
Total costs incurred during the year	445	688
Share of capitalised costs for internal work	(199)	(401)
TOTAL COSTS FOR SERVICES	246	287

30.3 Personnel costs

(million euros)	2022	2023
Wages and salaries	208	216
Social charges (social security and welfare)	57	60
Other expenses	37	30
Total personnel costs incurred during the year	302	306
Share of capitalised costs	(65)	(58)
TOTAL PERSONNEL COSTS	237	248

Other expenses (€30 million) mainly include charges for defined contribution plans (€15 million), chiefly related to accrued Employee Severance Indemnity (TFR), to be paid to pension funds, i.e. INPS.

Liabilities for employee benefits are illustrated in Note 20 “Liabilities for employee benefits”.



30.3.1 Average number of employees

The average number of tenured employees of entities included in the scope of consolidation, broken down by professional qualification, is shown in the table below:

Professional status	2022	2023
Executives	145	139
Middle Managers	639	675
Office workers	1,925	2,037
Manual workers	841	875
AVERAGE NUMBER OF EMPLOYEES	3,550	3,726

The average number of employees is calculated as the average determined on the basis of the monthly results of employees per category.

The number of employees in service at 31 December 2023 was 3,798 (3,610 employees at 31 December 2022), an increase of 188 resources (+5.21%) compared to 31 December 2022. The increase is mainly due to the strengthening of the energy transition business and the inclusion of new resources in the gas infrastructure business, with particular reference to the natural gas transportation sector, for new project initiatives.

30.3.2 Incentive plans with Snam shares

Long-term share-based incentive plan

In its meetings held on 18 June 2020 and 4 May 2023, the Snam Shareholders' Meeting approved the 2020-2022 and 2023-2025 Long-Term Stock Incentive Plans, granting the Board of Directors, and on its behalf the Chief Executive Officer, with specific authority to sub-delegate, all powers necessary to implement the Plans.

The Plans are for managerial positions at Snam and its Subsidiaries, and namely the Chief Executive Officer of Snam and persons holding positions with the greatest impact on the achievement of business results in the medium-/long-term or with strategic importance for the achievement of Snam's long-term objectives, as well as any other positions identified in relation to performance achieved, skills possessed or with a view to retention. The maximum number of beneficiaries, per three-year cycle, is 100.

The Plans provide for three allocations of ordinary shares each in the years 2020-2021-2022 and 2023-2024-2025, respectively. Each allocation is subject to a three-year vesting period, and respectively 2023-2024-2025 and 2026-2027-2028, at the end of which shares are actually assigned, as illustrated in the scheme below.

Allocation	Performance Period	Vesting Period	Assignment of Shares	Actions Assigned (*)
2020	2020 - 2022	2023	2023	1,277,996
2021	2021 - 2023	2024	2024	1,245,854
2022	2022 - 2024	2025	2025	1,032,626
2023	2023 - 2025	2026	2026	1,272,141
2024	2024 - 2026	2027	2027	
2025	2025 - 2027	2028	2028	

(*) The number of shares refers to the target value (performance = 100) of rights allocated for each year

The Board of Directors has determined that a maximum of 3,500,000 Shares will be used for each three-year cycle of the Plans.

The 2023-2025 Plan envisages the free assignment of a variable number of shares, depending on the individual attribution and the degree to which the Plan performance conditions are achieved. The actual vesting of the allocated Shares is subject to the achievement of specific Performance Conditions that are verified for all beneficiaries at the end of each three-year period of implementation following a timely process of verifying the results actually achieved by the Appointments and Remuneration Committee, in support of the resolutions taken in this regard by the Board of Directors.

The Plan's performance conditions are linked to the following parameters:

- Adjusted net profit cumulated in the three-year period corresponding to the Performance Period, with a weight of 40%;
- Value Added generated in the three-year period corresponding to the performance period, with a weight of 20%;
- Energy Transition Readiness metric, with an overall weight of 20%, based on the following parameters:
 - 1) km of 'H2 ready' network (weight 10%);
 - 2) MW installed related to biomethane (weight 5%);
 - 3) CSS - H2 projects and market design (weight 5%);
- ESG metric, with a weight of 20%, measured through the results achieved with respect to 2 indicators identified on a three-year basis, aiming at:
 - 4) reducing natural gas emissions over the next three years (weight 10%);
 - 5) guaranteeing a fair representation of the less present gender in Snam's management team (weight of 10%) in terms of the % of the less represented gender of executives and middle managers out of all Group executives and middle managers.

It is also envisaged that an additional number of shares will be assigned - defined as "dividend equivalents" - according to the shares effectively assigned at the end of the vesting period. The number of additional shares to be allocated is determined by dividing the sum of the dividends distributed in the vesting period by the average price of the share recorded in the month prior to the assignment. For the Chief Executive Officer and the other Plan Beneficiaries, it is envisaged that 20% of the shares assigned, gross of those required to fulfil tax requirements, shall be subject to a lockup period.

For further information, see the "Information Document on the 2023-2025 Long-Term Share- Based Incentive Plan" prepared pursuant to Article 84-bis of the Regulation on Issuers, available on Snam's website.

In line with the substantial nature of remuneration, in accordance with the provisions of international accounting standards, the cost of the plans is determined by referring to the fair value of the instruments assigned and the forecast of the number of shares to be granted at the end of the vesting period; the cost is recognised pro-rata temporis over the vesting period.

The costs pertaining to the 2023 financial year, equal to the product of the number of shares expected to accrue upon maturity, measured at the grant date, were recognised as a cost component against a corresponding equity reserve, and amount to €5 million (€6 million in 2022).



30.3.3 Remuneration of key management personnel

Remuneration due to persons with the power and responsibility for the planning, management and control of the company, i.e. executive and non-executive directors, general managers and executives with strategic responsibilities⁴¹ (so-called "key management personnel") in office during the year amounted (including contributions and accessory charges) to €6 million (€13 million in 2022) and was composed as follows:

(million euros)	2022	2023
Wages and salaries	4	4
- Share-based payments	2	2
Termination of employment benefits	7	
TOTAL REMUNERATION TO KEY MANAGEMENT PERSONNEL	13	6

Information on the compensation paid to directors and statutory auditors, general managers and Key Managers, and the equity investments held by each of these, can be found in the Remuneration Report, which is prepared in accordance with Article 123-ter of Legislative Decree no. 58/1998 (TUF). The Remuneration Report is available on the Snam website (www.snam.it) in the Governance section, to which reference is made.

30.3.4 Remuneration of Directors and Statutory Auditors

The remuneration of directors amounted to €4 million and €10 million in the 2023 and 2022 financial years, respectively. The remuneration of auditors amounted to €0.2 million (as in 2022). This remuneration includes fees and any other sum of remuneration, social security and welfare payments due for serving as a director or statutory auditor in Snam S.p.A. and in other companies included in the scope of consolidation that constituted a cost for Snam, even if not subject to personal income tax.

30.4 Other operating costs and expenses

(million euros)	2022	2023
CO ₂ emission rights	58	59
Allocations (Uses) to/of the provision for bad debt	9	49
Software licences, short-term leasing costs and leasing of low-value assets	26	45
Net allocations/(Uses) to/of provisions for risks and charges	11	21
Indirect taxes and duties	16	14
Losses on the disposal of property, plant and equipment and intangible assets	28	11
Other expenses	11	20
TOTAL OTHER OPERATING COSTS AND EXPENSES	159	219

For more details on changes in provisions for risks and charges and receivables, see Note 18 'Provisions for risks and charges' and Note 15 'Trade and other receivables'.

⁴¹ This includes persons who have the power and responsibility, directly and indirectly, for planning, managing and controlling Snam's activities. Snam's key management personnel, other than Directors and Statutory Auditors, have been identified as follows: Chief Operations Officer, Chief Financial Officer and Chief People & Organisation Officer.

30.4.1 Greenhouse gas emission permit system - Emission Trading System

On 1 January 2021, the fourth regulatory period (2021-2030) of the Emission Trading System (ETS) began, the greenhouse gas emission permit system, regulated by Legislative Decree no. 47 of 9 June 2020, which repealed Legislative Decree no. 30 of 13 March 2013 and transposes Directive 2018/410/EU.

There are 24 Snam Group plants subject to Emission Trading regulations, of which 13 compressor stations of Snam Rete Gas, 8 storage plants of Stogit, the regasifier of GNL Italia, the cogeneration plant of TEP and from 2023 also the regasifier of FSRU Italia in Piombino.

In 2023, the free allocation for the Snam Group amounted to 182,290 allowances, an increase of 17.9 % compared to 2022, due to the new rules introduced by the aforementioned legislation for the fourth ETS period.

