



2023
REPORT ON
THE REMUNERATION POLICY
AND FEES PAID



Energy to inspire the world

Snam is the leading European operator in natural gas transport, with a network of around 38,000 km in Italy and abroad. The company also deals with storage, of which it holds 17.1% of the European capacity, and regasification, with 6.5 billion cubic meters of gas that will rise to 16.6 billion cubic meters to 2024 due to the installation of regasification plants in Piombino and Ravenna. Snam is among the leading Italian listed companies by market capitalisation.

With its 80 years of experience in the development and management of infrastructure, Snam guarantees security of supply and promotes energy transition with investments in green gas (biomethane and hydrogen), energy efficiency and CCS (Carbon Capture and Storage) technology. It also creates new green areas through a benefit company focused on urban forestation projects.

Snam is committed, among the first companies in the energy sector, to achieving zero net greenhouse gas emissions (“Scope 1” and “Scope 2” emissions) by 2040. As of 2021, the company has set a reduction target on indirect “Scope 3” emissions compared to subsidiaries and suppliers by 2030. The corporate business model of the company is based on sustainable growth, transparency, the development of talent and diversity and the protection and social development of local communities.



2023

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SNAM REPORTS



ANNUAL REPORT

It provides a **comprehensive view of financial and non-financial performance** through the information contained in the Report on Operations - Integrated Report, the Non-Financial Statement, the Consolidated Financial Statements and the Annual Financial Statements.

CONSOLIDATED NON-FINANCIAL STATEMENT

The document, drawn up in accordance with Legislative Decree 254/2016 and the Global Reporting Initiative's GRI Sustainability Reporting Standards (GRI Standards), describes **how the company is managed and organised, the policies practised, the risks and measures to mitigate and manage them, and the performance on sustainability issues relevant to the Group.**

MANDATORY



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

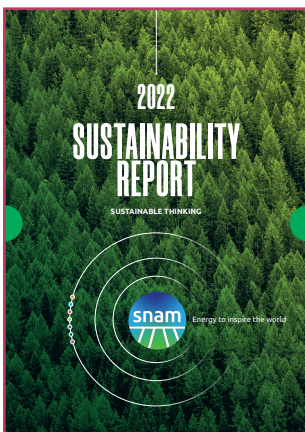
It provides detailed information about the company, **its governance structure, the ownership structure, the internal control and risk management system** and related topics.



REPORT ON THE REMUNERATION POLICY AND FEES PAID

It describes and explores the company's **Remuneration Policy of Directors and Managers with Strategic Responsibilities**, specifying the goals, the involved bodies, the procedures for its adoption and implementation in addition to the fees paid.

VOLUNTARY



SUSTAINABILITY REPORT

Drawn up in accordance with the **GRI Sustainability Reporting Standards**, it presents initiatives, major projects, performance and targets on **environmental, social and economic (ESG) issues** in order to strengthen the relationship and collaboration with the Group's stakeholders.



CLIMATE CHANGE REPORT

It describes the Company's **governance, strategy and scenarios**, risks and **opportunities, metrics and targets for climate change management**, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board.

Snam has structured its reporting in an integrated manner with the aim of providing a broad, complete, transparent and responsible response to its stakeholders' requests, presenting a detailed view of its activities, performance and objectives for the future.

FOCUS ON



REPORT ON THE REMUNERATION POLICY AND FEES PAID

The Report on the remuneration policy and fees paid is a document that aims to illustrate the remuneration policy that the Company intends to adopt for the current year and the fees paid during the previous year, in accordance with the current policy.

The Report relates to the remuneration policy regarding specific categories of subjects: Non-executive Directors, Auditors, Chief Executive Officer and Managers with Strategic Responsibilities.

The objective of the document is to share the company's reward policy with Shareholders and other Stakeholders, an essential tool for achieving short and medium-long term objectives.

The Shareholders' Meeting is called to express a binding vote on the first Section of the document (2023 Policy) and a non-binding vote on the second Section (Fees paid in 2022).

LETTER FROM THE CHAIRWOMAN OF THE APPOINTMENTS AND COMPENSATION COMMITTEE



Chairwoman of the Appointments
and Compensation Committee

Prof. Avv. **RITA ROLLI**

Dear Shareholders,

I am pleased to present, on behalf of the Appointments and Compensation Committee and the Board of Directors, the Annual Report on Snam's remuneration policy and fees paid (hereinafter also the "Report"). The document aims to illustrate in a transparent manner to all Stakeholders the elements that make up the remuneration policy for the year 2023 and the results of its application for the year 2022.

In 2022, the Shareholders' Meeting confirmed a high level of approval for Snam's Report, which received a broad consensus from Shareholders (97.2% for Section I and 98% for Section II).

The Committee carried out activities on remuneration in order to define a Remuneration Policy for 2023 that ensures the alignment of the interests of senior management with those of shareholders and other Stakeholders, promoting the pursuit of the objectives of

the new 2022-2026 Strategic Plan presented to the market on 19 January 2023.

In general terms, the 2023 Remuneration Policy is defined essentially continuing along the lines of the previous year. The main changes made regard:

- the introduction, in line with best market practices, of a cap to the severance of the Chief Executive Officer, calculated as two years of fixed annual remuneration supplemented by the average of the Annual Monetary Incentive paid out in the last three years, including any indemnity for lack of notice;
- the revision of the fixed compensation envisaged for the Chief Executive Officer, under the scope of a remuneration structure in line with the previous one, where the gross annual remuneration for the role of General Manager goes from the 750,000 Euro of the previous mandate, to 680,000 Euro;
- the introduction of new objectives in the short- and long-term incentive plans, in order to support execution of Snam's strategy as a whole, both in terms of gas infrastructures and the energy transition, to guarantee not only security of supplies, but also sustainability and competitiveness (the "energy trilemma").

The Annual Monetary Incentive Plan ("AMI") for 2023 assures a link to both business and sustainability (ESG) objectives. To this end, when defining the Plan, the Committee has proposed that the Board:

- link a portion of the premium to strategic projects to be pursued by Snam in 2023 to guarantee the security of gas supplies in Italy, also in light of the continued geopolitical tension and economic repercussions of such on the cost of commodities;
- confirm a set of ESG objectives with a weighting of 20%, including a sustainable supply chain metric, relative to the procurement awarded by tenders, which include ESG criteria in the scoring models.

The new 2023-2025 Long-Term Share-Based Incentive Plan ("LTI") has been drawn up with the aim of guiding management towards the achievement of strategic objectives, promoting the creation of sustainable value

in the medium/long-term, in line with the Company's Corporate Purpose.

To this end, a new set of Energy Transition-related objectives has been introduced, worth a total of 20%, aiming to enable the acceleration of the energy transition process.

In addition, also thanks to the constant, profitable collaboration of the Environmental, Social & Governance and Energy Transition Scenarios Committee, which I would like to thank, the weighting of 20% of ESG objectives has been confirmed, continuing on from the previous Plan, characterised by the presence of:

- a metric designed to assess Snam's results in terms of reducing natural gas emissions. It is one of the topics at the very heart of Snam's decarbonisation strategy, which in 2022 confirmed its targets, with the aim of reducing natural gas emissions 55% by 2025 vs. 2015 (compared to the previous value of -45%), higher than recommended by the Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared by the United Nations Environment Programme (UNEP) to which Snam adhered;
- an indicator focusing on gender diversity, as fair representation of the different genders in Snam's management team. As confirmation of Snam's commitment on this front, I would like to emphasise how the Company's focus on diversity and inclusion issues has enabled it to be included, for the fourth year running, in Bloomberg's Gender Equality Index.

The Report has been audited in terms of the structure of its contents and related communication, in line with the best market practices on disclosure. The Company has also developed a new look with a view to representing the contents in an ever clearer, more user-friendly manner for the reader, maintaining an integrated approach to shareholders' meeting reports.

I trust that the Committee's commitment to management and the choices made in continuity with the Remuneration Policy approved at the last Shareholders' Meeting can once again be understood and appreciated, with the support that will be given to the proposed Remuneration Policy for 2023.

The Chairwoman of the
Appointments and Compensation Committee

Prof. Avv. Rita Rolli

ABSTRACT 2023 REMUNERATION POLICY

The Remuneration Policy for the year 2023 is characterised as follows:

COMPONENT	PURPOSE AND CHARACTERISTICS	IMPLEMENTATION CRITERIA AND CONDITIONS	VALUES	NEWS 2023
Fixed remuneration	It compensates the skills, professionalism and contribution required by the role held, with the aim of supporting motivation also for retention purposes	Fixed remuneration is determined on the basis of the assigned roles and responsibilities, by considering the levels for equivalent positions in the market and with any annual adjustments established by merit (continuity of individual performance) or by progression of role/responsibility	Chairwoman: Euro 310,000 (including annual fixed remuneration for directors established by the Meeting of 27 April 2022) Chief Executive Officer: Euro 900,000 (including annual fixed remuneration for directors established by the Meeting of 27 April 2022 and gross annual remuneration for the position of General Manager) MSR*: commensurate with the powers and role covered	The gross annual remuneration for the role of General Manager rises from Euro 750,000 in the previous term to Euro 680,000
Short-term variable incentive (AMI - Annual Monetary Incentive)	Provided annually in monetary form, it is a useful tool to motivate and direct management's action in the short term, in line with the corporate objectives established by the Board of Directors. The amount of the short-term incentive depends on the position held and company and individual performance	Objectives of the Company/CEO Scorecard: <ul style="list-style-type: none"> Adjusted EBITDA (30%) Investments Gas Infrastructure (15%) Energy security projects (20%) Non-regulated business: Milestone achievement (15%) Sustainability (20%) MSR objectives: the AMI is determined 25% by the results of the objectives assigned to the CEO and, for the remaining 75%, by individual objectives (focused on economic/financial, operating and industrial performance, internal efficiency, as well as on sustainability and organisational behaviour topics) Claw-Back Clauses	Incentives paid based on the results achieved in the previous year and assessed according to a performance scale of 70/130 points, with a minimum incentive threshold equal to an overall performance of 85 points CEO: 60% of fixed remuneration for results equal to min** (score = 85%), 70% of fixed remuneration for results equal to target (score = 100), 91% of fixed remuneration for results equal to max (score = 130) MSR*: variable incentive percentages based on the role covered with respect to the fixed remuneration equal to 34% upon reaching the minimum level of performance, 40% for results at target and 52% for results at the max	The objective related to Snam's inclusion and maintenance of excellence in sustainability indices has been replaced with an objective related to ESG criteria in supply chain scoring model
Long-term variable incentive (LTI - Long-Term Share-Based Incentive)	Reserved for holders of positions assigned the most direct responsibilities for the company results, it ensures greater alignment between the interests of shareholders and management's action	Three-year share-based plan with annual assignments and three-year vesting period Indicators: <ul style="list-style-type: none"> Adjusted net profit (40%) Value Added (20%) Energy Transition Readiness (20%) Sustainability (20%) Incentive allocation depending on the role held Incentive accrual: Cumulative three-year results in the vesting period measured on a linear scale with respect to defined plan targets Claw-Back Clauses	CEO: the incentive in case of achievement of the minimum performance level will be 106%, the target incentive is 158%, the maximum possible incentive is 210% of the fixed remuneration MSR*: variable incentive percentages based on the role held, on average the envisaged incentive values compared to the fixed remuneration are minimum 50%, with a target level of 75% and a maximum of 100%	A set of metrics related to Energy Transition Readiness (Km H2 Ready, MW installed biomethane and CCS and H2 projects and market design) was included among business objectives

COMPONENT	PURPOSE AND CHARACTERISTICS	IMPLEMENTATION CRITERIA AND CONDITIONS	VALUES	NEWS 2023																																
Benefits	They are an integral part of the remuneration package and are characterised by their mainly social security or pension nature	Defined in continuity with the Policy adopted in the past years and in compliance with the provisions of national bargaining and supplementary company agreements for management	The entire management population is assigned: <ul style="list-style-type: none"> • supplementary pension fund • supplementary health care fund • forms of insurance coverage against death and disability risk • cars for both private and professional use 	For the CEO, there is the possibility of using a property leased for guest use by the company in accordance with the company regulations in force																																
Pay mix	The guidelines of the 2023 Remuneration Policy determine a remuneration mix consistent with the managerial position held. In the case of the CEO, the weight of the variable component is accentuated compared to the rest of the managerial team		<p>PAY MIX target 2023</p> <table border="1"> <thead> <tr> <th>Role</th> <th>Fixed remuneration</th> <th>Short-term variable (AMI)</th> <th>Long-term variable (LTI)</th> </tr> </thead> <tbody> <tr> <td>Chairwoman</td> <td>100%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>CEO</td> <td>31%</td> <td>21%</td> <td>48%</td> </tr> <tr> <td>MSR</td> <td>46%</td> <td>19%</td> <td>35%</td> </tr> </tbody> </table> <p>● Fixed remuneration ● Short-term variable (AMI) ● Long-term variable (LTI)</p> <p>PAY MIX maximum 2023</p> <table border="1"> <thead> <tr> <th>Role</th> <th>Fixed remuneration</th> <th>Short-term variable (AMI)</th> <th>Long-term variable (LTI)</th> </tr> </thead> <tbody> <tr> <td>Chairwoman</td> <td>100%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>CEO</td> <td>25%</td> <td>23%</td> <td>52%</td> </tr> <tr> <td>MSR</td> <td>40%</td> <td>20%</td> <td>40%</td> </tr> </tbody> </table> <p>● Fixed remuneration ● Short-term variable (AMI) ● Long-term variable (LTI)</p>	Role	Fixed remuneration	Short-term variable (AMI)	Long-term variable (LTI)	Chairwoman	100%	0%	0%	CEO	31%	21%	48%	MSR	46%	19%	35%	Role	Fixed remuneration	Short-term variable (AMI)	Long-term variable (LTI)	Chairwoman	100%	0%	0%	CEO	25%	23%	52%	MSR	40%	20%	40%	-
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Severance	Allowance for termination of employment and/or administration	Snam's severance policy for the CEO is defined in line with market benchmarks and proxy advisors' voting guidelines	For the CEO, there is a CAP on severance pay calculated as two years of annual fixed remuneration supplemented by the average AMI paid in the last three years, including any allowance for loss of notice There are no non-competition agreements in place for the Chief Executive Officer and current Managers with Strategic Responsibilities	A CAP on severance pay has been provided for the CEO, including any indemnity for failure to give notice																																

General Note

Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's LTI 2020-2022 long-term equity incentive plan (2020-2022 cycle).

* MSR - Managers with Strategic Responsibilities

** With regard to the short-term variable incentive (Annual Monetary Incentive - AMI), the minimum figure for the Chief Executive Officer remains the same as last year, at 59.5% of fixed remuneration. This value has been approximated to unity (by default for figures from zero to four and by excess for figures from five to nine).

INTRODUCTION

This “Report on the remuneration policy and fees paid”, hereinafter also the “Remuneration Report” or the “Report”, approved by the Board of Directors on proposal of the Appointments and Compensation Committee on 15 March 2023, in fulfilment of current legislative and regulatory¹ obligations, defines and explains:

- in the first section, which is subjected to the binding vote of shareholders, the Policy adopted for 2023 by Snam S.p.A. (hereinafter “Snam” or the “Company”) for the remuneration of Directors, Auditors and Managers with Strategic Responsibilities², specifying, in particular, the general purposes pursued, the bodies involved and the procedures used for adopting and implementing the Policy. The general principles and guidelines set out in the Snam Policy also apply for the purposes of determining the remuneration policies of Snam’s direct and indirect subsidiaries;
- in the second section, subject to an advisory vote by shareholders, each of the items that make up remuneration, including treatments provided in the event of termination of office or termination of employment (highlighting their consistency with the company’s remuneration policy for 2022), the fees paid in 2022 to Directors and Statutory Auditors by name, and in aggregate form to Snam’s Managers with Strategic Responsibilities, and how Snam took into account the vote cast in 2022 on the second section of the report.

The Remuneration Policy illustrated in this Report has also been adopted by the Company, as provided for by Consob

Regulation 17221/2010 on the subject of related-party transactions, and pursuant to paragraph 3.2, point 7 of the Guideline “Transactions involving interests of Directors and Auditors and Related-Party Transactions” (the “Related-Party Guidelines”) approved by the Board of Directors most recently on 15 June 2021. The Policy described in the first section of the Report has been prepared substantially in line with the recommendations on remuneration of the Corporate Governance Code³ approved by the Corporate Governance Committee, as amended in the January 2020 edition, to which Snam adheres, and to the changes introduced, on the subject of remuneration, by the 10 December 2020 update of the Issuers’ Regulations - article 84-quater and Annex 3A, schedule no. 7-bis - through resolution no. 21623, which transposes the amendments made by Legislative Decree no. 49 of 10 May 2019, implementing Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholder Rights Directive II, “SHRD 2”), which amends Directive 2007/36/EC (“SHRD”) as regards the encouragement of long-term shareholder engagement.

The text of this Report is made available to the public at the registered office, on the Company’s website⁴, and at the authorised storage mechanism “eMarket Storage” (www.emarketstorage.com), by the twenty-first day before the date scheduled for the Shareholders’ Meeting convened to approve the 2022 financial statements and required to express: (i) with binding resolution, an opinion on the first section of said Report and (ii) with non-binding resolution, an opinion on the second section of the Report, as provided for by current legislation⁵.

¹ Article 123-ter of Legislative Decree No 58/98, implementing Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholder Rights Directive II, “SHRD 2”), which amends Directive 2007/36/EC (“SHRD”) as regards the encouraging of the long-term commitment of shareholders and Article 84-quater of the Consob Issuers Regulation (Resolution 11971/99 as subsequently amended and supplemented).

² “Managers with Strategic Responsibilities” pursuant to article 65, paragraph 1-quater, of the Issuers’ Regulation, which refers to the definition in IAS 24, are “the subjects with the power and the responsibility, directly or indirectly, for planning, managing and controlling the company’s activities, including the directors (executive or otherwise) of said company”. As at the date on which this Report is approved, Snam’s Managers with Strategic Responsibilities, other than Directors and Auditors, are the following: Chief Industrial Assets Officer, Chief Financial Officer and Executive Vice President Human Resources, Organization & PFM.

³ It should be noted that Snam’s long-term incentive plan, based on financial instruments, also provides for a two-year lock-up on 20% of the shares granted, gross of those required to pay tax. The shares thus become available over a period of five years, and this element of Snam’s remuneration policy is therefore in line with Recommendation 28 of the Corporate Governance Code.

⁴ The text is published in the “Governance & Conduct – Shareholders’ Meetings” section of the Company’s website.

⁵ New aspects introduced by Italian Legislative Decree 49/2019, article 3, first paragraph, letters e) and g), which supplement paragraph 3 and replace paragraph 6 of article 123-ter of Italian Legislative Decree no. 58/98.

2022 Results

Total revenues: Euro 3,515 million, +6.6% compared to 2021 due to the growth in revenues from the energy transition businesses (Euro +326 million; +88.1%), with particular reference to energy efficiency, particularly in residential area. With regard to the gas infrastructure business, revenues increased by Euro 5 million, despite the reduction in WACC.

Adjusted EBITDA at Euro 2,237 million was broadly in line with 2021 (-0.6%), Adjusted net profit at Euro 1,163 million was 4.5% lower than in 2021.

Support for the strategy was ensured through technical investments of Euro 1,351 million, increased by 6.3% compared to 2021.



