

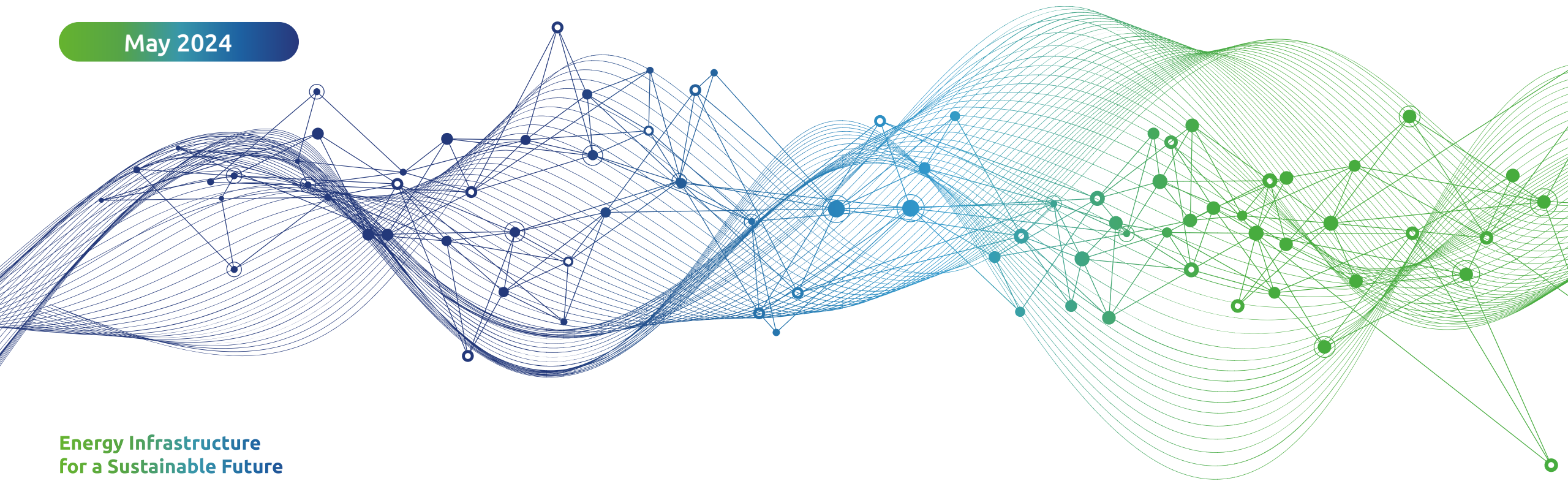


# TAX TRANSPARENCY REPORT

## 2023

May 2024

Energy Infrastructure  
for a Sustainable Future





## COMPANY PROFILE

**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 metres of gas that will rise to 18.5 billion cubic metres 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 guarantees supply security and promotes the energy transition through investments in green gas (biomethane and hydrogen), energy efficiency and CCS (Carbon Capture and Storage) technology. The company also creates new green areas through a benefit company focused on urban afforestation projects.

Snam also aims to cut 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 cutting natural gas emissions on its assets. In 2023, Snam achieved a 55% 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.

[www.snam.it](http://www.snam.it)



Energy to inspire the world





## MESSAGE FROM CFO AND TAX DIRECTOR



Snam affirms its commitment to energy transition and security in a global energy context that continues to change.

The Tax Transparency Report, which Snam is publishing for the second consecutive year, aims to present its approach to taxation and risk governance, as well as provide its stakeholders with a summary of how the Group's activities contribute to the creation of value for the community.

**Luca Passa**

*Chief Financial Officer Snam*



In line with our 2023-2027 Strategic Plan, taxation will contribute to Snam's path towards sustainability.

Transparency and accountability are the pillars on which the Group's management of taxation has always been based.

**Giuseppe Nicosia**

*Tax Director Snam*





# NOVITÀ DEL REPORT



Snam's journey to Transparency



Snam and sustainability



Sustainable finance



Tax reform



Stakeholder engagement



Trend Analysis



Tax contribution by business



The new information in this second Tax Transparency Report is presented on the following pages marked with the following icon.





# TABLE OF CONTENTS

## COMPANY PROFILE

### MESSAGE FROM CFO AND TAX DIRECTOR

### WHAT'S NEW IN THE REPORT

## 1. HIGHLIGHTS

- 1.1 Snam's journey to Transparency
- 1.2 Strengthening the tax infrastructure
- 1.3 Tax contribution to ESG topics

## 2. SNAM

- 2.1 Business
- 2.2 Snam's global footprint

## 3. SNAM AND SUSTAINABILITY

- 3.1 Snam and sustainability
- 3.2 Snam's sustainability strategy
- 3.3 Strategic Plan sustainability targets
- 3.4 Sustainability Scorecard
- 3.5 Sustainable finance

## 4. TAX STRATEGY

- 4.1 Control environment
- 4.2 Tax strategy fundamentals
- 4.3 Tax strategy
- 4.4 Tax reform

## 5. TAX RISK CONTROLS

- 5.1 The control system's architecture
- 5.2 Tax control tools
- 5.3 Relations with the tax authorities
- 5.4 Snam stakeholders

## 6. TAX REPORTING

- 6.1 Key Figures 2023
- 6.2 Key indicators of the Group's 2023 tax contribution
- 6.3 Contribution by Contry 2023
- 6.4 Trend Analysis
- 6.5 Tax contribution by business 2023

## 7. APPENDIX

- 7.1 Tax contribution by Country 2023
- 7.2 Total tax contribution
- 7.3 Glossary
- 7.4 Sustainable Development Goals (SDGs)
- 7.5 KPMG methodological assistance
- 7.6 PwC TLS assistance





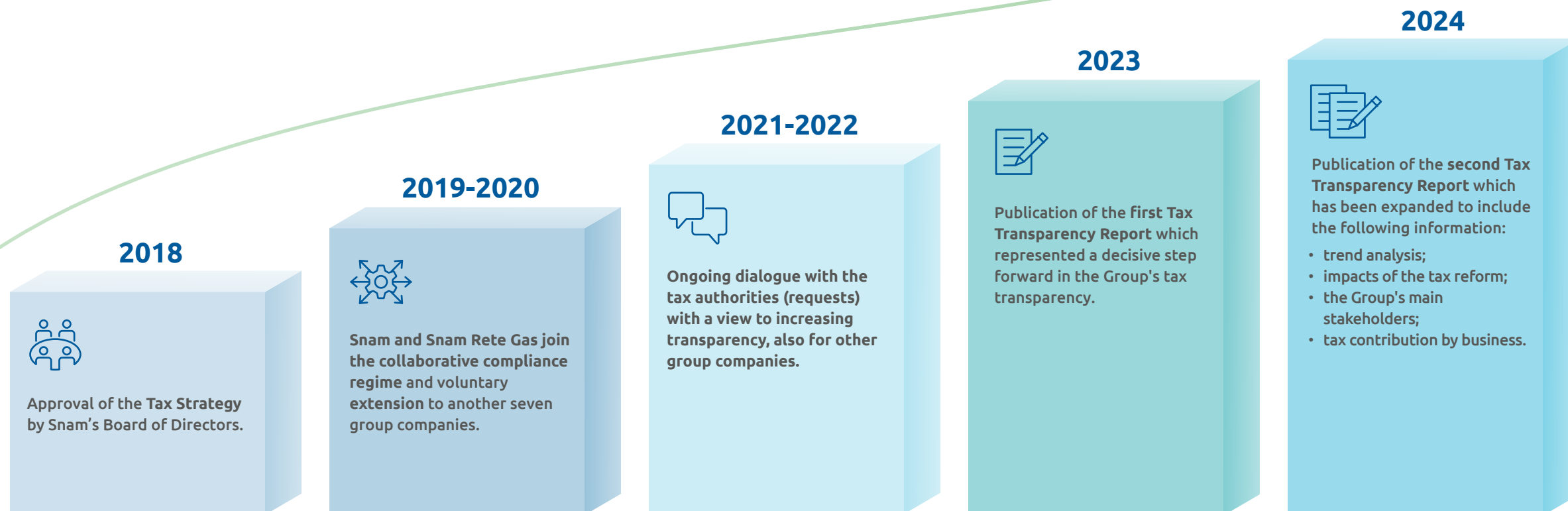
# 1. Highlights





## 1.1 Snam's journey to Transparency

The publication of the second Tax Transparency Report represents an important milestone in Snam's tax transparency journey.





## 1.2 Strengthening the tax infrastructure

Snam's tax infrastructure, with the group tax team at its centre, has been strengthened through specific initiatives implemented during 2023



1

### Strengthening the internal tax regulations

As part of the continuous updating of internal regulations, the Snam Group has adopted new procedures, including one relating to the management of tax interpretation risks.

2

### Training courses

During 2023, specific courses on tax matters were held for group employees. Employee training is a fundamental pillar to ensure regulatory compliance within the Group.

3

### Review of the inherent risk calculation methodology

This project will strengthen the impact and probability assessments that contribute to the calculation of inherent risk, as well as ensure greater consistency in the broader risk assurance & integrated compliance (RAIC) process.

4

### Digitalisation

The Snam Group makes large investments in technology to deploy best-in-class digital solutions that make management of tax matters more efficient.