In the 2023 financial year, carbon dioxide emissions from Snam Group installations subject to the ETS exceeded the allocated emission allowances. For around 0.92 million tonnes of carbon dioxide emitted into the atmosphere, there was therefore a deficit of some 0.73 million tonnes. The deficit was offset by the shares purchased by the various companies, with a cost of approximately €58.87 million recognised under 'Other operating costs and expenses'. No costs are foreseen for TEP as the purchase of CO₂ quotas is borne by the company to which the plant supplies the energy, net of the quotas of Renovit TEP for feeding the extra energy directly into the grid.

Despite the fact that the new regasification plant in Piombino came into operation, total CO₂ emissions for the year 2023 were slightly lower than the previous year (-1.3%), mainly because the amount of gas stored decreased and because the consumption of TEP's cogeneration plant was reduced.

However, the costs for the purchase of CO₂ allowances increased compared to the previous year (+2.5%) due to the increase in average purchase prices.

The current regulatory framework defined by ARERA with reference to the natural gas transportation, regasification and storage sector provides for the recognition of costs related to the Emission Trading System, guaranteeing substantial neutrality at both the economic and financial level for Snam. For further details, please refer to the section "Risk and Uncertainty Factors - Climate Change" in the Consolidated Non-Financial Statement.

31) DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

(million euros)	2022	2023
Depreciation of property, plant and equipment	747	786
Amortisation of intangible assets	120	139
Total depreciation and amortisation	867	925
Impairment losses on property, plant and equipment and intangible assets	23	201
Total impairment losses	23	201
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES	890	1.126

For more details on depreciation, amortisation and impairment losses, please refer to the analyses in Notes 8 'Property, Plant and Equipment' and 9 'Intangible Assets and Goodwill'.

An analysis of depreciation, amortisation and impairment losses by business segment is provided in Note 36 'Information by business segment'.



32) NET FINANCIAL EXPENSES

(million euros)	2022	2023
- Interest income and other financial income on short-term financial assets	(3)	(30)
- Interest income on long-term financial receivables	(9)	(5)
- Other financial income	(25)	(58)
TOTAL FINANCIAL INCOME	(37)	(93)
- Interest expense and other financial expenses on bonds	148	120
- Commissions paid on loans and bank credit lines	10	23
- Interest expense on credit lines and loans from banks and other lenders	17	152
Expenses related to gross financial debt	175	295
- Financial expenses related to the passage of time (accretion discount)	12	19
Other financial expenses	15	21
Total financial expenses incurred during the year	202	335
- Share of capitalised financial expenses	(25)	(21)
TOTAL FINANCIAL EXPENSES	177	314
TOTAL NET FINANCIAL EXPENSES	140	221

(*) This item relates to the increase in provisions for risks and charges and employee benefit liabilities, which are shown, at a discounted value, in Note 18 "Provisions for risks and charges" and Note 20 "Employee benefit liabilities".

Interest income on long-term financial receivables (€5 million) relates to the OLT Shareholder Loan.

Other financial income (€58 million) mainly refers to: (i) default interest billed to end customers and distribution users in relation to unpaid invoices for the default service provided by Snam Rete Gas (€38 million); (ii) income from the effect of the passage of time of Ecobonus credits (€13 million); (iii) the effects of the restatement of future cash flows related to the partial repayment of the Shareholders Loan by OLT (€3 million).

The expenses related to gross financial debt (€295 million) mainly concern: (i) interest expense and other charges on bonds (€120 million) related to interest on bonds (ii) interest expense to banks related to revolving credit facilities and term loans totalling €152 million; (iii) the year's portion of up-front fees (€13 million) and (iv) non-utilisation fees for revolving credit facilities (€9 million).

Other financial expenses (€21 million) mainly refer to the accrual to the bad debt provision for default interest related to the default service of Snam Rete Gas (€12 million).

The financial expenses associated with the passage of time mainly relate to the decommissioning and site restoration provisions of the storage and transport sectors.

Capitalised financial expenses refer to the portion of financial expenses capitalised in investing activities.

33) NET INCOME FROM EQUITY INVESTMENTS

(million euros)	2022	2023
Share of profit from investments accounted for using the equity method	296	458
Losses from investments accounted for using the equity method	(152)	(48)
Share of profit or loss of investments accounted for using the equity method	144	410
Other income from equity investments	79	82
Other expenses from equity investments	(361)	(8)
Other income (expenses) from equity investments	(282)	74
TOTAL NET INCOME FROM EQUITY INVESTMENTS	(138)	484

An analysis of the share of profit or loss of investments accounted for using the equity method is given in Note 10 'Investments accounted for using the equity method'.

Other income from investments mainly relates to the capital gain arising from the sale of shares in Industrie De Nora S.p.A. (€76 million), a transaction after which Snam holds 21.59% of the company's share capital (25.79% before the sale).

Other expenses from equity investments mainly relate to the change in fair value of contractually agreed earn-outs.

34) INCOME TAXES

34.1 Income taxes recognised in the income statement

(million euros)	2022			2023		
	IRES, corporation tax	IRAP, regional trade income tax	Total	IRES, corporation tax	IRAP, regional trade income tax	Total
Current taxes for the year	344	63	407	378	70	448
Adjustments for current taxes relating to previous years	1		1	(12)	(2)	(14)
Provisions (uses) for current taxes	8		8	6		6
Total current taxes	353	63	416	372	68	440
Total deferred taxes	(37)	(1)	(38)	(50)	(1)	(51)
TOTAL INCOME TAXES	316	62	378	322	67	389

Income taxes (€389 million) increased by €11 million compared to 31 December 2022, mainly due to pre-tax profit.

The analysis of the reconciliation between the theoretical tax charge, determined by applying the IRES, corporation tax and IRAP, regional trade income tax rates in force in Italy, and the actual tax charge for the year is shown below:

(million euros)	2022		2023	
	Tax rate	Value	Tax rate	Value
Pre-tax profit		1,050		1,534
Accrued IRES, corporation taxes, calculated on the basis of the theoretical tax rate	24.0%	252	24.0%	368
<i>Variations from the theoretical rate:</i>				
- Income from equity investments	(1.4%)	(15)	(5.2%)	(80)
- Dividend tax	1.5%	16	2.0%	30
- Provision (use) for current taxes	0.8%	8	0.5%	7
- Other permanent differences	5.2%	55	(0.2%)	(3)
IRES, CORPORATION TAXES FOR THE YEAR	29.3%	316	21.0%	322

(million euros)	2022		2023	
	Tax rate	Value	Tax rate	Value
Difference between value and cost of production		1,351		1,346
Accrued IRAP, regional trade income tax, calculated on the basis of the theoretical tax rate	3.9%	53	3.9%	52
<i>Variations from the theoretical rate:</i>				
Delta regional IRAP rates	0.2%	3	0.3%	4
Other permanent differences	0.4%	6	0.8%	11
IRAP FOR THE YEAR	4.5%	62	5.0%	67

An analysis of deferred tax assets and liabilities based on the nature of the significant temporary differences that gave rise to them is provided in Note 19 'Deferred Tax Liabilities/Assets'.

34.2 Taxes relating to components of comprehensive income

(million euros)	2022			2023		
	Pre-tax value	Fiscal impact	Net tax value	Pre-tax value	Fiscal impact	Net tax value
Revaluation of defined benefit plan liabilities for employees	8	(1)	7	(2)		(2)
Investments accounted for using the equity method - share of other components of comprehensive income	130		130	(50)		(50)
Equity investments accounted for at FVTOCI ("fair value through other comprehensive income")	(44)		(44)	(3)		(3)
Cash flow hedge – effective portion of fair value change	19	(4)	15	10	(3)	7
<i>Other components of comprehensive income</i>	<i>113</i>	<i>(5)</i>	<i>108</i>	<i>(45)</i>	<i>(3)</i>	<i>(48)</i>
CURRENT AND DEFERRED INCOME TAXES RECOGNISED IN OTHER COMPREHENSIVE INCOME		(5)			(3)	

34.3 Global minimum tax

As a result of the work done in connection with the year 2022, based on currently available information, an estimated supplementary tax is expected to be insignificant.

For further details, see Note 5.15 'Income taxes'.

35) EARNINGS PER SHARE

Basic earnings per share of €0.346 per share (€0.201 per share in 2022) are calculated by dividing the profit for the year attributable to Snam shareholders (€1,135 million; €671 million in 2022) for the weighted average number of Snam shares outstanding during the year, excluding treasury shares (3,353,119,570 shares; 3,336,596,674 shares for the financial year 2022).

Diluted earnings per share are calculated by dividing the profit for the period attributable to Snam shareholders, net of the tax effect, by the weighted average number of shares outstanding in the period, excluding treasury shares, and those potentially deriving from long-term share incentive plans (2021, 2022 and 2023 assignments).

