March, 2024

energy
to inspire the world

Snam's climate commitment and advocacy position

Involvement in Stakeholders' Associations and Coalitions

Executive Summary

The mission of a TSO is delivery against the 3 axis security, affordability and sustainability.

Snam is firmly committed to fulfill its mission in accordance with the Paris Agreement.

The key commitments and execution against the Paris agreement are the following:

- **Methane emissions:** -70% by 2030 compared to 2015 values; higher than the Global Methane Pledge
- **Scope 1 & 2:** -40% by 2030 compared to 2022 values and carbon Neutrality by 2040
- **Scope 1, 2 & 3:** aligned with Net Zero by 2050

To deliver against the Green Deal's vision that half of the 2050 energy demand is fulfilled by green molecules, Snam is engaged into ensuring volume capacity of abated-gas with almost-zero leakage as a safe backup to upcoming green gases. Snam is investing into to become a Pan-European multi-molecule operator able to host hydrogen and CO2.

Snam's Board of Directors consider the risks and opportunities associated with climate change as integral part of their accountability and maintain oversight of the company's climate resilience and governance.

Snam is committed not to fund or being a member of organizations working to decrease political support for government action to curb climate change.

Key Takeaways

- **Company Overview:** Snam is a prominent energy infrastructure company committed to contributing to the global energy transition toward carbon neutrality by 2050, aligning with the Paris Agreement's goals.
- **Snam's Carbon Neutrality Commitment:** Snam pledged to achieve carbon neutrality by 2040.
- **Net Zero Strategy:** Snam aims for net-zero emissions across all scopes and actively promotes climate priorities through stakeholder engagement.
- **Six Key Climate Advocacy Drivers:**
  - Supporting Paris Agreement goals.
  - Ensuring energy security and affordability while transitioning to renewable and decarbonized gases.
  - Promoting renewable and decarbonized gas markets/solutions.
  - Supporting low and zero carbon technologies deployment, especially CCUS.
  - Encouraging innovation on Clean Technologies.
  - Climate transparency and disclosure.
- **Direct and Indirect Engagement:** Snam actively participates in public consultations at both EU and national levels on various climate policies and strategies as well as deployment planning.
- **Involvement in Associations and Coalitions:** Snam collaborates with numerous industry associations and coalitions to drive discussions and initiatives related to energy transition and relevant market design, energy security, green gases, and technology deployment.

Introduction

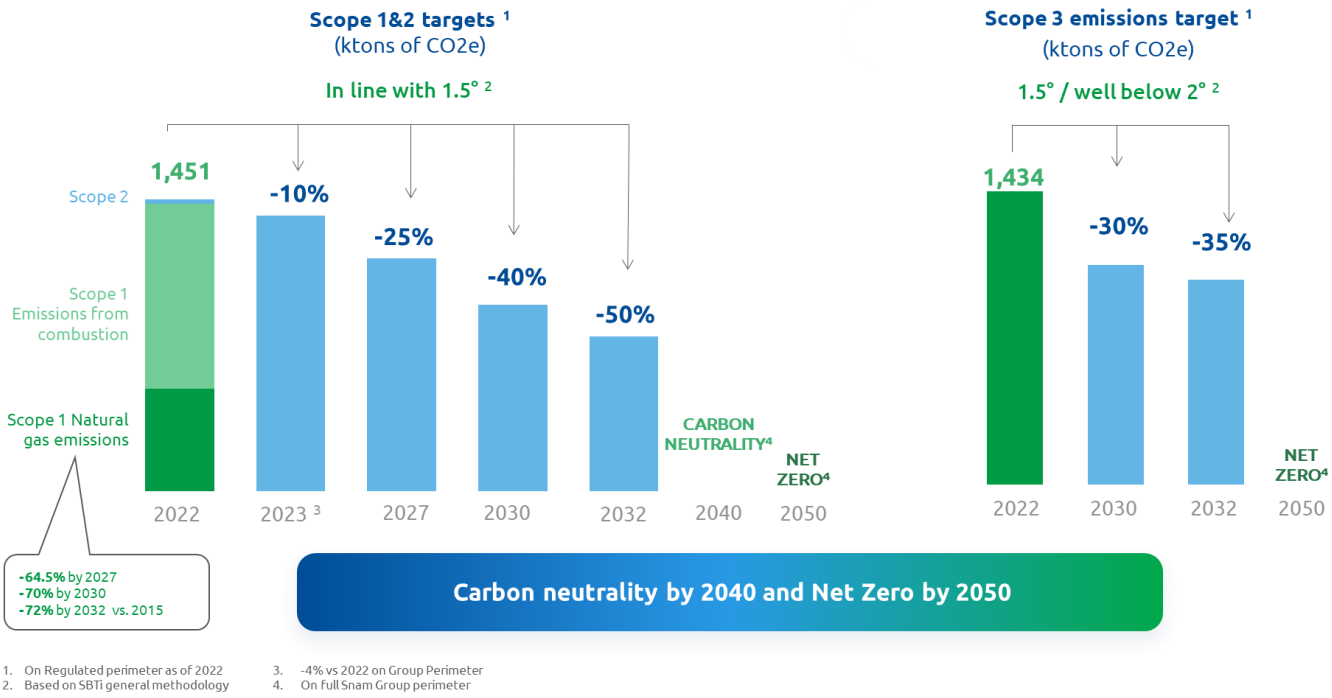
Snam is one of the world's leading energy infrastructure companies and intends to play an active role in the energy transition towards carbon neutrality in 2050, contributing to limiting global warming within the 1.5 C° threshold by the end of the century. Leveraging on a sustainable and technologically advanced infrastructure, Snam has the potential to be a key enabler of the energy transition in Italy and beyond.

