



Extraordinary and Ordinary Shareholders' Meeting of
Snam S.p.A.
18 June 2020

Questions and answers received prior to the
Shareholders' Meeting pursuant to article 127-*ter* of
Legislative Decree no. 58/1998

Questions received from the Shareholder
Re:Common

1. On 26 February 2020, Snam completed the acquisition from the Iren group, of a 49.07% stake in the Livorno regasification company, OLT Toscana.

1.1 How have the environmental and climatic aspects linked to the liquefaction and regasification of LNG been recorded in the financial assessment that justifies Snam's "strategy of growth and strengthening of LNG activities"?

Liquefied natural gas and bioLNG, and looking forward hydrogen, are decisive for the energy transition and sustainable mobility, with global demand set to double by 2035.

1.2 According to information provided by the sector portal Offshore Energy, 36% of the gas that arrived in Livorno in 2019 came from the United States.

1.2.1 Can Snam confirm this data? Can you provide more specific information on the origin of the gas imported from the United States (selling company, carrier, quantity, price paid)?

47% of the LNG that arrived at the Livorno terminal in calendar year 2019 came from the United States.

1.3 LNG arrived in Livorno from the following other countries: Algeria, Egypt, Nigeria, Norway, Peru, Qatar, Trinidad & Tobago and other European terminals such as Spain and the Netherlands. Can Snam confirm that the OLT terminal received LNG from these countries?

It is confirmed that the terminal received shipments from the countries listed above in calendar year 2019, except for Peru which was received earlier.

1.3.1 From which other countries?

In addition to the countries above, a shipment from Equatorial Guinea was received.

1.3.2 Can Snam provide more specific information on the origin of the gas imported by each of these countries (selling company, carrier, quantity, price paid)?

The suppliers and the quantities for 2019 were: (the other figures requested are figures that OLT does not know or cannot disclose as this is sensitive data)

| ORIGIN | CARGOES # | Q.ty [liqm3] |
|---------|--------------|-----------------|
| ALGERIA | 7 | 998,530 |

| | | |
|-------------|-----------|------------------|
| EGYPT | 5 | 756,026 |
| EQ. GUINEA | 1 | 139,056 |
| NIGERIA | 1 | 135,514 |
| NORWAY | 2 | 270,225 |
| QATAR | 1 | 138,500 |
| RELOAD EU | 1 | 146,505 |
| TRINIDAD | 3 | 438,640 |
| US | 19 | 2,740,658 |
| Tot. | 40 | 5,763,653 |

2. Snam's code of ethics states: "In the development of its international business activities and those in participation with partners, Snam commits to protecting and promoting human rights, non-transferable, essential prerogatives of human beings and the basis for the construction of society hinged on principles of equality, solidarity, the repudiation of war and protection of civil and political rights, social, economic and cultural rights and what are termed "third generation rights" (right to self-determination, peace, development and the safeguarding of the environment). Snam protects individual freedom, in all its forms, and rejects any kind of discrimination, violence, corruption (in all its forms, with reference to any public or private subject), forced labour or child labour. Particular consideration is given to the recognition and safeguarding of the dignity, freedom and equality of human beings, protection of work and trade union freedoms, health, safety, the environment and biodiversity, as well as the system of values and principles on transparency, energy efficiency and sustainable development, as established by the Institutions and International Conventions. In this regard, Snam operates within the reference framework of the United National Universal Declaration of Human Rights, the fundamental conventions of the ILO - International Labour Organization - and the OECD Guidelines for Multinational Enterprises. All of the People of Snam, without distinction or exception, conform in their actions and their behaviour to the principles and contents of the Code in the context of their own functions and responsibilities in the knowledge that compliance with the Code constitutes an essential part of the quality of their work and professionalism. Relations between Snam's People, at all levels, must be based on criteria and behaviour that promote honesty, decency, collaboration, loyalty and mutual respect. In no way may the belief that one's actions

are to Snam's benefit or in its interests, to any extent, justify the adoption of behaviour that goes against the principles and content of the Code.”

In light of the company's code of ethics and the relative involvement of the company in the TAP project - part of the Southern Gas Corridor which connects Azerbaijan to Italy passing through Georgia, Turkey and Greece - with a majority stake of 20% of the project together with the companies SOCAR and British Petroleum:

2.1 Given the problems relating to respect of human rights in Azerbaijan what protocols has Snam envisaged to ensure compliance with its code of ethics - a point of reference for many investors who see it as a strength?

Snam, in developing both its international business activities and those in participation with partners, is committed to protecting and promoting human rights and principles of equality, solidarity, the repudiation of war and protection of civil and political rights, social, economic and cultural rights, as well as what are termed “third generation rights” (right to self-determination, peace, development and the safeguarding of the environment). Snam protects individual freedom, in all its forms, and rejects any kind of discrimination, violence, corruption, forced labour or child labour. These principles and values are an integral part of Snam's Code of Ethics and Model 231 and are described in a specific Policy on human rights, in the rules and company oversight, as well as in the Governance Report and in the Sustainability Report.

2.2 Has Snam already implemented or does it expect to update its Organisation and Management Model (OMM) according to the principles of Human Rights Due Diligence (HRDD)? **See the answer given in point 2.3 below**

2.3 What is the position of the Watch Structure on the appropriateness of updating the OMM in this regard and what is the expected timing set out in any “implementation programme” as per art. 7.2 of the OMM?

In agreement with the Watch Structure, the Company has embarked on an “implementation programme” to incorporate, lastly, the new tax offences pursuant to Law 157 of 19 December 2019 and the latest organisational changes made, all in line with the provisions of art. 7.2 of the OMM.

