

EX-POST EXTERNAL REVIEW

Impact reporting

Snam Climate Action and Transition Bonds Report
11 March 2022

VERIFICATION PARAMETERS

Type(s) of reporting	Green Bond Impact
Relevant standard(s)	ICMA Harmonized Framework for Impact Reporting (as of June 2021) ICMA Green Bond Principles (applicable at the date of publication of the Frameworks)
Scope of verification	Snam's Transition Bond Framework (2020) (as of 09.06.2020) Snam's Climate Action bond Framework (2018) (as of 07.11.2018)
Lifecycle	Post-issuance verification
Validity	As long as no material changes are undertaken by the issuer to its Climate Action and Transition Bonds Report as of 11.03.2022

CONTENTS

SCOPE OF WORK	3
SNAM BUSINESS OVERVIEW	3
ISS ESG ASSESSMENT SUMMARY	4
ISS ESG EXTERNAL REVIEW ASSESSMENT	5
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN SNAM'S TRANSITION BOND FRAMEWORK (2020) AND SNAM'S CLIMATE ACTION BOND FRAMEWORK (2018)	5
PART II: ASSESSMENT AGAINST THE ICMA ICMA HFIR	12
PART III: PROCEEDS ALLOCATION REPORTING AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS	16
ANNEX: Methodology	22
About ISS ESG External Review	22

SCOPE OF WORK

Snam ('the Issuer') commissioned ISS ESG to provide an External Review on its Climate Action and Transition Bonds Report by assessing:

1. The alignment of the Snam's Climate Action and Transition Bonds Report with the commitments set forth in Snam Transition Bond Framework (2020) and Snam Climate Action Bond Framework (2018) assessed against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) applicable at date of publication of the Frameworks.
2. Snam's Climate Action and Transition Bonds Report - benchmarked against ICMA Harmonised Framework for Impact Reporting updated as of June 2021.
3. The disclosure of proceeds allocation¹ and the evaluation of the soundness of reporting indicators – whether the metrics align with best market practices and are relevant to the Green Bonds issued.

SNAM BUSINESS OVERVIEW

Snam is one of Europe's leading operators in natural gas transport and storage, with an infrastructure capable of delivering the transition to hydrogen.

Snam operates a transport network of approximately 41,000 km between Italy, Austria, France, Greece and the United Kingdom and owns 3.5% of the world's storage capacity.

Snam has 80 years of experience in the development and management of networks and plants. Besides transport and storage, the company is also one of the main operators in LNG regasification with a presence in Asia, Middle East and North America.

Snam is committed to upgrading its infrastructure to meet hydrogen-ready standards and develops integrated projects along the green gas value chain, with investments in biomethane, hydrogen, sustainable mobility and energy efficiency. It also contributes to creating new green spaces through a benefit company that carries out forestry projects.

Snam has set a net zero target on Scope 1 and 2 CO₂ equivalent emissions by 2040 as well as a target for indirect Scope 3 (subsidiaries, suppliers) emissions reduction by 2030.

¹ ISS ESG's review does not follow auditing or assurance standards or guidance. ISS ESG does not provide assurance on the information presented in Snam's Climate Action and Transition Bonds Report. ISS ESG solely conducted a review of the Use of Proceeds' allocation and impact reporting against ICMA's HFIR core principles and recommendations and criteria outlined in the Snam's Transition Bond Framework (2020) and Snam's Climate Action Bond Framework (2018).

ISS ESG ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1</p> <p>Alignment with the Issuer's commitments set forth in the Frameworks</p>	<p>ISS ESG finds that the Snam Climate Action and Transition Bonds Report meet the general conditions set forth in Snam's Transition Bond Framework (2020) and Snam's Climate Action Bond Framework (2018).</p>	<p>Aligned</p>
<p>Part 2:</p> <p>Alignment with the ICMA HFIR</p>	<p>ISS ESG finds that Snam follows ICMA HFIR's core principles and key recommendations. The issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best practices. Snam puts in place a formal internal process for tracking the proceeds and has clearly reported on green bonds use of proceeds as well as on the expected environmental impacts.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Disclosure of proceeds allocation and evaluation of the soundness of reporting indicators</p>	<p>ISS ESG finds that the allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Frameworks².</p> <p>The indicators are relevant and align with the reporting criteria set forth in the Issuer's Frameworks.</p> <p>Data sourcing, methodologies of quantitative assessment, the baseline selection and granularity reflect best market practices.</p>	<p>Positive</p>

² ISS ESG bases its assessments wholly on the information provided in the allocation reporting and has not conducted any verification of the legitimacy of the details reported.