The Board of Directors plays a central role in overseeing the Snam's commitment to sustainable development throughout the value chain and to the spread and integration of a culture geared towards fighting climate change. To this end, Snam undertakes comprehensive monitoring by the Board of climate change risks and opportunities and activities to ensure the correct management of these issues by the management department when conducting its business.

The Shareholders' Meeting of February 2021 approved some amendments to the By-Laws, testifying the Company's commitment to "encourage energy transition towards forms of use of resources and energy sources compatible with environmental protection and progressive decarbonization". It was included the principle of pursuing sustainable success among the aims the Company's business activities, through the creation of long-term value to benefit shareholders and at the same time seeking to satisfy the interests of the Company's relevant stakeholders, constantly pursuing Snam's corporate purpose, "Energy to inspire the world".

In 2020, in its strategic plan presentation - approved by the boards of directors – Snam committed to become Carbon Neutral by 2040, setting a pathway for decarbonization comprising specific targets on emissions across its activities and underlying value chains in advance with respect to European and domestic objectives and in line with the targets for limiting global warming to 1.5°C, as called for in the Paris Agreement signed in 2015.

In 2024's Strategic Plan, approved by the boards of directors, Snam took an even more comprehensive approach to Sustainability target in general and committed to become net zero in all the three emissions scope (see the graph below).



1. On Regulated perimeter as of 2022
2. Based on SBTi general methodology
3. -4% vs 2022 on Group Perimeter
4. On full Snam Group perimeter

Based on its own net zero strategy, Snam has been promoting its climate priorities also through engagement with stakeholders, with a view to cultivating a transparent, positive and continuous relationship.

Snam's Code of Ethics[1] which applies to Snam S.p.A. and its direct and indirect subsidiaries and their respective people, provides that the company should promote continuous dialogue with institutions and civil society bodies in all the places where it operates, creating relationships with these entities based on the principles of transparency, proper conduct and loyal collaboration.

1. The revision of the Code is approved by the Board of Directors of Snam S.p.A., at the proposal of the Chief Executive Officer with the agreement of the Chairman, after hearing the opinion of the Internal and Risk Control Committee and the Board of Statutory Auditors. The proposal is made taking into consideration the Stakeholders' evaluation with reference to the principles and content of the Code, promoting active contribution and notification of any deficiencies by the stakeholders. Compliance with the rules of the Code is an essential part of the contractual obligations of all Snam's People pursuant to and in accordance with applicable law.