The weighted average number of outstanding shares used to determine diluted earnings per share is 3,355,142,129 and 3,339,548,370 shares for the years 2023 and 2022, respectively.

35.1 Reconciliation of basic and diluted earnings per share

The reconciliation of the weighted average number of shares outstanding used to determine basic earnings per share and that used to determine diluted earnings per share is shown below:

	2022	2023
<i>Weighted average number of shares outstanding for basic earnings per share</i>	<i>3,336,596,674</i>	<i>3,353,119,570</i>
Number of potential shares for long-term incentive plans	2,951,696	2,022,559
<i>Weighted average number of shares outstanding for diluted earnings per share</i>	<i>3,339,548,370</i>	<i>3,355,142,129</i>
<i>Profit for the year attributable to Snam shareholders (€ million)</i>	<i>671</i>	<i>1,135</i>
BASIC EARNINGS PER SHARE (AMOUNTS IN EURO PER SHARE)	0.201	0.338
DILUTED EARNINGS PER SHARE (AMOUNTS IN EURO PER SHARE)	0.201	0.338

36) INFORMATION BY BUSINESS SEGMENT

In accordance with IFRS 8 'Operating Segments', the segments identified by the Group at 31 December 2023 are as follows:

- **Transportation segment**, attributable to the legal entities that carry out, at Group level, natural gas transportation and dispatching activities in Italy (Snam Rete Gas, ITG and Enura);
- **Storage segment**, attributable to the legal entity that provides the natural gas storage service in Italy (Stogit);
- **Regasification segment**⁴², attributable to the legal entity providing the liquefied natural gas regasification service (LNG Italy) and the legal entities owning floating regasification plants - FSRUs (Snam FSRU Italia, FSRU I Limited; Ravenna LNG Terminal);
- **Energy Transition segment** to which the companies active in the energy efficiency business traceable to the legal entities of the Renovit group and in the biogas/biomethane business traceable to the legal entities of the Bioenergys group belong, as well as the activities in the start-up phase in the hydrogen sector. The Energy Transition sector, due to exceeding the materiality thresholds of IFRS 8, which was also confirmed during the Plan period, constitutes an operating segment subject to separate reporting as of 2022.

The 'Other segments', not subject to separate reporting, mainly include the sustainable mobility business, an activity that is being repositioned within the Gas Infrastructures business insofar as it is no longer focused solely on the automotive sector, but is oriented towards the construction of mid-stream infrastructures dedicated to heavy transport, shipping and railways.

The other unallocated amounts mainly refer to head office activities of Snam corporate and captive insurance company activities.

In order to assess the performance of the operating segments, Snam's Management mainly analyses adjusted EBITDA (net of any non-recurring costs or revenues arising from events or transactions that are not representative of normal business activity) and adjusted EBIT, for which a reconciliation with the related reported values is provided.

In addition to the above measures, the Management Board periodically analyses the revenues and investments for each business.

In order to allow for a better reconciliation with data represented for management purposes, the representation of revenues has been changed, differentiating 'Regulated revenues', regarding services subject to regulation by the Authority ARERA, from 'Other revenues' and 'Other income' not subject to such regulation, instead of the distinction made between 'Revenues from ordinary operations' and 'Other revenues and income'.

42 Sector subject to separate reporting as a business subject to specific regulation, even if the materiality thresholds of IFRS 8 are not exceeded.

(million euros)	Reporting segments					Other segments	Amounts not allocated to segments	Reconciliation of adjusted values with reported values	Total
	Transportation Segment	Storage Segment	Regasification Segment	Energy Transition Segment					
FINANCIAL YEAR 2022									
Regulated revenues	2,162	515	42						2,719
Other non-regulated revenues	94	3		693	27	14			831
to deduct: intersector revenues	(48)	(2)			(4)				(54)
Total revenues from third parties	2,208	516	42	693	23	14			3,496
Other operating income	14	5	4	2		3			28
to deduct: other intersector operating income	(4)	(5)							(9)
Total revenues and other operating income from third parties	2,218	516	46	695	23	17			3,515
EBITDA	1,795	425	29	24	(19)	(17)	(19)		2,218
Depreciation, amortization and impairment losses	(703)	(120)	(11)	(28)	(2)	(9)	(17)		(890)
EBIT	1,092	305	18	(4)	(21)	(26)	(36)		1,328
Investments in Property, plant and equipment and intangible assets	1,007	172	55	98	15	8			1,355
to deduct: Investments in Property, plant and equipment and intangible assets - infrasector				(4)					(4)
Total investments in Property, plant and equipment and intangible assets	1,007	172	55	94	15	8			1,351
FINANCIAL YEAR 2023									
Regulated revenues	2,474	553	77						3,104
Other non-regulated revenues	231	2		1,092	42				1,367
to deduct: intersector revenues	(225)	(2)							(227)
Total revenues from third parties	2,480	553	77	1,092	42	0			4,244
Other operating income	27	6	1	13		8			55
to deduct: other intersector operating income	(8)	(3)							(11)
Total revenues and other operating income from third parties	2,499	556	78	1,105	42	8			4,288
EBITDA	1,873	477	35	60	(4)	(24)	(20)		2,397
Depreciation, amortization and impairment losses	(726)	(125)	(28)	(51)	(1)	(9)	(186)		(1,126)
- of which: Write-downs	(4)	(4)		(7)			(186)		
EBIT	1,147	352	7	9	(5)	(33)	(206)		1,271
Investments in Property, plant and equipment and intangible assets	1,139	225	256	131	19	8			1,778
to deduct: Investments in Property, plant and equipment and intangible assets - infrasector				(4)					(4)
Total investments in Property, plant and equipment and intangible assets	1,139	225	256	127	19	8			1,774

37) TRANSACTIONS WITH RELATED PARTIES

From 1 August 2019, CDP S.p.A. reclassified its equity investment in Snam, already classified as de facto control pursuant to international accounting standard IFRS 10 – Consolidated financial statements from 2014, as de facto control pursuant to Article 2359, paragraph 1 of the Italian Civil Code and Article 93 of the TUF.

Given the existence of de facto control by CDP S.p.A. over Snam S.p.A, the related parties of Snam, based on the current group ownership structure, are represented not only by Snam's subsidiaries, associates and companies under joint control, but also by the parent company CDP S.p.A. and its subsidiaries, including joint ventures, and associates, as well as by the subsidiaries, including joint ventures, and associates of the Ministry of the Economy and Finance (MEF) and, in any case, any additional related parties within the meaning of IAS 24 in effect from time to time. In addition, members of the Board of Directors, Statutory Auditors and executives with strategic responsibilities, their family members and entities controlled by them, including jointly by Snam, CDP and CDP Reti, are also considered related parties.

As explained in detail below, transactions with related parties mainly concern the exchange of goods and the provision of infrastructure services in the gas sector, whose rules are established by the Regulatory Authority for Electricity, Gas and the Water System (ARERA). In particular, ARERA sets the rates for the use of infrastructures and, through the Network Code, guarantees maximum impartiality and equal access to Users.

Snam's related party transactions are part of ordinary business operations and are generally settled at market conditions, i.e. the conditions which would be applied for two independent parties. All the transactions carried out were in the interest of the companies of the Snam Group.

Pursuant to the provisions of the relevant legislation, the company has adopted internal guidelines to ensure that transactions carried out by Snam or its subsidiaries with related parties are transparent and correct in their substance and procedure.

Directors and statutory auditors declare potential interests that they have in relation to the Company and the Group every six months, and/or when changes in said interests occur; they also inform the Chief Executive Officer (or the Chair, in the case of the Chief Executive Officer interests), who in turn informs the other directors and the Board of Statutory Auditors, of individual transactions that the Company intends to carry out and in which they have an interest.

Snam is not subject to management and coordination activities. Snam carries out management and coordination activities, pursuant to Article 2497 and following of the Italian Civil Code, with respect to directly and indirectly controlled companies.

Pursuant to the disclosure requirements set forth in Consob Regulation no. 17221 of 12 March 2010, with reference to transactions between related parties that fall within the "Cases of Exclusion" referred to in Article 13, paragraph 3, letter c) of the RPT Regulation and paragraph 3.2, item 8) of the RPT Guideline, no information on related party transactions is reported.

The following table shows the balances of transactions of a commercial and other financial nature with related parties, as defined above, for the current year and the previous year of comparison. The nature of the most significant transactions is also indicated.



