

# Energy infrastructure for a sustainable future



May 2024

# Snam, a leading pan European gas infrastructure operator

## Italian and International assets (pro-quota)



Transport



Storage



Regasification

## Italian assets



Transport



Storage



Regasification

## Key figures

€ 23.8  
bn

Tariff RAB  
2023<sup>6</sup>

~ € 15.6  
bn

Market  
Cap<sup>7</sup>

€ 2.41  
bn

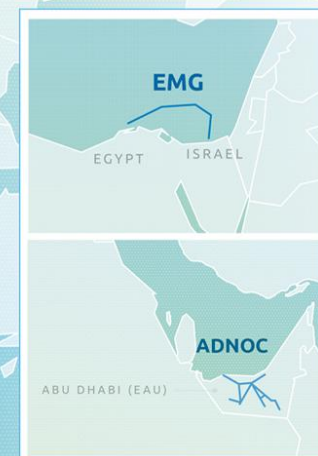
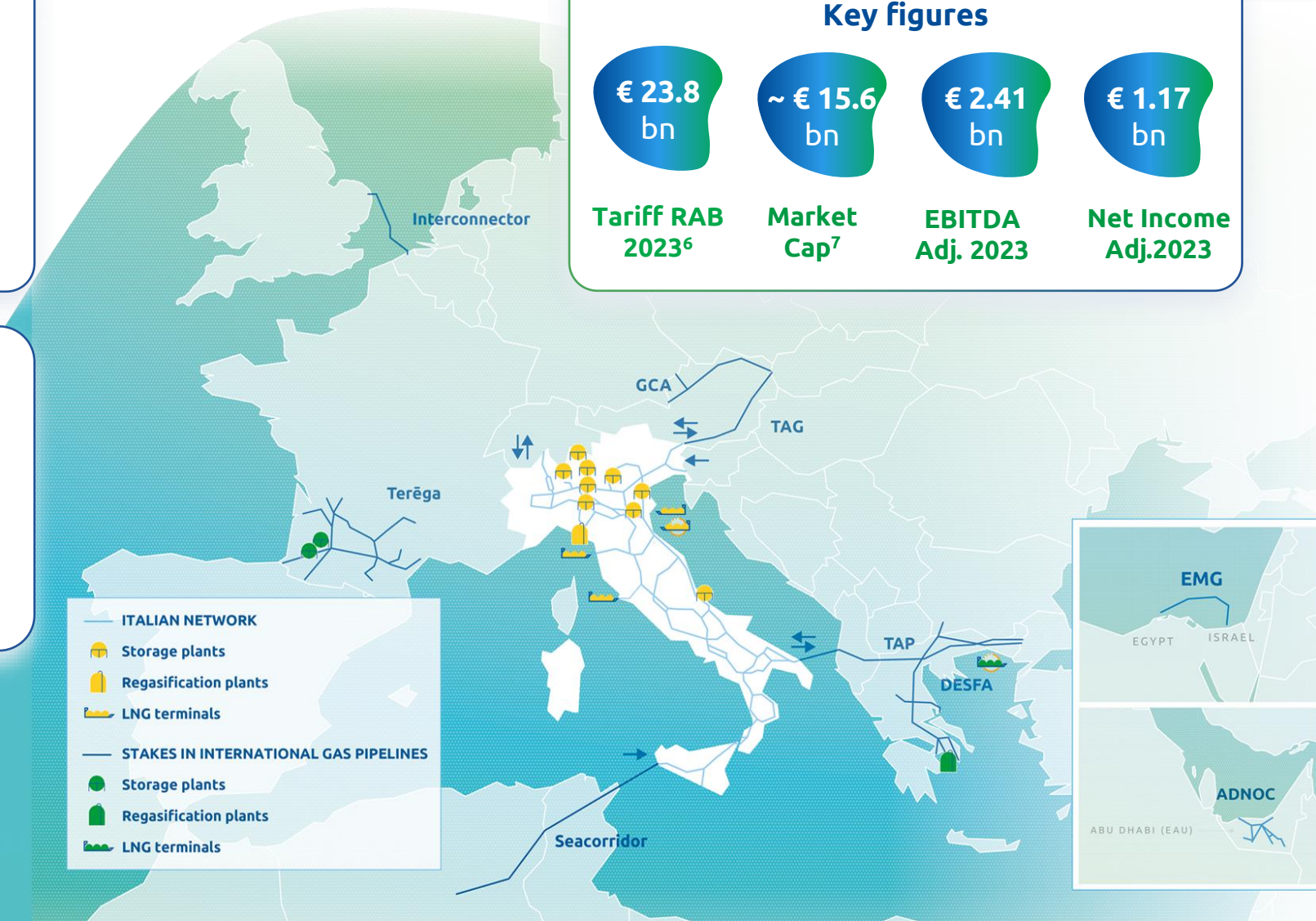
EBITDA  
Adj. 2023

€ 1.17  
bn

Net Income  
Adj.2023



- Including TAG, Desfa, GCA, Terega, Interconnector, TAP, Adnoc gas pipes, EMG, Seacorridor pro-quota transport km
- Including also Terega pro-quota storage capacity
- Including also Golar Tundra, BW Singapore and the pro-quota of OLT, Adriatic LNG, Revithoussa and Alexandroupolis
- o/w 10,000 national & 23,000 regional network
- Including also Golar Tundra and BW Singapore
- Italian
- At December 31, 2023



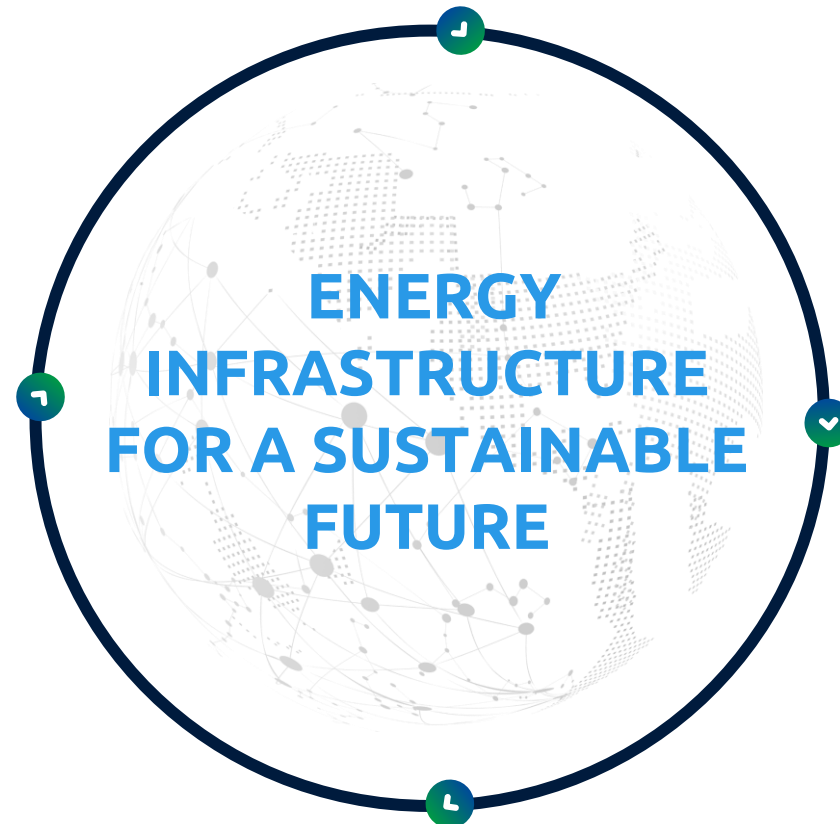
Snam's Board of Directors, guided by its robust governance, oversees its long-term strategy while fostering an engaged and accountable culture. We have always been comprehensive in our approach to sustainability and remain committed to the Paris Agreement.

**Oversight of Strategy**

**Robust Governance**

**Pay Aligned with Strategy**

**Engaged and Accountable**



**Comprehensive Approach to  
Sustainability**

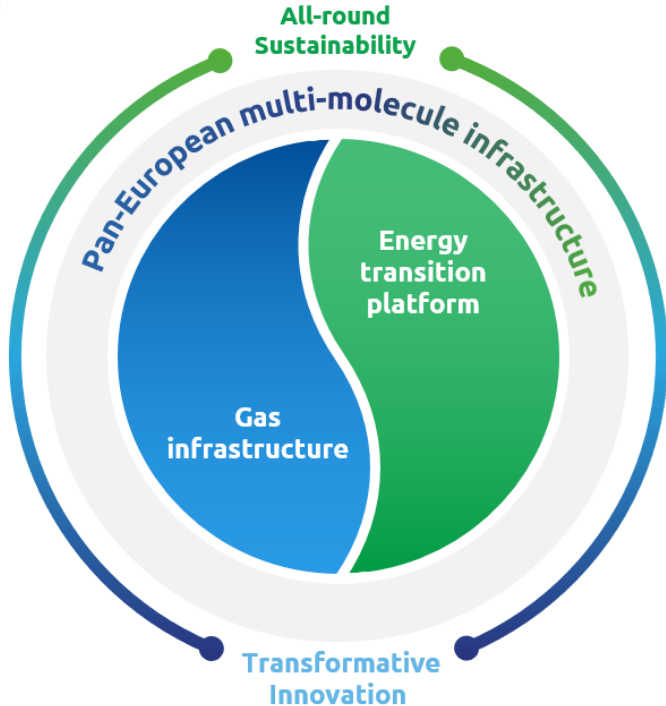
**Committed to the Paris  
Agreement**

**...and Net Positive Biodiversity  
Impact**

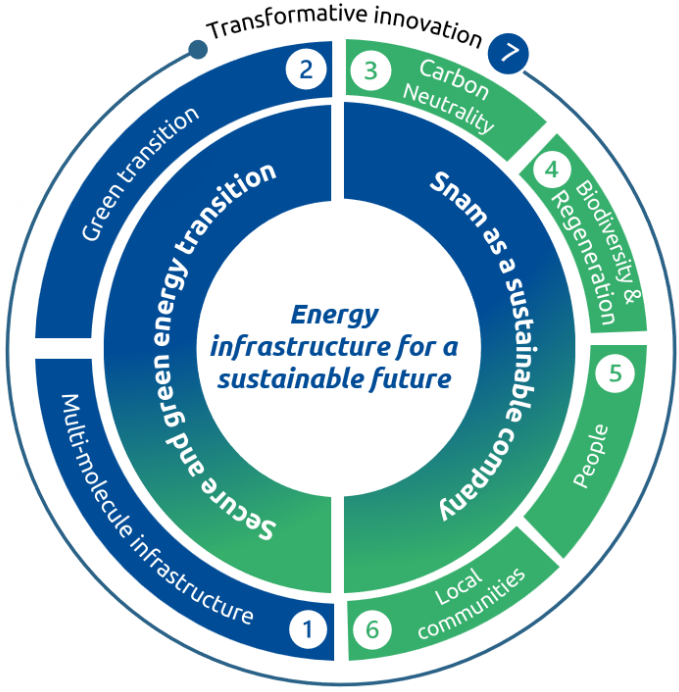
# Our Ambition: Energy infrastructure for a sustainable future

With two businesses that are synergistic and progressively interconnected, Snam's aim is to become a modular, flexible, and repurposeable infrastructure to secure energy supply across Italy and Europe. To achieve this, Snam will leverage two key strategic levers: sustainability, and innovation.

## Integrated Strategic Framework

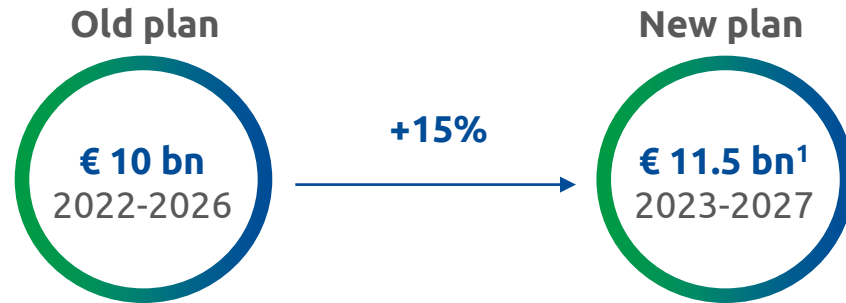


## All-round Sustainable Strategy

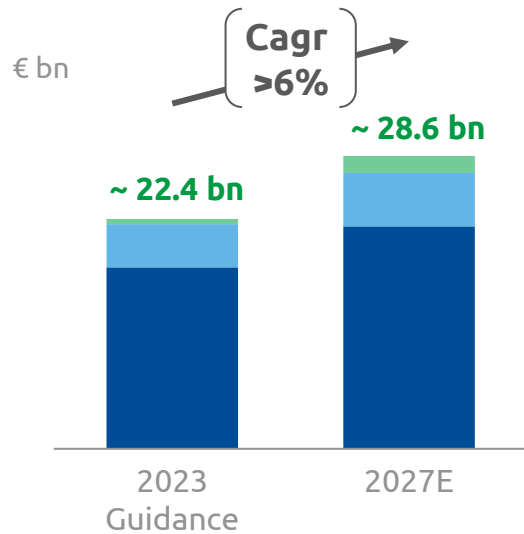


# 2023-2027 Strategic Plan: key figures

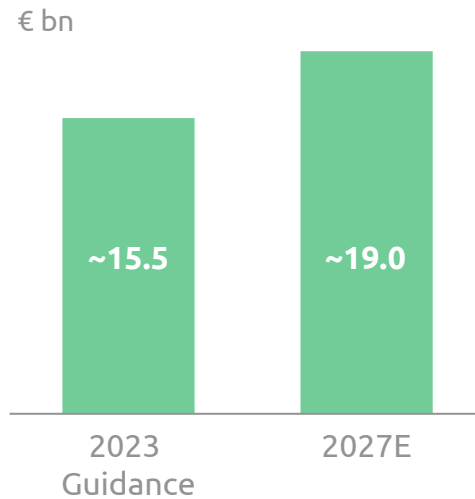
## Capex



## Tariff RAB



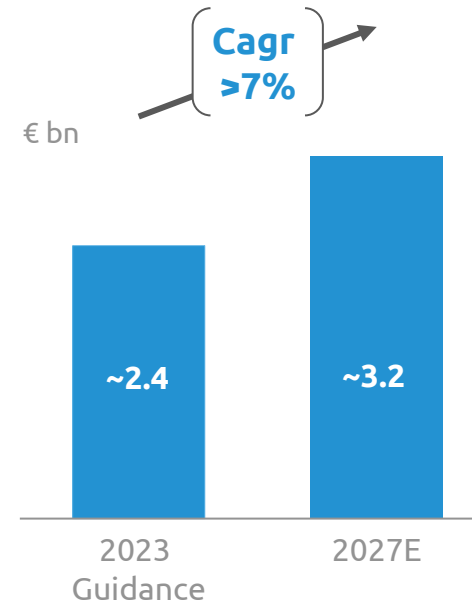
## Net Debt



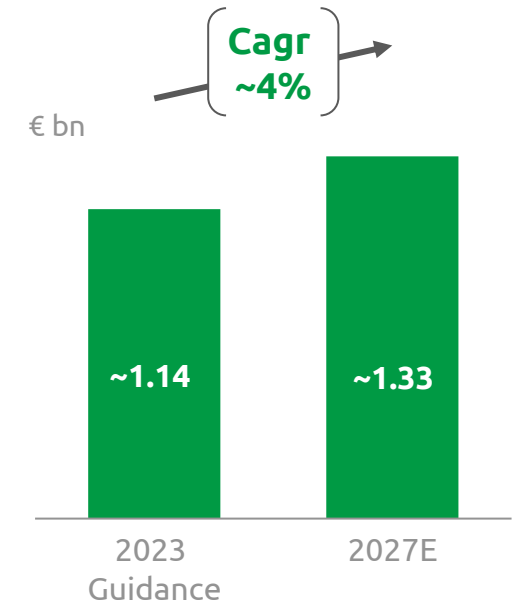
LNG Storage Transport

1. Net of grants  
Total Capex gross of grants: € 12.4 bn

## EBITDA adj.



## Net income adj.



100 bps higher EPS growth vs Old Plan

# Snam's Sustainability journey: what we achieved

1 **Methane emissions** : -57% vs 2015 and 3 years gold standard by UNEP on methane emissions