Operating figures

Gas demand in Italy in 2022 was 68.69 billion cubic metres, down by 7.68 billion cubic metres, or 10.1%, compared to 2021, due to the drop in consumption driven by the residential sector (-4.6 billions of m³; -15.5%), conditioned by favourable weather conditions and the National Plan to curb consumption.

Overall storage capacity as at 31 December 2022, including strategic storage, amounted to 16.5 billion cubic meters, the highest in Europe in this period of supply difficulties.

Regasified LNG volumes, on the other hand, stood at 2.24 billions of m³ (1.05 billions of m³ in 2021); the increase is attributable to the impact of the Russia-Ukraine conflict on the gas market, which led to an increase in LNG demand to meet domestic demand.

Strong acceleration towards the energy transition

In addition, to foster greater security and diversification of Italy's energy supplies, Snam recently purchased a floating unit (FSRU) called Golar Tundra, with a storage capacity of 170 thousand cubic metres and an annual regasification capacity of 5 billion cubic metres of gas. The terminal will be located in central-northern Italy, close to the areas where gas consumption is greater, in order to ensure the maximisation of its regasification capacity. Snam also signed with BW signed a contract for the acquisition of 100% of the share capital of FSRU I Limited, which upon closing will own the floating storage and regasification (FSRU) unit "BW Singapore" as its sole asset. Built in 2015, it has a maximum storage capacity of about 170,000 cubic metres of liquefied natural gas and a nominal continuous regasification capacity of about 5 billion cubic metres per year and will be located in the northern Adriatic Sea, near the coast of Ravenna.

Snam promotes energy transition in the areas where it operates by implementing integrated projects in green gas biomethane and biogas. During 2022, control was acquired of 16 new companies specializing in the construction and management of plants and the promotion of circular economy projects for the energy valorization of the organic fraction of waste, FORSU, and agricultural waste.

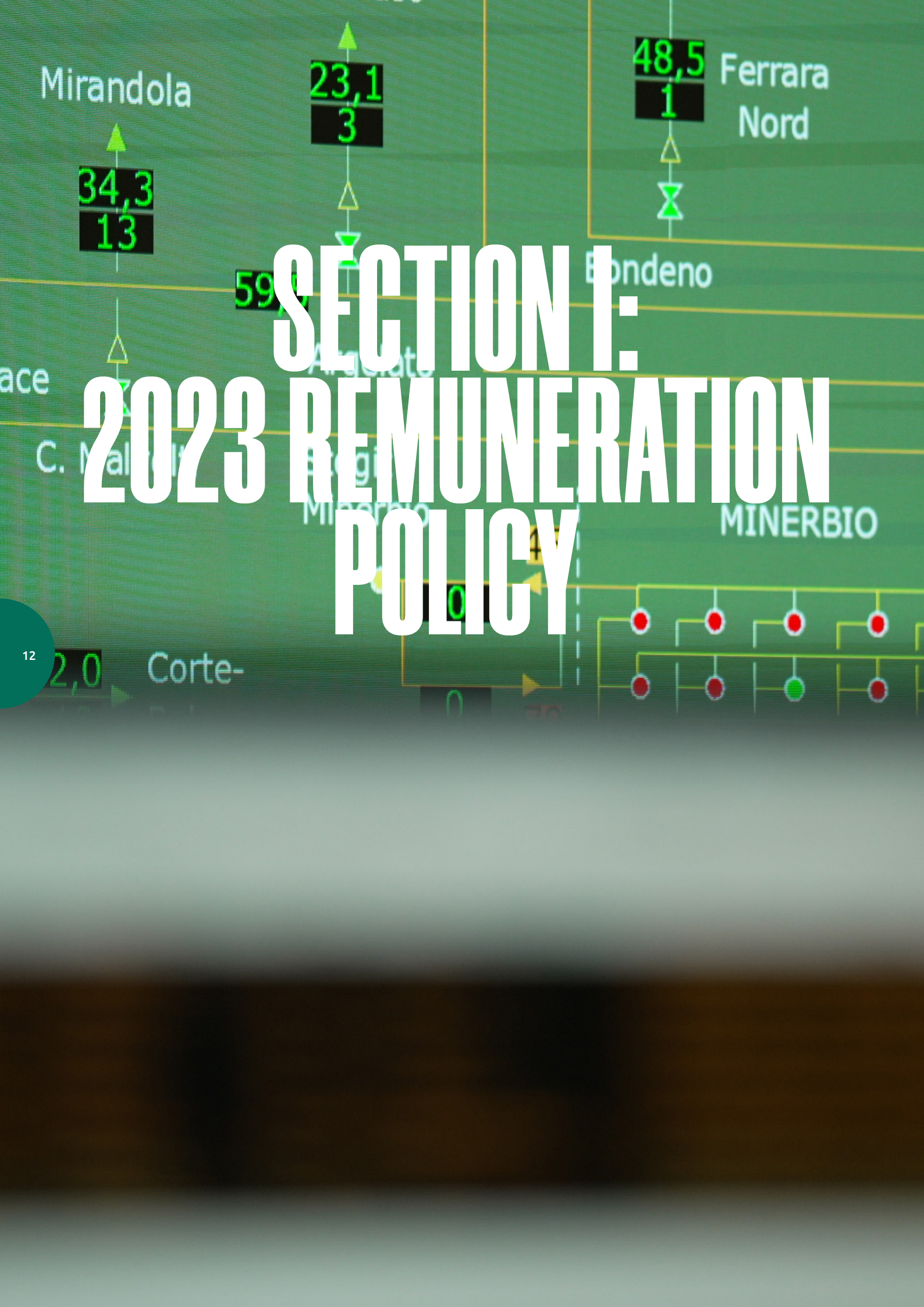
Environmental sustainability

Snam has defined its intention to achieve carbon neutrality in its activities by 2040 and has defined targets on Scope 3 emissions, deriving from the value chain (primarily investee companies and suppliers). In 2022, there was a reduction in Scope 1 and 2 emissions of -3.9% vs. 2018 despite the major change in the geopolitical context that led the company to have to transport gas via more energy-intensive routes in order to ensure the country's energy security.

Natural gas emissions, which amounted to 27.37 Mm³ in 2022, decreased by -45% vs. 2015 through compliance with the implementation schedules of reduction initiatives (LDAR, replacement of valves and pneumatic equipment, etc.) consistent with the planned path to the -55% target vs. 2015 to 2025, higher than recommended by the UNEP protocol of the Oil & Gas Methane Partnership.

As a result of its constant commitment to environmental sustainability, Snam is included in the Carbon Disclosure Program (CDP) A-list and in the CDP supply chain A list (2021).

As early as 2020, Snam defined an ESG Scorecard to monitor performance in the main areas of sustainability. These include, by way of example, 26,000 tons of CO₂ eq avoided thanks to energy efficiency measures, the increase to 6,147 of hours donated by employees dedicated to Snam Foundation initiatives to support communities, and the percentage of spending on contracts awarded subject to ESG evaluation criteria equal to 34%.



SECTION I: 2023 REMUNERATION POLICY

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ENGAGEMENT PROCESS AND REMUNERATION POLICIES

Snam considers dialogue with the main recipients and users of the Remuneration Policy to be extremely important, in order to achieve constant improvement, adopt market best practices and incorporate indications from institutional investors and proxy advisors.

The Engagement Policy is guided by the following principles:

- transparency towards shareholders, through the sharing of clear, complete, correct, truthful and not misleading information;
- equal treatment of the holders of financial instruments issued by Snam;
- compliance with the laws and regulations in force and the internal rules of governance, ensuring the application of the principles of cooperation and transparency with the supervisory authorities and competent administrations.

To further foster dialogue with stakeholders and in order to comply with the recommendations of the Corporate Governance Code and engagement practices, the Policy for Managing Dialogue with Shareholders and Other Stakeholders was approved by the Board of Directors on 29 July 2021. This policy determines the modalities for requesting engagement with the Board of Directors by investors and is aimed at fostering a constant and ongoing dialogue to the benefit of all stakeholders involved, with a view to the creation of value in the medium to long term.

Dialogue with the Board of Directors may be initiated upon the written request of an interested party or at the Company's initiative through the organization of meetings

(one-way or two-way and in collective or bilateral form) with one or more interested parties, in which one or more directors and/or managers of the Company may also take part, with the support of the competent corporate functions.

During 2022 Snam:

- conducted the usual engagement activity with the main proxy advisors, with the aim of exploring the considerations expressed by them with reference to the key points of the Report on the remuneration policy and fees paid 2022;
- carried out, also with the help of a leading consulting firm, a detailed analysis of the main market practices in terms of the information provided to the market in the annual Remuneration Report and the presentation methods adopted by comparable companies.

These activities, together with the feedback gathered from stakeholders, led to an update of the 2023 Remuneration Report, with the aim of better responding to the communication needs of external stakeholders.

In the first months of 2023, Snam launched a direct engagement activity with its main shareholders by organizing a roadshow dedicated to Governance, Sustainability and Compensation issues before the 2023 Shareholders' Meeting. As part of this activity, the Chairwoman of the Board of Directors, accompanied by the support functions, met with the stewardship structures of large institutional investors, who provided valuable feedback and suggestions for improvement, which are incorporated within this Report.

MEETING VOTE RESULTS

The 2022 Report received a broad consensus among stakeholders, thanks in part to the usual engagement activities carried out during the course of the year. The following graphs show the trend of affirmative votes for Section I and Section II of the Report on the Remuneration Policy over the period 2020-2022.

FIGURE 1: TREND OF FAVOURABLE VOTING OUTCOMES ON THE REMUNERATION POLICY (2020-2022)

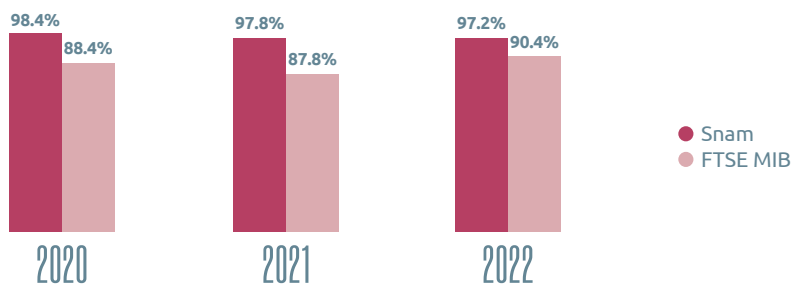
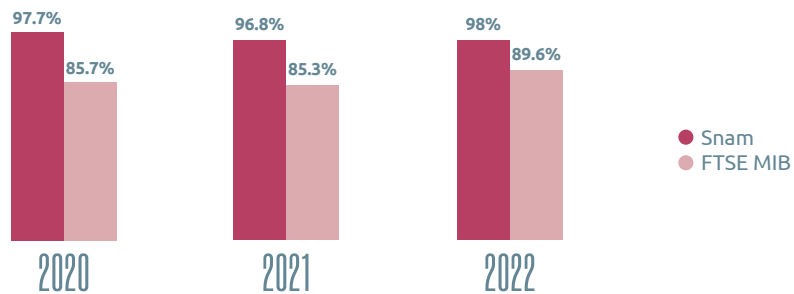


FIGURE 2: TREND OF FAVOURABLE VOTING OUTCOMES ON THE REPORT ON FEES PAID (2020-2022)



NEWS 2023

The 2023 Remuneration Policy is defined in constant alignment with legal and regulatory provisions, also taking into account the results of the shareholders' meeting vote, the indications of shareholders and proxy advisors, as well as market best practices, with a view to continuous improvement.

A number of changes have therefore been made to this Report, with a view to an ever better representation of information and greater clarity for all stakeholders. Below is a summary of the main new elements:

SEVERANCE INDEMNITY AND BENEFITS FOR THE MANAGING DIRECTOR

In line with the best market practices, a CAP has been provided for 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.

CHIEF EXECUTIVE OFFICER'S REMUNERATION PACKAGE

As provided for in the 2022 Remuneration Policy Guidelines, the Board of Directors of 30 June 2022 determined the remuneration of the CEO, maintaining a remuneration structure in line with the previous one. A gross annual remuneration of Euro 680,000 was set for the role of General Manager, in contrast to the previous term for which a gross annual remuneration of Euro 750,000 was determined. Therefore, the total fixed remuneration of the CEO is Euro 900,000.

NEW OBJECTIVES IN THE SHORT-TERM AND LONG-TERM INCENTIVE PLANS (AMI AND LTI)

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.

DISCLOSURE OF STRATEGIC PLAN AND REMUNERATION POLICY

Disclosure was consolidated in terms of the link between the Remuneration Policy and the 2022-2026 strategic plan in order to direct management towards the goal of creating sustainable value for shareholders.

POLICY ON REMUNERATION AND STRATEGIC PLAN

On 19 January 2023, Snam's Board of Directors approved the 2022-2026 Strategic Plan, which sees a significant increase in investments in order to strengthen infrastructure and contribute to the country's greater energy security.

The current scenario of extreme uncertainty and volatility in the energy system has put security of supply at risk, while the resulting price volatility has eroded the industrial competitiveness of Europe and other countries, creating an imbalance between the three dimensions of the energy trilemma (security

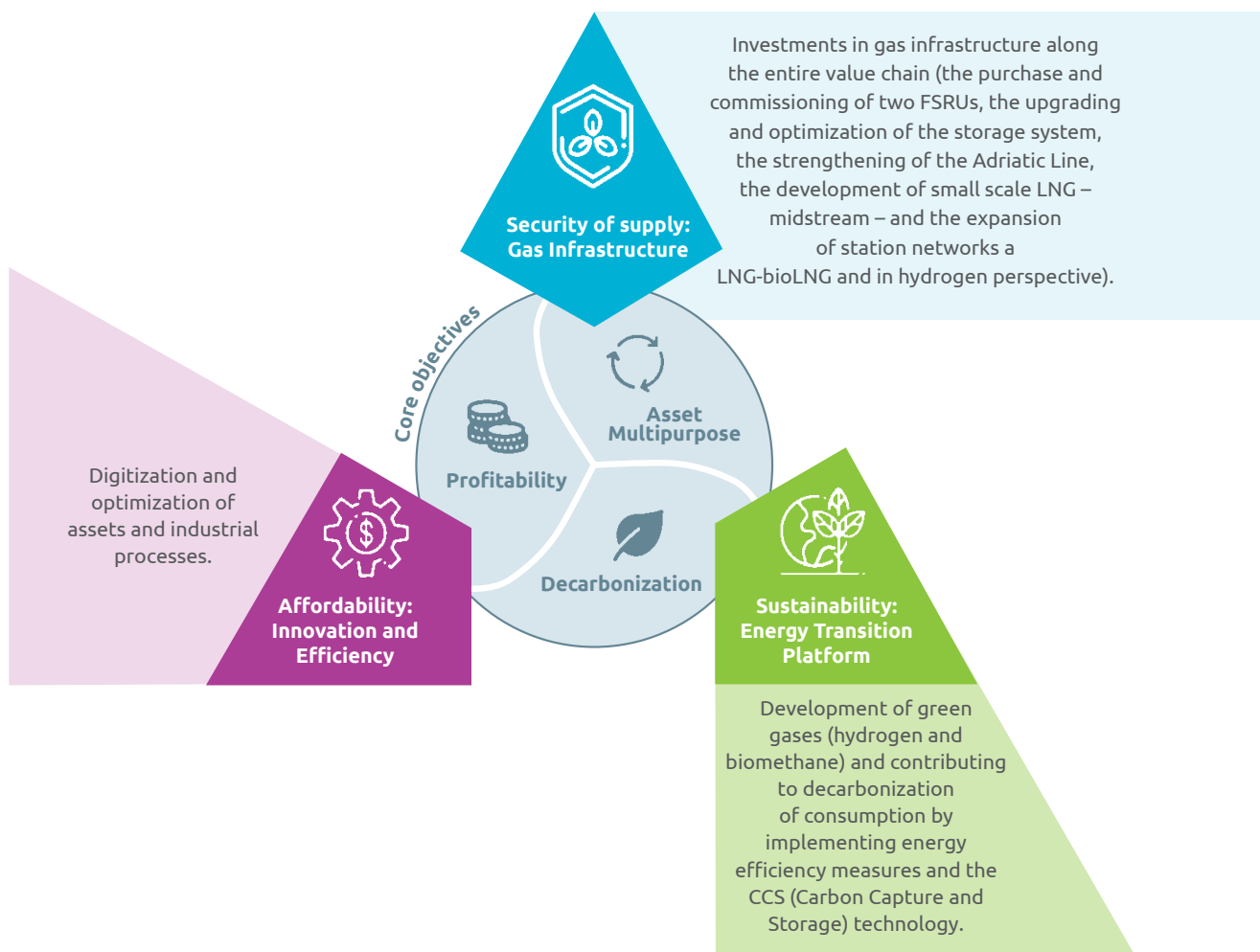
of supply, sustainability and competitiveness). In particular:

- uncertainty about future scenarios and flows implies the need for more flexible infrastructures;
- energy transition is not a linear process and requires adequate risk management and infrastructure;
- new technologies must be economically viable and competitive to be successful; therefore, innovation and efficiency are important enablers.

In order to rebalance the energy trilemma, for Snam, it is necessary to develop the gas infrastructure along the entire value chain by ensuring greater flexibility and adequate sizing, as well as to accelerate the energy transition through the development of green gas and technologies for decarbonization, energy efficiency and the increasing use of digitalization.

Snam is active along all three pillars of the energy trilemma, with a strategy based on:

FIGURE 3 - ENERGY TRILEMMA



At the same time, Snam's commitment to achieving the 2040 carbon neutrality target continues, and, complementary to the objectives related to reducing emissions, the commitment to the other aspects of sustainability that are part of the Snam ESG Scorecard remains confirmed.

With reference to the provisions of article 123-ter, paragraph 3-bis of the Consolidated Finance Act (TUF), below is a comparison of the performance objectives used in the short- and long-term incentive systems and the essential lines of the 2022-2026 Strategic Plan, showing the clear, complete **alignment between the Strategic Plan and Remuneration Policy** of the Company.

The Company's Remuneration Policy is strongly geared towards ensuring alignment with the corporate strategy,

focused on long-term investments, and sustainable performance over time. Therefore, the remuneration package is strongly focused on variable remuneration components, especially long-term ones.

Snam's Remuneration Policy supports the achievement of the pillars of the new Strategic Plan through an appropriate balancing of the performance parameters of the short-term and long-term incentive systems, directing management towards the goal of creating sustainable value for shareholders.

		PILLARS OF THE STRATEGIC PLAN	Security of supply: Gas Infrastructure	Sustainability: Energy transition Platform	Competitiveness: Innovation and Efficiency
Annual Monetary Incentive (AMI)	Business Objectives	Adjusted EBITDA (30%)	✓	✓	✓
		Gas Infrastructure Investments - 15%	✓		✓
		Energy security projects - 20%	✓		
		Non regulated Business: Milestone Achievement - 15%		✓	
	Sustainability Objectives	Accident frequency and severity index -10% Sustainability - 20% Increased sustainable funding - 5% ESG criteria in the supply chain scoring model - 5%		✓	
Long-Term Equity Incentive (LTI)	Business Objectives	Adjusted net profit - 40%	✓	✓	✓
		Value Added - 20%	✓		✓
		Energy Transition Readiness - 20% Km H2 ready - 10% MW installed biomethane - 5% Projects and market design CCS and H2 - 5%		✓	✓
	Sustainability Objectives	Sustainability - 20% Reduction of natural gas emissions -10% Fair representation in the management team - 10%	✓	✓	✓

SUSTAINABILITY

The ever-increasing importance of non-financial aspects in defining corporate strategies, the consideration that investors place on ESG issues in their investment choices, as well as the interest of all stakeholders in the Company's modus operandi in the context that surrounds it, underline how sustainability is a fundamental and strategic aspect, which Snam integrates into its daily operations.

