

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

SNAM S.p.A.

ORDINARY SHAREHOLDERS' MEETING OF 27 April 2022

ON SINGLE CALL

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

Item 10

Appointment of the members of the Board of Statutory Auditors

Dear Shareholders,

with the Shareholders' Meeting for approving the financial statements as at 31 December 2021, the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 02 April 2019 will expire. Pursuant to Article 20 of the Bylaws, the Board of Statutory Auditors is composed of three standing auditors and three alternate auditors, and the Shareholders' Meeting is called upon to appoint the Board of Statutory Auditors based on the list presented by the Shareholders, in which the candidates are listed by progressive number and may not exceed the number of components of the body to be elected. The candidates for the office of statutory auditor must fulfil the requirements of independence provided for in Article 148, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 ("TUF") as well as the honourableness and professionalism required by Decree No. 162 of 30 March 2000, considering subject matters and sectors that strictly pertain to the Company's business as identified in Article 20, paragraph 1, of the Bylaws. In accordance with the last provision, the subject matters that strictly pertain to the Company's business are: commercial law, business economics and business finance. The sector strictly pertaining to the Company's business is the engineering and geology sector.

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Statutory auditors must also comply with the limit on the accumulation of offices as per art. 148-*bis* CLF and articles 144-*duodecies* and following of Consob Regulation no. 11971 of 14 May 1999 (hereinafter “*Issuers' Regulations*”).

The lists are broken into two sections: the first for candidates to the office of standing auditor, the second for candidates to the office of alternate auditor. At least the first candidate in each section must be included in the register of legal auditors and must have a minimum of three years' experience as an auditor.

Under the Bylaws, the appointment must also take place in compliance with the regulations on gender balance as per art. 148, subsection 1-*bis*, of Legislative Decree no. 58 of 24 February 1998 (“*CLF*”), as amended by Law no. 160 of 27 December 2019, in order to ensure, for a further six consecutive terms of office, gender balance in the composition of the control bodies of companies with shares listed on regulated markets.

Pursuant to article 20 of the Bylaws and the aforementioned legislation, Shareholders who intend to submit a list for the renewal of the Board of Statutory Auditors with three or more candidates, considering both sections, are asked to include candidates of different genders for both the first two places of the section of the list for standing auditors and for the first two places of the section of the list for alternate auditors.

Shareholders are also reminded to consider the independence requirements laid down for statutory auditors by the combined provisions of Recommendations 9 and 7 of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020 (the “*Corporate Governance Code*”). In this regard, note that the Board of Directors, at the proposal of the Appointments Committee, at the meeting of 14 December 2021 adopted quantitative and qualitative criteria to assess the significance of any commercial, financial or

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professional relations and any additional remuneration in accordance with the aforementioned Recommendation 7, letters c) and d).

In particular, on the proposal of the Appointments Committee, the Board of Directors at its meeting on 14 December 2021 passed resolution that, **during their term of office**, in order to qualify as 'independent' pursuant to Recommendation 7 letter c) and d), Statutory Auditors must not:

- enter into any commercial, financial or professional relationship with Snam or any company it controls, or with its respective executive directors or top management, or with any entity that (including jointly with others through a shareholders' agreement) controls Snam or with its respective executive directors or top management;
- receive any additional remuneration from Snam or its parent company or a company in the Snam Group.

As regards the independence assessment referred to the **three financial years prior** to the one in which the office was accepted, the Chairman of the Board of Statutory Auditors and the other Statutory Auditors, in order to qualify as independent under Recommendation no. 7 letters c) and d) must not have had commercial, financial or professional relationships with Snam or its subsidiaries, or with the executive directors or top management thereof, or with a subject that, even together with others through a shareholders' agreement, controls Snam or with the relative executive directors or top management thereof, or have received any additional remuneration from Snam or its subsidiaries or a company of the Snam Group which, in at least one of the three financial years prior to acceptance of the office, individually or cumulatively, for each financial year, exceeds 100% of the average remuneration received for the office by the Chairman of the Board of Statutory Auditors and the other Statutory Auditors in the last year of the previous term of office. The benchmark is 80,000 euros for the

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Chairman of the Board of Statutory Auditors and 60,000 euros for the other Standing Auditors (the “*Benchmark*”).

With regard to close family members¹, under the criteria adopted by the Board of Directors, any commercial, financial or professional relationships held by the same or any additional remuneration received by the same that, during the term of office or in the previous three financial years, individually or cumulatively for each financial year, exceeded the Benchmark is to be considered significant.

For the filing, submission and publication of lists, shall be applied the procedures relating to the appointment of directors by voting list, pursuant to Article 20, paragraph 3, in conjunction with Article 13, paragraph 3, of the Bylaws, in addition to the provisions of the Issuer Regulation. In particular, only Shareholders who, alone or jointly with others, represent at least 0.5% of the shares with voting entitlement in an Ordinary Shareholders' Meeting may submit lists (see Consob Management Decision no. 60 of 28 January 2022).

The lists must be submitted by 2 April 2022. As far as possible, all Shareholders are invited to file the lists earlier than the final deadline.