## 1.3 Tax contribution to ESG topics

### TOPICS



- Tax incentives for the green economy.
- Tax credits for Transition 5.0 investments.
- Taxes on adverse environmental impacts:
  - **Carbon tax:** tax designed to reduce carbon dioxide emissions through the application of excise duties on certain pollutants.
  - **Plastic tax:** tax on single-use plastic products.
  - **CBAM:** mechanism involving the application of a price for emissions incorporated in the products of certain types of industries.



- Snam's **contribution** through its taxes (tax borne / tax collected).
- **Tax benefits** for social investments (social tax credits).
- **Tax training courses** to ensure technical and professional expertise.



- **Tax strategy** & governance.
- **Tax Risk Management.**
- Transparent and cooperative relationship with the **tax authorities.**

### ACTIONS



- Snam sets its **emission reduction targets** to **contain global warming** in line with the European Green Deal and the Paris Agreement.
- Snam is committed to achievement of net zero targets by providing **energy requalification** assistance through its subsidiary **Renovit** (a B-Corp since 2022).
- Snam continuously monitors the purchase of products from specific types of industries in order to ensure compliance with European regulations (**CBAM**).



- Snam supports the domestic economy through its **tax contribution** as both a **taxpayer** and a **withholding agent**.
- The Group's workforce reached 3,798, an increase of 5.2% on 2022.
- The Group sponsors **solidarity campaigns** and strengthens and grows relationship networks throughout Italy through the **Snam Foundation**. In 2023, its employees donated **5,970 hours to volunteering initiatives**.
- In April 2023, Snam achieved **gender equality certification**<sup>1</sup>.
- Snam expanded the **corporate health benefits** for employees.
- Snam provides ongoing **training and awareness-raising activities** to its **people** aimed at increasing their skills and familiarity with tax aspects.



- The **Board of Directors** has approved the Group's **Tax Strategy**.
- Snam and Snam Rete Gas joined the **cooperative compliance** regime in **2018** and implemented a Tax Control Framework (extended to **seven** other **group companies** on a voluntary basis).
- The Group has adhered to the feedback to the request for clarifications in the case of new investments (article 2 of Legislative decree no. 147/2015) presented by Snam FSRU Italia S.p.A.<sup>2</sup>.



1. The fifth mission of the Italian National Recovery and Resilience Plan focuses on the UNI/PdR 125/2022 certification of the gender equality system.

2. In 2022, the Snam Group commenced discussions with the Italian tax authorities in order to define, in advance and in agreement with the competent offices, the tax aspects related to the acquisition of two floating storage regasification units (FSRUs) through the acquisition of a 100% stake in two foreign companies: i) Golar LNG NB 13 Corporation, incorporated in the Marshall Islands; and ii) FSRU I Limited, incorporated in Bermuda, both interested in transferring their tax residence to Italy.



# 2. Snam





# 2.1 Business

For over 80 years, Snam has been involved in the **transportation, dispatching, storage and regasification** of natural gas in the European and national energy market, 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**.

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



## GAS INFRASTRUCTURE BUSINESSES



## ENERGY TRANSITION PLATFORM

Transport



Storage



Regasification



Mobility & Liquefaction



Biomethane



Decarbonisation projects

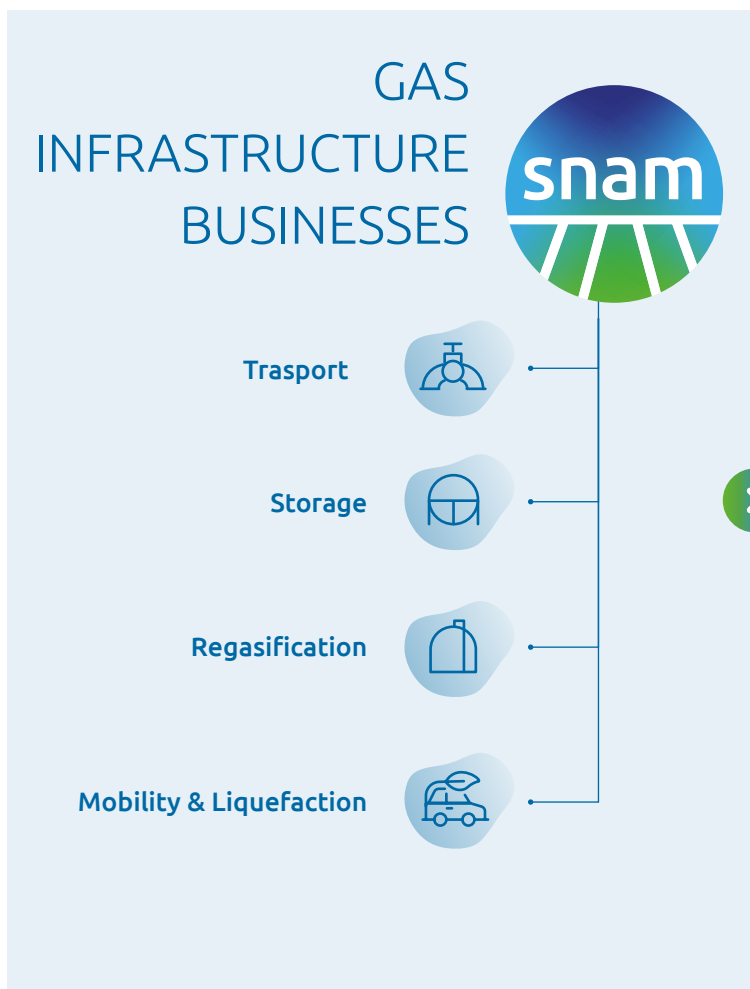


Energy efficiency





## 2.1 Business



Snam manages natural gas transportation through **Snam Rete Gas**. Snam Rete Gas solely operates in Italy with 13 compression plants aimed at maintaining constant gas pressure along the national gas pipeline network, eight districts, 48 maintenance centres and a dispatching centre, considered the technological brain of the Italian gas 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, thus helping to ensure flexible infrastructures, diversified and sustainable supplies in the long term, supporting the transition path towards a multi-molecule network.

Through **Stogit**, Snam manages nine storage facilities that make it possible to compensate for the different needs between gas supply and consumption by guaranteeing continuity of service. Stogit is the largest storage operator in Italy and one of the main ones in Europe.

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 become multi-molecule and adapt it to the storage of alternative and green gases, including hydrogen.

Snam, through **GNL Italia**, is involved in the regasification of liquefied natural gas, a process which consists in returning the extracted gas transported on LNG carriers to the regasification point to its original state. After treatment, the gas is fed into the national transportation network.

The first regasification plant built in Italy was the terminal in Panigaglia (La Spezia). In order to promote greater security and diversification of Italy's energy supply, Snam purchased two floating units (FSRU): **Golar Tundra** which is installed in central-northern Italy and officially entered into commercial operation in July 2023, and **BW Singapore**, which will be located near the coast of Ravenna and is scheduled to become operational in the first half of 2025. Each of them has a nominal continuous regasification capacity of about five billion cubic metres per year.

Snam, through **Greenture** is committed to the decarbonisation of mobility through the development of a network of liquefied and compressed natural gas (L-CNG) roadside refuelling stations and the provision of integrated mobility solutions and services.

In 2022/2023, Greenture is no longer focused only on the automotive sector but is now oriented towards the construction of midstream infrastructures dedicated to heavy transport, the shipping and railway sectors, whose development aims to accredit Snam as a leading infrastructure operator for small-scale projects, including small liquefaction and bunkering units to relaunch the sustainable mobility of trucks and ships in Italy.





## 2.1 Business

With the work and technical know-how of **Bioenerys**, Snam is committed to fostering the development of biomethane infrastructures, as well as 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.

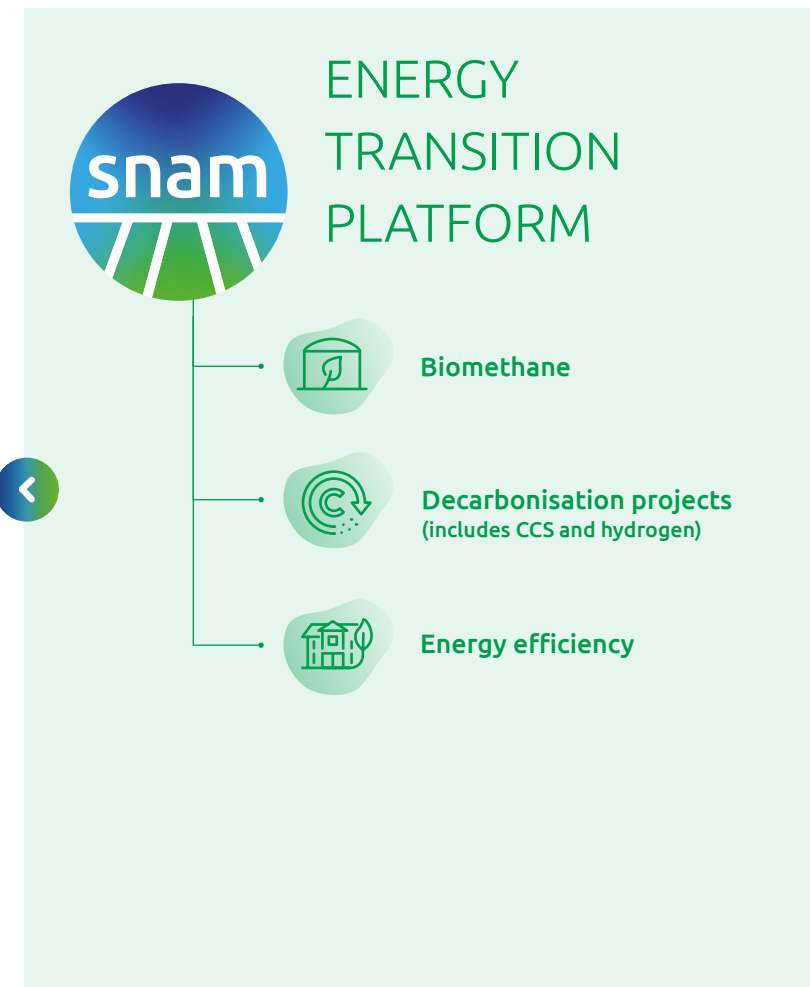
In 2023, Bioenerys is a leading player on an industrial scale, with around 36 plants in operation at the end of 2023, equivalent to 41 MW of biomethane and biogas capacity, with the goal of achieving capacity of about 80 MW and an expected production of about 135 million m<sup>3</sup> per year.