4 **Governance**: Sustainable value creation introduced in the By-laws, including energy transition businesses and BoD gender balance

2 **Employee inclusion and Well-being**: 84% engagement index by employees in 2023

5 **Sustainable finance**: 80% target on Sustainable Finance already achieved in 2023

3 **Certifications**: recent achievements in energy efficiency, anti-corruption and gender equality

6 **Commitments**: Net Zero on all emissions by 2050 & first TSO to be part of **SBTN** engagement program and to commit to net positive impact on biodiversity by 2027

**58% of CapEx<sup>1</sup> are aligned with the UN SDGs and 37% to European Taxonomy**

## Main impact on SDGs

7 AFFORDABLE AND CLEAN ENERGY 

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 

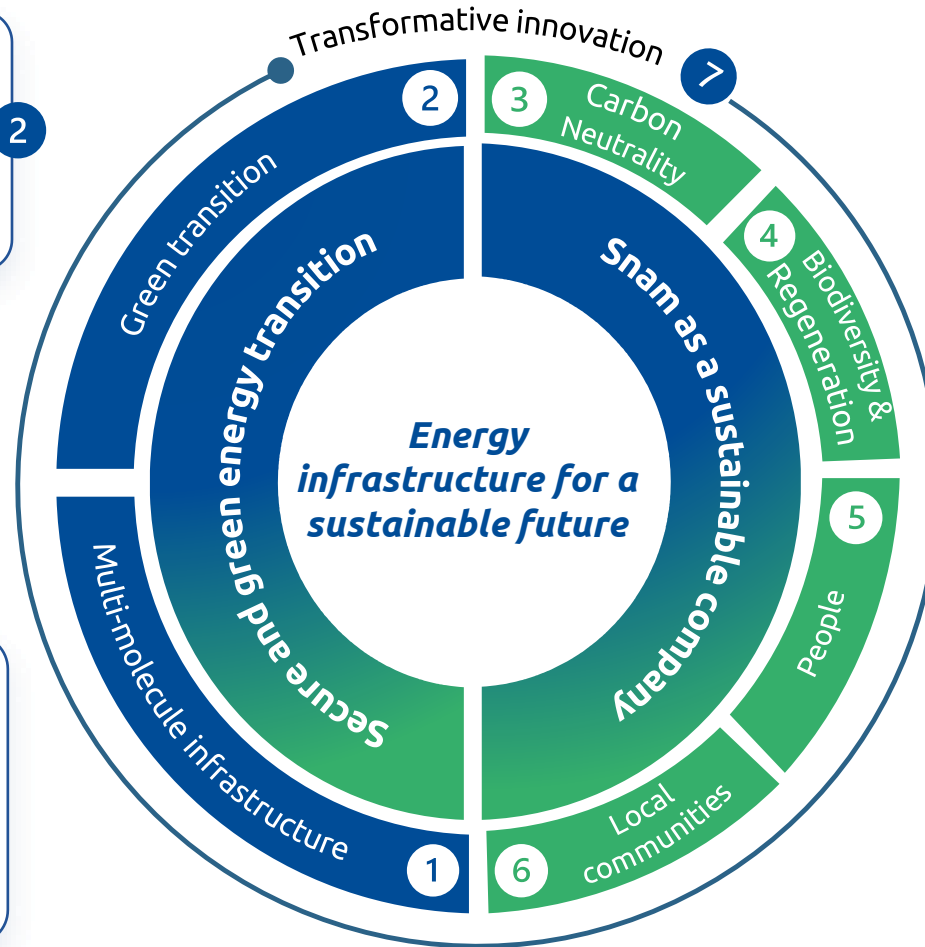
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 

13 CLIMATE ACTION 

# All-round Sustainable Strategy: a 7 pillars framework

**1** Develop an **energy transition platform** to reach system's decarbonization and sustainable growth through inclusive pathways of change<sup>1</sup>

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



**3** **Decarbonize** the core business in line with our path to **Net Zero**, while partnering with suppliers to promote the sustainability of the whole value chain

**4** **Leverage** every new infrastructure project to positively impact on **Nature and local environment**, following a Science Based approach

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

**6** Keep **generating value** for **local communities**, acting as System Operator being attentive to territory needs

**To be conveyed in the upcoming Transition Plan**

1. Pillars 1 and 2 covered in the Strategic Plan

# Full scorecard aligned with the 7 pillars framework

|                             | KPIs  | 2023 Actual | 2024 Target | 2027 Target |  | KPIs   | 2023 Actual  | 2024 Target            | 2027 Target            |                   |
|-----------------------------|---|-------------|-------------|-------------|--|--|--|------------------------|------------------------|-------------------|
| Green transition            | • Avoided CO <sub>2</sub> emissions (ktCO <sub>2</sub> e) <sup>1</sup>  | 102.9       | 105         | 500         | People   | • Employees engagement index (%)                             | 84   | >80                    | >80                    |                   |
|                             | • H <sub>2</sub> readiness length of network certified (km)   | 1,513       | 1,900       | 3,000       |  | • Women in exec. and middle-mgmt. roles (%)*                 | 25.9   | 26                     | 27.5                   |                   |
|                             | • Gas Transportation operational availability <sup>2</sup> (%)  | >99         | >99         | >99         |  | • IpFG (Combined Frequency and Severity Index) <sup>5*</sup> | 0.47   | < min. 3y <sup>5</sup> | < min. 3y <sup>5</sup> |                   |
| Multi-molecule infrastruct. | • Production of biomethane (Mscm)   | 24.4        | 20          | 160         |  | • Gender pay gap (%) <sup>6</sup>                            | -  | -                      | +/- 5                  |                   |
|                             | • Invest. related to the CCS Ravenna Project Phase 1+2 (€M) <sup>3</sup>  | 65          | 120         | 370         |  | • Participation in welfare initiatives (%)                   | 57.9   | 75                     | 80                     |                   |
|                             | • Reduction of total natural gas emissions (%)*   | -56.67      | -57.5       | -64.5       |  | • Training hours delivered to employees (h/capital)          | 37   | 36                     | 40                     |                   |
| Carbon Neutrality           | • Introd. ESG criteria in scoring models (% of contracts)*  | 35          | 35          | 65          |  | Local Communit.  | • Benefits for local communities over reg. revenues (%)            | 0.4                    | ~1                     | ~1                |
|                             | • RES <sup>4</sup> on total electricity consumption (%)   | 63          | 52-55       | 100         |  |  | • Value released at local communities (€M)                         | 1,451                  | >1,000                 | >1,000            |
|                             | • Tot. procurem. Spending on suppliers w/decarb. Plan (%)   | 23          | 25          | 35          |  |  | • Avg customer satis. rate for service quality (1-10) <sup>7</sup> | 8.1                    | >8.1                   | >8.1 <sup>7</sup> |
|                             | • Zero Net Conversion by 2024   |             | ✓           |             |  |  | • Investments in Innovation as % of revenues                       | 3.3                    | 3                      | 3                 |
| Biodiversity & Regener.     | • Net Positive impact by 2027   |             |             | ✓           | • Start-ups accelerated after PoC (#) <sup>8</sup>                           | 11 (22)  | 15(25)   | 27(30)                 |                        |                   |
|                             | • Vegetation restored in areas of pipes constr. (%)   | 99.9        | 99.9        | 99.9        | • Process digitalized and processes with AI (% of total)                     | 100/10   | 100/12   | 100/20                 |                        |                   |
|                             | • ESG Finance over total funding available (%)*   | 81          |             | 85          | • Projects covered by <i>Security by Design</i> cyber approach (%)           | New KPI  | 100  | 100                    |                        |                   |
| Financial & CO2             | • CapEx EU Taxonomy-aligned (% of total)  | 29          |             |             | • CapEx SDG-aligned (% of total)   | 61   |  |                        |                        |                   |
|                             | • Revenues EU Taxonomy-aligned (% of total)   | 26          |             |             | • Scope 1 and 2 CO <sub>2</sub> emissions reduction (% v. 2022) <sup>9</sup> | -10  |  | -25                    |                        |                   |
|                             | • ESG matters discussed at BoD meetings (>40% of BoD discussions with ESG topic discussed)  |             |             |             |  |  |  |                        |                        |                   |
| Sustainable principles      | • 3 <sup>rd</sup> parties subject to procure. Process on which reputational checks are performed (100% of suppliers with reputational checks performed) |             |             |             |  |  |  |                        |                        |                   |
|                             | • Italian territory covered by cyber resilience field tested scenarios (100% of Italian territory covered)  |             |             |             |  |  |  |                        |                        |                   |

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 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.



# Agenda



## Governance



## Road to Carbon Neutrality



## Biodiversity & Regeneration



## Snam People



## Engagement & Local Communities



## Key Data



# Robust Governance

Appointed on April 27, 2022



| Board of Directors                | Monica de Virgiliis | Stefano Venier | Massimo Bergami        | Laura Cavatorta        | Augusta Iannini        | Piero Manzoni          | Rita Rolli             | Qinjing Shen           | Alessandro Tonetti     |
|-----------------------------------|---------------------|----------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                   | Chair               | CEO            | Non-Executive Director | Non-Executive Director | Non-Executive Director | Non-Executive Director | Non-Executive Director | Non-Executive Director | Non-Executive Director |
| Independent Director <sup>1</sup> | ✓                   |                | ✓                      | ✓                      | ✓                      | ✓                      | ✓                      | (2)                    | (2)                    |
| Gender                            | Female              | Male           | Male                   | Female                 | Female                 | Male                   | Female                 | Male                   | Male                   |
| First appointment                 | 2016-2019<br>2022   | 2022           | 2022                   | 2019                   | 2022                   | 2022                   | 2019                   | 2022                   | 2016                   |
| Committee <sup>3</sup> Roles      |                     |                | N&R<br>ESG             | Audit<br>ESG (C)       | Audit                  | Audit (C)              | N&R (C)<br>ESG         | ESG                    | N&R                    |

**67%**  
Independent

**44%**  
Female

## Skills:



Strategy



Sustainability



Sector



Corporate Governance

## Effectiveness:

Induction & Training Programs

Joint Cross-Committee Meetings

Strategy Workshop

Self-Assessment

*See Next Slide*

1. In accordance with the Italian Corporate Governance Code  
 2. Officers of the jointly controlling shareholders who have been elected to the Board upon proposal of such shareholders  
 3. N&R = Nomination & Remuneration (67% independent), Audit = Audit, Risk and Related Parties Transactions (100% independent), and ESG = ESG and Energy Transition Scenarios (75% independent)

An evaluation of the organization and functioning of the Board and its Committees is conducted **every year**, coordinated by the Chairperson and supported by the ESG & Energy Transition Scenarios Committee. In 2022, the Board chose to perform its evaluation with the support of an **independent external advisor** and organize it on a **three-year roadmap**.

## 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 analysis of Board Culture accompanied by the analysis of individual contribution.

## Third Year (2024)

The final evaluation with focus on the elements to support the composition of the Board to be appointed in the following term



### 2023 Board Evaluation

#### 2023 Board Evaluation covered three areas:

Survey of the level of satisfaction with the actions implemented since 2022.

Survey on functioning of the Board and Committees including, role and responsibilities of Directors.

Analysis of the dynamics of the group behavior and the culture of the Board

#### Outcomes of the 2023 Board Evaluation:

The two surveys showed satisfaction with the implementation of the requests formulated in 2022, and suggestions to further streamline the functioning of the Board and Committees.

The analysis of dynamics and culture established that the Board culture is...

- ... characterized by interpersonal trust and mutual respect, a collaborated and engaged attitude, well-structured planning, respected deadlines, and clear responsibilities.
- ... marked by a particular focus on problem-solving and a disciplined work organization, with precise and timely supporting documentation.

Looking forward, Board members aim to boost forward-thinking perspective by exploring uncharted territories and innovation.

# Zoom on Climate Change BoD's oversight

## Board of Directors

### ESG and Energy Transition Scenarios Committee

- Examine and make recommendation regarding CC strategy and commitments
- Monitor the GHG emissions reduction and biodiversity restoration actions and delivery
- Examine the CC-related risks in liaison with CCR
- Examine the CC-related remuneration performance KPI in liaison with NOMREM
- Examine sustainability reporting submitted annually to the BoD

### Nomination and Remuneration Committee

- Make recommendation regarding the CC-indexation into the variable remuneration
- Make recommendation on performance target setting
- Examine and make recommendation on the performance level of achievement
- Make recommendation on skill profile for Board succession

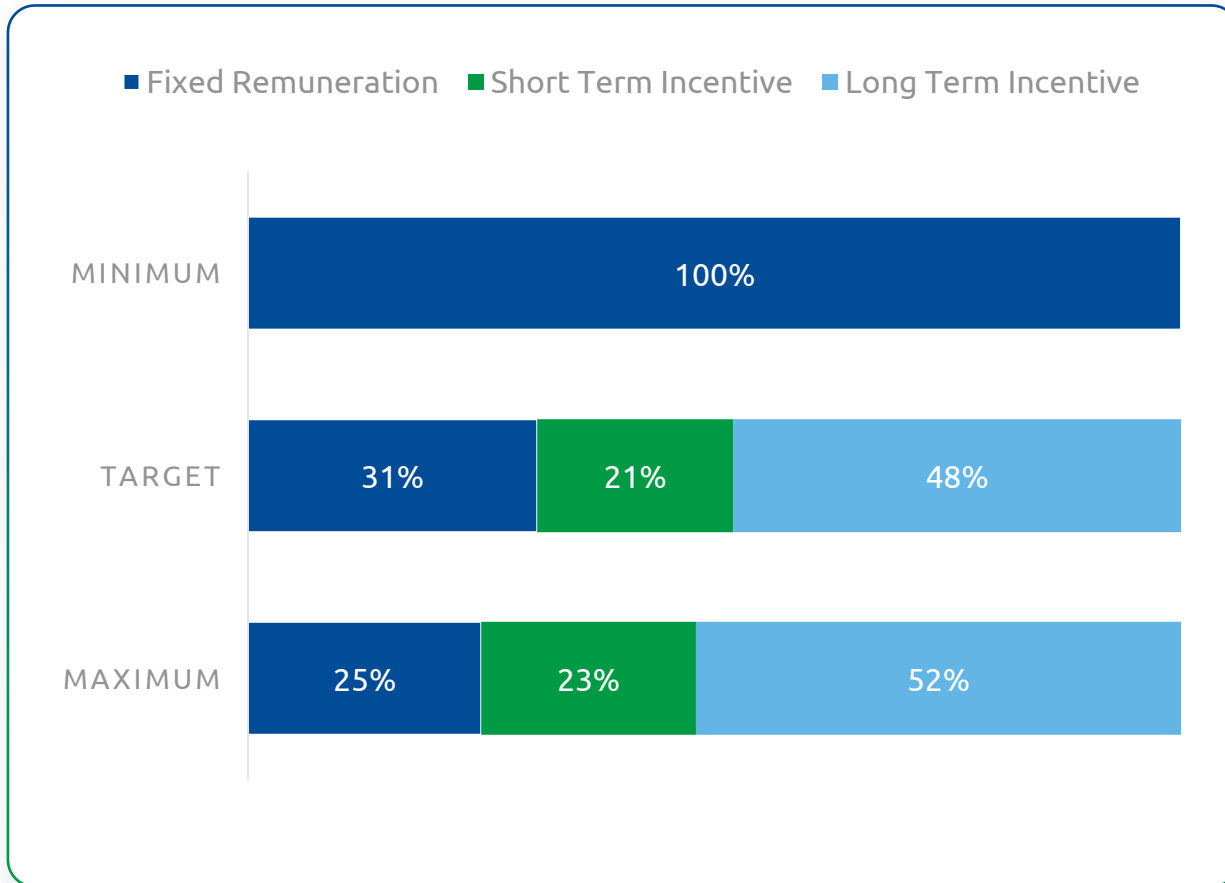
### Audit, Risk And Related Parties Transactions

- Examine and make recommendation on Risk Assessment and Disclosure
- Makes recommendation, when applicable, to guarantee the integrity of the financial information preparation process

# Pay Aligned with Strategy

Remuneration Policy aims at ensuring alignment with the Company's strategic objectives considering the characteristics of the business and the industry while ensuring that the variable component represents a significant portion of total remuneration. Snam's Remuneration Policy and Report remains one of the highest supported within the FTSE MIB.