ISS ESG EXTERNAL REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN SNAM'S TRANSITION BOND FRAMEWORK (2020) AND SNAM'S CLIMATE ACTION BOND FRAMEWORK (2018)

The following table presents ISS ESG's assessment of the Snam Climate Action and Transition Bonds Report against the commitments set forth in Snam's Transition Bond Framework (09.06.2020) and Snam's Climate Action Bond Framework (07.11.2018), which are based on the core requirements of the Green Bond Principles as well as best market standards.

CORE ICMA GBP REQUIREMENT	SNAM'S SUSTAINABLE FINANCE FRAMEWORK AND SNAM'S CLIMATE ACTION BOND FRAMEWORK (2018)	SNAM'S CLIMATE ACTION AND TRANSITION BONDS REPORT	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds			
1.1. Alignment with project categories defined by the GBP	<p>The net proceeds will be exclusively allocated to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> • Carbon & Emission Reduction Projects • Renewable Energy Projects • Energy Efficiency Projects • Green Construction Projects • Retrofit of Gas Transmission Network Projects 	<p>In accordance with the eligibility criteria established in the Frameworks, the proceeds have been used to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> • Carbon & Emission Reduction Projects • Renewable Energy Projects • Energy Efficiency Projects • Green Construction Projects • Retrofit of Gas Transmission Network Projects 	✓
1.2. Defined and transparent criteria for eligible projects	<p>Carbon & Emission Reduction Projects have the following characteristics:</p> <ul style="list-style-type: none"> • Infrastructure, equipment, technology, systems and processes that demonstrate a reduction in energy use/losses and reduction in emissions in industrial facilities 	<p>The Issuer has financed projects with the same criteria as identified in the Frameworks.</p>	✓

	<p>Renewable Energy Projects have the following characteristics:</p> <ul style="list-style-type: none">• Acquisition and development of biomethane plants and upgrading of existing biogas plants, in Italy and abroad. Both greenfield and revamping projects will have biomass sustainability and greenhouse gas emission reduction criteria laid down in the Renewable Directive as fundamental pillars. Biomethane supply chain can deliver very high decarbonisation effects while preserving biodiversity and food security <p>Energy Efficiency Projects have the following characteristics:</p> <ul style="list-style-type: none">• Energy efficiency projects for Snam's corporate facilities or supply chain. <p>Green Construction Projects have the following characteristics:</p> <ul style="list-style-type: none">• Development and maintenance of conservation areas, natural capital preservation and the development and maintenance of green areas/buildings <p>Retrofit of Gas Transmission Network Projects have the following characteristics:</p> <ul style="list-style-type: none">• Activities and projects carried out with the aim to adapt Snam's gas network to be ready to transport a certain increasing percentage of hydrogen and/or other low-carbon gases, coherently with what stated in the relevant EU Taxonomy		
--	---	--	--