The six key drivers of Snam's **climate-related advocacy activities** are aligned with the Group strategy:

1. Supporting the goals of the Paris Agreement to achieve net zero by 2050
2. Contributing to energy security and affordability thanks to multi-molecule infrastructure while accelerating the transition to renewable and decarbonized gases in a cost effective way
3. Promoting renewable and decarbonized gas markets at scale
4. Promoting low and zero carbon technologies roll out, including Carbon Capture, Utilization and Storage (CCUS)
5. Playing an active role in the innovation and in the development of clean technologies
6. Supporting climate transparency and disclosure

Our engagement with domestic and international institutions, investors, academia and NGOs is built on these drivers and is geared towards actively contributing with our view to address the challenge of climate change and energy transition. In this respect, we acknowledge the value of participation in the work of associations, where Snam promotes its climate strategy, in particular with the target to maintain the temperature rise below 1.5° C vs pre-industrial levels.

Snam is registered in the voluntary "EU Transparency Register" platform, managed by the European Parliament, the Council of the European Union and the European Commission to foster open and transparent dialogue with interest representatives and civil society. In this way, the Company acts in a transparent manner informing its stakeholders of the actions that are carried out to contribute to the decision-making processes of the EU institutions.

Code (284336314886-25), link: https://ec.europa.eu/transparencyregister/public/homePage.do?locale=en#en) where full disclosure is provided of all the amount spent for engagement and lobby activities at EU level.

The key drivers of our climate-related advocacy activity

1. Supporting the goals of the Paris Agreement to achieve net zero by 2050

As stated in the 'Global Warming of 1.5 ºC' report issued by the IPCC, limiting global warming to 1.5 ºC implies reaching the goal of net zero CO2 emissions globally by around 2050, with a significant decline by 2030. The net zero target at 2050 represents the basis for the energy scenarios that Snam develops jointly with Terna, the main national transport electricity operator in Italy. These scenarios are in turn used by Snam and Terna to assess whole system energy infrastructure required investment.

Snam emissions reduction targets on scope 1,2 and 3 are aligned to Paris agreement, based on SBTi general methodology. Once the SBTi Oil&Gas methodology will be available, Snam is committed to submit its target.

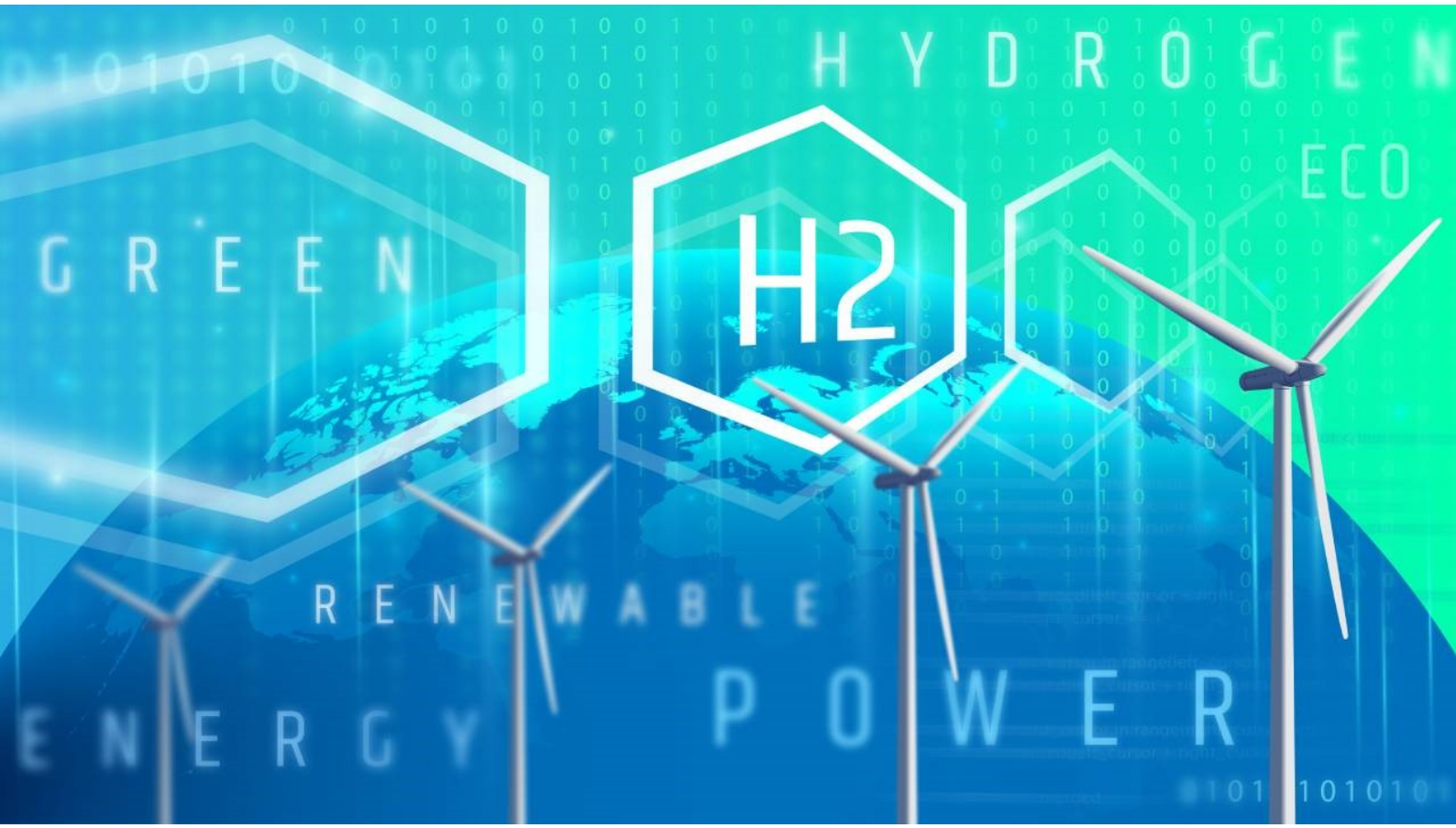
With a view to reach net zero at 2050, Snam has been supporting the use of market-based instruments throughout. As applied to the EU context the enhancement of EU carbon pricing (EU ETS), since it represents a powerful tool to promote decarbonization across all sectors. Alongside the EU ETS scheme, Snam has been supporting the creation of the EU Social Climate Fund and the EU Carbon Border Adjustment mechanism (CBAM), ensuring that carbon pricing is introduced in Europe in way that decarbonization is promoted while warranting affordability for consumers at the same time. The inclusion of hydrogen in the CBAM represents an example of a lever to promote competitive sustainable technologies in Europe.