37.1 Commercial and other relations

Commercial and other relations are analysed in the table below:

(million euros)	31.12.2022				2022					
	Receivables	Other assets	Payables	Other liabilities	Revenues (a)			Costs (b)		
					Goods	Services	Other	Goods	Services	Other
- Snam Gas & Energy Services (Beijing)	1					1			2	
- Snam Middle East BV			4							
Total subsidiaries accounted for using the equity method	1		4			1			2	
- DESFA - Hellenic Gas Transmission System Operator S.A.	1			1		1				(1)
- Trans Austria Gaisleitung GMBH (TAG)	8		7			3				
- Trans Adriatic Pipeline AG (TAP)	3		2	1		1				
- Others	2		1			2				(1)
Total companies under joint control and associated companies	14		10	2		7				(2)
Snam Foundation	1									2
- Cassa Depositi e Prestiti			116							
Total parent company			116							
- Others	1		2				1			
Total subsidiaries of the parent company CDP	1		2				1			
- Saipem Group			30						42	
- Others			1					2		
Total companies under joint control of the parent company CDP			31					2	42	
- Gestore dei servizi energetici S.p.A. (c)	313		24		2	9				
- Anas Group	3	1								
- Enel Group (d) (*)	241		62			536	1		2	
- Eni Group (d) (*)	420	1	278		11	1,153		158	71	1
- Invitalia Group			10						23	
- Others	1		1			2				
Total state-owned or state-controlled enterprises	978	2	375		13	1,700	1	158	96	1
TRADE BALANCES WITH RELATED PARTIES	995	2	538	2	13	1,708	2	160	140	1

(a) Gross of tariff components that are offset in costs.

(b) They include costs for goods and services for investment purposes.

(c) Costs for the purchase of goods do not include gas purchases made pursuant to ARERA resolution no. 274/2022/R/Gas.

(d) Including balancing asset balances.

(*) Commercial relations with the Eni Group and the Enel Group mainly concern regulated services for natural gas transportation, regasification and storage. Snam provides these services on the basis of the rules established by ARERA, the energy regulator. In particular, ARERA establishes the tariffs for the use of the infrastructures and guarantees, also through the Reference Codes (Network, Storage and Regasification), maximum impartiality and equal access to Users.

(million euros)	31.12.2023				2023					
	Receivables	Other assets	Payables	Other liabilities	Revenues (a)			Costs (b)		
					Goods	Services	Other	Goods	Services	Other
- Others									1	
Total subsidiaries accounted for using the equity method									1	
- Interconnector UK	3					13				(1)
- Trans Austria Gaisletung GMBH (TAG)	14		12			2				
- Trans Adriatic Pipeline AG (TAP)	12		11			2				
- Others	6		3	1		4				(3)
Total companies under joint control and associated companies	35		26	1		21				(4)
Snam Foundation										1
- Cassa Depositi e Prestiti			119							
Total parent company			119							
- Sace Group			8							
- Others	1		1				1			
Total subsidiaries of the parent company CDP	1		9				1			
- Saipem Group			89						192	
- Valvitalia Finanziaria S.p.A.								5	1	
Total companies under joint control of the parent company CDP			89					5	193	
- HRA Group - Autostrade per l'Italia S.p.A. (c)	2									
- Gestore dei servizi energetici S.p.A.	37		32		5	29				
- Anas Group		1	6							4
- Enel Group (d) (*)	218		24			779				
- Eni Group (d) (*)	364		304		19	1,274		139	88	1
- Invitalia Group			10						32	
- Others	4					2				4
Total state-owned or state-controlled enterprises	623	1	376		24	2,084		139	120	9
TRADE BALANCES WITH RELATED PARTIES	659	1	619	1	24	2,105	1	144	314	6

(a) Gross of tariff components that are offset in costs.

(b) They include costs for goods and services for investment purposes.

(c) Costs for the purchase of goods do not include gas purchases made pursuant to ARERA resolution no. 274/2022/R/Gas.

(d) Including balancing asset balances.

(*) Commercial relations with the Eni Group and the Enel Group mainly concern regulated services for natural gas transportation, regasification and storage. Snam provides these services on the basis of the rules established by ARERA, the energy regulator. In particular, ARERA establishes the tariffs for the use of the infrastructure and guarantees, also through the Reference Codes (Network, Storage and Regasification), maximum impartiality and equal access to Users.



37.1.1 Companies under joint control and associated companies

The most significant trade relations with companies under joint control and associated companies mainly concern: (i) TAG and TAP in relation to the sale and purchase of gas in the context of balancing activities; (ii) service and consulting revenues from Interconnector Limited.

37.1.2 Parent company

Trade relations with the parent company Cassa Depositi e Prestiti relate to the interim dividend payable of €119 million, which was resolved on 8 November 2023 by the Board of Directors and payable as of 24 January 2024, with ex-dividend date on 22 January 2024 and record date on 23 January 2024.

37.1.3 Companies under joint control of the parent company Cassa Depositi e Prestiti

The most significant commercial transactions with companies under the joint control of Cassa Depositi e Prestiti is the provision by Saipem of design and works supervision services for the construction of natural gas transportation, storage infrastructures and regasification new plants, governed by contracts entered into on normal market terms.

37.1.4 State-owned or state-controlled enterprises

The most significant business relations with state-owned or state-controlled enterprises refer to:

- the provision of natural gas transportation, regasification and storage services to the Eni Group and the Enel Group;
- the purchase from the Eni Group of electricity used to carry out activities;
- debts to Eni connected to the Carbon Capture Storage (CCS) development project, relating to the capture and storage of CO₂.

37.2 Financial relations

(million euros)	31.12.2022			2022	
	Receivables	Payables	Guarantees and commitments	Expenses	Income
- East Mediterranean Gas Company S.A.E. (EMG)	6				
- OLT Offshore LNG Toscana S.p.A.	102				17
- Società Agricola ASSORO BIOMETANO S.r.l.			12		
- Trans Adriatic Pipeline AG (TAP)			1,129		
- Trans Austria Gasleitung GmbH (TAG)			89		
Total companies under joint control and associated companies	108		1,230		17
- Arbolia S.p.A. Società Benefit		1			
Total non-consolidated subsidiaries		1			
CDP Corporate Partners			8		
Total subsidiaries of the parent company Cassa Depositi e Prestiti			8		
- Cassa Depositi e Prestiti Group	1	200		1	
Total parent company	1	200		1	
BALANCES OF FINANCIAL RELATIONS WITH RELATED PARTIES	109	201	1,238	1	17

(million euros)	31.12.2023			2023	
	Receivables	Payables	Guarantees and commitments	Expenses	Income
- Trans Adriatic Pipeline AG (TAP)			1,129		
- East Mediterranean Gas Company S.A.E. (EMG)	6				
- OLT Offshore LNG Toscana S.p.A.	82				8
- Others	2				
Total companies under joint control and associated companies	90		1,129		8
- Others		1			
Total non-consolidated subsidiaries		1			
- CDP Corporate Partners			12		
Total subsidiaries of the parent company Cassa Depositi e Prestiti			12		
- Cassa Depositi e Prestiti Group	3	503		18	
Total parent company	3	503		18	
BALANCES OF FINANCIAL RELATIONS WITH RELATED PARTIES	93	504	1,141	18	8



37.2.1 Companies under joint control and associated companies

Financial transactions with joint ventures and associates include:

- the so-called 'Debt Payment Undertaking' guarantee in favour of TAP, i.e. a mechanism to support the repayment of TAP's outstanding financial debt that would be activated, unlike the first-demand guarantee, upon the occurrence of specific and determined conditions linked to exceptional events of an extraordinary nature⁴³;
- the long-term financial receivable in favour of OLT and the related interest income.

37.2.2 Parent company

Financial relations with Cassa Depositi e Prestiti essentially concern two loans granted by the parent company to Snam S.p.A.

37.3 Impact of transactions or positions with related parties on the financial position and performance and cash flows

The impact of transactions or positions with related parties on the statement of financial position and income statement is shown in the following summary table:

(million euros)	31.12.2022			31.12.2023		
	Total	Related Entities	Impact %	Total	Related Entities	Impact %
Statement of financial position						
Other non-current financial assets	172	109	63.4	161	93	57.8
Trade and other receivables	4,624	995	21.5	4,505	659	14.6
Other current and non-current assets	314	2	0.6	503	1	0.2
Other current and non-current liabilities	2,370	2	0.1	1,924	1	0.1
Current and non-current financial liabilities	13,680	201	1.5	16,652	504	3.0
Trade payables and other payables	8,129	538	6.6	6,466	619	9.6

L'incidenza delle operazioni con parti correlate sul conto economico è indicata nella seguente tabella riepilogativa:

(million euros)	2022			2023		
	Total	Related Entities	Impact %	Total	Related Entities	Impact %
Profit and loss account						
Revenues	3,496	1,721	49.2	4,244	2,129	50.2
Other operating income	19	2	10.5	44	1	2.3
Costs for purchase of raw materials, consumables and finished goods	655	160	24.4	1,137	142	12.5
Costs for services	246	56	22.8	287	142	49.5
Personnel costs	237	(3)		248	(5)	
Other operating costs and expenses	159	3	1.9	219	3	1.4
Financial income	37	17	45.9	93	8	8.6
Financial expenses	177	1	0.6	314	18	5.7

43 For further information, please refer to Note 26.1.1 "Guarantee provided on behalf of the associate TAP".

Related party transactions are generally settled on an arm's length basis, i.e. on terms that would be applied between two independent parties.