2.4 In any case, is breach of the aforementioned protocols supported by an adequate disciplinary system provided for in the OMM? If yes, what disciplinary measures are envisaged?

The 231 OMM defines sanctions commensurate to the breach and applicable in case of breach of the Model 231, and its purpose is to contribute: (i) to the effectiveness of the Model 231 itself and (ii) to the effectiveness of the Watch Structure's control actions. In this regard, the disciplinary system is fit to penalise failure to comply with the provisions indicated in the Model 231, with reference to both persons in top management positions and persons subject to the direction of others. Application of the disciplinary system is independent from the conduct and outcome of any proceedings initiated with the competent judicial authority.

2.5 Which monitoring tools have been put in place by the company, and in particular with regard to respect of human rights, in the implementation of projects in common with the company SOCAR, in particular the TAP project?

TAP has adopted a Code of Conduct – the principles of which are shared by Snam – which explicitly states that the company acts and operates in compliance with all national and international employment laws and undertakes to comply with the principles laid down in the United Nations' Universal Declaration of Human Rights. In addition to the respect and protection of human rights, TAP's Code of Conduct also includes the promotion of equal opportunities and diversity, the creation of an environment free of discrimination and harassment and the development of a safe and secure working environment. Relations between the project companies require mutual commitment to compliance with the principles, values and rules in place.

2.6 In light of the cooperation agreement signed with SOCAR on 20 February 2020, in relation to the "*development of renewable gases and sustainable energy*," what added value will this cooperation bring to the company?

We expect that cooperation with SOCAR will allow us to share expertise and best practices so we can speed up our development path in the main initiatives linked to the energy transition and the circular economy, such as biogas and biomethane, sustainable mobility (CNG) and hydrogen. This partnership may lead to new investment opportunities for Snam and, indirectly, benefits for its subsidiaries such as IES Biogas and Cubogas, as well as new services for the Global Solutions unit.

2.7 Has Snam conducted due diligence of all its partners in the TAP project, including SOCAR, as regards the human rights approach of the latter and of its main shareholder?

Snam conducts due diligence on all its third parties, including project partners.

3. In its Code of Ethics, chapter II point 1, Snam states, "Corruption practices, illegitimate favours, collusive behaviour, solicitations, direct and/or through third parties, for personal gain and career advantages, for oneself or others, are without exception prohibited. It is prohibited to pay or offer, directly or indirectly, gifts, payments, material benefits or other advantages of any kind to third parties, government representatives, public officials, public servants and public or private employees, to influence or compensate an act by their office. Acts of commercial courtesy, such as free gifts or forms of hospitality, are only allowed if they are of modest value and in any case provided that they do not compromise the integrity or reputation of one of the parties and do not create the appearance, in the eyes of an impartial observer, of being aimed at securing advantages in an improper manner. In any case, this kind of expense must always be authorized by the person indicated in the internal procedures and duly documented. Accepting, and likewise requesting and demanding, for oneself or others, money, gifts or other benefits from people or companies that have or intend to establish business relationships with Snam is forbidden. Any person receiving offers of free gifts, favourable treatment or hospitality that cannot be regarded as acts of commercial courtesy of modest value, or the request for them from third parties, must refuse them and immediately inform their superior, or the unit they belong to, and the Guarantor. Snam shall be responsible for adequately informing third parties of the commitments and obligations laid down by the Code, requiring their compliance with the principles that directly concern their business, and shall set up appropriate internal initiatives and, if authorised, external ones in the case of failure to comply by third parties."

In light of the report of the independent investigative body of the European Council on the accusations of corruption within its Parliamentary Assembly (PACE) of 15 April 2018 and in particular the testimonies of parliamentarians who would have voted in favour of Azerbaijan in that the "country needed oil and gas" (point 217); a system of distribution of money within PACE (point 218); an "incident" that allegedly had taken place in 2013 when the EPP had needed to elect a new president because Luca Volontè had not been re-elected (to the Italian Parliament) and therefore was no

longer a member of PACE (point 223); and the consequent measures taken by the European Council:

3.1 What does Snam's anti-corruption policy – if it has one - say about situations where it is the employees of associates that engage in corruption practices against the law, in addition to what is stated in Snam's Code of Ethics and OMM?

Snam has adopted Anti-Corruption Guidelines that outline the general principles and rules of conduct to follow in the performance of activities, forbidden conduct and oversight to protect against the risk of corruption. Snam's Guidelines apply to the company and all its Subsidiaries and are also brought to the attention of the other investee companies in order to promote behaviours and principles in line with those expressed by Snam. The Anti-Corruption Guidelines are also intended for all of Snam's People, as well as any other subjects, wherever they may be, who are acting, for any reason, in the name and/or on behalf of Snam, within the limits of their duties and responsibilities. Snam asks its counterparties to declare that they know the Company's Code of Ethics, Model 231 and Anti-Corruption Guidelines (available on the website) and to undertake to comply with the anti-corruption laws and principles contained in such corporate rules.

3.2 Has Snam informed SOCAR, and the main shareholder of this company, of its anti-corruption approach as set out in the Code of Ethics and the OMM?

Snam's anti-corruption approach is known to SOCAR and, with particular reference to the TAP project, the anti-corruption approach was agreed among all participants in the initiative, which in the existing agreements included adequate compliance and anti-corruption provisions, in line with the company's standards and international best practices.

3.3 Again with reference to relations with SOCAR, was Snam's Ethics & Antibribery Unit consulted?

See the answer to question 2.7.

3.4 Did this unit prepare the necessary applicable Due Diligence?

See the answer to question 2.7.