## Pay mix - 2023






## Key highlights - 2023






- **Reduced Total Remuneration Opportunity:** As provided for in the 2022 Remuneration Policy, the Board determined the remuneration structure of the new CEO remained broadly the same as the previous CEO. However, the total **fixed remuneration of the CEO** has been **reduced** from Euro 970.000 to Euro 900.000. This reduction has also **reduced the total remuneration opportunity** (given the knock-on effect fixed remuneration has on variable remuneration opportunity)
- **KPIs Linked to Strategic Plan:** Stronger 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
- **Sustainability KPIs in Incentive Plans:** New objectives have been included in the incentive plans by including, for the short-term plan (AMI), a sustainability metric related to ESG criteria within the supply chain scoring model, and for the long-term plan (LTI), a business metric related to Energy Transition Readiness (please refer to next slide)
- **Reduced and capped the CEO severance**, calculated as two years of fixed annual remuneration supplemented by the average of the Annual Monetary Incentive paid in the last three years, **including any indemnity for lack of notice**. There are **no non-competition agreements for the CEO**

New KPIs approved at the 2023 AGM

## Annual Monetary Incentive – 2023 KPIs<sup>1</sup>

| KPI  | Description   | Weight |
|--|---|--------|
| <b>Adjusted EBITDA</b>                                 |   | 30%    |
| <b>Investments</b>                                     | Investments gas infrastructure 1:<br>Spending: Regulated gas infrastructure   | 10%    |
|  | Investments gas infrastructure 2:<br>Milestones main projects   | 5%     |
| <b>Energy security projects</b>                        | Strengthening the regasification capacity   | 20%    |
| <b>Non-regulated business<br/>Achieving milestones</b> | Biomethane and Energy efficiency  | 15%    |
| <b>Sustainability</b>                                  |  Weighted index of frequency and severity of accidents of employees and contractors | 10%    |
|  |  Sustainable finance: new committed funding (euro/mln)                             | 5%     |
|  |  ESG criteria in supply chain scoring model  | 5%     |

## Long-Term Variable Share-Based Incentive Plan (2023-2025 LTIP)<sup>1</sup>

| KPI                                    | Description   | Weight |
|--|---|--------|
| <b>Adjusted net profit</b>             |   | 40%    |
| <b>Value added<sup>2</sup></b>         |   | 20%    |
| <b>Energy transition<br/>readiness</b> |  Km H2-Ready                             | 10%    |
|  |  MW Biomethane installed                 | 5%     |
|  |  Project and market design CCS H2        | 5%     |
| <b>Sustainability</b>                  |  Reductions in natural gas emissions    | 10%    |
|  |  Gender diversity in Snam's management | 10%    |

1. See pag. 19 of 2023 Snam Remuneration Report

2. Calculated as the change in RAB in the reference period plus dividends distributed and treasury shares repurchased and reduced by the change in net debt

New

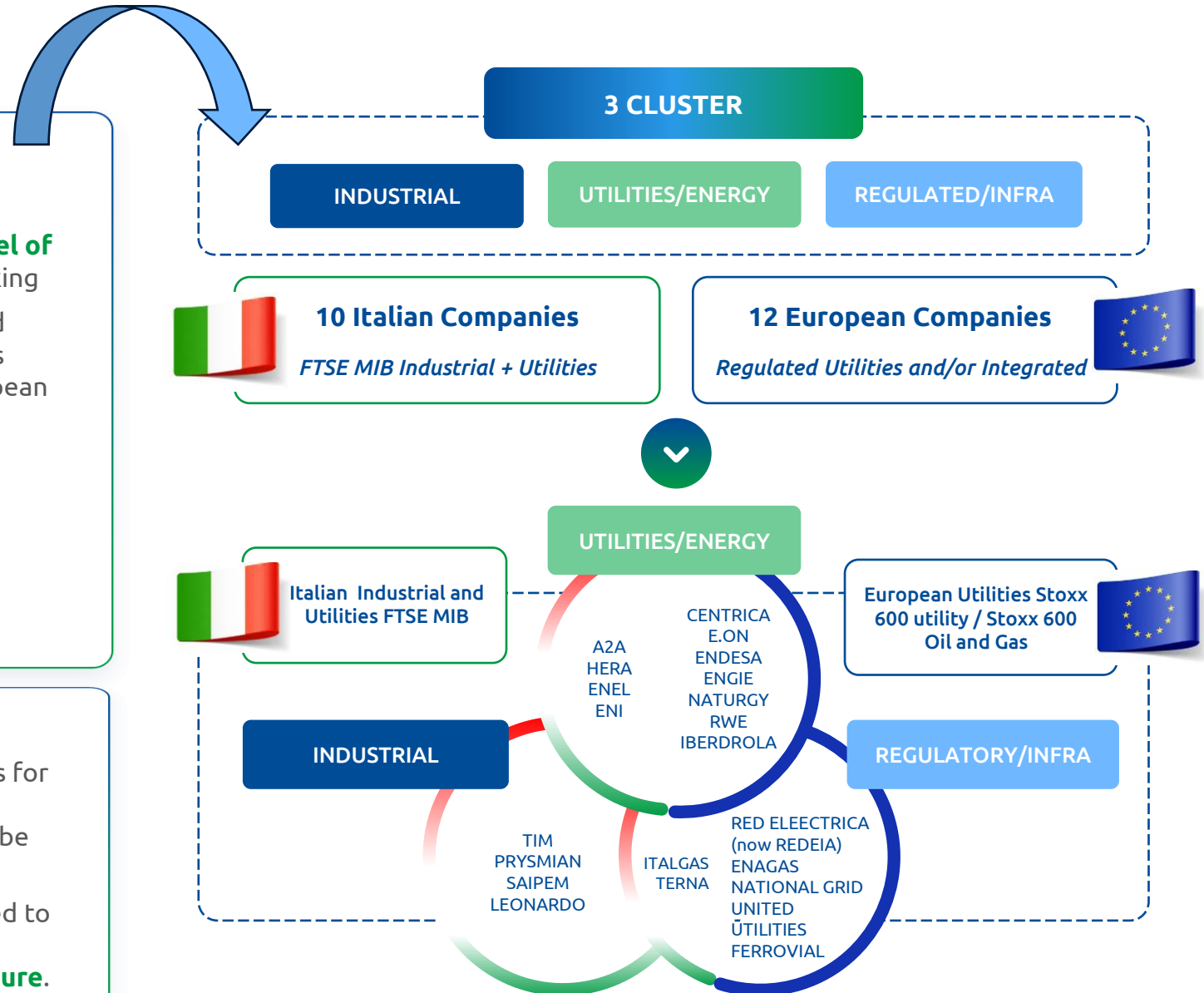
## Updated peer group

- In January 2024, the Nomination and Remuneration Committee conducted a process to **update the panel of companies** to be used for compensation benchmarking
- For the compensation benchmarking of the CEO and General Manager, a peer group of **22 companies** has been identified, balanced between Italian and European firms
- These were selected based on criteria considering **comparability with Snam in terms of business and operational model**
- With the new panel, **the CEO positioning has not changed, resulting in between Median and First Quartile**

New

## Share Ownership Guidelines (SOGs)

- To be proposed to the BoD the introduction of SOGs for the CEO where he would be required to hold shares worth **at least 200% of his fixed remuneration**, to be achieved **within a compliance period of 5 years**.
- Once the minimum requirement is met, the CEO need to **consistently maintain** the number of shares that satisfied the requirement **until the end of their tenure**.



# Enterprise Risk Management (ERM) approach

## Objectives

With the aim of continuously enhancing our risk management system, in 2023 we adopted the following:<sup>1</sup>

- The **Group risk appetite framework**
- **Refinements on both methodological and governance aspects** of our **ERM risk assessment**, to enhance it as a managerial and strategic tool
- **Climate Change Risk Management Framework**



- **Higher risk-informed contribution** to both decision-making and strategic processes in line with the risk appetite approved by the Board of Directors
- **Simplification of the ERM process** and rationalization of the number of mapped risks
- Improved usability and expansion of the informative scope of the risk assessment results
- **Enhanced integration with Sustainability Processes** (materiality analysis – stakeholder engagement)
- **Sustainability risks refocusing**
- **Risk Culture enhancement**

## Outcomes

- Adoption of the **Group Risk Appetite Framework**
- Introduction of a distinction between **inherent risk severity** and **residual risk severity**
- Update and evolution of **probability and impact** assessment scales
- Evolution of the **reputational impact assessment scale** in line with the materiality analysis
- Transition from a **rationale of ESG-related risk identification and assessment to a rationale of Sustainability-relevant risks**
- Consolidation of Risk Response analyses
- **Vertical analysis** for integrating the risk assessment (e.g., Climate Change Risk Management framework)

1. These activities are detailed in the ERM guideline approved by the Board of Directors in December 2023



# Climate Change Risk Management Framework

Identification, measurement, and management of risks and opportunities associated with climate change that may impact industrial, economic, and sustainability objectives (transition risks) as well as the integrity of tangible (physical risks) and intangible assets

## Methodology

- Physical & transition risks analyzed
- Alignment with key **international references**
- Perimeter: **48 sites + pipelines** (99% ebitda)
- Different approaches and tools based on the **time horizon** of the analysis
- Integration of CCRM analysis outcomes into the **ERM assessment**
- **Scenario analysis** according to IPCC scenarios: RCP1.9 (Paris), RCP4.5, and RCP8.5

## Outcomes

- **Economic impacts of physical risks on assets are negligible in the short to medium term** due to the effectiveness of direct (ie mitigations, insurance coverage, etc.) and indirect safeguards (ie structural characteristics)
- The potential long-term climate exposure (2040) of the assets does not show significant changes in the RCP 1.9 and 4.5 scenarios, while it exhibits a **more pronounced impact in the RCP 8.5 scenario**
- **Transition risks are limited in the short to medium term** with increased exposure to reputational aspects (ie achievement of sustainability targets). Risks intensify in the long term in the Net Zero scenario (RCP 1.9, SSP1, NZE), mitigated by repurposing activities and energy transition opportunities

## Physical risks<sup>1</sup>

1. River flood
2. Coastal flood
3. Cyclone or tornado
4. Hailstorm
5. Landslide or avalanche
6. Wildfire
7. Heatwave
8. Cold wave
9. Strong wind
10. Water scarcity

### Market<sup>2</sup>

**Risks:** Gas volumes reduction for milder winters  
**Opp:** Progressive change in the market context in favour of the use of biomethane and hydrogen

### Regulatory:

**Risk:** emergence of new regulation regarding polluting emissions  
**Opp:** Investments increase in decarbonization and energy efficiency projects

## Transition risks

### Technological:

**Risk:** delay / higher costs for development of transition technologies  
**Opp:** competitive advantages from timely development of technologies for the transition

### Reputational:

**Risks :** reputational disadvantages due to delays /failures in achieving sustainability targets  
**Opp:** advantages in terms of positioning and market attractiveness (sust. finance)

1. Aligned with EU Taxonomy risk focus  
2. Change in the consumers behaviours and in the demand of some raw materials and product

# Cybersecurity risk management

Cybersecurity plays a crucial role in preventing or addressing diverse events, ranging from compromising individual workstations to the degradation of entire business processes

## Security incident response team, Cyber Security Incident Management & Intelligence

The team oversees Cyber Security Incident Management model to counteract cyber threats

In the 2023, the Team managed:

- **24/7** security monitoring
- **6,738** security events
- **2,200** Cyber Threat Intelligence alerts

Threats Monitoring:

- **>100 potentially compromised accounts**
- **Ca 60 compromised third parties**

## Security by design & Security tests

A process **enforcing specific security requirements** and adequate verifications for each application and infrastructure development

During the 2023, the process was applied to **55** applications/projects, and **29** security tests were performed

## Security Awareness & Training

The human factor is a core aspect for improving cyber security. Initiatives to **increase awareness**:

- **6** White Phishing campaigns for a total of **20,262** e-mails sent
- Cyber Security learning course launched and **1,141** trained persons
- **39** warning mail sent to users related to real phishing campaigns
- **5** cyber incident simulations, 3 of which related to the resilience of core business processes

## SNAM POLICIES OVERVIEW

- Policy Diversity & Inclusion
  - Gender Equality Policy
  - Recruiting Policy
  - Anti-Harrassment Policy
- Human Rights Policy
- Policy for managing dialogue with the Shareholders and other stakeholders
- Stakeholders Engagement Policy
- Management of Philanthropic Activities and Social Initiatives Policy
- Social Supply Chain Policy
- HSEEQ Policy (including Energy management)
- Sustainable Development Policy
- Business Continuity Management Policy
- Anti-Corruption Policy

## 2023 NEW POLICIES AND UPDATES

E

### Climate Policy Commitment:

Enhancing transparency by disclosing climate-related lobbying activities and assessing their alignment with the objectives of the Paris Agreement.

Demonstrating clear commitment to climate goals.

S

### Gender Social Transition Policy:

It guides transgender individuals in their gender affirmation. Emphasizes the importance of inclusive values and encourages positive impact through words and actions.

G

### Anti-Corruption:

Snam adheres to **ISO 37001:2016** standards, implementing an Anti-Corruption Management System. This includes an approved **Anti-Corruption Policy**, overseen by the Anti-Corruption Committee with support from Compliance & Business Integrity.

The policy underscores senior management and board commitment to corruption prevention.