Established in July 2022, the Decarbonisation Projects function manages Snam's hydrogen and carbon capture and storage projects.

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.

Leveraging public funding as well, Snam intends to be at the forefront in the development of CO<sub>2</sub> 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.

**Renovit** was set up by Snam and CDP Equity in 2021 and became a B-Corp at the beginning of 2022 and a benefit company in 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.







# 3. Snam and sustainability





# 3.1 Snam and sustainability

The **Corporate Sustainability Reporting Directive (CSRD)** is a European Union regulation that requires EU companies to report on their environmental, social and governance impacts.

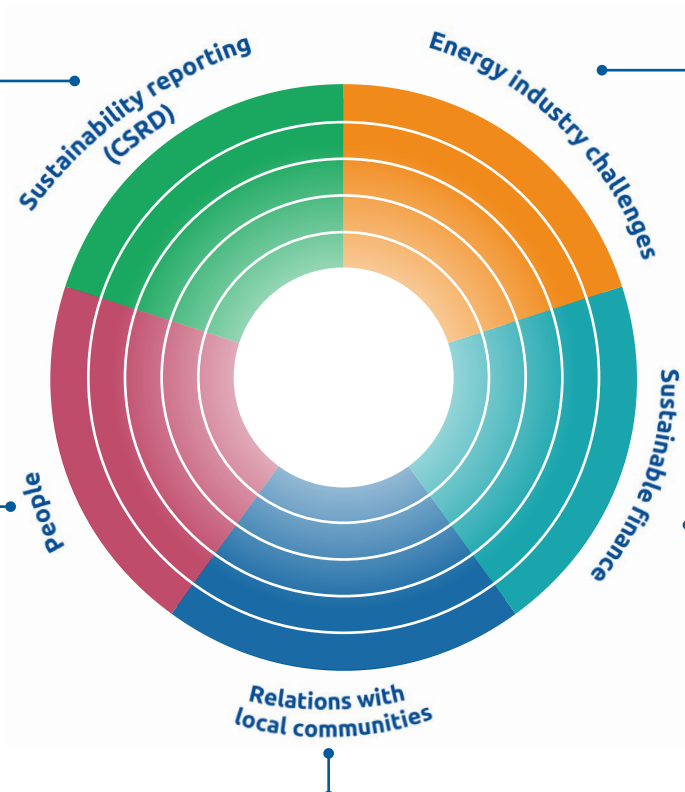


Snam has anticipated the CSRD requirements and has already begun **preliminary analyses** to assess the impact (material and financial) of sustainability topics on the company's value creation.

Increasingly specialised skills are required to deal with the **energy transition**, which is both an opportunity and a risk factor for energy companies.



Snam offers its employees dedicated training courses to develop these skills, as well as advanced technologies and innovative work procedures.



The current energy context calls for the simultaneous security, sustainability and competitiveness/accessibility of the energy system.

Snam has launched numerous initiatives to achieve **carbon neutrality** and **Net Zero**, which also involve the company's suppliers. They include, for example, investments in alternative energy sources, low-carbon gases, carbon capture and storage (CCS) technologies and energy efficiency.

As one of the leading global TSOs (Transmission System Operators), Snam has joined the SBTN (Science Based Targets Network) programme to monitor and reduce its impact on biodiversity by setting challenging and tangible targets.



**Sustainable finance** aims to create long-term value by directing capital towards activities that do not burden the environmental system.

Since 2018, Snam has progressively aligned its financial strategy with the Group's sustainability objectives in order to strengthen its role in the **energy transition** and diversify its investor base.



Snam is committed to strengthening community engagement, aware that this creates value both for them and for the company.

Its involvement takes place through the Snam Foundation, which is committed to energy, food and educational poverty issues.

Moreover, Snam creates new green areas with Arbolia to improve air quality and the sustainable development of local communities.





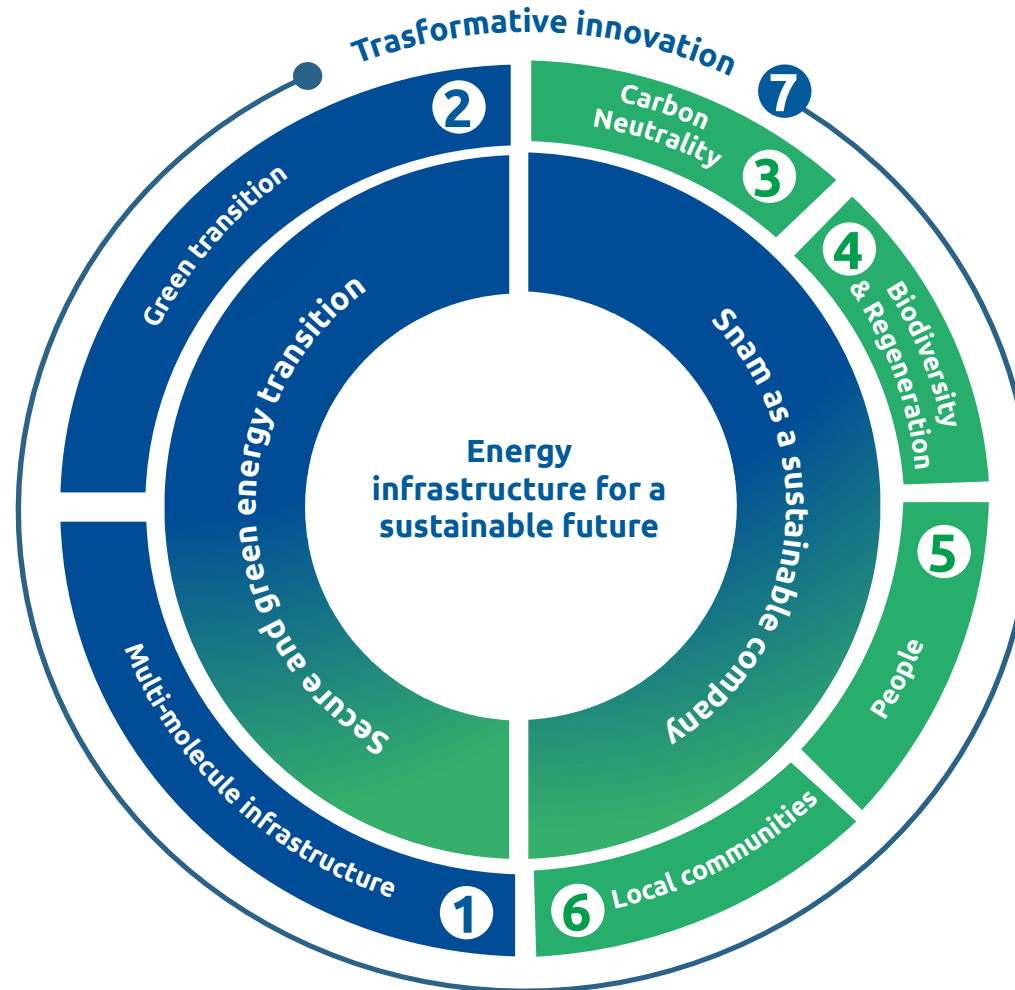
# 3.2 All-round Sustainable Strategy

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

1  
2

Embed a **culture of innovation** within all Snam's People to maximize technology effectiveness, thus enhancing asset safety, reliability, sustainability and value chain capabilities.

7



3

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

4

**Leverage** every new infrastructure project to positively impact **nature** and **the local environment**, following a Science Based approach.