2. Contributing to energy security and affordability thanks to a multi-molecule infrastructure while accelerating the transition to renewable and decarbonized gases in a cost-effective way

Snam welcomes and promotes policies that allow the development of a multi-molecules infrastructure, since it is an effective way to promote decarbonization. Snam's ambition is to become a Pan-European multi-molecule operator leveraging on a flexible and repurposable infrastructure to secure energy security in a cost-effective way.

Snam is investing in a multi-molecules infrastructure (natural gas/biomethane/hydrogen), meaning it is compatible with different gases along the entire value chain and capable of handling green gases such as biomethane and hydrogen in order to contribute to the achievement of the carbon neutrality, while preserving energy security.

Beyond its direct investment decisions, Snam is contributing to climate policy debates, both directly and indirectly though associations and coalitions, to ensure that the transition from natural gas to decarbonized and renewable infrastructure happens as quickly as possible. To this respect Snam has expressed its views through public consultations on a comprehensive range of EU and national initiatives, with the aim to promote financial viability across gases value chain, sector coupling solutions, efficient infrastructure planning as well as fit for purpose sector governance.



3. Promoting decarbonized and renewable gas markets at scale

Snam believes in the fundamental importance of green gases for achieving emission reduction targets. In this context, Snam has been supporting three main levers for the development of decarbonized and renewable gas markets: i) ambitious targets and fit for purpose support schemes at EU and national level; ii) an extensive role of market based instruments such a Guarantees of Origin; iii) technology neutral policy provisions, setting hydrogen and biomethane production on the same level playing field as renewable electricity production.