<p>1.3. Description of the expected environmental and/or social benefits of the project categories</p>	<p>Environmental objectives and benefits are defined for each project category in Snam's Frameworks.</p>	<p>A detailed description of environmental objectives is available in the report.</p>	<p>✓</p>
<p>1.4. Refinancing/ Financing</p>	<p>The proceeds of Transition Bonds will be used to refinance existing Eligible Projects with disbursements occurring in the 36 months preceding each single bond issuance falling within the perimeter of the Frameworks and / or finance ongoing and future Eligible Projects.</p>	<p>As of the end of 2021, Snam has allocated 60% of the proceeds, which have been assigned to existing and new projects, for a total amount of EUR 1.6 billion. The unallocated proceed at the date of this report are held in cash and cash equivalent and they are expected to be fully allocated over the course of the next months, and will also be used for finance/refinance projects per issuer framework</p>	<p>✓</p>
<p>2. Process for project evaluation and selection</p>			
<p>2.1 Documented process to determine whether projects fit within defined categories</p>	<p>Projects to which the proceeds of Climate Action and Transition bonds are intended to be allocated are evaluated and selected based on compliance with the eligibility criteria set out above by Snam's Transition Bond Committee (formerly known as the Climate Action Bond Committee), which is comprised of members of the Finance Department, the CSR Department, the Technical Department and the P&C Business Unit Asset Italia Department.</p> <p>The projects are selected by the relevant functions of Snam (Technical Department, P&C Business Unit Asset Italia Department, M&A Department, Business Development Department, Energy Efficiency and Bio-methane Department) from the pool of investments included in the Business Plan. On an annual basis these investments are assessed and validated by the Transition Bond Committee, on the basis of Snam's</p>	<p>The Eligible Green Projects were designated by Snam's Snam's Climate Action and Transition Bond Committee.</p> <p>Projects financed and/or refinanced through the Green Bonds issued under Snam's Transition Bond Framework (2020) and Snam's Climate Action bond Framework (2018) were evaluated and selected based on compliance with the Eligibility Criteria.</p>	<p>✓</p>

	<p>“Transition Bond - Project evaluation and selection process” policy, a summary of which will be published on Snam’s website.</p> <p>The allocation of the proceeds of the Transition Bond will be overseen by the Finance Department.</p>		
2.2 Documented process to identify and manage potential ESG risks	<p>The issuer has a dedicated internal function ERM (enterprise risk management team) which executes risk analysis on the whole group and projects, including ESG assessment.³</p>	<p>The issuer has a dedicated internal function ERM (enterprise risk management team) which executes risk analysis on the whole group and projects, including ESG assessment.</p>	✓
2.3 Information on responsibilities and accountability	<p>Projects to which the proceeds of Bonds are intended to be allocated are evaluated and selected based on compliance with the eligibility criteria set out above by Snam’s Transition Bond Committee (formerly known as the Climate Action Bond Committee), which is comprised of members of the Finance Department, the CSR Department, the Technical Department and the P&C Business Unit Asset Italia Department.</p> <p>The projects are selected by the relevant functions of Snam (Technical Department, P&C Business Unit Asset Italia Department, M&A Department, Business Development Department, Energy Efficiency and Bio-methane Department) from the pool of investments included in the Business Plan. On an annual basis these investments are assessed and validated by the Transition Bond Committee, on the basis of Snam’s “Transition Bond - Project evaluation and selection process” policy, a summary of which will be published on Snam’s website.</p> <p>The allocation of the proceeds of the Transition Bond will be overseen by the Finance Department.</p>	<p>The Eligible Green Bond Projects were designated by Snam’s Transition Bond Committee (formerly known as the Climate Action Bond Committee),. Eligible projects have been internally selected from Snam’s capex plan and the list was then sent to the committee for their approval against the Framework. The process is done with a formal approval from each member of the Committee.</p>	✓

³ This information came directly from Snam Climate Action and Transition Bonds Report

