

Orientations of the Board of Directors of Snam to the Shareholders on the future dimension and composition of the Board of Director

Purpose and process followed

In accordance with the Code of Corporate Governance's recommendations, in view of the renewal of the corporate bodies, which would occur at the shareholders' meeting on 27 April 2022, the Board of Directors of Snam, has carried out, after consulting the Appointments Committee, considerations on the future dimension and composition of the Board of Directors to be submitted to shareholders.

The aforementioned considerations - that take into account the outcomes of the annual self-evaluation process of the Administrative Body and its committees, carried out with help from the Environmental, Social & Governance Committee - are the result of the analyses carried out by the corporate bodies, according to the following procedure:

- support from Spencer Stuart, the advisor appointed to assist the annual self-evaluation process, which in addition to receiving and improving input from outgoing Directors, considered the key elements of internal governance, significant Recommendations and Regulations, benchmarked the composition and size of the Board of Directors of the main listed companies in Italy comparable to Snam;
- the proposed Guidelines subject to the Board of Directors by the Appointments Committee;
- the approval of the Orientations by the Board of Directors in office, at the meeting on 17 February 2022;
- the dissemination of this document to the market, earlier than the legal deadlines, to allow shareholders to make their considerations in view of the appointment of the new Board of Directors of Snam for the three-year period 2022-2024.

For the sake of completeness and for the benefit of Shareholders, the orientations of the Board of Directors on the subject of the maximum number of offices of Directors approved by the Board itself at the meeting of 17 February 2022 are also reported in this document.

Preliminary considerations

In the first place, the Board suggested ensuring, in compliance with corporate governance restrictions and rules, that a substantially similar composition of the administrative body be maintained to enhance Snam's wealth of knowledge, acquired by the Directors, necessary to continue and support the current development phase of a structured and complex group that, thanks to a sustainable and technologically advanced network, can guarantee the security of its supplies and facilitates the energy transition process throughout Italy.

With regards to the future composition of the Board of Directors, it is deemed necessary to ensure appropriate visibility for Snam's cornerstone criteria, such as gender diversity, age, seniority, professional and managerial experience of complementary nature.

In consideration of the Group's exposure and relevance of the energy market, also internationally, suitable consideration was also given to including Directors with an international vocation and/or experience. International experience does not necessarily mean having citizenship in a country other than Italy, but rather significant professional experience carried out abroad and/or in important roles within companies with high international exposure.

Size of the Board of Directors

The Board of Directors, aware of the size and organisational complexity of Snam and the positive operating dynamics which emerged over the last three years, positively assessed the current size of the Board of Directors comprising nine Directors, the maximum provided for by the Bylaws in force and deemed adequate to allow for an effective capacity to work as a board, as well as an adequate composition of the Board Committees set up.

Having taken into consideration the governance and characteristics of the activities carried out by Snam, it also deemed adequate the ongoing relationship between Executive Directors, Non-Independent Executive Directors and Independent Non-Executive Directors.

Composition of the Board of Directors

The future composition must take into account the current and prospective needs of the company, as well as the need to maintain adequate diversity of gender, age and seniority, in compliance with applicable legal and regulatory provisions. Snam believes that diversity is a value that contributes positively to the effectiveness of actions taken by the company bodies.

In the composition of administration, management and control bodies, Snam aims to integrate diverse professional skills combined with diversity of gender and age, considering the importance of complementary experiences and skills for the effective functioning of the bodies. Of the values included, Snam positively considered diversity of nationality and ethnicity.

The Shareholders are therefore invited, in the preparation of the slates of candidates for the office of Director, to ensure compliance with the requirements under Art. 13 of the Company Bylaws, including those in relation to gender diversity, that reserve at least 2/5 of the positions for the less represented gender, as well as to take into account the benefits that may come from the presence of different age ranges and lengths of service in the Board of Directors.

The current guiding opinion includes, among others, characteristics of professionalism and independence of candidates, taking into account that their authority and competence must be proportionate to the duties that Directors are appointed to carry out, also in light of the size and complexity of the company, its business objectives and its strategic vision.

