

LETTER TO STAKEHOLDERS

Dear stakeholders,

Despite the continuation of the pandemic and its serious health and social impacts, 2021 was a year characterised by a recovery in economic activity compared to 2020, also thanks to the vaccination campaign, even though this improvement happened in a gradual and differentiated manner throughout different areas of the world.

At the same time, last year was also marked by a renewed and strengthened global commitment to combating climate change. COP 26 in Glasgow achieved less than what we hoped for though certainly more than expected results. The world now has a clear perspective — we must limit global warming to 1.5 °C as well as achieve carbon neutrality. A large number of countries, accounting for around 90% of global CO₂ emissions, have made commitments to this effect. In the coming years, the ability of governments and companies to implement projects and infrastructures capable of ensuring the ecological transition will become decisive, harnessing an unprecedented volume of public and private investment, which is also attributable to domestic post-Covid Recovery and Resilience Plans. At the same time, in a context characterised by a sharp rise in energy prices as early as summer 2021 and increasing geopolitical tensions in the heart of Europe — culminating with Russia's invasion of Ukraine in February 2022 — it will be necessary to develop short- and long-term initiatives to combat high energy prices, promote diversification and security of the supply and to ensure a transition as just as possible.

Snam's infrastructure is proving its strategic value in terms of both diversification and future prospects now more so than ever. More specifically, our network and storage facilities, which are the most developed among the European Union, support the energy security of Italy and all of Europe. Furthermore, the launch of TAP, which Snam is a major shareholder in, has been instrumental in enabling our country to add a new importation route which is contributing around 10% to the Italian gas demand.

Building on these strengths, combined with our growing exposure to the energy transition, we can play an even greater role in the momentous transformations expected over the next decade. In the Vision for 2030 presented last November together with the 2021-2025 Strategic Plan, we outlined the Snam of the future, focusing on three areas of activity (energy transport networks, energy storage and renewable gas projects) with possible investment opportunities totalling 23 billion euros. Particularly, by 2030 we aim to build the first portion



Marco Alverà
CEO

Nicola Bedin
Chair

of a national hydrogen network, a 2,700 km backbone crossing Italy from south to north.

We are becoming an energy infrastructure company that is no longer focused solely on transporting and storing natural gas but also biomethane, hydrogen and CO₂ - focusing on achieving carbon neutrality and on the contribution we can make to the energy transition in the territories where we operate. Now more than ever, ESG factors are at the core of our strategy.

Towards this path, 2021 stood as an important year in this regard. We announced our entry into the capital of the gas pipelines connecting Algeria and North Africa to our network in Italy; this is a strategic asset for the country's energy security and for Europe's energy transition, as well as for hydrogen development. We supported the growth of our associate company De Nora, which is proving to be a technological leader in major global projects for the generation of hydrogen from renewable sources. As far as hydrogen is concerned, we continued to assess the readiness of our infrastructure: almost all of our pipelines can transport a hydrogen mix of up to 100%, most of them with no or limited reductions in operating pressure. We are also encouraged by the tests carried out in cooperation with universities and research centres on the possibility of storing up to 100% hydrogen on our sites, without observing any changes or alterations. We also launched several projects in various industries - ranging from steel and ceramics to mobility - as well as the first global start-up accelerator run by a company and focused on hydrogen. These initiatives complement the progressive enrichment of our platform in biomethane thanks to the acquisition of Asja's portfolio of plants in Italy, making

us one of the leaders in the development of green gases serving the decarbonisation of the system.

We are laying the foundations for building the network of the future, which will be managed in a more efficient way thanks to the skills of our people and the support of technology, continuing along the path marked out by the TechHub in Bologna, Italy's first highly digitalised district, which we inaugurated last spring.

Through Renovit, our new company specialising in energy efficiency, in which CDP Equity has a stake and which became a B Corp this year, we have upgraded condominiums, businesses and public administration buildings, and with Arbolia we have launched new urban forestation projects in synergy with the Deposits and Loans Fund, planting 30,000 new trees in Italy.

We are at the forefront of the race towards "Net Zero" emissions. After having committed to achieving net zero Scope 1 and Scope 2 emissions by 2040, we are the first company in our sector in Europe to introduce a target to reduce indirect Scope 3 emissions from our suppliers and international associate companies. We have worked on all the objectives of our ESG Scorecard, thereby achieving important results: from the 28.9% reduction in natural gas emissions compared to 2015 in the environmental field, to the increase to 4,562 (+11%) hours donated by employees dedicated to Snam Foundation initiatives in support of communities in the social field, and the time dedicated by the Board of Directors to ESG issues, which amounts to more than 40% in the governance field. We also introduced new metrics in some areas of our Scorecard by presenting a new target for Sustainable Finance. We also continue to work on gender equality in the workplace: in 2021 we recorded a 12% increase in the number of women in the workforce, and we have extended paternity leave by an additional five days compared to the legal provisions to ensure family care is more of an equally shared duty. As a confirmation of our commitment to all dimensions of sustainability, we have once again renewed our adherence to the principles of the Global Compact and the Sustainable Development Goals (SDGs) defined by the UN.

Our investments for the future will be accompanied by growth in all financial indicators and an attractive dividend policy for our shareholders. We will finance them through financial instruments linked to ESG objectives, with the aim of increasing the weight of sustainable finance to 80% of our funding by 2025.

In 2021, we achieved growth in the main economic indicators in line with expectations. On the basis of these results, we will propose a unit dividend of 0.2620 euros to the Shareholders' Meeting on April 27th, of which 0.1048 euros has already been distributed

as interim, affirming an attractive and sustainable shareholder remuneration policy.

2021 also saw the completion of the consultation process for updating the WACC in regulated activities, which ended on December 23rd, with the publication of the final measure by the Regulatory Authority and consequent visibility on returns for the next six years.

Snam's evolution begun six years ago; it started out as a company focused entirely on fossil gas infrastructure and has now become a leading energy transition and ESG company that is getting stronger and stronger. Our assets and skills will be key to enabling us to seize new development opportunities and support Italy and all the countries in which we operate towards the net zero target together with all our stakeholders.

CEO



Chair