3.5 Do the contractual relations between Snam and SOCAR include contractual clauses that require SOCAR to comply with Snam's Code of Ethics, OMM and Guidelines?

Yes. For details see also what was said earlier in answers 3.1. and 3.2.

3.6 Does Snam have the right to withdraw from these contracts if SOCAR does not comply with these principles?

These breaches may result in the right to compensation for the other parties for any direct and indirect damages.

4. In the current context of the current COVID-19 virus pandemic, in relation to the TAP project:

4.1 Can Snam confirm that the ATECO code relating to the TAP construction site works - Melendugno site, sites relating to the TAP Interconnection - is 49.50.20?

ATECO code 49.50.20 relates to "Pipeline transport of liquids".

The implementation activities are associated with ATECO code 42.21 (Construction of public utility works for the transportation of fluids) and therefore come under class 42 (Civil Engineering) as per Annex 1 of the Decree of the President of the Council of Ministers of 22 March 2020, published in Official Gazette no. 76 of 22 March 2020.

If it is not, what is the ATECO code for the construction works of the various sites that continued without stopping in the months of March, April and May 2020?

4.2 Did you consider the choice consistent with the current health crisis? Why was the suspension of works not considered in that context?

Snam provides the country with an essential energy security service and, for this reason, in full compliance with the current laws and regulations, it continued some of its key activities also during the COVID emergency, with all due precautions to ensure the health of its collaborators. Work at the sites was almost entirely suspended for the full duration of the emergency, with the exception of those that are essential, such as some maintenance work that could not be postponed and the TAP interconnection, necessary preparatory work to accomplish a fundamental project for the national and European energy system within the timeframe set.

4.3 Was the risk to employees and the local population adequately assessed?

Company employees were protected by adopting appropriate protocols based on the indications of the Ministry of Health, decrees issued by the President of the Council of Ministers and the Shared Protocol regulating building sites of the Ministry for Infrastructure and Transport.

In construction sites, the specific Security and Coordination Plans of each site were updated in compliance with the indications set out in national protocols and containing specific prevention and protection measures for workers.

How many workers worked at the TAP sites – employees of Snam and of companies contracted and sub-contracted by Snam – that are resident in municipalities that are NOT part of the Apulia region? Which municipalities were the aforementioned workers resident in?

All journeys by personnel in the period of restrictions due to the COVID-19 emergency were made in strict compliance with the Decree of the President of the Council of Ministers (DPCM), which took place from 23 February 2020. All the aforementioned Decrees allowed travel for work reasons.

With particular reference to the months February to May, the personnel working on the project were almost all resident or permanently domiciled for work reasons in the Apulia Region (approx. 97%); the personnel from outside the region did not return to their homes for the entire period as this was not allowed. The remaining approx. 3%, amounting to 20 people, are personnel who occasionally travelled from Basilicata and they returned on a daily basis; this type of journey was permitted by the Decrees in that these personnel did not have a work-related domicile in the region.

4.4 Could you state the total number of people infected by COVID-19 at the TAP sites, onshore and offshore?

No one working on the TAP Interconnection project was infected. 3 contractors working on the TAP project were infected; at the time they were infected they were working on the ship engaged in the protection of marine bio-constructions. At present all workers are in good health.

5. The TAP Interconnection project (DN1400 – 55 km) serves to connect the new TAP importation infrastructure, due to arrive in Melendugno, with the existing national network in Brindisi, making a maximum input capacity of approx. 44 MSm³/g available without increasing the overall capacity of the system from the South. The project is expected to be fully commissioned in 2020. The "TAP Interconnection" project is on the list of projects that will be included in the TYNDP 2018-2027 of ENTSOG with the identification code TRA-F-1193 and it is represented in the "Southern Corridor" and "South-North Corridor" GRIPs.

With respect to the aforementioned project:

5.1 What stage of progress is the project at?

The current progression of the project is 75%.

5.2 Can Snam confirm that the TAP Interconnection project will be completed by 2020?

We can confirm this.

5.3 What is the timeline for the updated implementation of the TAP Interconnection project and the TAP project?

Both projects are due to be commissioned by the end of 2020.

5.4 What is Snam's total investment in the current project?

The investment is 297 million euros.

5.5 Are the implementation times still in line with the EIA (Environmental Impact Assessment) – HIA (Health Impact Assessment) authorisations?

The environmental authorisation applicable to the project is the EIA, which is valid and consistent with the implementation times. The Health Impact Assessment (HIA) is not applicable to the project.

5.6 How many expropriations and occupations were and will be carried out for the project?

Easement agreements have been signed for 75% of the project route. For the remaining 25%, following the issuing of the Public Utilities Decree which, inter alia, placed a pre-established confiscation constraint, the Final Subjugation and Temporary Occupation Decree was obtained. Thereafter, as provided for by legislation, a further 8% accepted the indemnities offered, for a total of 83%.

5.6.1 What was the average value and the overall sum paid for the indemnities and compensation for expropriations and occupations?

The easement indemnity was determined on the basis of the market value of the land crossed and it was agreed with some of the trade associations. On the route in question, everyone was paid an indemnity of 40 euros per metre of land crossed by the gas pipeline. The temporary occupation indemnity was assessed on the basis of the crops in the ground at the time of the works and the duration of the occupation, which was highly variable; on average, around 3 euros/m² was paid. Taking into account that some indemnities still need to be finally determined by the relevant bodies, overall it is estimated that around 6 million euros will be paid out for subjugation and temporary occupations.

5.6.2 Have there been appeals and complaints against expropriations and occupations or against the relative indemnities? How many? And what point are they at?