Already having for years a sustainable development model and committed to reducing its impacts through sustainability projects and initiatives, Snam measures, monitors and communicates its most relevant performance through the ESG Scorecard, a tool designed to provide maximum disclosure on the main environmental, social and governance aspects with respect to certain targets defined for the coming years.

With its ESG Scorecard, Snam has defined specific annual KPIs and targets belonging to the environmental sphere (natural gas emissions, energy savings, green innovation, soil and biodiversity protection), social sphere (welfare, employee engagement, safety, gender diversity, responsible and sustainable supply chain, local communities) and governance sphere (governance structure and its functioning, infrastructure reliability, anti-corruption, sustainable finance).

Moreover, despite a changed and extremely challenging geopolitical context, Snam has continued to work towards achieving carbon neutrality in its operations by 2040, also with intermediate targets in 2025, 2027 and 2030, and to progressively reduce emissions along the value chain.

Targets for 2030 are in line with the objective of limiting global warming to 1.5°C set out in the Paris Agreement and have been developed using the generic SBTi (Science-Based Target initiative) methodology.

Snam's plan to achieve carbon neutrality in its operations therefore includes the following targets:

- -28% of Scope 1 and 2 emissions by 2025 compared to 2018 values, thanks also to a -55% reduction in natural gas emissions by 2025 compared to 2015 values, in accordance with the UNEP Oil & Gas Methane Partnership initiative (OGMP);
- -40% of Scope 1 and 2 emissions by 2027 compared to 2018 values;
- -50% of Scope 1 and 2 emissions by 2030 compared to 2018 values;
- Net zero for Scope 1 and 2 emissions by 2040.

In addition, targets on Scope 3 emissions were also defined:

- -46% of emissions from investee companies, fuel and electricity production, business travel and employee commuting by 2030 compared to 2019 values;
- -55% of tCO₂eq/M€ capex for suppliers by 2030 compared to 2019 values.

The 2023 Remuneration Policy focuses in particular on ESG (Environmental, Social & Governance) objectives and, specifically, provides for the following, in line with the Company's sustainable strategy:

- for the short-term incentive scheme, a weighting of 20% with three specific KPIs related to the topic of sustainability: the weighted frequency and severity index (FMI) of employee and contractor accidents (10%); the percentage of the procured awarded through tenders with ESG criteria (5%); the increase in the value of sustainable financing (5%);
- for the long-term share-based incentive plan, a weight of 20% with two KPIs linked to sustainability: reductions of natural gas emissions (weight of 10%) and fair representation in terms of gender diversity in Snam's management team (weight of 10%).

FIGURE 4 - SCOPE 1 & 2 EMISSIONS TARGETS (ktons CO_{2e})

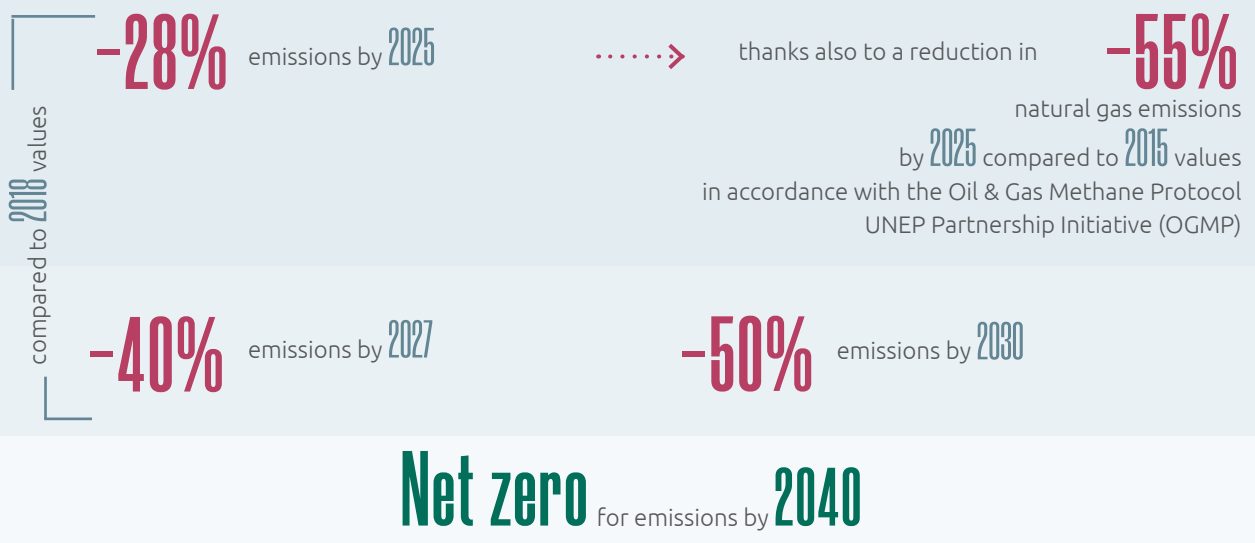
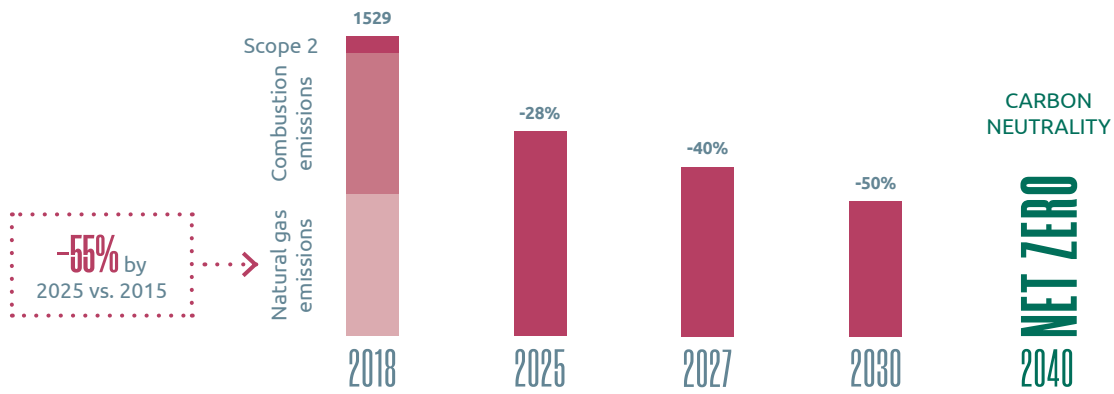
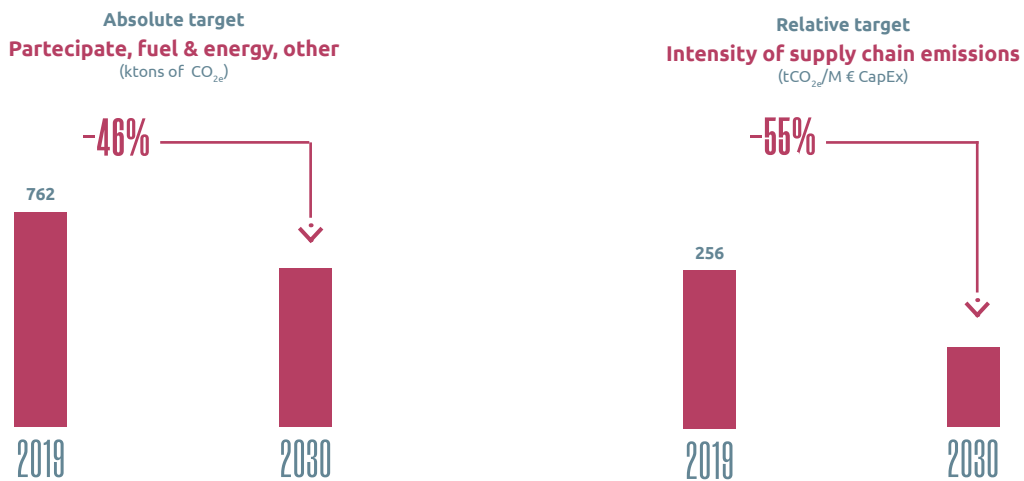


FIGURE 5: SCOPE 3 EMISSIONS CURRENT TARGETS



-46% of emissions from investee companies, fuel and electricity production, business travel and employee commuting by 2030 compared to 2019 values

-55% of tCO_{2e}/M€ capex for suppliers by 2030 compared to 2019 values

GOVERNANCE OF THE REMUNERATION PROCESS

The process of preparing, approving and potentially reviewing the Snam Remuneration Policy involves multiple parties, as per regulatory and statutory provisions and the Company's governance model. The bodies and individuals involved in the process of approving remuneration policies are listed below.

Shareholders' Meeting

In relation to remuneration, the Shareholders' Meeting:

- > determines the remuneration of Board Members at the time of their appointment and for their entire term of office;
- > resolves, on the proposal of the Board of Directors, on remuneration plans based on the attribution of financial instruments;
- > expresses, by binding vote, an opinion on the first section of the Remuneration Report and, by non-binding vote, an opinion on the second section.

Board of Directors

In complying with the recommendations contained in the Corporate Governance Code, the Board of Directors is assisted, with regard to remuneration matters, by a Committee of non-executive directors, the majority of whom are independent (Appointments and Compensation Committee), having both an advisory and a proposing role in this regard.

In relation to remuneration and in line with the Snam rules of corporate governance, the Board of Directors⁶:

- > on the recommendation of the Appointments and Compensation Committee, and having consulted with the Board of Statutory Auditors, determines the remuneration of the Directors assigned specific duties and for participation in Board Committees;
- > draws up, with the assistance of the Appointments and Compensation Committee, the policy for the remuneration of directors, general managers and Managers with Strategic Responsibilities of the Company and, without prejudice to the provisions of Article 2402 of the Civil Code, of the members of the control body and the compensation systems;
- > defines, subject to verification by the Appointments and Compensation Committee, the remuneration of the Head of Internal Audit in line with the Company's remuneration policies, after having received the favourable opinion of the Control, Risk and Related Parties Transactions Committee and having consulted the Board of Statutory Auditors;
- > implements the remuneration plans based on shares or financial instruments resolved upon by the Shareholders' Meeting;
- > approves the Remuneration Report to be presented to the Shareholders' Meeting;
- > assesses, with the support of the Appointments and Compensation Committee, the contents of the vote on the Remuneration Report carried out by the Shareholders' Meeting and the proposals of the Committee on the adequacy, overall coherence and application of the Remuneration Policy adopted for Directors and Managers with Strategic Responsibilities.

⁶ For more information on the Snam governance structure, see the "2022 Report on Corporate Governance and Ownership Structures" published in the "Governance & Conduct" section of the Company's website.

Appointments and Compensation Committee

On 27 April 2022, the Board of Directors resolved to merge the tasks of the Appointments Committee and the Remuneration Committee, establishing the Appointments and Compensation Committee (the Committee).

The Committee carries out investigations, makes proposals and provides advice to the Board of Directors on remuneration and in particular:

- > assists the Board of Directors in drawing up the Policy for the remuneration of directors, general managers, Managers with Strategic Responsibilities and, without prejudice to the provisions of article 2402 of the Italian Civil Code, members of the control body, also taking into account the remuneration practices widespread in the reference sectors and for companies of similar size, also considering comparable foreign experiences and availing itself, if necessary, of an independent consultant;
- > reviews the vote on the Remuneration Report taken by the Shareholders' Meeting in the current financial year and expresses an opinion to the Board of Directors;
- > formulates proposals relating to the remuneration of the Chair and the Chief Executive Officer, with regard to the various forms of remuneration and economic treatment, including the setting of performance objectives related to the variable component of such remuneration, where applicable;
- > supports the Board of Directors in determining the remuneration of the members of the committees set up within the Board of Directors;
- > examines the indications of the Chief Executive Officer and proposes, with a view to promoting sustainable value creation over the medium/long term: (i) general criteria for the remuneration of executives with strategic responsibilities; (ii) general guidelines for the remuneration of other executives of Snam and its subsidiaries; (iii) annual and long-term incentive plans, including share-based plans;
- > proposes the definition of performance objectives, (coordinating with the Environmental, Social & Governance and Energy Transition Scenarios Committee as regards the identification of those that include indicators relating to ESG factors), the final accounting of company results and the definition of claw back clauses, connected to the implementation of the incentive plans and to the determination of the variable remuneration of the Directors with delegated powers;
- > proposes the definition, in relation to Directors with delegated powers: i) of the indemnities to be paid in the event of termination of the relationship; ii) of non-competition agreements;
- > monitors the application of decisions made by the Board;
- > periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy, formulating proposals to the Board on the matter, verifying in particular the actual achievement of performance targets related to the variable component of remuneration;
- > performs any tasks required by the Guidelines for transactions with related parties adopted by the Company in the case of transactions concerning the remuneration of Snam's Directors, Auditors and Managers with Strategic Responsibilities;
- > proposes to the Board of Directors, subject to the favourable opinion of the Control, Risk and Related Parties Transactions Committee and after consulting the Board of Statutory Auditors, temporary exceptions to the contents of the remuneration policy, in accordance with the provisions of article 123-ter, paragraph 3-bis, of Legislative Decree 58/98.

Once a year, the Appointments and Compensation Committee examines the consistency of the remuneration of the Senior Vice President of Internal Audit proposed by the Chief Executive Officer, by agreement with the Chair, to be submitted for the approval of the Board of Directors after seeking the favourable opinion of the Control, Risk and Related Parties Transactions Committee and consulting with the Board of Statutory Auditors.

The Committee also reports on the exercising of its functions to the Shareholders' Meetings called to approve the Financial Statements, through the Chair of the Committee, as provided for in its Regulation, and with a view to establishing a suitable channel for dialogue with shareholders and investors.

In order to assure the effective performance of its analyses and investigations, the Board of Directors assigns to the Appointments and Compensation Committee the resources required for the performance of its duties; specifically, it may – in the terms set forth by the Board of Directors from time to time – use external advisors, through the Company's structures, provided that they are not in such situations as to compromise their independence of judgement.

The composition, duties and operating procedures of the Committee are governed by specific regulations⁷, last approved by the Board of Directors on 12 October 2022.

Composition of the Committee

As of the date of this Report, the Appointments and Compensation Committee is composed of three non-executive Directors, the majority of whom are independent pursuant to the Corporate Governance Code and the TUF. The Chairwoman of the Committee is an independent director.

OFFICE HELD	COMPONENT
Chairwoman (independent)	Rita Rolli
Member	Alessandro Tonetti
Member (independent)	Massimo Bergami

The Board of Directors verified that all members had adequate knowledge and experience in matters of finance and remuneration policies.

Committee Activities

In 2022, the Appointments and Compensation Committee met a total of 17 times:

- before the Shareholders' Meeting of 27 April 2022, the Compensation Committee held 7 meetings with 100% attendance;
- subsequently, the Committee met 10 times with attendance of 93%.

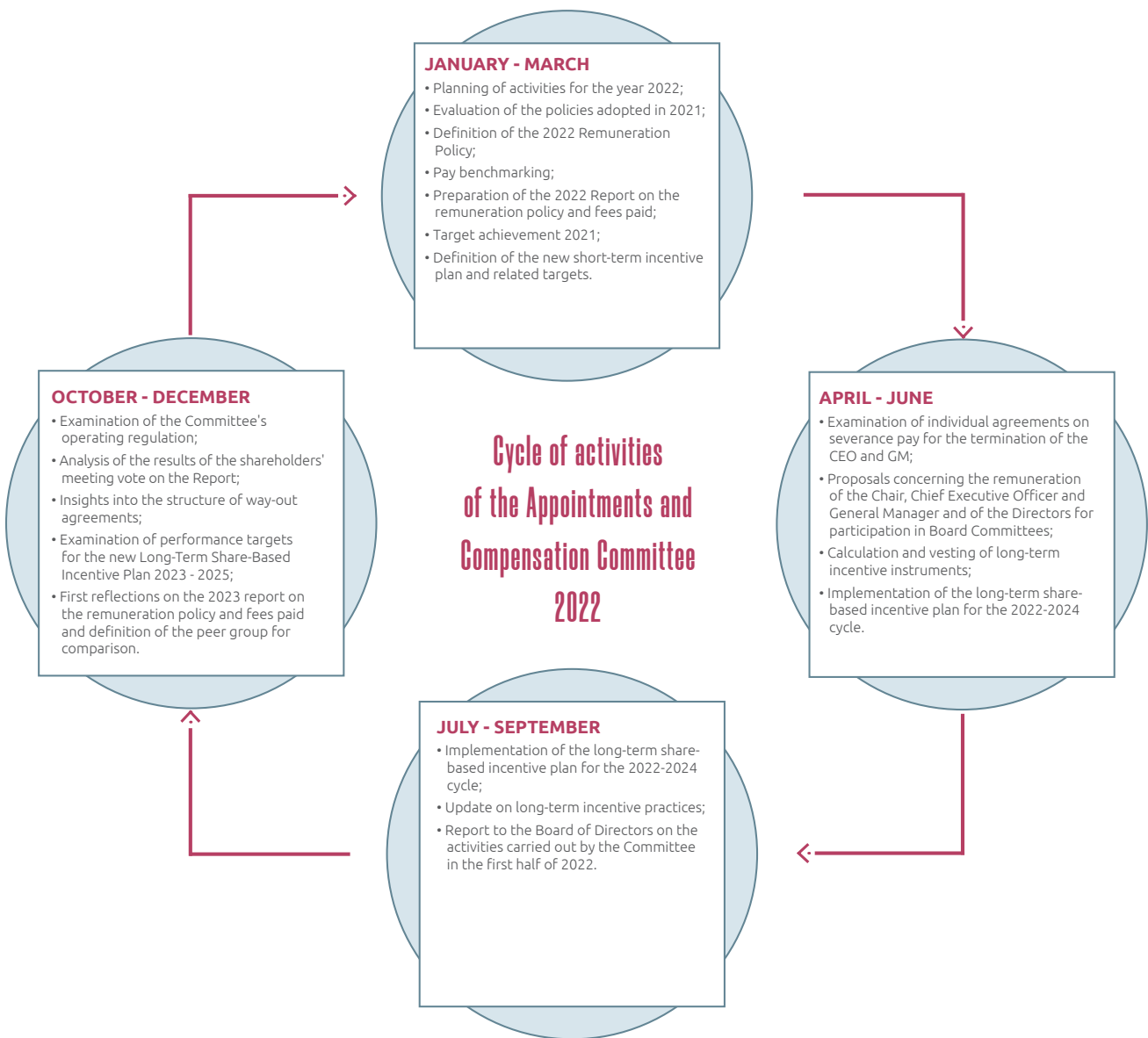
The meetings were attended by all the members of the Committee, together with one standing auditor, designated by the Chairman of the Board of Statutory Auditors.

No director may take part in Committee meetings in which proposals concerning his or her own remuneration are formulated, except in the case of proposals concerning the generality of the members of the Committees established within the Board of Directors.