The main financial flows with related parties are shown in the table below.

(million euros)	2022	2023
Operating revenues and income	1,723	2,130
Other operating costs and expenses	(216)	(283)
Change in trade and other receivables	(439)	332
Change in trade and other payables	65	(209)
Change in other current and non-current liabilities	1	1
Interest received (paid)	4	(10)
Cash flows from operating activities	1,138	1,961
Investments:		
- Property, plant and equipment and intangible assets	(85)	(183)
- Equity investments		(406)
- Long-term financial receivables		23
- Change in payables and receivables relating to investments	31	7
Divestments:		
- Financial receivables (repayments)	194	
Cash flows from investing activities	140	(559)
Increase (decrease) in short-term financial payables	200	300
Cash flows from financing activities	200	300
TOTAL CASH FLOWS TO RELATED ENTITIES	1,478	1,702

The impact of cash flows with related parties is shown in the table below:

(million euros)	2022			2023		
	Total	Related entities	Impact %	Total	Related entities	Impact %
Cash flows from operating activities	4,109	1,138	27.7	(135)	1,961	
Cash flows from investing activities	(1,368)	140		(2,231)	(559)	25.1
Cash flows from financing activities	(2,321)	200		1,991	300	15.1

38) PUBLIC DISBURSEMENTS - DISCLOSURE PURSUANT TO ARTICLE 1, PARAGRAPHS 125-129, LAW NO. 124/2017

Pursuant to Article 1, paragraph 125 of Law No. 124/2017, as amended, information is given below on disbursements received from Italian public entities and organisations, in favour of Snam S.p.A. and its fully consolidated subsidiaries. Consolidated reporting takes into account disbursements received from Italian public entities/state bodies. In particular, disclosure is not required for the following: (i) the forms of incentive/subsidy received under a general aid scheme to all beneficiaries; (ii) consideration for works/services, including sponsorships; (iii) reimbursements and allowances paid to persons engaged in training and orientation traineeships; (iv) contributions received for continuing training by inter-professional funds established in the legal form of an association; (v) membership dues for membership in trade and territorial associations, as well as to foundations or equivalent organisations, functional to activities related to the company's business. Disbursements are identified on a cash basis.

The disclosure obligations regarding the transparency of public disbursements granted, provided for by Law 124 of 2017 in Article 1, paragraph 126, are not applicable for the Snam Group.

The disclosure presented below includes public disbursements in excess of €10,000 received during 2023. Pursuant to the provisions of Article 3-quater of Decree-Law 135/2018, converted with amendments by Law 12 of 11 February 2019, for the disbursements received, please refer to the indications contained in the National Register of State Aid referred to in Article 52 of Law 234 of 24 December 2012.

Beneficiary	Disbursing entity	Object of the contribution	Amount of economic advantage received (€)
Snam S.p.A.	Lombardy Region	I-Gap Project: Development of technologies for the design and production of natural gas absorption heat pumps for residential use with an innovative thermodynamic cycle	72,932
GNL Italia S.p.A.	Ministry of Infrastructure and Transport - NRRP Supplementary Fund	Construction of an LNG and Bio-GNL refuelling point for road tankers at the existing Panigaglia regasifier in Portovenere (La Spezia) - Pre-financing	1,102,438
Greenture S.p.A.	Ministry of Infrastructure and Transport - NRRP Supplementary Fund	Construction of a liquefaction plant in Pignataro Maggiore (Cesena) for the supply, storage and utilisation of Bio-GNL and LNG, suitable to foster the decarbonisation of transport (with a particular focus on the maritime sector) in Central Southern Italy - Pre-financing	3,374,398

39) SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

There were no significant events after the end of the financial year.

40) PUBLICATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised for publication, to be carried out in accordance with law, by the Board of Directors of Snam in its meeting of 13 March 2024.

MANAGEMENT'S STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. The undersigned Stefano Venier and Luca Oglialoro, in their respective capacities as Chief Executive Officer and Manager, responsible for preparing the financial reporting of Snam S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
 - the adequacy in relation to the characteristics of the company, and
 - the actual application of administrative and accounting procedures for the preparation of the Consolidated Financial Statements during the financial year 2023.
2. The administrative and accounting procedures for the preparation of the Consolidated Financial Statements for the year ended 31 December 2023 have been defined and the assessment of their adequacy has been carried out on the basis of the standards and methodologies defined in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which represents a generally accepted international reference framework for the internal control system.
3. It is also certified that:
 - 3.1 the Consolidated Financial Statements at 31 December 2023:
 - a) have been prepared in accordance with applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) corresponds to accounting records;
 - c) are suitable for giving a true and fair view of the financial position, performance and cash flows of the issuer and the group of companies included in consolidation.
 - 3.2 The Directors' Report includes a reliable analysis of the development and results of operations, as well as the situation of the issuer and the group of companies included in consolidation, together with a description of the main risks and uncertainties to which it is exposed.

13 March 2024

/Signature/Stefano Venier
Stefano Venier
Chief Executive Officer

/Signature/Luca Oglialoro
Luca Oglialoro
Manager responsible for preparing
the Company's financial reports



AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Snam S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Snam S.p.A. and its subsidiaries ("Snam Group" or "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated income statement, the comprehensive income consolidated statement, the consolidated statement of changes in shareholders' equity and the cash flow consolidated statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Snam S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Investments in regulated business segments of the natural gas transportation, storage and regasification and related impairment test

Description of the key audit matter

As at December 31, 2023, the Group accounts for the item "Property, plant and equipment" for a total amount of euro 18,941 million and for the item "Intangible assets and goodwill", for a total amount of euro 1,449 million, mainly related to the regulated business segments and, in particular, for a total amount of euro 14,876 million referred to natural gas transportation business segment, for a total amount of euro 3,684 million referred to natural gas storage business segment and for a total amount of euro 1,156 million referred to natural gas regasification business segment. Investments made in the financial year relating to these sectors totaled euro 1,620 million.

The natural gas transportation, storage and regasification business segments are regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA"), which defines, among the others, the rules for the remuneration of the related services. In particular, the regulated revenues for the natural gas transportation, storage and regasification services provided by the Group are determined by ARERA and provide for recognition of a predefined return on the regulatory net invested capital recognized for tariff purposes (RAB – Regulatory Asset Base), of the relative depreciation and of some operating expenses – the so-called "revenue cap". The RAB value is determined by ARERA mainly through the "revalued historical cost" method.

At the end of the financial year, the Group's management assessed the recoverability of non-financial fixed assets referring to the aforementioned business segments, by comparing the carrying amount, represented by the net invested capital related to each of the cash-generating units, with the corresponding recoverable amount.

In performing the impairment test, the recoverable amount of the assets was estimated primarily based on the RAB method. No impairment loss resulted from the test.

We believe that investments in the natural gas transportation, storage and regasification business segments and the related impairment test represent a key audit matter for the Group's consolidated financial statements as at December 31, 2023 due to: (i) the relevance of the tangible and intangible assets related to natural gas transportation, storage and regasification services, compared to the Group's total assets, (ii) the relevance of the investments made during the year and (iii) their impact in determining the revenue cap for the remuneration of services related to these sectors.



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Notes 5) Significant accounting policies – paragraphs 5.2, 5.3 and 5.5, 6) Assumptions and uncertainties in estimates – paragraph 6.1 and 6.7, 8) Property, plant and equipment and 9) Intangible assets and goodwill to the consolidated financial statements include the disclosure on the investments in regulated businesses of the natural gas transportation, storage and regasification and the related impairment test.