As said in point 5.6, agreements were reached for 83% of the project route. For the remaining 17%: 14% did not agree with the indemnity offered (the opinion of the relevant expropriation committee is pending) and 3% (17 proprietary companies) contested the indemnities pursuant to art. 21 of Presidential Decree 327/01; these proceedings are ongoing.

6. In light of the following statement by the company: "The new Matagiola – Massafra methane pipeline (DN1400 – 80 km) will allow us to increase the maximum capacity of the entry points in Apulia up to a maximum of 74 MSm³/g without increasing the overall capacity of the system from the South. This investment serves the initiatives along the route of the Southern Gas Corridor (SGC). The project is due to come into service in 2026.

6.1 How will the gas put into circulation within the "Southern Gas Corridor" be managed between 2021 (year of closure of the TAP site) and 2026 (year of completion of the Matagiola-Massafra methane pipeline)?

TAP currently requires a capacity of 30 MSm³/g. The TAP Interconnection investment, planned by SNAM and to be commissioned from the end of 2020, will make an input capacity of 44 MSm³/g available in Italy, therefore more than sufficient to guarantee the importation of gas from Azerbaijan. It is specified, however, that the TAP initiative site is expected to close by 2020 and this timing is therefore aligned with the commissioning of the relative interconnection being created by SNAM. The final decision for the creation of the Matagiola – Massafra methane pipeline depends on requests for additional quantities linked to the possible increase of TAP, or the implementation of other initiatives with a landing point in Apulia up to a maximum capacity of 74 MSm³/g.

It is specified that, as stated in the 2020-2029 ten-year plan, the commissioning of the Matagiola – Massafra methane pipeline is planned for 2027 and not 2026.

6.2 Has Snam anticipated and calculated the business risk with respect to possible and further delays? If so, what does it correspond to? What impact will it have on shareholders?

The creation of the Matagiola – Massafra methane pipeline has no impact on the start of the TAP supply. As regards the TAP interconnection, the project is strictly related to the introduction of gas from Azerbaijan. The transmission

contract with the shippers who will import the gas from TAP has been set up with reciprocal flexibility capable of handling any delays without economic impacts.

6.3 What stage are the works at with respect to this project?

The works have not started.

6.3.1 What stage are the authorisation procedures at?

The authorisation procedures have not started.

6.4 How much does Snam's investment amount to?

The total cost of the project is 309 million euros.

6.5 Are public investments envisaged to support the work?

At present, no public investments are envisaged for this work.

6.6 Has EU funding to support the work been requested?

No.

6.6.1 Has Snam benefited from non-returnable grants from the European Commission for the project phases and feasibility studies? If yes, for what amount?

SNAM has not benefited.

6.7 What is the integrated plan to adjust the different capacities of the TAP, TAP Interconnection and Matagiola-Massafra gas pipelines? What is the cost and what is Snam's relative investment plan?

6.8 In light of the current delays, when is the finished work expected to be delivered?

There is still no final investment decision for the Matagiola - Massafra project, which is subject to requests to increase the capacity of the Melendugno entry point or to create new entry points in Apulia which require a total capacity of up to a maximum of 74 MSm³/g. The total cost of the project is 309 million euros.

7. Given recent press reports which mention the death of a 34 year-old worker at work at a TAP Interconnection construction site of Snam

7.1 What is the company's protocol for contracts and safety in the workplace for companies assigned subcontracts?

Snam's procurement, for all the Product Categories (PC) identified as belonging to the public regime, applies the Italian Public Contract Code to all assignment procedures, checking, also during the tender procedure, strict compliance not only with technical requirements but also with reputational ones.

With reference to the awarding procedures set out in said Code, Snam ordinarily applies the method that provides for invitations to tender to be extended to the competitors on Snam's Vendor List, that is those who have expressed an interest in response to a notice published in the OJEU.

Tenders are held electronically through the e-Business system and involve the use of bid encryption tools. The electronic format should be considered standard for all Snam's tenders. The bid selection criteria, depending on the cases, reflect the MEAT (most economically advantageous tender) criteria or the lowest price criteria, in compliance and according to the rules and discriminants of the Italian Public Contract Code.

At all Snam sites involved in the construction of infrastructural assets, the security measures are established by the Consolidated Safety Legislative Decree 81/2008, broken down for the specific site in the Safety and Coordination Plan which, in turn, is incorporated into the Operational Safety Plans specific to each company.

Moreover, measures to address the COVID-19 pandemic risk were also added, set out in the "*Protocol governing measures to fight and contain the spread of the SARS-COV-2 virus in the workplace*" issued by the Institutional Bodies in charge.

7.2 Are there substantial differences between the company's internal safety protocols and those of external contracted companies? If so, what is the reason for this?

No, all the safety procedures of all the companies involved in the accomplishment of the work are in line with the Consolidated Safety Legislative Decree 81/2008, broken down in the Safety and Coordination Plan of the site which, in turn, is incorporated into the Operational Safety Plans specific to each company.

7.3 Can you tell us who was responsible at Snam for supervision of the site in question?

Snam uses specialised companies for work supervision and direction activities, delegating, in accordance with the law, the obligations laid down in Legislative Decree 81/2008; on the construction lot where the incident took place the Supervision of Works was assigned to the company Enereco S.p.A. which has a supervision team dedicated to the project. Snam, in line with its procedures, also assigns its own Project Manager, assisted by a project team, responsibility for the accomplishments within its areas of

expertise. The TAP Interconnection work falls within the scope of accomplishments assigned to the South Eastern Infrastructure Project based in Bari.