The Committee performed its functions according to an annual schedule that followed the cycle of activities represented below.

⁷ The regulation governing the Appointments and Compensation Committee is available in the "Governance & Conduct" section of the Company's website.

FIGURE 6 - ACTIVITY CYCLE OF THE APPOINTMENTS AND COMPENSATION COMMITTEE 2022



Details of the Committee's activities in 2022 can be found in the 2022 Corporate Governance Report⁸.

For 2023, the Committee established its own calendar and planned to hold 11 meetings, 6 of which had already been held at the date of approval of this Report. Meetings already held have focused on the following topics:

- examination of the Report on the remuneration policy and fees paid 2023;
- analysis of the results of the remuneration benchmarking activities and definition of the 2023 Policy;
- performance review 2022 with reference to the annual monetary incentive 2022 for the CEO and the long-term share-based incentive 2020-2022.
- definition of performance targets 2023 and for the three-year period 2023-2025 for the purposes of variable incentive plans.

⁸ The 2022 Corporate Governance Report is available in the "Governance & Conduct" section of the Company's website.

2023 REMUNERATION POLICY GUIDELINES

Duration, purpose and general principles of the remuneration policy

The Snam Remuneration Policy is defined in accordance with the governance model adopted by the Company and with the recommendations of the Corporate Governance Code, with a view to attracting and retaining staff with high professional and managerial skills and aligning the interests of management with the primary objective of creating shareholder value over the medium to long term. The Remuneration Policy, also incorporating the contents of the aforementioned Corporate Governance Code, is functional to the pursuit of the company's sustainable success and, in this sense, defines:

- a balance between the fixed component and the variable component that is appropriate and consistent with the company's strategic objectives and risk management policy, taking into account the characteristics of the company's business and the sector in which it operates, while providing that the variable component represents a significant portion of total remuneration;
- the maximum limits on the payment of variable components;
- the performance objectives, to which the payment of variable components is linked, predetermined, measurable and linked in significant part to a long-term horizon consistent with the company's strategic objectives and aimed at promoting its sustainable success, including, in all variable remuneration systems (short and medium-long term) also non-financial parameters;
- the contractual arrangements that allow the company to demand repayment, in whole or in part, of variable components of fees paid (or to withhold sums subject to deferral), determined on the basis of data that subsequently proved to be manifestly incorrect and other circumstances that may be identified by the company;
- clear and pre-determined rules for the possible payment of remuneration for termination of employment, which define the maximum limit of the total amount payable by linking it to a certain amount or a certain number of years of remuneration.

In particular, the Snam Remuneration Policy contributes to the achievement of the Company's mission, values and strategies, taking into account the remuneration and conditions of Group employees, through:

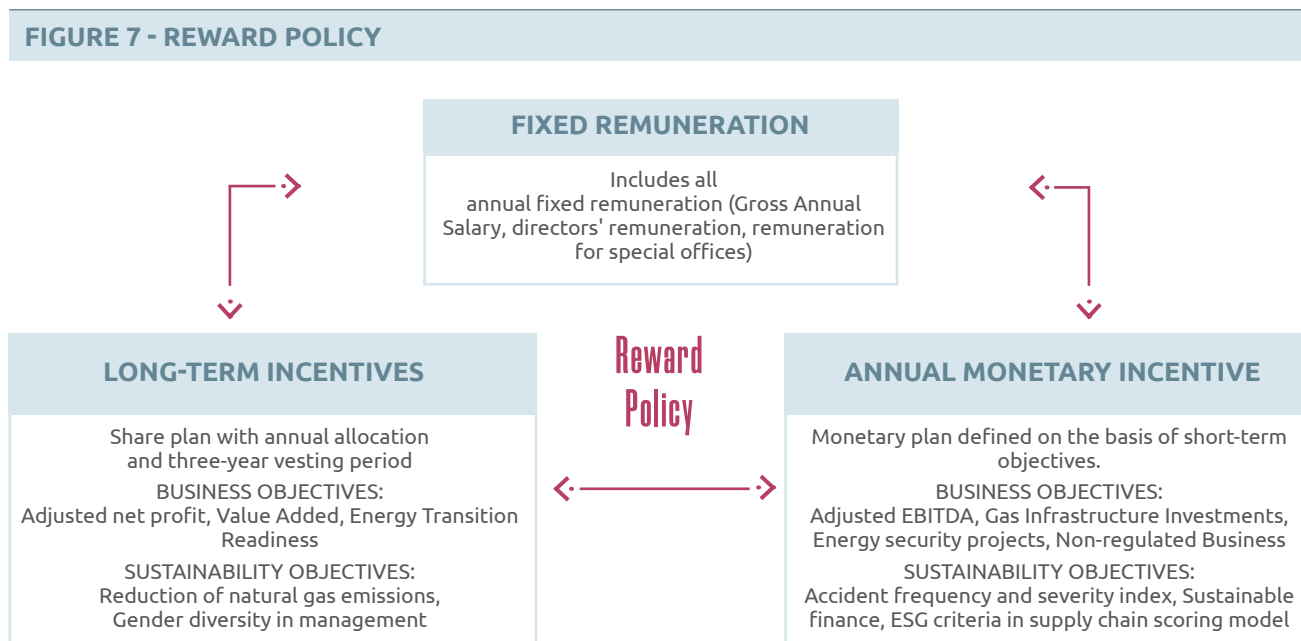
- promotion of actions and behaviours in line with the Company's culture, in compliance with the principles of plurality, equal opportunities, making the most of people's knowledge and professionalism, fairness and non-discrimination laid down in the Snam Code of Ethics. In this sense, the gender pay gap monitoring activities that Snam has defined to reduce and eliminate pay differences between women and men are applied within the principles of the remuneration policy that encourages effective gender equality. The updated results of the monitoring activity are published by Snam in its 2023 Sustainability Report;
- enhancement of employees' interests, guaranteed by assessment processes and targeted interventions during the annual remuneration policy campaigns aimed at rewarding the skills, experience and contribution of each individual resource;
- recognition of the responsibilities assigned, the results achieved and the quality of the professional contribution made, taking into account the context, and the market references applicable to similar positions or roles of a similar level of responsibility and complexity and, sometimes, of the individual's experience and career path;
- recognition of merit as the basis for management and rewarding actions both in terms of professional development and career opportunities, being, at the same time, the reference parameter so that people management meets criteria of fairness and sustainability.

Additional severance indemnities may be defined at the end of a contract and/or mandate, in line with the remuneration received, for executive roles characterised by the 'fixed-term' nature of the employment or by a higher risk of being attracted by the competition.

Remuneration policy

The Guidelines to the 2023 Remuneration Policy (hereinafter also the “Guidelines”) are defined in line with that established in 2022, consistent with the purpose and general principles laid down, and have been assessed by the Appointments and Compensation Committee as consistent with the applicable market references.

The remuneration instruments provided for are summarized and explained by the following chart:



Remuneration of the Board of Directors, Committees and the Board of Statutory Auditors

The remuneration for the 2022-2024 term of office for the various offices within the Board of Directors, Committees and Board of Statutory Auditors is shown below.

BODY	OFFICE HELD	REMUNERATION (GROSS ANNUAL, EURO)
Board of Directors	Chairwoman	310,000 ⁹
	Non-executive Director	70,000
Appointments and Compensation Committee	Chairwoman	25,000
	Member	20,000
Control, Risk and Related Parties Transactions Committee	Chairman	35,000
	Member	25,000
Environmental, Social & Governance Committee and Energy Transition Scenarios	Chairwoman	25,000
	Member	20,000
Board of Statutory Auditors	Chairman	80,000
	Standing Auditor	60,000

The remuneration structure for the Chair comprises fixed remuneration in line with the position held. The remuneration of Non-executive Directors is commensurate with the commitment required in relation to participation in Board Committees; the remuneration of the Chair differs from that of the members of each Committee, taking account of the role attributed to the former in respect of the coordination of duties and liaison with Company Boards and Departments. With regard to the nature of the office, there is no provision for: i) short- or long-term variable incentive components; ii) benefits¹⁰.

⁹ Including the remuneration set by the Shareholders' Meeting for the Directors of Euro 70,000 gross per annum.

¹⁰ It should be recalled that on 18 April 2008, the Shareholders' Meeting authorised the Board of Directors to extend the insurance policy, provided for the management to cover professional risks, to include the directors and auditors of Snam S.p.A. according to the standard terms and conditions in practice on the insurance market. The aforementioned authorization was taken up in the context of the subsequent Reports to the Shareholders' Meeting on the remuneration of Directors and Auditors and most recently at the Shareholders' Meeting held 2 April 2019. The policy, which also guarantees coverage of the new members of these bodies, provides for a total limit and an annual premium of Euro 50 million and about Euro 190,000 respectively.

In light of recommendation 29 of the Corporate Governance Code, the remuneration paid to non-executive directors is appropriate to the professionalism and commitment required of them within the Board of Directors and its committees; this remuneration is not linked to financial performance objectives. No distinction is drawn in terms of remuneration for Independent directors.

With respect to the Board of Statutory Auditors, as regards the nature of the office, the following are not provided for: i) short- or long-term variable incentive components; ii) agreements on severance indemnity and benefits; iii) benefits (apart from as specified in note 10 with reference to insurance coverage).

Severance indemnity and benefits

Given the nature of the office, there are no agreements on severance indemnity and benefits.

Remuneration of the Chief Executive Officer and Managers with Strategic Responsibilities

For the Chief Executive Officer and Managers with Strategic Responsibilities, a remuneration structure is confirmed with a suitable balance of a fair fixed component for the responsibilities assigned and a variable component defined within maximum limits and aimed at hinging remuneration to performance defined with a pay mix that assigns greater value to the variable component, in particular in the long term, than the external market.

Fixed remuneration

The fixed remuneration of the Chief Executive Officer, based on the evidence presented by the Appointments and Compensation Committee to the Board of Directors at its meeting of 30 June 2022, was defined as Euro 900,000, taking into account: the remuneration established by the Shareholders' Meeting for Directors, amounting to Euro 70,000; the remuneration approved by the Board in relation to the delegated powers, amounting to Euro 150,000; and the gross annual remuneration for the position of General Manager, amounting to Euro 680,000. For Managers with Strategic Responsibilities, the fixed remuneration is determined on the basis of the role and responsibilities assigned, also taking into account the remuneration levels

found on the reference market and, sometimes, the experience and career path of the individual. In light of these factors, the fixed remuneration of Managers with Strategic Responsibilities may be adjusted periodically, as part of the annual salary review process that affects the entire managerial population. Given the reference context and current market trends, and in continuity with 2022, the guidelines for 2023 provide selective criteria while however maintaining high levels of competitiveness and motivation. In particular, the proposed actions will concern adjustments aimed at those who hold positions for which the scope of responsibility has increased or which are positioned no higher than the median market references.

Furthermore, in their capacity as Snam managers, the Chief Executive Officer and Managers with Strategic Responsibilities receive travel allowances for work-related travel undertaken both nationally and abroad, in line with the provisions of the reference national collective bargaining agreement and supplementary company agreements.

Variable remuneration¹¹

Variable remuneration is structured into a short-term component and a long-term share-based component with a view to assuring the sustainability of results and the creation of value for shareholders in the medium/long term. The assessment of the assigned performance objectives is carried out net of the effects of the exogenous variables deriving from the evolution of the reference scenario, in order to enhance the effective individual contribution to the achievement of the assigned performance objectives.

Short-term variable incentives

The annual variable component (the Annual Monetary Incentive Plan - AMI) is determined in connection with the results achieved by Snam in the previous year on the defined objectives and with reference to a minimum incentive level (performance = 85), an incentive level at target (performance = 100) and maximum (performance = 130), respectively equal to 60%¹² (minimum), 70% (target) and 91% (maximum) of the fixed remuneration for the Chief Executive Officer. It differs according to the role held for Managers with Strategic Responsibilities up to a maximum of 34% (minimum), 40% (target) and 52% (maximum) of fixed remuneration.

¹¹ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's LTI 2020-2022 long-term equity incentive plan (2020-2022 cycle).

¹² The minimum figure remains the same as last year, amounting to 59.5% of the CEO's fixed remuneration. This value has been approximated to unity (by default for figures from zero to four and by excess for figures from five to nine).

FIGURE 8 - AMI 2023 OBJECTIVES FOR THE CHIEF EXECUTIVE OFFICER

Objective	Description	Weight	Scenarios	Performance	Score	
Business Objectives	Adjusted EBITDA ^(*)	30%	Minimum	Budget Target -2%	70	
			Target	Budget Target +1%	100	
			Maximum	Budget Target +2%	130	
	Investments Gas Infrastructure/1 Spending: Regulated Gas Infrastructure	Value of the technical investments of the gas infrastructure (transport, storage, regasification). Measured to "centre" the budget value.	10%	Minimum	Budget Target +/-7%	70
				Target	Budget Target +/-5%	100
				Maximum	Budget Target +/-3%	130
	Investments Gas Infrastructure/2 Milestones main projects	These are the main investment projects relating to both transportation activities and storage.	5%	Minimum	2 out of 4 milestones reached	70
				Target	3 out of 4 milestones reached	100
				Maximum	4 out of 4 milestones reached	130
	Energy security projects	Strengthening the regasification capacity: Projects related to the security of gas supplies in Italy (FSRU Piombino and FSRU Ravenna).	20%	Minimum	Measured target compared to predefined levels of minimum performance target and maximum	70
Target				100		
Maximum				130		
Non regulated Business - Achieving Milestones	These are the main projects related to Biomethane and Energy efficiency.	15%	A scorecard weights the degree of achievement on each project in the "Non Regulated Business" area against pre-defined levels of minimum, target and maximum performance.			
Sustainability Objectives	Sustainability/1 IpFG ^(**)	10%	Minimum	0.8	70	
			Target	0.55	100	
			Maximum	0.4	130	
	Sustainability/2 Sustainable Finance ^(*) - Committed funding (€/mln) ^(***)	Increase (in mln €) in sustainable financing.	5%	Minimum	1,800	70
				Target	2,150	100
				Maximum	2,500	130
	Sustainability/3 ESG criteria in supply chain scoring model ^(*)	Percentage of the procured awarded through tenders with ESG criteria within the scoring model.	5%	Minimum	25%	70
Target				30%	100	
Maximum				40%	130	

^(*) - For performance levels below the minimum, the score is zero.

- For intermediate performance levels between the minimum and the target and between the target and the maximum, the score is calculated by linear interpolation.

- For performance levels above the maximum, the score is always 130.

^(**) The scope of analysis will include, if any, companies acquired after 6 months of their acquisition.

^(***) Represented by sustainable finance instruments, including short-, medium- and long-term instruments issued between January and December 2023 and instruments existing at the end of 2022 converted to ESG format during 2023.

The table shows the overall scoring levels and related payouts of the AMI 2023 for the CEO:

FIGURE 9 - INCENTIVE CURVE AMI 2023

Scenarios	Total Score	Payout (% vs. target)
Threshold	85	85%
Target	100	100%
Maximum	130	130%

The 2023 corporate objectives approved by the Board of Directors on 15 March 2023 and attributed directly to the Chief Executive Officer focus on the Company's economic, financial and operating performance, on gas infrastructure investments, energy security projects, the development of new business and on sustainability topics.

The final value calculated on the corporate objectives will arise from the sum of the results of the individual objectives, weighted accordingly. The result of each objective corresponds to a score calculated by linear interpolation between a minimum of 70, a target of 100 and a maximum of 130, with a minimum (threshold) level on the overall result of 85.

For Managers with Strategic Responsibilities, the variable annual incentive is determined in part (25%) from the company results on the objectives assigned to the Chief Executive Officer by the Board of Directors and, for the remainder (75%), from individual objectives focused on economic/financial, operational and industrial performance, internal efficiency, and issues relating to the managerial expertise model assigned in relation to the scope of responsibilities of the role held, in coherence with the provisions in the Company's performance plan.

Only in exceptional cases it is possible to pay entry bonuses to Managers with Strategic Responsibilities during the recruitment phase, in order to encourage the acquisition of resources with high managerial seniority and/or possessing specific skills considered critical for the business and essential for the achievement of the Group's strategic objectives. Snam also has the right to recognize, during the hiring process, length of service at other companies in the case of proven leadership roles with high seniority.

Long-term variable incentives¹³

In 2022-2023, a new long-term share-based incentive plan for the next three years was defined and submitted for approval to the Shareholders' Meeting of 04 May 2023. The new share plan, in continuity with the previous three-year plan, envisages three annual grants of shares (the so-called rolling plan), each of which corresponds to a three-year performance reference period (2023-2025, 2024-2026, 2025-2027); for each award, any payment is expected after three years (vesting period) to an extent linked to the results achieved and will have a minimum value of 106%, a target value of 158% and a maximum value of 210% of the fixed remuneration, for the Chief Executive Officer.

For Managers with Strategic Responsibilities, any incentive paid will have an average value of 50% as a minimum level, 75% as a target and 100% as a maximum level of fixed remuneration.

The achievement of performance conditions at minimum, target and maximum level respectively entails the accrual of 67%, 100% and 133% of the shares attributed; below minimum level, the percentage will always be zero.

At the end of the vesting period, an additional number of shares will be assigned, defined as "dividend equivalent", calculated as the equivalent value of dividends not used with respect to the number of shares effectively accrued. The plan also provides for a two-year lock-up on 20% of the shares assigned, gross of those necessary to fulfil tax requirements.

¹³ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's LTI 2020-2022 long-term equity incentive plan (2020-2022 cycle).

The performance conditions applicable for the first cycle of attribution of the Plan¹⁴ are connected to the following parameters:

FIGURE 10 - DETAILS 2023-2025 LTI OBJECTIVES

	Objective ^(*)	Description	Weight	Scenarios	Performance (absolute values)	Performance (% vs. target)	Payout (% of rights accrued)
Business Objectives	Adjusted net profit	Calculated as the sum of Adjusted net profit for 2023, 2024 and 2025.	40%	Minimum	Euro 3,271 million	99%	27%
				Target	Euro 3,304 million	100%	40%
				Maximum	Euro 3,386 million	102%	53%
	Value Added	Reflects the value generation of the regulated business calculated as the change in RAB in the period 2023-2025, plus dividends distributed, treasury shares repurchased and reduced by the change in net debt ^(**) .	20%	Minimum	Euro 3,132 million	98%	13%
				Target	Euro 3,198 million	100%	20%
				Maximum	Euro 3,297 million	103%	27%
	Energy Transition Readiness/1 Km H2 ready	Third-party certification on "H2 Ready" status of a portion of the km.	10%	Minimum	2,000 Km	83%	7%
				Target	2,400 Km	100%	10%
				Maximum	2,800 Km	117%	13%
	Energy Transition Readiness/2 MW installed biomethane	Development base MW installed in the Biomethane business.	5%	Minimum	60 MW	75%	3%
Target				80 MW	100%	5%	
Maximum				100 MW	125%	7%	
Energy Transition Readiness/3 Projects and market design CCS and H2	Development of decarbonization projects and definition of the H2 and CCS business model and market design.	5%	Minimum	1 out of 6 milestone reached	33%	3%	
			Target	3 out of 6 milestones reached	100%	5%	
			Maximum	4 out of 6 milestones reached	133%	7%	
Sustainability Objectives	Sustainability/1 Reducing natural gas emissions	Reduction of natural gas emissions in 2025 compared to 2015 values (bln/Smc) ^(***) .	10%	Minimum	-55.2%	98%	7%
				Target	-56.4%	100%	10%
				Maximum	-57.7%	102%	13%
	Sustainability/2 Gender Diversity in Management	Equal representation in terms of gender diversity in the management team of Snam ^(****) .	10%	Minimum	25.5%	96%	7%
				Target	26.5%	100%	10%
				Maximum	28%	106%	13%

^(*) The objective achievement level is calculated according to a linear interpolation criterion between minimum, target and maximum values.