Continuously updating our policies

Legend:

- People
- Environment
- Innovation, digitalization & governance

# Tax Transparency Report

The document, drafted on voluntary basis and published for the first time in 2023 (fiscal year 2022) to:

- Promote a transparent and collaborative relationship with all stakeholders
- Represent tax governance and how the tax strategy and tax risk management are implemented
- Provide an overview of the contribution of taxes paid domestically and internationally by the Group

## MAIN TOPICS

- **Tax Contribution to ESG:** exhaustive picture on the role of the Tax element in the ESG area, in particular with reference to the ESG Scorecard
- **Tax Reporting:** overview on the Total Tax Contribution, differentiating between Taxes borne and Taxes collected by the Group and of the main KPIs
- **Tax Strategy:** overview on the control and the principles taken into account with reference to Tax strategic decisions
- **Tax Risk Controls:** an outline on the control system's architecture (e.g. Tax Control Framework), the Group Tax control's tools and the relation with the Tax Authorities



## COUNTRIES

-  Italy
-  Austria
-  China
-  Ireland
-  Marshall Islands
-  Netherlands

# Agenda



Corporate governance



**Road to Carbon Neutrality**



Biodiversity & Regeneration



Snam People



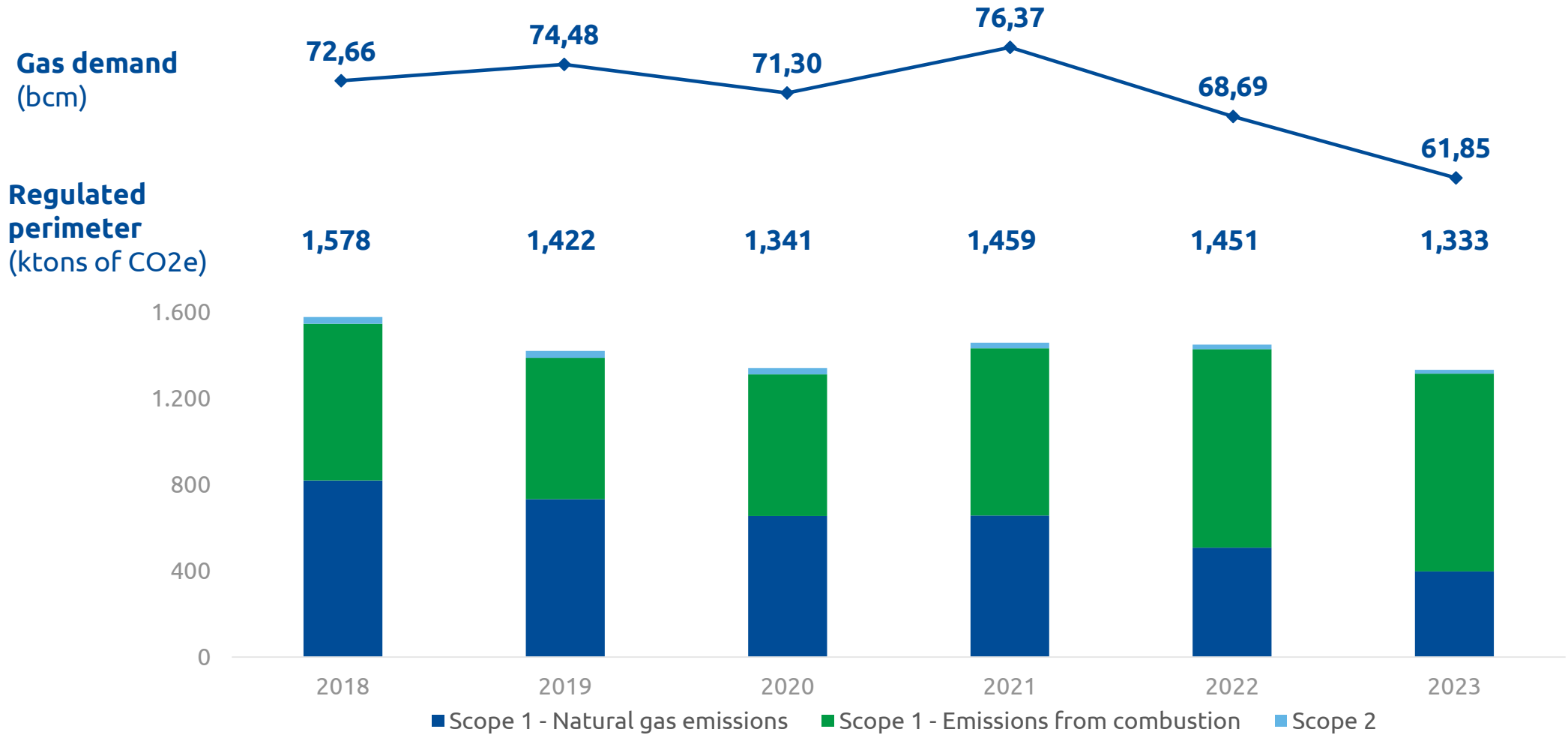
Engagement & Local Communities



Key Data



# Historical Scope 1&2 emissions evolution

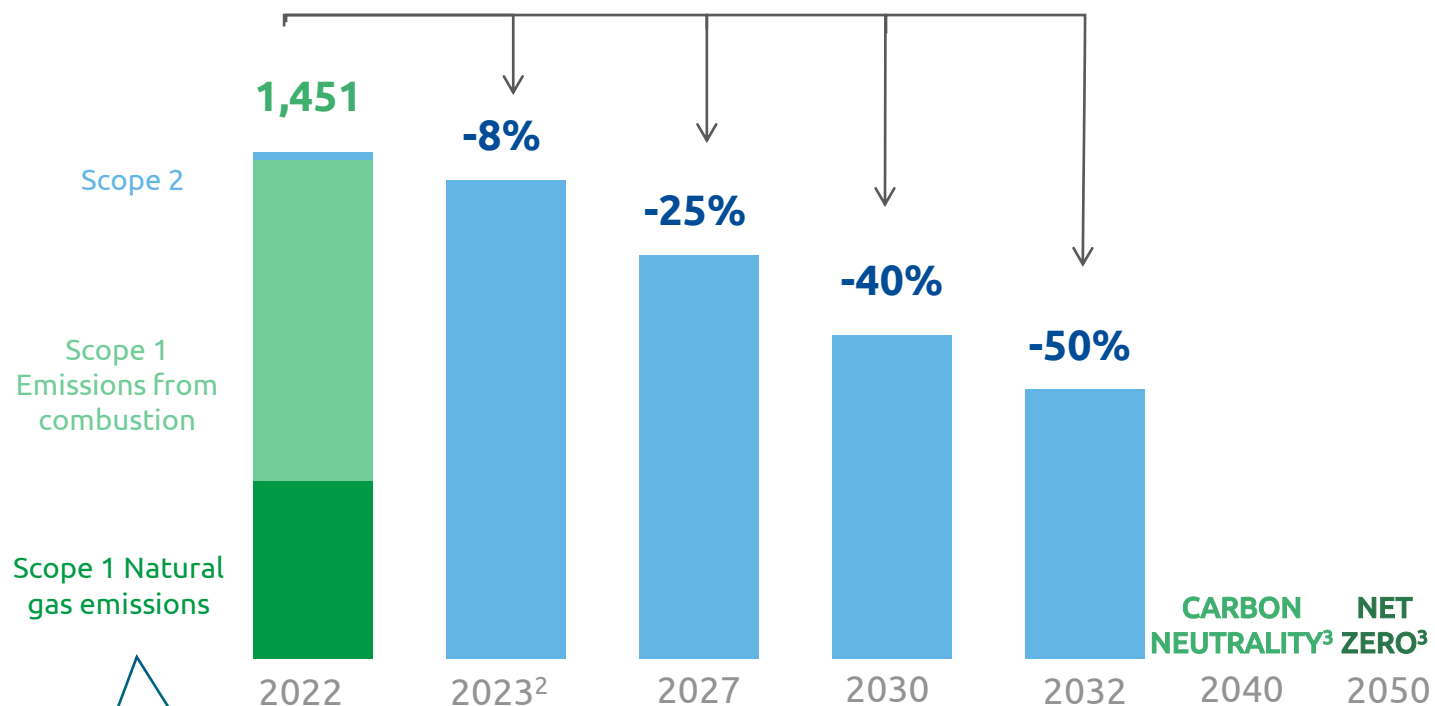


|                                     |       |       |       |       |       |       |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| <b>Energy Transition Businesses</b> | +1    | +1    | +4    | +8    | +67   | +80   |
| <b>Snam</b>                         | 1,579 | 1,423 | 1,345 | 1,468 | 1,518 | 1,413 |

# Scope 1+2 reduction targets and key levers

## SCOPE 1&2 TARGETS<sup>1</sup> (ktons of CO<sub>2</sub>e)

In line with 1.5°



-64.5% by 2027  
-70% by 2030  
-72% by 2032 vs. 2015

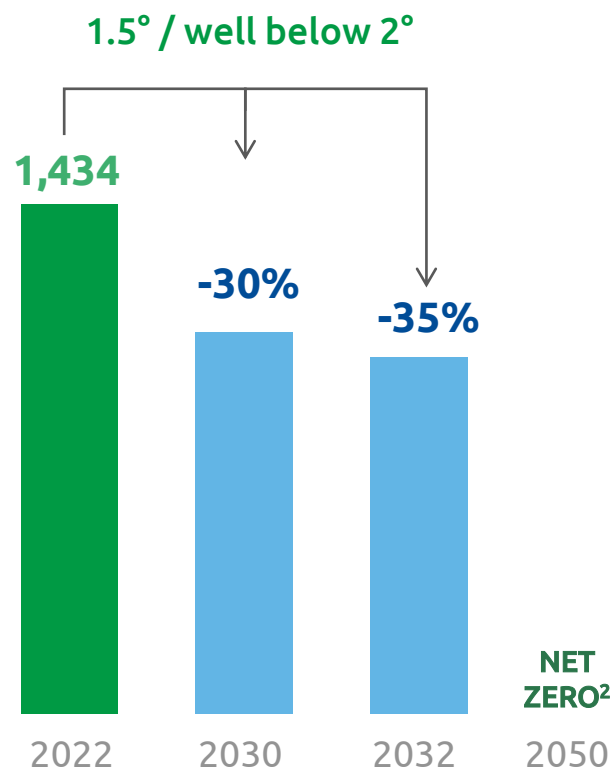
## KEY LEVERS

- **ISO 50001 - Energy Management** System to improve energy performance
- **Replacement of the gas-fueled compressor stations** with electric units
- Comprehensive program to replace parts of the network (e.g. gate valves in approx. **350** pressure reduction stations and in compressor stations, over **3,000** pneumatic actuators and instrumentation)
- Dispatching operations optimization to minimize gas consumption and emissions
- Consumption and purchase of certified green energy (either renewable electricity or green gas biomethane)

1. On Regulated perimeter as of 2022. Targets aligned with SBTi general methodology; once the SBTi Oil & Gas methodology will be available, Snam will submit targets  
2. -4% vs 2022 on Group Perimeter  
3. On full Snam Group perimeter

# Scope 3 reduction targets and key levers

## SCOPE 3 EMISSIONS TARGET<sup>1</sup> (ktons of CO<sub>2</sub>e)



## KEY LEVERS

### Supply chain emissions

- Inclusion of **ESG criteria in tenders**
- Most significant suppliers (in terms of emissions) involved in the **CDP Supply Chain questionnaire**
- Involvement of all suppliers in Open-es (ESG disclosure Platform)
- Sustainability and carbon accounting portal launched to increase the amount of suppliers' data on ESG topics, with a specific focus on GHG emissions
- Training on ESG topics, with a particular focus on emissions

### Associates emissions

- Periodical meetings and forum to share best practices
- Main levers:
  - Use of **Green gases** and the installation of electric compressors
  - **LDAR** (leak detection and repair) programs to reduce fugitive emissions
  - Use of energy from renewable sources

### Other Scope 3 emissions

- Subsidized subscriptions for public transport for employees
- Lower emissions transport for business travel

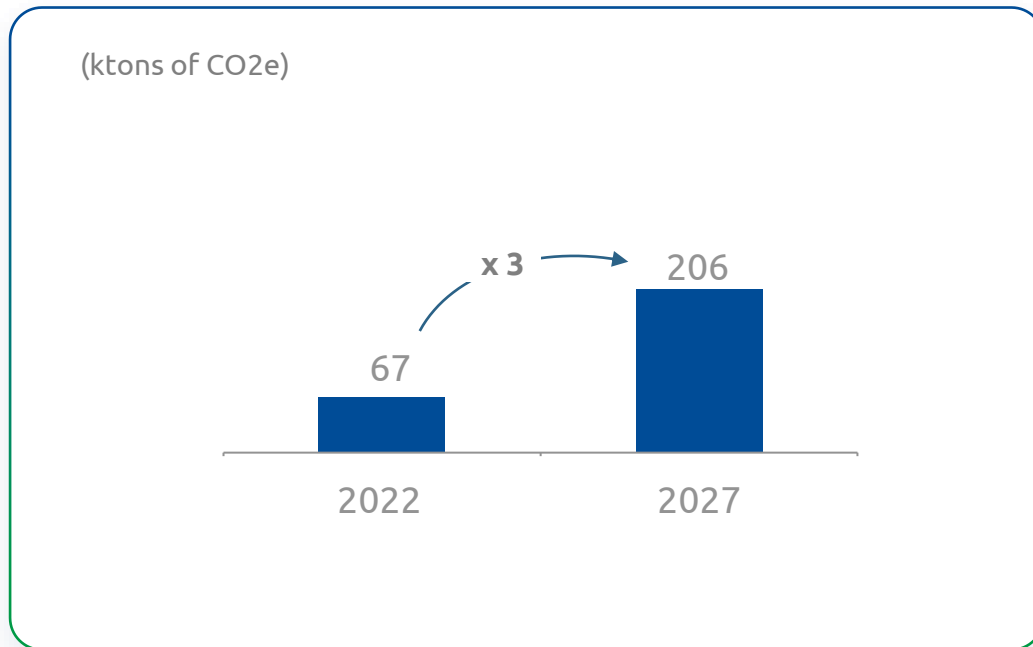
1. On Regulated perimeter as of 2022. Targets aligned with SBTi general methodology; once the SBTi Oil & Gas methodology will be available, Snam will submit targets  
2. On full Snam Group perimeter



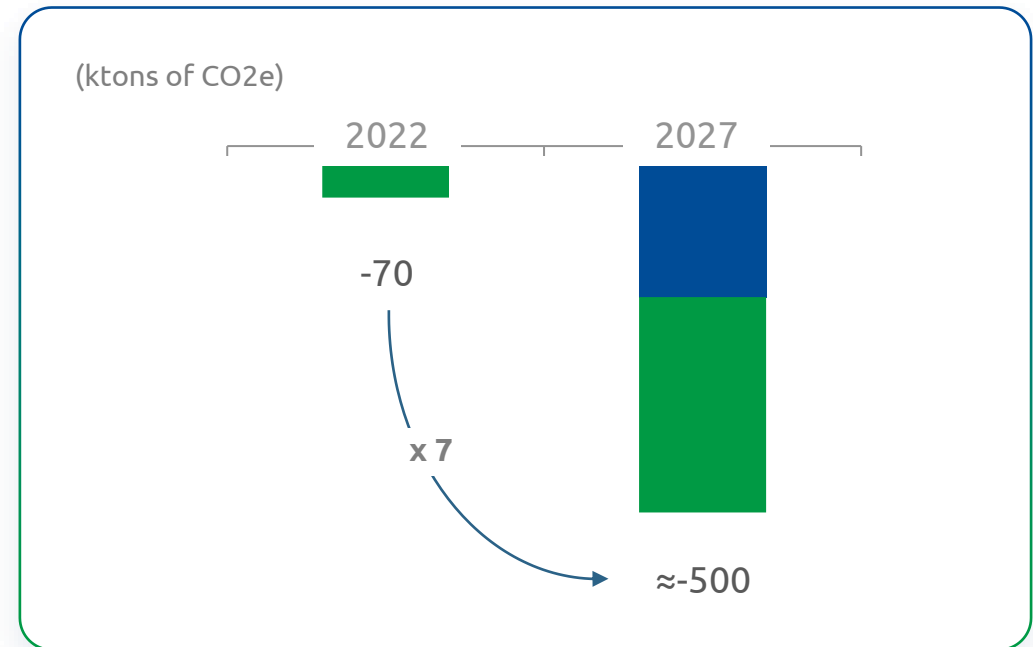
# Avoided emissions

Activities related to the energy transition businesses (energy efficiency and biomethane) contribute to avoiding emissions that would otherwise be generated by other actors in the system

### SNAM ENERGY TRANSITION BUSINESSES SCOPE 1&2 EMISSIONS



### TOTAL AVOIDED EMISSIONS THANKS TO OUR ENERGY TRANSITION BUSINESSES



**Emissions positive net impact of 300 ktons by 2027**

# Moody's Net Zero Assessment

## ASSESSMENT

Moody's assigned a NZ-3 Net Zero Assessment score (Significant) to Snam's carbon transition plan. The Group's ambition score is Well-below 2°C under Moody's scoring scale, in line with the Paris Agreement goals