7.4 What safety in the workplace procedures were in place with respect to the project in question?

All the safety procedures comply with Consolidated Safety Legislative Decree 81/2008 and subsequent amendments and, for this specific site there was a Safety and Coordination Plan which, based on the operating phases carried out at the site, set out all the actions aimed at preventing or reducing the risk to workers' health and safety, with particular reference to risks deriving from interfering processes. The Safety and Coordination Plan was incorporated into the Operational Safety Plans specific to each company.

7.5 Can you indicate the contractual status of employees present at the site, for both Snam employees and those of contracted and sub-contracted companies?

Snam employees have a "Collective Labour Agreement for Energy and Oil" contract. The contract of contractors and subcontractors varies on the basis of the activities carried out. On the whole, the contracts applied are the Collective Labour Agreement for Metal-Mechanics and the Collective Labour Agreement for Construction and Industry.

7.6 Are there unionised workers at the site in question?

Not that we know of.

7.7 Do the workers employed at the site have the Italsald National Certification?

We are not aware of the Italsald National Certification. If it refers to welding, the welders are qualified in accordance with UNI EN ISO 9606-1 with a certificate issued by an Accredited Third-Party Authority.

7.8 Have direct employees of Snam or contracted and sub-contracted employees been relieved of their duties or placed in sectors not appropriate for their skills?

No.

7.9 Why, during the COVID-19 health crisis, did employees of companies responsible for subcontracting obtain domicile in Apulia despite coming from regions with a high incidence of the pandemic? Did the company supervise these aspects, given the current state of emergency? What accommodation did they stay in? What measures to protect the local population were put in place, in a context in which regional borders were closed to avoid the spread of infection from COVID-19?

As already indicated in question 4.3, all journeys by personnel in the period of restrictions due to the COVID-19 emergency were made in strict compliance with the Decrees of the President of the Council of Ministers (DPCM), which took place from 23 February 2020. All the aforementioned Decrees allowed travel for work reasons.

Given that workers from regions in North Italy made up around 7% of the total and they were already domiciled for work reasons in the region, they stayed there continuously for the whole period the restrictions were in place. They stayed in homes or private facilities in various municipalities in the provinces of Brindisi and Lecce.

The project team monitored the compliance by all companies with the Decrees of the President of the Council of Ministers that followed.

All the infection prevention measures contained in the guidelines of the Ministry of Health, the decrees issued by the President of the Council of Ministers and the Shared Protocol regulating building sites of the Ministry for Infrastructure and Transport were applied.

8. The methanisation of Sardinia project envisages total investments of 590.9 million euros for the gas transmission network, 63 million euros for additional connections, 579.4 million euros for distribution, 180.9 million euros for regasification and 145.7 million euros for other works. All this has a current net value of between 2.278 and 2.292 billion euros, with a costs/benefits ratio of 2.3 and payback in 9 years.
<https://energiaoltre.it/sardegna-prosegue-a-piccoli-passi-il-dossier-metanizzazione/>
<https://www.arera.it/allegati/operatori/gas/pds/ScenariMetanizzazioneSardegna.pdf>

8.1 Can we have an update on the progress of the works in the central-south section of the new gas pipeline?

The project has obtained the favourable opinion of the Technical Commission for the Environmental Impact Assessment (E.I.A.), as well as the Ministry of Cultural Heritage and Activities and Tourism (M.I.B.A.C.T.) and is therefore waiting for the issue of the relative E.I.A Decree, pursuant to Legislative Decree 152/06, by the Ministry for Environment and Land and Sea Protection (M.A.T.T.M.) in consultation with the Ministry of Cultural Heritage and Activities and Tourism (MIBACT).

Detailed engineering activities are in progress, aimed at obtaining the Unified Authorisation, pursuant to Presidential Decree 327/01, from the Ministry of

Economic Development; the relative procedure will be started again after the EIA decree has been obtained.

8.2 What is the status of the authorisation procedure for the Central-North section?

The north section also obtained the favourable opinion of the Technical Commission for the Environmental Impact Assessment (E.I.A.), as well as the Ministry of Cultural Heritage and Activities and Tourism (M.I.B.A.C.T.) and is therefore waiting for the relative E.I.A. Decree to be issued, pursuant to Legislative Decree 152/06, by the Ministry for Environment and Land and Sea Protection (M.A.T.T.M.) in consultation with the Ministry of Cultural Heritage and Activities and Tourism (MIBACT).

8.3 How much did Snam invest in 2019 in the subsidiary Enura?

The total amount invested by ENURA in 2019 was 4,694,061.67 euros, with SNAM contributing 55% of this (2,581,733.92 euros).

8.4 How much is expected to be invested in 2020 to accomplish the project?

In 2020 ENURA plans to invest approximately 4,600,000 euros with SNAM contributing 55%.

8.5 How will the works for the local-citizen networks be monitored?

Snam is in constant contact with the distribution companies on the island (for example Italgas, Fiamma 2000, Sherden Gas).

8.6 What is the business risk analysis of the consumer market potential?

As regards the business risk, the same assumptions made for SNAM's other investments in Italy have been adopted, therefore inclusion of the assets in the national regulatory framework.

8.7 What is the costs-benefits analysis on the consumer market potential?

The costs-benefits analysis was developed taking into consideration two different market configurations. One expects to serve the market using a virtual connection (virtual pipeline) which aligns the Sardinia prices with those of the continent and encourages the conversion to gas of broader portions of the market with respect to the other configuration of supply, which provides for a "merchant" LNG price.

8.8 Does it seem coherent to encourage a shift from electricity to gas in a region where half of the population is served by electricity, a large part of which is produced from renewable sources?