^(**) The change in net debt is calculated excluding changes to working capital connected with regulatory dynamics and considering changes to commercial working capital.

^(***) Higher than recommended by the Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared by the United Nations Environment Program (UNEP).

As a result of this, the targets of this objective were aligned with as envisaged in the Company's aforementioned emissions reduction plan. In the event of changes and/or variations of the Company's emission reduction plan, the targets of the emission reduction objective of the LTI Plan Cycles will be adjusted and re-measured, depending on the achievement of the final target under the UNEP Framework.

^(****) The Perimeter used is equal to the 2022-2024 cycle of the LTI 2020-2022 Plan: SNAM S.P.A., RETE GAS, 4MOBILITY, GAS & ENERGY SERVICES, INTERNATIONAL B.V., GNL ITALIA, STOGIT, CUBOGAS, ENURA, GASRULE, IES BIOGAS SRL, RENERWASTE LODI, RENERWASTE, TEP, TE.

¹⁴ The first section of the Report of each year will offer a full disclosure on any changes for subsequent attributions provided for by the Plan.

Severance indemnity and benefits and non-competition agreements

In accordance with the reference markets, severance indemnity is provided for the Chief Executive Officer for the termination of the directorship and managerial position.

Upon the simultaneous termination of both relationships, in connection with the non-renewal of the mandate upon its expiry or with the early termination of the mandate, in line with the market benchmarks and with the voting guidelines of the proxy advisors, there is a CAP to the severance calculated as two years of the fixed annual remuneration integrated by the average of the Annual Monetary Incentive paid in the last three years, including any indemnity for failure to give notice and except for as resulting from the application of the provisions of the National Contract for Managers of companies producing goods and services. The indemnity is not payable if the employment contracts are terminated for just cause or due to dismissal with notice on subjective grounds involving the notion of justifiability as defined by the collective agreement or in the event of a resignation. No provision is made for assigning or retaining non-monetary benefits for a period after termination of the relationship.

For Managers with Strategic Responsibilities, severance pay established by the reference national collective bargaining agreement shall be due.

The effects of possible termination of the contract of employment on the rights allocated under existing long-term incentive plans are described below:

- in the event of mutually agreed termination of the beneficiary's employment relationship, or loss of control by Snam S.p.A. in the company of which the Beneficiary is an employee, or sale to a company that is not a subsidiary of the parent company (or business unit) of which the Beneficiary is an employee, occurring during the vesting

period, the incentive shall be awarded to those entitled to it at the end of the vesting period and in relation to the period between the award and the occurrence of the aforementioned events;

- in the event of the death or total and permanent disability of the Beneficiary occurring during the vesting period, the incentive shall be paid to the entitled parties in the fixed amount of 133% of the allocated incentive, corresponding to the maximum level of the assignable incentive;
- in the event of unilateral termination of employment, either by the company or by the Beneficiary, occurring during the vesting period, the incentive will not be assigned.

With the figures to which the Policy refers, Snam has the right to set collaboration and/or consulting agreements upon termination of the professional/employment relationship, where this meets the need to continue to use, in the interest of the company, for a limited period of time after the termination of the relationship, the skills and contributions of the director and/or Manager with Strategic Responsibilities and for the performance of specific, predetermined activities (for a fee based on the purpose and scope of the activity requested).

There are no non-competition agreements in place for the Chief Executive Officer and current Managers with Strategic Responsibilities.

In light of the growing risk in terms of retention, due to entry into highly competitive and specific business segments, the company reserves the right to evaluate on a case-by-case basis the opportunity to activate non-competition agreements with managers operating in those segments. The consideration for the covenant shall be determined according to the temporal and territorial extension, as well as the object of the covenant, also taking into account the provisions of the applicable regulations and the remuneration of the beneficiary at the time of termination of contract.

Benefits

Benefits are defined in line with pay practices in the reference market and are consistent with current regulations, in order to complete and enhance the overall remuneration package, taking into account the roles and/or responsibilities assigned.

Therefore, in line with the provisions of national bargaining and supplementary company agreements for Snam managers, the Chief Executive Officer and Managers with Strategic Responsibilities are enrolled in the Supplementary Pension Fund (FOPDIRE or PREVINDAI)¹⁵, the Supplementary Health Care Fund (FISDE)¹⁶ and forms of insurance coverage against the risk of death and disability, as well as the allocation of a car for mixed use.

For the CEO, there is the possibility of using a property leased for guest use by the company in accordance with the company regulations in force.

Senior Vice President Internal Audit

For the Senior Vice President Internal Audit, the Board of Directors, on the opinion of the Control, Risk and Related Parties Transactions Committee, after consulting the Board of Statutory Auditors and after verification by the Appointments and Compensation Committee, has provided for: a performance evaluation form with exclusively measurable functional objectives, excluding objectives of an economic-financial nature; the determination of the annual monetary incentive exclusively on the basis of the results relating to this form; the assignment of minimum/target/maximum performance levels and the evaluation of the results achieved carried out by the Control, Risk and Related Parties Transactions Committee; the homogeneity of the other forms of incentive and benefits recognised, with respect to the entire management team.

Derogations

Please note that in accordance with paragraph 3-bis of article 123-ter of the TUF, the Board of Directors of Snam, upon proposal of the Appointments and Compensation Committee, subject to the favourable opinion of the Risk, Control and Related-Party Transactions Committee and having consulted the Board of Statutory Auditors, may temporarily depart from the contents of the Remuneration Policy illustrated in this Report, if exceptional

circumstances arise, meaning situations that fall within the general cases referred to in article 123-ter of the TUF, i.e. where the departure from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the company as a whole, or to ensure its ability to stay on the market.

In particular, exceptional circumstances include, by way of example, the following:

- the occurrence of discontinuities in the organization of the business, whether linked to extraordinary transactions, such as mergers and disposals, including of companies/branches of companies, or linked to significant changes in the composition of top management;
- the occurrence of exogenous changes of a socio-economic nature or the occurrence of extraordinary and unforeseeable events (e.g. pandemics, conflicts, etc.) that affect the context of the reference markets, at a global and/or individual country level, and generate a significant impact on the Group's results.

In these contexts, the process, in which the Board of Directors is the body entrusted with the approval of the eventual exception, makes it necessary for all the persons concerned to abstain from participating in the Board's discussions and resolutions relating to their own remuneration.

The elements of Snam's 2023 remuneration policy from which, in the presence of exceptional circumstances, it is possible to make exceptions, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, are as follows:

- fixed remuneration;
- short-term variable component (AMI), with regard to the criteria for measuring performance objectives, the relative weights, the level of achievement of the objectives, the provision of any deferral mechanisms, and ex post correction mechanisms (claw-back);
- long-term variable component (LTI), with regard to the criteria for measuring performance objectives, the relative weights, the level of achievement of the objectives, the redefinition of the lock-up period, and the ex-post correction mechanisms (claw-back);
- benefits, with regard to the provision of additional non-monetary benefits and insurance, social security and pension coverage.

¹⁵ Contractual pension fund with defined contributions and individual capitalization, www.fopdire.it.

¹⁶ Fund providing reimbursement of healthcare costs for serving and retired executives and their families, www.fisde-eni.it. There is also an additional health insurance (Generali/Previgen), supplementary to the FISDE.

Claw-back mechanisms

In 2014, a claw-back clause was introduced applicable to the variable incentive systems, through which Snam, by the legal deadline (ten years) will be able to take back possession of all or part of the amounts disbursed if it is ascertained that these amounts have been determined on the basis of objectives that were achieved through wilful or grossly negligent conduct or, in any case, in breach of the reference standards, or achieved on the basis of data that was later found to be clearly incorrect.

In 2015, the Compensation Committee prepared a document that explains the process and responsibilities connected with the activation of this clause. This process envisages the clause activation procedure to be launched upon the identification of errors/imprecisions and/or the non-existence of data/acts/events, also in connection with reports resulting from the audit activities. For findings relating to:

- individual performance cards the clause will be activated by the CEO, informed by the EVP HRO, who will also inform the Appointments and Compensation Committee;
- the objectives of the corporate card or long-term incentive plans, the clause will be activated by the Board of Directors on the basis of the recommendation made by the Appointments and Compensation Committee.

The document describing this process is delivered to assignees of the incentive plan at future attributions or promises of incentive.

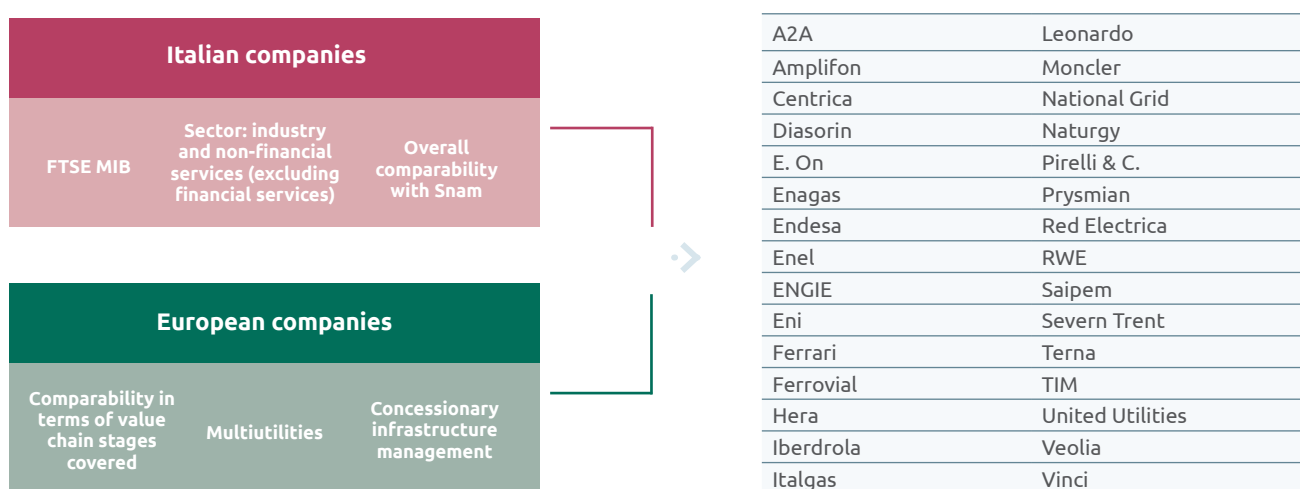
Market references and pay mix

In December 2022, the Appointments and Compensation Committee commissioned the company Mercer to define a panel of companies to be used for benchmarking the remuneration of the CEO and General Manager, Managers with Strategic Responsibilities, the Chairwoman and non-executive members of the Board of Directors, the members of the Board of Statutory Auditors and the Senior Vice President Internal Audit.

Chief Executive Officer and General Manager, Managers with Strategic Responsibilities

For the remuneration benchmarking of the CEO and General Manager, a peer group of 30 companies was identified, equally balanced between Italian and European companies, selected in light of criteria that take into account comparability with Snam in terms of business. Compared to the selected panel, the remuneration positioning of Snam's CEO and General Manager, in terms of total direct compensation¹⁷, is between first quartile and median.

FIGURE 11 - CRITERIA AND PANEL SELECTED FOR CEO PAY BENCHMARKING



The panels for Managers with Strategic Responsibilities were defined in line with the parameters used to select the panel for the Chief Executive Officer and General Manager. Italian and European companies from the Mercer MERG Western Europe survey and Mercer Databases were selected.

¹⁷ Equal to fixed remuneration and considering the valorization of short-term and long-term incentives under the assumption of target results.

Board of Directors, Board of Statutory Auditors and Senior Vice President Internal Audit

The panels for the Chairwoman and the non-executive members of the Board of Directors, the members of the Board of Statutory Auditors and the Senior Vice President Internal Audit were defined consistently with the parameters used to select the panel for the CEO and General Manager.

Specifically, for pay benchmarking purposes, starting with the CEO panel:

- companies belonging to the FTSE MIB index with a Non-Executive Chair were selected for the Chair of the Board;
- for non-executive directors and members of the Board of Statutory Auditors, the companies belonging to the FTSE MIB index that, according to the governance model adopted, provide for such figures were selected;
- a panel of Italian companies in the Mercer MERG Western Europe survey and Mercer Databases was identified for the role of Senior Vice President Internal Audit.

Below are the relative market positions with respect to the reference panels:

FIGURE 12 - 2022 POSITIONING (IN TERMS OF TOTAL DIRECT COMPENSATION)	
Chief Executive Officer and General Manager	Between first quartile and median
Board of Directors	
Chairwoman	Between first quartile and median
Non-executive Directors	Between median and third quartile
Board of Statutory Auditors	
Chairman	Between median and third quartile
Auditors	Median
Managers with Strategic Responsibilities	Between first quartile and median
Senior Vice President Internal Audit	Between median and third quartile

Pay mix 2023

The aforementioned analyses of remuneration positioning have shown that Snam has adopted a remuneration mix characterized by a predominance of the variable component for all roles with a greater incidence on company results. The pay mix graphs shown below are calculated considering the valuation of short- and long-term incentives in the hypothesis of results at minimum (understood as not reaching the minimum value foreseen by all short- and long-term variable incentive plans), at target, and at maximum.

FIGURE 13: PAY MIX CEO

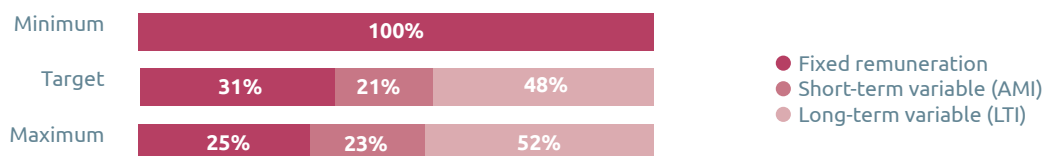
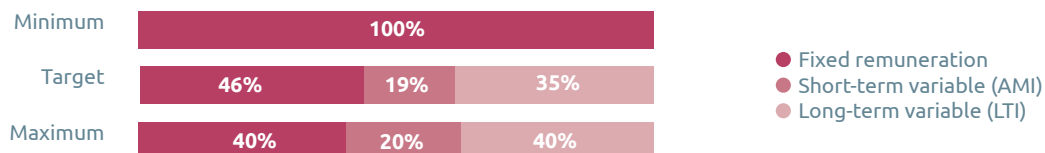


FIGURE 14: PAY MIX MANAGERS WITH STRATEGIC RESPONSIBILITIES



A large yellow excavator is positioned behind a wall of hay bales. In the foreground, two construction workers wearing hard hats and safety vests are walking across a dirt area. The background shows a clear blue sky, power lines, and some trees.

SECTION II FEES PAID IN FY 2022

36 SECTION II FEES PAID IN FY 2022

38	IMPLEMENTATION OF THE 2022 REMUNERATION POLICIES	42	Information comparing the remuneration of the Board of Directors, the Group's results and the average remuneration of Snam employees
38	Fixed remuneration and remuneration for participation in Board Committees	44	FEES PAID IN FY 2022
39	Variable incentives	44	Table 1 – Fees paid to Directors, Auditors and Managers with Strategic Responsibilities
39	Short-term variable incentives	48	Table 2 - Stock options assigned to Directors and Managers with Strategic Responsibilities
40	Long-term share-based incentive plan	48	Table 3a - Incentive plans based on financial instruments, other than stock options, in favour of Directors and Managers with Strategic Responsibilities
40	LTI 2020-2022	50	Table 3b - Monetary incentive plans for Directors and Managers with Strategic Responsibilities
41	Benefit	51	EQUITY INVESTMENTS HELD
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IMPLEMENTATION OF THE 2022 REMUNERATION POLICIES

Below is a description of the implementation for the year 2022 of the Remuneration Policies in favour of the Chairwoman of the Board of Directors, Non-executive Directors, Chief Executive Officer, Board of Statutory Auditors and Managers with Strategic Responsibilities.

Implementation of the 2022 Remuneration Policy, as verified by the Appointments and Compensation Committee during the periodic assessment as required by the Corporate Governance Code, remained in line with the general principles referred to in the resolutions passed by the Board of Directors. On the basis of the Committee's assessment, the 2022 Policy was essentially in line with the known market benchmarks.

The following pages also show the 2022 performance results accrued against the targets assigned by the Snam Board of Directors, which will determine, or contribute to determining, the incentives that will be paid in 2023. The amounts related to the incentive schemes, and reported in the first part of Section II and in the Consob Tables, are therefore considered to be represented on an accrual basis.

In implementing the 2022 Remuneration Policy, the Appointments and Compensation Committee took into account the vote and assessments made at the Shareholders' Meeting held on 27 April 2022 on Section II of the Policy on Remuneration and remuneration paid, valid for FY 2022, which received favourable votes equal to 98% of the total shares.

In accordance with the provisions of article 123-ter, paragraph 8-bis of the Consolidated Finance Act, the independent auditors appointed to perform the legal audit of the financial statements (Deloitte & Touche S.p.A.) have correctly verified the preparation of Section II of this Report by formally checking the publication of the information contained therein.

Fixed remuneration and remuneration for participation in Board Committees

Mandate 2022-2024

In 2022, Non-executive Directors were disbursed, pro quota, the fixed remuneration resolved by the Shareholders' Meeting in the meeting of 27 April 2022, equal to a gross annual figure of Euro 70,000. As resolved by the Board of Directors on 30 June 2022, the additional remuneration due for participating in Board Committees, details of which are given in Table 1 under "Remuneration for participation in Committees", have also been disbursed.

As regards the Chair, the remuneration has been disbursed as resolved by the Board of Directors in the meeting held on 30 June 2022 for a gross amount of Euro 310,000, including the annual fixed remuneration for the Directors established by the Shareholders' Meeting of 27 April 2022.

Fixed remuneration approved by the Board of Directors during the meeting of 30 June 2022 for the powers and duties assigned was paid to the Chief Executive Officer, which includes remuneration as a Director approved by the Shareholders' Meeting.

Mandate 2019-2021

In 2022, Non-executive Directors were disbursed, pro quota, the fixed remuneration resolved by the Shareholders' Meeting in the meeting of 02 April 2019, equal to a gross annual figure of Euro 70,000. As resolved by the Board of Directors on 20 November 2019, the additional remuneration due for participating in Board Committees, details of which are given in Table 1 under "Remuneration for participation in Committees", have also been disbursed.

As regards the Chair, the remuneration has been disbursed as resolved by the Board of Directors in the meeting held on 13 November 2019 for a gross amount of Euro 310,000, including the annual fixed remuneration for the Directors established by the Shareholders' Meeting of 02 April 2019.

Fixed remuneration approved by the Board of Directors during the meeting of 13 November 2019 for the powers and duties assigned was paid to the Chief Executive Officer, which includes remuneration as a Director approved by the Shareholders' Meeting.