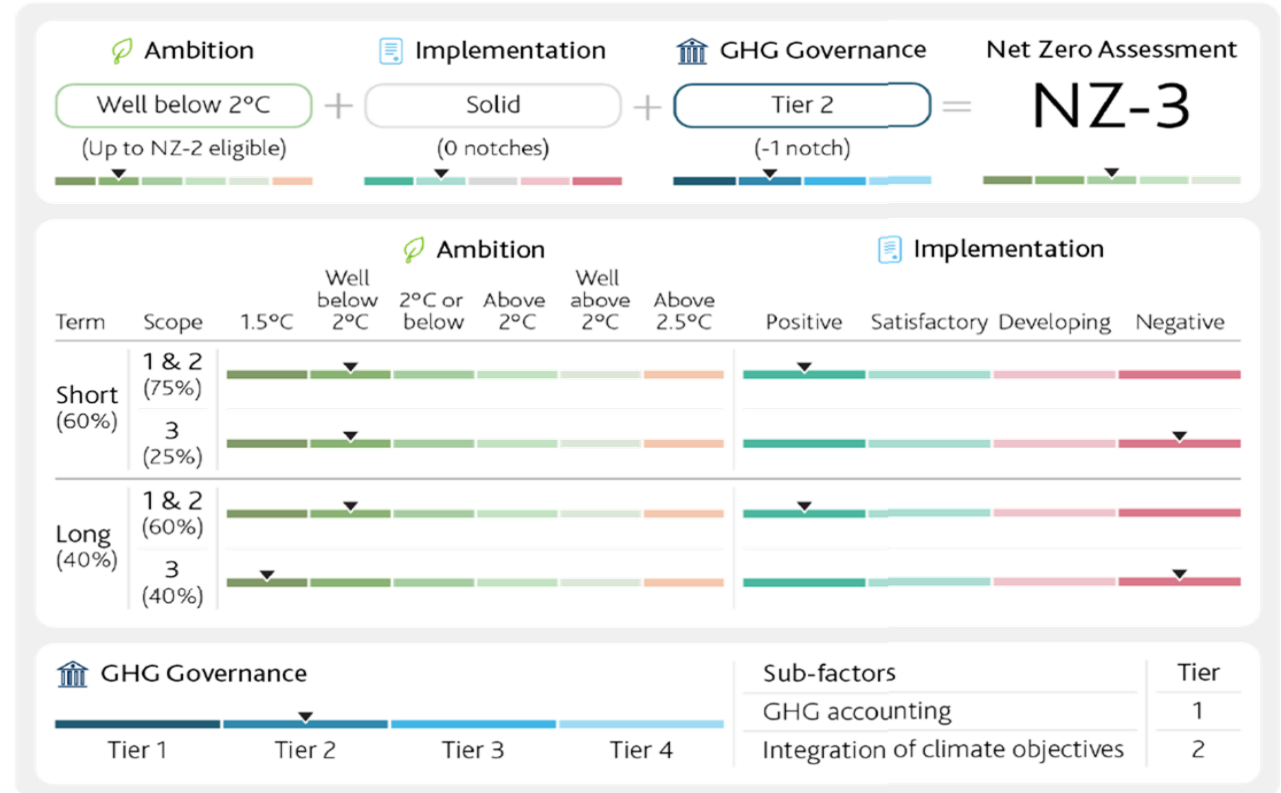
## IMPLEMENTATION

The implementation quality is solidly supportive of its ambition: on Scope 1-2 emissions reduction, the techniques used to achieve targets are well proven and easily deployable; On Scope 3 emissions, Moody's notes that Snam will focus on both influencing its affiliate companies (through sharing of best practices), and selecting as well as influencing suppliers

## GOVERNANCE

Moody's applied a notch downgrade to the overall NZA score to reflect the exposure to third party natural gas which can potentially lead to uncertainties on the reporting of the impact of gas transported without ownership

**Net Zero Trajectory in line with the Well Below 2°C scenario envisaged by the Paris Agreement**



**Ambition score makes it eligible for a maximum overall score of NZ-2. NZ-3 is assigned due to a 1 notch down from the GHG Governance score**

# Agenda



Corporate governance



Road to Carbon Neutrality



**Biodiversity & Regeneration**



Snam People



Engagement & Local Communities



Key Data



# Biodiversity at Snam today

Biodiversity and Nature cover environmental topics beyond GHG emissions, such as land & sea use change and freshwater consumption, whose integrity is rapidly declining due to human-related activities that cause loss of biodiversity

## Environmental restoration and monitoring

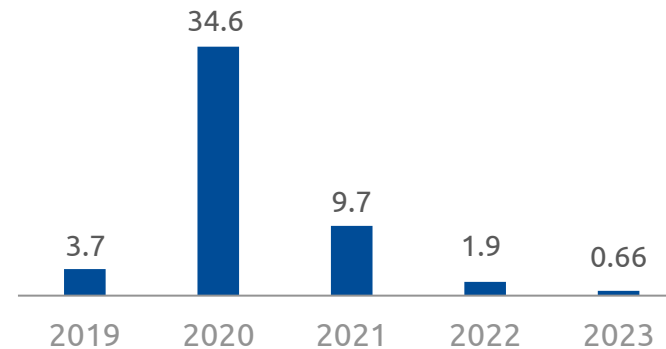
Snam follows the legislative procedure of assessments and authorizations through the **Environmental Impact Assessment** or **Integrated Environmental Authorization**

The environmental restoration activities are included in a **five-year plan for the compensation of impacts**, which consists of reforestation, care and maintenance of plants and shrubs planted and also includes **environmental monitoring** that assess **the re-naturalization process**

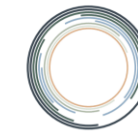
## Snam and protected areas

During the planning phase, Snam makes every effort to avoid impacting protected areas

Distance covered by pipelines in Natura 2000<sup>1</sup> network sites (km)



## How is Snam developing its biodiversity ambition



SCIENCE BASED TARGETS NETWORK  
GLOBAL COMMONS ALLIANCE

Snam to **pioneer a science-based target setting approach through SBTN**, whose goal is to equip organizations with the guidance necessary to set targets on biodiversity and nature

1. 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

# Nature footprint analysis

| Pressure                | Biomes   | Infrastructure construction | Transport & Dispatching | Storage   | Off-shore regas. (FSRU) | On-shore regassification |
|-------------------------|--|-----------------------------|-------------------------|-----------|-------------------------|--------------------------|
| Land and sea-use change | <b>Land</b> (Km <sup>2</sup> )                 | 1 ●                         | ●                       | No impact |                         |                          |
|                         | <b>Air</b> (Kg Particulate PM2.5)              | 2 ●                         | ●                       | ●         | ●                       | ●                        |
| Pollution               | <b>Soil</b> (Ton NOx)                          | ●                           | ●                       | ●         | No impact               | ●                        |
|                         | <b>Soil</b> (Ton Waste)                        | ●                           | ●                       | ●         | N/A                     | ●                        |
|                         | <b>Ocean</b> (Ton NOx)                         | No impact                   |                         |           | ●                       | No impact                |
| Resource exploit.       | <b>Ocean</b> (Kg Chlorine)                     | No impact                   |                         |           | ●                       | No impact                |
|                         | <b>Fresh water</b> (m <sup>3</sup> Freshwater) | ●                           | ●                       | ●         |                         | ●                        |

Based on most recent SBTN guidance (to be confirmed in validation process):

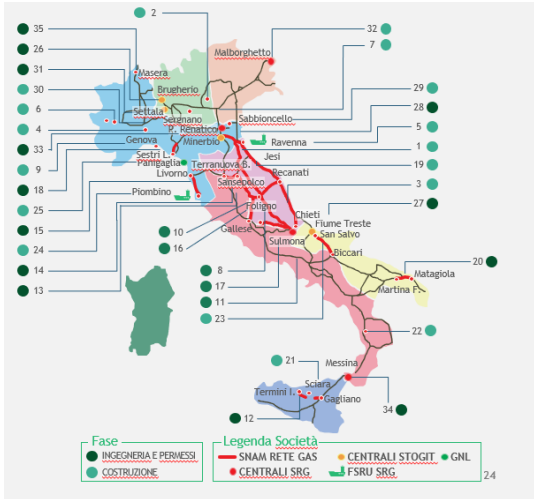
1 Infrastructure Construction has a material impact on Land Usage, while other pressures have no material impact across the value chain

2 All Operations (T&D, Storage, off-shore & onshore regassification) do **NOT** have a material impact on Nature

**Infrastructure construction: only material impact on nature is "Land-use change"**

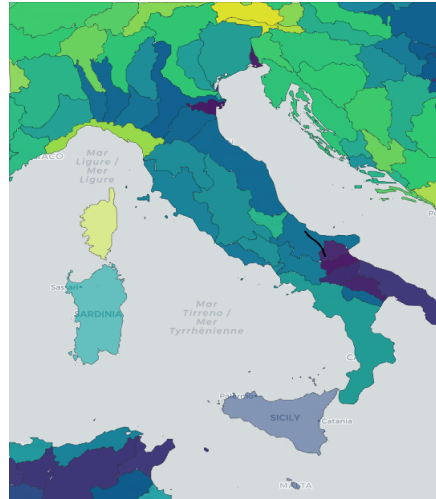
Legend: Impact normalization: ● Not significant (1) ● Low (2) ● Medium (3) ● High (4) ● Very High (5)

## Footprint land use change



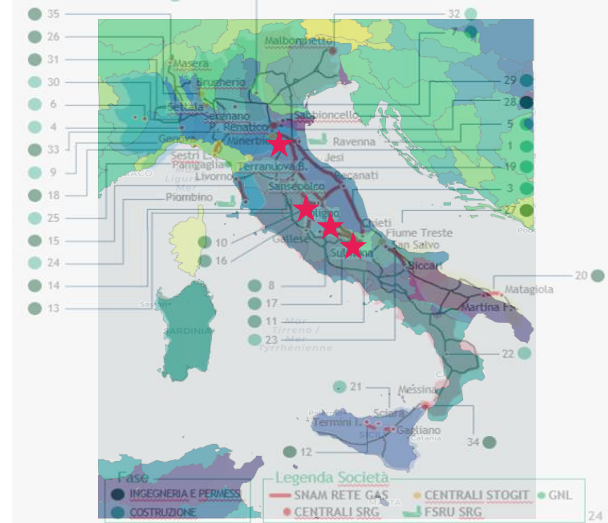
Baselining of projects impact  
by **Km2 of area occupied**

## Ecosystems Assessment



Assessment of **terrestrial ecosystems integrity** within the areas involved in the operations<sup>1</sup>

## Biodiversity risk



Identification of **hotspots** with significant impact within high biodiversity risk areas

X

=

Snam footprint "cross-checked" with the terrestrial ecosystem to identify areas at higher biodiversity risk

1. Use of EII which provides indication on integrity of terrestrial ecosystems globally at 1km2 resolution, providing a scientifically robust way of measuring, monitoring and reporting on terrestrial ecosystem integrity at any geographical scale; from already degraded environment to intact environment

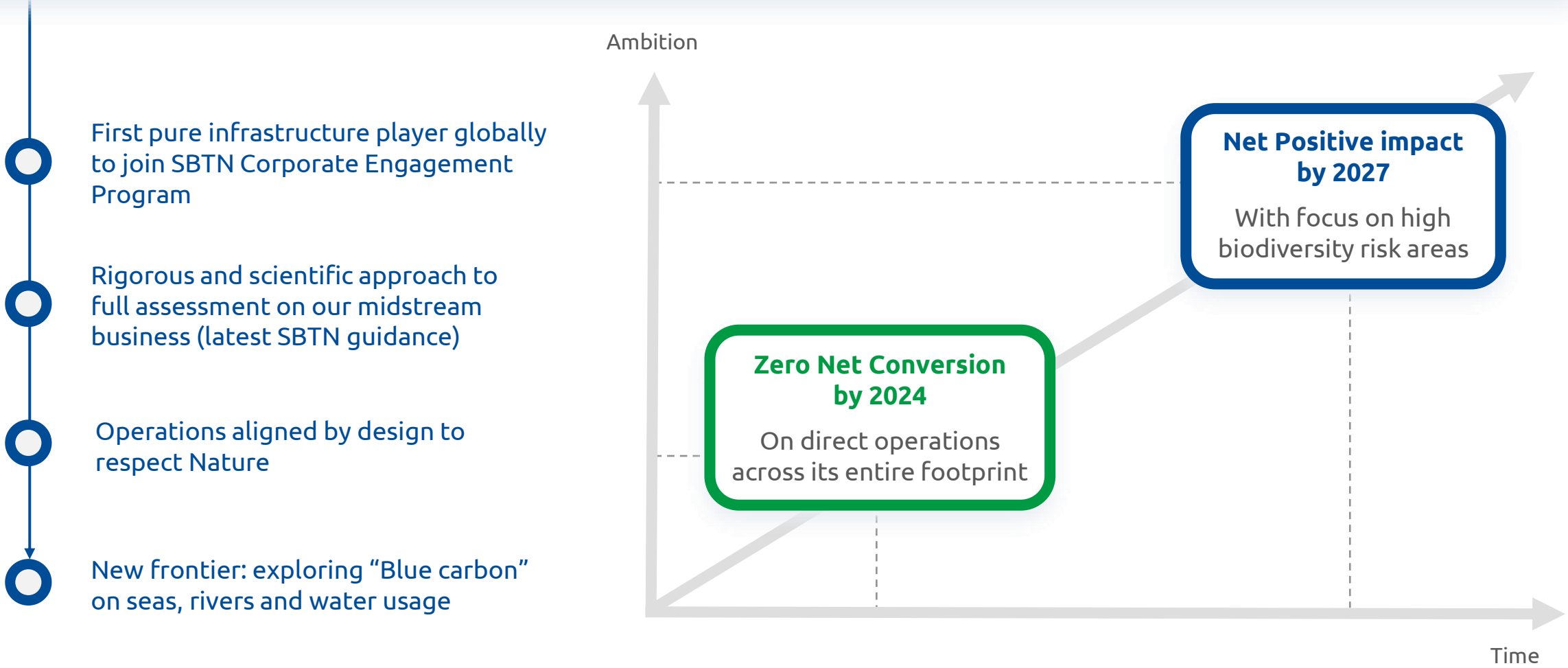
# Commitments & key actions

| SBTN aligned target               | SBTN aligned actions                      | Target formulation  | Scope as for SBTN  | Key actions   |
|-----------------------------------|---|---|--|---|
| <p><b>Zero net conversion</b></p> | <p>Avoid</p> <p>Reduce</p> <p>Restore</p> | <ul style="list-style-type: none"> <li>• <b>Zero Net Conversion</b> of natural ecosystem on all infrastructure projects by 2024</li> <li>• <b>Continue to remediate</b> all not avoidable conversions</li> </ul>                  | <p>Full footprint</p>  | <ul style="list-style-type: none"> <li>• <b>Zero Net Conversion</b> already embedded in our operating model with multiple initiatives in place (e.g., minimal impact engineering, Arbolia to support restoration)</li> <li>• Enhancing the ante/post-operam <b>assessment</b> and <b>monitoring</b> with advanced technologies</li> </ul> |
| <p><b>Net Positive impact</b></p> | <p>Regenerate</p> <p>Transform</p>        | <ul style="list-style-type: none"> <li>• Commitment to adopt <b>nature positive solutions on biodiversity</b> by 2027, with initiatives to regenerate, rewild or protect the landscape within our high risk "hotspots"</li> </ul> | <p>Min. 2 initiatives to for at least one high biodiversity risk areas</p> | <ul style="list-style-type: none"> <li>• Improving <b>landscapes protection</b> and <b>territories security</b> from climate risks (e.g., guarantee Hydrogeological security, riverbanks restorations)</li> <li>• Actions identified to contribute to maintenance and enhancement of wildlife and vegetation</li> </ul>                   |