The shift to gas exclusively concerns users currently using the most climate-altering fuels (combustion oils, diesel oil and LPG) which cannot be

substituted by electricity. The SNAM and Terna projects are therefore complementary and not at odds with each other.

8.9 According to the estimates contained in the Sardinian Regional Energy-Environment Plan (PEARS), the potential methane gas demand on the island would be between 462 and 900 million m³ of gas.

8.9.1 What are the reference parameters for this estimate?

8.9.2 What are the reference parameters for the estimated demand divided by industrial sector, sea transportation, local distribution network (urban and non-urban)?

Snam Rete Gas, for the dimension of the work and the costs-benefits analyses, did not strictly take the volumes presented by PEARS as a basis but rather the sector estimates and its analysis of the market in the region, which led to the definition of two market levels:

- **Prices aligned with the virtual pipeline = 660 MSm³/y**
- **LNG “merchant” prices = 343 MSm³/y**

| [MSm ³ /y] | Virtual Pipeline | LNG “merchant” |
|--|------------------|----------------|
| Civil + Tertiary | 157 | 83 |
| Industry and Thermoelectric industry 429 | 429 | 194 |
| Vehicles 75 | 75 | 66 |
| TOT | 661 | 343 |

8.9.3 What is the current gas supply project for the island?

The project that has the most qualifying and positive requirements in terms of benefits for the system and that is also modular and scalable to follow the development of demand in Sardinia is the virtual pipeline.

8.10 In the costs-benefits analysis of the construction of the methane pipeline and the relative distribution network, did Snam take into account the experience of the propane air distribution project of Medea (subsidiary of Snam through Italgas)?

The analysis of the costs and benefits was conducted in line with the information obtained from distributors during the alignment sessions.

8.11 Can Snam provide updated estimates on the actual usefulness of the work?

The most updated estimates are those set out in the ten-year plan published on the ARERA site on 8 May 2020.

8.12 Could Snam publish the studies carried out by the company on the alternative options to the methane pipeline?

As stated above, at present there is a single configuration of the transmission network in Sardinia divided into stretches and therefore scalable depending on the development of demand, and flexible with respect to more advanced supply projects, which are associated with the two supply configurations already presented.

9. "On 25 July 2018, the business branch operating in the sector of the design, development and production of technological solutions for natural gas vehicle refuelling stations owned by M.T.M., a company of the Westport Fuel Systems group, was acquired through the newly established company Cubogas S.r.l. (100% owned by Snam4Mobility) after some conditions precedent were met, including the conduct of union procedures. The value of the transaction was 12.6 million euros, including the price adjustment carried out during the closing."

9.1 Does this investment indicate the wish to invest further in methane gas or alternatives for the vehicle sector being assessed?

The world of mobility is highly complex and reveals a multitude of different requirements: from long-distance freight transport to the distribution of products in city centres. It is clear that the energy transition in the sector must therefore be based on a range of solutions capable of responding to the different use requirements, reducing both CO2 emissions and pollution from particulates, the latter being particularly critical for health in large cities.

In this process, Snam believes that natural gas (methane), given its nature, plays a key role due to the fact that it is a green primary energy source that is immediately available and can be used by current technologies, and that essentially eliminates local pollutants and brings concrete benefits from a climate-altering perspective.

It is a flexible energy source that can power cars, lorries, ships and trains. Thanks to its characteristics, it can be integrated with renewable sources to develop an efficient emission reduction approach.

The acquisition of Cubogas reflects Snam's wish to contribute to the development of sustainable mobility through consolidation of the network of compressed natural gas (CNG and bio-CNG) and liquefied natural gas (LNG and bio-LNG) refuelling stations in Italy. The plan envisages an investment of over 100 million euros for the creation of 200 new stations by 2025 in collaboration with Cubogas.

In addition to stations that are open to the public, Cubogas' offer also includes solutions and infrastructure for refuelling in the context of private fleets for goods and passenger transportation.

9.2 Are there any projects relative to the vehicle sector from sources with a lesser impact than methane?

9.3 What type of investments are envisaged in that sense?

Snam promotes the development of sustainable mobility also through direct investments in biomethane and hydrogen.

- **Biomethane is a clean fuel that fully satisfies the principles of the circular economy, fostering the creation of economic chains on a local level. It is in fact a 100% renewable source of energy that is obtained from agricultural or agricultural-industrial biomass, waste water and organic municipal waste. It can be used both in gaseous (CNG) and liquid (LNG) form to power cars, light commercial vehicles, lorries, buses, ships and trains, offering immediate economic and environmental benefits for families and businesses alike. Already today, biomethane accounts for approximately 17% of methane consumed by the transport sector and the forecast through to 2030 looks to reach a share of approximately 40%, as European average. Use of biomethane to power vehicles can, in fact, be immediately applied insofar as it is 100% compatible with the technologies currently used on traditional methane vehicles and in the refuelling stations, preserving the current industrial chains. Snam expects to invest 250 million euros in biomethane infrastructures and plants, to increase the installed capacity of 40MW.**
- **Hydrogen is the fuel of the future and it will play a key role in the European energy mix and the road transport sector. Fuel cell vehicles (FCVs) do not emit CO₂ nor any other pollutants harmful to human health (NO₂, fine particles). In particular, in the short-term, FCV technologies can play a role in rail transport, replacing the current diesel engines (approx.**

30% out of the Italian total), whilst in the medium-term, hydrogen technology can play an important role in goods and people transport by road. The complete integration of hydrogen vehicles in national energy systems and technological evolution will allow for the transition to green hydrogen, also in heating in industry and in heavy goods and people transport, including trucks, shipping and aviation.