In particular, Snam supports ambitious targets and efficient EU and national subsidy schemes for hydrogen (H2) and biomethane production, in line with the ambitions set out in the 2022 REPower EU. In this context, Snam advocates for further enhancement of existing EU legal provisions and financial envelopes, including the EU Hydrogen Bank. Snam further considers EU-wide Guarantees of Origin (GOs) as a means to finance the transition and promote international trade with third countries, which is pivotal for scaling up the clean energy market. In terms of policies and fiscal provisions promoting the level playing field for all renewable production sources, Snam advocates for further levelization between interventions that favor renewable power production, batteries and demand side solutions vis-à-vis hydrogen and biomethane production, factoring in the contribution that decarbonized and renewable gases can give in terms of both decarbonization and whole energy system flexibility.

4. Promoting the deployment of low and zero carbon technologies, with a focus on CCUS

Snam welcomes initiatives on industrial carbon management, covering carbon capture, utilization and storage deployment from a technology and business model point of view. Snam believes that CCUS can be a key lever to fast decarbonizing the EU hard to abate sectors, in line with the objectives of the European Green Dea. Also, CCUS applied to gas-fired power generation along with large scale RES deployment is critical to achieve full decarbonization of the electricity mix, compensating RES intermittency.

Scaling up the CCUS value chain will require coordinated action by EU institutions, national governments, investors and industrial players. To address the key barriers in order to kick-start the market and reach the EU targets as proposed in the Net Zero Industry Act, Snam has been promoting at EU level the introduction of an harmonized regulatory and policy framework for CO2 transport, utilization and storage, the set-up of a legislative proposal setting out the principles for economic regulation of CO2 transport and storage activities, the Development of EU wide support schemes covering the entire CCUS value chain.

Snam also considers appropriate a requirement for Member States to set out a pathway for CCUS development within their National Energy and Climate Action Plans which should include a reference as to how Member States intend to address the existing barriers to cross border trade of CO2 stemming from the London Protocol.

5. Innovation on clean technologies

Investments in digitalization and innovation are necessary to allow Snam to manage its business in an increasingly effective and efficient manner, allowing it to accelerate its flexibility to adapt the management of its assets and industrial processes to respond to the challenges and opportunities arising from the evolution of the energy system and to support the transition path.

Snam has developed a dual-track innovation approach investing proven and open innovation.

The former encompasses SnamTEC, the Group's innovation and digitalization programme, to digitalize its industrial assets and operations, with a total of 50 projects divided into four macro-areas: security, asset resilience, process optimization and business sustainability improvement. The various innovations introduced by SnamTEC include predictive maintenance, which minimizes costs and downtime, contributing to the safety and continuity of supplies; the application of artificial intelligence to the operational management of network assets, which allows for the reduction of consumption and emissions; and the use of big data to support decision-making related to key industrial processes, which makes decision-making faster, more factual and more effective.

Open innovation includes Research and Technology Development activities in collaboration with a network of universities in Italy and abroad, as well as industrial partners. These activities are carried out with Snam as industrial guidance and sponsor, aiming at developing technology along the whole hydrogen and CCUS value chain. Snam has also two Open Innovation programs, SnamInnova and the Hyaccelerator which are Snam's corporate accelerators for start-ups. Remarkably, Snam is also part of two venture capital funds from CDP Venture Capital SGR investing in promising energy and sustainability related technology solutions.

6. Supporting climate transparency and disclosure

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 activities, performance and objectives for the future. In this context, Snam discloses the alignment of its investments, revenues and opex to the European taxonomy for sustainable activities, which is also connected to the issuance of sustainability bonds on the debt market.

It has long been committed to implement an effective climate change disclosure and since 2018 it publishes the Climate Change Report that 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.

In the last years, the ERM Model has progressively integrated environmental and social factors into the assessment of risks and opportunities. Snam is a founding member of the UN Global Compact CFO Taskforce that aims to address the need to create new tools for CFOs to raise capital from impact-oriented investors and deploy capital in a way that maximizes positive impact and it has a target to reach 85% of sustainable finance by 2027.

Snam believes that this regular climate advocacy carried out at national and international level allows the company to better implement its climate strategy, helping to reach faster a carbon neutral economy. In this context, in the ongoing review of activities considered sustainable for taxonomy purposes, Snam is active through industry associations and coalitions in promoting the recognition of the role played by decarbonized and renewable gases in reaching net zero, also through blending.

Direct and indirect engagement activities

Authorities and public institutions

Snam's Code of Ethics provides that Snam's people shall cooperate actively and fully with the public authorities, complying with the regulations in force for the carrying out of the activity of legitimate interests' representation and not causing harm to the community under any circumstances.