5

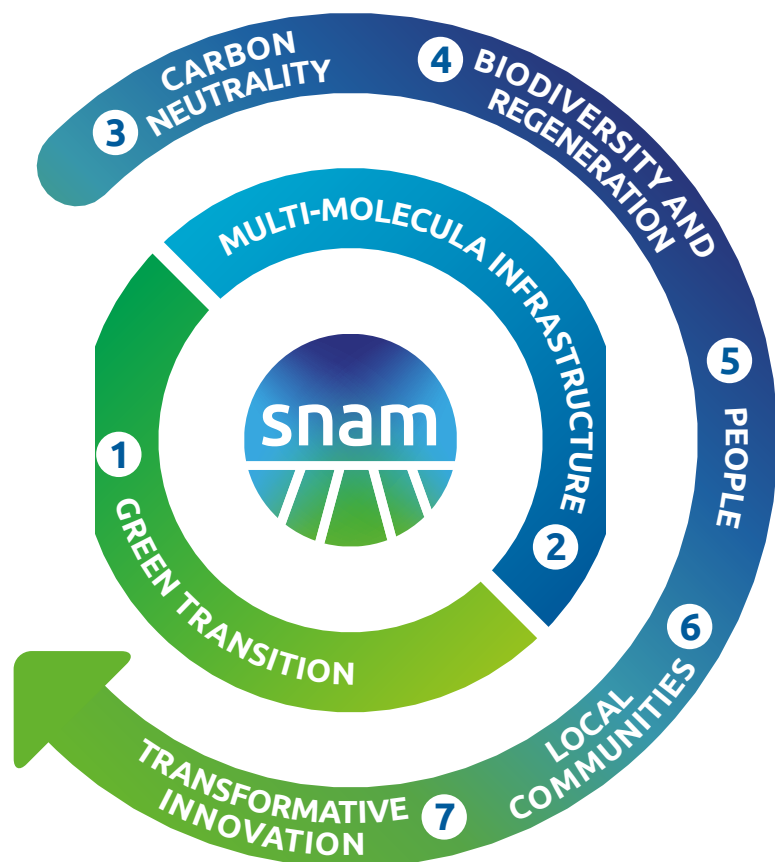
**Empower all Snam's People** worth, fostering professional growth and providing comprehensive care.

6

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



## 3.3 Strategic Plan sustainability targets



		2027
<b>1 Promoter of the green transition</b>	Third party CO <sub>2</sub> e emissions avoided	<b>500 ktCO<sub>2</sub>e</b>
<b>2 Multi-molecule infrastructure</b>	Certified H2-ready network	<b>&gt;3,000 Km</b>
<b>3 Carbon neutrality</b>	-25% scope 1 and scope 2 by 2027, Carbon Neutral scope 1 and scope 2 by 2040, Net Zero for all scopes by 2050	<b>-25%</b>
<b>4 Biodiversity and regeneration</b>	Zero Net Conversion by 2024 and Net Positive Impact on Land Use Change by 2027	<b>Net positive</b>
<b>5 People</b>	Employee Engagement Index	<b>&gt;80%</b>
<b>6 Local communities</b>	Value distributed year by year at local level	<b>&gt; € 1 billion</b>
<b>7 Transformative innovation</b>	Cumulative expenditure on innovation and R&D, equal to > 3% of annual revenue	<b>€ 400 million</b>

The Snam Group's 2023-2027 Strategic Plan provides more information about its sustainability goals.



## 3.4 Sustainability Scorecard

KPI		2023 Actual	2024 Budget	2027 Target
Green transition	CO <sub>2</sub> emissions avoided (ktCO <sub>2</sub> e)	102.9	105	500
	Certified H <sub>2</sub> -ready network(km)	1,513	1,900	3,000
Multi-molecule infrastructure	Operational availability of transported gas (%)	>99	>99	>99
Carbon Neutrality	Reduction in total natural gas emissions (%)	-56.67	-57.5	-64.5
	ESG criteria in procurement procedures (% of expenditure)	35	35	65
Biodiversity & Regeneration	Zero Net Conversion by 2024		✓	
	Net Positive Impact by 2027			✓

KPI		2023 Actual	2024 Budget	2027 Target
People	Employee Engagement Index (%)	84	>80	>80
	Women in senior and middle management positions (%)	25.9	26	27.5
	IpFG (Combined Frequency and Severity Index)	0.47	<min.3y	<min.3y
Local communities	Benefits for local communities on regulated revenues (%)	0.4	~1	~1
	Value disbursed to local communities (€m)	1,451	>1,000	>1,000
Transformative innovation	Investment in innovation as a percentage of revenue (%)	3.3	3	3

The full scorecard is included in the 2023 Annual Report.

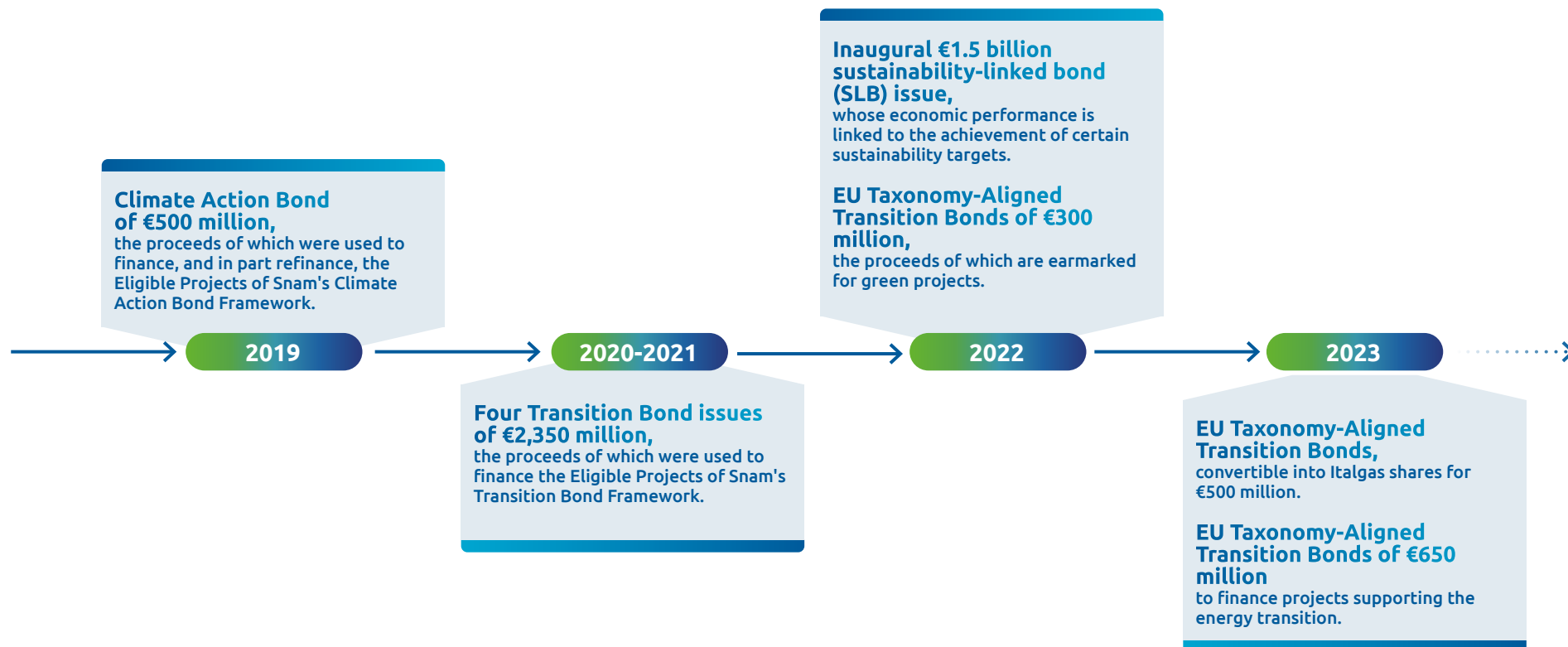




## 3.5 Sustainable finance

In recent years, the role of sustainable finance and related instruments has become increasingly important in the global financial landscape.

Snam has seen this as an opportunity to **enhance its positioning and commitment in the area of sustainability**, guaranteeing the company broad access to financial markets at competitive costs, with the related **positive effects on its financial performance, financial position, cash flows and reputation.**



Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector requires, inter alia, that issuers have good governance practices in place to ensure compliance with tax obligations in order to qualify investments that can be included in sustainable financial products.

The Snam Group ensures this by complying with the collaborative compliance regime and adopting the Tax Control Framework.





# 4. Tax strategy





## 4.1 Control environment

### Control environment

Snam applies a structured approach to corporate risk governance, the Internal Control and Risk Management System, which is the set of guidelines, rules and organisational structures to identify, measure, manage and monitor the main risks. This system is an integral part of Snam's organisational, administrative and accounting system and, more generally, its corporate governance system.

Snam's Board of Directors is responsible for the internal control and risk management system. It also provides guidance and assesses its adequacy.

### The Tax Control Framework and Tax Strategy

The Group has integrated the internal control and risk management system with the Tax Control Framework ("TCF"), as the tool to detect, manage and control tax risk (i.e., "tax risk management").