With reference to particularly important profiles, the Board of Directors of Snam indicates the main characteristics of representatives appointed to carry out the role of:

Chairman of the Board of Directors:

- should act as a guarantee for all Shareholders and be able to promote collegial work and cohesion between the members of the Board of Directors;
- must have adequate knowledge in the field of corporate governance applicable to a company listed in Italy and have already carried out such role in another company of similar size and importance to Snam;
- must understand the non-executive nature of the role (and adhere to that) and ensure complementarity with the role of the Chief Executive Officer, in order to be able to build a team of top managers that is cohesive and efficient, and compliant with their respective roles.

Chief Executive Officer:

- should be a professional with extended powers, a company head, with leadership qualities and renowned strategic vision and abilities;
- should have consolidated managerial experience in complex industrial enterprises and should have gained significant and successful managerial experience in similar executive roles in the top management of companies of similar dimensions, structure and complexity as Snam;
- should preferably have developed in-depth knowledge and experience in the energy and infrastructures business, with specific reference to matters relating to energy transition, climate change and technological innovation;

- should ideally have in-depth experience and knowledge of the economy and finance sector and the operational control of large, complex businesses;
- should have, in addition, interpersonal skills and credibility and ability to facilitate exchanges between institutions both in Italian and in international contexts.

The Board of Directors suggested that as concerns the other Directors:

- should all be Non-Executive;
- at least 5 should fulfil the independence requirements set out by the Law and the Corporate Governance Code, in order to effectively make up the Board Committees;
- should have the ability to carry out in-depth analyses and establish a dialectic relationship with management;
- should be able to express their opinion with independent judgement and independence of substance;
- within the context of the respective experiences, the following skills should have been demonstrated:
 - ✓ team oriented;
 - ✓ well-balanced in seeking consensus;
 - ✓ awareness of their roles;
 - ✓ capable of managing conflicts constructively;
 - ✓ capable of working effectively with management;
- guarantee the complementary nature of diverse skills as a means to promote a good level of debate and appropriate board discussion.

With reference to this final point, the matrix skill suggested requires that candidates for the role of Director have, preferably, one or more of the following distinctive skills and professional characteristics:

- experience within the energy sector and/or specific sectors in which Snam operates (energy efficiency services, renewable energies, gas supplies, infrastructures, etc.), acquired in highly rated institutions and/or businesses within the energy sector;
- senior-level management experience, able to interact with the company's top management, preferably gained in companies known for their strategic development, transformations, extraordinary transactions;
- proven experience in finance, financial statements and risk management, with particular experience in extraordinary transactions, M&A and investments related to possibilities to develop the business by external lines;
- knowledge of Environmental, Social & Governance issues, with a primary focus on corporate responsibility and climate change, useful to undertake and support initiatives initiated in this area by the Company;
- proven legal knowledge, with particular regard to the governance of internal regulations and contracts, as well as at the international level, preferably with experience in extraordinary transactions;
- proven experience governing listed companies, gained over years of appointment in listed corporate bodies, possibly operating in regulated sectors, in order to be able to enrich Snam's Board with specific skills.

For all the components of the Board, including the Chairman and Chief Executive Officer, authority, professional standing and excellent communication skills are important and complementary to the above.

Time availability

All candidates for the office of director, when accepting their candidacy, must have carefully considered and assured the shareholders proposing them on this matter the time they would need to dedicate to the full and diligent performance of their duties and responsibilities, considering both the number and quality of the positions they hold on administrative bodies and/or boards of statutory auditors of other companies authorised in accordance with the “Orientations of the Board of Directors on the subject of the maximum number of offices” reported hereunder, and the commitment demanded of them by their other professional activities.

It is specified, merely for information purposes, that, in 2021, 13 meetings of the Board of Directors, 15 meetings of the Control, Risk and Related Party Transactions Committee, 16 meetings both of the Compensation Committee and the ESG Committee and 8 meetings of the Appointments Committee were held.