<p>2.4 Stakeholders involved in the process</p>	<p>Projects to which the proceeds of Bonds are intended to be allocated are evaluated and selected based on compliance with the eligibility criteria set out above by Snam's Transition Bond Committee (formerly known as the Climate Action Bond Committee), which is comprised of members of the Finance Department, the CSR Department, the Technical Department and the P&C Business Unit Asset Italia Department.</p>	<p>The Issuer confirms that various stakeholders are involved throughout the process, as is stated in the Framework.</p>	<p>✓</p>
<p>3. Management of Proceeds</p>			
<p>3.1 Green Bond proceeds tracked in an appropriate manner</p>	<p>The proceeds from the Bonds will be managed by Snam's Finance department. The net proceeds from the instruments will be tracked internally and an amount at least equivalent to the net proceeds of each instrument will be earmarked for allocation to the portfolio of Eligible Projects.</p> <p>Payment of principal and interest on the Bonds will be made from Snam's general funds and will not be directly linked to the performance of any of the Eligible Projects.</p>	<p>As of the end of 2021, 60% of the proceeds have been allocated.</p>	<p>✓</p>
<p>3.2 Disclosure of intended types of temporary investment instruments for unallocated proceeds</p>	<p>The unallocated proceed are held in cash and cash equivalent and are expected to be fully allocated over the course of the next few months, following the publication of the issuer's post issuance report.⁴</p>	<p>As of the end of 2021, 60% of the proceeds have been allocated. The unallocated proceed at the date of this report are held in cash and cash equivalent and they are expected to be fully allocated over the course of the next few months.</p>	<p>✓</p>
<p>4. Reporting</p>			

⁴ This information came directly from Snam Climate Action and Transition Bonds Report

<p>4.1 Use of Proceeds reporting</p>	<p>Within one year of issuance of the Climate Action or Transition Bonds, the Company will provide an update regarding the allocation of an amount equal to the net proceeds of the bonds to Eligible Projects, detailing, at a minimum:</p> <ul style="list-style-type: none"> i. allocation of the net proceeds of Climate Action or Transition Bonds to Eligible Projects ii. brief description of all Eligible Projects funded and key performance indicators (where feasible) iii. current funded amounts, and funding dates iv. assertions by management that an amount equal to the net proceeds of that tranche or series of Climate Action or Transition Bonds are invested in qualifying Eligible Projects and that an amount equal to any unallocated net proceeds is used to reimburse outstanding credit facilities / pay down existing debt or kept in cash, overnight or other short-term financial instruments; and v. detailed case studies on a select number of projects 	<p>The section “Allocation reporting” of the Snam’s Climate Action and Transition Bonds Report complies with the pre-issuance commitment expressed in the frameworks and with the requirements defined in the GBP. Further analysis of this section of the report is displayed in Part III of this report.</p>	<p style="text-align: center;"></p>
<p>4.4 External assurance</p>	<p>The updates and assertions will be accompanied by a report from an independent accountant in respect of the independent accountant’s assurance of management’s assertion, conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000. If the net proceeds are not fully allocated within one year of issuance, the Company will continue to provide updates annually together with an annual attestation report from an independent</p>	<p>All financial figures included in Snam Climate Action and Transition Bonds Report are audited by an independent accountant.</p>	<p style="text-align: center;"></p>

	accountant until the net proceeds are fully allocated.		
--	--	--	--

Opinion: ISS ESG finds that the Snam Climate Action and Transition Bonds Report meet the general conditions set forth in Snam's Transition Bond Framework (2020) and Snam's Climate Action Bond Framework (2018). Core components as defined by ICMA have been considered in the Frameworks and have then been transposed accordingly in the Snam Climate Action and Transition Bonds Report.

PART II: ASSESSMENT AGAINST THE ICMA HFIR

Reporting is a core component of the GBP. Green bond issuers are required to report on both the use of green bond proceeds, as well as the expected environmental impacts at least on an annual basis. ICMA HFIR has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below presents the findings of an ISS ESG assessment of Snam Climate Action and Transition Bonds Report against ICMA HFIR.

CORE PRINCIPLES		
ICMA HFIR	CLIMATE ACTION AND TRANSITION BONDS REPORT	ASSESSMENT
Report on an annual basis	Snam has reported within one year from issuance and 60% the proceeds have been allocated. The report will be available on Snam's website.	✓
Illustrating the expected environmental impacts	<p>The assessment and measurement of the impacts generated by Snam Green Bonds covered the following areas:</p> <ul style="list-style-type: none"> a. Energy saving expected at the end of the activity b. Methane usage/ leakages avoided c. NOx lower emissions d. Lower consumption of fuel gas e. Installed capacity on plants expected to produce biomethane f. Installed capacity on plants expected to produce biogas with conversion into biomethane for electricity production g. Installed infrastructures capacity for the production of electricity from biogas h. Estimated energy saving on an annual basis i. (Acquisitions of) companies operating in the energy efficiency sector for residential, industrial and tertiary business solutions j. Avoided CO2 emissions both direct and indirect (raw materials transport and extraction) k. Number of new buildings gaining green building certification l. Number of projects achieving upgrade of energy class m. CO2e reduced as a result of improved energy efficiency n. kilometres of gas transmission network replaced 	✓
Transparency on the currency	Between Dec 2020 and Dec 2021, Issuer reports the cash flow related to the Green Bond and the allocations to the projects. All cash flows are reported in Euros.	✓