# Working towards a positive impact on Nature



## Nature and biodiversity commitment: from Zero Net Conversion to Net Positive



- First pure infrastructure player globally to join SBTN Corporate Engagement Program
- Rigorous and scientific approach to full assessment on our midstream business (latest SBTN guidance)
- Operations aligned by design to respect Nature
- New frontier: exploring “Blue carbon” on seas, rivers and water usage



# Agenda



Corporate governance



Road to Carbon Neutrality



Biodiversity & Regeneration



**Snam People**

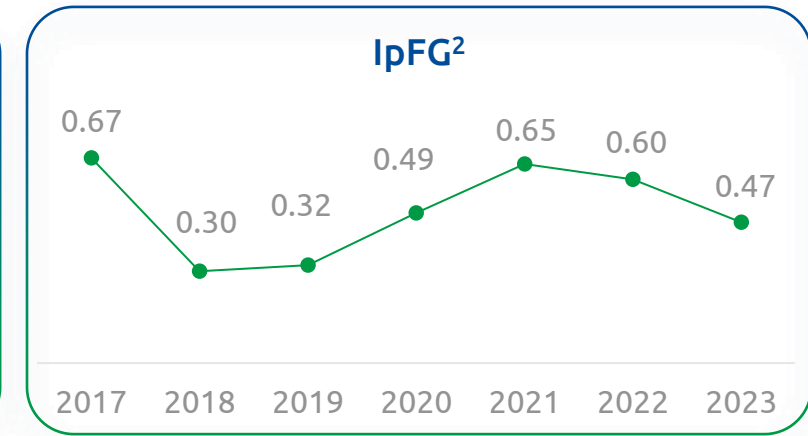
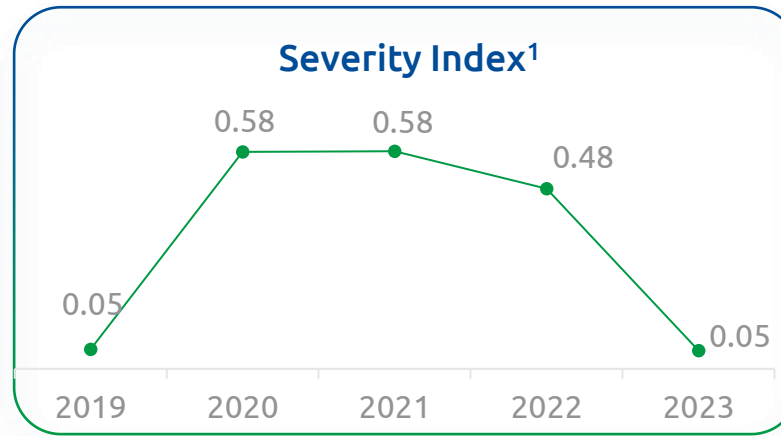
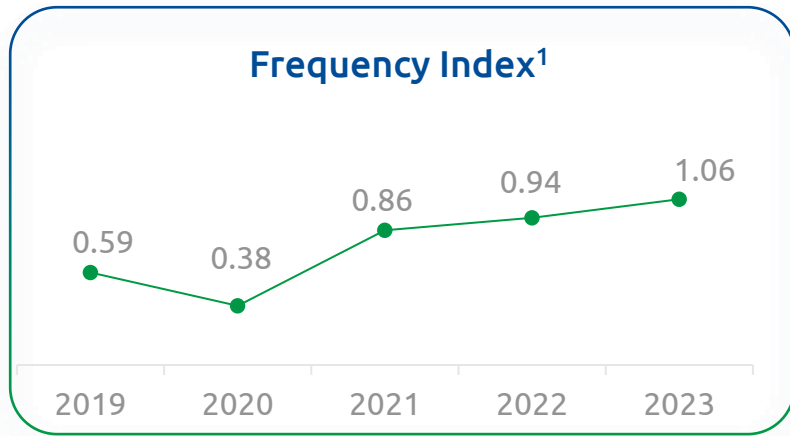


Engagement & Local Communities



Key Data





- **Snam4safety** project launched in 2018 to strengthen the safety culture and awareness of employees, contractors and suppliers

In 2023:

- New training courses on safety leadership and expansion of the perimeter of workers involved
- Construction sites visits increase (+24% yoy)
- Increase of suppliers' safety workshop carried out (+30% yoy)
- Specific initiatives on energy transition businesses for fostering the safety culture

- **Safety certification ISO 45001:**



**Zero accidents target**

1. Employees + Contractors  
2. Combined Frequency and Severity Index

## Welfare initiatives

30 welfare services organised into **5 main areas** of intervention:

- Family and Education
- Health and Care
- Well-being and Work-Life Balance
- Finance and Savings
- Social Commitment

## News 2023

- **Healthcare integrative insurance** will be extended to all segments of the company population
- Master Be parents support for caregivers with ERG involvement
- Summer camps

## 2023 Survey & main themes

1. Sustainable Engagement
2. Well-being
3. Job satisfaction
4. Work, Organization and Efficiency
5. Purpose, Drive and Trust
6. People
7. Supervisor
8. Diversity, Equity and Inclusion
9. Job Security, Total Rewards and Employability
10. Retention

Response rate  
80%

Sustainable  
engagement index<sup>1</sup> 84%

1. Ranging from 0 to 100 based on an internal survey performed by a third party on a standard methodology

# Training

Initiatives to develop skills aligned with a constantly evolving work environment, such as the use of advanced technologies and innovative work procedures. Beyond the traditional role of skill dissemination, training aims to create awareness and empower employees regarding the company's goals and strategies

## Snam Institute: the in-house Academy

**Training hub**, a driver of **change** and **innovation**, and a generator of potential, was created by listening to the **needs** of the business to **enhance** the skills of our people and **supporting** them in developing their **professional identity**

**~ 130,000** **Training hours** delivered in 2023  
(+8% vs 2022)

**34** **Average hours** delivered per employee

**93%** Of the **company population** **involved** in at least one course

**~ 150** **Internal training** members

### 2 MAIN PROJECTS



#### Competence Centers and Excellence Hub

In a moment of strong **generational turnover**, to preserve **Snam's distinctive know-how** and transmit technical skills, **Competence Centers** have been established and formalized. These centers consist of experts who serve as references for specific topics. Additionally, the **Excellence Hub Group** has been instituted to promote technical training and define operational standards for gas operations

#### Development programs

Target-specific training and leadership development programs to enhance **managerial skills** and the ability to **innovate** and learn about **technological trends**, to promote an **organizational culture open to change**, and to create **engagement** in people. In 2023, **4** new Development Programs launched involving **~200 colleagues**

2020

- **Policy Framework:** spread the culture of diversity and equal opportunities, apply specific HR policies and metrics to ensure fairness at all stages of the employment relationship (specific policies on diversity & inclusion, gender equality, recruiting, harassment and gender transition)
- **Inclusion Manifesto:** educational company-wide guidelines to behave and communicate inclusively in the workplace
- **Employee Performance Management:** yearly performance process integrates feedback conversations and evaluations on inclusiveness
- **Inclusion Week:** a yearly week of training events dedicated to increasing awareness on diversity and inclusion
- **E-learning Pills & Training Programs** on unconscious bias
- **#Snam4diversity Talks:** quarterly webinars with internal and external guest speakers on DE&I topics
- **E-learning Pills for Snam Suppliers:** an online training program dedicated to our suppliers on DE&I
- **Employees Resource ESG Roadshow:** joint roadshow with Snam Foundation to engage all employees
- Included for the 3rd year in **Bloomberg's Gender-Equality Index**

2023

- **Employees Resource Groups:** employees groups supporting our DE&I roadmap by raising awareness on parenthood, disability, LGBTQ+, STEM, gender & generations

## Achievement of UNI 125: 2022 Certification for Gender Equality in 2023



## New commitment on gender pay gap in our Scorecard

# Agenda



Corporate governance



Road to Carbon Neutrality



Biodiversity & Regeneration



Snam People



**Engagement & Local Communities**



Key Data



## Engagement

**336**

investors met  
through roadshows  
pre- and post-AGM

**>150**

Meetings with **National Institutions...**  
... and **Local Institutions**

**Customers / suppliers / infra operators  
/ associations<sup>1</sup>**

## European and International Institutions

- 10 EU public consultations
- >50 meetings with European Institutions, trade associations and think tanks
- >100 meetings with members of state and government, diplomatic representatives, authorities, and multilateral organizations

## Regulatory, through consultations and processes



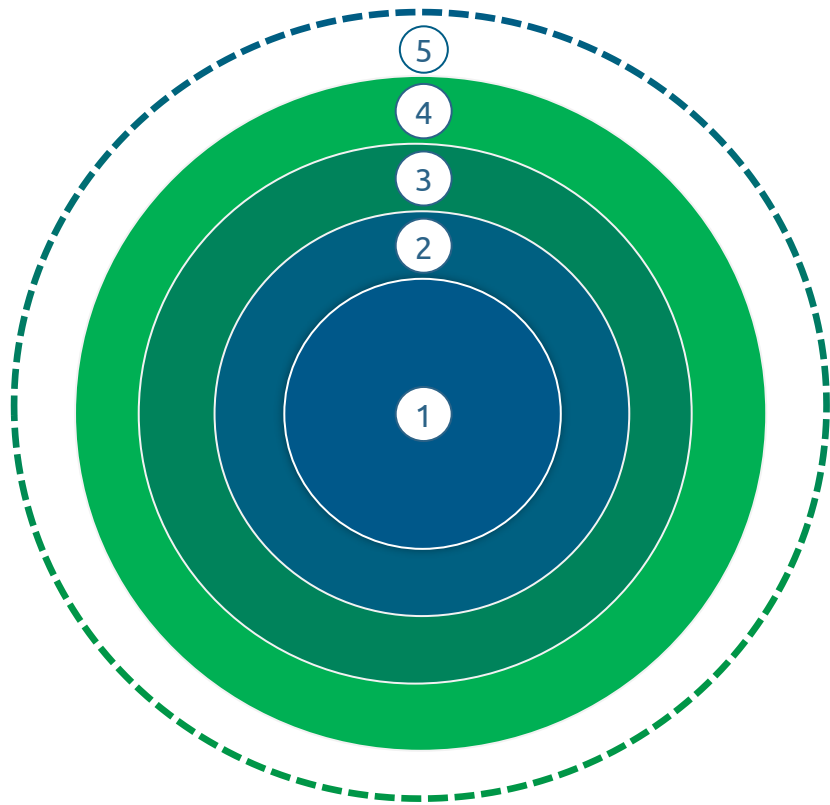
## Outcomes

- ✓ **NEW Climate Lobbying Commitment:** Enhancing transparency by disclosing climate-related lobbying activities and assessing their alignment with the objectives of the Paris Agreement. Demonstrating clear commitment to climate goals.
- ✓ **NEW Sustainability KPIs in Incentive Plans:** New objectives have been included in the incentive plans by including, for the short-term plan (AMI), a sustainability metric related to ESG criteria within the supply chain scoring model, and for the long-term plan (LTI), a business metric related to Energy Transition Readiness.
- ✓ **Anti-Corruption:** Snam adheres to **ISO 37001:2016** standards, implementing an Anti-Corruption Management System. This includes an approved **Anti-Corruption Policy**, overseen by the Anti-Corruption Committee with support from Compliance & Business Integrity. The policy underscores senior management and board commitment to corruption prevention.

### 2023 Materiality Matrix

- 3 workshops engaging specific stakeholders' categories (clients, suppliers, employees) in order to identify **material topics** according to the **impact materiality** perspective
- 1to1 interviews
- **>10.000 stakeholders engaged** for the impact and financial materiality assessment

# Local Communities



Value Released at Local Communities (€M)

Benefits for Local Communities (as % of regulated revenues)

|   |  |  |
|---|--|--|
| 1 | <ul style="list-style-type: none"> <li>Direct Liberalities, sponsorships and compensations<sup>1</sup></li> <li>Contributions to Arbolia and Foundation</li> <li>Contributions to Italian start-ups</li> </ul> | € 3 m<br>€ 2.4 m<br>€ 0.2 m<br><b>€ 5.6 m</b>  |
| 2 | <ul style="list-style-type: none"> <li>Compensations and mitigations (CapEx)</li> </ul>  | € 8 m <sup>4</sup><br><b>€ 8 m<sup>4</sup></b> |
| 3 | <ul style="list-style-type: none"> <li>Italian retail investors dividends<sup>2</sup></li> <li>Salaries</li> </ul>   | € 153 m<br>€ 336 m<br><b>€ 489 m</b>           |
| 4 | <ul style="list-style-type: none"> <li>Italian SME Suppliers</li> <li>Local Taxes<sup>3</sup></li> </ul>   | € 875 m<br>€ 73.4 m<br><b>€ 948.4 m</b>        |

- 1 Core value distributed    2 Value distributed to impacted local communities    3 Value distributed to retail investors and employees    4 Value distributed to suppliers and government    5 Indirect value generated

Tot. '23

**€ 1.451 bn**

1. From Income statement  
 2. Based on Italian Retail Investors at 16.8% (2023 Q1 report), a total number of shares of 3,360,857,809 and a dividend per share in 2022 of 0.2751€  
 3. Included TARI, IMU and IRAP  
 4. Includes SRG and STOGIT "Oneri compensazioni ambientali" and "Sistemazione a Verde"; the figure is to be considered a partial of total "Compensations and mitigations". From 2024 onwards, P&C will gear up from '24 to track all these items and have a figure as accurate as possible



# Suppliers

Involving Suppliers in the decarbonization journey, raising awareness about climate change, and supporting digital innovation contribute to promoting a shared model of sustainable development

## Suppliers Engagement & Training

- OpenEs (ESG disclosure Platform) to exchange data
- **CDP Questionnaires**
- Suppliers Engagement on Salesforce Net Zero Cloud
- ESG Education Pills
- **Road to the annual convention** with focus on emissions and cyber

## ESG Criteria & Supplier's Decarbonization Plans

- **190 contracts** (>100 suppliers) with ESG criteria equal to ~ **35% of 2023 procurement volume**
- **100 Decarbonization Plans** evaluated (60% positively)

## Target Scope 3

- Redefinition Perimeter of action
- **Emissions from Hybrid Analysis:**
  - Spend Based
  - Primary Supplier Data
  - Related Decarbonization Targets

## Sustainable construction site

- **8 Pilot Sites** along the Adriatic Line:
  - Use of Biofuels (diesel + Hydrotreated Vegetable Oil)
  - Electrification Equipment (introduction of electric heavy-duty vehicles)
  - Water Reuse and Waste Recovery (e.g., 95% of excavated soil reused on site)

## “3P approach...”

A “3P” approach  
to fostering a  
Just Transition

- > Energy Poverty
- > Education Poverty
- > Food Poverty

## ...implemented through 3 levers”

**Volunteering:** donation of ~4,200 hours yearly  
on projects

**Financing:** 3<sup>rd</sup> sectors partners collaborating on  
different projects locally

**Educating:** building skills and capacity for volunteers,  
3<sup>rd</sup> sector partners and beneficiaries to scale our impact