In the event a sole list, or lists submitted by shareholders with relationships of affiliation between themselves pursuant to article 144-*quinquies* of Issuer Regulation, is filed at the indicated deadline, additional lists can be submitted up to the third day following the original expiry date, without prejudice to Article 147-*ter*, paragraph 1-*bis*, last part, of TUF. In this case the above mentioned threshold for the submission of lists is reduced by half.

The lists may be sent by mail or delivered to the following address:

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¹ ‘Close family members’ refers, for example, to parents, children, spouses who are not legally separated, and cohabitants.

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Corporate Affairs (April 2022 Shareholders' Meeting Lists for appointment of Board of Directors and Board of Statutory Auditors)

Piazza Santa Barbara, 7

20097 San Donato Milanese (MI) – Italy

or by certified e-mail to snam.assemblea@pec.snam.it. The lists must be accompanied by the following under penalty of inadmissibility:

- information on the identities of the shareholders presenting the lists, including the overall equity percentage held, it being understood that the disclosure on the ownership of the aforementioned equity holdings, issued by an authorised intermediary, may also be sent to the Company after the lists have been filed, as indicated below;
- a statement from shareholders who do not hold, even jointly, a controlling or relative majority stake, certifying as to the absence of links, as provided for in Article 144-*quinquies* of the Issuers' Regulations, with such others, also taking into account the recommendations made by Consob with Communication no. DEM/9017893 of 26 February 2009;
- the acceptance of the candidacy, exhaustive information about the personal and professional characteristics of the candidates and a statement by them certifying that they fulfil the requirements provided for by law and the Bylaws, with reference as well to Article 2, paragraph 2, letter c), of the Prime Ministerial Decree of 25 May 2012, as amended by Prime Ministerial Decree of 15 November 2019, and to the rules of the CLF and the Issuer Regulation relating to limits on the cumulation of offices.

Pursuant to Article 2400, last paragraph, of the Italian Civil Code, at the time of the appointment and before accepting the office, the shareholders' meeting must be informed as to posts on the boards of directors and of statutory auditors held by the Statutory Auditors at

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other companies. Candidates with such posts are asked to include the pertinent list in their CVs, with the recommendation that they make sure that these are updated to the day when the shareholders' meeting is actually held.

The lists filed, accompanied by the information referred to above, are made available to the public at the Company's registered office, at the Company's website www.snam.it/en ("*Governance and Conduct*" - "*Shareholders' Meeting*" section) as well as at the authorised storage system "*eMarket STORAGE*" (www.emarketstorage.com), at least twenty-one days before the date set for the Shareholders' Meeting on single call, *i.e.* by 6 April 2022.

The holding of the minimum quota necessary for presenting the lists is determined in consideration of the shares registered in the Shareholder's name on the date on which lists are filed at the Company. The pertinent certification may be presented even after the filing of the lists, provided that it is completed by 06 April 2022.

Two standing auditors and two alternate auditors are taken from the list that wins the majority of the votes. The other standing auditor and the other alternate auditor are appointed in accordance with the procedures laid down for the appointment of the Board of Directors in Article 13.5, letter b), of the Bylaws, which shall be applied separately to each of the sections into which the other lists are broken down. In the event that, *mutatis mutandis*, a similar situation should occur to that laid down in Article 13.5 b-*bis*) of the Bylaws, the procedures pursuant to the same letter b-*bis*) shall apply both for the Standing Auditors and Alternate Auditors, insofar as compatible with current regulations and with Article 20 of the Bylaws.

On the basis of the Board of Directors' proposal related to item 11 on the Agenda, and in compliance with current regulations, the first candidate on the minority shareholders' list who obtains the greatest number of votes is to be proposed for the office of Chairman of the Board of Statutory Auditors.

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If according to the above mentioned procedure it is not possible to ensure the compliance with the law on gender representation for the standing auditors, the quotient of votes to be attributed to each candidate taken from the standing auditor sections of the different lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same standing auditor section of the list of the replaced candidate, or, failing this, from the alternate auditor section of the same list as the replaced candidate (who, in this case, takes the place of the alternate auditor he/she has just been replaced by). If this procedure fails to ensure the compliance with the law on gender representation, the candidate is replaced by the person appointed by the Shareholders' Meeting with the majority of votes set by the law, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and with the Bylaws. Where candidates from different lists have obtained the same quotient, the candidate from the list from which the greater number of Statutory Auditors has been taken shall be replaced, or, if these numbers of Statutory Auditors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced.

For the appointment of Statutory Auditors not appointed for any reason according to the above mentioned procedures, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Statutory Auditors complies both with the law and the Bylaws.

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The statutory auditors shall hold office for three financial years and, therefore, up to the date of the Shareholders' Meeting that will be called for approving the financial statements as at 31 December 2024.

Dear Shareholders,

in consideration of the foregoing, you are invited to vote for one of the lists presented and published pursuant to the provisions of the Bylaws.

The Chairman of the Board of Directors

Mr Nicola Bedin