RECOMMENDATIONS		
ICMA HFIR	CLIMATE ACTION AND TRANSITION BONDS REPORT	ASSESSMENT
Define and disclose the period and process for including projects in their report	On a quarterly basis, the finance department collects, aggregates and shares information related to all Eligible Projects funded with the Committee and in particular, the current funded amounts and a relevant focus on relevant changes quarter by quarter. In case a change raises, the committee is promptly informed. On a yearly basis, this information collected about the eligible projects is reported in the annual reporting process.	✓
Indicate the total signed amount and the amount of environmental bonds proceeds allocated to eligible disbursements.	A total of EUR 2.85 billion has been raised through Issuer's Green Bonds. As of the end of 2021, 60% of the proceeds have been allocated to Green Assets.	✓
Put in place a formal internal process for the allocation of proceeds linked to their lending and investment operations for Green Projects and to report on the allocation of proceeds.	The Issuer followed a transparent process for selection and evaluation of Eligible Green Projects. Projects financed and/or refinanced through the Green Bonds issued under Snam's Transition bond Framework (2020) and Snam's Climate Action Bond Framework (2018) were evaluated and selected based on compliance with the Eligibility Criteria.	✓
Provide a list of projects to which environmental bonds proceeds have been allocated, or report solely on a portfolio level	The Snam Climate Action and Transition Bonds Report includes the total amount of proceeds allocated per eligible project category, project type within categories and per operating company.	✓
Describe the approach to impact reporting	The issuer identifies the specific eligible projects and clearly defines, for each project, the total project's allocated proceeds.	✓
Collaboration with experts in case of reporting on the estimated lifetime results and/or project economic life (in years)	Snam does not report on lifetime impacts.	N/A
Ex-post verification of specific projects	There is no ex-post verification of specific projects.	N/A
Report on at least a limited number of sector specific core indicators for projects included in their green bond programmes	A description of core environmental impacts for each target area is available in the report: Carbon & emission reduction projects	✓

	<ul style="list-style-type: none"> • Energy saving expected at the end of the activity • Methane emission/ leakages avoided • NOx lower emissions • Lower consumption of fuel gas <p>Renewable energy projects (Bio-methane)</p> <ul style="list-style-type: none"> • Installed capacity on plants expected to produce biomethane • Installed capacity on plants expected to produce biogas with conversion into biomethane for electricity production • Installed infrastructures capacity for the production of electricity from biogas <p>Energy Efficiency projects</p> <ul style="list-style-type: none"> • Estimated energy saving on an annual basis • (Acquisitions of) companies operating in the energy efficiency sector for residential, industrial and tertiary business solutions • Avoided CO₂ emissions both direct and indirect (raw materials transport and extraction) <p>Green development projects</p> <ul style="list-style-type: none"> • Number of new buildings gaining green building certification • Number of projects achieving upgrade of energy class • CO₂e reduced as a result of improved energy efficiency <p>Retrofit of gas transmission network</p> <ul style="list-style-type: none"> • kilometres of gas transmission network replaced 	
<p>For the calculation of indicators, where there is no single commonly-used standard, issuers may follow their own methodologies while making these available to investors</p>	<p>For those indicators where there is no single commonly-used standard, issuer has elected reasonable and easy to quantify measurement units and methodologies. In places where helpful, issuer has added footnotes in its report further clarifying methodology.</p>	<p>✓</p>