Furthermore, the Code of Ethics compels Snam's people as well as external collaborators whose actions may somehow be referred to Snam, to behave in a proper, transparent and traceable manner towards public authorities. These relations have to be exclusively dealt with by the departments and individuals specifically appointed to do so, in compliance with approved plans and corporate procedures.

Furthermore, Snam has adopted a specific internal policy regulating in detail the management of relations with the Public Administration. Such policy - that is applicable to Snam S.p.A. and its subsidiaries - is aimed at ensuring that all such relations are conducted in a way which is compatible with the law and with the principles expressed in the Code's of Ethics recalled above.

In accordance to its Code of Ethics, Snam shall not make any direct or indirect contributions in whatever form to political parties, movements, committees, political organizations and trade unions, or to their representatives and candidates, except those specifically expected by applicable laws and regulations.

Over the years, Snam cultivated a positive and collaborative relationship with various institutions, including the Regulatory Authority for Energy, Networks, and the Environment (ARERA), supervisory bodies, and public safety agencies.

Furthermore, Snam has taken an active role in the policy debate, both by making direct contributions to a range of public consultations feeding into the EU Green Deal legislative process as well as into the national climate policy debate, as well as through its participation into industry associations and coalitions both at EU (eg. ENTSO-G, Gas Infrastructure Europe, Hydrogen Europe, European Biomethane Association, European Hydrogen Backbone, Gas for Climate) and national level (eg. Hydrogen IT, Confindustria and Proxigas). This engagement serves multiple purposes, including responding to information requests about our corporate activities, fostering the acceptance of facilities in the local area, but, almost importantly, to promote Snam's strategy and its climate priorities in the public debate.

Associations and Coalitions

Snam Codes' of Ethics provide that membership of associations and participation in initiatives, events or external meetings are supported by Snam if compatible with the working or professional activity provided and that Snam's management and employees in charge of explaining or providing data or news outside the company concerning Snam's objectives, aims, results and points of view shall not only comply with corporate procedures, including relating to market abuse, but shall also obtain the necessary authorisation from their superiors within management for the proposed lines of action and for the texts and reports drawn up, and shall agree on the content with the relevant Snam corporate structure.

In October 2023 Snam has renewed its internal procedures related to the Relations with Associations. It complies with the internal Compliance Model, such as the application of its own Code of Ethics, the Anti-Corruption Management System and the Model 231 pursuant to Italian legislative Decree no. 231/2001.

All of Snam's Consolidated Companies have to comply with the above procedure, through the different phases of the process: definition of the budget, evaluation of the membership, payments, and the participation in the association activities.

The Group's budget proposal is elaborated consistently with the strategic plan, and proposed to Snam's CEO and Management team.

Before being part of an association or other organizations, an evaluation is carried out by the internal competent departments to assess its contribution to reach the strategic goals and its alignment with the climate goals and sustainable principles.

An annual monitoring activity is carried out by the competent functions along with the Institutional Affairs function to guarantee the alignment of the association's memberships with the business objectives, including those related to the climate change commitment.

When Snam becomes part of an association or coalition, representatives are committed to being active and influential in internal debates, working groups and statutory bodies, that might be relevant for climate and business strategies.

We share our vision with other members and always strive to drive the discussion in accordance with our principles. We respect the viewpoints of other members and always comply with any relevant antitrust and competition laws.

In case of misalignment we expose our point of view and our disagreement and, in case, we consider to exit from the Association.

Stefano Venier

CEO

Annex (to be updated on annual basis)

With respect to its own climate policy activities, Snam has strived in 2023 to address the six strategic climate priorities described above through addressing key public consultations and through participating to international and national climate policy forum.

The advocacy activity, at EU level, has been carried out also through and active participation in:

- EU Hydrogen Strategy
- EU Sector Integration Strategy
- Fit for 55
- Gas and Hydrogen Decarbonization Package
- Methane Emissions Regulation
- Taxonomy
- Net Zero Industry Act
- H2 Bank
- EU CCUS Strategy

At national level, the main climate advocacy consultations Snam has been contributing into are:

- Government Consultation on Integrated National Energy and Climate Plan (PNIEC)
- Government Consultation on incentives to Biomethane production
- Government Consultation on hydrogen incentives
- Government Consultation on Guarantees of Origin
- ARERA's consultations on optimization criteria for biomethane connections to gas grids and innovative projects

Snam also has participated in parliamentary hearings, intervening on issues related to energy and climate context affecting its business.