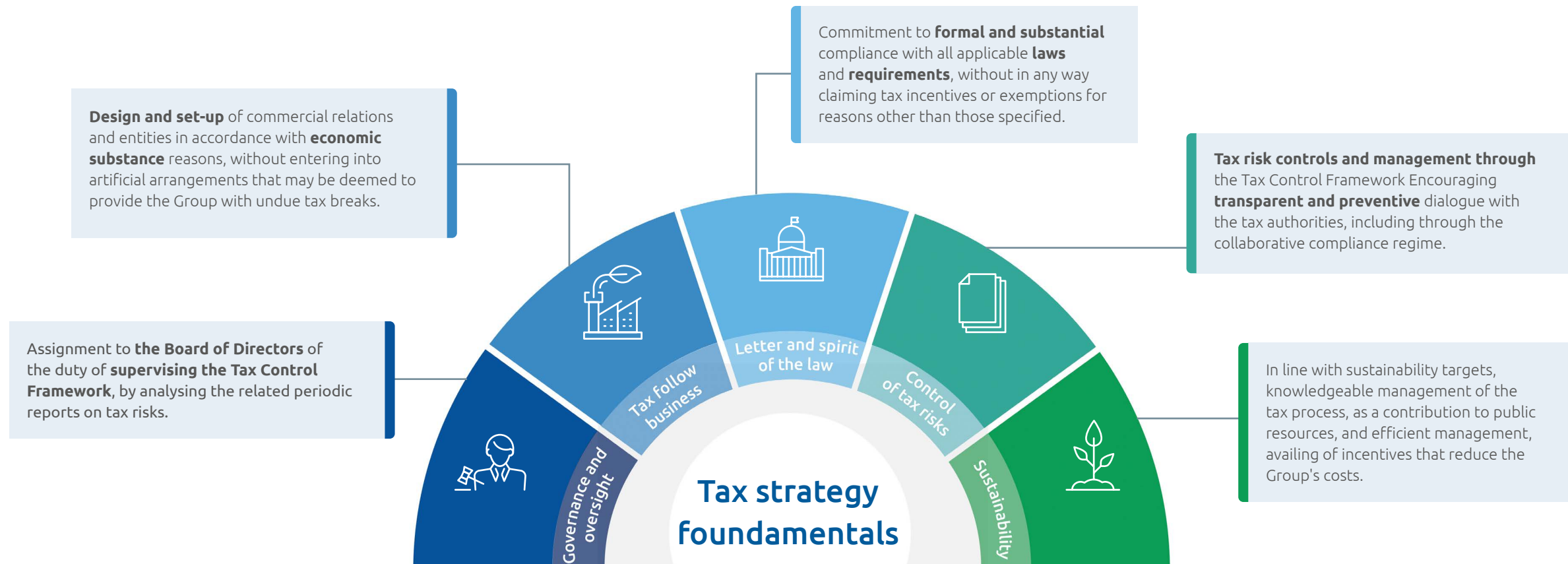
The introduction and continued application of the TCF was an essential condition for Snam S.p.A. and Snam Rete Gas S.p.A. to be admitted to the cooperative compliance regime as per Legislative decree no. 128/2015 on 2 December 2019.





# 4.2 Tax strategy fundamentals

The fundamentals that guide Snam’s tax risk management activities are set out below.



## 4.3 Tax strategy

Since 2018, Snam has adopted a tax strategy to ensure it correctly complies with its tax obligations. The tools used to ensure their effective implementation are shown below.





## 4.4 Tax reform

Legislative decree no. 221/2023 on collaborative compliance was published as part of the tax reform amending Legislative decree no. 128/2015. The main new provisions are set out below.

### Regularisation of the taxpayer's position



Simplification of the self-imposed sanctions mechanism in the event of agreement with the tax authorities' indications (introduction of the invitation for discussion and reduction of the terms for settlement of the procedure).

### Enactment of the code of conduct



A code of conduct is to be enacted to regulate, inter alia, the reporting of tax risks and potential aggressive tax planning transactions to the tax authorities.

### Extension of the scope of application



The scope of the cooperative compliance regime is extended by progressively lowering the access thresholds.

An optional scheme for adopting the tax risk control system is envisaged for taxpayers that do not qualify for the collaborative compliance regime.

### Enhanced pre-emptive request for clarification



If the tax authorities intend to notify an unfavourable response or one that is contrary to the position held by the taxpayer (e.g., requests for clarification, risk communications), a pre-emptive request for clarifications will be envisaged.

### Enhancement of rewarding measures



When certain conditions are met, taxpayers adhering to the cooperative compliance regime can have their administrative penalties reduced or cancelled, the time limits for audits shortened and can benefit from non-punishability for the offence of misrepresentation.

### Integration of the Tax Control Framework



The Tax Control Framework will be integrated into the company's system of governance and internal control.

The TCF must be certified by an independent professional in accordance with the tax authorities' guidelines, also for the purpose of compliance with accounting standards.



Snam has commenced a project to apply for admission to the collaborative compliance regime for the group companies that have already adopted a voluntary Tax Control Framework.

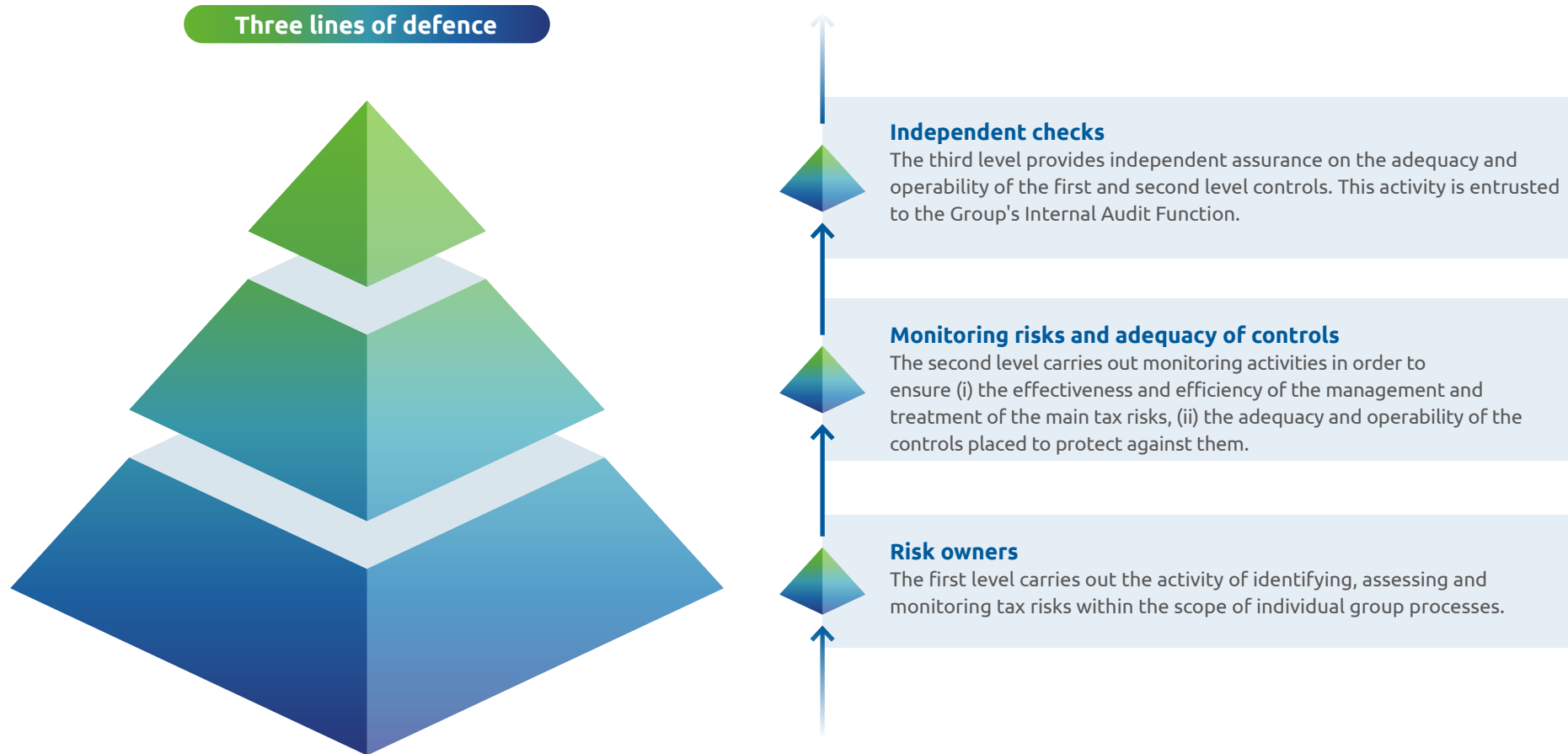
Snam has already integrated its Tax Control Framework with the control system as per Legislative decree no. 262/2005 overseen by the financial reporting officer and with the control measures provided for in the Organisation, Management and Control Model as per Legislative decree no. 231/2001.