Elect, for consistency reasons, to convert units reported for individual projects. Disclosure on the conversion approach	Units used in the issuer’s report are consistent across different projects. No disclosure of conversion needed, as units are already consistent.	N/A
Be transparent about projects with partial eligibility	The issuer has not financed partial eligibility projects	N/A
In case the expected impacts of different project components may not be reported separately, issuers may attribute the results to each component based on their relative share in the related financing, disclosing the attribution approach	The issuer reports impact at project level, and the impact of each project is clear. Reporting on project impact at a component level is not applicable.	N/A

Opinion: ISS ESG finds that Snam follows ICMA HFIR’s core principles and key recommendations. The issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best practices. Snam puts in place a formal internal process for tracking the proceeds and has clearly reported on green bonds use of proceeds as well as on the expected environmental impacts thanks to various impact metrics.

PART III: PROCEEDS ALLOCATION REPORTING AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Methodology note: ISS ESG's review does not follow auditing or assurance standards or guidance. ISS ESG does not provide assurance on the information presented in Snam Climate Action and Transition Bonds Report. ISS ESG solely conducted a review of the Use of Proceeds' allocation and impact reporting against ICMA's ICMA HFIR's core principles, recommendations and best market practices.

Use of Proceeds Allocation

ISS ESG notes that it has not verified or audited the allocation reporting and thus cannot provide any assurance on its soundness. ISS ESG solely conducted a review of the Use of Proceeds' allocation reporting against ICMA Green Bond Principles' core recommendations on the level, scope and information to be provided in the allocation reporting.

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds projects. The Use of Proceeds allocation reporting occurred within one year from the issuance. As of the end of 2021, 60% of the proceeds have been allocated.

There is also transparency around the amount of unallocated proceeds. Proceeds that are unallocated is expected to be invested in the next few years and, until the full allocation, the company will hold funds in cash and cash equivalent or repay the outstanding debt.

Proceeds allocated to Eligible Projects

The proceeds' allocation is broken down at the project category level, by type of project, and by the Snam operating subsidiary company. Proceeds allocation has been reported at the bond level and the Use of Proceeds category level. The issuer has provided detail about the type of projects included in the portfolio. For each project, the project description, amount funded, environmental performance indicators, and environmental benefits are documented.

ISS ESG finds that the allocation report section of the Climate Action and Transition Bonds Report of Snam aligns with best market practices by providing information on:

- The number of projects (re-)financed
- The Use of Proceeds category each project fulfills
- The proportion of proceeds that have been allocated to each Use of Proceeds category

















Impact Reporting Indicators

ISS ESG finds that the impact indicators used by Climate Action and Transition Bonds Report of Snam align with best market practices using ICMA’s recommended metrics, either in the HFIR or the WTHFIR. The issuer measures and discloses relevant indicators for each Use of Proceeds project category. The table below presents an assessment conducted by ISS ESG referring to key recommendations of the ICMA Harmonised Framework for Impact Reporting or Working Towards a Harmonized Framework for Impact Reporting for Green Bonds.






ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicators chosen by the issuer for this bond are the following:</p> <p>Carbon & emission reduction projects</p> <ul style="list-style-type: none"> • Energy saving expected at the end of the activity • Methane emission/ leakages avoided • NOx lower emissions • Lower consumption of fuel gas <p>Renewable energy projects (Bio-methane)</p> <ul style="list-style-type: none"> • Installed capacity on plants expected to produce biomethane • Installed capacity on plants expected to produce biogas with conversion into biomethane for electricity production • Installed infrastructures capacity for the production of electricity from biogas <p>Energy Efficiency projects</p> <ul style="list-style-type: none"> • Estimated energy saving on an annual basis • (Acquisitions of) companies operating in the energy efficiency sector for residential, industrial and tertiary business solutions • Avoided CO₂ emissions both direct and indirect (raw materials transport and extraction) <p>Green development projects</p> <ul style="list-style-type: none"> • Number of new buildings gaining green building certification • Number of projects achieving upgrade of energy class • CO₂e reduced as a result of improved energy efficiency <p>Retrofit of gas transmission network</p> <ul style="list-style-type: none"> • kilometres of gas transmission network replaced