Snam has recently stipulated an agreement with Alstom to develop hydrogen trains in Italy. The understanding aims to assure, starting 2021, rail mobility projects including both hydrogen-powered trains and the technological infrastructure necessary for procurement, as well as vehicle management and maintenance services. Under the scope of the agreement, Alstom will deal with the supply and maintenance of hydrogen trains, both newly developed and converted, whilst Snam will work on developing infrastructures for production, transport and refuelling.

10. According to Snam, "In a scenario of 95% decarbonisation (necessary to reach the threshold of a 1.5 degrees rise in temperature), hydrogen could supply up to 23% of total energy consumption by 2050 - more than the current total portion offered by electricity (20% in 2018), considering both renewable and fossil sources".

10.1 What are the estimates regarding the quantities of water necessary to fully introduce the hydrogen into the energy mix to be directed to the Snam infrastructures?

The quantity of water required for the production of green hydrogen when fully operative in the national energy mix, estimated at 23% in 2050, comes to approximately 50 million cubic metres, which equates to 0.1% of the annual collection of water in Italy. The same quantity of water, however, would be re-created in a circular manner: once the hydrogen has been used for its final purposes it returns the same quantity of water with which it was produced back into the ecosystem.

10.2 What are the estimates on the places and methods of procurement?

There are multiple sources of green hydrogen procurement for Italy:

- hydrogen produced from electrolysis, exploiting national natural resources, first and foremost from solar and wind power plants**
- production with electrolyzers connected to the national electricity grid, to produce hydrogen from renewable electricity when it becomes**

overproduction and, at the same time, provide flexibility services to the electric system

- import of hydrogen from countries with production from renewables offering a greater yield (e.g. greater solar radiation) and, therefore, lower cost of production, making better use of the import infrastructures. For Italy, one example comes from the North African countries, which, in addition to considerable solar energy resources have a greater availability of space for generation installations than Italy.

The final mix of procurement will be determined by the availability of the various sources and their relevant cost.

Moreover, Italy can exploit its position of connection between North Africa and Europe and, in the future, become the platform for hydrogen exchange of South Europe.

10.3 Are preliminary agreements being discussed?

Initiatives have been started (H2 cluster), just like meetings with the various Associations.

10.4 What studies support the feasibility of the switch to hydrogen? Have the risks relating to the instability of this gas and its level of danger led to assessments of the business risk with respect to the safety of employees and the population in general?

In terms of the technological compatibility of natural gas transmission and storage assets, Snam is operative on the regulatory and legislative front both nationally and on a European level.

The first evidence of these activities attest to the compatibility, both technically and operatively, of the gas transmission assets with the presence of hydrogen mixed with natural gas.

In confirmation of the above, we should recall the demonstrative project carried out in 2019 in Contursi Terme (SA), during which a portion of the Snam Regional Network was supplied with a mix of gas containing up to 10% hydrogen in volume, without any operative impact on the transmission network and the two industrial utilities it serves.

More in-depth analyses are in progress, also in collaboration with global technology providers, in order to fully develop the topic with the aim of achieving total compatibility of the assets with hydrogen or identifying the necessary interventions enabling them.

Finally, as regards safety and risk management, please note that pure hydrogen is a gas that is already today produced, transmitted and used in industry and mobility in Northern Europe and the United States of America in particular, in complete compliance with current laws and regulations.

10.5 What are the growth forecasts and respective investments expected in regard to the subsidiary SnamTec?

The question is not pertinent.

10.6 How much hydrogen does Snam expect to supply through its network in 2025 and 2030?

The medium-term scenario of hydrogen penetration is evolving sharply. The repeated reduction of the costs for generating renewables and, above all, electrolysers, is leading to an acceleration and advance of what was initially expected to take place over a longer time frame. If just last year the hydrogen volumes in the Snam-Terna scenarios were limited, in the Hychallenge presented at last October's event in Rome the potential demand for hydrogen in Italy was expected to reach approximately 30 TWh by 2030. The Snam infrastructure may foster the development of this demand for hydrogen and part of this hydrogen may transit through the gas network, also mixed with natural gas and biomethane, for example using the existing infrastructure available at certain consumption areas, which will start being converted before others.

10.7 What percentage of total CAPEX does Snam expect to spend annually for green hydrogen in 2025 and 2030?

The question is not pertinent.

11. Snam has unveiled the 2019-2023 strategic plan hinged on the energy transition and the remuneration of shareholders. But also on a 250 million drive on biogas. First, let's take a look at the numbers. In 2019-2023, the company guided by CEO Marco Alverà has confirmed an average increase in net profit of more than 4% per annum, whilst net earnings per share should increase by 5.5% (exceeding the previous plan's target of more than 5%). And profitability is not bad either, given that in the same period, EBITDA is expected to increase by more than 3% in the period. Finally, guidance on 2019 net profit improves to 1.08 billion, taking earnings per share to +32% on 2016. (<https://www.industriaitaliana.it/snam-spinge-sul-biogas-con-250-milioni/>)

11.1 Can Snam confirm this data?

As regards the objectives of the 2019-23 business plan, we would refer you to the press release of 21 November 2019

https://www.snam.it/it/media/comunicati-stampa/2019/Snam_piano_2019-2023_risultati_crescita.html

11.2 How much do investments come to in the biogas sector in 2020-2021?

Investments of around 170 million euros in the biomethane sector.

11.3 What are the estimates regarding the quantities of compostable materials and production waste in the agricultural sector necessary to fully introduce biogas into the energy mix to be directed to the Snam infrastructures?