# 5. Tax risk controls

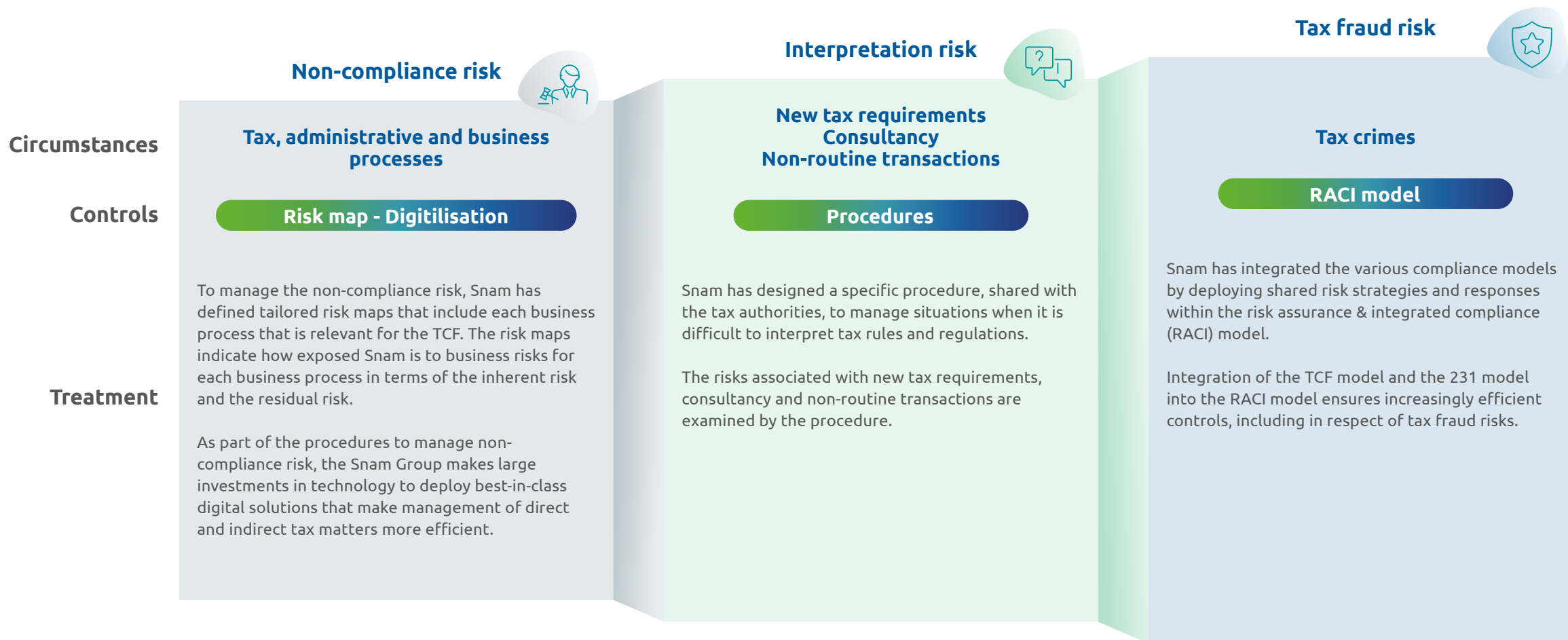


## 5.1 The control system's architecture





## 5.2 Tax control tools as part of the TCF





## 5.3 Relations with the tax authorities



### Collaborative compliance regime

The adoption of the TCF for Snam and Snam Rete Gas was instrumental to their admission, on 2 December 2019, to the collaborative compliance regime laid out by Legislative decree no. 128/2015 (referred to as "cooperative compliance"), effective from 2018.

By participating in the collaborative compliance regime, the Snam Group entities can engage in proactive dialogue with the tax authorities to have prior certainty about tax risks in exchange for their guaranteed transparency vis-à-vis the authorities thanks to their adoption of the regime.

Some controls of the TCF were extended to other group entities that do not meet the requirements for access to the regime.



### Additional requests for clarification

With a view to correct and transparent tax risk management, the Snam Group engages in constant dialogue with the tax authorities, through:

- the presentation of ordinary requests for clarifications;
- the presentation of requests for clarifications in the case of new investments;
- access to the procedure established by article 31-ter of Presidential decree no. 600/1973, with respect to the determination of entry tax amounts in the case of transfer of residence pursuant to the provisions of article 166-bis of Presidential decree no. 917/1986.





# 5.4 Snam stakeholders

## Social, political and financial



### ASSOCIATIONS AND COMMUNITIES

During 2023, the Snam tax team took part in numerous conferences and events on the following topics:

- the tax impact on ESG factors
- tax responsibility
- tax risk management



## Operating and business



### SUPPLIERS

In 2023, Snam carried out regular reputation audits of suppliers, to obtain reasonable certainty as to their reliability and thus also their correct payment of taxes.



## Company



### WORKERS

During 2023, the tax team organised specific training courses for group employees. Employee tax training is a fundamental pillar to ensure regulatory compliance within the Group as well as efficient and ethical financial practices.





# 6. Tax reporting





## 6.1 Key Figures 2023

	€'000
Revenue	4,914,020
Profit before taxes	2,164,412
Income taxes	382,497
Tax Borne	525,049
Tax Collected	629,916
Profit for the year	1,795,327
Employees (no.)	3,665

### Notes

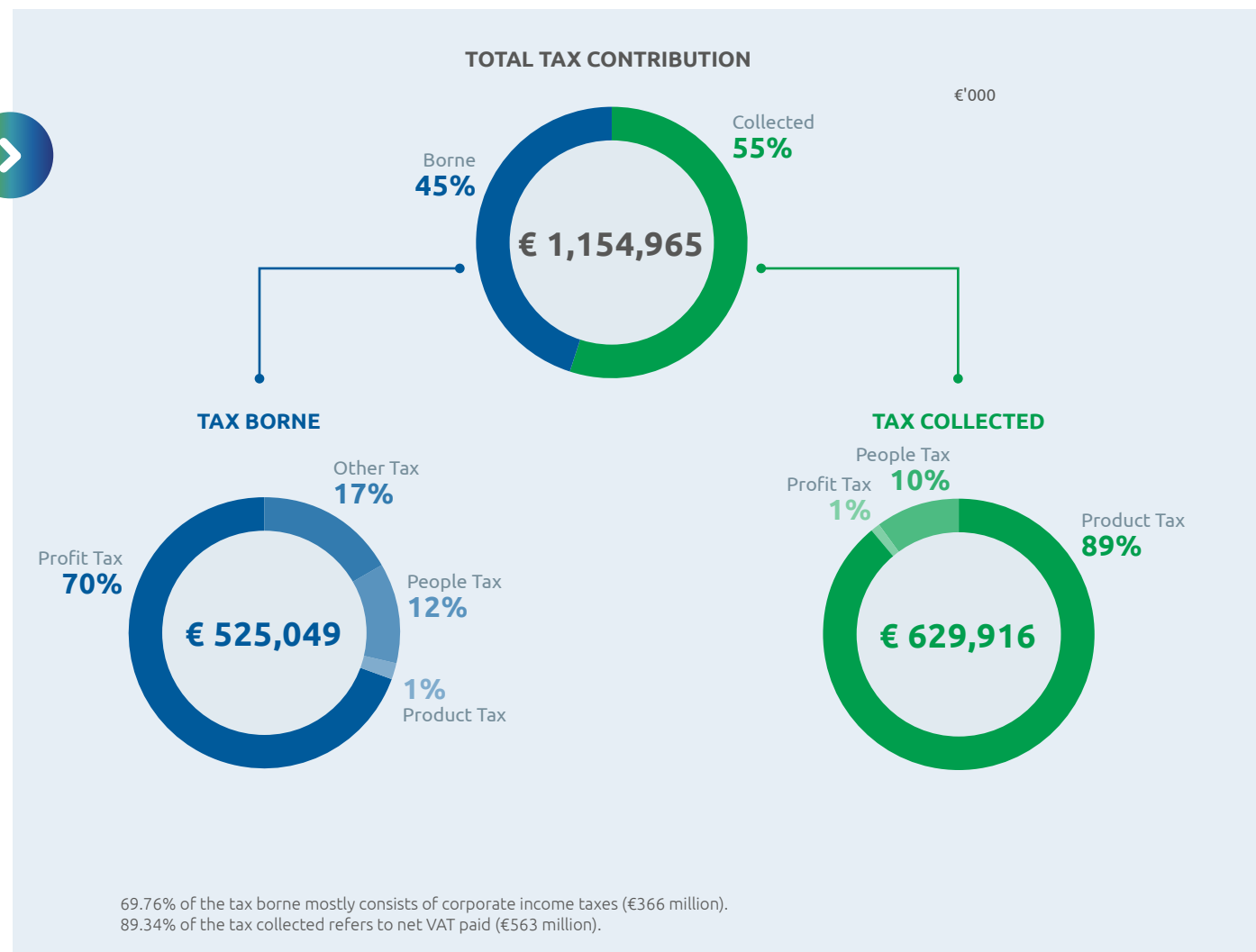
The figures presented for revenue, profit before tax, income taxes and profit for the year are the aggregate of the captions reported in the financial statements of the individual in-scope companies prepared under local GAAP.

Revenue solely refers to the Group's core business and includes financial income.

Tax borne and tax collected are presented on a cash basis.

The main differences between the figures presented in this report and those in the consolidated financial statements are mostly due to:

- the different criteria used to determine the reporting scope;
- the methods used to present the data (this report is not affected by consolidation adjustments);
- the adoption of different reporting standards.

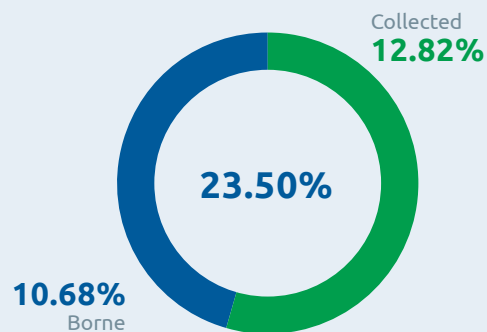




## 6.2 Key indicators of the Group's 2023 tax contribution

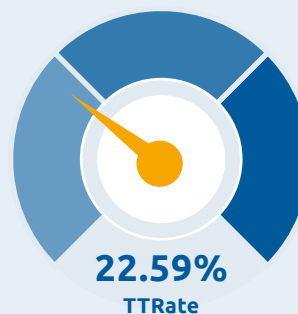
### Total tax contribution as a percentage of revenue

For every €100 of revenue generated by Snam, it paid total taxes of €23.50, of which tax borne of €10.68 and tax collected of €12.82.



