

Report of the Board of Directors on the proposals  
relating to items on the agenda of the Shareholders' meeting

**SNAM S.p.A.**

**EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING OF 18 JUNE 2020**

**SINGLE CALL**

**Report of the Board of Directors on the proposals relating to items on the agenda of the  
Shareholders' Meeting**

**EXTRAORDINARY SESSION**

**Item 1**

**Proposal to cancel treasury shares in the Company's portfolio without reducing the share  
capital; consequent amendment of article 5.1 of the Company Bylaws. Required and  
consequent resolutions**

Dear Shareholders,

You have been convened in an extraordinary shareholders' meeting to resolve on the proposal to cancel at least 33,983,107 treasury shares in the portfolio held by the Company on the date of the Shareholders' Meeting, increased by the number of treasury shares bought back up until the date of the Shareholders' Meeting, which may not in any case exceed 95,181,553 and, therefore, for a total maximum number of treasury shares subject to cancellation of 129,164,660, and the consequent amendment of article 5.1 of the Company Bylaws.

On the date this Report was approved by the Board of Directors (18 March 2020) the Company held 125,483,107 treasury shares in its portfolio, amounting to 3.70% of the share capital. Pursuant to the resolution of the shareholders' meeting of 2 April 2019, at the date of the Shareholders' Meeting the Company may hold a maximum number of 220,664,660 treasury shares in its portfolio, corresponding to 6.50% of the share capital.

In this regard, given that the shares representing the Company's share capital indicate no nominal value, it is proposed that, with respect to the cancellation of the treasury shares, Snam's share capital

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shall remain unchanged and amount to 2,735,670,475.56 euros, thereby reducing just the number of shares making up the share capital which will go from 3,394,840,916 shares to between 3,360,857,809 and 3,265,676,256 shares, with the consequent increase of the implicit accounting par value of the remaining shares in circulation, which will go from 0.8058 euros to a value between 0.8140 euros and 0.8377 euros, corresponding, respectively, to a minimum number of shares cancelled of 33,983,107 and a maximum of 129,164,660.

With reference to the reasons that make it appropriate to cancel the treasury shares in the portfolio, first and foremost it should be noted that the opportunity did not arise to use the treasury shares in the portfolio, nor can it be hypothesized in the short term, with the exception of the number of treasury shares available to serve the convertible Bond due to expire in March 2022 and those potentially allocated to incentive plans for the Company's management. The Board of Directors therefore considers it appropriate to go ahead and cancel the aforementioned number of treasury shares, according to the procedures outlined, in order to increase the value for shareholders.

The separate request for authorisation from the shareholders' meeting to purchase and dispose of treasury shares, as per the specific item on the ordinary part of the agenda of the Shareholders' Meeting of 18 June 2020, further strengthens the policy to increase the value for shareholders, at the same time making these shares available for any additional uses indicated in the request itself and considered appropriate or necessary in the medium term.

From an accounting perspective, the cancellation of the treasury shares shall not have any economic effect nor shall it result in changes to the overall value of the net equity, despite altering its composition. In particular, the treasury shares to be cancelled without the reduction of the share capital shall result in the elimination of the relative "*Negative reserve for treasury shares held in the portfolio*", recorded pursuant to art. 2357-ter, subsection 3 of the Italian Civil Code, and the simultaneous reduction of the "*Reserves*" by an amount equal to the "*Negative reserve for treasury shares held in the portfolio*".

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Approval of the proposed cancellation of treasury shares held in the portfolio shall be followed by the amendment of article 5.1 of the company Bylaws as regards the part concerning the number of shares that make up the share capital (with no change to the clause of the Bylaws contained in article 5.2 which is therefore omitted).

The current and proposed text of article 5.1 of the company Bylaws is provided below.

CURRENT TEXT	PROPOSED TEXT
ART. 5	ART. 5
<p>5.1 The share capital shall be 2,735,670,475.56 (two billion seven hundred thirty-five million six hundred seventy thousand four hundred seventy-five point fifty-six) euros, divided into 3,394,840,916 (three billion three hundred ninety-four million eight hundred forty thousand nine hundred sixteen) shares without nominal value.</p> <p style="text-align: center;"><i>(unchanged the rest)</i></p>	<p>5.1 The share capital shall be 2,735,670,475.56 (two billion seven hundred thirty-five million six hundred seventy thousand four hundred seventy-five point fifty-six) euros, divided into no. [·]<sup>1</sup> shares ([·]) without nominal value</p> <p style="text-align: center;"><i>(unchanged the rest)</i></p>

The Board recalls that the effectiveness of the proposed resolution is subject to its registration in the Business Register pursuant to art. 2436, subsection 5 of the Italian Civil Code.

In the Board's view, the Bylaw amendment does not give the shareholders the right to withdraw pursuant to art. 2437 of the Italian Civil Code.

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Dear Shareholders,

You are invited to resolve to:

- 1) cancel a number of treasury shares without an indication of the nominal value ranging between 33,983,107 and 129,164,660<sup>2</sup> treasury shares, with the amount of the share capital remaining the

<sup>1</sup> During the shareholders' meeting, the resolution will be updated with the final numerical indication between 33,983,107 and 129,164,660.

<sup>2</sup> During the shareholders' meeting, the resolution will be updated with a final numerical indication.

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same and with the consequent legal effects as regards accounting representation in the Company's financial statements;

2) amend article 5.1 of the Company Bylaws as follows:

*“The share capital shall be 2,735,670,475.56 (two billion seven hundred thirty-five million six hundred seventy thousand four hundred seventy-five point fifty-six) euros, divided into no. [...]<sup>3</sup> shares ([...])”;*

3) grant the Chief Executive Officer all of the broadest powers, acting also via proxies and in compliance with the terms and procedures of law, to implement this resolution, as well as to introduce, where appropriate or necessary and in the best interests of the Company, formal and non-substantial additions, amendments and deletions to be recorded in the Business Register and to do everything else necessary or appropriate to implement the resolutions referred to above, conferring on the same any and all powers necessary to this end, none excluded or excepted, with explicit advanced approval and ratification.

The Chairman of the Board of Directors

Mr Luca Dal Fabbro

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<sup>3</sup> During the shareholders' meeting, the resolution shall be updated with the final numerical indication between 3,265,676,256 and 3,360,857,809.