With regards to Managers with Strategic Responsibilities as part of the annual salary review process provided for all managers, selective adjustments were made in 2022

to the fixed remuneration, where it was the case to adjust remuneration levels in line with reported market references. For 2022, the amount at the aggregate level corresponding to the Gross Annual Salary of Managers with Strategic Responsibilities was Euro 803,192.

The amounts relating to fixed remuneration are specified under the relevant items in Table 1.

Any indemnities with regard to salaries provided for by the relevant national collective bargaining agreements and supplementary company agreements are set out in the notes to this table.

Variable incentive¹⁸

Short-term variable incentives

The short-term variable incentive will be paid, with regard to the Chief Executive Officer, based on the company's performance in 2022, in relation to the achievement of the defined objectives.

The table below shows, for each performance objective assigned to the Chief Executive Officer, the point values for each level of performance and the related final data, together with the score achieved.

FIGURE 15 - ACHIEVEMENT OF 2022 AMI OBJECTIVES

AMI 2022 CEO/GM Target Sheet		Minimum value	Target value	Maximum value	Actual value	Minimum score	Target score	Maximum score	Score achieved
Adjusted EBITDA (€ million)		2,044	2,106	2,127	2,237.5	21	30	39	39
Investments	Investments 1 - Spending on core business investments (€ million)	-7.5%=1,143 +7.5%=1,328	-5%=1,174 +5%=1,298	-4%=1,186 +4%=1,285	1,243	7	10	13	13
	Investments 2 - Achievement of milestones of the main investment projects (activities performed)	2 out of 4	3 out of 4	4 out of 4	4 out of 4	4	5	7	7
Strategic projects	Strategic projects 1 - SGR recertification (unbundling). Target measured based on milestones	1	2	3	2	4	5	7	5
	Strategic projects 2 - Anti-crisis measures and storage development initiatives. Target measured against milestones of the main projects (activities performed)	1	2	3	3	11	15	20	20
New business	New business 1 - Biomethane: MWeq Biomethane from development (MWeq)	10 MWeq	20 MWeq	30 MWeq	39 MWeq	4	5	7	7
	New business 2 - Energy efficiency: "Backlog" of contracts with PA entities (€ Million)	180	205	225	450.2	4	5	7	7
	New business 3 - Snam4Mobility: New Public and Private H2 Stations contracted in the year 2022	1	2	3	2	4	5	7	5
Sustainability	Sustainability 1 - IpFG (weighted accident frequency and severity index)	0.90	0.70	0.50	0.60	7	10	13	12
	Sustainability 2 - Indexes Confirmation of the inclusion and maintenance of Snam at levels of excellence in the DJSI, Ftse4Good, CDP Climate Change and Sustainalytics sustainability indexes	A	B	C	C	4	5	7	7
	Sustainability 3 - Sustainable Finance – Committed Funding Increase (€ Million) in sustainable financing	1,250	1,875	2,500	2,805	4	5	7	7
Total weighted score						70	100	130	126

¹⁸ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's LTI 2020-2022 long-term equity incentive plan (2020-2022 cycle).

The results achieved by Snam in 2023, approved by the Board of Directors on the proposal of the Appointments and Compensation Committee at its meeting of 15 March 2023, led to an overall performance score of 126 on the measurement scale used, which provides for a minimum, target and maximum level of 70, 100 and 130 points respectively.

The score achieved led to the recognition of an incentive for the Chief Executive Officer of Euro 790,760, which will be paid during 2023 and which corresponds to 88% of the annual fixed remuneration, taking into account the incentive levels assigned: minimum (60%), target (70%) and maximum (91%).

For Managers with Strategic Responsibilities, the variable incentive to be paid was calculated as the weighted sum of 25% of the score linked to Snam's business performance and 75% of the score achieved on individual targets (on economic/financial, operating and industrial performance, internal efficiency and sustainability topics), assigned in connection with the scope of responsibilities of the role held.

The score achieved by the Managers with Strategic Responsibilities determined a total incentive equal to Euro 289,000 and an average incidence, compared to fixed remuneration, of 49%¹⁹.

2020-20 Long-Term Share-Based Incentive Plan²⁰

LTI 2020-2022

The Board of Directors of 15 March 2023, upon proposal of the Appointments and Compensation Committee, resolved the final accounting of the incentive connected to the first cycle of the 2020-2022 LTI, which will in any case reach maturity only at the end of the vesting period, and therefore starting from 1 July 2023 in the manner described in the Information Document and in the Plan Regulation. In the amount of 285,901 shares in favour of the Chief Executive Officer in office until 27.04.2022, determined pro-rata on the basis of the percentage of achievement of the objectives for the three-year period, equal to 130%, corresponding to 130% of the annual fixed remuneration²¹, taking into account the minimum (106%), target (158%) and maximum (210%) incentive levels assigned.

For Managers with Strategic Responsibilities, a number of shares amounting to 208,397 were determined, the economic equivalent value of which represents an average incidence on fixed remuneration of 90%.

The following table shows, for each objective of the three-year period: the point values defined for the different performance levels, the actual value and the accrued multiplier:

FIGURE 16 - ACHIEVEMENT OF 2020-2022 LTI OBJECTIVES

LTI 2020-2022 Target Sheet	Minimum value	Target value	Maximum value	Actual value	Score achieved
Value Added 2022 compared to 2019 (€ Million)	1,640	1,675	1,726	1,957	40
Cumulative Adjusted net profit over 3 years (2020-2022) (€ Million)	3,379	3,413	3,498	3,543	67
Emissions (2022 reduction compared to 2016 values) (€ Bn/Smc) ^(*)	-22.0%	-26.1%	-28.0%	-44.5%	13
Diversity (% in 2022 of women in managerial and executive roles out of total executives and middle managers)	21.0%	23.0%	25.0%	23.1%	10
				Total score achieved	130

^(*) In 2021, Snam's CEO and Management Team voluntarily decided to adjust their emissions reduction target to the most challenging objectives of the UNEP Framework, starting from the 2020-2022 cycle. Therefore, according to the new methodology, which considers the baseline at the end of 2015, the performance levels to which the accrual of the bonus is linked are as follows: minimum -26%; targets -27%; maximum -29%. The final value of the emissions reduction target in 2022 (-45%), made possible by the numerous additional actions implemented after joining the UNEP framework, is in any case higher than the new performance levels.

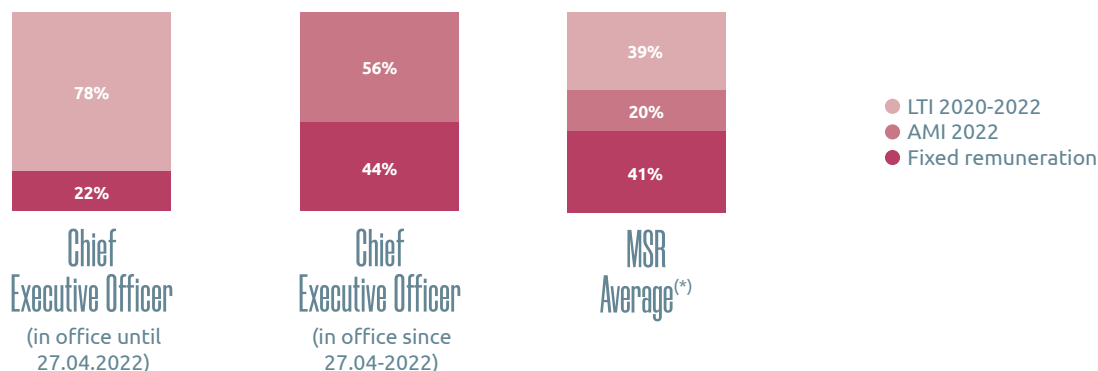
¹⁹ Remuneration was represented by reference to the Managers with Strategic Responsibilities of Snam (2) at 31/12/2022.

²⁰ Data is rounded to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for the purposes of representative convention only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's LTI 2020-2022 long-term equity incentive plan (2020-2022 cycle).

²¹ The equivalent value was calculated using the Snam share price for the purposes of determining the instruments allocated, for the 2020-2022 cycle, equal to Euro 4.408059. The estimate does not, therefore, consider the appreciation of the Snam share during the vesting period of the Plan. It is recalled that the plan also provides for a two-year lock-up on 20% of the shares assigned, gross of those necessary to fulfil tax requirements.

The following table shows the proportion between fixed and variable remuneration within the total remuneration paid to the beneficiaries of incentive schemes:

FIGURE 17 - PROPORTION BETWEEN FIXED AND VARIABLE REMUNERATION WITH REFERENCE TO CEO AND MSR



(*) The pay mix disbursed in 2022 was represented with reference to the Managers with Strategic Responsibilities of Snam (2) at 31.12.2022.

Benefits

Table 1 shows the value of the benefits recognized in 2022, according to a taxable criterion; in particular, these values refer to the following benefits: i) annual contribution to the FOPDIRE/PREVINDAI supplementary pension fund, ii) annual contribution to the FISDE/PREVIGEN supplementary health care fund, iii) allocation of a car for mixed use (net of the contribution payable by the assignee).

Derogations

There were no exceptional circumstances during 2022 such that the Board of Directors exercised its authority to waive the contents of the 2022 Policy.

Malus and claw-back

During 2022, Snam did not make use of Malus and claw-back mechanisms.

Severance indemnity and benefits

With reference to the Chief Executive Officer and General Manager in office until 27 April 2022, Dott. Marco Alverà, in the context of the non-renewal of his term of office as

director and the consequent termination of his executive employment, a termination indemnity was granted in accordance with the provisions approved by the Board of Directors on 6 November 2017 and described in the Remuneration Policy contained in the Report on remuneration policy and remuneration paid published by the Company, most recently approved - pursuant to Article 123-ter TUF - by the Shareholders' Meeting of Snam on 27 April 2022.

The indemnity paid is equal to two years of the total fixed annual remuneration in place at the time of termination of office integrated by the average of the Annual Monetary Incentive paid in the last three years (equal to Euro 3,430,692.32). Added to this amount is the amount recognised as indemnity in lieu of notice as well as the amount due for other termination benefits pursuant to Article 23 of the national collective labour agreement for executives of companies producing goods and services (equal to Euro 2,134,022.51).

During 2022 severance indemnities were also paid to Managers with Strategic Responsibilities, the value of which is shown in Table 1, in accordance with the provisions of the CCNL and the approved remuneration policy. This amount is lower than the market practice for severance.

Information comparing the remuneration of the Board of Directors, the Group's results and the average remuneration of Snam employees

The tables and graphs below show, over a period of four years (2019, 2020, 2021, 2022):

- a comparison of the total remuneration of the members of the Board of Directors²² who have held office during 2022, even for a portion of the year;
- the company's economic performance, measured in terms of Adjusted net profit;
- the average remuneration of Snam's employees.

The Group availed itself of the transitional regime introduced by the new Issuers' Regulation on first-time application. After 4 financial years from the entry into force of the forecast, the required information on the entire five-year period will be provided²³.

FIGURE 18 - BOARD OF DIRECTORS COMPENSATION 2019-2020-2021-2022

Directors (€)	Period in office	2022	Δ 2022 compared to 2021	2021	Δ 2021 compared to 2020	2020	Δ 2020 compared to 2019	2019
Monica de Virgiliis ⁽¹⁾	From 27.04.2022	310,000	-	-	-	-	-	105,000
Nicola Bedin ⁽²⁾	Until 27.04.2022	310,000	0%	310,000	0%	310,000	0%	-
Stefano Venier ⁽³⁾	From 27.04.2022	1,690,760	-	-	-	-	-	-
Marco Alverà ⁽⁴⁾	Until 27.04.2022	2,239,684	-38%	3,636,055	-7%	3,897,266	12%	3,476,022
Massimo Bergami ⁽⁵⁾	From 27.04.2022	85,000	-	-	-	-	-	-
Laura Cavatorta ⁽⁵⁾	-	119,000	3%	115,000	0%	115,000	0%	115,000
Francesco Gori ⁽⁵⁾	Until 27.04.2022	105,000	0%	105,000	0%	105,000	0%	105,000
Augusta Iannini ⁽⁵⁾	From 27.04.2022	65,000	-	-	-	-	-	-
Piero Manzoni ⁽⁵⁾	From 27.04.2022	72,000	-	-	-	-	-	-
Antonio Marano ⁽⁵⁾	Until 27.04.2022	120,000	0%	120,000	0%	120,000	0%	120,000
Francesca Pace ⁽⁵⁾	Until 27.04.2022	120,000	0%	120,000	0%	120,000	0%	120,000
Rita Rolli ⁽⁵⁾	-	114,000	4%	110,000	0%	110,000	0%	110,000
Quinjing Shen ⁽⁵⁾	From 17.02.2022	78,000	-	-	-	-	-	-
Alessandro Tonetti ⁽⁵⁾	-	96,000	-13%	110,000	0%	110,000	0%	110,000
He Yunpeng ⁽⁵⁾	Until 17.02.2022	90,000	0%	90,000	0%	90,000	0%	90,000

⁽¹⁾ The amount indicated in 2019 represents the annualization of the amount paid, for the office of Director (2016-2018 term of office), for the period from 1 January to 2 April 2019, not followed by the renewal of the office (there is therefore no remuneration for the years 2020 and 2021). The amount indicated in 2022 represents the annualization of the amount paid to the Chairwoman of the Board of Directors for the period from 27 April to 31 December 2022 (Euro 211,479).

⁽²⁾ The amount indicated in 2020 represents the annualization of the amount paid to the Chair of the Board of Directors for the period from 18 June to 31 December 2020 (Euro 167,000). The amount indicated in 2022 represents the annualization of the amount paid to the Chair of the Board of Directors for the period from 1 June to 27 April 2022 (Euro 99,370).

⁽³⁾ With reference to the fixed remuneration for 2022, the amount indicated represents the annualization of the amount paid for the period from 27 April to 31 December 2022. With reference to short-term variable remuneration, the Annual Monetary Incentive (AMI) for each year has been indicated, in accordance with the new provisions of the Issuers' Regulations.

⁽⁴⁾ The remuneration reported for the CEO, Marco Alverà, with reference to the year 2020, does not take into account the waiver by the CEO of part of the fixed remuneration (equal to Euro 125,000), in consideration of the COVID-19 emergency as part of the "We shape the future" initiative. With reference to the fixed remuneration for 2022, the amount indicated represents the annualization of the amount paid for the period from 1 January to 27 April 2022. With reference to short-term variable remuneration, the Annual Monetary Incentive (AMI) for each year has been indicated, in accordance with the new provisions of the Issuers' Regulations. With reference to long-term variable remuneration, the incentives actually realised were considered for the purposes of representation. Specifically, for the year 2022 the economic countervalue of the first cycle of the LTI 2020-2022 equity incentive plan (performance 2020-2022) was considered, for the year 2021 the economic countervalue of the third cycle of the LTI 2017-2019 equity incentive plan (performance 2019-2021), while for the year 2020 the second cycle of the LTI 2017-2019 equity incentive plan (performance 2018-2020) and for the year 2019 the first cycle of the LTI 2017-2019 was considered. These values were allocated on the basis of the finalization of the objectives of each cycle, not considering the appreciation of the Snam share during the vesting periods, but rather the fair value of each plan (equal to Euro 3.8548 for the LTI 2017-2019, Euro 3.5463 for the LTI 2018-2020, Euro 4.3522 for the LTI 2019-2021 and Euro 4.441 for the LTI 2020-2022, respectively). It should be noted that each cycle of the LTI 2017-2019 and 202-2022 equity incentive plan provides for a two-year lock-up on 20% of the shares granted, gross of those required to settle tax expenses.

⁽⁵⁾ Where applicable, the 2019 amount represents the annualization of the amount paid as a director for the period from 2 April to 31 December 2019 and for any remuneration for participation in the Board Committees for the period from 14 May to 31 December 2019. The 2022 amount represents the annualization of the amount paid as a director for the period from 27 April to 31 December 2022 and for any remuneration for participation in the Board Committees.

²² The remuneration of the members of the Board of Statutory Auditors did not change during the four-year period indicated.

²³ The remuneration shown in this table is shown on an accruals basis and not on a cash basis, in accordance with Annex 3A - Scheme 7bis to the Issuers' Regulations, introduced by CONSOB Resolution no. 18049 of 23 December 2011, subsequently amended by CONSOB Resolution no. 21623 of 10 December 2020.

FIGURE 19 - ADJUSTED NET PROFIT 2019-2020-2021-2022

Company performance (Million €)	2022	Δ 2022 compared to 2021	2021	Δ 2021 compared to 2020	2020	Δ 2020 compared to 2019	2019	2019
Adjusted net profit	1,163	-5%	1,218	5%	1,164	6%	1,093	-

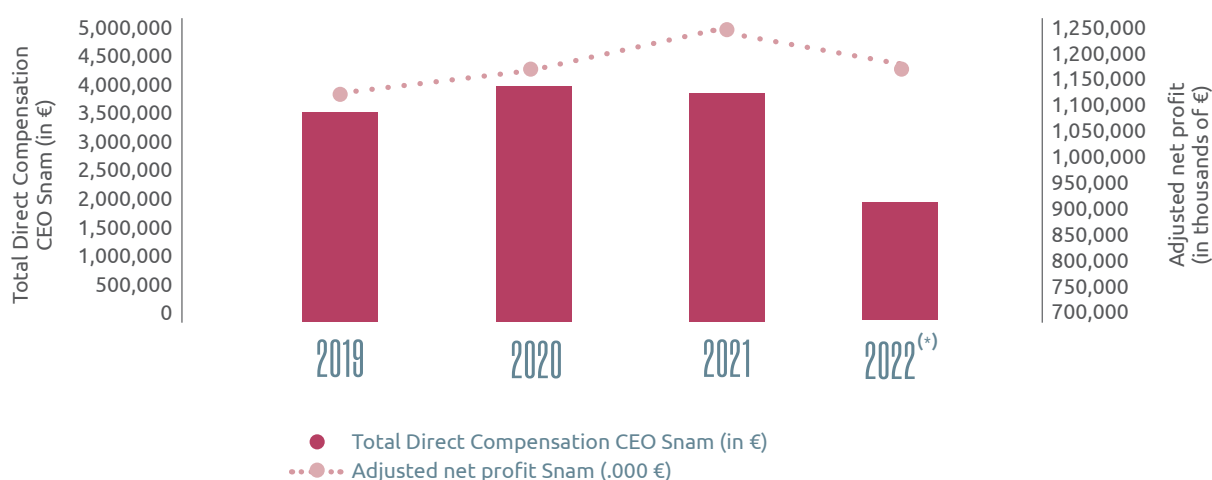
FIGURE 20 - REMUNERATION OF SNAM EMPLOYEES 2019-2020-2020-2021

Remuneration (€)	2022	Δ 2022 compared to 2021	2021	Δ 2021 compared to 2020	2020	Δ 2020 compared to 2019	2019	2019
Average employees ^(*)	54,028	2%	52,802	-3%	54,511	4%	52,166	-