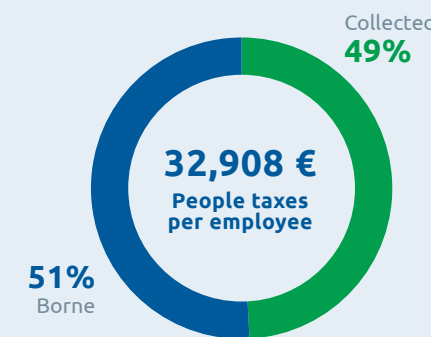
### Total Tax Rate

For every €100 of profit before tax borne generated by Snam, it paid tax borne of €22.59.



### People tax as a proportion of the number of employees







For each employee, Snam paid people tax of €32,908, of which people tax borne of €16,703 and people tax collected of €16,205.





## 6.3 Contribution by Country 2023

### Key data by country

Country	Property, plant and equipment and intangible assets	Revenue	Employees	Tax Borne	Tax Collected
 Italy	€ 32,735,675	€ 4,479,642	3,490	€ 487,942	€ 618,553
 Ireland	€ 0	€ 14,407	2	€ 2,832	€ 250
 Greece	€ 0	€ 52,800	-	€ 304	€ 1,820
 Austria	€ 589,212	€ 264,225	165	€ 33,712	€ 8,882
 Netherlands	€ 0	€ 101,408	2	€ 124	€ 71
 China	€ 7	€ 1,537	6	€ 136	€ 340

€'000

### Parameters used to define the scope of the Tax Transparency Report

Quantitative parameter: revenue + financial income + dividends > €1 million

Equity investment percentage parameter: Direct/indirect >50%

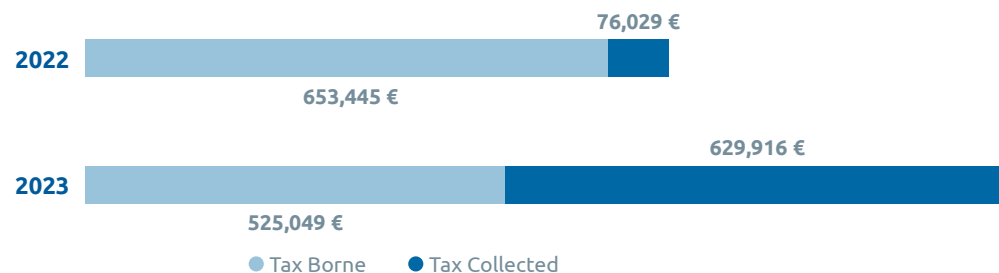
Operating parameter: operating companies





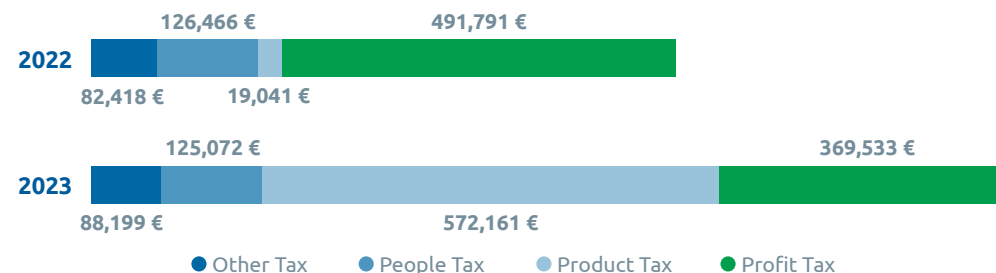
## 6.4 Trend Analysis

### Trend Total Tax Contribution



### Tax category trend

€'000

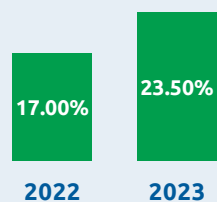


The 2023 total tax contribution amounted to €1,154,965 thousand, up from €729,474 thousand in 2022. In particular, tax collected increased significantly (from €76,209 thousand to €629,916 thousand) due to the effect of net VAT paid during the year. The figures for 2023 are the average figures recorded by the Group, while the trend for 2022 is due to a VAT asset created mainly by the effects of the energy crisis on the Snam Group's activities.

This explains the considerable increase in product tax between 2022 and 2023, which rose from €19,041 thousand to €572,161 thousand, mainly due to the net VAT paid.

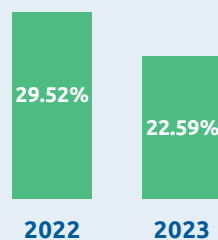
On the other hand, tax borne decreased (from €653,445 thousand to €525,049 thousand) due to the effect of using tax credits as offsets. These are mainly credits generated by activities in the energy efficiency sector and also IRES assets from excess payments made in 2022. The entire amount of the carbon tax is shown starting from 2023.

### Total tax contribution as a percentage of revenue



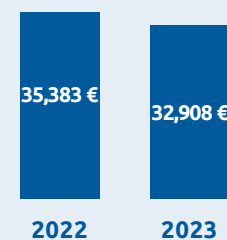
The ratio of the total tax contribution to revenue increased from 17% to 23.50% due to the effect of the significant rise in tax collected described above.

### Total Tax Rate



The decrease in the total tax rate, calculated as the ratio of tax borne to profit before tax borne, was due to the effect of the decrease in tax borne and the increase in profit before tax borne.

### People tax as a proportion of the number of employees

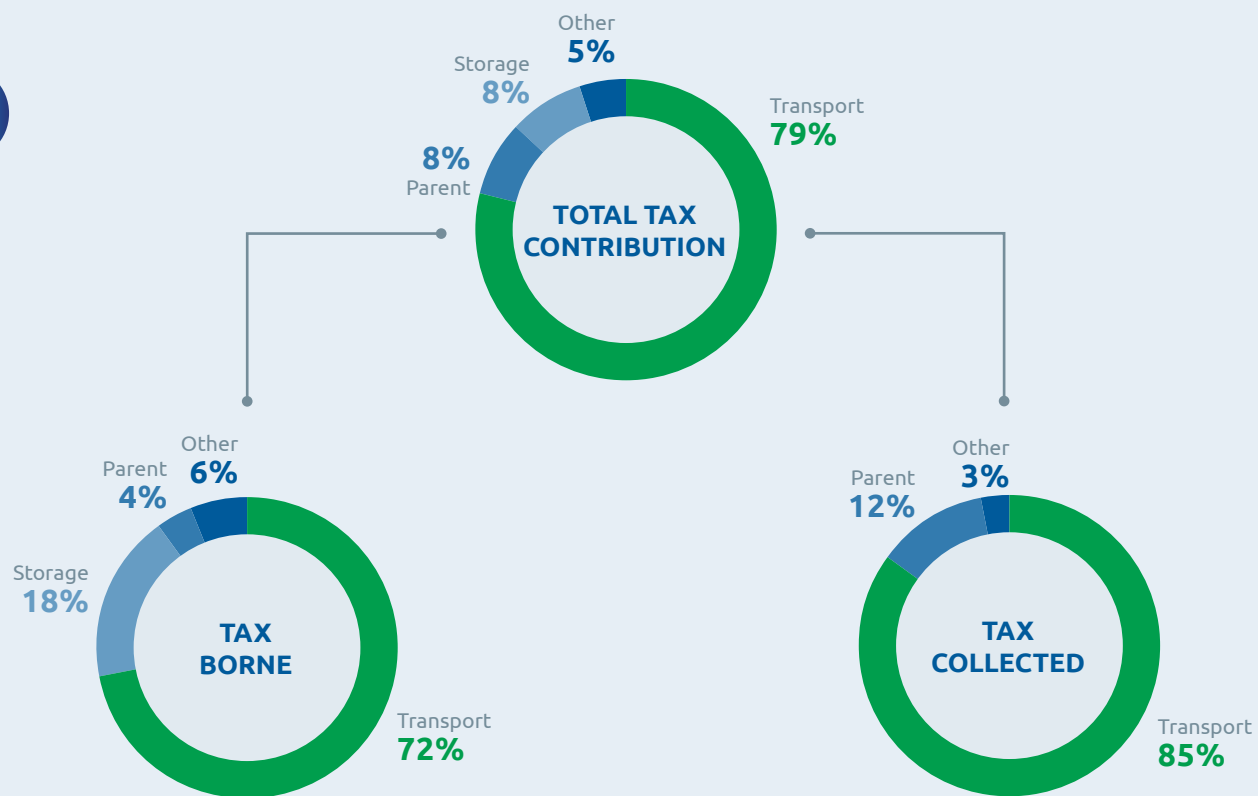


The people tax is substantially in line with the previous year.





# 6.5 Tax contribution by business 2023



\* "Other" includes the businesses operating in the biogas/biomethane, energy efficiency, regasification, sustainable mobility and insurance sectors.

In terms of tax contribution per business sector, the impact of taxation reflects the decisive importance of the transport business. In fact, the tax contribution from the transport business accounts for 79% of the total tax contribution.