Audit procedures performed

With reference to the investments in regulated businesses related to the natural gas transportation, storage and regasification and the related impairment test, our audit procedures included, among the others, the following:

- Understand the processes and the relevant controls referred to the recognition of such investments in the financial statements and assessment of operating effectiveness of these controls.
- Understand the process and the relevant controls referred to the impairment test.
- Critical analysis of the tangible and intangible assets captions, included the analysis of any unusual item.
- Test the accurate start of depreciation when the asset is available for use, for a sample of projects included in tangible and intangible assets with depreciation starting date in the year, and analysis of the aging of projects included in the assets in progress.
- With reference to investments occurred during the period, selection of a sample of transactions and test of the compliance with the capitalization criteria provided by accounting standards.
- Assessment of the consistency between the useful life used for the depreciation of the assets and their regulatory useful life and reperforming procedures of the period depreciation.
- Discussion meetings with the Management in order to understand the impairment test methodology.
- Assessment of compliance of impairment test methodology, adopted by the Management, with the related applicable accounting standards.

Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Impairment test of investments accounted for using the equity method

Description of the key audit matter

As at December 31, 2023, the Group accounts for the item “Investments accounted for using the equity method” for a total amount of euro 3,019 million, mainly related to the Italian and foreign equity investments in jointly controlled companies for an amount of euro 1,452 million and in associated companies for an amount of euro 1,566 million.

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At the end of the financial year, the Management identified external impairment indicators related to the macroeconomic context marked, also over the past year, by the presence of a substantial inflationary trend to which the major central banks, including the ECB, have responded with significant and recurrent raises of their respective benchmark interest rates.

In this context, the Management performed the impairment test of the main equity investments by comparing the carrying amount with the recoverable amount represented by the higher between fair value and value in use. The total amount of investments tested for impairment is euro 2,999 million.

In particular, for the purpose of the impairment test, the recoverable amount of the equity investments was determined as the value in use on the basis of the Discounted Cash Flows (DCF) method, deducting the amount of the investment's net financial debt, or of the Dividend Discount Model (DDM) method, with the exemption of the equity investments in Italgas S.p.A. and Industrie De Nora S.p.A., associated companies, for which the fair value was determined on the basis of the market prices at the end of the year. No impairment loss resulted from the test.

Considering the relevance of such equity investments' amount, and the estimation component used in determining the recoverable amount, we believe that the impairment test of investments accounted for using the equity method represents a key audit matter for the Group's consolidated financial statements as at December 31, 2023.

Notes 5) Significant accounting policies – paragraphs 5.1 and 5.5, 6) Assumptions and uncertainties in estimates – paragraph 6.1 and 10) Investments accounted for using the equity method to the consolidated financial statements include the disclosure on the investments accounted for using the equity method and the relative impairment test.

Audit procedures performed

With reference to our activities, we performed, among the others, the following audit procedures, also with the support of Deloitte network's experts:

- Understand the process and the relevant controls related to the impairment test.
- Discussion meetings with the Management in order to understand the impairment test methodology.
- Assessment of compliance of impairment test methodology, adopted by the Management, with the related applicable accounting standards.
- Reasonableness analysis of the main assumptions underlying the determination of the recoverable amount.
- Analysis of actual figures with respect to the original plans in order to assess the nature of the variations and the plans preparation process' reliability.



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- Reasonableness' assessment of the discount rate (K_e in the DDM method and WACC in the DCF method) and of the long-term growth rate (g-rate) used.
- Mathematical accuracy's test of the recoverable amount estimated by the Management and of the comparison between the recoverable amount and the carrying amount of the investment.
- Test of the sensitivity analysis prepared by the Management.
- Accuracy's test of the market prices used to determine the fair value of the investments in Italgas S.p.A. and in Industrie De Nora S.p.A.

Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Snam S.p.A. has appointed us on October 23, 2019, as auditors of the Company for the years from December 31, 2020, to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Snam S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023, have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Snam S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Snam Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Snam Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Snam Group as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Snam S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Paola Mariateresa Rolli
Partner

Milan, Italy
April 4, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



ANNEXES



- 
- 628** Equity investments
of Snam S.p.A.
at 31 December 2023
 - 634** Changes in the scope
of consolidation occurring
in the financial year 2023
 - 635** Fees for audit and non-audit
services



ANNEXES TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Equity investments of Snam S.p.A. at 31 December 2023

In accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006 and Articles 38 and 39 of Legislative Decree 127/1991, the subsidiaries, companies under joint control and associated companies of Snam S.p.A. at 31 December 2023, as well as other material equity investments, are listed below.

The companies are divided by business segment and are listed in alphabetical order. For each company, the following are indicated: the name, registered office, share capital, shareholders and their respective percentages of ownership; for consolidated companies, the consolidated percentage pertaining to Snam is indicated; for unconsolidated investees of consolidated companies, the valuation criterion is indicated.

At 31 December 2023, the companies of Snam S.p.A., divided between Italy and countries, were as follows:

	Subsidiaries		Companies under joint control and associated companies		Other material equity investments(*)		Total
	Italy	Other countries	Italy	Other countries	Italy	Other countries	
<i>Companies consolidated on a line-by-line basis</i>	61	3					64
<i>Equity investments of consolidated companies (**)</i>	7	3	8	11	1	2	32
Accounted for using the equity method		1	6	10			17
Accounted for with the cost criterion	7	2	2	1	1	1	14
Measured using the fair value method						1	1
<i>Equity investments of non-consolidated companies</i>			1	5			6
Owned by companies under joint control			1	5			6
TOTAL COMPANIES	68	6	9	16	1	2	102

(*) These refer to equity investments in companies other than subsidiaries, companies under joint control and associate companies exceeding 2% or 10% of the capital, respectively, whether listed or unlisted.

(**) Subsidiaries accounted for at cost and/or with the equity method and companies under joint control and associated companies accounted for with the cost criterion refer to insignificant companies.

CONSOLIDATING COMPANY

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP
Snam S.p.A.	San Donato Milanese (Milan)	EURO	2,735,670,475.56	C.D.P. Reti S.p.A. (a)	31.35%
				Romano Minozzi	7.46%
				Snam S.p.A.	0.22%
				Azionisti terzi	60.97%

(a) CDP S.p.A. holds 59.10% of CDP Reti S.p.A.

SUBSIDIARIES							
NAME	REGISTERED OFFICE	FINANCIAL REPORTING CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP	% CONSOLIDATED PERTAINING TO SNAM	METHOD OF CONSOLIDATION OR MEASUREMENT CRITERION (*)
BIOMETHANE							
Bioenergys S.r.l.	San Donato Milanese (Milan)	EURO	5,000,000	Snam S.p.A.	100%	100%	C.I.
<i>Biomethane - Agri</i>							
Agriwatt Castel Goffredo Società Agricola a r.l.	Como	EURO	100,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Bietifin S.r.l.	Bologna	EURO	500,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Biogas Bruso Società Agricola a r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	99.9%	99.9%	C.I.
				Soci terzi	0.1%		
Bioenergys Agri S.r.l. (formerly Ies Biogas S.r.l.)	Pordenone	EURO	100,000	Bioenergys S.r.l.	100%	100%	C.I.
BYS Società Agricola Impianti S.r.l. (formerly Piacentina Agroenergia Società Agricola S.r.l.)	Pordenone	EURO	28,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Emiliana Agroenergia Società Agricola S.r.l.	Piacenza	EURO	30,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Govone Biometano S.r.l.	Pordenone	EURO	70,000	Bioenergys Agri S.r.l.	100%	100%	Co.
IES Biogas S.r.l. (in liquidation)	Buenos Aires (Argentina)	ARS	100,000 (a)	Bioenergys Agri S.r.l.	95%		Co.
				Bioenergys S.r.l.	5%		
Maiero Energia Società Agricola a r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Moglià Energia Società Agricola a r.l.	Pordenone	EURO	30,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
MST S.r.l.	Pordenone	EURO	800,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
MZ Biogas Società Agricola a r.l.	Pordenone	EURO	119,000	Bioenergys Agri S.r.l.	99.9%	99.9%	C.I.
				Soci terzi	0.1%		
Società Agricola Agrimetano Pozzonovo S.r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Agrimetano Ro S.r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Agrimetano S.r.l.	Faenza (Ravenna)	EURO	60,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Agrimezzana Biogas S.r.l.	San Rocco al Porto (Lodi)	EURO	30,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Asola Energie Biogas S.r.l.	Asola (Mantova)	EURO	60,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Biostellato 1 S.r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Biostellato 2 S.r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Biostellato 3 S.r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Biostellato 4 S.r.l.	Pordenone	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Carignano Biogas S.r.l.	Bologna	EURO	100,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola G.B.E. Gruppo Bioenergie S.r.l.	Pordenone	EURO	20,000	Società Agricola Sangiovanni S.r.l.	100%	100%	C.I.
Società Agricola La Valle Green Energy S.r.l.	Cerea (Verona)	EURO	10,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola San Giuseppe Agroenergia S.r.l.	Bologna	EURO	450,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Sangiovanni S.r.l.	Pordenone	EURO	20,000	Bioenergys Agri S.r.l.	50%	100%	C.I.
				Società Agricola SQ Energy S.r.l.	50%		
Società Agricola Santo Stefano Energia S.r.l.	Casalmoro (Mantova)	EURO	60,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola SQ Energy S.r.l.	Pordenone	EURO	100,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola T4 Energy S.r.l.	Pordenone	EURO	200,000	Bioenergys Agri S.r.l.	100%	100%	C.I.