^(*) The remuneration data used to calculate the average remuneration of Snam employees is based on a company perimeter that includes the following companies for 2022: Snam Spa, Snam Rete Gas, GNL Italia, Gasrule, Stogit, Snam4Mobility, TEP, IES Biogas, Cubogas, Snam International, Enura, Renerwaste Srl, Renerwaste Lodi, Renerwaste Cupello srl, Ecoprogetto Milano srl, Ecoprogetto Tortona srl, Enersi, Snam4Environment, Biowaste CH4, Iniziative Biometano, Renovit, Miecì and Evolve for a total of 3,609 FTEs. With reference to the year 2021, the remuneration data considered include the companies Snam Spa, Snam Rete Gas, GNL Italia, Gasrule, Stogit, Snam4Mobility, TEP, IES Biogas, Cubogas, Snam International, Enura, Renerwaste, Snam4Environment, Renovit, Miecì and Evolve for a total of 3,429 FTEs. With reference to the years 2020 and 2019, the remuneration data considered refer to the companies Snam Spa, Snam Rete Gas, GNL Italia, Stogit, Cubogas, Snam4Mobility, TEP, TEA Servizi, IES Biogas, Snam Gas & Energy Services, Enura, Gasrule, Snam International, Snam4Environment, Renerwaste, for a total of 3,099 FTEs for the year 2020 and 3,025 FTEs for the year 2019. The average remuneration reported for Snam employees was defined as follows:

- fixed remuneration figures for each year refer to the expected Gross Annual Salary (RAL) for each employee;
- all part-time workers' salaries considered were re-proportioned as if they were employed full-time (at 100%);
- with reference to short-term variable remuneration, the variable remuneration for each year has been indicated for each year, consistent with that represented for the Chief Executive Officer;
- the following remuneration elements were considered in the computation of short-term variable remuneration: (i) the One-Time Remuneration Policy for the non-executive population disbursed at the time of the annual remuneration policy campaigns, (ii) the Annual Monetary Incentive for Executives (AMI), (iii) the Participation Bonus under the Energy and Oil collective agreement for the non-executive population;
- with reference to long-term variable remuneration, for the purposes of representation, the incentives actually implemented were considered in line with those considered for the CEO. Specifically, for the year 2022 the economic countervalue of the first cycle of the LTI 2020-2022 equity incentive plan (performance 2020-2022), for the year 2021 the economic countervalue of the third cycle of the LTI 2017-2019 equity incentive plan (performance 2019-2021) was considered, for the year 2020 the economic countervalue of the second cycle of the LTI 2017-2019 equity incentive plan (performance 2018-2020), while for the year 2019 the first cycle of the LTI 2017-2019 equity incentive plan (performance 2017-2019) and the disbursement of the IMD 2017-2019 and IMLT 2017-2019 medium- to long-term monetary plans were considered. The values relating to the LTI 2017-2019 equity incentive plan were allocated on the basis of the finalization of the objectives of each cycle, not considering the appreciation of the Snam share during the vesting periods, but rather the fair value of each plan (equal to Euro 3.8548 for the LTI 2017-2019, Euro 3.5463 for the LTI 2018-2020, Euro 4.3522 for the LTI 2019-2021, Euro 4.441 for the LTI 2020-2022 for MSR and Leadership Team and Euro 4.5590 for the LTI 2020-2022 for other beneficiaries, respectively). It should be noted that each cycle of the LTI 2017-2019 and 202-2022 equity incentive plan provides for a two-year lock-up on 20% of the shares granted, gross of those required to settle tax expenses.
- the total amount of short-term variable remuneration was divided by the projected number of employees (FTE), regardless of the number of individuals who actually benefited from these remuneration components.

FIGURE 21 - COMPARISON OF CEO TOTAL COMPENSATION AND COMPANY PERFORMANCE IN TERMS OF ADJUSTED NET PROFIT 2019-2020-2021-2022



^(*) For 2022 we report the Total Direct Compensation of the Chief Executive Officer in office since 27.04.2022, Stefano Venier, consisting of the fixed remuneration and the Annual Monetary Incentive (AMI 2022). The Chief Executive Officer in office since 27.04.2022 was granted on 01.07.2022 the third cycle 2022-2024 of the long-term equity incentive (LTI) 2020-2022 whose rights will vest in 2025.

FEES PAID IN THE FINANCIAL YEAR 2022

Table 1 – Remuneration paid to Directors, Auditors and Managers with Strategic Responsibilities

The table below indicates the remuneration paid individually to Directors and Auditors, and collectively to Managers with Strategic Responsibilities²⁴.

It provides an indication of the remuneration paid by Snam to other companies; there is no indication of additional remuneration received by subsidiaries and/or associates as they are fully paid back to the Company. Persons who have held these positions, even for a portion of the year, are included.

In particular:

- the **“Fixed remuneration”** column shows, according to the positions concerned, the fixed emoluments and salaries for employment payable in 2022, before social security contributions and taxes;
- reimbursements of lump sum expenses and attendance fees are excluded, since these are not provided for. Details of the remuneration, with a separate disclosure of any indemnities or payments relating to the employment relationship, are provided in a note;
- the **“Remuneration for participation in Committees”** column shows, according to the positions concerned, the

remuneration payable to Directors for participation in the Committees set up by the Board. Separate information about remuneration for each committee of which the director is a member is provided in a note;

- in the **“Variable non-equity remuneration”** column, the **“Bonuses and other incentives”** entry shows the incentives for 2022 following assessment and approval of the performance results by the competent company bodies, as specified in greater detail in the table **“Monetary Incentive Plans for Directors and Managers with Strategic Responsibilities”**;
- the **“Non-monetary Benefits”** column shows, in accordance with competence and taxation criteria, the value of the fringe benefits awarded;
- the **“Total”** column gives the totals for the above items;
- the columns **“Variable non-equity remuneration/ Profit sharing”**, **“Other remuneration”** and **“Fair Value of equity remuneration”** give the equivalent value of the shares attributed for participating in the Long-Term Share-Based Incentive Plan pertaining to 2022, as specified, with more details, in the Table **“Share-based incentive plans, other than stock options, in favour of Directors and Managers with Strategic Responsibilities”**;
- the column **“Severance indemnity”** indicates the indemnities accrued for resignations occurring during the year or when the mandate and/or contract expire.

²⁴ There are no grounds for disclosure on an individual basis pursuant to the legislation in force.

TABLE 1 – REMUNERATION PAID TO DIRECTORS, AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

(amounts in thousands of Euro)

Name and Surname	Notes	Office held	Period for which the office was held	End of term	Fixed remuneration	Variable remuneration non-equity					Total	Fair Value of equity remuneration	Indemnity for end of term or termination of employment
						Remuneration for participation in Committees	Bonuses and other incentives	Participation in the profits	Non-monetary benefits	Other remuneration			
Board of Directors													
Bedin Nicola	(1)	Chairman	01.01 - 27.04	04.22	99 (a)						99		
de Virgiliis Monica	(2)	Chairwoman	27.04 - 31.12	04.25	211(a)						211		
Alverà Marco	(3)	Chief Executive Officer	01.01 - 27.04	04.22	364 (a)				11		375	966 (b)	3,431 (c) 2,134 (c)
Venier Stefano	(4)	Chief Executive Officer	27.04 - 31.12	04.25	614 (a)		791 (b)		9		1,414	301 (c)	
Bergami Massimo	(5)	Director	27.04 - 31.12	04.25	48 (a)	27 (b)					75		
Cavatorta Laura	(6)	Director	01.01 - 31.12	04.25	70 (a)	49 (b)					119		
Gori Francesco	(7)	Director	01.01 - 27.04	04.22	22 (a)	11 (b)					33		
Yunpeng He	(8)	Director	01.01 - 17.02	02.22	9 (a)	3 (b)					12		
Iannini Augusta	(9)	Director	27.04 - 31.12	04.25	48 (a)	17 (b)					65		
Manzoni Piero	(10)	Director	27.04 - 31.12	04.25	48 (a)	24 (b)					72		
Marano Antonio	(11)	Director	01.01 - 27.04	04.22	22 (a)	16 (b)					38		
Pace Francesca	(12)	Director	01.01 - 27.04	04.22	22 (a)	16 (b)					38		
Rolli Rita	(13)	Director	01.01 - 31.12	04.25	70 (a)	44 (b)					114		
Shen Quinjing	(14)	Director	17.02 - 31.12	04.25	61 (a)	17 (b)					78		
Tonetti Alessandro	(15)	Director	01.01 - 31.12	04.25	70 (a)	26 (b)					96		
Board of Statutory Auditors													
Gnocchi Stefano	(16)	Chairman	01.01 - 31.12	04.25	80 (a)						80		
Gandini Ines	(17)	Standing Auditor	27.04 - 31.12	04.25	41 (a)						41		
Chinellato Gianfranco	(18)	Standing Auditor	01.01 - 31.12	04.25	60 (a)						60		
Patrini Paola Donata	(19)	Standing Auditor	01.01 - 27.04	04.22	19 (a)						19		
Managers with Strategic Responsibilities	(20)				803 (a)		289 (b)		28		1,120	813	524 (c) 524 (c)
Overall total					2,781	250	1,080	48			4,159	2,080	

(1) Bedin Nicola - Chairman of the Board of Directors

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 310,000, as annual fixed remuneration.

(2) de Virgiliis Monica - Chairwoman of the Board of Directors

- (a) for the period from 27 April to 31 December 2022, the amount of Euro 310,000, as annual fixed remuneration.

(3) Marco Alverà - Chief Executive Officer/General Manager

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 970,000, as annual fixed remuneration.
- (b) the amount of the Fair Value of equity compensation includes the fair value of the following plans: i) 2019-21 cycle for the 6 monthly payments out of 36 of the 2022 Plan; ii) 2020-2022 cycle for 12 monthly payments out of 36; iii) 2021-2023 cycle for 12 monthly payments out of 36. See Table 3A for details of the fair value of individual plans.
- (c) this amount is broken down as follows:
- 2 years of total fixed remuneration integrated with the average Annual Monetary Incentive paid in the last three years (Euro 3,430,692.32)
 - indemnity in lieu of notice (Euro 2,134,022.51).

(4) Venier Stefano - Chief Executive Officer/General Manager

- (a) for the period from 27 April to 31 December 2022, the amount of Euro 900,000 as fixed remuneration.
- (b) Annual Monetary Incentive (AMI) referable to performance in the year 2022 to be paid in 2023. In this regard, it should be noted that, applying the cash principle, the annual monetary incentive (AMI) paid during 2023, referring to the performance of the year 2022, amounted to Euro 790,759.73.
- (c) the fair value amount of equity compensation includes the fair value of the LTI 2020-2022 plan - 2022-2024 cycle. See Table 3A for details of the fair value of individual plans.

(5) Bergami Massimo - Director

- (a) for the period from 27 April to 31 December 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 27 April 2022.
- (b) for the period from 27 April to 31 December 2022, as annual fixed remuneration for participation, as Chair, in the Appointments and Compensation Committee (Euro 20,000) and, as member, in the Environmental, Social & Governance and Energy Transition Scenarios Committee (Euro 20,000).

(6) Cavatorta Laura - Director

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019; for the period from 28 April to 31 December 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Shareholders' Meeting on 27 April 2022.
- (b) for the period from 1 January to 27 April 2022, as annual fixed remuneration for participation, as Chairwoman, in the Environmental, Social & Governance Committee (Euro 25,000) and, as a member, in the Appointments Committee (Euro 20,000); for the period from 28 April to 31 December 2022, as annual fixed remuneration for participation, as Chairwoman, in the Environmental, Social & Governance and Energy Transition Scenarios Committee (Euro 25,000) and, as a member, in the Control, Risk and Related Parties Transactions Committee (Euro 25,000).

(7) Gori Francesco - Director

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 02 April 2019.
- (b) for the period from 1 January to 27 April 2022, the amount of Euro 35,000 as annual fixed remuneration for participation, as Chair, in the Control, Risk and Related Parties Transactions Committee.

(8) He Yunpeng - Director

- (a) for the period from 1 January to 17 February 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 02 April 2019.
- (b) for the period from 1 January to 17 February 2022, the amount of Euro 20,000 as annual fixed remuneration for participation, as member, in the Environmental, Social & Governance Committee.

(9) Iannini Augusta - Director

- (a) for the period from 27 April to 31 December 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 27 April 2022.
- (b) for the period from 27 April to 31 December 2022, as annual fixed remuneration for participation, as a member, in the Control, Risk and Related Parties Transactions Committee (Euro 25,000).

(10) Manzoni Piero - Director

- (a) for the period from 27 April to 31 December 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 27 April 2022.
- (b) for the period from 27 April to 31 December 2022, as annual fixed remuneration for participation, as Chair,

in the Control, Risk and Related Parties Transactions Committee (Euro 35,000).

(11) Marano Antonio - Director

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 02 April 2019.
- (b) for the period from 1 January to 27 April 2022, as annual fixed remuneration for participation, as Chairman, in the Appointments Committee (Euro 25,000) and, as member, in the Control, Risk and Related-Party Transactions Committee (Euro 25,000).

(12) Pace Francesca - Director

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 70,000, as annual fixed remuneration established by the Meeting on 02 April 2019.
- (b) for the period from 1 January to 27 April 2022, as annual fixed remuneration for participation, as Chairwoman, in the Compensation Committee (Euro 25,000) and as member, in the Control, Risk and Related-Party Transactions Committee (Euro 25,000).

(13) Rolli Rita - Director

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Meeting on 02 April 2019; for the period from 28 April to 31 December 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Meeting on 27 April 2022.
- (b) for the period from 1 January to 27 April 2022, as annual fixed remuneration for participation, as a member, in the Environmental, Social & Governance Committee (Euro 20,000) and, as a member, in the Compensation Committee (Euro 20,000); for the period from 28 April to 31 December 2022, as annual fixed remuneration for participation, as Chairwoman, in the Appointments and Compensation Committee (Euro 25,000) and, as a member, in the Environmental, Social & Governance and Energy Transition Scenarios Committee (Euro 20,000).

(14) Shen Quinjing - Director

- (a) for the period from 17 February to 27 April 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Meeting on 02 April 2019; for the period from 28 April to 31 December 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Meeting on 27 April 2022.
- (b) for the period from 17 February to 27 April 2022, as annual fixed remuneration for participation, as a member, in the Environmental, Social & Governance Committee (Euro 20,000); for the period from 28 April to 31 December 2022, as annual fixed remuneration

for participation, as a member, in the Environmental, Social & Governance and Energy Transition Scenarios Committee (Euro 20,000).

(15) Tonetti Alessandro - Director

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Shareholders' Meeting on 2 April 2019; for the period from 28 April to 31 December 2022, the amount of Euro 70,000 as annual fixed remuneration established by the Shareholders' Meeting on 27 April 2022.
- (b) for the period from 1 January to 27 April 2022, as annual fixed remuneration for participation, as a member, in the Compensation Committee (Euro 20,000) and, as a member, in the Appointments Committee (Euro 20,000); for the period from 28 April to 31 December 2022, as annual fixed remuneration for participation, as a member, in the Appointments and Compensation Committee (Euro 20,000).

(16) Gnocchi Stefano - Board of Statutory Auditors

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 80,000 as annual fixed remuneration established by the Meeting on 02 April 2019 for participation, as Chairman, in the Board of Statutory Auditors; for the period from 28 April to 31 December 2022, the amount of Euro 80,000 as annual fixed remuneration established by the Meeting on 27 April 2022 for participation, as Chairman, in the Board of Statutory Auditors.

(17) Gandini Ines - Board of Statutory Auditors

- (a) for the period from 27 April to 31 December 2022, the amount of Euro 60,000, as annual fixed remuneration established by the Shareholders' Meeting on 27 April 2022 for participation, as Standing Auditor, in the Board of Statutory Auditors.

(18) Chinellato Gianfranco - Board of Statutory Auditors

- (a) for the period from 1 January to 27 April 2022, the amount of Euro 60,000 as annual fixed remuneration established by the Meeting on 02 April 2019 for participation, as Standing Auditor, in the Board of Statutory Auditors; for the period from 28 April to 31 December 2022, the amount of Euro 60,000 as annual fixed remuneration established by the Meeting on 27 April 2022 for participation, as Standing Auditor, in the Board of Statutory Auditors.

(19) Patrini Paola Donata - Board of Statutory Auditors

- (a) for the period from 1 January to 31 December 2020, the amount of Euro 60,000, as annual fixed remuneration

established by the Shareholders' Meeting on 02 April 2019 for participation, as Standing Auditor, in the Board of Statutory Auditors.

(20) Managers with Strategic Responsibilities

- (a) The amount refers to the three owners who, in 2022, were Managers with Strategic Responsibilities at Snam. Added to this amount are the indemnities payable in respect of travel expenses, both nationally and abroad, in line with the relative CCNL for Executives and the Company's supplementary agreements, totalling Euro 11,770.
- (b) Annual Monetary Incentive (AMI) referable to performance in the year 2022 to be paid in 2023.
- (c) the amount paid as a redundancy incentive is divided as follows:
- indemnity in lieu of notice (from CCNL) on seniority up to 6 years (Euro 523,775)
 - additional allowance (from CCNL) equal to 6 months calculated on seniority up to 6 years (Euro 523,775).

Table 2 - Stock options assigned to Directors and Managers with Strategic Responsibilities

The last share-based plan was granted in 2008 and in 2014 the relevant terms expired for the purchase rights, so since there is no data to report, there is no Table 2.

Table 3a - Incentive plans based on financial instruments, other than stock options, in favour of Directors and Managers with Strategic Responsibilities

The table below indicates the long-term variable incentives provided for the Chief Executive Officer and, at an aggregate level, for Managers with Strategic Responsibilities.

In particular:

- the column "number and type of financial instruments" gives the number of free shares attributed for each plan indicated;
- the column "fair value at assignment date" gives the fair value in Euro of the shares attributed;
- the column "vesting period" shows the length of the vesting period for the long-term incentives attributed during the year;
- the column "financial instruments for the financial year" gives the fair value for the year relating to existing long-term incentive plans, estimated according to international accounting standards which assign the relevant cost in the vesting period.

The total of the column "financial instruments for the financial year" coincides with that shown in Table 1.

TABLE 3A - INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, IN FAVOUR OF DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

Name Surname Office	Plan	Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
		Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at allocation date (Euro)	Vesting period	Allocation date	Market price at allocation (Euro)	Number and type of financial instruments	Number and type of financial instruments	Value at the date of maturity	Fair value (Euro)
Marco Alverà - CEO	2019-2021 Long-Term Incentive Plan BoD 31/07/2019	446,613	1 July 2019 - 30 June 2022	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	424,275	4.9312	323,958
Marco Alverà - CEO	2020-2022 Long-Term Incentive Plan BoD 12/10/2020	462,108	1 July 2020 - 30 June 2023	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	432,309
Marco Alverà - CEO	2021-2023 Long-Term Incentive Plan BoD 29/07/2021	412,458	1 July 2021 - 30 June 2024	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	209,366
Stefano Venier - CEO	2022-2024 Long-Term Incentive Plan BoD 27/07/2022	n.a.	1 July 2022 - 30 June 2025	368,151	1,803,940	three- year	01/07/2022	5,088 (a)	n.a.	n.a.	n.a.	300,657
Managers with Strategic Responsibilities	2019-2021 Long-Term Incentive Plan BoD 31/07/2019	241,834	1 July 2019 - 30 June 2022	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	237,990	4.9312	175,418
Managers with Strategic Responsibilities	2020-2022 Long-Term Incentive Plan BoD 12/10/2020	256,122	1 July 2020 - 30 June 2023	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	315,116
Managers with Strategic Responsibilities	2021-2023 Long-Term Incentive Plan BoD 29/07/2021	231,640	01 July 2021 - 30 June 2024	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	245,894
Managers with Strategic Responsibilities	2022-2024 Long-Term Incentive Plan BoD 27/07/2022	n.a.	01 July 2022 - 30 June 2025	111,419	461,943	three- year	01/07/2022	5,088 (a)	n.a.	n.a.	n.a.	76,991

(a) Euro 5,088 is the market price at the date of allocation of the plan. The fair value used to determine the total value of the plan was calculated with respect to the Snam share price on the date of delivery of the letters of assignment and is equal to Euro 4.9 for the CEO and Euro 4.146 for Managers with Strategic Responsibilities.