Here below the main associations focusing on climate related issues:

MARCOGAZ - GIE

The European technical association for the gas industry (Marcogaz) and Gas Infrastructure Europe are two associations actively engaged in issues related to climate change and methane emissions. In recent years, several documents have been developed, becoming reference points for the sector internationally, in the definition of which Snam has actively participated. Throughout 2023, activities focused on the analysis and monitoring of the upcoming publication of the European regulation on methane emissions, as well as the definition of a series of Best Available Technologies (BAT) applicable in the gas industry for methane emissions containment.

GERG

The European Association for Gas Research actively engages in international cooperation on methane emissions. By joining the UNEP OGMP 2.0 Framework, European gas companies, including Snam, have chosen to develop a research project correlating methane emission with top-down and bottom-up methodologies outlined in international protocols, following different phases.

Throughout 2023, the results obtained from field tests conducted at a real site, a gas compression station, were analyzed by comparing various data reconciliation methods developed using top-down and bottom-up approaches.

CEN

Snam is monitoring the implementation of various sector regulations on methane emissions at CEN, the European standardization body. In 2023, three working groups were initiated with the task of producing regulations of significant relevance for the gas industry. These focus on quantifying methane emissions, LDAR (Leak Detection and Repair), and the third document will address venting and flaring.

COMITATO ITALIANO GAS (CIG)

Snam represents the Italian Gas Committee (CIG) at the European standardization body, CEN, in the initiative aimed at implementing sector regulations on methane emissions. Among various activities, Snam also coordinates a specific working group overseeing technical and regulatory activities on the topic of "methane emissions".

IGU

Established by the International Gas Union, Snam participates in the Group of Experts on Methane Emissions (GEME), which focuses on updating various stakeholders in the gas chain on global developments. In October 2023, Snam, Rystad Energy, and IGU presented the Global Gas Report 2023.

METHANE GUIDING PRINCIPLES (MGP)

Snam has endorsed the Methane Guiding Principles (MGP), a partnership among Oil & Gas industry operators throughout the value chain and non-industrial organizations, research entities, and NGOs. Currently, the 27 companies participating in MGP commit to adhering to the following guiding principles:

- Continuously reduce methane emissions
- Promote high performance across the value chain
- Enhance the accuracy of methane emission data
- Advocate for appropriate policies and regulations on methane emissions
- Increase transparency

In this context, a specific group dedicated to midstream industry operators was initiated in 2023, to which Snam actively contributed by sharing best practices and experiences regarding the quantification and reduction of methane emissions.

Snam participates to the associations both at technical and strategic level with the aim to promotes its vision through the association's position papers and/or studies, as a result of the dialogue and the exchange of views/best practices along with other association members (i.e industries, research centers, universities). Here below, by way of example, we report some of the most important associations and coalitions. This collaboration – depending on different stakeholders' purposes – can include sharing of best practices and expertise, participating in workshops and contributing to sector studies and public consultations, as well as lobbying activities.

- European Clean Hydrogen Alliance (ECH2A)
- Hydrogen Council
- East Mediterranean Gas Forum (EMGF)
- Alliance for Industry Decarbonization – IRENA
- Observatoire méditerranéen de l'énergie et du climat (OMEC)
- European Network of Transmission System Operators for Gas (ENTSO – G)
- Hydrogen Europe
- CCSA
- European Biogas Association (EBA)
- EUROGAS (related to Sustainable mobility topics)
- Biomethane Industrial Partnership (BIP)
- PROXIGAS
- ASSORISORSE
- H2IT
- Consorzio Italiano Biogas (CIB)
- ASSOGASLIQUIDI
- Associazione Nazionale Depositi Costieri di Olii Minerali
- NGV Italy
- ASSOESCO

Other initiatives in coordination with other players on topics described above are:

- Gas for Climate
- European Hydrogen Backbone
- H2erath
- H2GAR