Orientations of the Board of Directors on the subject of the maximum number of offices of Directors

At the meeting of 17 February 2022 the Board of Directors of Snam, upon the proposal of the Appointments Committee, approved the orientations on the subject of the maximum number of offices of Directors.

Executive and non-executive Directors:

(i) an Executive Director should not hold:

- a. the office of executive director at another Italian or foreign listed company, or a company having a net worth or a consolidated annual turnover in excess of EUR 500 million or equivalent amount in the case of a company adopting a different currency;
- b. the office of non-executive director or statutory auditor (or member of another controlling body) at more than three companies referred to *sub (i) lett. a)*. Furthermore, a CEO may not hold the office of director of another issuer not belonging to the same group of which another director of the Company is the CEO;

(ii) a Non-Executive Director (who may also be independent), should not hold the following, in addition to the office held within the Company:

- a. the office of executive director at more than one Italian or foreign listed company or companies having a net equity or a consolidated annual turnover in excess of EUR 500 million or equivalent amount in the case of a company adopting a different currency, and the office of non-executive director or statutory auditor (or member of another control body) at more than three companies specified above; or
- b. the office of non-executive director or statutory auditor (or member of another controlling body) at more than four companies referred to *sub (ii) lett. a)*.

Offices held within Snam or in Snam subsidiaries, or in Snam Committees, shall not be included in the calculation of the maximum number of offices.

The Board, in assessing each subjective position, to be carried out in the interests of the company, may take into consideration the concrete circumstances and professional commitments (not limited to the holding of offices) of the individual Director, both to permit an exception to the limits of offices if need be, and to provide for any reduction of the maximum number of offices that can be held. The Board of Directors shall, to the extent necessary, invite the Director to adopt the consequent decisions.

The individual Directors shall ensure an average attendance at Board meetings of no less than 80% of the meetings held during the financial year, unless they have justified reasons.

Significance criteria in relation to the independence assessment

In line with the provisions of the New Corporate Governance Code, the Board of Directors of 14 December 2021 defined the significance criteria for the purpose of assessing the independence of Directors.

Any commercial, financial or professional relationships entered into¹ or any additional remuneration received² which, in at least one of the three financial years prior to taking office, individually or cumulatively for each financial year, exceeded 100% of the average remuneration received respectively by the Non-Executive Directors and Statutory Auditors for the office held and any participation in Committees during the final year of their previous mandate (so-called “Benchmark”), are deemed significant.

In order for the Shareholders to carry out their task carefully, the “Benchmark” as calculated by the Corporate Secretary’s Office for the individual appointments is indicated below:

- Chairman of the Board of Directors and close relatives: 310,000 euros;
- Directors and close family: 110,000 euros;
- Chairman of the Board of Statutory Auditors and close family: 80,000 euros;
- Standing Auditors and close family: 60,000 euros.

After taking office - and, therefore, during their mandate - Directors and Statutory Auditors should not maintain any of the relations and should not receive any of the remuneration in addition indicated above. With reference to close family of Directors and Statutory Auditors, the “Benchmark” will apply both for the three fiscal years prior to taking office and the period of mandate.

¹ Corporate Governance Code, Recommendation 7(c), first sentence: “*if he or she has, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which he or she is an executive director, or as a partner of a professional or a consulting firm): (i) with the company or its subsidiaries, or with their executive directors or top management; (ii) with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management.*”

² Corporate Governance Code, Recommendation 7(d), first sentence: *if he or she receives, or received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration other than the fixed remuneration for the position held within the board and for the membership in the committees recommended by the Code or required by law.*”

Finally, it should be recalled that, pursuant to Recommendation No. 23 of the Corporate Governance Code, Shareholders submitting a slate with a number of candidates higher than half the number of members to be elected are required to provide, in the documentation submitted for the filing of the slate, adequate information on the compliance of the slate with the administrative body guidelines, including with the board diversity criteria set forth in the Corporate Governance Code. The slate should also indicate the candidate for the chairmanship of the administrative body, who is appointed in accordance with the company Bylaws.