## Key 2023 indicators



~ € 1.45 M  
Projects expenses & costs



35,414  
Beneficiaries



93  
Partners



1,030  
Participants colleagues



Distinctive approach combining volunteering, financing and education



# Agenda



Corporate governance



Road to Carbon Neutrality



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Snam People



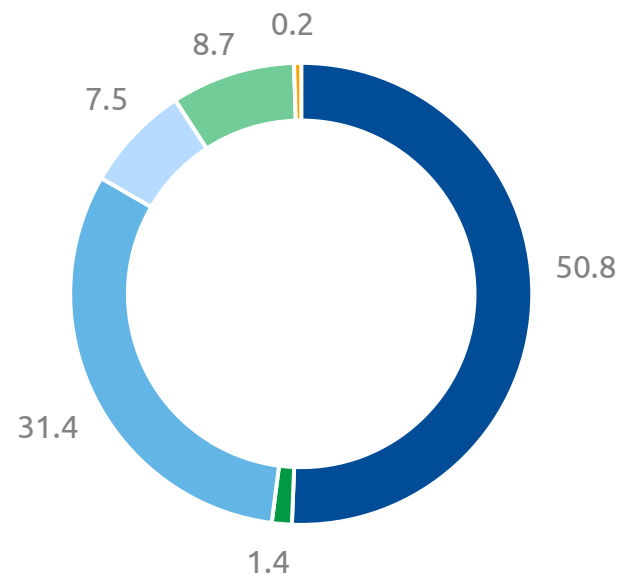
Engagement & Local Communities



**Key Data**

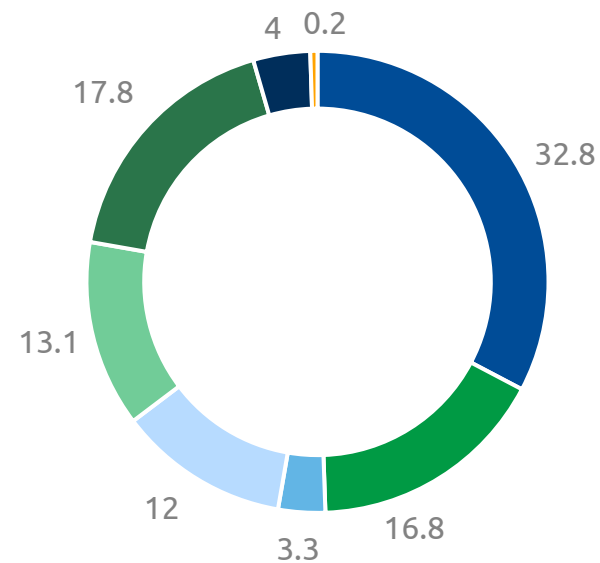


### Shareholders structure (%)



- Institutional Investors
- Bank of Italy
- CDP Reti
- Minozzi
- Retail Investors
- Treasury shares

### Shareholders geographical break down (%)

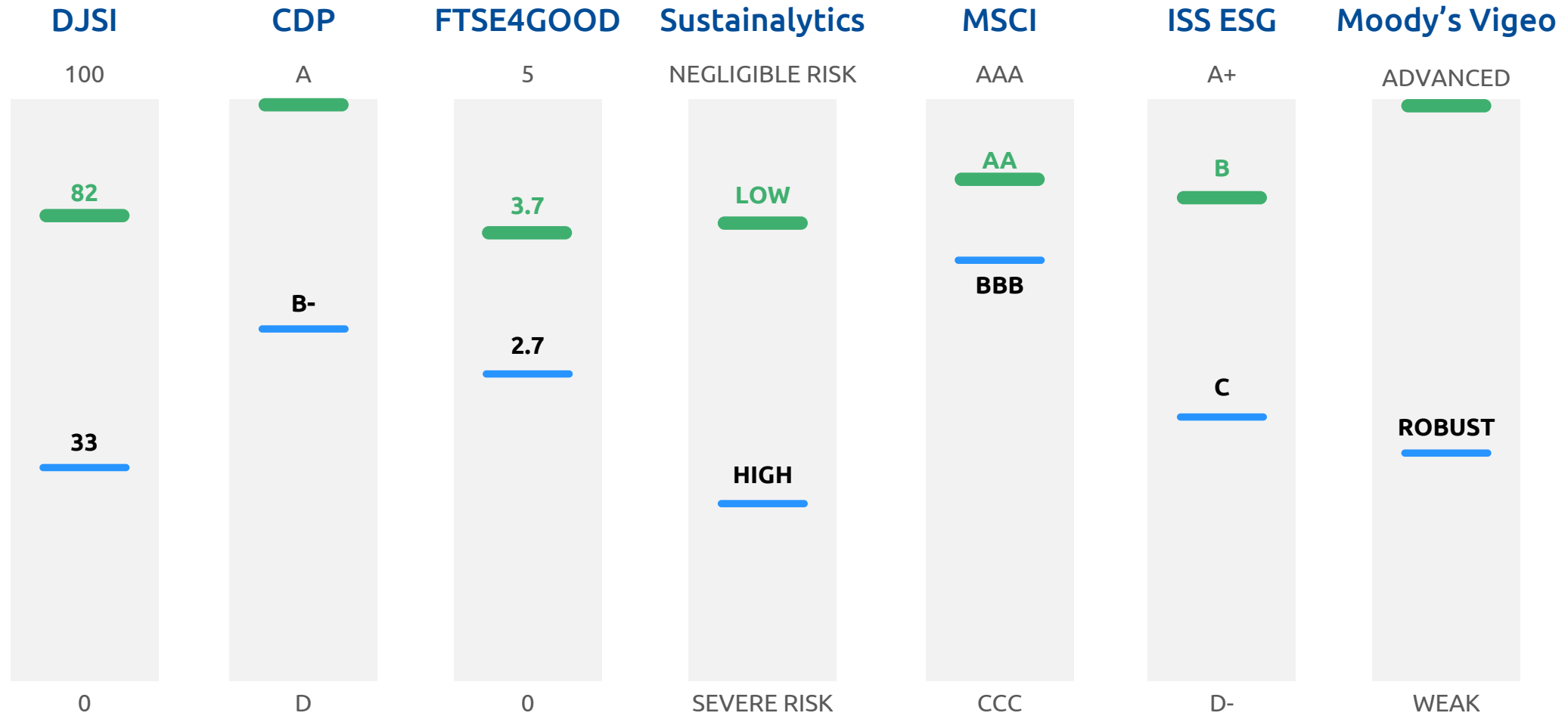


- Italy - Strategic Holders<sup>1</sup>
- Italy - Retails<sup>2</sup>
- Italy - Institutional
- Continental Europe
- UK and Ireland
- Usa and Canada
- Rest of the world
- Treasury shares

ESG investors represent 47.3% of institutional shares<sup>3</sup>

1. Italy-Strategic holders includes Bank of Italy and CDP Reti  
 2. Italy-Retails includes the participation of Romano Minozzi equal to 7.5%  
 3. Nasdaq analysis, August 2023

# Sound absolute and relative position in ESG Rating



 Snam  
 Sector average

## Eligibility

## Alignment

### Revenues

- **Transport of CH4** : pro-quota of yearly demand
- **Storage of CH4**: excluded
- **LNG**: excluded
- **Biomethane**: 100% eligible
- **Mobility**: excluded
- **Energy Efficiency**: 100% eligible
- **H2&CCS**: 100% eligible

21%

81%

- **Transport of CH4**: revenues aligned pro-quota of green gases on yearly demand
- **Biomethane**: 100% aligned
- **Energy Efficiency**: cogeneration excluded
- **H2&CCS**: 100% aligned

20%

n.a.

### Opex

- Only Opex for maintaining the assets
- Same interpretation as Capex

75%

94%

- Same interpretation as Capex

37%

n.a.

### Capex

- **Transport of CH4**: 100% eligible
- **Storage of CH4**: excluded
- **Biomethane**: 100% eligible
- **Buildings**: 100% eligible
- **Mobility**: Excluded
- **Energy Efficiency**: 100% eligible
- **H2&CCS**: 100% eligible

63%

73%

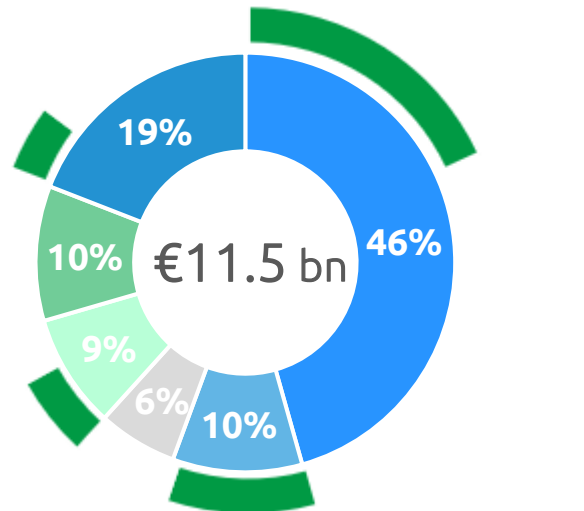
- **Transport of CH4** :
  - H2-ready capex 100% aligned
  - Maintenance excluded
  - Methane leakage reduction 100% aligned
  - investments to reduce emissions 100% aligned
  - Connection of biomethane plants 100% aligned
- **Biomethane**: 100% aligned
- **Buildings**: alignment depending on energy efficiency criteria
- **Energy Efficiency**: cogeneration excluded, remainder 100% aligned
- **H2&CCS**: 100% aligned

39%

37%

# 2023-27 Capex alignment

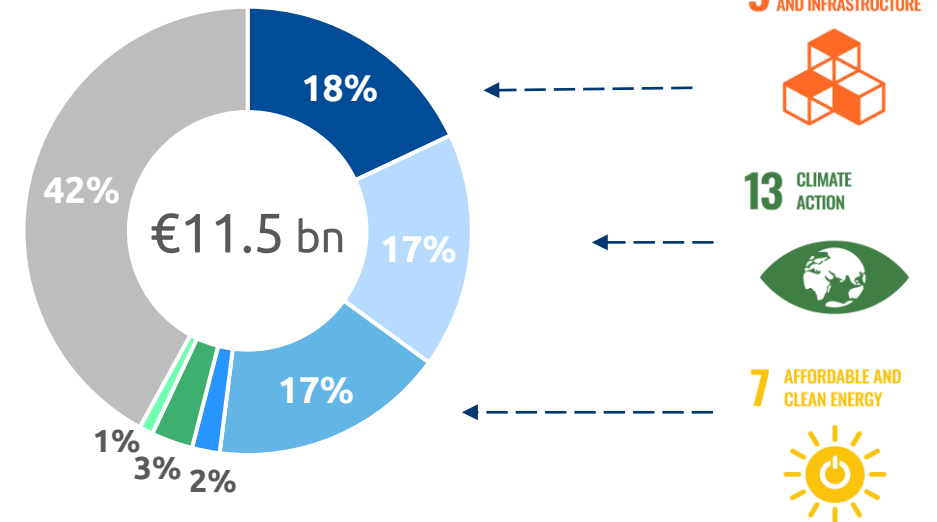
## OVERALL CAPEX MIX AND TAXONOMY ALIGNMENT



- H2 Ready
- Energy transition
- Digitalization/Technology
- Net zero investments
- FSRUs
- Maintenance & other
- Capex Taxonomy aligned

**37% taxonomy aligned**

## CAPEX ALIGNMENT TO SDGS



- SDG 7 - Affordable and clean energy (including FSRUs)
- SDG 9 - Industry, innovation and infrastructure
- SDG 11 - Sustainable cities and communities
- SDG 13 - Climate Action
- Not aligned
- SDG 11 - Sustainable cities and communities
- SDG 12 - Responsible consumption and production
- SDG 8 - Decent work and Economic growth

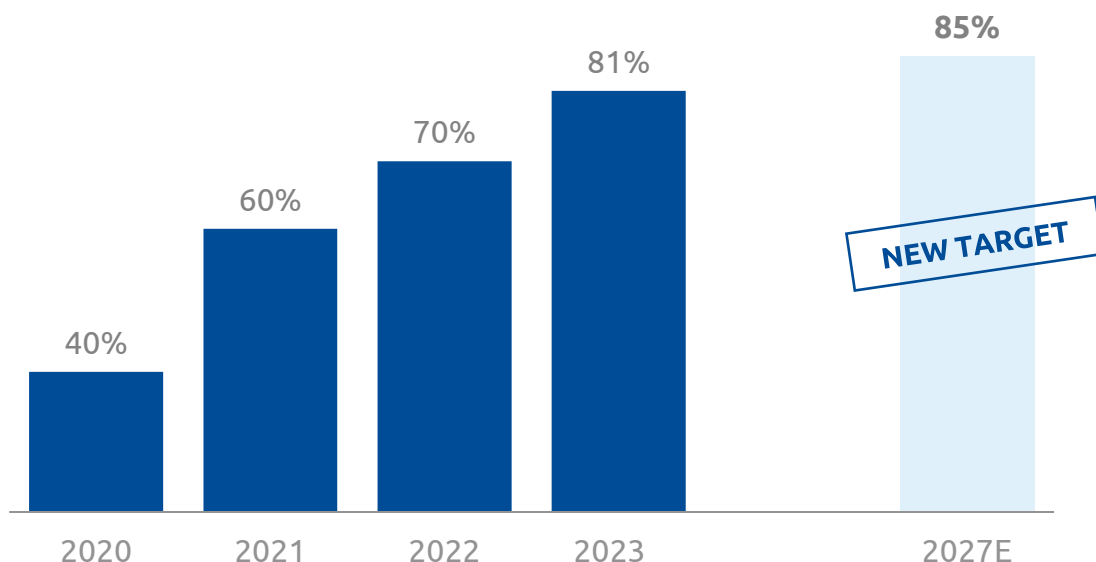
**58% SDGs aligned**





ESG Finance over total funding available: 85% in 2027

Sustainable finance doubled in 4 Y, new target in 2027



## Extensive toolbox of instruments available

|  |  |
|--|--|
| Short-term ESG funding via <b>ESG commercial papers</b> rated EE+ by standard ethics             | Recently updated programme – up to € 3.5 bn                |
| <b>Use of proceed bond</b> (€ 4.8 bn) <sup>1</sup>   | <b>Sustainability linked bonds</b> (€ 2.5 bn) <sup>2</sup> |
| <b>Institutional and banking facilities</b> (~ € 10 bn), both loan and revolving credit facility | Long-lasting banks relationship                            |

Sustainable finance strategy combining innovative ideas with best market practices

**Sustainable Finance Framework updated in February 2024, for the issuance of Green (EU taxonomy aligned) and Sustainability-Linked debt instruments<sup>3</sup>**

1. o/w € 500 m Climate Action Bond issued in 2019, € 3.8 bn Transition bonds issued in 2020-2023 and € 500m Green bond issued in Feb. 2024  
 2. Sustainability linked bonds issued in Jan 2022 for €1.5bn and €1bn issued in Feb 2024  
 3. In the forms of bonds, loans, project financings and/or any financing instruments in various format and currencies

# Sustainable Finance Framework

New

Use of Proceeds

## Eligible activities included:

Updated

**Green Infrastructure** – Network for Renewables and Low Carbon Gases, CCS, DT&T

- **Green Gases** – Hydrogen, Biomethane
- **Green Buildings**
- **Energy Efficiency**

**Full EU Taxonomy assessment** on all project categories, including Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS)

New

Sustainability-Linked

- **New KPIs and Targets:** Continuous journey towards Net Zero while mindful of diversity and inclusion within its workforce
  - New **Paris-Aligned Scope 1-2-3 Targets**
  - New **Social Targets on Gender diversity**

SPO



ISS-CORPORATE



New

Net Zero Assessment

- The Framework is also strengthened by the outcome of Moody's **Net Zero Assessment** (NZA) that verified the ambition and the consistency of our decarbonization plan and its alignment to the Paris Agreement
- The outcome validates that our **Net Zero Trajectory** is in line with the **Well-Below 2 Degrees** scenario envisaged by the **Paris Agreement, with a NZ-3 Score assigned**