As presented in the Snam-Terna scenarios, it is considered that the theoretical potential biomethane production in Italy may reach 12 billion cubic metres, of which approximately 80% from the agricultural sector, approximately 10% from waste and an additional 10% from the recovery of other waste, such as wood residues and agri-industrial waste.

Hypothesising full reuse of waste and resources available, there may be the possibility of covering approximately 15-16% of the total demand for natural gas (70-75Bcm) with biomethane.

This objective is consistent with the following hypotheses:

- Waste cycle: OFMSW volumes equal to a target separate waste collection of 75% in all Italy and its use for the production of biomethane;**
- Agriculture: volumes in line with the exploitation of approximately 1.8 million hectares (14% of the Agricultural Surface Area used in Italy in 2017) and approximately 30%-40% of animal excrement produced from Italian farms.**

11.4 What are the places, suppliers and procurement methods envisaged? Are partnerships already in place in this sense?

As regards the waste cycle, approximately 50% of OFMSW entering the plants in the Snam perimeter comes from the territorial basin in which it falls, whilst the remaining 50% is procured on the market. As regards the procurement process, this mainly takes place through two channels (i) participation in public tenders called by the PA, or (ii) bilateral agreements with private subjects. In any case, the duration of contracts is generally 1-2 years, whilst medium or long-term agreements are less frequent.

As concerns the agricultural world, on the other hand, the agreements are always with private subjects linked to the farming world and agricultural

production. In this case, to gain supplier loyalty, partnerships can be established so as to align the interests of the various subjects. 11.5 How much did Snam invest in the acquisition of IES Biogas and ENERSI Sicilia?

Investment to purchase ENERSI: € 2.9 M.

Investment to purchase IES Biogas: € 4 M.

11.6 Has Snam made any additional investments in the companies since the acquisition?

Subsequent investment made for ENERSI: € 12 M.

Subsequent investment made for IES: € 0.5 M.

12. On page 32 of the 2019 financial statements, Snam declares that "Snam demonstrates its commitment to promoting decarbonisation, through the monitoring and improvement of its performance and its targets for reducing climate-altering emissions and increasing energy efficiency. Specifically, Snam monitors the following GHG emissions:

- (Scope 1) direct emissions: emissions resulting from direct combustion processes or regarding fuels that are burnt within the Group, or by direct emission into the atmosphere of GHG (e.g. methane leaks);

(Scope 2) indirect energy emissions: emissions from the consumption of electricity, heat and steam;

- (Scope 3) other indirect emissions: all other types of emissions that do not come under the two previous classes, in particular those resulting from the supply chain and employee business travel.

12.1 What were the Scope 1 greenhouse gas of emissions in Snam in 2017, 2018 and 2019?

Scope 1 CO2 emissions (millions of tonnes eq.):

2017=1.5 2018 = 1.5 2019=1.35

12.2 Can Snam provide a breakdown of these emissions by gas (for example, how much carbon dioxide and how much methane)?

The breakdown is as follows (millions of tonnes eq.)

2017=0.69 comb. 0.81 methane 2018 = 0.73 comb. 0.77 methane

2019 = 0.66 comb. 0.69 methane

12.3 Can Snam provide a breakdown of these emissions by source/emission method and geographic region?

Snam calculates these emissions following the international references (ETS for comb. and EPA-GRI-EN in compliance with the NIR Tier 3 approach for methane). For CO2 from comb., the sources are the different fuels used in which natural gas accounts for almost all consumption (96%), whilst for methane, Snam also calculates the breakdown between the 4 internationally-recognised emission types (punctual, fugitive, pneumatic and for unburned material). As it is a national mesh network, the calculation is performed for the whole of national territory.

12.4 What were the Scope 2 greenhouse gas of emissions of Snam in 2017, 2018 and 2019?

Scope 2 CO2 emissions (millions of tonnes):

2017=0.029 2018 = 0.032 2019=0.032

12.5 What were the Scope 3 GHG emissions in Snam in 2017, 2018 and 2019?

Scope 3 CO2 emissions (millions of tonnes):

2017=0.22 2018 = 0.44 2019=0.54

13. In Snam's 2019-2023 strategic plan, Snam suggested a cost of green hydrogen of ~€80/MWh in 2020, which will drop to ~€50/MWh in 2030. Moreover, during the recent call on profits for the first quarter of 2020, Snam's Chief Executive Officer declared: "The recent solar auctions in Abu Dhabi were recorded at 12.5 euros per MWh and the cost of the electrolyser is now expected to halve over the next two years".

13.1 What is the current estimate of costs and the breakdown of Snam's costs for producing green hydrogen today?

The cost for producing green hydrogen varies globally according to the price of renewable electricity and the hours for which the plant operates every day (in the case of intermittent sources, such as solar and wind). Located in South Italy, with a solar cost of €44/MWh and an electrolyser cost of around € 900/kW, green hydrogen could be produced at approximately € 6/kg. In North Africa, benefiting from a greater availability of solar at lower prices, the cost to date drops to below € 4/kg.

13.2 What is Snam's objective cost for producing green hydrogen in 2025 and in 2030?

A major decline in the cost of the electrolyser is expected in the near future, which, together with a reduction in the cost of photovoltaic panels, may

cause the cost of green hydrogen in South Italy to drop to below € 3/kg in the next five years, and as far as € 2-2.5/kg in 2030. In North Africa and the Middle East, forecasts for the reduction of costs are even more aggressive: considering the record price of € 12.5/MWh reached by solar in a recent auction in Abu Dhabi, green hydrogen could be produced at € 1.5/kg starting 2025.