	<p>These indicators are qualitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics by the ICMA Harmonized Framework for Impact Report for Environmental Bonds. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For the impact indicators, the issuer uses internationally recognized impact indicators relevant to each of its Use of Proceeds categories, which are in line with the core indicator proposed by the ICMA Harmonized Framework for Impact Reporting (for Green Bonds). The data is sourced from the issuer’s internal system, and is processed by the issuer.</p>
<p>Baseline selection</p>	<p>The impact indicators selected by the issuer are aligned with ones suggested by ICMA GBP for each Use of Proceeds category, wherever appropriate. In this sense, the report is in line with the suggestion of the ICMA Harmonized Framework for Impact Reporting (for Green Bonds).</p>
<p>Scale and granularity</p>	<p>The impact data is presented at the project level for the indicators.</p>

High-level mapping of the impact indicators with the UN Sustainable Development Goals
Based on the project categories financed and refinanced by the bonds as disclosed in the issuer’s Climate Action and Transition Bonds Report, the impact indicators adopted by Snam for its Green Bonds can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”⁵.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Energy saving expected at the end of the activity	
Methane usage/ leakages avoided	
NOx lower emissions	 
Lower consumption of fuel gas	 
Installed capacity on plants expected to produce biomethane	 
Installed capacity on plants expected to produce biogas with conversion into biomethane for electricity production	 
Installed infrastructures capacity for the production of electricity from biogas	 
Estimated energy saving on an annual basis	 
(Acquisitions of) companies operating in the energy efficiency sector for residential, industrial and tertiary business solutions	 

⁵ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

<p>Avoided CO2 emissions both direct and indirect (raw materials transport and extraction)</p>	
<p>Number of new buildings gaining green building certification</p>	
<p>Number of projects achieving upgrade of energy class</p>	
<p>CO2e reduced as a result of improved energy efficiency</p>	
<p>Kilometres of gas transmission network replaced</p>	

DISCLAIMER

1. Validity of the External Review: As long as no material changes are undertaken by the issuer to its Climate Action and Transition Bonds Report as of 11.03.2022
2. ISS ESG uses a proprietary methodology to assess the post-issuance reports. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create External Reviews on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this External Review is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of this External Review, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the External Review is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this External Review, certain images, text and graphics contained therein, and the layout and company logo of ISS ESG are the property of ISS and are protected under copyright and trademark law. Any use of such ISS property shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the External Review wholly or in part, the distribution of the External Review, either free of charge or against payment, or the exploitation of this External Review in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. (“ICS”), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer’s use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

Deutsche Börse AG (“DB”) owns an approximate 80% stake in ISS HoldCo Inc., the holding company which wholly owns ISS. The remainder of ISS HoldCo Inc. is held by a combination of Genstar Capital (“Genstar”) and ISS management. ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the board of directors of ISS HoldCo Inc. These policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings produced by ISS and to safeguard the reputations of ISS and its owners. Further information regarding these policies are available at <https://www.issgovernance.com/compliance/due-diligence-materials>.

© 2022 | Institutional Shareholder Services and/or its affiliates

ANNEX: Methodology

ISS ESG Review of the post-issuance Reports

The external review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced. On the basis of the information provided by the Issuer, ISS ESG assesses the alignment of the report with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The analysis of the metrics adopted is based on specific sets of indicators developed by ISS ESG referring to common market guidelines.

High level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, ISS ESG identifies the extent to which Hypo Tirol's Social Bond Impact reporting and project categories contributes to related SDGs.

About ISS ESG External Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on External Review services, contact: SPOsales@isscorporatesolutions.com

For more information on this specific Climate Action and Transition Bonds Report External Review, please contact: SPOOperations@iss-esg.com

Project team

Project lead

Cecily Liu
Associate
ESG Consultant

Project support

Jolly Sinha
Senior Associate
ESG Consultant

Project supervision

Viola Lutz
Executive Director
Head of ISS ESG Climate Services