First published in the market

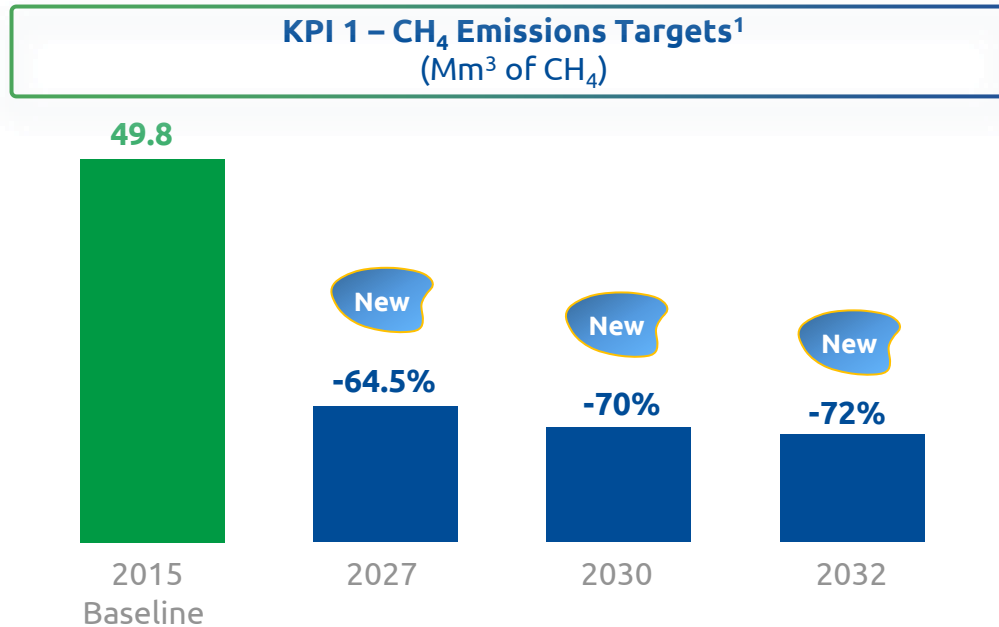
MOODY'S  
INVESTORS SERVICE

From ambition to Paris-aligned transition

# Sustainable Finance Framework

## Sustainability-Linked Features: KPI and SPTs (1)

### REDUCTION IN METHANE EMISSIONS



| SPT #   | Metric                          | Base | Target | Reference Date            |
|---|---------------------------------|------|--------|---------------------------|
| <b>KPI 1: Reduction of absolute natural gas emissions</b> |                                 |      |        |                           |
| SPT 1a  | Natural gas emissions reduction |      | -64.5% | 31 <sup>st</sup> Dec 2027 |
| SPT 1b  |                                 | 2015 | -70%   | 31 <sup>st</sup> Dec 2030 |
| SPT 1c  |                                 |      | -72%   | 31 <sup>st</sup> Dec 2032 |

### KEY CONSIDERATIONS

- The reduction of methane emissions, due to its high global warming potential, along the oil and gas value chain has always been a priority for the industry
- Methane emissions arise from the release of natural gas into the atmosphere from: normal plant operation, the connection of new gas pipelines and the maintenance activities, or from accidental spills occurring at infrastructures
- In 2022, natural gas emissions represented **35%** of Snam's scope 1 and 2 emissions from activities included in the regulated business perimeter<sup>(2)</sup>
- Key levers to reduce natural gas emissions include the use of Leak Detection and Repair (LDAR) technologies and other initiatives to replace network components
- The new trajectory for the methane emissions KPI now includes targets defined in 2027, 2030 and 2032<sup>3</sup>

SDG Contribution



13 CLIMATE ACTION

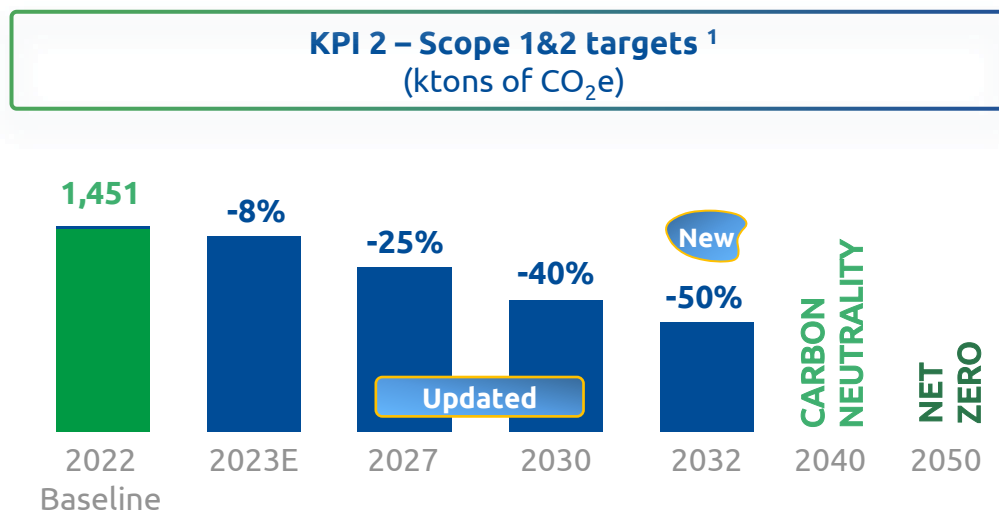


1. Regulated business includes activities related to transportation, storage, regasification and distribution infrastructure and related services  
 2. Excluded activities represent close to 0.0% of methane emissions  
 3. Sustainable Funding Framework 2021 included a 2025 target for KPI1 (-55% vs. 2015 baseline)

# Sustainable Finance Framework

## Sustainability-Linked Features: KPI and SPTs (2)

### REDUCTION IN SCOPE 1 AND 2 EMISSIONS



| SPT #   | Metric        | Base | Target | Reference Date            |
|---|---------------|------|--------|---------------------------|
| <b>KPI 2: Reduction of absolute Scope 1 and 2 GHG emissions</b> |               |      |        |                           |
| SPT 2a  | Scope 1 and 2 |      | -25%   | 31 <sup>st</sup> Dec 2027 |
| SPT 2b  | GHG emissions | 2022 | -40%   | 31 <sup>st</sup> Dec 2030 |
| SPT 2c  | reduction     |      | -50%   | 31 <sup>st</sup> Dec 2032 |

### KEY CONSIDERATIONS

- This KPI and the SPTs are part of Snam’s longer-term target of being Carbon Neutral in its operational activities (Scope 1 and 2) by 2050
- The KPI covers Scope 1 and 2 GHG emissions of Snam’s Regulated activities, representing slightly over **50%** of the Scope 1, 2 and 3 GHG emissions of Regulated business
- Regulated business cover **~96%** of total Scope 1 & 2 emissions
- According to Moody’s NZA, Snam has a “solid implementation driven by the company’s clear action plan on Scopes 1 and 2, based on proven and easy to scale-up technology”
  - **Short-term Scope 1 and 2:** well below 2°C trajectory
  - **Long-term Scope 1 and 2:** well below 2°C trajectory
- Key Levers include:
  - Reduction of methane emissions
  - Increase of energy efficiency / energy savings in buildings
  - Purchase of green electricity
- The updated trajectory has been extended and now includes a 2032 target<sup>2</sup>

SDG Contribution



13 CLIMATE ACTION



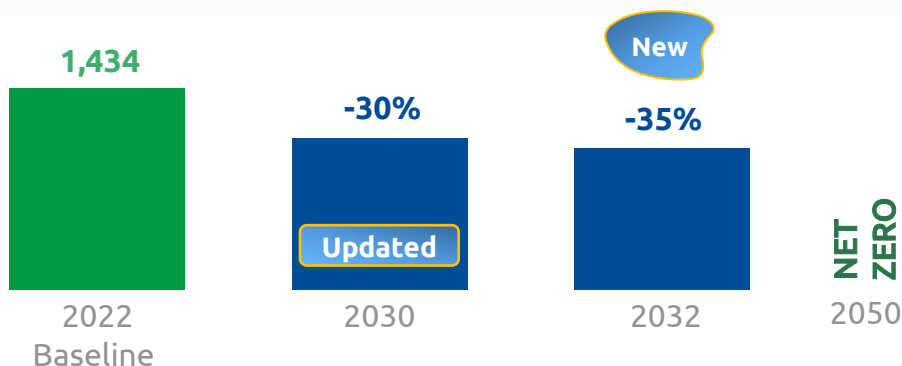
1. Regulated business includes activities related to transportation, storage, regasification and distribution infrastructure and related services  
 2. Previous Scope 1&2 targets in 2027 and 2030 were defined on a 2018 baseline and on a different perimeter beyond our regulated business

# Sustainable Finance Framework

## Sustainability-Linked Features: KPI and SPTs (3)

### REDUCTION IN SCOPE 3 EMISSIONS

**KPI 3 – Scope 3 emissions targets <sup>1</sup>**  
(ktons of CO<sub>2</sub>e)



| SPT #   | Metric                | Base | Target | Reference Date            |
|---|-----------------------|------|--------|---------------------------|
| <b>KPI 3: Reduction of absolute Scope 3 GHG emissions</b> |                       |      |        |                           |
| SPT 3a  | Scope 3 GHG emissions | 2022 | -30%   | 31 <sup>st</sup> Dec 2030 |
| SPT 3b  | emissions reduction   |      | -35%   | 31 <sup>st</sup> Dec 2032 |

### SDG Contribution

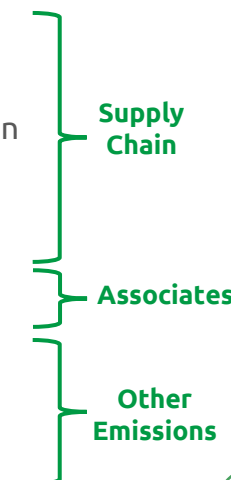


**13** CLIMATE ACTION



### KEY CONSIDERATIONS

- On Scope 3, stated in absolute terms, Snam has a goal to reduce emissions of **30%** and **35%** respectively by 2030 and 2032, which is consistent with Well-below 2°C degrees scenario as stated in the Moody’s NZA
- Scope 3 emissions mainly come from our associates companies and supply chain, which is mainly composed of SMEs – the envisaged perimeter for the KPI defined on Regulated Business covers **82.5%** of Snam’s total Scope 3 emissions in 2022
- Constant and proactive engagement with these parties will help monitor and reduce GHG emissions. It includes emissions from the following categories:
  - Scope 3.1. Purchased goods and services
  - Scope 3.2. Capital goods
  - Scope 3.4. Upstream transportation and distribution
  - Scope 3.5. Waste generated in operations
  - Scope 3.8. Upstream leased assets
  - Scope 3.15. Investments, including SeaCorridor
  - Scope 3.3. Fuel-and-energy-related activities
  - Scope 3.6. Business Travels
  - Scope 3.7. Employee commuting



1. Regulated business includes activities related to transportation, storage, regasification and distribution infrastructure and related services

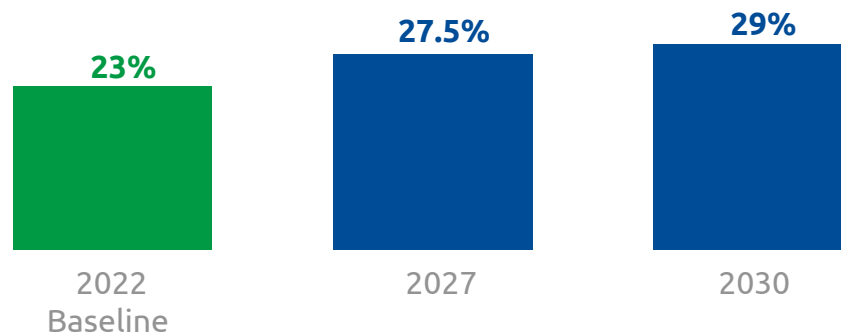
# Sustainable Finance Framework

## Sustainability-Linked Features: KPI and SPTs (4)

### INCREASE IN THE SHARE OF WOMEN IN MANAGEMENT POSITIONS

### KEY CONSIDERATIONS

#### KPI 4 – Share of women in Management<sup>1</sup> (%)



| SPT #   | Metric                                     | Base | Target | Reference Date            |
|---|--|------|--------|---------------------------|
| KPI 4: % Women in executive and middle-management roles |  |      |        |                           |
| SPT 4a  | % women in executive and middle-management | -    | 27.5%  | 31 <sup>st</sup> Dec 2027 |
| SPT 4b  | % women in executive and middle-management | -    | 29%    | 31 <sup>st</sup> Dec 2030 |

- Gender diversity has always been a focal point of Snam’s People strategy, focusing on pragmatic actions to accelerate the growth of women in managerial roles
- The KPI’s scope and perimeter covers **90%** of the permanent workforce, while the management positions considered represent **23%** vs. total employees
- In 2020 a Policy Framework was developed to spread the culture of diversity and equal opportunities, as well as apply specific HR policies and metrics to ensure fairness at all stages of the employment relationship (specific policies on diversity & inclusion, gender equality, recruiting, harassment and gender transition)
- For the first time, Snam is considering to incorporate in its funding instruments a Social KPI addressing women’s representation at the management level, with targets set for 2027 and 2030

SDG Contribution



1. The perimeter of this KPI is (i) Snam S.p.A.; (ii) Snam Rete Gas S.p.A.; (iii) Stogit S.p.A.; (iv) Greenture S.p.A.; (v) Bioenergys Agri S.r.l.; (vi) TEP Energy Solution S.r.l.; (vii) GNL Italia S.p.A.; (viii) Cubogas S.r.l.; (ix) Bioenergys Ambiente S.r.l.; (x) Snam International B.V.; and (xi) Gasrule Ltd

# Sustainable Finance Framework

## Use of Proceeds

### GREEN PROJECT CATEGORIES

Extended Green Project categories to incorporate every aspect of updated Capex Plan

|         |                      |   |
|---------|----------------------|---|
| Updated | Green Infrastructure | Network for Renewables and Low Carbon Gases<br>Carbon Capture and Storage (CCS)<br>Digital Transformation & Technology (DT&T) |
|         | Green Gases          | Biomethane<br>Hydrogen  |
| New     | Green Buildings      | Green Buildings   |
| New     | Energy Efficiency    | Energy Efficiency   |



- **Full EU Taxonomy alignment verified** on all project categories, including Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS)
- Use of Proceeds follows best market practice as established by the **ICMA Green Bond Principles** (2021), **LMA Green Loan Principles** (2023), the **Climate Transition Finance Handbook** (2023)

### KEY NEW PROJECTS

- Construction and operation of **new transmission pipelines dedicated to the transport of renewable and low-carbon gases** (biomethane, Hydrogen)
- **Investments in CCS infrastructure** (e.g. pilot project to capture and store CO<sub>2</sub> emitted by ENI's compressor near Ravenna)
- Development and use of **new Information and Communication Technologies (ICT) to proactively reduce GHG emissions**
- Construction of the **new headquarters** in Milan
- **Energy efficiency investments** for the installation, maintenance and repair of **renewable energy technologies** (e.g. solar PV systems and heat pumps) and for the **upgrade of buildings**

### POSITIVE SDG CONTRIBUTION



Luca Oglialoro, in his position as manager responsible for the preparation of financial reports, certifies pursuant to paragraph 2, article 154-bis of the Legislative Decree n. 58/1998, that data and accounting information disclosures herewith set forth correspond to the company's evidence and accounting books and entries.

This presentation contains forward-looking statements regarding future events and the future results of Snam that are based on current expectations, estimates, forecasts, and projections about the industries in which Snam operates and the beliefs and assumptions of the management of Snam.

In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature.

Words such as 'expects', 'anticipates', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', variations of such words, and similar expressions are intended to identify such forward-looking statements.

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