

## Extract from the Guideline "Tax Control Framework - Tax Strategy"

### COMPANY OBJECTIVES IN RELATION TO THE TAX VARIABLE ("tone at the top")

The management of the group companies is directed towards the pursuit of real industrial and commercial objectives and excludes the use of transactions, the establishment of commercial relationships or, finally, the implementation of corporate structures that are devoid of economic substance or that could be perceived as aimed at the abusive erosion of the tax base or the transfer of profits to other jurisdictions or entities.

For the development of its Tax Strategy, Snam, which has a guiding role in relation to the tax risk control system, has defined the following objectives to be pursued on an ongoing basis, which are also applicable to its subsidiaries.

- **Tax Value.** Efficiently managing the "tax cost" associated with its business activities, aiming to optimise the tax variable in formal and substantive compliance with all laws and requirements and with the principles and purposes of the tax system, ensuring that, for all planned business initiatives, management and the tax function work together to ensure that all tax implications are taken into account starting from the activity planning stage.
- **Risks and reputation.** Controlling and managing tax risks and protect the company's reputation through appropriate policies, procedures, organisational solutions and communication tools.
- **Tax compliance.** Ensuring integrity in tax compliance and the correct assessment of taxes, in compliance with the timing and associated requirements, minimising disputes with tax authorities.
- **Sharing values.** Promoting awareness at all levels of the company about the importance that the company attaches to the values of transparency, honesty, fairness and compliance with regulations.
- **Relations with tax authorities.** Establishing relations with the tax authorities based on good faith and transparency, pursuing the objective of enhancing long-term relations, by ensuring adequate assistance for tax audits and being recognised as a reliable counterpart for collaborative relations.
- **Development of resources.** Developing and strengthening the personal and professional skills of the resources involved in the tax process and in the management of the associated risks, ensuring the correct level of experience and understanding of the business in order to guarantee the appropriate professional diligence in reaching suitably founded conclusions.

## **"RISK APPETITE"**

As part of the management of group companies, which is aimed at pursuing real industrial and commercial objectives, in their general conduct, in accordance with the Code of Ethics, Snam and its direct and indirect subsidiaries apply principles of fairness, transparency, honesty and integrity, which in the tax area are implemented in the proper discharge of tax obligations in compliance with the letter and spirit of the regulations.

Tax risk control mechanisms are integrated into the overall Internal Control and Risk Management System, responsibility for which lies with the board of directors of Snam S.p.A., which also, with the assistance of the Control and Risk Committee, plays a role in guiding and assessing the adequacy of the system, identifying the CEO of Snam S.p.A. as the director responsible for setting up and maintaining the System.

In order to guarantee the correct assessment of taxes and to ensure transparent and accurate compliance, in its implementation of the principles of loyal cooperation and full transparency, Snam promotes, for itself and its subsidiaries, preventive dialogue with the financial administration and tax authorities through the use of the tools provided for by the regulations.

In compliance with and for the implementation of the principles in its Tax Strategy, the group aims for "certainty" regarding the tax positions adopted. In cases where the correctness of tax obligations depends on provisions that are subject to not unequivocal, Snam will seek and retain evidence of external advice or confirmation with the expectation that, having assessed the likelihood of the various scenarios, any dispute over the position adopted will be resolved in its favour.

In addition, in cases in which, based on management's objective assessment, margins of uncertainty persist regarding the interpretation of tax regulations, Snam will act in full transparency with the tax authorities, working in compliance with them in order to arrive at the application of the level of taxation deemed to be the most correct, and to this end using all instruments made available by law.

## **ARCHITECTURE OF THE "TAX CONTROL FRAMEWORK"**

In order to ensure that the tax management of group companies is aligned with the risk appetite defined in the previous paragraph, Snam is committed to adopting and maintaining an adequate internal control system to monitor tax risk, a "*Tax Control Framework*" (TCF), which meets the effectiveness requirements established by international guidelines, standards and domestic practices.

In this context, the *Tax Control Framework* means a set of tools, organisational structures, standards and business rules aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main tax risks, business management which minimises the risk of violating tax laws, or breaching the principles or purposes of the system.