SUBSIDIARIES

NAME	REGISTERED OFFICE	FINANCIAL REPORTING CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP	% CONSOLIDATED PERTAINING TO SNAM	METHOD OF CONSOLIDATION OR MEASUREMENT CRITERION (*)
Società Agricola Tessagli Agroenergia S.r.l.	Commessaggio (Mantova)	EURO	29,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Società Agricola Zoppola Biogas S.r.l.	Pordenone	EURO	10,000	Società Agricola Sangiovanni S.r.l.	100%	100%	C.I.
Soragna Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (Parma)	EURO	60,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Zibello Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (Parma)	EURO	60,000	Bioenergys Agri S.r.l.	100%	100%	C.I.
Biomethane - Waste							
Bioenergys Ambiente S.r.l.	San Donato Milanese (Milan)	EURO	1,710,764	Bioenergys S.r.l.	100%	100%	C.I.
Biowaste CH4 Anzio S.r.l.	San Donato Milanese (Milan)	EURO	700,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Biowaste CH4 Group S.r.l.	San Donato Milanese (Milan)	EURO	22,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Biowaste CH4 Foligno S.r.l.	San Donato Milanese (Milan)	EURO	4,347,618	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Biowaste CH4 Genova S.r.l.	San Donato Milanese (Milan)	EURO	4,127,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Biowaste CH4 Legnano S.r.l.	Turin	EURO	24,558,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Biowaste CH4 Toscana S.r.l.	San Donato Milanese (Milan)	EURO	5,950,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
CH4 Energy S.r.l.	Palermo	EURO	10,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
BYS Ambiente Impianti S.r.l. (formerly Ecoprogetto Milano S.r.l.)	San Donato Milanese (Milan)	EURO	1,000,000	Renerwaste Lodi S.r.l. Bioenergys Ambiente S.r.l.	55% 45%	100%	C.I.
Ecoprogetto Tortona S.r.l.	San Donato Milanese (Milan)	EURO	1,000,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Enersi Sicilia S.r.l.	San Donato Milanese (Milan)	EURO	400,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
Renerwaste Cupello S.r.l.	San Donato Milanese (Milan)	EURO	1,000,000	Bioenergys Ambiente S.r.l. Soci terzi	85% 15%	100%	C.I.
Renerwaste Lodi S.r.l.	San Donato Milanese (Milan)	EURO	10,000	Bioenergys Ambiente S.r.l.	100%	100%	C.I.
ENERGY EFFICIENCY							
Evolve S.p.A. (b)	Milan	EURO	1,450,000	Renovit S.p.A. Soci terzi	70% 30%	60.05%	C.I.
RENPV1 S.r.l.	Milan	EURO	10,000	Tep Energy Solution S.r.l.	100%		Co.
RENPV2 S.r.l.	Milan	EURO	10,000	Tep Energy Solution S.r.l.	100%		Co.
Renovit Public Solutions S.p.A. (già Mieci S.p.A.) (b)	Milan	EURO	200,000	Renovit S.p.A. Soci terzi	70% 30%	60.05%	C.I.
Renovit S.p.A.	San Donato Milanese (Milan)	EURO	4,375,000	Snam S.p.A. CDP Equity S.p.A. Soci terzi	60.05% 30% 9.95%	60.05%	C.I.
TEA Innovazione Due S.r.l.	Brescia	EURO	20,000	Tep Energy Solution S.r.l.	100%		Co.
TEP Energy Solution S.r.l.	Rome	EURO	1,000,000	Renovit S.p.A.	100%	60.05%	C.I.
T-Lux S.r.l.	Piancogno (Brescia)	EURO	50,000	Renovit Public Solutions S.p.A. Soci terzi	85% 15%	60.05%	C.I.
MOBILITY & LIQUEFACTION							
Cubogas S.r.l.	San Donato Milanese (Milan)	EURO	1,000,000	Greenture S.p.A.	100%	100%	C.I.
Greenture S.p.A.	San Donato Milanese (Milan)	EURO	2,320,000	Snam S.p.A.	100%	100%	C.I.
REGASIFICATION							
GNL Italia S.p.A.	San Donato Milanese (Milan)	EURO	17,300,000	Snam S.p.A.	100%	100%	C.I.
FSRU I Limited	Hamilton (Bermuda)	EURO	369,923,484	Snam FSRU Italia S.r.l.	100%	100%	C.I.
Ravenna LNG Terminal S.r.l.	San Donato Milanese (Milan)	EURO	10,000	Snam FSRU Italia S.r.l.	100%	100%	C.I.
Snam FSRU Italia S.r.l.	San Donato Milanese (Milan)	EURO	10,000	Snam S.p.A.	100%	100%	C.I.

SUBSIDIARIES

NAME	REGISTERED OFFICE	FINANCIAL REPORTING CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP	% CONSOLIDATED PERTAINING TO SNAM	METHOD OF CONSOLIDATION OR MEASUREMENT CRITERION (*)
STORAGE OF NATURAL GAS							
Stogit S.p.A.	San Donato Milanese (Milan)	EURO	152,205,500	Snam S.p.A.	100%	100%	C.I.
NATURAL GAS TRANSPORTATION							
Asset Company 2 S.r.l.	San Donato Milanese (Milan)	EURO	10,000,000	Snam S.p.A.	100%	100%	C.I.
Enura S.p.A.	San Donato Milanese (Milan)	EURO	3,700,000	Snam S.p.A.	55%	55%	C.I.
				Soci terzi	45%		
Infrastrutture Trasporto Gas S.p.A.	San Donato Milanese (Milan)	EURO	10,000,000	Asset Company 2 S.r.l.	100%	100%	C.I.
Snam Rete Gas S.p.A.	San Donato Milanese (Milan)	EURO	1,200,000,000	Snam S.p.A.	100%	100%	C.I.
CORPORATE AND OTHER ACTIVITIES							
Arbolia S.r.l. Società Benefit	San Donato Milanese (Milan)	EURO	100,000	Snam S.p.A.	100%		Co.
Asset Company 4 S.r.l.	San Donato Milanese (Milan)	EURO	100,000	Snam S.p.A.	100%		Co.
Asset Company 9 S.r.l.	San Donato Milanese (Milan)	EURO	10,000	Snam S.p.A.	100%		Co.
Asset Company 10 S.r.l.	San Donato Milanese (Milan)	EURO	10,000	Snam S.p.A.	100%	100%	C.I.
Gasrule Insurance D.A.C.	Dublin (Ireland)	EURO	20,000,000	Snam S.p.A.	100%	100%	C.I.
Snam Energy Services Private Limited	New Delhi (India)	INR	1,000,000	Snam International B.V.	99.999%		Co.
				Snam S.p.A.	0.001%		
Snam Gas & Energy Services (Bejing) Co., Ltd	Beijing (China)	RMB	15,493,800 (c)	Snam Intenational B.V.	100%		PN
Snam International B.V.	Amsterdam (Netherlands)	EURO	6,626,800	Snam S.p.A.	100%	100%	C.I.

(*) C.I. = Consolidation on a line-by-line basis; Co. = Measurement at cost; PN = Accounted for using the equity method

(a) The value is expressed in Argentine Pesos (ARS).

(b) For the purposes of the Consolidated Financial Statements, the presence of cross put and call options on the interests of minority shareholders made it possible to recognise the transaction as if 100% of the companies had been acquired, thus not recognising the non-controlling interests of shareholders.

(c) The value is expressed in Chinese Renminbi (RMB).