A similar breakdown is also seen in the two categories making up the total tax contribution. 72% of the tax borne is paid by companies active in the transport business, as is 85% of the tax collected.

The second largest sector in terms of its contribution is the storage business, which accounts for 8% of the total tax contribution and 18% of the tax borne.





# 7. Appendix





## 7.1 Tax contribution by Country 2023

COUNTRY (€'000)	Tax Borne					Tax Collected					Total Tax Contribution
	Profit tax	Product tax	People tax	Other tax	Total Tax Borne	Profit tax	Product tax	People tax	Other tax	Total Tax Collected	
<b>Austria</b>	28,073	72	4,839	727	<b>33,711</b>	1,132	2,939	4,769	42	<b>8,882</b>	<b>42,593</b>
<b>China</b>	11	17	108	0	<b>136</b>	25	0	315	0	<b>340</b>	<b>476</b>
<b>Greece</b>	174	129	0	0	<b>304</b>	1,743	77	0	0	<b>1,820</b>	<b>2,124</b>
<b>Ireland</b>	443	0	413	1,976	<b>2,832</b>	0	104	145	0	<b>249</b>	<b>3,081</b>
<b>Italy</b>	337,589	9,060	55,839	85,454	<b>487,942</b>	342	559,657	58,554	0	<b>618,553</b>	<b>1,106,495</b>
<b>Netherlands</b>	0	105	19	0	<b>124</b>	0	0	71	0	<b>71</b>	<b>195</b>
<b>Total</b>	<b>366,291</b>	<b>9,383</b>	<b>61,218</b>	<b>88,158</b>	<b>525,049</b>	<b>3,242</b>	<b>562,778</b>	<b>63,854</b>	<b>42</b>	<b>629,916</b>	<b>1,154,965</b>



## 7.2 Total Tax Contribution

Taxes paid by Snam to the tax authorities of the countries where it operates are divided into two macro groups (tax borne and tax collected) and then into smaller categories (profit tax, product tax, people tax and other tax). The main types of tax included in each tax category reported (borne and collected) are indicated below.

### TAX BORNE

third party on their behalf. Therefore, it is a direct cost for the entity involved. It can be divided into four categories.

#### PROFIT TAX

- Income taxes
- Withholdings paid
- Windfall tax

#### PRODUCT TAX

- Non-deductible VAT
- Excise duties
- Customs duties

#### PEOPLE TAX

- Social security contributions, pension, healthcare

#### OTHER TAX

- Property tax (IMU)
- Stamp duty
- Registration tax
- Tax on financial transactions
- Tax on insurance contracts
- Carbon tax and other environmental taxes

### TAX COLLECTED

This is the tax that entities collect from other parties on behalf of the tax authorities. Therefore, it is not a direct cost for the entity. It can be divided into four categories.

#### PROFIT TAX

- Withholdings collected

#### PRODUCT TAX

- Net VAT paid

#### PEOPLE TAX

- Withholdings on employee remuneration
- Withholdings on consultants' fees

#### OTHER TAX

- Property tax





## 7.3 Glossary

**PP&E and intangible assets:** sum of property, plant and equipment and intangible assets.

**CBAM:** mechanism to adjust the price of carbon at the border.

**Windfall tax:** the "solidarity contribution for 2023" introduced in Italy by article 1.115 to 119 of Law no. 197/2022. The Snam Group has sent the tax authorities a request in order to obtain confirmation of the relevant application criteria. Based on the tax authorities' response, only some companies operating in the biogas/biomethane business were required to make the payment. Payments due and made during the year amounted to a total of approximately €700 thousand.

**Employees:** sum of the employees of all the in-scope entities in each tax jurisdiction at the reporting date.

**Green Deal:** measures to make energy production and the lifestyle of European citizens more sustainable and less harmful to the environment.

**People tax as a proportion of the number of employees:** ratio of the people tax to the number of employees. Indicates the amount of people tax borne and collected by the Group for each employee.

**Income taxes:** aggregate of (current and deferred) taxes on the taxable profit (tax loss) for the reporting period of the in-scope entities in each tax jurisdiction, regardless of whether they have been paid.

**Other tax:** taxes not included in the other categories. It can be both borne and collected.

**Product tax:** indirect tax on production, sale and use/consumption of goods and services (e.g., VAT, excise and customs duties). This tax can be both borne (e.g., non-deductible VAT) and collected (e.g., net VAT paid).

**People tax:** taxes and social security contributions for employees and consultants. (verificare) This tax can be both borne (paid by the Snam Group entity as the employer - e.g., social security contributions, healthcare/pension/disability contributions) and collected (due by the employee - e.g., personal income tax or pension contributions - but collected by the Snam Group entity as the employer).

**Plastic tax:** a tax on plastic on products intended for the containment, protection, handling or delivery of goods or foodstuffs.

**Profit tax:** income taxes (including withholdings).

**Revenue:** aggregate of revenue from third parties and intragroup revenue of the in-scope entities for the reporting period in the relevant tax jurisdiction.

**Tax borne:** tax that is a cost for the Snam Group and is paid by group entities to the public administrations of the various tax jurisdictions.

**Tax collected:** tax that the entity collects from other parties on behalf of the tax authorities. Therefore, it is not a direct cost for the entity.

**Total tax contribution (TTC):** sum of tax borne and tax collected.

**Total tax rate:** indicator of the tax borne as a proportion of the pre-tax borne profit.

**TTC as a proportion of revenue:** the ratio of TTC to revenue shows the Group's contribution in proportion to the size of its business. The indicator is calculated as the ratio of TTC to revenue.

**Profit before taxes:** aggregate of the profits (or losses) before tax of the in-scope entities for the reporting period.

**Profit for the year:** aggregate of the profits (or losses) for the reporting period of all in-scope entities in each tax jurisdiction.





## 7.4 Sustainable Development Goals (SDGs)

The **2030 Agenda for Sustainable Development** is an action programme for people, the planet and prosperity signed in September 2015 by the governments of the 193 member countries of the United Nations (UN).

The agenda promoted by the UN identifies 17 **Sustainable Development Goals** (SDGs) to be achieved by 2030.

The 17 SDGs, which are part of a larger programme of 169 associated targets, cover all countries and individuals and represent common objectives for a range of issues important for sustainable development. Snam focuses on seven SDGs that are the most aligned with its mission and purpose and to which it can make a concrete contribution to their achievement:



**Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.** Investing in quality education/training is the basis for improving people's lives, and thus for contributing to sustainable development. Only through access to education by the entire population can sustainable economic growth be ensured.



**Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.** Energy is a key element for nearly all the most important challenges and opportunities facing the world today. Access to energy is essential for work, safety, climate change, food production and to increase income.



**Goal 8: Decent work and economic growth.** Snam intends to generate and maintain stable and continuous employment relationships for qualified and specialised activities. In recent years, the workforce has grown significantly, aided by the development of energy transition businesses, which have made it necessary to expand know-how and expertise in these areas;



**Goal 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation.** Investments in infrastructure - transport, irrigation, energy and ICT - are essential to achieve sustainable development and strengthen the capacities of communities in many countries.



**Goal 11: Sustainable cities and communities.** Snam is present throughout Italy with its infrastructures and engages in constant dialogue with local communities 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. Through the Snam ETS Foundation, Snam focuses on the issues of energy, food and educational poverty with initiatives targeted at the areas in which they exist to fully respond to their needs.



**Goal 12: Ensure sustainable consumption and production patterns.** Promote resource and energy efficiency, sustainable infrastructure, provide access to basic services, green and decent jobs and a better quality of life for all are fundamental to transition to sustainable production and consumption models.



**Goal 13: Take urgent action to combat climate change and its impacts.** Climate change is affecting every country on every continent. It is disrupting national economies at a high cost for individuals, communities and countries and this cost will become higher in the future.





## 7.5 KPMG methodological assistance

KPMG Advisory S.p.A. and Studio Associato - Consulenza legale e tributaria ("KPMG") assisted the Snam Group to prepare this Tax Transparency Report, providing a team with multi-disciplinary experience in tax, ESG, governance, and risk & compliance matters.

The Tax Transparency Report includes all the information about the total tax contribution of the activities carried out by the Snam Group in the main jurisdictions where it works. It provides an organic and transparent view of its economic and social contribution

to the stakeholders.

KPMG assisted Snam with the following activities\*:

- benchmarking with national and international best practices;
- data collection and aggregation;
- data analysis using the main total tax contribution indicators: (i) total tax rate, (ii) total tax contribution as a proportion of revenue, and (iii) people tax as a proportion of the number of employees, and an analysis of the trends compared to the previous year.

\* The data were collected by Snam using internal procedures.

KPMG did not check the origins or accuracy of the data. Therefore, it has no responsibility vis-à-vis third parties with respect to their reliance on such data.





## 7.6 PwC TLS assistance

PwC TLS - Avvocati e Commercialisti (PwC TLS) reviewed the essential parts of this report. The report provides information to investors about the Snam Group's tax governance and strategy as well as brief notes on its contribution to the communities where it works through its tax contribution\*.



\* Information about the group's approach to tax strategising and governance in this report is based on the information provided by Snam Group management. Quantitative data provided in this report were collected and processed by the Snam Group. PwC TLS did not check or audit the origin, accuracy or truthfulness of such information.

PwC TLS is not liable to any third party for their use of the content of this report.





Energy to Inspire the World



snam.it