Table 3b - Monetary incentive plans for Directors and Managers with Strategic Responsibilities

The table below indicates the short- and long-term variable monetary incentives provided for the Chief Executive Officer and, at an aggregate level, for Managers with Strategic Responsibilities.

In particular:

- the column “**Yearly bonus - payable/paid**” gives the Annual Monetary Incentives paid in the year on the basis of the finalised report of performance carried out by the relevant company bodies compared with the objectives set for 2022;
- the column “**Bonuses for previous years - no longer**

payable” contains no data, since the conditions were not satisfied for non-payment or partial payment of the bonus in accordance with the provisions of the Plan Regulation;

- the column “**Bonuses from previous years - payable/paid**” contains no data, since there are no long-term variable monetary incentive plans in place;
- the column “**Bonuses from previous years - still deferred**” contains no data, since there are no long-term variable monetary incentive plans in place;
- the column “**Other bonuses**” contains no values, since no other bonuses were paid.

The Total of the columns “**Yearly bonus - payable/paid**” and “**Bonuses for previous years - payable/paid**” coincides with the amount indicated in the “Bonuses and other incentives” column in Table 1.

TABLE 3B - MONETARY INCENTIVE PLANS FOR DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

Name Surname Office	Plan	Bonuses in the year			Bonuses in previous years			
		Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	Other bonuses
Stefano Venier Chief Executive Officer	2022 Annual Monetary Incentive Plan	790,760						
Total		790,760						
Other Managers with Strategic Responsibilities	2022 Annual Monetary Incentive Plan	289,000						
Total		289,000						
TOTAL		1,079,760						

Equity investments held

The table below sets out, pursuant to Article 84-quater, paragraph four of the Consob Issuers' Regulation, the shareholdings in Snam held, directly or through subsidiaries, trust companies or intermediaries, by Directors, Auditors and Managers with Strategic Responsibilities as well as their spouses (not legally separated) and minor children. This information is taken from the register of shareholders,

notifications received and other information obtained from these same persons.

Persons who have held these positions, even for a portion of the year only, are included. The number of shares (all "ordinary") is specified for each Director and Auditor individually, and collectively for Managers with Strategic Responsibilities. The persons indicated hold and own the shares.

TABLE 4A: EQUITY INVESTMENTS HELD BY DIRECTORS AND AUDITORS

Name and Surname	Office held	Investee company	Number of shares held as at 31 December 2021	Number of shares purchased in 2022	Number of shares sold in 2022	Number of shares held as at 31 December 2022
Marco ALVERÀ	Chief Executive Officer and General Manager	Snam	782,741 ^(*)	0 ^(*)	0 ^(*)	0 ^(*)

^(*) In office until 27 April 2022. Therefore, the audit was carried out until 27 April 2022. The shares reported as at 31 December 2021 are those resulting also as at 27 April 2022.

TABLE 4B: EQUITY INVESTMENTS HELD BY MANAGERS WITH STRATEGIC RESPONSIBILITIES

	Investee company	Number of shares held as at 31 December 2021	Number of shares purchased in 2022	Number of shares sold in 2022	Number of shares held as at 31 December 2022
Snam Managers with Strategic Responsibilities ^(*)	Snam	250,587	138,429 ^(**)	69,801 ^(***)	138,454

^(*) The composition of Managers with Strategic Responsibilities did not change in 2022. There are 3 Managers with Strategic Responsibilities. However, on 30 June 2022, the Chief Financial Officer & Chief International & Business Development Officer, a Manager with Strategic Responsibilities, left the company and her position was filled on an interim basis by the Chief Executive Officer for the remainder of 2022. Therefore, the verification of this position was carried out up to that date. There are no transactions carried out by the Chief Financial Officer & Chief International & Business Development Officer from 31 December 2021 to 30 June 2022.

^(**) Shares resulting from the Free Assignment. Snam ordinary shares, which, on 28 July 2022, following the conclusion of the third Vesting Period as provided for in the "2017 - 2019 Long-Term Share Incentive Plan" approved by the Shareholders' Meeting on 11 April 2017, were assigned to two Managers with Strategic Responsibilities, the Chief Financial Officer & Chief International & Business Development Officer having left the Company.

^(***) Shares sold on 28 July 2022, for purposes of meeting the tax liability associated with the share award, and 10,000 shares subsequently sold by a Manager with Strategic Responsibilities. The actions relate to two Managers with Strategic Responsibilities, the Chief Financial Officer & Chief International & Business Development Officer having left the company.



STERILIZATION RULES FOR SHORT-TERM INCENTIVE PLANS (AMI) AND LONG-TERM INCENTIVE PLANS (LTI)

STERILIZATION RULES FOR SHORT-TERM INCENTIVE PLANS (AMI) AND LONG-TERM INCENTIVE PLANS (LTI)

Details of the individual sterilization objects and their definition are presented below:

STERILIZATION OBJECTS	DEFINITION
Extraordinary M&A transactions ⁽¹⁾	Variation given by the contribution deriving from the management of the company subject to the M&A operation originated by a change in the perimeter and/or the percentage of interest compared to the approved Budget and Multi-year Plans. Costs for the study and structuring of M&A transactions are also sterilized (e.g. legal and tax consultancy, advisory costs, financial expenses for consequent higher indebtedness, etc.)
Measures of the Authorities / Regulations	Regulatory and legislative changes (Italian and foreign) with impact on Income Statement/Balance Sheet/Investments/RAB/Cash Flow
Net allocations (uses) to provisions for risks and charges	Balance between provisions and uses of provisions for risks and charges
Charges for leaving incentives	Charges for facilitated retirement of employees
Capital gains / losses and write-downs Fixed assets	Capital gains/losses and write-downs of fixed assets arising from sales/disposals of assets due to operational and/or regulatory requirements
Inventory write-downs and bad debts	Write-down of inventories and write-down of receivables
Other exogenous and non-recurring factors and extraordinary/unforeseeable phenomena	Effects on the Income Statement/Balance Sheet/Investments/RAB/Cash Flow due to exogenous/external events not related to the ordinary course of business and not foreseeable in the Budget and in the approved multi-year Plans
GNC ⁽²⁾	Effect on Income Statement/Balance Sheet/Cash Flow due to the result of the network balance equation, which represents the non-determinable energy due to measurement uncertainties, the value of which has an unsystematic trend
Deflator / Inflation	Effects on Income Statement/Balance Sheet/Investments/RAB/Cash Flow due to changes in deflator and inflation parameters compared to approved Budget and Multi-year Plans
Granting of authorizations/permits for construction or operation	Effects on the Income Statement/Balance Sheet/Investments/RAB/Cash Flow due to the non/delayed granting of permits and authorizations
Current assets	Variation in balancing activities, penalties and over/under-billing, variation in advance payments of taxes, UFG and energy charges compared to Budget and approved multi-year plans
Non-recurring financial expenses	Non-recurring financial expenses on debt refinancing operations

⁽¹⁾ For long-term equity incentive plans, the performance of New Businesses is calculated considering and not sterilizing the results deriving from extraordinary M&A transactions (equity investments, assets and/or business units).

⁽²⁾ For long-term equity incentive plans, changes in all energy charges are sterilized.

GLOSSARY

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- 1. Adjusted net profit:** is obtained by excluding special items from reported net profit. The income components are classified under special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business.
- 2. Appointments and Compensation Committee:** consisting of three non-executive directors, the majority of whom are independent pursuant to the Consolidated Finance Act and the Corporate Governance Code, among whom the Chair is also identified. The Committee primarily performs investigative, propositional and advisory functions vis-à-vis the Board of Directors, with regard to its composition and size and with regard to equal treatment and opportunities between genders. The Committee also carries out investigations, makes proposals and provides advice to the Board of Directors on remuneration. The Committee specifically assists the Board of Directors in the drafting of the Remuneration Policy and in the periodic evaluation of the same with respect to its adequacy, overall consistency and concrete application, as well as in the assessment of company results.
- 3. Benefits:** elements included in the non-monetary component of remuneration, aimed at increasing the well-being of employees and their families in economic and social terms. This category covers all provisions aimed at satisfying pension and welfare needs (supplementary pension, supplementary healthcare, insurance cover), but also 'perquisites', which consist of goods and services made available by Snam to its employees.
- 4. Consolidated Finance Act (TUF):** the "Consolidated Law on Financial Intermediation" is Legislative Decree no. 58 of 24 February 1998 (as amended). The TUF introduced "principle-based" legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the Supervisory Authorities (e.g. CONSOB).
- 5. Control, Risk and Related Parties Transactions Committee:** comprising three, non-executive directors, all independent pursuant to the Consolidated Finance Act and the *Corporate Governance Code*, it provides recommendations and advice to the Board of Directors, and supports it by carrying out suitable investigations to support its decisions concerning the internal control and risk management system, as well as those relating to the approval of periodical financial and non-financial reports.
- 6. Corporate Governance Code:** approved by the Corporate Governance Committee on 31 January 2020 and applicable from 1 January 2021 (from that date the document replaced the Corporate Governance Code for companies listed by Borsa Italiana S.p.A.), in line with the experience of the main international markets, it indicates the best practices in corporate governance recommended by the Committee for listed companies, to be applied according to the principle of *comply or explain*, which requires an explanation of the reasons for any failure to comply with one or more recommendations contained in the principles or application criteria.
- 7. EBITDA (Earnings before interest, tax, depreciation and amortization):** also referred to as "gross operating margin", this is a profitability indicator that reveals the Company's income resulting from its core business alone, gross, therefore, of interest (financial management), taxes (fiscal management), depreciation and amortization of assets.
- 8. Employee severance indemnity:** sum of money payable to an employee when they leave a management post.
- 9. Environmental, Social & Governance Committee and Energy Transition Scenarios:** is composed of four non-executive directors, the majority of whom are independent pursuant to the TUF and the *Corporate Governance Code*, including the Chair. The Committee carries out investigations, makes proposals and provides advice to the Board of Directors on sustainability and long-term energy transition scenarios, in order to, among other things, promote a continuous integration of national and international best practices in Snam's *corporate governance* as well as of environmental, social and *governance factors* in the corporate strategies aimed at pursuing sustainable success.
- 10. Executive Directors:** Directors invested with specific duties by the Board of Directors.
- 11. Fair value of equity remuneration:** also referred to as *fair value*. International Financial Reporting Standard no. 2 (IFRS 2) defines fair value as "The amount for which an asset could be exchanged, or a liability settled, or an equity instrument granted, in an arm's length transaction between knowledgeable, willing parties."
- 12. Fixed remuneration:** includes all fixed annual remuneration, before taxes and social security contributions payable by the employee, and therefore not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses or any other form of variable or occasional remuneration.

- 13. Independent Directors:** Snam Directors meeting the independence requirements set out in the Corporate Governance Code, to which Snam adheres.
- 14. Injury frequency index:** based on standard UNI 7249, this index is one of the indicators used to measure safety in the workplace. The aforementioned regulation establishes that this index is calculated as the number of accidents per million hours worked in a given period and/or in a given area and at company level.
- 15. Injury severity index:** based on standard UNI 7249, this index is one of the indicators used to measure safety in the workplace. The aforementioned regulation establishes that this index is calculated as the ratio between days of absence from work and hours worked, expressed in thousands.
- 16. Issuers' Regulations:** this is the CONSOB Regulation no. 11971 of 14 May 1999 (and subsequent amendments), containing the rules relating to issuers of financial instruments.
- 17. Lock up:** the time period during which the assigned shares are subject to restrictions of sale and/or transfer.
- 18. Long-term variable incentives:** refers to the *Long-Term Share-Based Plan - LTI*, which entitles participants to receive a predefined number of shares according to the results achieved at the end of the vesting period (see "vesting").
- 19. Managers with Strategic Responsibilities:** individuals who have the power and responsibility, directly or indirectly, for planning, managing and controlling the company's activities, including directors (executive or not) as identified in Article 65, paragraph 1-quater, of the Issuers' Regulations, which refers to the definition contained in the Appendix to Consob Regulation no. 17221 of 12 March 2010 containing provisions relating to transactions with related parties, as subsequently amended most recently with Consob Resolution no. 21624 of 10 December 2020. In Snam, 3 entities at the date of approval of this Report, listed herein.
- 20. Non-competition agreements:** according to Article 2125 of the Italian Civil Code, this means "an agreement that places limits on an employee's activities for a period following the termination of the contract".
- 21. Non-executive Directors:** Directors not invested with specific duties by the Board of Directors and not holding individual delegations of management powers.
- 22. Pay mix:** the percentage of fixed remuneration and short-term and long-term variable incentives paid.
- 23. Performance plan:** the instrument that defines the targets used as the basis for the variable short-term incentives system.
- 24. Proxy advisor:** Companies used by institutional investors that issues specific recommendations based on Shareholders' Meeting documents and their own voting policies, which can have a significant influence on the voting on the Remuneration Report.
- 25. Related-Party Transactions:** the Guidelines "Transactions in which directors and auditors have an interest and transactions with related-parties", adopted pursuant to Article 2391-bis of the Italian Civil Code and the "Regulation containing provisions on Related-Party Transactions" (adopted by Consob under Resolution 17221 of 12 March 2010, and later amended by Resolution 17389 of 23 June 2010), which sets out the principles and rules that must be followed by Snam and the companies that it directly or indirectly controls in order to ensure the material and procedural transparency and correctness of transactions carried out by Snam and its subsidiaries with Related-Parties and with Interests of Snam's directors and auditors, taking account also of the objective of avoiding any risk of depleting the company's assets.
- 26. Remuneration policy:** the set of remuneration programs for fixed and variable remuneration implemented at company level in order to support the achievement of the strategic objectives.
- 27. Salary review:** the process of reviewing the fixed annual remuneration for all eligible management personnel.
- 28. Severance indemnity (mandate or office):** sum of money payable to a Director when they leave office.
- 29. Short-term variable incentives:** refers to the *Annual Monetary Incentive Plan - AMI*, which entitles participants to an annual bonus according to the results achieved, in the previous year, with respect to the defined objectives.
- 30. Stock option:** financial instrument whereby a company grants the beneficiaries the right to purchase shares in that company or another company belonging to the same group at a predetermined price (strike price).

- 31. Sustainability indices:** are stock market indices comprising listed companies selected internationally from among those that recorded the best performance in terms of sustainability and corporate social responsibility.
- 32. Target level:** the short-term incentive is the standard level of target achievement that gives entitlement to 100% of the incentive.
- 33. Threshold level:** the minimum level to be achieved, below which the plan does not provide for the payment of any incentive.
- 34. Variable remuneration:** consists of the variable short-term incentive and the long-term incentive (see the related descriptions in this glossary).
- 35. Vesting (vesting period):** period running between the assignment and completion of the ownership of the right to receive the reward.



ANALYTICAL INDEX BY THEME

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(Consob Resolution no. 21623, SECTION I)

CONSOB Resolution	Information required	Reference
a)	the bodies or persons involved in the preparation, approval and possible revision of the remuneration policy, specifying their respective roles, as well as the bodies or persons responsible for the correct implementation of this policy;	pages 22-24
b)	the possible involvement of a remuneration committee or other committee competent in the subject matter, describing its composition (with a distinction between non-executive and independent directors), responsibilities and operating procedures, and any additional measures to avoid or manage conflicts of interest;	pages 22-25
c)	how the company has taken into account the compensation and working conditions of its employees in the determination of the remuneration policy;	page 26
d)	the names of any independent experts involved in the preparation of the Remuneration Policy;	pages 24; 34-35
e)	the objectives pursued by the remuneration policy, the principles on which it is based, the duration and, in the event of a review, a description of the changes to the remuneration policy last submitted to the shareholders' meeting and how such review takes into account the votes and assessments expressed by shareholders at that meeting or subsequently;	pages 16-17; 26
f)	a description of the policies regarding the fixed and variable components of remuneration, with particular regard to the indication of the relative proportion within the total remuneration and distinguishing between short and medium-long term variable components;	pages 27-31; 35
g)	the policy followed regarding non-monetary benefits;	pages 27-28; 33
h)	with reference to the variable components, a description of the financial and non-financial performance objectives, where appropriate taking into account criteria relating to corporate social responsibility, on the basis of which they are assigned, distinguishing between short and medium to long-term variable components, and information on the link between the change in results and the change in remuneration;	pages 18-21; 28-31
i)	the criteria used to assess the achievement of the performance objectives underlying the granting of shares, options, other financial instruments or other variable components of remuneration, specifying the extent of the variable component to be paid according to the level of achievement of the objectives;	pages 28-31
j)	information aimed at highlighting the contribution of the remuneration policy, and in particular the policy on variable components of remuneration, to the company's strategy, the pursuit of long-term interests and the sustainability of the company;	pages 18-21; 28-31

CONSOB Resolution	Information required	Reference
k)	vesting periods, deferred payment systems, if any, with an indication of the deferral periods and the criteria used to determine those periods and, if envisaged, the mechanisms for ex post correction of the variable component (malus or claw-back of variable remuneration);	pages 30-31; 34
l)	information on whether there is any provision for retaining the financial instruments in the portfolio after their acquisition, with an indication of the retention periods and the criteria used to determine those periods;	page 30
m)	<p>the policy relating to treatment in the event of termination of office or termination of employment, specifying:</p> <ul style="list-style-type: none"> i) the duration of any employment contracts and further agreements, the notice period, if applicable, and what circumstances give rise to the right; and; ii) the criteria for determining the remuneration due to directors, general managers and, at an aggregate level, to Managers with Strategic Responsibilities, distinguishing, where applicable, the components attributed by virtue of the office of director from those relating to employment relationships, as well as the components for any non-competition undertakings. Where such remuneration is expressed on the basis of the year, indicate in detail the components of such year calculation (fixed, variable, etc.); iii) any link between such remuneration and the company's performance; iv) any effects of the termination of the relationship on the rights assigned under incentive plans based on financial instruments or to be paid in cash; v) any provision for assigning or retaining non-monetary benefits in favour of the parties or for entering into consultancy contracts for a period subsequent to the termination of the relationship; 	page 32
n)	information on the presence of any insurance, or social security or pension coverage, other than mandatory coverage;	pages 27-28; 33
o)	any remuneration policy followed with reference to: i) independent Directors, (ii) participation in Committees and (iii) performance of special duties (Chair, Deputy Chair, etc.);	pages 27-28
p)	whether or not the Remuneration Policy has been defined using the remuneration policies of other companies as a reference, and if so the criteria used for the selection and indication of such companies;	pages 27-28; 34-35
q)	the elements of the remuneration policy from which, in the presence of exceptional circumstances, it is possible to make exceptions and, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, any further procedural conditions under which the exception may be applied;	page 33
r)	with reference to the members of the control bodies, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the section describes any criteria for determining remuneration. If the outgoing control body, in view of the formulation by the shareholders of proposals to the shareholders' meeting regarding the remuneration of the control body, has provided the company with detailed information on the quantification of the commitment required to carry out the appointment, the section contains a summary of such information.	page 27



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