COMPANIES UNDER JOINT CONTROL AND ASSOCIATED COMPANIES

NAME	REGISTERED OFFICE	FINANCIAL REPORTING CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP	METHOD OF CONSOLIDATION OR MEASUREMENT CRITERION (*)
Albanian Gas Service Company SH.A.	Tirana (Albania)	ALL	875,000 (a)	Snam S.p.A. Non-controlling partners	25% 75%	Co.
AS Gasinfrastruktur Beteiligung GmbH (b)	Vienna (Austria)	EURO	35,000	Snam S.p.A. Non-controlling partners	40% 60%	PN
AS Gasinfrastruktur GmbH	Vienna (Austria)	EURO	35,000	AS Gasinfrastruktur Beteiligung GmbH	100%	
dCarbonX Limited	London (United Kingdom)	GBP	4,29 (c)	Snam International B.V. Non-controlling partners	50% 50%	PN
East Mediterranean Gas Company S.A.E. (EMG)	Cairo (Egitto)	USD	147,000,000 (d)	Snam International B.V. Non-controlling partners	25% 75%	PN
Ecos S.r.l. (b)	Genoa	EURO	10,000	Snam S.p.A. Non-controlling partners	33.34% 66.66%	PN
EIS S.r.l. (in liquidation)	Milan	EURO	100,000	TEP Energy Solution S.r.l. Non-controlling partners	40% 60%	Co.
Galaxy Pipeline Assets HoldCo Limited	Jersey	USD	1,979,221,357 (d)	Snam S.p.A. Non-controlling partners	12.33% 87.67%	PN
Industrie De Nora S.p.A. (#)	Milan	EURO	18,268,204	Asset Company 10 S.r.l. Non-controlling partners	21.59% 78.41%	PN
Interconnector Limited	London (United Kingdom)	GBP	12,754,680 (c)	Snam International B.V. Non-controlling partners	23.68% 76.32%	PN
Interconnector Zeebrugge Terminal B.V.	Brussels (Belgium)	EURO	123,946	Interconnector Limited Snam International B.V. Non-controlling partners	48% 25% 27%	PN
Italgas S.p.A. (#)	Milan	EURO	1,002,016,255	Snam S.p.A. C.D.P. Reti S.p.A. Non-controlling partners	13.47% 26.00% 60.53%	PN
Latina Biometano S.r.l.	Rome	EURO	10,000	Bioenrys Agri S.r.l. Non-controlling partners	32.50% 67.50%	Co.
OLT Offshore LNG Toscana S.p.A. (b)	Milan	EURO	40,489,544	Snam S.p.A. Non-controlling partners	49.07% 50.93%	PN
SeaCorridor S.r.l. (b)	San Donato Milanese (Milan)	EURO	100,000,000	Snam S.p.A. Eni S.p.A.	49.90% 50.10%	PN
Senfluga Energy Infrastructure Holdings S.A.	Athens (Greece)	EURO	20,125,050	Snam S.p.A. Non-controlling partners	54% 46%	PN

COMPANIES UNDER JOINT CONTROL AND ASSOCIATED COMPANIES

NAME	REGISTERED OFFICE	FINANCIAL REPORTING CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP	METHOD OF CONSOLIDATION OR MEASUREMENT CRITERION (*)
Société pour la Construction du Gazoduc Transtunisien (SCOGAT) S.A.	Tunis (Tunisia)	TND	2,000,000	SeaCorridor S.r.l.	99.80%	
				Non-controlling partners	0.20%	
Teréga Holding S.A.S. (b)	Pau (France)	EURO	505,869,374	Snam S.p.A.	40.50%	PN
				Non-controlling partners	59.50%	
Teréga S.A.S.	Pau (France)	EURO	489,473,550	Teréga Holding S.A.S.	100%	
Teréga S.A.	Pau (France)	EURO	17,579,088	Teréga S.A.S.	100%	
Teréga Solutions S.A.S.	Pau (France)	EURO	13,300,000	Teréga S.A.S.	100%	
Trans Austria Gaisleitung GMBH (b)	Vienna (Austria)	EURO	76,566	Snam S.p.A.	84.47%	PN
				Non-controlling partners	15.53%	
Trans Adriatic Pipeline AG	Baar (Switzerland)	EURO	800,000,004	Snam International B.V.	20%	PN
				Non-controlling partners	80%	
Trans Tunisian Pipeline Company S.p.A. (TTPC)	San Donato Milanese (Milan)	EURO	1,098,000	SeaCorridor S.r.l.	100%	
Zena Project S.p.A.	Carpi (Modena)	EURO	10,000,000	Renovit Public Solutions S.p.A.	35.93%	PN
				Non-controlling partners	64.07%	

(*) PN = Accounted for using the equity method; Co. = Measurement at cost

(a) The value is expressed in Albanian Lek (ALL).

(b) The Company is under joint control.

(c) The value is expressed in GBP.

(d) The value is expressed in USD.

(#) Companies with shares listed on Italian regulated markets.

OTHER MATERIAL EQUITY INVESTMENTS

NAME	REGISTERED OFFICE	FINANCIAL REPORTING CURRENCY	SHARE CAPITAL	SHAREHOLDERS	% OF OWNERSHIP	METHOD OF CONSOLIDATION OR MEASUREMENT CRITERION (*)
ITM POWER PLC##	Sheffield (United Kingdom)	GBP	30,657,908 (a)	Snam S.p.A.	2.072%	FVTOCI
				Soci terzi	97.93%	
PRISMA - European Capacity Platform GmbH	Leipzig (Germany)	EURO	261,888	Snam Rete Gas S.p.A.	14.66%	Co.
				Soci terzi	85.34%	
Servizi Ambientali Piemonte S.r.l.	Milan	EURO	10,000	Bioenerys Ambiente S.r.l.	10%	Co.
				Soci terzi	90%	

(*) Co. = Measurement at cost; FVTOCI = Fair Value Through OCI.

(a) The value is expressed in GBP.

(##) Companies with shares listed on non-EU regulated markets.

CHANGES IN THE SCOPE OF CONSOLIDATION OCCURRING IN THE FINANCIAL YEAR 2023

Incoming companies (no. 11)	Sector	Direct member	Variation
Agriwatt Castel Goffredo Società Agricola a r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Bietifin S.r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Biowaste CH4 Legnano S.r.l.	Biomethane - Waste	Bioenergys Ambiente S.r.l.	Acquisition
CH4 Energy S.r.l.	Biomethane - Waste	Bioenergys Ambiente S.r.l.	Acquisition
FSRU I Limited	Regasification	Snam FSRU Italia S.r.l.	Acquisition
Moglia Energia Società Agricola a r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
MST S.r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Società Agricola Agrimetano Pozzonovo S.r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Società Agricola Agrimetano Ro S.r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Soragna Agroenergie Società Agricola S.r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Zibello Agroenergie Società Agricola S.r.l.	Biomethane - Agri	Bioenergys Agri S.r.l.	Acquisition
Outgoing companies (no. 6)	Sector	Direct member	Variation
Ca' Bianca Società Agricola a r.l.	Biomethane - Agri	Iniziative Biometano S.p.A.	Transfer
EBS Società Agricola a r.l.	Biomethane - Agri	Iniziative Biometano S.p.A.	Transfer
Golar LNG NB13 Corporation	Regasification	Snam FSRU Italia S.r.l.	Merger
Iniziative Biometano S.p.A.	Biomethane - Agri	Bioenergys S.r.l.	Transfer
Motta Energia Società Agricola a r.l.	Biomethane - Agri	Iniziative Biometano S.p.A.	Transfer
Società Agricola Ariano Biometano S.r.l.	Biomethane - Agri	Iniziative Biometano S.p.A.	Transfer

Fees for audit and non-audit services

Pursuant to Article 149 - duodecies, second paragraph, of Consob Resolution 11971 of 14 May 1999, as amended, the fees payable¹ to the independent auditors Deloitte & Touche S.p.A. for services provided to the parent company Snam S.p.A. and its subsidiaries for the year 2023 are indicated below:

(in thousands of €)			
Type of services	Service provider	Recipient	Fees
Audit services ⁽¹⁾	Parent company auditor	Parent company	236
	Parent company auditor	Subsidiaries	980
	Parent company auditor's network	Subsidiaries	117
Certification services ⁽²⁾	Parent company auditor	Parent company	256
	Parent company auditor	Subsidiaries	36
	Parent company auditor's network	Subsidiaries	-
			1,625

(1) Audit services essentially include: (i) auditing the Consolidated Financial Statements and the Financial Statements of Snam S.p.A and Subsidiaries, as well as the related reporting packages for the purposes of the Consolidated Financial Statements; (ii) audits on the compliance of the Consolidated Financial Statements with the provisions of Commission Delegated Regulation (EU) 219/815 - ESEF; (iii) a limited audit of the half-year financial report; (iv) audits during the financial year pursuant to Article 14(b) of Legislative Decree no. 39/2010; (v) audits performed in accordance with ISA 600; (vi) the limited audit of the Non-Financial Statement pursuant to Legislative Decree 254/2016.

(2) Certification services mainly concern: (i) audit of the control system on financial reporting; (ii) certification (comfort letters) in connection with debenture bond issues; (iii) limited audit of the directors' report pursuant to Article 2433-bis (5) of the Italian Civil Code; (iv) audit of compliance with GRI standards of specific ESG indicators.

¹ Including adjustment to the ISTAT index, relating to the cost of living (consumer price index for families).



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